



**Agenda Item B.2**  
**CONSENT CALENDAR**  
**Meeting Date: June 19, 2018**

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**TO:** Mayor and Councilmembers

**FROM:** Luke Rioux, Finance Director

**SUBJECT:** Award of Contract for Auditing Services

**RECOMMENDATION:**

Authorize the City Manager to execute a Professional Services Agreement between the City of Goleta and Moss, Levy & Hartzheim, LLP for auditing services for three years in an amount not to exceed \$102,350 with a termination date of February 28, 2021.

**BACKGROUND:**

This City is required to have an independent annual review of its financial records. In accordance with the City's auditor rotation policy, which is intended to preserve auditor independence and provide the City with the benefit of a fresh perspective, the City is due for a change in auditors. The City has completed the five-year audit engagement limit allowed by the City's policy with White Nelson Diehl Evans LLP and now proposes to enter into a multiyear agreement with Moss, Levy & Hartzheim, LLP.

**DISCUSSION:**

On March 28, 2018 staff issued a Request for Proposals (RFP) for Audit Services. The RFP was advertised for one month on the City of Goleta's website, Santa Barbara Independent, GovDelivery, and Ebidboard. The RFP was sent to approximately forty-four (44) audit firms on the City's bidder's list for audit services and firms provided by members of the California Society of Municipal Finance Officers (CSMFO). Staff did not limit the set of firms this RFP was sent to. The RFP was for a three-year contract with an option to extend two additional years, for a total of five years.

The City received a total of seven (7) proposals by the RFP closing date of April 27, 2018. The proposals ranged in price from \$32,950 – \$42,950 for the first year as seen in the table below.

Audit Firm	2017/18	2018/19	2019/20	TOTAL
Brown Armstrong CPAs	\$37,300	\$37,300	\$37,300	\$111,900
Chavan & Associates LLP	\$34,500	\$34,500	\$34,500	\$103,500
Harshwal & Company LLP	\$33,490	\$36,107	\$41,321	\$110,918
Lance, Soll & Lunghard, LLP	\$38,860	\$38,860	\$38,860	\$116,580
Moss, Levy & Hartzheim, LLP	\$32,950	\$34,105	\$35,295	\$102,350
Van Lant & Fankhanel, LLP	\$34,100	\$34,100	\$35,100	\$102,300
Vavrinek, Trine, Day & Co., LLP	\$42,950	\$42,950	\$42,950	\$128,850

*\*Fiscal Years represent the period to be audited.*

A three-member evaluation committee was formed and staff evaluated the auditing firms based on experience, technical abilities, and written proposals. Two of the firms were then selected and invited to participate in a panel phone interview, consisting of the Accounting Manager and Finance staff. During the interviews, the firms were evaluated based on the criteria specified in the RFP. After interviewing both firms, it was concluded that Moss, Levy & Hartzheim, LLP would best service the City.

Staff also conducted reference checks by contacting various existing clients. The responses received were consistent with the qualities perceived during the phone interview. Moss, Levy & Hartzheim, LLP was described as thorough, good with deadlines, open in communication, pleasant to work with, and always professional. Moss, Levy & Hartzheim, LLP has extensive experience auditing agencies including the cities of:

Arroyo Grande	Atascadero	Bellflower	Buellton
Dinuba	Fort Bragg	Grover Beach	Lompoc
Pacifica	Paso Robles	Santa Maria	Whittier

### **FISCAL IMPACTS:**

The proposed three-year auditing services contract is for a total not to exceed amount of \$102,350 with a termination date of February 28, 2021. The fees for the first year will be for a total not to exceed amount of \$32,950, which is available from the FY 18/19 Adopted Budget. Fees for the second and third year of \$34,105 and \$35,295 will be supported by future fiscal years recommended budget appropriations. After the end of the three year period, the City will have the option to retain the firm for an additional two years thereafter, subject to Council approval.

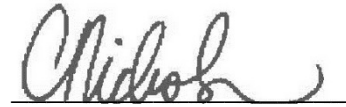
**ALTERNATIVES:**

The City Council may elect not to award this agreement and direct staff to enter into a contract with another qualified firm, or reissue the Request for Proposal. However, doing so would delay the required annual auditing services.

