

AMENDMENT NO. 15CONTRACT NO. 37298FOR: Financial Services Audit

Pursuant to Ordinance No. \_\_\_\_\_

This Contract was made and entered on the 7<sup>th</sup> day of May, 2007 by and between Moss Adams, LLP, hereinafter called Contractor, and the City of Portland, a municipal corporation of the State of Oregon, by and through its duly authorized representatives, hereinafter called City.

- 1) This contract is hereby extended through May 6, 2012 for a final year's audits
- 2) Additional work is necessary as described in the Scope of Work as follows:
  - a) The Contractor agrees to conduct audits of the following financial statements for a fifth year, FY 2010/11: the **City's Comprehensive Annual Financial Report (CAFR), the Hydroelectric Power Fund, the Fire and Police Disability and Retirement (FPD&R) Funds and the Portland Development Commission's CAFR**. The audit reports to be provided will cover the fiscal year beginning July 1, 2010 and ending June 30, 2011, except for the Hydroelectric Power Fund, whose fiscal year runs from September 1, 2010 through August 31, 2011.
  - b) The objective of these audits is the expression of an opinion (or disclaimer of an opinion) as to whether the financial statements present fairly, in all material respects, the financial position of the funds at the year end, and the changes in financial position and cash flows, where applicable, thereof for FY 2010/2011 in conformity with accounting principals generally accepted in the United States of America.
  - c) As required by the Minimum Standards for Audits of Oregon Municipal Corporations, the Contractor will test the City's and the Portland Development Commission's compliance with certain provisions of laws, regulations, contracts, grants including provisions of certain Oregon Revised Statutes, and will report any noncompliance found in the related CAFR.
  - d) As required by Government Auditing Standards, the Contractor will prepare a separate written report on their tests of compliance with applicable laws and regulations for the City's CAFR and for the Portland Development Commission's CAFR.
  - e) The Contractor agrees to conduct the City's **Single Audit** for FY 2010/11. The Contractor shall determine whether the City's Schedule of Expenditures of Federal Awards is presented fairly in all material respects in relation to the City's CAFR. The Contractor will consider and test the City's internal control over major Federal programs and will report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.
  - f) The City anticipates having 10 major programs requiring testing under the Single Audit Act for FY 2010/11, instead of the normal 5 to 6 major programs, due to the additional American Recovery and Reinvestment Act of 2009 (ARRA) funds received. **The Contractor anticipates that each additional major program found will increase the time required to complete the Single Audit by 100 hours.** This will increase the time needed by the Contractor to perform the Single Audit from 600 hours to potentially 1,000 hours.

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- 3) **Contract Manager and Auditee Project Managers.** There is no change to the City of Portland's component units listed in Exhibit A to this contract, which are collectively called "Auditees". The City's Contract Manager for this Agreement is Fiona C.H. Earle, ACA, CIA, Principal Management Auditor. The Auditee Project Managers' list has been updated in the attached **Exhibit E v2**.
- 4) **Contractor's Personnel.** Pursuant to Section 27 of the Agreement, Moss Adams LLP will assign the personnel listed in the attached **Exhibit G v2** to do the work in the capacities designated on **Exhibit G v2**.
- 5) **Audit Schedules and Draft Report Delivery Dates.** The accounting staff of the City and its component units agree to prepare and deliver the financial statements and report drafts to the Contractor by the dates listed below. **These dates will need to be confirmed by the accounting staff of the City and its component units with the Contractor once the FY 2010/11 closing dates for SAP are known.** In addition, Auditee personnel and accounting staff will review the list of detailed audit schedules with the Contractor and agree to prepare and deliver the detailed audit schedules at a date to be mutually agreed upon later by the Contractor and Auditees.

| ENTITY/Statements, Schedules                             | Delivery Date to Contractor | Responsible Accounting Staff    |
|--|-----------------------------|---------------------------------|
| <b>PORTLAND DEVELOPMENT COMMISSION</b>                   |                             |                                 |
| First draft CAFR report                                  | 10/14/2011                  | Faye Brown                      |
| Final draft CAFR report                                  | 11/04/2011                  | Faye Brown                      |
| <b>FIRE &amp; POLICE DISABILITY AND RETIREMENT FUNDS</b> |                             |                                 |
| Final draft report                                       | 10/28/11                    | Nancy Hartline                  |
| <b>HYDROELECTRIC POWER FUND</b>                          |                             |                                 |
| Draft Statement of Annual Purchase Price                 | 10/28/2011                  | Frank Galida                    |
| Final Statement of Annual Purchase Price                 | 12/29/2011                  | Frank Galida with data from PGE |
| Final draft financial report                             | 01/31/2012                  | Samina Gillum                   |
| <b>CITY OF PORTLAND CAFR</b>                             | 11/21/2011                  | Samina Gillum                   |
| <b>CITY OF PORTLAND SINGLE AUDIT</b>                     |                             |                                 |
| Schedule of Federal Award Expenditures – Draft           | 8/26/2011                   | Sheila Black-Craig              |
| Schedule of Federal Award Expenditures – Final           | 11/15/2011                  | Sheila Black-Craig              |

