TAHOE CITY PUBLIC UTILITIES DISTRICT
Tahoe City, California

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO TECHNICAL CONSULTANT SELECTION POLICY

FOR THE YEAR ENDED
DECEMBER 31, 2017

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
of the Tahoe City Public Utility District
Tahoe City, California

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of the Tahoe City Public Utility District (the District), solely to assist the District in connection with assessing the adequacy of the Technical Consultant Selection Policy and Procedure currently in place. This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board of Directors and management of the District. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures performed and the related findings are as follows:

Procedures, Findings and Recommendation

1. We reviewed the Technical Consultant Selection Policy to gain an understanding of how the District selects outside engineering firms.

   Findings: No exceptions or unusual items were noted as a result of our procedures.

2. We reviewed Correspondence between the District's outside legal counsel, and the California Attorney General's office, noting agreement between the background information and Technical Consultant Selection Policy.

   Note: We reviewed the original correspondence between the District's outside legal counsel, and the California Attorney General's office relating to the conflict of interest provision. We noted that the most recent correspondence from the California Attorney General's office was dated December 31, 2008. The most recent request for opinion in 2010 was declined by the California Attorney General's office due to a technical reason; however past correspondence indicated agreement between the background information and Technical Consultant Selection Policy.

3. We reviewed the Technical Consultant Selection Committee minutes for consulting contracts for which Auerbach Engineering Corporation (Auerbach) was considered. Auerbach was identified because of the potential conflict in that the District's General Manager, Cindy Gustafson, became married to the owner of Auerbach in fiscal year 2008. The following procedures were performed to verify a process was in place to prevent any influence from the General Manager in the selection of Technical Consultants in relation to Auerbach. We performed the following procedures:

   a. Confirmed that two Board members were present for the Technical Consultant Selection Committee meeting to obtain information on the selected consultants and to provide the Board of Directors a recommendation for the selection of a Consultant.
   b. Confirmed District Engineer was present for the Technical Consultant Selection Committee meeting to provide input and expertise on the qualifications of the Consultants being selected.
   c. Confirmed one District department manager is serving on the committee to provide unbiased position in the selection of a Consultant.
   d. Read the Technical Consultant Selection Committee minutes as to how the candidate was selected.
   e. Confirmed Cindy Gustafson was not present at the Technical Consultant Selection Committee meeting.
   f. Reviewed board minutes that Cindy Gustafson was not present during Board of Directors selection of consultant.

Findings: No exceptions or unusual items were noted as a result of our procedures.

4. We reviewed all invoices from Auerbach Engineering Corporation that were paid during the period January 1, 2017 through December 31, 2017.

    a. Verified that all invoices to Auerbach were within contract terms.
    b. Verified that all invoices were reviewed and approved for payment by District Engineer and Chief Financial Officer/Treasurer.

    Findings: No exceptions or unusual items were noted as a result of our procedures.

5. Below is a list of the District's projects and payments made to Auerbach Engineering Corporation for fiscal year 2017:

Project Name	Amount
Bunker Water Tank Replacement	$ 36,886
Dollar 1 Backup Power	3,741
John Cain Sewer Line Replacement	10,160
Madden Creek Water System	38,778
Manzanita Water Main Replacement	67,126
Tahoe Ceders Water System Interconnection	19,931
TC Sewer System Rehab	90,935
TCGC Ice Rink	10,544
TCGC Upper Parking/Maintenance	7,443
Truckee River Overlay	37,753
Truckee River Stabilization	1,425
Total	$ 324,722

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on specific elements, accounts or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is tended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties.

Mann, Urrutia, Nelson, CPAs and Associates, LLP
Sacramento, California
April 4, 2018