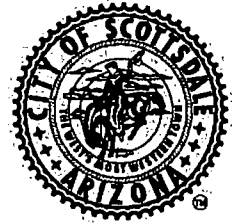


CITY COUNCIL REPORT



Meeting Date: April 28, 2026
Charter Provision: ***Provide for the independent annual audit of the City's financial statements.***
Objective: ***Financial Statement Audit Services Contract Extension***

ACTION

Financial Statement Audit Services Contract Extension. Adopt Resolution No. 13649 authorizing Contract No. 2025-076-COS-E1, the first one-year extension of with Heinfeld, Meech & Co., P.C. for the audit of the City's FY 2025/26 financial statements and related services.

Background

The City Charter, Article 6 §14, requires the City's financial statements to annually be audited by certified public accountants who are independent of the City's fiscal affairs. The City Council is to designate the CPA firm to perform the audit, which is to be conducted in accordance with generally accepted government auditing standards.

The contracted audit firm reviews the annual financial statements prepared by the City Treasurer's Office, including:

- the City's Annual Comprehensive Financial Report,
- annual reports for five component units: the Municipal Property Corporation and four Community Facilities Districts.

To help the City meet federal funding obligations, the CPA firm also audits:

- the City's schedule of expenditures of federal assistance and related compliance (the "Single Audit" report),
- Housing and Urban Development (HUD) required financial schedules and supporting data submitted to the Real Estate Assessment Center (REAC) database for federally supported housing programs.

Additionally, to comply with state funding requirements, the CPA firm examines:

- the City's Annual Expenditure Limitation Report (AELR),
- and ensures proper use of the Highway User Revenue Fund (HURF).

City Council approved the initial contract award to Heinfeld, Meech & Co., P.C., on May 20, 2025, with the option to renew for 4 additional one-year terms. Renewal is contingent upon

recommendation of the City Auditor, concurrence of the Purchasing Director, and City Council authorization. This is the first requested contract extension under this contract.

ANALYSIS & ASSESSMENT

Policy Implications

The award of this contract aligns with the City Charter and the related Council-adopted financial policy. These require the Council to designate the certified public accountants to perform the annual financial statement audit and to receive the resulting audit reports.

RESOURCE IMPACTS

Available funding

Funding for the \$118,400 contract cost for the FY 2025/26 financial statement audit services has been included in the City Auditor's budget. Because preliminary work begins prior to fiscal year end, part of this funding is in the current FY 2025/26 budget, with the remainder to be included in the City Auditor's proposed FY 2026/27 budget.

Staffing, Workload Impact

The required annual financial statement audit is incorporated into the workload of existing City staff.

OPTIONS & STAFF RECOMMENDATION

Recommended Approach

Adopt Resolution No. 13649 authorizing Contract No. 2025-076-COS-E1, the first one-year extension of with Heinfeld, Meech & Co., P.C. for the audit of the City's FY 2025/26 financial statements and related services.

Description of Option B

Not approve contract No. 2025-076-COS-E1 and direct the City Auditor to rebid these auditing services. This option may delay issuance of the City's audited financial statements.

Proposed Next Steps

Execute the one-year contract extension with Heinfeld, Meech & Co., P.C., and the City Auditor's Office will coordinate with the City Treasurer's Office and the CPA firm to schedule the FY 2025/26 financial audit for timely completion.

RESPONSIBLE DEPARTMENT

City Auditor's Office

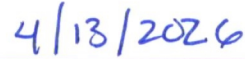
STAFF CONTACTS

Lai Cluff, Acting City Auditor, LCluff@ScottsdaleAZ.gov (480) 312-7851

APPROVED BY



Lai Cluff, Acting City Auditor



Date

ATTACHMENTS

1. Resolution 13649
2. Contract Extension #1, Contract No. 2025-076-COS-E1

RESOLUTION NO. 13649

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, APPROVING CONTRACT NO. 2025-076-COS-E1, AN EXTENSION TO AN EXISTING CONTRACT WITH HEINFELD, MEECH, & CO., P.C. TO AUTHORIZE A ONE-YEAR EXTENSION OF THE CONTRACT.

WHEREAS, the city has a need for financial statement audit services; and

WHEREAS, Heinfeld, Meech, & Co., P.C. was selected by the city to provide this service under Contract No. 2025-076-COS (the "Contract"); and

WHEREAS, extensions of the Contract are subject to approval by City Council; and

WHEREAS, the city desires to extend the Contract for the term of May 21, 2026, through May 20, 2027.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale, Maricopa County, Arizona, as follows:

Section 1. The City Council hereby authorizes, approves and directs the Mayor to execute, on behalf of the city, Contract No. 2025-076-COS-E1 with Heinfeld, Meech, & Co., P.C. to extend the Contract for the term of May 21, 2026, through May 20, 2027.

Section 2. The City Council hereby authorizes the City Auditor or designee to execute any other documents and take such other actions as are necessary to carry out the intent of this Resolution.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona this ____ day of _____, 2026.

CITY OF SCOTTSDALE, an Arizona
municipal corporation

ATTEST:

Ben Lane, City Clerk

Lisa Borowsky, Mayor

APPROVED AS TO FORM:

Lindsay Hampshire
Luis E. Santaella, Interim City Attorney
By: Lindsay Hampshire, Assistant City Attorney

City of Scottsdale	
Contract Extension	
Contract Number	2025-076-COS
Title	FINANCIAL STATEMENT AUDIT SERVICES
Consultant	Heinfeld, Meech & Co., P.C.
Date	April 28, 2026
Description	Contract Extension # 1
Contract Change	<p><u>Effective 5/21/2026, to 5/20/2027</u></p> <p>The City of Scottsdale hereby extends Contract 2025-076-COS for a period of (1) year. All terms and conditions shall remain the same as the current contract. The contracted rate for financial statement audit services for the fiscal year ending 6/30/2026 is \$118,400. Contract extension will go into effect upon Council approval and dates listed above.</p>
<p>By signing below, you agree to the following:</p> <ul style="list-style-type: none"> • Contract terms and conditions require current certificates of insurance to be on file with the City during the contract term. Failure to do so may render this extension void. The required insurance limits are listed in the original contract. • You acknowledge your firm is complying with the E-Verify requirements as stated in your contract. 	

[Signatures on following page.]

IN WITNESS WHEREOF, the Parties have executed this Contract Extension as of the date set forth above.

CITY OF SCOTTSDALE, an
Arizona municipal corporation

ATTEST:

Lisa Borowsky, Mayor

Ben Lane, City Clerk

CONSULTANT:
Heinfield, Meech & Co., P.C.
10120 N. Oracle Rd.
Tucson, AZ 85704

REVIEWED BY:



Authorized Representative Signature

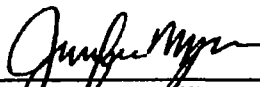


Lai Cluff, Acting City Auditor
Contract Administrator

Diane Bradley

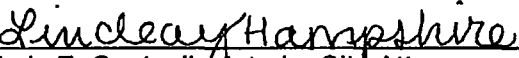
Name
Partner - Administration

Title



Jenn Myers, MPA, CPPO, NIGP-CPP, CPPB
Purchasing Director

APPROVED AS TO FORM:



Luis E. Santaella, Interim City Attorney
By: Lindsay Hampshire, Asst. City Attorney