Tahoe RCD Auditor RFP Questions and Responses

Can you tell me a little about your organization?

Tahoe RCD is one of nearly 3,000 Resource Conservation Districts across the country helping people protect land, water, forests, wildlife, and related natural resources. The California State Legislature formed Tahoe RCD in 1974 under Division 9 of the California Public Resources Code. Tahoe RCD is a non-regulatory, grant-funded, local agency that works in the Lake Tahoe Basin.

Tahoe RCD obtains grant funding and private donations to support all aspects of conservation issues which include, but are not limited to water quality, wildlife habitat, wildfire prevention actions including fire defensible space, sustainable recreation, water conservation and community enhancement. Current programs at Tahoe RCD focus on aquatic invasive species, fire adapted communities, forestry, restoration and land management, and stormwater monitoring.

Tahoe RCD is overseen by a five-member Board of Directors. Tahoe RCD receives approximately 2% of our annual budget from El Dorado and Placer County property taxes. The remainder of Tahoe RCD's annual budget comes from competitively sought grant funding through federal, state, local, and private sources.

Number of employees?

Tahoe RCD currently has 26 full-time employees and approximately 50 season employees who work 999 hours or less from about May through October.

Revenue for the last couple years and your projections for the next couple?

- Approximate Revenue:
  - FY 23/24 - $5.98 million
  - FY 24/25 – $6.47 million
- Budgeted Revenue:
  - FY 25/26 - $7.68 million
  - FY 26/27 - $9.72 million
  - FY 27/28 – $4.3 million

Current CPA firm?

Nigro & Nigro, auditors. Starting Line Advisory, accounting consultant.

Can you share a copy of last audit performed?

The audit can be found here https://www.tahoercd.org/documents-links under the Audit Services Request for Proposals section.

Can you share a copy of last tax returns filed?

Tahoe RCD does not file annual tax returns.

What pain points do you have within organization?

Staff cannot think of any pain points.

What is your timeframe?

Tahoe RCD would like the draft audit completed by December 31, 2026.

Are there any significant operational changes from the prior year?

No, there have not been any significant operational changes since last year.

Did the District create any new funds during the current fiscal year?

No.

Did the District issue any new debt during the current fiscal year?

Tahoe RCD does not have any debt.

Did the District receive any significant new federal grants during the current fiscal year?

Tahoe RCD did receive two new federal grants via passthrough from the Tahoe Regional Planning Agency. One contract does have a budget of over $1 million, however, a single audit would be required for fiscal year 25/26 regardless of these new funds.

Do you expect to need a Single Audit during the period conder under your RFP?

Yes.

When are the books closed and ready for audit?

The books will be closed and ready for audit by the second week of November.

How many audit adjustments were proposed by the auditors for the last fiscal year audit?

Two.

In general, what were the audit adjustments related to?

One was to reconcile property tax revenue and the other was to record GASB 87.

How many adjustments, if any, did the District provide to the auditors after the start of fieldwork?

There were no adjustments provided to the auditors.

In general, what were the District proposed adjustments related to?

There were no District proposed adjustments.

Are you open to having a portion of the audit performed remotely?

Yes.

Do you maintain the fixed asset listing that is the basis for the numbers reported in the financial statements?

Yes, we work with our accounting consultant, Starting Line Advisory, to maintain our fixed asset listing.

Did you have any disagreements about accounting or auditing matters with the prior auditors? If so, please describe the issue(s) of concern.

No, there were not disagreements.

Why are you going out to RFP?

We have been working with Nigro & Nigro since our fiscal year 2020 audit. As part of the District's commitment to good governance and sound procurement practices, the District is soliciting proposals to assess available audit services, compare qualifications and pricing, and ensure the selection of the firm that best meets the District's current and future needs.

Is your prior auditor included in the RFP process?

They are welcome to provide a proposal.

If applicable, do you calculate the district's pension and OPEB liability and related deferrals and provide the required journal entries to the auditor for preparation of the government-wide statements?

