

**THE BOARD OF SUPERVISORS**  
ALPINE COUNTY, CALIFORNIA

P.O. BOX 158  
MARKLEEVILLE, CALIFORNIA 96120

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October 17, 2006

Honorable Dave DeVore, Presiding Judge  
Superior Court of Alpine County  
P.O. Box 518  
Markleeville, CA 96120

RE: Alpine County Grand Jury 2006 Final Report

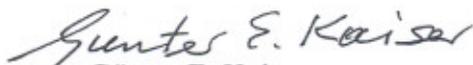
Dear Judge DeVore:

Enclosed please find the response and related attachments to the Alpine County Grand Jury 2006 Final Report from the Alpine County Board of Supervisors. A separate page is provided for each requested response.

It is appropriate to note here that pursuant to Penal Code § 933( c), elected officials with departmental responsibilities will file any response to the findings or recommendations of the Grand Jury they deem appropriate. Other County personnel from whom responses were requested respond through the Board of Supervisors, not individually. As such, the responses for the volunteer fire departments are incorporated herein.

If you have any questions, please contact me at any time.

Very truly yours,

  
Günter E. Kaiser  
Chair

Enclosure

## Response to Grand Jury Report

Investigation Report Title: *Hiring a CAO*  
Response By: Chair, Alpine County Board of Supervisors

### FINDINGS

1. **The 1978 County referendum on hiring a CAO presents no legal impediment to the hiring of a CAO.**

The Board of Supervisors agrees with Finding 1.

2. **In surveying nine surrounding counties, all but one has a CAO.**

The Board of Supervisors agrees with Finding 2.

3. **The opinion of all surveyed in other counties is that a true CAO is positive. Those surveyed included people in counties which had upgraded to a CAO position in recent memory. Those surveyed felt that the extra money spent for the salary, benefits, and support staff, of a CAO was more than compensated for by savings, grants, elimination of duplication, and avoidance of problems.**

The Board of Supervisors disagrees partially with Finding 3, to the extent the finding reflects the "opinion" of other unidentified persons from outside Alpine County. In concept the Board agrees there may be a potential benefit to Alpine County operations from hiring a County Administrative Officer (CAO) or County Executive Officer (CEO).

4. **The small-to-medium sized counties surveyed do combine the CAO functions with the personnel manager functions. Combining the functions can result in savings for the taxpayers. And the Grand Jury found nothing which precludes the combination from a structural standpoint. There is no conflict of interest, since both positions are management positions hired by the Board of Supervisors.**

The Board of Supervisors disagrees partially with Finding 4. While the duty to oversee Personnel or Human Resources functions may be a responsibility of the CAO's office, the actual work rests with dedicated staff who reports directly to the CAO. Typically, the CAO does not directly handle day-to-day personnel matters, other than those related to the hiring, evaluation and termination of at-will appointed department heads. Such an administrator's job duties and functions will be determined after analysis of the entire County administration and based on the needs of Alpine County.

### RECOMMENDATION

1. **The Grand Jury recommends that the Board of Supervisors hire a CAO with administrative qualifications with an emphasis on financial transactions and personnel management. This would require a BA in Public Administration, Business Administration, Government or Political Science. A Masters Degree in Public Administration would be desirable. Also required would be 5-7 years of increasingly responsible experience in city or**

**county government and at least 3 years experience in a senior management position in another county.**

The recommendation requires further analysis. While the Board of Supervisors is exploring the concept of hiring a CAO or other administrative position to oversee County operations, more extensive research is necessary before a final organizational structure or specific qualifications are determined.

The nine contiguous "surrounding" counties surveyed by the Grand Jury differ dramatically in population and budget from Alpine County. Therefore, analysis of counties more similarly situated to Alpine County in terms of demographics is warranted. To that end, the Board of Supervisors has committed funds in the upcoming 2006-07 budget to examine these issues and intends to contract with a professional consultant with experience in the area of county government and organization to provide this evaluation. Such a review will involve internal analysis of all county functions and external analysis of other organizational governmental entities to develop an appropriate structural model.

The Board of Supervisors will point out that the change in organizational structure as proposed by the Grand Jury will create another "layer" of government and impact the way the public and County offices operate. Its success is contingent upon a strong commitment from the Board in the implementation and transition process, and an understanding and acceptance by the public and each county office of the limitations created by the delegation of duties to another level of government.

