

# SUPPLEMENTAL AGREEMENT

Project Title and Job Number: 2005-2006 Audit 'Group B'  
Purchase Order #:

Date: May 23, 2006  
Supplemental Agreement No.: 1

The City of Sacramento ("City") and Macias, Gini & Company LLP ("Auditor"), as parties to that certain Consultant and Professional Services Agreement designated as Agreement Number 2005-0047, including any and all prior supplemental agreements modifying said agreement (said agreement and supplemental agreements are hereafter collectively referred to as the "Agreement"), hereby supplement and modify the Agreement as follows:

1. The scope of Services specified in Exhibit A of the Agreement is amended as follows:  
Please see Exhibit A
2. In consideration of the additional and/or revised services described in section 1, above, the maximum not-to-exceed amount that is specified in Exhibit B of the Agreement for payment of Consultant's fees and expenses is **increased** by \$57,370, and said maximum not-to-exceed amount is amended as follows:

Agreement's original not-to-exceed amount:	<u>\$ 72,471</u>
Net change by previous supplemental agreements:	<u>\$230,329</u>
Not-to-exceed amount prior to this supplemental agreement:	<u>\$302,800</u>
<b>Increase</b> by this supplemental agreement:	<u>\$ 57,370</u>
New not-to exceed amount including all supplemental agreements:	<u>\$360,170</u>

3. Consultant agrees that the amount of increase or decrease in the not-to-exceed amount specified in section 2, above, shall constitute full compensation for the additional and/or revised services specified in section 1, above, and shall fully compensate Consultant for any and all direct and indirect costs that may be incurred by Consultant in connection with such additional and/or revised services, including costs associated with any changes and/or delays in work schedules or in the performance of other services or work by Consultant.
4. Consultant warrants and represents that the person or persons executing this supplemental agreement on behalf of Consultant has or have been duly authorized by Consultant to sign this supplemental agreement and bind Consultant to the terms hereof.
5. Except as specifically revised herein, all terms and conditions of the Agreement shall remain in full force and effect, and Consultant shall perform all of the services, duties, obligations, and conditions required under the Agreement, as supplemented and modified by this supplemental agreement.

Approval Recommended By:

  
Project Manager

Approved By: Dennis Kauffman, Accounting Manager

Approved As To Form By:

  
City Attorney

  
Consultant

Approved By:

  
City of Sacramento

Russ Fehr, Director of Finance for Ray Kerridge, City Manager

Attested To By:

\_\_\_\_\_  
City Clerk

# SUPPLEMENTAL AGREEMENT

## EXHIBIT A

### CONSULTANT AND PROFESSIONAL SERVICES AGREEMENT

#### SCOPE OF SERVICES

AUDITOR shall conduct financial and compliance audits of the following City programs and related agencies:

- a. Sacramento Convention and Visitors Bureau [Financial Statements]
- b. Mountain Valley Library System [Basic Financial Statements]
- c. Del Paso Road Community Facilities District [Special Purpose Financial Statements]
- d. Child Development Program [Financial Statements and State Required Supplemental Information]
- e. State Local Transportation Partnership Program [Special Purpose Audit of Final Project Cost]
- f. Sacramento Hotel Corporation [Basic Financial Statements]
- g. Lessees of the City of Sacramento [Special Procedures to Test Lessee Revenue and Lease Payment Calculations]
- h. Army Depot [Special Purpose Financial Statements]
- i. The Sacramento Hotel Corporation [Special Procedures to Test the Calculation of the Debt Service Coverage Ratio]

Audits shall be performed in accordance with auditing standards generally accepted in the United States of America, as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards (1994) ("Yellow Book"), the provisions of the single Audit Act of 1984 and the provisions of the U.S. Office of Management and budget (OMB) circular A-133, Audits of State and Local Governments and pertinent federal audit guidance as subsequently revised or issued. Certain audits must also comply with the requirements of certain state agencies.

Each audit engagement will be separately authorized by letter issued by the city Representative for the Agreement to the Auditor Representative for the Agreement.

#### 1. Reporting to Management and City Council

- 1.1 AUDITOR shall obtain assurance that management, City Council, and the governing board of the agencies included in the scope of work are informed of each of the following, in accordance with applicable auditing standards.
  - a. AUDITOR'S responsibility under generally accepted auditing standards
  - b. Significant accounting policies
  - c. Management judgments and accounting estimates
  - d. Significant audit adjustments
  - e. Other information in documents containing audited financial statements
  - f. Disagreements with management
  - g. Management consultation with other accountants
  - h. Major issues discussed with management prior to retention
  - i. Difficulties encountered in performing the audit
- 1.2 AUDITOR shall be available to management and other governing boards for presentation of financial statements, as requested.
- 1.3 AUDITOR will conduct milestone meetings with management on a schedule to be agreed with the CITY. The meetings will mutually review progress toward project milestones and discuss any audit issues that may arise.