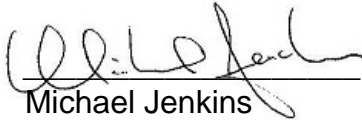
**Reviewed By:**

**Legal Review By:**

**Approved By:**



Carmen Nichols  
Deputy City Manager



Michael Jenkins  
City Attorney



Michelle Greene  
City Manager

**ATTACHMENT:**

1. Professional Services Agreement with Moss, Levy, & Hartzheim, LLP



## **ATTACHMENT 1:**

Professional Services Agreement with Moss, Levy, & Hartzheim, LLP



**AGREEMENT FOR PROFESSIONAL SERVICES  
BETWEEN THE CITY OF GOLETA  
AND  
MOSS, LEVY & HARTZHEIM LLP**

This AGREEMENT FOR PROFESSIONAL SERVICES (herein referred to as "AGREEMENT") is made and entered into this 19th day of June 2018, by and between the **CITY OF GOLETA**, a municipal corporation (herein referred to as "CITY"), and **MOSS, LEVY & HARTZHEIM LLP** (herein referred to as "CONSULTANT").

**WHEREAS**, the CITY has a need for professional annual audit services for the CITY's annual audit; and

**WHEREAS**, the CITY does not have the personnel able and/or available to perform the services required under this AGREEMENT, and therefore, the CITY desires to contract for professional services to accomplish this work; and

**WHEREAS**, the CITY noticed a request for proposals and/or qualifications for professional services through CITY website, local newspaper, direct email, and advertisement on various government websites; and

**WHEREAS**, the CONSULTANT was selected based on most responsive proposal to the request for proposal, favorable commendations, and deemed the best option for the CITY ;

**WHEREAS**, the City Council, on this 19th day of June, 2018, approved this AGREEMENT and authorized the City Manager to execute the AGREEMENT.

CITY and CONSULTANT agree as follows:

**1. RETENTION AS CONSULTANT**

CITY hereby retains CONSULTANT, and CONSULTANT hereby accepts such engagement, to perform the services described in Section 2. CONSULTANT warrants it has the qualifications, experience, and facilities to properly and timely perform said services.

**2. DESCRIPTION OF SERVICES**

The services to be performed by CONSULTANT are as follows:

Professional auditing services in conjunction with the audit of the City's financial statements and preparation of a Comprehensive Annual Financial Report (CAFR). Services shall generally include the audit of the

City's financial statements for the three fiscal years beginning with the fiscal year ending June 30, 2018 and related reports, as well as preparation of a Comprehensive Annual Financial Report (CAFR), as more particularly set forth in the Scope of Work, attached as Exhibit "A," and incorporated herein.

### 3. **COMPENSATION AND PAYMENT**

(a) **Maximum and Rate.** The total compensation payable to CONSULTANT by CITY for the services under this AGREEMENT **SHALL NOT EXCEED** the sum of \$102,350 (herein "not to exceed amount"), and shall be earned as the work progresses on the following basis:

<b>Service</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
City Audit and Related Reports	\$23,950	\$24,790	\$25,655
Single Audit and Related Reports	\$3,500	\$3,625	\$3,750
Street Reports	\$2,000	\$2,065	\$2,140
City State Controller's Report	\$3,500	\$3,625	\$3,750
Total for Fiscal Year	\$32,950	\$34,105	\$35,295

Hourly at the hourly rates and with reimbursement to CONSULTANT for those expenses set forth in CONSULTANT's Schedule of Fees marked Exhibit "B," attached and incorporated herein. The rates and expenses set forth in that exhibit shall be binding upon CONSULTANT until February 28, 2021, after which any change in said rates and expenses must be approved in writing by CITY's Project Manager as described in Section 5 (CITY is to be given 60 days notice of any rate increase request), provided the not to exceed amount is the total compensation due CONSULTANT for all work described under this AGREEMENT.

(b) **Payment.** CONSULTANT shall provide CITY with written verification of the actual compensation earned, which written verification shall be in a form satisfactory to CITY's Project Manager, as described in Section 5. Invoices shall be made no more frequently than on a monthly basis, and describe the work performed (including a list of hours worked by personnel classification). All payments shall be made within 30 days after CITY's approval of the invoice. Progress payments will be made on the basis of hours work completed during the course of engagement. Billing shall cover a period not less than a calendar month. Final payment will be made within fifteen(15) days of acceptance of each audit service or report as complete by the City.