Date 10-17-06

Signed Junter E. Kaiser

## Response to Grand Jury Report

Investigation Report Title: *Auditor job specifications*  
Response By: Chair, Alpine County Board of Supervisors

### FINDINGS

1. **Other counties, such as Mono, Sierra and Sacramento rely on California Government Code 26945 for minimum auditor requirements. Briefly, State Government codes sections 26883, 26900, 26912 and 26945 recommend: four year college degree in related field or CPA certificate. The State recommends three years related government experience. The citizen's letter suggested adding to auditor's experience "in another county for the continuous period of not less than three years". But one legal opinion states "the Board (of Supervisors) has the power to adopt high qualifications that produce 'wasteful, improvident, and completely unnecessary' public spending could violate their obligation to avoid waste".**

The Board of Supervisors disagrees partially with Finding 1.

In November 2005, the voters of Mono County approved Measure A, which authorized enactment of a new County ordinance entitled "The Fiscal Office Consolidation Act." The Act amends the Mono County Code to create a new appointive office of director of finance. The voters also approved Measure "B", which authorized the conversion of the county office of clerk-recorder from elective to appointive. This measure took effect upon the expiration of the current term of office of the incumbent clerk-recorder. The newly-created position is presently being advertised.

- California Government Code §26883 relates to the auditing of financial accounts and records of any County office or department whose funds are held in the County Treasury, and the duty to file said auditing reports with the Board of Supervisors. It does not address qualifications of the County Auditor. A copy of the statute is provided for your reference (Attachment 1-A).
  - California Government Code §26900 relates to the duties of the Auditor, and does not address qualifications. A copy of the statute is provided for your reference (Attachment 1-B).
  - California Government Code § 26904 relates to the duties of the Auditor to account for deposits to the County Treasury, and does not address qualifications. A copy of the statute is provided for your reference (Attachment 1-C).
  - California Government Code § 26912 relates to the definition of local agencies and the allocation of taxes by the County Auditor, and does not address qualifications. A copy of the statute is provided for your reference (Attachment 1-D).
2. **No practices and procedures manual exist for County Auditor.**

The Board of Supervisors agrees with Finding 2. The County has, however, in its most recent contract negotiations with its independent outside auditors, Bartig, Basler and Ray, budgeted to include the creation of a procedural manual for use in the Auditor's office. A copy of the professional services agreement approved by the County is attached for your reference, including the scope of work to be performed (Attachment 2).

3. **Another legal opinion: “Existing Alpine County Code fails to formally establish the office of County Auditor (a distinct position from Controller under Government Code (p24000(e)). In what appears to be an inadvertent drafting glitch the County Code authorizes separation of the formerly combined Auditor/Recorder position, but never creates or gives formal duties to the position of Auditor (except, in passing, prescribing certain responsibilities for a vault).”**

The Board of Supervisors disagrees with this finding. Prior to the passage of certain amendments in 1970, the California Constitution authorized the Legislature to provide for the election or appointment of all county officers and prescribe their duties and fix their terms of office. (former Cal. Const. art, XI § 5.) Pursuant to this constitutional authority, the Legislature enacted certain statutes designating the office of auditor and the duties and functions thereof. (Gov. Code §§ 24000(e), 26900 et seq.) These statutes do not condition their operability on the Board of Supervisors taking action to create the office. For comparison, the statutes governing the offices of public guardian, public defender, hearing officer and director of finance do require Board action to be effective. (Gov. Code §§ 27430, 27700, 27720, 26980.)

The 1970 constitutional amendments reserve the authority to provide for the offices of sheriff, district attorney, assessor and board of supervisors with the Legislature but authorize the Legislature or the Board of Supervisors to provide for additional offices. (Cal. Const., art. XI § 1(b).) The statutes referenced above have not repealed and are still in effect. Even though the Legislature no longer has the exclusive right to occupy the area of designation of county officers, the fact remains that it has provided for the office of auditor and the Board of Supervisors is not required to take any further action to create the office. (54 Ops.Cal.Atty.Gen 51.)

The Board of Supervisors is not required to formally establish the office of auditor as the office has been created by the Legislature.

4. **County Board of Supervisors may set qualifications and duties of Auditor by a unanimous vote, with all members present.**

The Board of Supervisors agrees with Finding 4, in that the establishment of qualifications for Auditor are authorized in Government Code §26946 by adoption of a County ordinance, including a provision of “a unanimous vote, at a regular meeting with all members present...”