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- 6) The additional compensation of \$620,000 set out in **item 8** of this amendment are based on the expectation that the City and PDC will involve the Contractor in the implementation of **Governmental Accounting Standards Board (GASB) Statement No. 54**. In addition, the City and PDC will provide the Contractor with documentation to:
- a) Demonstrate the Auditees' understanding of the level of constraints upon the resources in their governmental funds;
  - b) Show how the Auditees arrive at the classification of these fund balances for GASB 54;
  - c) Provide the Auditees' governmental fund balance policies; and
  - d) Provide the Auditees' policies to prioritize the spending of the different levels of restricted, committed, assigned and unassigned resources in their governmental funds.
- 7) **Contractor's Reports Due Dates.** The final delivery date for Contractor's audit opinions and reports depends upon the City's punctual delivery of the audit schedules, documentation and draft reports as listed in **items 5 and 6** of this Amendment. As set out in **Exhibit D, item 1** to this contract, the Contractor will not be considered to have received the financial statements and audit schedules until they are accurate, consistent with other related schedules and statements, and free of material un-reconciled differences.
- e) Contractor will deliver audit opinion and reports on the **Portland Development Commission's** CAFR FY 2010/11 by November 18, 2011.
  - f) Contractor will deliver audit opinion on the **Fire and Police Disability and Retirement Funds** for FY 2010/11 by December 2, 2011.
  - g) Contractor will deliver audit opinion on the **Hydroelectric Power Fund** for FY 2010/11 by February 14, 2012.
  - h) Contractor will deliver audit opinion and reports on the **City's CAFR** FY 2010/11 by end of day December 23, 2011.
  - i) Contractor will deliver reports on compliance and the Schedule of Findings and Questioned Costs, if any, for the **City's Single Audit** for FY 2010/11 by December 23, 2011.
- 8) **Additional compensation** for the FY 2010/11 audits is necessary and shall be billed to the City for actual hours worked at the blended rate of **\$155 per hour**. As set out in **item 12** below the total additional compensation for the routine audits shall not exceed **\$ 620,000**.
- 9) The blended rate referred to in **Exhibit A, item 2.c** of the original contract will be amended to be **\$185 per hour**.
- 10) The Contractor will be paid additional fees at **\$185 per hour** only under the following conditions:
- a) The City is late delivering the draft CAFR; or
  - b) The City delivers the schedules or statements in the draft CAFR in a condition that is not materially accurate, consistent between each other, and free of material unreconciled differences, which counts as non-delivery under **Exhibit D, item 1** to this contract;
- and
- c) Such late delivery or non-delivery by the City requires the knowledge and experience of the Contractor's senior managers and partners for testing and review of this late CAFR, in order to meet the State's filing deadline of December 31<sup>st</sup>; and
  - d) The compensation and additional work must receive the pre-approval of the contract manager and the responsible Auditee project manager in writing.

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- 11) Should the conditions set out in **Item 10** of this amendment occur, the Contractor will be compensated for the additional work done at **\$185 per hour, up to a maximum of 200 hours**, i.e. by an amount not to exceed **\$37,000**, in addition to the \$620,000 basic compensation.
- 12) As set out below the total additional compensation for the audits of FY2010/11 shall not exceed the amount of **\$ 657,000**:

| <b>Additional hour and fees not to exceed</b>               | <b>Hours</b> | <b>Fees \$</b>   |
|---|--------------|------------------|
| City's CAFR Audit   | 2,070        | \$320,850        |
| Single Audit (up to 10 major programs)                      | 1,000        | \$155,000        |
| Fire and Police Disability and Retirement Funds             | 175          | \$ 27,125        |
| Hydroelectric Power Fund                                    | 105          | \$ 16,275        |
|   |              |                  |
| Portland Development Commission's CAFR Audit                | 650          | \$100,750        |
| <b>Routine audits' time and compensation</b>                | <b>4,000</b> | <b>\$620,000</b> |
| <b>Contingent time and fees for late City CAFR delivery</b> | <b>200</b>   | <b>\$ 37,000</b> |
| <b>TOTAL "NOT TO EXCEED" AMOUNT re. FY11</b>                | <b>4,200</b> | <b>\$657,000</b> |

- 13) As a result of this amendment the contract's total "not to exceed amount" is increased to **\$2,997,745**.