#### **4. EXTRA SERVICES**

CITY shall pay CONSULTANT for those CITY authorized extra services, not reasonably included within the services described in Section 2, as mutually agreed to writing in advance of the incurrence of extra services by CONSULTANT. Unless CITY and CONSULTANT have agreed in writing before the performance of extra services, no liability and no right to claim compensation for such extra services or expenses shall exist. The applicable hourly rates for extra services shall be at the hourly rates set forth in the compensation exhibit. Any compensation for extra services shall be part of the total compensation and shall not increase the not to exceed amount identified in Section 3.

#### **5. CITY PROJECT MANAGER AND SERVICES BY CITY**

The services to be performed by CONSULTANT shall be accomplished under the general direction of, and coordinate with, CITY's "Project Manager", as that staff person is designated by CITY from time to time, and who presently is Luke Rioux. Project Manager shall have the authority to act on behalf of the CITY in administering this AGREEMENT but shall not be authorized to extend the term of the AGREEMENT or increase the not to exceed amount.

#### **6. TERM, PROGRESS AND COMPLETION**

The term of this AGREEMENT is from the date first written above to February 28, 2021 unless term of this AGREEMENT is extended or the AGREEMENT is terminated as provided for herein.

CONSULTANT shall not commence work on the services to be performed until (i) CONSULTANT furnishes proof of insurance as required by Section 10 below, and (ii) CITY gives written authorization to proceed with the work provided by CITY's Project Manager. All services shall be completed according to the schedule for delivery of services attached as Exhibit "B" and incorporated herein.

#### **7. OWNERSHIP OF DOCUMENTS**

All drawings, designs, data, photographs, reports and other documentation (other than CONSULTANT's drafts, notes and internal memorandum), including duplication of same prepared by CONSULTANT in the performance of these services, are the property of CITY. CITY shall be entitled to immediate possession of the same upon completion of the work under this AGREEMENT, or at any earlier or later time when requested by CITY. CITY agrees to hold CONSULTANT harmless from all damages, claims, expenses, and losses arising out of any reuse of the plans and specifications for purposes other than those described in this AGREEMENT, unless written authorization of CONSULTANT is first obtained.

## **8. PERSONAL SERVICES/NO ASSIGNMENT/SUBCONTRACTOR**

This AGREEMENT is for professional services which are personal to CITY. Adam Guise is deemed to be specially experienced and is a key member of CONSULTANT's firm, and shall be directly involved in the performance of this work. This key person shall communicate with, and periodically report to, CITY on the progress of the work. Should any such individual be removed from assisting in this contracted work for any reason, CITY may terminate this AGREEMENT. This AGREEMENT may not be assigned or subcontracted without the City Manager's prior written consent.

## **9. HOLD HARMLESS AND INDEMNITY**

**(a) Hold Harmless for CONSULTANT's Damages.** CONSULTANT holds CITY, its elected officials, officers, agents, and employees, harmless from all of CONSULTANT's claims, demands, lawsuits, judgments, damages, losses, injuries or liability to CONSULTANT, to CONSULTANT's employees, to CONSULTANT's contractors or subcontractors, or to the owners of CONSULTANT's firm, which damages, losses, injuries or liability occur during the work required under this AGREEMENT, or occur while CONSULTANT is on CITY property, or which are connected, directly or indirectly, with CONSULTANT's performance of any activity or work required under this AGREEMENT.

**(b) Defense and Indemnity of Third Party Claims/Liability.** CONSULTANT shall investigate, defend, and indemnify CITY, its elected officials, officers, agents, and employees, from any claims, lawsuits, demands, judgments, and all liability including, but not limited to, monetary or property damage, lost profit, personal injury, wrongful death, general liability, automobile, infringement of copyright/patent/trademark, or professional errors and omissions arising out of, directly or indirectly, an error, negligence, or omission of CONSULTANT or any of CONSULTANT's officers, agents, employees, representatives, subconsultants, or subcontractors, or the willful misconduct of CONSULTANT or any of CONSULTANT's officers, agents, employees, representatives, subconsultants, or subcontractors, in performing the services described in, or normally associated with, this type of contracted work. The duty to defend shall include any suits or actions concerning any activity, product or work required under this AGREEMENT, and also include the payment of all court costs, attorney fees, expert witness costs, investigation costs, claims adjusting costs and any other costs required for and related thereto.

**(c) No Waiver.** CITY does not waive, nor shall be deemed to have waived, any indemnity, defense or hold harmless rights under this section because of the acceptance by CITY, or the deposit with CITY, of any insurance certificates or policies described in Section 10.