5. **Regarding how many consecutive years the Board of Supervisors uses the same outside audit firm for county audits, the Grand Jury sees no reason to accelerate the turnover of outside of audit firms.**

The Board of Supervisors agrees with Finding 5. It should be noted, however, that the County has solicited Request for Proposal(s) for public auditing services through a competitive public bidding process in the years 2003 and 2006, in compliance with County bidding procedures (Alpine County Code Chapter 2.32 – Purchasing Agent). In both recent cases, Bartig, Basler and Ray, was the only certified public accounting firm to respond to the RFP. A copy of the approved contract is attached for your review (Attachment 2).

## RECOMMENDATIONS

1. **GOVERNMENT Code recommendations for auditor duties and qualifications should be implemented (Sec.'s 26883, 26900, 26904, 26912, & 26945).**

The Board of Supervisors disagrees with Recommendation 3, for the reasons stated above in Finding 1, bullets 1- 4. That is, no candidates for office within the past 20 years have possessed the proposed requisite qualifications, and adopting such could result in having no qualified candidates for office under an elective process. As well, the code references included in the Grand Jury Report are inconsistent with the subject matter referenced.

The Board of Supervisors formally considered adopting auditor qualifications in 2005 as a result of recommendations made by the ad hoc Revenue and Finance Committee convened as part of the overall budget process. Although the matter was considered at a public meeting of the Board of Supervisors on or about November 15, 2005, no action was taken by the Board.

Further, the Board of Supervisors recognize the difficulty of recruiting qualified candidates for positions within the County, given the lack of housing, high property values and limited population base. This extends to elected officials of the County, who, in many years, run unopposed, due to a lack of qualified or interested candidates. As such, additional investigation into the concept of eliminating the elected position of Auditor and/or Treasurer and creation of the appointed position of *Director of Finance* will be explored. The ultimate course, of course, would be subject to voter approval.

2. **The Grand Jury concludes, based on legal opinion, that if "in another county" were added to the requirement for prior experience, the number of qualified individuals would be so small that it may cut down to too few candidates which could then produce "unnecessary public spending". The Grand Jury recommends Sacramento County's requirement: "Progressively responsible accounting or auditing experience, including five years of responsible-management-level supervisory and administrative experience".**

The Board of Supervisors wholly disagrees with Recommendation 2, in that the similarly situated counties surveyed by the Board last year typically required three years of experience, rather than five. Further, five years in a private accounting office differs significantly from public accounting and would do little to prepare an incumbent for governmental accounting.

3. **"Duties and responsibilities and qualifications" should then be listed in policies and procedures manual for Alpine County. Sacramento County's requirement of five years experience should be included. Five years should assure experience and competence, rather than the stringent suggestion of "three years experience in another California county".**

This recommendation requires further analysis of auditor's qualifications in other rural counties. A recent survey of other rural counties indicates the "five years of responsible-management-level supervisory and administrative experience" suggested by the Grand Jury may be excessive and warrants further evaluation. Therefore, the Board neither affirms nor rejects this recommendation. A copy of the survey instrument is attached for your reference (Attachment 3).

Date

10-17-06

Signed

Glenn E. Kaiser

## Response to Grand Jury Report

Investigation Report Title: *Public Safety Officer Concept for east side*  
Response By: Chair, Alpine County Board of Supervisors

### RECOMMENDATIONS

1. **Most deputies and first responders are very responsive. The Grand Jury sees, however, a need for a salaried Fire Chief full or part time to coordinate the Markleeville and Woodfords volunteers and train them properly.**

This recommendation requires further analysis. Creation of a salaried Fire Chief would be of public benefit to the volunteer fire departments on the east slope. However, other counties do not typically fund paid fire staff from County General Fund revenues, but from special district assessments. The Board of Supervisors does not agree with the creation of a paid position until such time as it has been determined whether the special assessment district concept is supported by the affected property owners. To that end, county counsel has initiated an analysis of the creation of special assessment districts on the east slope, which will be presented to the Board of Supervisors within the next several months.