In the past this was completed by our auditor but moving forward it will be completed by our accounting consultant, Starting Line Advisory. Tahoe RCD does not have an OPEB liability but GASB 68 is calculated.

If you don't calculate the pension liability and related deferrals, do you want the proposal to include a fee for this work?

No, we do not need that cost included in the proposal.

What do you like about the service provided by your current auditing firm?

Nigro & Nigro staff were easy to work with. We really liked the file sharing platform they used, Suralink.

What didn't you like?

There is nothing to report that we didn't like.

Do you require the auditor to assist with the State Controllers Annual Report of Financial Transactions?

Yes.

What were the fees for the previous audit?

- Please identify the audit fees for each audit/task.
- Financial Statement Audit $12,500
- State Controllers Report $500
- Tax Returns NA
- Other items specified
    - Single Audit $3,500

What is the approved budget for financial audit fees for fiscal year 2026?

$25,000

Do you prefer the audit staff to be onsite at your location or expect the audit to be performed remotely?

We are open to either or even a hybrid. We do think it would be nice to have the audit team at the office at least for the first year.

Are you open to the use of artificial intelligence tools fully managed by professional CPA's to make the audit more efficient?

We are open to the use of AI to increase audit efficiency, but we reserve the right to deny its usage.

In your experience, what were the most challenging aspects of the audit process during the previous engagement?

The most challenging aspect of the audit is always getting all the work done as we are right in the middle of our busy summer season.

Can you provide the reason for the District going out for an RFP?

We have been working with Nigro & Nigro since our fiscal year 2020 audit. As part of the District's commitment to good governance and sound procurement practices, the District is soliciting proposals to assess available audit services, compare qualifications and pricing, and ensure the selection of the firm that best meets the District's current and future needs.

Has there been any turnover in District Management and Accounting staff after the last audit?

No, there have not been any staff changes.

How many journal entries were proposed by the auditor (AJEs) on an annual basis?

There were two journal entries proposed by the auditor last year.

Any New Debt in 2026?

Tahoe RCD does not have any debt.

Any new or potential significant events or financial transactions in FY 2026?

No.

Could you please provide details on the audit fees incurred in the previous fiscal year (by services as described in the RFP, if details wise available)?

Fees for last year were as follows:

- Financial Statements and Auditors Reports $12,500
- Single-Audit of Federal Awards $3,500
- Preparation of the State Controller's Report $500
    - Total $16,500

Were there any disagreements or disputes with the prior auditor that we should be aware of?

No, there were not any disagreements or disputes with the prior auditor.

Is the scope of the services requested the same as last year?

Yes.

What are the District's expectations for on-site versus remote work? Is the District open to working with auditors on a fully remote basis?

We are open to either or even a hybrid. We do think it would be nice to have the audit team at the office at least for the first year.

Has there been any turnover in management during the past year?

No.

Has there been any turnover in accounting staff during the past year?

No.

What accounting software do you use? Any plans for change?

Tahoe RCD uses QuickBooks Premier Plus – Nonprofit Edition and there are no plans to change at this time.

How many journal entries were proposed by the auditor in the prior year?

Two.

Are any management letter comments outstanding from the prior year?

No.

May we receive a copy of last year's management letter?

The management letter can be found here https://www.tahoercd.org/documents-links under the Audit Services Request for Proposals section.

How many major programs are subject to a Single Audit?

One major program was tested in FY 2024/25 (Assistance Listing 10.699 – Partnership Agreements). Future major program determinations will be based on federal expenditures and auditor risk assessments for the applicable fiscal year.

Any known or suspected fraud?

There is no known or suspected fraud.

When will the books be ready for the audit?

The books will be closed and ready for audit by the second week of November.

Are financial records available electronically?

Yes.

Is remote auditing acceptable?

Yes.

Who prepares the financials?

Tahoe RCD staff along with our accounting consultant, Starting Line Advisory.