## **10. INSURANCE**

CONSULTANT shall, at CONSULTANT's sole cost and expense, provide insurance as described herein. All insurance is to be placed with insurers authorized to do business in the State of California with an A.M. Best and Company rating of A- or better, Class VII or better, or as otherwise approved by CITY.

Insurance shall include the following (or broader) coverage:

- a) Insurance Services Office Commercial Liability coverage "occurrence" form CG 00 01 or its exact equivalent with an edition date prior to 2004 and with minimum limits of \$1,000,000 per occurrence and \$2,000,000 in the aggregate.
- b) Insurance Services Office form number CA 00 01 or equivalent covering Automobile Liability, including hired and non-owned automobile liability with a minimum limit of \$1,000,000 per accident. If the Service Provider owns no vehicles, this requirement may be satisfied by a non-owned and hired auto endorsement to Service Provider's commercial general liability policy.
- c) Workers' Compensation insurance complying with California worker's compensation laws, including statutory limits for workers' compensation and an Employer's Liability limit of \$1,000,000 per accident or disease.
- d) Professional liability insurance that covers the services to be performed in connection with this agreement, in the minimum amount of \$1,000,000 per claim and in the aggregate.

Liability insurance policies required to be provided by CONSULTANT hereunder shall contain or be endorsed to contain the following provisions:

- a) CITY, its employees, officials, agents and member agencies shall be covered as additional insureds. Coverage shall apply to any and all liability arising out of the work performed or related to the contract. Additional insured status under the general liability requirement shall be provided on Insurance Services Office Form CG 20 10, with an edition date prior to 2004, or its equivalent. Additional insured status for completed operations shall be provided either in the additional insured form or through another endorsement such as CG 20 37, or its equivalent.
- b) General and automobile liability insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability. Coverage will not be limited to CITY's vicarious liability.

- c) Professional liability insurance policies inception date, continuity date, or retroactive date must be before the effective date of this agreement. CONSULTANT agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this agreement.
- d) Liability coverage shall be primary and non-contributing with any insurance maintained by CITY.
- e) Evidence of coverage (including the workers' compensation and employer's liability policies) shall provide that coverage shall not be suspended, voided, canceled or reduced in coverage or in limits except after 30 days' prior written notice has been given to CITY. Such provision shall not include any limitation of liability of the insurer for failure to provide such notice.
- f) No liability insurance coverage provided to comply with this AGREEMENT shall prohibit CONSULTANT, or CONSULTANT's employees, or agents, from waiving the right of recovery prior to a loss. CONSULTANT waives its right of recovery against CITY.
- g) CONSULTANT agrees to deposit with CITY within fifteen days of Notice to Proceed of the Contract certificates of insurance and required endorsements.
- h) There shall be no recourse against CITY for payment of premiums or other amounts with respect to the insurance required to be provided by CONSULTANT hereunder. Any failure, actual or alleged, on the part of CITY to monitor compliance with these requirements will not be deemed as a waiver of any rights on the part of CITY. CITY has no additional obligations by virtue of requiring the insurance set forth herein. In the event any policy of insurance required under this AGREEMENT does not comply with these requirements or is canceled and not replaced, CITY has the right but not the duty to obtain the insurance it deems necessary and any premium paid by CITY will be promptly reimbursed by CONSULTANT or CITY will withhold amounts sufficient to pay premium from CONSULTANT payments.
- i) CONSULTANT agrees to provide immediate notice to CITY of any claim or loss against CONSULTANT arising out of the work performed under this AGREEMENT. CITY assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve CITY.

## **11. RELATIONSHIP OF CONSULTANT TO CITY**

The relationship of the CONSULTANT to CITY shall be that of an independent contractor and that in no event shall CONSULTANT be considered an officer, agent, servant or employee of CITY. CONSULTANT shall be solely responsible for any workers compensation insurance, withholding taxes, unemployment insurance, and any other employer obligations associated with the described work.

## **12. CORRECTIONS**

In addition to the above indemnification obligations, CONSULTANT shall correct, at its expense, all errors in the work that may be disclosed during CITY's review of CONSULTANT's report or plans. Should CONSULTANT fail to make such correction in a reasonably timely manner, such correction shall be made by CITY, and the cost thereof shall be charged to CONSULTANT or withheld from any funds due to CONSULTANT hereunder.