2. **The Grand Jury notes the success of the Public Officer Safety system in Bear Valley, showing positive results in training, morale, and voluntarism [sic]. The Grand Jury recommends the implementation of a Public Safety Officer system, with cross-training of law enforcement and fire department personnel, for the East Side of the County. The Jury further recommends that this be paid for with an area-specific benefit assessment. The Grand Jury supports the ad hoc committee's recommendation to the Board of Supervisors for an engineer's study of costs and benefits, the first step to implementing the system.**

The recommendation requires further analysis. A host of factors must be considered before implementing a Public Safety program. The Public Safety Program model has been implemented in a handful of California cities, where police, fire and emergency medical services are consolidated. However, a Public Officer Safety program is not generally implemented in counties. The cost of implementing such a program in terms of staffing, training, facilities and related equipment is significant.

Converting existing personnel to the Public Safety model would also require meet-and-confer with the represented employees. Once established, future salary and benefit cost increases would be borne exclusively from district assessments, subject to the terms and conditions of the employee contract.

Finally, it should also be noted that while the Bear Valley Public Safety model has worked well functionally, the escalating cost of the program now exceeds available district assessments. As such, it was necessary for the County to contribute General Fund dollars in the 2006-07 budget cycle to sustain the Bear Valley Public Safety program. This expenditure of County General Fund dollars is expected to continue and will surely increase, since assessments are restricted to a maximum annual increase of no more than 3% while personnel costs rise on an average of 10-12% annually. Consideration must also be made to the requirements of GASB 45. Funds will need to be set aside to meet the costs of employee retirement programs, which will ultimately become a significant County general fund obligation.

Date 10-17-06

Signed Gunter E. Kaiser

**Attachment 1-A**

Investigation Report Title: *Auditor job specifications*  
Response By: Chair, Alpine County Board of Supervisors

**Reference Finding(s): 1**

**California Government Code**

26883. In addition to the power now possessed by the board of supervisors to enter into contracts for audits the board shall have the power to require that the county auditor-controller shall audit the accounts and records of any department, office, board or institution under its control and of any district whose funds are kept in the county treasury. The county auditor-controller's report on any such audit shall be filed with the board of supervisors and, if the report discloses fraud or gross negligence a copy thereof shall be filed with the district attorney. The governing body of any district may agree with the board of supervisors to reimburse the county for its actual cost of any audit of its accounts and records had under this section.

**Attachment 1-B**

Investigation Report Title: *Auditor job specifications*  
Response By: Chair, Alpine County Board of Supervisors

**Reference Finding(s):** 1

**California Government Code**

26900. The auditor shall examine and settle the accounts of any persons indebted to the county or holding money payable into the county treasury, and shall certify the amount to the treasurer. Upon the presentation and filing of the treasurer's receipt therefor, the auditor shall give to such person a discharge and charge the treasurer with the amount received by him.

**Attachment 1-C**

Investigation Report Title: *Auditor job specifications*  
Response By: Chair, Alpine County Board of Supervisors

**Reference Finding(s):** 1

**California Government Code**

26904. The auditor shall keep accounts current with the treasurer, and when any person deposits with the auditor any receipt given by the treasurer for any money paid into the treasury, the auditor shall file the receipt and charge the treasurer with the amount.

## Attachment 1-D

Investigation Report Title: *Auditor job specifications*  
Response By: Chair, Alpine County Board of Supervisors

Reference Finding(s): 1

### California Government Code

26912. (a) For the purposes of this section, a local agency includes a city, county, city and county, and special district, as such terms are defined in Article 1 (commencing with Section 2201) of Chapter 3 of Part 4 of Division 1 of the Revenue and Taxation Code, if such local agency levied a property tax during the 1977-78 fiscal year or if a property tax was levied for such local agency for such fiscal year, except that the Bay Area Pollution Control District shall be considered a local agency.

(b) For the 1978-79 fiscal year only, the amount of revenue derived from levying a tax pursuant to subdivision (b) of Section 2237 of the Revenue and Taxation Code shall be allocated by the county auditor, subject to the allocation and payment of funds, as provided for in subdivision (b) of Section 33670 of the Health and Safety Code, to each local agency, school district, county superintendent of schools, and community college district in the following manner:

(1) (A) The auditor shall determine the local agency share of 1978-79 property tax revenue by dividing the amount of property tax revenue received by all local agencies in 1977-78 by the total amount of property tax revenue received by all local agencies, school districts, community college districts, and county superintendents of schools in the 1977-78 fiscal year, and multiplying the quotient by the total amount of revenue generated pursuant to subdivision (b) of Section 2237 of the Revenue and Taxation Code.

