

**CITY OF SAN LUIS, ARIZONA  
PROFESSIONAL AUDITING SERVICES**

THIS CONTRACT entered into between the City of San Luis, Arizona, hereinafter called CITY; and Heinfeld, Meech & Co., P.C., hereinafter called CONTRACTOR.

**WITNESSETH**

WHEREAS, CITY requires the services of a CONTRACTOR qualified to provide auditing services for fiscal years 2022, 2023, 2024, 2025, and 2026 beginning July 1 and ending June 30 with an option to renew for two additional years for 2027 and 2028; and

WHEREAS, CONTRACTOR is qualified and willing to provide such services; and

NOW, THEREFORE, the parties hereto agree as follows:

**ARTICLE I – TERM AND EXTENSION**

This Contract shall commence on the 10th day of May, 2023 and shall terminate on the 9<sup>th</sup> day of May, 2028, unless sooner terminated or further extended pursuant to the provisions of the Contract. Any modification, or extension shall be by formal written amendment executed by the parties hereto.

**ARTICLE II – SCOPE**

CONTRACTOR shall perform the work in accordance with the terms of the contract and to the best of CONTRACTOR's ability. CONTRACTOR shall employ suitably trained and skilled professional personnel to perform all Contractor services under this Contract. Prior to changing any assigned audit supervisors, especially those relied upon in making this contract, CONTRACTOR shall obtain the approval of CITY.

CONTRACTOR shall issue and following reports, schedules or statements:

- A. An independent auditor's report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards "in-relation-to" the audited financial statements.
- B. An independent auditor's report on the compliance and internal control over financial reporting based on an audit of the financial statements performed in accordance with government auditing standards.
- C. An independent auditor's report on compliance for each major federal program; report on internal control over compliance; and report on Schedule of Expenditures of Federal Award required by the Uniform Guidance, as required.
- D. Auditor's letter of recommendations to management, if applicable.
- E. An independent auditor's report on the Annual Expenditure Limitation Report (AELR) prepared in compliance with A.R.S. §41-1279.07.
- F. An independent auditor's report on the expenditures of state Highway Users Fund Revenue (HURF) as mandated by A.R.S. §9-481.
- G. An independent accountant's report on applying agreed-upon procedures related to the biennial certification of land use assumptions, infrastructure improvement plan and development impact fees, as required.

- H. An independent accountant's report on the City of San Luis Municipal Court's compliance with the requirements of the Arizona Supreme Court, as required.

### **ARTICLE III – PAYMENT**

In consideration of the services specified in this Contract, the CITY agrees to pay CONTRACTOR the fees outlined in Exhibit A within thirty (30) days of CITY's receipt and acceptance of service and a correct invoice.

Once the contract has been awarded, the CONTRACTOR will not be permitted to charge the CITY for any additional service that is not within the scope of the original scope of work. If changes cause an increase in the CONTRACTOR's cost or time for performance of services, an equitable adjustment will be made through a written change order signed by both parties. Any such additional work agreed to between the CITY and the CONTRACTOR shall be performed at the rates set forth in the schedule of professional fees and expenses included in Exhibit A. The CITY Council must approve the price adjustment if the annual contract price exceeds \$35,000.00; otherwise the Finance Director shall have authority to approve a price adjustment on behalf of the CITY.

### **ARTICLE IV – INSURANCE**

CONTRACTOR shall obtain and maintain at its own expense, during the entire term of this Contract, the following type(s) and amounts of insurance as outlined in Exhibit B.

### **ARTICLE V – INDEMNIFICATION**

CONTRACTOR shall indemnify, defend, and hold harmless CITY, its officers, employees and agents from and against any and all suits, actions, legal administrative proceedings, claims or demands and costs attendant thereto, arising out of any act, omission, fault or negligence by the CONTRACTOR, its agents, employees or anyone under its direction or control or on its behalf in connection with performance of this Contract.