## **13. TERMINATION BY CITY**

CITY, by notifying CONSULTANT in writing, may upon 10 calendar days notice, terminate without cause any portion or all of the services agreed to be performed under this AGREEMENT. If termination is for cause, no notice period need be given. In the event of termination, CONSULTANT shall have the right and obligation to immediately assemble work in progress for the purpose of closing out the job. All compensation for actual work performed and charges outstanding at the time of termination shall be payable by CITY to CONSULTANT within 30 days following submission of a final statement by CONSULTANT unless termination is for cause. In such event, CONSULTANT shall be compensated only to the extent required by law.

## **14. ACCEPTANCE OF FINAL PAYMENT CONSTITUTES RELEASE**

The acceptance by CONSULTANT of the final payment made under this AGREEMENT shall operate as and be a release of CITY from all claims and liabilities for compensation to CONSULTANT for anything done, furnished, or relating to CONSULTANT'S work or services. Acceptance of payment shall be any negotiation of CITY's check or the failure to make a written extra compensation claim within 10 calendar days of the receipt of that check. However, approval or payment by CITY shall not constitute, nor be deemed, a release of the responsibility and liability of CONSULTANT, its employees, subcontractors, agents and CONSULTANTS for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by CITY for any defect or error in the work prepared by CONSULTANT, its employees, subcontractors, agents and consultants.

## **15. AUDIT OF RECORDS**

At any time during normal business hours and as often as it may deem necessary, CONSULTANT shall make available to a representative of CITY for examination of all its records with respect to all matters covered by this AGREEMENT and will permit CITY to audit, examine and/or reproduce such records. CONSULTANT will retain such financial records, time sheets, work progress reports, invoices, bills and project records for at least two years after termination or final payment under this AGREEMENT.

All work papers and reports will be retained, at the CONSULTANT'S expense, for a minimum of seven (7) years, unless the firm is notified in writing by the City of Goleta of the need to extend the retention period. The auditor will be required to make working papers available to the City of Goleta or any government agencies included in the audit of federal grants. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

## **16. WAIVER; REMEDIES CUMULATIVE**

Failure by a party to insist upon the strict performance of any of the provisions of this AGREEMENT by the other party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such party's right to demand strict compliance by such other party in the future. No waiver by a party of a default or breach of the other party shall be effective or binding upon such party unless made in writing by such party, and no such waiver shall be implied from any omissions by a party to take any action with respect to such default or breach. No express written waiver of a specified default or breach shall affect any other default or breach, or cover any other period of time, other than any default or breach and/or period of time specified. All of the remedies permitted or available to a party under this AGREEMENT, or at law or in equity, shall be cumulative and alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right of remedy.

## **17. CONFLICT OF INTEREST**

CONSULTANT is unaware of any CITY employee or official that has a financial interest in CONSULTANT'S business. During the term of this AGREEMENT and/or as a result of being awarded this AGREEMENT, CONSULTANT shall not offer, encourage or accept any financial interest in CONSULTANT'S business by any CITY employee or official.

## **18. CONSTRUCTION OF LANGUAGE OF AGREEMENT**

The provisions of this AGREEMENT shall be construed as a whole according to its common meaning of purpose of providing a public benefit and not strictly for or against any party. It shall be construed consistent with the provisions hereof, in order to

achieve the objectives and purposes of the parties. Wherever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neutral genders or vice versa.

**19. MITIGATION OF DAMAGES**

In all situations arising out of this AGREEMENT, the parties shall attempt to avoid and minimize the damages resulting from the conduct of the other party.

**20. GOVERNING LAW**

This AGREEMENT, and the rights and obligations of the parties, shall be governed and interpreted in accordance with the laws of the State of California. Should litigation occur, venue shall be in Superior Court of Santa Barbara County.

**21. TAXPAYER IDENTIFICATION NUMBER**

CONSULTANT shall provide CITY with a complete Request for Taxpayer Identification Number and Certification, Form W-9 (Rev. 12-87), as issued by the Internal Revenue Service.

**22. NON-APPROPRIATION OF FUNDS**

Payments due and payable to CONSULTANT for current services are within the current budget and within an available, unexhausted and unencumbered appropriation of CITY funds. In the event CITY has not appropriated sufficient funds for payment of CONSULTANT services beyond the current fiscal year, this AGREEMENT shall cover only those costs incurred up to the conclusion of the current fiscal year.

**23. MODIFICATION OF AGREEMENT**

The tasks described in this AGREEMENT and all other terms of this AGREEMENT may be modified only upon mutual written consent of CITY and CONSULTANT.