(B) For each local agency, the county auditor shall compute a factor equal to the average amount of property tax revenue received in the three fiscal years prior to the 1978-79 fiscal year by each local agency within the county, divided by the average amount of property tax revenue received by all such agencies during the three fiscal years prior to the 1978-79 fiscal year. The county auditor shall multiply the factor for each local agency by the amount of revenue determined pursuant to subparagraph (A).

(C) Notwithstanding subparagraph (B), in each case where a local agency has been formed in the past three years and has assumed the duties of another local agency, it shall be entitled to the average amount of revenue for the prior three years of the local agency from whom it assumed its duties.

(D) For the purposes of subparagraphs (A) and (B), local agency shall not include a local agency formed after January 1, 1976.

(2) (A) The county auditor shall determine the school share of the 1978-79 fiscal year property tax revenue by subtracting the local agency share, as determined under subparagraph (A) of paragraph (1) of this subdivision, from the total amount of revenue generated pursuant to subdivision (b) of Section 2237 of the Revenue and Taxation Code.

(B) For each school district, county superintendent of schools, and community college district, the county auditor shall compute a

factor equal to the amount of property tax revenue received in the 1977-78 fiscal year by such district and the county superintendent of schools within the county divided by the total amount of property tax revenue received by all such districts and the county board of education in the 1977-78 fiscal year. The county auditor shall multiply the factor for each school district, county superintendent of schools, and community college district by the amount of revenue determined pursuant to subparagraph (A). For the purpose of this paragraph, local agencies formed after January 1, 1976, shall be considered school districts.

(3) For the purpose of this subdivision, the amount of proceeds of any property tax actually and separately levied for the specific purpose of making annual payments for the interest and principal on outstanding general obligation bonds or other indebtedness approved by the voters prior to July 1, 1978, including tax rates levied pursuant to Part 10 (commencing with Section 15000) of Division 1 of Sections 39308, 39311, 81338, and 81341 of the Education Code, shall be excluded from all calculations.

(4) The amounts computed under this subdivision shall be the amount of property tax revenue to be allocated to each local agency for the 1978-79 fiscal year.

(5) As used in this section, "property tax revenue" includes the amount of state reimbursement for the homeowners' and business inventory exemptions.

(c) For the 1978-79 fiscal year only, the amount of state reimbursement to each county with respect to property tax losses pursuant to the homeowners' exemption under Section 218 of the Revenue and Taxation Code, the business inventory exemption under Section 219 of the Revenue and Taxation Code, and the special treatment accorded livestock, motion pictures and wine and brandy under Sections 5523, 988, and 992, respectively, of the Revenue and Taxation Code, shall be allocated by each county auditor, subject to the allocation and payment of funds, as provided in subdivision (b) of Section 33670 of the Health and Safety Code, to local agencies, school districts, county superintendents of schools, and community college districts within the county pursuant to the proportions established in subdivision (b). This subdivision shall not apply to reimbursements with respect to tax rates levied to pay the interest or principal on outstanding general obligation bonds or other indebtedness approved by the voters prior to July 1, 1978.

(d) For local agencies, school districts, and community college districts located in more than one county, the county auditor of each county in which such local agency or district is located shall, for the purposes of computing the amount for such local agency or district pursuant to paragraphs (1) and (2) of subdivision (b), treat the portion of the local agency or district located within that county as a local agency or district.

26912.1. (a) For the 1978-79 fiscal year only, an amount shall be computed for each local agency, as defined in subdivision (a) of Section 26912, and for each school district, community college district and county superintendent of schools, equal to the sum of the amounts computed pursuant to subdivision (b) of this section. This amount shall be used for the computation of the amount of state assistance to be allocated to local jurisdictions for the 1978-79 fiscal year.

(b) (1) The county auditor shall determine an amount equal to the

amount which would be generated by applying a tax rate of four dollars (\$4) per hundred dollars (\$100) of assessed valuation to the total amount of taxable assessed valuation within the county for 1977-78. For purposes of this computation, "taxable assessed valuation" shall be determined as though the homeowners' and business inventory exemptions did not exist.

