



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: June 16, 2020
TO: Christine Daniel, City Manager
FROM: Susan Hsieh, Finance Director
SUBJECT: **Resolution Of The City Council Of The City Of Emeryville Authorizing The City Manager To Enter Into A Sixth Amendment To The Professional Services Agreement For Audit Services With Lance, Soll & Lunghard, LLP, Increasing The Services Agreement Amount By \$116,070 To An Amount Not To Exceed \$1,222,663 For The Fiscal Year 2019-2020 Audit**

RECOMMENDATION

Staff recommends that the City Council approve the above-entitled resolution authorizing the City Manager to enter into a Sixth Amendment to Professional Services Agreement for audit services with the Lance Soll & Lunghard, LLP for fiscal year 2019-2020.

BACKGROUND

Annually, the City of Emeryville and its component units are required to engage an independent outside auditor to conduct an audit of each agency and express an opinion on the fair representation of the financial statements in conformance with generally accepted accounting principles ("GAAP"). In addition, the City receives a number of federal, state and local grants or other funds which require a separate review report by an independent outside auditor. The City and its component units must also file annual financial transactions reports with the State Controller's Office.

In April of 2004, the City of Emeryville entered into a contract with Lance Soll & Lunghard, LLP ("LSL") to conduct the annual audit and express an opinion on the fair presentation of the City's financial statements in conformity with GAAP and to complete additional reports related to funding received from outside agencies. The original, three-year contract totaled \$214,948. In February 2007, the City entered into a First Amendment extending the agreement for three additional years through the 2008-09 audit year for an additional \$271,359.

Pursuant to Resolution No. 10-16, in 2010 the City entered into a new agreement with LSL for five years through the 2013-2014 audit year for a total compensation of \$515,929. In September 2015, the City entered into a First Amendment with LSL for the fiscal year 2014-2015 audit in the amount of \$118,463, for a total amount not to exceed \$634,392. In May 2016, the City entered into a Second Amendment with LSL for the fiscal year 2015-2016 audit in the amount of \$123,663, for a total amount not to exceed \$758,055. In April 2017, the City entered into a Third Amendment with LSL for the fiscal year 2016-2017 audit in the amount of \$123,663, for a total amount not to exceed \$881,718. In May 2018, the City entered into a Fourth Amendment with LSL for the fiscal year 2017-2018

audit in the amount of \$110,735, for a total amount not to exceed \$992,453. In June 2019, the City entered into a Fifth Amendment with LSL for the fiscal year 2018-2019 audit in the amount of \$114,140, for a total amount not to exceed \$1,106,593.

DISCUSSION

Staff recommends a Sixth Amendment to the agreement with LSL to perform audit services for fiscal year 2019-20. The City has received excellent service as demonstrated by LSL's consistent assistance with the City in meeting annual filing requirements and in preparing the Comprehensive Annual Financial Report ("CAFR"). The CAFR has been submitted to the Government Finance Officers' Association ("GFOA") for award consideration and the City has been awarded the Certificate of Achievement for Excellence in Financial Reporting each year.

LSL is a quality certified public accounting firm with an excellent reputation. Due to the high level of service received over the years, staff is recommending entering into a sixth contract amendment for fiscal year 2019-2020 audit services. The proposed fee is \$116,070, for a total compensation not to exceed \$1,222,663.

FISCAL IMPACT

Funds for the City's audit services for fiscal year 2019-2020 are included in the operating budget. The fee related to the Successor Agency's audit will be covered by funds from the ROPS (Recognized Obligation Payment Schedule). A separate contract was approved by the Emeryville Successor Agency in fiscal year 2018-19.

STAFF COMMUNICATION WITH THE PUBLIC

There has been no communication with the public

PREPARED BY: Susan Hsieh, Finance Director

APPROVED AND FORWARDED TO THE CITY COUNCIL OF THE CITY OF EMERYVILLE:

Christine Daniel, City Manager

ATTACHMENTS

- Draft Resolution
- Sixth Amendment to the Professional Services Agreement
Exhibit A-6. Scope of Services