**24. USE OF THE TERM "CITY"**

Reference to "CITY" in this AGREEMENT includes City Manager or any authorized representative acting on behalf of CITY.

**25. PERMITS AND LICENSES**

CONSULTANT, at its sole expense, shall obtain and maintain during the term of this AGREEMENT, all appropriate permits, licenses, and certificates that may be required in connection with the performance of services under this AGREEMENT.

## 26. CAPTIONS

The captions or headings in this AGREEMENT are for convenience only and in no other way define, limit or describe the scope or intent of any provision or section of the AGREEMENT.

## 27. AUTHORIZATION

Each party has expressly authorized the execution of this AGREEMENT on its behalf and bind said party and its respective administrators, officers, directors, shareholders, divisions, subsidiaries, agents, employees, successors, assigns, principals, partners, joint venturers, insurance carriers and any others who may claim through it to this AGREEMENT.

## 28. ENTIRE AGREEMENT BETWEEN PARTIES

Except for CONSULTANT'S proposals and submitted representations for obtaining this AGREEMENT, this AGREEMENT supersedes any other agreements, either oral or in writing, between the parties hereto with respect to the rendering of services, and contains all of the covenants and agreements between the parties with respect to said services.

## 29. PARTIAL INVALIDITY

If any provision in this AGREEMENT is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

## 30. NOTICES

Any notice required to be given hereunder shall be deemed to have been given by depositing said notice in the United States mail, postage prepaid, and addressed as follows:

TO CITY: Attention: Michelle Greene, City Manager  
City of Goleta  
130 Cremona Drive, Suite B  
Goleta, CA 93117

TO CONSULTANT:  
Attention: Adam Guise  
Moss, Levy & Hartzheim LLP  
2400 Professional Parkway, Suite 205  
Santa Maria, CA 93455



**In concurrence and witness whereof**, this AGREEMENT has been executed by the parties effective on the date and year first above written.

**CITY OF GOLETA**

**CONSULTANT**

\_\_\_\_\_  
Michelle Greene, City Manager

\_\_\_\_\_  
Ronald Levy, Partner

**ATTEST**

\_\_\_\_\_  
Deborah Lopez, City Clerk

\_\_\_\_\_  
Craig Hartzheim, Partner

**APPROVED AS TO FORM**

  
\_\_\_\_\_  
Winnie Cai, Deputy City Attorney

## **Exhibit A**

### **Scope of Work**

The consultant shall be required to perform the following tasks:

1. The audit firm will perform an audit of all funds of the City of Goleta. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. The City's Comprehensive Annual Financial Report (CAFR) will be prepared and word processed by the audit firm. The audit firm will render their auditors' report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the City.
2. The City publishes the CAFR. The auditor shall prepare the financial statements and notes that comply with GASB pronouncements and meet the requirements of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting program. The City will prepare the transmittal letter, Management's Discussion and Analysis, and assist with the Statistical Section.
3. The audit firm will perform a single audit on the expenditures of federal grants in accordance with the Single Audit Act and the Uniform Guidance, Audits of State, Local Governments, and Non-profit organizations and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of the City's financial statements in accordance with *Government Auditing Standards* and the appropriate reports on compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards. The single audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings where required.
4. The audit firm shall issue a separate "management letter" that includes recommendations for improvements in internal control, accounting procedures and other significant observations that are considered to be non-reportable conditions. Management letters shall be addressed to the Mayor and City Council.
5. The audit firm shall issue a report on the review of the City's Gann Limit computation.
6. The audit firm shall prepare and file the Annual State Controller's Cities Financial Transactions Report and Streets Reports for the City of Goleta.
7. Present and discuss annual financial statements with City's Finance and Audit Standing Committee and City Council

**Exhibit B**  
**Schedule of Delivery**

<b>REPORTS TO BE ISSUED</b>	<b>DRAFT DUE DATES</b>	<b>FINAL DUE DATES</b>
Comprehensive Annual Financial Report	November 15	November 30
Management Letter (SAS No. 115)	November 15	November 30
Audit Committee Letter (SAS No. 114)	November 15	November 30
Single Audit Reports:		
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with Government Auditing Standards	November 15	November 30
Independent Auditors' Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with Single Audit Act and Uniform Guidance and on the Schedule of Expenditures of Federal Awards	November 15	November 30
Preparation of State Controller's Office Report and Street Report	One week prior to required submittal date	As required by the SCO