**All other terms and conditions shall remain unchanged and in full force and effect.**

**CONTRACTOR SIGNATURE:**

This contract amendment may be signed in two (2) or more counterparts, each of which shall be deemed an original, and which, when taken together, shall constitute one and the same contract amendment.

The parties agree the City and Contractor may conduct this transaction by electronic means, including the use of electronic signatures.

Moss Adams, LLP

By: James C. Lanzaotta Date: 4/7/11

Name: JAMES C. LANZAROTTA

Title: PARTNER

Address: 975 Oak Street, Suite 500, Eugene, OR. 97401

Telephone: 1-541-686-1040

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**CITY OF PORTLAND SIGNATURES:**

By: \_\_\_\_\_  
Mayor

Date: \_\_\_\_\_

By: LaVonne Griffin Walade  
Elected City Auditor: LaVonne Griffin Walade

Date: 4/20/11

Approved as to Form:

By: APPROVED AS TO FORM  
Office of City Attorney  
Paula Menzies  
CITY ATTORNEY

Date: 4/20/11

I understand and agree that all of the contingent increase in the basic contract price that will result from this amendment should the conditions set out in **Item 10** occur, an amount not to exceed **\$37,000**, will be billed to the Office of Management and Finance (OMF), via the Office of the City Auditor, and will be payable from OMF's FY 2011-2012 budget appropriation.

AUDITEE PROJECT MANAGER David Kuznetsov

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EXHIBIT E

184563

AUDITEE PROJECT MANAGERS for FY2011 AUDITS

| <u>Auditee</u>   | <u>Project Manager</u> | <u>Telephone</u> |
|--|------------------------|------------------|
| CITY OF PORTLAND<br>City Controller<br>Accounting Division<br>Office of Mgt & Finance<br>B106/R1250                | Jane Kingston          | 503.823-4358     |
| Principal Financial Analyst,<br>Grants Compliance Program<br>Office of Mgt & Finance<br>B106/R1250                 | Sheila Black-Craig     | 503.823-6863     |
| Debt Manager<br>Office of Mgt. & Finance<br>B131/R120  | B. Jonas Biery         | 503.823-4222     |
| Director<br>Revenue Bureau<br>B122/R600  | Thomas Lannom          | 503.823-5154     |
| HYDROELECTRIC POWER FUND<br>Hydroelectric Project Mgr<br>Hydroelectric Power Division<br>Water Bureau<br>B106/R500 | Frank Galida           | 503.823-7517     |
| Technical Acctg Supervisor<br>Office of Mgt & Finance<br>B106/R1250  | Samina Gillum          | 503.823-4363     |
| FIRE AND POLICE DISABILITY<br>AND RETIREMENT FUND<br>Business Operations Manager<br>B236/R450                      | Nancy Hartline         | 503.823-5501     |
| PORTLAND DEVELOPMENT COMMISSION<br>Interim Accounting Manager<br>B129/PDC  | Faye Brown             | 503.823-3230     |

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EXHIBIT G**

**CONTRACTOR'S PERSONNEL**

Moss Adams' Team for Audits of FY 2010/2011

| Name                  | Title                    | Capacity  |
|-----------------------|--------------------------|---|
| James Lanzarotta      | Assurance Partner        | Managing Partner<br>Engagement Partner – Compliance Audit<br>Engagement Review Partner – City Financial Statements, Portland Development Commission and FPD&R Audit |
| Julie Desimone        | Assurance Partner        | Engagement Review Partner –Hydroelectric Power Fund   |
| Chris Kradjan         | Assurance Partner        | Information Systems and Technology  |
| Mary Case , if needed | Assurance Partner        | Engagement Review Partner – City Financial Statements and FPD&R Audit<br>Technical Resource Partner<br>Engagement Review Partner – Utility Audit                    |
| Julie Desimone        | Assurance Partner        | Team for City CAFR utility operations and Hydroelectric Power Fund  |
| Brad Smith            | Assurance Senior Manager | City CAFR audit   |
| Ken DeHart            | Assurance Senior Manager | City CAFR Audit   |
| Nancy Young           | Assurance Senior Manager | Portland Development Commission CAFR Audit, Technical resource – CAFR Audit   |
| Greg Damon            | Assurance Senior Manager | Information Systems and Technology  |
| Annamarie McNiel      | Assurance Manager        | Compliance (Single) Audit   |
| Andrea Smasne         | Assurance Manager        | City CAFR Audit, Portland Development Commission CAFR Audit, FPD&R audit  |
| Debbie Gregg          | Assurance Senior Manager | Single Audit technical resource – Compliance Audit  |
| Keith Simovic         | Assurance Senior         | Hydroelectric Power Fund Audit  |