### **ARTICLE VI – COMPLIANCE WITH LAWS**

CONTRACTOR shall comply with all applicable federal, state and local laws, rules, regulations, standards and Executive Orders, without limitation to those designated within this Contract. The laws and regulations of the State of Arizona shall govern the rights of the parties, the performance of this Contract, and any disputes hereunder. Any action relating to this Contract shall be brought in a court of the State of Arizona in Yuma County. Any changes in the governing laws, rules, and regulations during the terms of this Contract shall apply, but not require, an amendment.

### **ARTICLE VII – INDEPENDENT CONTRACTOR**

The status of the CONTRACTOR shall be that of an independent contractor. Neither CONTRACTOR, nor CONTRACTOR's officers, agents or employees, shall be considered an employee of CITY or be entitled to receive any employment-related fringe benefits under the CITY system. CONTRACTOR shall be responsible for payment of all federal, state and local taxes associated with the compensation received pursuant to this Contract and shall indemnify and hold CITY harmless from any and all liability which CITY may incur because of CONTRACTOR's failure to pay such taxes. CONTRACTOR shall be solely responsible for program development and operation.

### **ARTICLE VIII – SUBCONTRACTOR**

CONTRACTOR will be fully responsible for all acts and omissions of any subcontractor and of persons directly or indirectly employed by any subcontractor and of persons for whose acts any of them may be

liable to the same extent that the CONTRACTOR is responsible for the acts and omissions of persons directly employed by it. Nothing in this contract shall create any obligation on the part of CITY to pay or see to the payment of any money due any subcontractor, except as may be required by law.

**ARTICLE IX – ASSIGNMENT**

CONTRACTOR shall not assign its rights to the Contract, in whole or in part, without prior written approval of the CITY. Approval may be withheld at the sole discretion of CITY, provided that such approval shall not be unreasonably withheld.

**ARTICLE X – NON-DISCRIMINATION**

CONTRACTOR shall not discriminate against any CITY employee, client or any other individual in any way because of that person’s age, race, creed, color, religion, sex, disability or national origin in the course of carrying out CONTRACTOR’s duties pursuant to this Contract. CONTRACTOR shall comply with the provisions of Executive Orders 75-5, as amended by Executive Order 99-4, which are incorporated into this Contract by reference as if set forth in full herein.

**ARTICLE XI – AMERICANS WITH DISABILITIES ACT**

CONTRACTOR shall comply with all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable federal regulations under the Act, including 28 CFR Parts 35 and 36.

**ARTICLE XII – AUTHORITY TO CONTRACT**

CONTRACTOR warrants its right and power to enter into this Contract. If any court of administrative agency determines that CITY does not have authority to enter into this Contract, CITY shall not be liable to CONTRACTOR or any third party by reason of such determination or by reason of this Contract.

**ARTICLE XIII – FULL AND COMPLETE PERFORMANCE**

The failure of either party to insist on one or more instances upon the full and complete performance with any of the terms or conditions of this Contract to be performed on the part of the other, or to take any action permitted as a result thereof, shall not be construed as a waiver or relinquishment of the right to insist upon full and complete performance of the same, or any other covenant or condition, either in the past or in the future. The acceptance by either party of sums less than may be due and owing it at any time shall not be construed as an accord and satisfaction.

**ARTICLE XIV – CANCELLATION FOR CONFLICT OF INTEREST**

This Contract is subject to cancellation for conflict of interest pursuant to ARS §38-511, the pertinent provisions of which are incorporated into this Contract by reference.

**ARTICLE XV – TERMINATION**

CITY reserves the right to terminate this Contract at any time and without cause by serving upon CONTRACTOR 30 days advance written notice of such intent to terminate. In the event of such termination, the CITY’s only obligation to CONTRACTOR shall be payment for services rendered prior to the date of termination.

This Contract may be terminated at any time without advance notice and without further obligation to the CITY when the CONTRACTOR is found by CITY to be in default of any provision of the contract.

