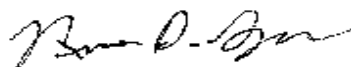


City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Gloria Leon, Administrative Services Director
DATE: October 2, 2012
SUBJECT: Appointment of two council members to sit on the interview panel for potential Auditors to undertake the Auditing Services for the June 30, 2013 Comprehensive Annual Financial Report (CAFR)

APPROVAL FOR FORWARDING:



Richard Spitler, City Manager

1
2 **ISSUE:** Appointment of two council members to sit on the interview panel for
3 potential Auditors to undertake the Auditing Services for the June 30, 2013
4 Comprehensive Annual Financial Report (CAFR)
5

6 **RECOMMENDATION:** By motion, appoint two councilmembers.
7

8 **BACKGROUND/DISCUSSION:** The City operates the budget and accounting
9 system on a fiscal year from July 1st to June 30th. The twelve months of financial
10 transactions are then reported, in summary form, in a Comprehensive Annual
11 Financial Report (CAFR). The report is required to comply with the generally
12 accepted accounting principles (GAAP) and the reporting requirements of the
13 Governmental Accounting Standards Board (GASB). In addition, if the City has
14 received certain Federal funds greater than \$500,000, then additional auditing
15 procedures are required under the Federal Single Audit rules.
16

17 The CAFR and all of the backup detail are required to be audited by a qualified
18 independent auditor according to generally accepted auditing standards issued
19 by GASB. The auditor's report also includes comments on compliance with
20 internal accounting controls, separate reports for transit funding and grants and

21 reviews of other special financial reports. The City is also required under several
22 State laws; many Federal and State grant programs, various bond requirements
23 and best financial management practices to have an independent auditor review
24 the financial transactions of the City.

25

26

27

28 **The Audit of the Financial Statements**

29

30 It is accepted practice to change auditing firms every three to five years. Since
31 Mr. Krieg has been auditing the City for over 20 years staff is recommending to
32 the City Council that a Request for Proposal be submitted to various auditing
33 firms for the Fiscal Year 2013-14. Mr. Krieg will also be invited to submit a
34 Request for Proposal.

35

36 All proposals received by the January 7, 2013 deadline will be reviewed by City
37 staff, including two councilmembers. Once the evaluation is complete, the
38 Administrative Services Director will recommend to the full City Council their
39 recommendation of the firm they think should perform the audit for the 2013-2014
40 fiscal year. It is anticipated by March 12, 2013 a firm will be selected and at the
41 regular council meeting of March 19, 2013 the contract will be awarded by the
42 City Council.

43

44 **FISCAL IMPACT:** Funds for the audit services will be included in the proposed
45 budget for FY 13-14.

46

47 **ATTACHMENTS:**

48

49 None.