## **SUPPLEMENTAL AGREEMENT**

### **2. Approval of Change in Auditor Personnel**

Auditor personnel assigned to conduct these services may be changed at the discretion of the AUDITOR provided that replacements have substantially the same or better qualifications or experience. The CITY retains the right to approve or reject replacements.

### **3. Emerging and Small Business Development (ESBD)**

AUDITOR was ESBD certified at the time of the original contract award.

### **4. Production of Financial Statements and Other Reports**

The CITY will prepare draft financial statements and footnotes. The AUDITOR is to prepare camera-ready financial statements and auditor reports and be responsible for report covers, reproduction and binding.

### **5. Audit Schedule**

#### **5.1 Year end Field Work**

Field work is to be conducted during August, September and October for those programs and agencies having a fiscal year end of June 30, and reports for all audits are to be delivered prior to November 30, 2006. Field work is to be conducted in February and March 2007, for those programs and agencies having a calendar fiscal year, and reports for those programs and agencies are due on April 27, 2007 (Sacramento Hotel Corporation). The final audit report for the State and Local Transportation Partnership Program and the Lessees of the City of Sacramento will be provided on an as-needed basis.

#### **5.2 Changes to Schedule**

The CITY will work with the AUDITOR to adjust these schedules as necessary due to factors outside the control of the CITY or AUDITOR.

### **6. Efficiency of Effort**

The CITY engages other auditors, either directly or through related agencies, to conduct financial and compliance audits of certain programs and related agencies. To avoid unnecessary duplication of effort, the AUDITOR will make available to other auditors those work papers and other documents the CITY deems necessary to facilitate an efficient audit process.

### **7. Sale of Debt Securities**

The CITY and its related agencies periodically prepare official statements in connection with the sale of debt securities. The AUDITOR shall issue "consent and citation of expertise" and "comfort letters" if requested by CITY, which would be billed at a fee to be determined prior to the time the work is authorized.

## **SUPPLEMENTAL AGREEMENT**

### 8. Access and Retention of Audit Working Papers

AUDITOR shall retain audit working papers for at least three years after the date of the audit reports, unless circumstances require further retention.

# SUPPLEMENTAL AGREEMENT

## EXHIBIT B

### CONSULTANT AND PROFESSIONAL SERVICES AGREEMENT

#### FEE SCHEDULE / MANNER OF PAYMENT

CITY shall pay for services described in Exhibit A, rendered pursuant to this agreement, a total sum of up to \$57,370.00. Payment of the total sum shall be on the following schedule:

Sacramento Convention and Visitors Bureau [Financial Statements]	\$ 5,661.00
Mountain Valley Library System [Basic Financial Statements]	\$ 5,557.00
Del Paso Road Community Facilities District [Special Purpose Financial Statements]	\$ 1,598.00
Child Development Program [Financial Statements and State Required Supplemental Information]	\$ 9,126.00
State Local Transportation Partnership Program [Special Purpose Audit of Final Project Cost]	\$ 3,142.00
Sacramento Hotel Corporation [Basic Financial Statements]	\$ 9,976.00
Lessees of the City of Sacramento [Special Procedures to Test Lessee Revenue and Lease Payment Calculations]	\$16,930.00
Army Depot [Special Purpose Financial Statements]	\$ 2,990.00
The Sacramento Hotel Corporation [Special Procedures to Test the Calculation of the Debt Service Coverage Ratio]	\$ 2,390.00
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Total	<u>\$57,370.00</u>

Each program and related agency is to be billed separately to CITY. Progress billings will be payable no more frequently than quarterly.

At the completion of the audit, the AUDITOR shall provide the CITY with a summary of actual hours expended on the Audit. The summary will report the total hours of work performed by AUDITOR personnel for informational purposes only.

**Additional Services.** Additional Services are those services related to the scope of services of AUDITOR set forth in Exhibit A but not anticipated at the time of execution of this Agreement. Additional Services shall be provided only when a Supplemental Agreement authorizing such Additional Services is approved by CITY in accordance with CITY'S Supplemental Agreement procedures. CITY reserves the right to perform any Additional Services with its own staff or to retain other consultants to perform said Additional Services.

**Accounting Records of Auditor.** AUDITOR shall maintain for three (3) years after completing of all Services and Additional Services hereunder, all records under this Agreement, including, but not limited to, records of AUDITOR'S direct salary costs for all Services and Additional Services performed under this Agreement and records of AUDITOR'S Reimbursable Expenses, in accordance with generally accepted accounting practices, and shall keep such records available for inspection and audit by representatives of the Department of Finance of CITY at a mutually convenient time.

**Taxes.** AUDITOR shall pay, when and as due, any and all taxes incurred as a result of AUDITOR'S compensation hereunder, including estimated taxes, and shall provide CITY with proof of such payment upon request. AUDITOR hereby agrees to indemnify CITY for any claims, losses, costs, fees, liabilities, damages or injuries suffered by CITY arising out of AUDITOR'S breach of this paragraph.