Notwithstanding any other provision in this Contract, this Contract may be terminated if for any reason, there are not sufficient appropriated and available monies for the purpose of maintaining CITY or other public entity obligations under this Contract. In the event of such termination CITY shall have no further obligation to CONTRACTOR, other than to pay for services rendered prior to termination.

**ARTICLE XVI – NOTICE**

Any notice required or permitted to be given under this Contract shall be in writing and shall be served by email and delivery or certified mail upon the other party as follows:

CITY:  
City of San Luis  
Attn: Monica Castro, Finance Director  
P.O. Box 7740  
1090 E. Union Street  
San Luis, AZ 85349  
[mcastro@sanluisaz.gov](mailto:mcastro@sanluisaz.gov)

CONTRACTOR:  
Heinfeld, Meech & Co., P.C.  
Attn: Diane Bradley, Partner  
10120 N. Oracle Rd.  
Tucson, AZ 85704  
[diane.bradley@hm.cpa](mailto:diane.bradley@hm.cpa)

**ARTICLE XVII – NON-EXCLUSIVE CONTRACT**

CONTRACTOR understands that this Contract is nonexclusive and is for the sole convenience of CITY. CITY reserves the right to obtain like services from other sources for any reason.

**ARTICLE XVIII – OTHER DOCUMENTS**

CONTRACTOR and CITY in entering into this Contract have relied upon information provided in Arizona Department of Administration contract #CTR042584 (Statewide Financial Auditing Services). These documents are hereby incorporated into and made a part of this Contract as if set forth in full herein, to the extent not inconsistent with the provisions of this Contract.

**ARTICLE XIX – REMEDIES**

Either party may pursue any remedies provided by law for the breach of this Contract. No right or remedy is intended to be exclusive of any other right or remedy and each shall be cumulative and in addition to any other right or remedy existed at law or at equity or by virtue of this Contract.

**ARTICLE XX – SEVERABILITY**

Each provision of this Contract stands alone, and any provision of this Contract found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of this Contract.

**ARTICLE XXI – BOOKS AND RECORDS; OWNERSHIP OF DOCUMENTS**

CONTRACTOR shall keep and maintain proper and complete books, records and accounts, which shall be open at all reasonable times for inspection and audit by duly authorized representatives of CITY.

In addition, CONTRACTOR shall retain all records relating to this contract at least 5 years after its termination or cancellation or, if later, until any related pending proceeding or litigation has been closed.

Any original documents prepared or collected by Audit firm in performance of this Contract such as reports, test plans, survey results, graphics, tables, charts, specifications, surveys, computations and other data shall be the property of CITY ("CITY's work product"), unless otherwise agreed by the parties in writing. Audit firm agrees that all materials prepared under this Contract are "works for hire" within the meaning of the copyright laws of the United States and hereby assigns to the

CITY all rights and interest CONTRACTOR may have in the materials it prepares under this Contract, including any right to derivative use of the materials.

CITY may use CITY's work product without further compensation to CONTRACTOR; provided, however, CITY's reuse without written verification or adaption by CONTRACTOR for purposes other than contemplated herein is at CITY's sole risk and without liability to CONTRACTOR. The firm shall not engage in any conflict of interest nor apportion any part of CITY's work product for the benefit of CONTRACTOR or any third parties without CITY's prior written consent.

**ARTICLE XXII – AUTHORITY**

**AUTHORITY:** Each party warrants that it has authority to enter into this Contract and perform its obligations hereunder, and that it has taken all actions necessary to enter into this contract.

**CONTRACTOR:**

Diane Bradley  
Partner-Administration

\_\_\_\_\_  
Signature

**CITY OF SAN LUIS:**

Ralph Velez  
Acting City Manager

\_\_\_\_\_  
Signature

ATTEST:

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

\_\_\_\_\_, City Attorney

Notice to Proceed Issued: \_\_\_\_\_