



Legislation Text

File #: 2023-0503, Version: 2

Report to Mayor and City Council

Tuesday, July 18, 2023

Consent

SUBJECT:

CONSIDER ADOPTION OF RESOLUTION NO. 23-109, APPROVING AMENDMENT NO. 1 TO AGREEMENT WITH VASQUEZ AND COMPANY, LLP FOR AN ADDITIONAL \$70,664 FOR FISCAL YEAR 2023-24 FOR THE NEW PRONOUNCED IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB).

I. SUMMARY

The purpose of this staff report is to seek Council's adoption of Resolution No. 23-109 approving additional funding of \$70,664.00 for fiscal year 2023-24 to cover the additional audit services performed by Vasquez and Company LLP for the new pronounced implementation of Governmental Accounting Standards Board (GASB), which extends beyond the scope of services specified within the original contract.

II. RECOMMENDATION

TAKE the following actions:

1. ADOPT Resolution No. 23-109 APPROVING AMENDMENT NO. 1 WITH VASQUEZ AND COMPANY, LLP FOR AN ADDITIONAL \$70,664 FOR FISCAL YEAR 2023-2024 FOR THE NEW PRONOUNCED IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)."
2. AUTHORIZE the Mayor to execute Amendment No. 1 following approval as to form by the City Attorney.

III. ALTERNATIVES

TAKE another action as deemed appropriate by the City Council.

IV. BACKGROUND

City and Consultant entered into that certain Agreement for Contract Services dated June 15, 2021 (“Agreement”), whereby Consultant agreed to audit City’s financial statements for a three year term for fiscal years ending June 30, 2021 through June 30, 2023 (“Original Scope of Services”), and through fiscal years ending June 30, 2024 and June 30, 2025, if City should exercise its two one-year options to extend the term of the Agreement.

Although the Agreement provided for a not-to-exceed Contract Sum of \$215,132, there was an inadvertent error when the City Council awarded the Agreement on June 15, 2021, for a not-to-exceed amount of \$213,003, which amount is \$2,129 less than the \$215,132 amount stated in the Agreement. Accordingly, the Parties acknowledge, understand, and agree that the actual not-to-exceed Contract Sum in the Agreement that was lawfully approved is \$213,003.

For fiscal year ending June 30, 2021, City incurred an additional \$5,000 fee for additional major federal program for Single Audit, which fee caused City to exceed its estimated budget of \$71,001 for the first year of the Agreement term by \$5,000.

For fiscal year ending June 30, 2022, pursuant to Section 1.8 of the Agreement which permits the City’s Contract Officer to approve extra work and associated cost up to 10% of the Contract Sum or \$25,000, whichever is less, additional services for implementation of GASB 87, Lease Accounting as authorized by the Contract Officer on November 30, 2022, were provided by Consultant for a total not-to-exceed cost of \$5,000, thereby resulting in City exceeding its estimated budget of \$71,001 for the second year of the Agreement term by \$5,000. City further exceeded its budget for the second year by an additional \$27,745 due to additional hours incurred by the consultant associated with (i) a new program for Single Audit (ARPA/CSLFRF), (ii) audit procedures performed relative to GASB 87 implementation, and (iii) various adjustments posted after the trial balance was provided.

City and Consultant now desire to amend the Agreement to increase the not-to-exceed Contract Sum by an additional \$75,664 (this amount is inclusive of the \$5,000 approved by the Contract Officer for the audit for fiscal year ending June 30, 2022) thereby bringing the increased total to \$288,667, to allow Consultant to conduct the audit of financial statement (s) for fiscal year ending June 30, 2023 (and through fiscal years ending June 30, 2024 and June 30, 2025 at additional cost, if City should exercise its two one-year options to extend the term of the Agreement) arising from City’s request for Consultant to perform GASB pronouncement implementation audit related to the new GASB standards (“Additional Scope of Services”). The Additional Scope of Services will be performed at increased hourly billing rates. This new total of \$288,667 includes an amount of \$35,790 for the Additional Scope of Services, an upward adjustment of \$2,129 to correct the error when City Council approved the Agreement for \$213,003 rather than the correct amount of \$215,132, the \$5,000 fee overage associated with the audit for fiscal year ending June 30, 2021, the \$5,000 approved by the Contract Officer for the audit for fiscal year ending June

30, 2022, and the \$27,745 fee overage associated with the audit for fiscal year ending June 30, 2022.

V. FISCAL IMPACT

No Fiscal Impact.

Should the City Council approve the recommendation, \$70,664 appropriation from the General Fund account no. 101-60-640-101-6004 will be transferred to account no. 101-60-601-100-6004.

VI. EXHIBITS

1. Resolution No. 23-109 (pgs. 4-5)
2. Amendment No. 1 to Agreement with Vasquez and Company, LLP (pgs. 6-22)

Prepared by: Tarik Rahmani, Finance Director, Hnin Phyu, Sr. Accountant and Phat Nguyen, Accountant