(2) The amount computed for each local agency, school district, community college district and county superintendent of schools within the county shall be equal to the amount which each such local jurisdiction would receive if the amount computed pursuant to paragraph (1) were allocated, subject to the allocation and payment of funds as provided in subdivision (b) of Section 33760 of the Health and Safety Code, pursuant to the proportions established in subdivision (b) of Section 26912.

26912.2. Notwithstanding Section 26912, no allocation of property taxes levied pursuant to subdivision (b) of Section 2237 of the Revenue and Taxation Code shall be made in the 1979-80 fiscal year and thereafter to the Central Delta Water Agency or to the South Delta Water Agency.

26912.7. Notwithstanding any other provision of law, for the purposes of subdivision (d) of Section 95 and subdivision (a) of Section 2237 of the Revenue and Taxation Code, a voted override tax voted specifically for a lease or lease purchase of facilities under the provisions of former Section 42244 of the Education Code shall be deemed to be "other indebtedness," if such voter approved override was approved prior to July 1, 1978.

**Attachment 3**

Investigation Report Title: *Auditor job specifications*  
Response By: Chair, Alpine County Board of Supervisors

Reference Finding(s): 2, 5

**PROFESSIONAL SERVICES AGREEMENT**

**BARTIG, BASLER & RAY, CPA**

CC 2006-40

Approved: 07/18/2006

**See following page(s)**

**AGREEMENT BETWEEN THE COUNTY OF ALPINE  
AND BARTIG, BASLER & RAY, LLP**

This agreement entered into on the 18<sup>th</sup> day of July, 2006 by and between the County of Alpine, referred to as "County" and Bartig, Basler & Ray, LLP., 1520 Eureka Road, Roseville, California 95661 referred to as "Auditors."

**RECITALS**

The parties hereto desire to enter into an agreement to audit the fiscal records of the County of Alpine as of and for the fiscal years ending June 30, 2006, 2007, and 2008.

**THE PARTIES MUTUALLY AGREE AS FOLLOWS:**

1. **DUTIES:** The Auditors shall examine and audit all books, records, and accounts of the County of Alpine for the fiscal years ending June 30, 2006, 2007 and 2008 in accordance with the generally accepted government auditing standards which shall include review of internal controls, financial transactions and records of the County necessary to express an opinion on the County financial condition. In addition to an opinion on the general purpose financial statements, the Auditors shall make an evaluation of the County's system of internal accounting control and issue a management report on their findings. Auditors shall provide the Board of Supervisors with written status reports at least quarterly during the engagement.
2. **STANDARDS:** The audit shall be done in accordance with generally accepted auditing standards as they relate to governmental entities. The audit shall also be conducted in accordance with the Single Audit Act of 1984 and OMB Circular A-133. The audit shall determine whether the County has complied with the laws and regulations that may have a material effect on each major federal program. Special reports and opinions shall be provided to the Cognizant Agency in accordance with OMB A-133.
3. **TIME:** The audit shall be performed and the report submitted to the Auditor-Controller no later than May 31 of each year provided the information us given to us by the County no later than February 28 of each year.

4. COST: The County shall pay to the Auditors an amount not to exceed \$73,760 for 2006, \$76,500 for 2007 and \$79,500 for 2008 for the audit of the following entities:

	<u>2006</u>	<u>2007</u>	<u>2008</u>
General County	\$42,260	\$44,000	\$46,000
Treasury Oversight Committee	1,500	1,500	1,500
Prop Tax Apportionment	1,000	1,000	1,000
Interest Apportionment	1,000	1,000	1,000
Policy/Procedure Manual	8,000	8,000	8,000
Markleeville PUD	3,000	3,000	3,000
TDA Funds	3,000	3,000	3,000
CSA #1	2,000	2,000	2,000
Single Audit	<u>12,000</u>	<u>13,000</u>	<u>14,000</u>
Total	<u>\$73,760</u>	<u>\$76,500</u>	<u>\$79,500</u>

In the event the County chooses not to include one or more of the above audit components in the scope of the audit, the fee will be reduced by that amount. Our fees are fixed fees regardless of the actual hours incurred.

A. Terms of Payment: The Auditors shall bill the County for progress payments each month as the engagement progress. The County shall pay the Auditors within 30 days of receiving of invoices for progress billings. The County shall pay to the Auditors the final balance on any unpaid amounts, not to exceed the amounts noted above, within 30 days after the delivery of the audit report as agreed upon between the Auditors and the County Auditor-Controller.