Were there any significant transactions (e.g., bond issuance, leases) during the year?

No.

Significant changes to operations or funding sources?

No.

Significant construction or capital projects?

There were no significant construction or capital projects in fiscal year 2026 but we do anticipate to start a major meadow restoration project on land owned by Tahoe RCD in fiscal year 2027.

Any audits or inspections by regulatory agencies?

No.

Any changes to the governance structure of Tahoe RCD?

The overall structure did not change, but the board does vote on who is President, Vice President and Treasurer annually and those roles sometimes change. In fiscal year 2026 we did see a change in the Treasurer position.

Is the incumbent auditor invited to bid?

Yes.

What were the audit fees for the prior year?

Fees for last year were as follows:

- Financial Statements and Auditors Reports $12,500
- Single-Audit of Federal Awards $3,500
- Preparation of the State Controller's Report $500
    - Total $16,500

What would you like to see improved about the service provided by your future auditing firm? Are there any special qualities you are looking for in the firm you select?

We are not necessarily looking for improvements over our current experience. Rather, we seek a firm with extensive experience auditing comparable public agencies and a strong understanding of the governmental accounting and regulatory environment. The selected firm should serve as a knowledgeable resource on evolving accounting standards and compliance requirements, while providing responsive service, clear communication, and practical guidance throughout the year.

Are your prior year auditors included or excluded from the current RFP process? How long has your current auditor been performing the audit?

The prior year auditors are welcome to submit a proposal. They have been performing the audit since fiscal year 2020.

Were there any major changes in the engagement requested in the RFP compared to last year's engagement?

No.

What were the fees for the past three years? Please identify the audit fees for each audit/task i.e. SCO financial transactions report and single audit to be broken out separately. What is the approved budget for financial audit fees for fiscal year 2026?

Fees for the last three years are as follows:

- 2026 Budget
    - $25,000
- 2025
    - Financial Statements and Auditors Reports $12,500
    - Single-Audit of Federal Awards $3,500
    - Preparation of the State Controller's Report $500
        - Total $16,500
- 2024
    - Financial Statements and Auditors Reports $12,500
    - Single-Audit of Federal Awards $3,500
    - Preparation of the State Controller's Report $500
        - Total $16,500
- 2023
    - Financial Statements and Auditors Reports $12,500
    - Single-Audit of Federal Awards $3,500
    - Preparation of the State Controller's Report $500
        - Total $16,500

Is a not-to-exceed cap or separate fee expected for the California SCO Financial Transactions Report, or is it bundled into the base audit fee?

We are okay with a not-to-exceed cap or having the cost bundled into the base audit fee.

What were the expected and proposed annual hours of the previous audit contract?

There were no expected and proposed annual hours listed in the previous audit contract.

RFP describes an FY25/26 base term "with the option to renew annually for up to four years" (potentially through FY29/30), but only requests fee proposals for FY26, FY27, and FY28. Please clarify whether fee quotes are needed beyond FY28.

That is correct, fee proposals are only required for the first three years. You are welcome to provide costs for the full five years if that is your preference.

Do you prefer the audit staff to be onsite at your location or expect the audit to be performed remotely?

We are open to either or even a hybrid. We do think it would be nice to have the audit team at the office at least for the first year.

When would you like the timing of the audit and issuance of the reports to be?

- Interim fieldwork
  - Ideally interim fieldwork would be remote and Tahoe RCD staff can work on it as other items are prepared.
- When do you expect the trial balance and financial statements will be ready to be provided to the auditor for review?
  - The books will be closed and ready for audit by the second week of November
- Yearend fieldwork
  - We can work with the selected firm on the best time for that.
- Draft reports by December 31, 2026
- Do you present draft reports to the Board or Final?
  - The auditor presents to the Tahoe RCD Finance and Operations Committee prior to the Board Meeting. If the Board has any requested changes those are typically pointed out in that meeting. The version presented to the Board has been technically a draft that then becomes final when it is approved by the Board.
- Final reports to be issued by?
  - Ideally the audit would be presented at our January Board Meeting.

