

AGENDA ITEM # _____

DATE: April 28, 2014

COAC NUMBER: 14-5241

**CITY OF GOODYEAR
CITY COUNCIL ACTION FORM**

SUBJECT: Selection of financial audit firm.

STAFF PRESENTER: Larry Lange,
Finance Director

COMPANY

CONTACT:

RECOMMENDATION:

Council accept and approve the proposal to provide audit services for the next three fiscal years for the City of Goodyear submitted by Heinfeld, Meech & Co. P.C. and authorize the Finance Director to execute the necessary contracts.

PURPOSE:

Acceptance of the proposal and authorization of the Finance Director to execute the necessary contracts will provide for financial auditing services for the City.

BACKGROUND AND COMMUNITY BENEFIT:

State law requires that cities annually publish, after the close of each fiscal year, a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants.

Article VI, Section 7 of the Goodyear City Charter states that the Council shall designate qualified certified public accountants who, at the end of the fiscal year, shall make an independent audit of accounts and other financial transactions of the City government. The Council may enter into a contract for auditing services for a period in excess of one year and not to exceed three years upon finding that a contract in excess of one year would be in the best interests of the City.

With the expiration of its previous contract, the City solicited proposals for auditing services and received offers from six firms. Staff, including the City Manager, Finance Director, and Controller, reviewed the proposals and brought forth a recommendation to the City Audit Committee. The City's Audit Committee consists of Vice Mayor Pizzillo, Councilmember Stipp, Councilmember Lauritano, and City Manager Brian Dalke. After review, the Audit Committee recommended that the Council accept the proposal from Heinfeld, Meech & Co, P.C. for the next three fiscal years in the best interests of the City.

PREVIOUS ACTIONS AND DISCUSSION:

The purpose of the audit is to provide a qualified professional opinion as to whether the City of Goodyear has fairly presented the basic financial statements, as well as supplementary information, in accordance with U.S. GAAP.

Heinfeld, Meech & Co., P.C. is an Arizona-based firm with offices in Phoenix, Tucson, and Flagstaff specializing in auditing and consulting services to local governmental entities. Founded in 1985, the firm currently provides audit services to more than 170 governmental entities, including 16 Arizona municipalities.

The City's audit will be primarily staffed by the firm's Phoenix office and on-site personnel include an Engagement Partner, Manager, and In-Charge Auditor. In working with Arizona municipalities, Heinfeld, Meech & Co., P.C. have recent experience with a number of SunGard HTE finance application users.

Heinfeld, Meech & Co., P.C. will provide the following items within the scope of this contract:

- An independent auditors' report on the City's financial statements in conformity with U.S. GAAP
- An independent auditors' report on compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with Government Accounting Standards
- An independent auditors' report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133
- Summary schedule of findings, recommendations, and questioned costs (if applicable)
- Auditors' letter of recommendation to management (if applicable)
- A summary schedule of prior audit findings and corrective action plan (if applicable)
- A Schedule of Local Transportation Assistance Monies Expended for Public Transportation and an independent auditors' report on such schedule
- A Schedule of Local Transportation Assistance Monies II Expended for Public Transportation and an independent auditors' report on such schedule
- Independent auditors' reports on the financial statements of each of nine Community Facilities Districts (CFDs) (King Ranch excluded)
- A communication letter to those charge with governance regarding key audit matters
- An independent auditors' report on the Annual Expenditure Limitation Report
- A report on compliance for the Minimum Accounting Standards (MAS) of the Goodyear Magistrate Court (for fiscal year 2014-15)

FISCAL ANALYSIS:

Professional fees for auditing services to be provided for the years ended June 30, 2014, 2015, and 2016 are as follows:

	FY 13/14	FY 14/15	FY 15/16
Yearly Base Audit Fee	\$42,000	\$43,875	\$44,825
Community Facilities Districts Fee	\$21,000	\$22,000	\$22,350
MAS Court Audit Fee	\$0	\$3,865	\$0
	\$63,000	\$69,740	\$67,175

ATTACHMENTS:

None.