5. INDEPENDENT CONTRACTORS: Auditors are independent contractors and are not subject to the direction and control of the County except as to the final result. Auditors shall be solely liable and responsible to pay all required taxes and other obligations, including, but not limited to, withholding and social security and workers' compensation. Auditors shall indemnify and hold the County harmless from any liability which it may incur to the federal and state government as a consequence of this contract.

It is specifically understood and agreed that in the making and performance of this contract, Auditors are an independent contractor and are not an employee, agent, or servant of the County.

6. TERMINATION: The County shall have the right at any time to terminate this Agreement by giving to the Auditors thirty (30) days written notice of its intent to terminate this Agreement, and in the event the County elects at any time to terminate this Agreement, or any portion thereof, the County shall be obligated to pay to the Auditors for all services rendered by the Auditors to the date of termination.

This contract may be terminated before the automatic termination date set forth above as follows:

- A. By mutual consent of the parties;
- B. At any time on a material breach of any of the provisions hereof; or,
- C. By the County on delivery of written notice thereof to Auditors for any or no reason, whatsoever, including, but not limited to, the failure by the Board of Supervisors to appropriate funds for this contract or any portion hereof.

7. **ASSIGNMENT:** The Auditors shall not assign any interest in this contract and shall not transfer any interest in the same without the prior written consent of the County, except that claims for money due or to become due the Auditors from the County under this contract may be assigned by the Auditors to a bank, trust company, or other financial institution without such approval. Written notice of any such transfer shall be furnished promptly to the County. Any attempt at assignment of rights under this contract, except for those specifically consented to by both parties or as stated above, shall be void.

8. **MODIFICATIONS:** This agreement may only be modified by a written amendment hereto, executed by both parties.

9. **CERTIFICATES:** All certificates, endorsements, cancellations, and other notices required under this agreement shall be delivered by Auditors to the following address:

Auditor-Controller  
P.O. Box 266  
99 Water Street  
Markleeville, California 96120

10. **NON-DISCRIMINATION:** In the performance of the work authorized under this agreement, Auditors shall not discriminate against any worker because of race, creed, color, ancestry, religion, marital status, medical condition, age (over 40), physical or mental handicaps, veteran or non-veteran status, sex, or national origin.

11. **ATTORNEYS' FEES:** If any action at law or in equity is necessary to enforce or interpret the terms of this contract, the prevailing party shall be entitled to reasonable attorneys' fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

12. **REPORTS:** All non-proprietary reports, drawings, renderings or other documents or material prepared by Auditors hereunder shall become the property of the County. Auditors shall submit to the County thirty-five (35) copies of the financial statements and management report and a sufficient number of copies of the reports shall be submitted to the necessary state and federal as required under the Single Audit Act.

13. CONFLICT OF INTEREST: The Auditors hereby covenant that, at the time of the execution of this agreement, Auditors have no interest and shall not acquire any interest in the future, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this agreement. Auditors also covenant that in the performance of this work, no person having any such interest shall be employed.

14. INSURANCE: Auditors shall obtain all insurance required herein. Certificates of insurance evidencing the issuance of such insurance shall be submitted to and approved by County before the execution of this contract by County. The certificates of insurance shall contain a provision that coverage afforded under the policies will not be canceled until at least 20 days prior written notice has been given to County. Together with the certificates of insurance, Auditors shall deliver to County an "Additional Insured Endorsement" naming the County of Alpine, its officers, employees and agents as additional insureds under each of the policies required herein.

A. Compensation Insurance. The Auditors shall procure and shall maintain during the life of the contract, workers' compensation insurance for all Auditors' employees to be engaged in the work. In case of any such work sublet, the Auditors shall require any subcontractor similarly to provide workers' compensation insurance for all the latter's employees to be engaged in such work unless such employees are covered by the protection afforded by the Auditors' workers' compensation insurance.

B. Auditors' public liability and property damage insurance. The Auditors shall procure and shall maintain, during the life of this contract, public liability insurance in an amount not less than \$100,000 for injuries, including death, to any one person, and subject to the same limit for each person, in an amount not less than \$100,000 on account of one incident or occurrence, and property damage insurance in an amount of not less than \$50,000. As an alternative, Auditors may procure and maintain the above insurance in the single limit of \$300,000.