RFP requests draft FY25/26 statements by December 31, 2026 (~6 months after FYE), while the FY24/25 audit wasn't finalized until March 25, 2026 (~9 months after FYE). What might have caused the FY25 delay of issuance?

There were delays due to difficulties scheduling the meeting with the Tahoe RCD Finance and Operations Committee and staffing issues with the auditor.

Management Representations Letter references a list of uncorrected misstatements attached to the letter — what were they?

There were none, that was an incorrect statement in the letter. A corrected letter will be uploaded to website.

Prior auditor prepared the draft financial statements and notes as a non-attest service. Will the District expect the new auditor to also prepare draft F/S, and who is the designated management individual with sufficient skill/knowledge to oversee that work (required for independence)?

Yes, the new auditor would be expected to draft financials. Tahoe RCD Director of Finance and Administration would serve as management and Starting Line Advisory would oversee the work.

Is the District anticipating needing assistance with implementation of GASB Statement No. 103 (Financial Reporting Model Improvements), effective for fiscal years beginning after June 15, 2025 — i.e., FY25/26 for this District? This changes MD&A format and budgetary comparison presentation and should be scoped into the engagement.

Yes. The District anticipates requiring assistance with the implementation of GASB Statement No. 103, including any changes to the presentation and content of the Management's Discussion and Analysis (MD&A), budgetary comparison information, and related financial statement disclosures. Historically, the District's audit firm has assisted with the preparation and review of the MD&A, and the District would expect similar support from the selected firm. Accordingly, proposers should include any anticipated effort related to GASB 103 implementation within their scope and fee proposal.

What is the anticipated major federal program for FY25/26 (FY25's was CFDA 10.699 Partnership Agreements), and will USDA/BLM partnership agreements again be tested individually or as a cluster?

The District currently anticipates that the BLM Partnership Agreement will be its largest federal program in FY 2025/26. However, the determination of major programs and whether programs are tested individually or as a cluster is ultimately made by the auditor in accordance with Uniform Guidance requirements. Therefore, the District cannot confirm the specific program selection or testing approach at this time.

Given funding routed through Nevada agencies (NDOT, Nevada Division of State Lands) and Nevada counties (Washoe, Douglas), are there Nevada-specific compliance/reporting requirements beyond the California SCO report?

There are no additional reporting requirements for Nevada.

Are there any known litigation, claims, or contingencies for FY25/26 audit planning purposes?

No, there are no known litigation, claims, or contingencies for fiscal year 2026.

Payroll is budgeted to grow from ~$225K (FY25/26) to ~$790K by FY30/31 — is that growth tied to specific new grants/programs that would add federal programs or increase single-audit complexity over the FY26–28 contract term?

Payroll for FY 25/26 was budgeted at approximately $3.86 million and then by FY 30/31 it goes down to approximately $790k. This is due to Tahoe RCD only budgeting for secured funds and by FY 30/31 most of our funding agreements have expired. This approach results in payroll fluctuations from year to year, however, staffing is not anticipated to change in the coming years for our federal programs or the District as a whole.

Questions related to the Professional Services Agreement:

- RFP body insurance requirements: $1M WC/Employer's Liability, $2M General Liability. Sample Professional Services Agreement exhibit: $1M CGL, $1M Auto, $1M WC/EL, $1M Professional Liability (5-year tail), plus $5M/$10M Contractors Pollution Liability. Which are the actual requirements? Will the District waive these for a CPA audit engagement, or confirm they don't apply?
  Tahoe RCD is willing to discuss reasonable adjustments to its standard contract terms with the selected vendor.
- Termination is asymmetric: District may terminate without cause on 7 days' notice; Consultant may only terminate for cause. Is this negotiable?
  Tahoe RCD is willing to discuss reasonable adjustments to its standard contract terms with the selected vendor.
- No expense reimbursement without prior written authorization, and 45-day payment terms — confirm these apply as written to the audit engagement.
  Tahoe RCD is willing to discuss reasonable adjustments to its standard contract terms with the selected vendor.