C. The Auditors shall procure and shall maintain professional liability insurance.

15. TAXPAYER IDENTIFICATION: Auditors' taxpayer identification number is 20-5171216.

16. HOLD HARMLESS: To the fullest extent permitted by law, the Auditors shall indemnify and hold harmless the County, its agents, officers, and employees against and from any and all claims, lawsuits, actions, liability, damages, losses, expenses, and costs (including but not limited to attorneys' fees), brought for, or on account of, injuries to or death of any person or persons, including employees of the Auditors, or injuries to or destruction of property, including the loss of use thereof, arising out of, or alleged to arise out of, or resulting from, the performance of the work described herein, provided that any such claim, lawsuit, action, liability, damage, loss, expense, or

cost is caused in whole or in part by any negligence or intentional act or omission of the Auditors, any subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, regardless of whether or not it is caused by the passive negligence of a party indemnified hereunder.

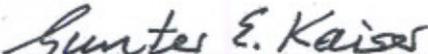
17. APPLICABLE LAW; ENTIRE AGREEMENT: This agreement shall be governed by the laws of the State of California. It constitutes the entire agreement between the parties regarding its subject matter. This contract supersedes all proposals, oral and written, and all negotiations, conversations, or discussions heretofore and between the parties related to the subject matter of this contract.

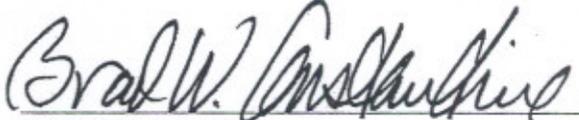
IN WITNESS WHEREOF, the County has caused this Agreement to be executed by the Chairman of the Board of Supervisors of said County, he being duly authorized by law and by Resolution heretofore adopted, and the Auditors by the signature of their duly authorized representative have on the day and year first above written executed this Agreement.

Executed at Markleeville, California, on the day and year first written above.

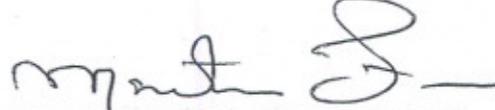
COUNTY OF ALPINE

Bartig, Basler & Ray

  
Günter E. Kaiser, Chair

  
Brad Constantine

APPROVED AS TO FORM

  
Martin Fine, County Counsel

**Attachment 3**

Investigation Report Title: *Auditor job specifications*  
Response By: Chair, Alpine County Board of Supervisors

**Reference Recommendation(s): 3**

**SURVEY INSTRUMENT  
AUDITOR QUALIFICATIONS**

SURVEY  
AUDITOR QUALIFICATIONS

AUDITOR

COUNTY	ELECTED		TITLE	ADOPTED QUALIFICATIONS			REQUIREMENTS				EXPERIENCE	SALARY	
	Yes	No		Yes	No	Gov't Code	Certificate - CA State Board of Accountancy	BA - Accounting	Certificate - Institute of Internal Auditors				
ALPINE	X				X							\$ 6,417.00	\$ 77,004.00
Mariposa	X		Auditor - Recorder		X							\$ 6,192.00	\$ 74,304.00
Inyo	X		Auditor - Controller			X	X	X	X		3 years - County auditor, chief deputy or assistant auditor	\$ 5,952.00	\$ 71,424.00
Plumas	X		County Auditor	X		§ 26945						\$ 5,839.50	\$ 70,074.00
Del Norte	X		Auditor - Controller	Job description								\$ 5,089.00	\$ 61,068.00
Sierra	X		Auditor	X		§ 26945	X	BA - Accounting or equivalent	X		3 years - County auditor, chief deputy or assistant auditor	\$ 6,003.00	\$ 72,036.00
Trinity	X		Auditor - Controller - Risk Manager		X							\$ 5,284.00	\$ 63,408.00
Glenn		X	Director of Finance	X		X						\$ 7,150.00	\$ 85,800.00
Modoc	X		County Auditor	X			X	BA - business administration, public administration, economic, finance, accounting	X	X	3 years - Senior financial position in a public agency, not less than 3 years	\$ 5,338.25	\$ 64,059.00
Mono		X	Director of Finance		X							\$ 6,799.00	\$ 81,588.00
Colusa	X		Auditor - Controller		X							\$ 6,801.00	\$ 81,612.00

\*Alpine data added for benefit of Grand Jury.