How long have the current auditors been performing the audit for the entity? Are they invited to bid for the current fiscal year?

The current auditors have been performing audits since fiscal year 2020. They are welcome to bid on the current fiscal year.

Were there any disagreements with the current auditors during the prior years?

No, there were not any disagreements with the current auditor.

Can you provide the reason for the entity going out for RFP?

The current auditor has been performing audits since fiscal year 2020. As part of the District's commitment to good governance and sound procurement practices, the District is soliciting proposals to assess available audit services, compare qualifications and pricing, and ensure the selection of the firm that best meets the District's current and future needs.

Are there any new services requested in this RFP that were not included in the prior year audit fee?

No.

How many journal entries were proposed by the auditors? In general, what were the audit adjustments related to?

Two. One was to reconcile property tax revenue and the other was to record GASB 87.

How many adjustments, if any, did the entity provide to the auditors after the start of fieldwork? In general, what were the proposed adjustments related to?

Tahoe RCD did not provide any adjustments to the auditor.

If available, please provide the most recent management letter and the communication to those in charge of governance.

The management letter can be found here https://www.tahoercd.org/documents-links under the Audit Services Request for Proposals section.

Has the entity entered into any major contracts, studies and/or started any projects in the current fiscal year that would not be reflected in the prior year financial statements?

Tahoe RCD has approximately 40 active funding agreements at any given time. Agreements are added and expired throughout the fiscal year.

Did the entity create any new funds during the current fiscal year?

No.

Please list the key staff members in finance and their years of experience with the entity?

Tori Walton, Director of Finance and Administration, 14 years

Denise Earls, Grant Manager/Human Resources, 2.5 years

Danielle James, Bookkeeper/Office Coordinator, 2.5 years

Have there been any changes in finance department personnel in the current fiscal year? Do you expect any retirements of key personnel in finance during the next 12 months?

There have been no staffing changes in the current fiscal year and no one is planning to retire.

Have there been any changes in your accounting system or software since last year?

No.

Any new debt issuances in the current fiscal year?

Tahoe RCD does not have any debt.

Any other major changes in the current fiscal year that would affect the operations of the entity?

No.

How did you measure the quality of the audit performed?

We do not measure the quality of the audit.

Is the entity currently involved in any litigation that would directly affect the audit?

No.

Are there any significant operational changes from the prior year?

No.

When are the books closed and ready for audit?

The books will be closed and ready for audit by the second week of November.

What were the total prior year audit fees? Please include breakdown by component, i.e. financial audit, federal single audit, preparation of state controller’s reports, consulting services provided, etc.

Fees for last year were as follows:

- Financial Statements and Auditors Reports $12,500
- Single-Audit of Federal Awards $3,500
- Preparation of the State Controller's Report $500
    - Total $16,500

Who is responsible for drafting and preparing the financial statements, entity or the auditor?

Tahoe RCD staff and our accounting consultant, Starting Line Advisory.

How many auditors and how many weeks were the auditors on site for both interim and year end field work?

The audit was performed 100% remotely. Prior to fiscal year 2020, the prior auditor was onsite for about three to four days and there was the auditor, a staff member and an auditor who only worked on the single audit. The single audit person was only onsite for about two days.

Would the entity be open to having some or all of the audit being performed remotely?

We are open to some or all of the audit being performed remotely. We do think it would be nice to have the audit team at the office at least for the first year.

Does the entity require additional services related to preparing the GASB 68/75 calculations or implementation of any other new GASB pronouncements?

Tahoe RCD does not require services to prepare GASB 68 and GASB 75 does not apply. The District would like assistance drafting the MD&A per GASB 103.