

ITEM 10.I.

MOORPARK CITY COUNCIL AGENDA REPORT

TO: Honorable City Council

FROM: Ron Ahlers, Finance Director 

DATE: May 15, 2012 (City Council meeting of June 6, 2012)

SUBJECT: Consider Increase in Fees for Audit Fiscal Year (FY) 2010/11 and Authorize the City Manager to Execute Amendment No. 3 to the Agreement for Independent Auditing Services

BACKGROUND

The City's external auditors, Teaman, Ramirez and Smith (TRS) have requested an increase in their fees by \$2,500 for the FY 2010/11 audit work. The cause of the fee increase is due to the Single Audit.

DISCUSSION

The City received the final invoice from TRS for fiscal year 2010/11 audit fees. The services received and the amounts charged are in line with the amended agreement we signed except for one item. The "Not to Exceed Amount" on the contract for Single Audit and Related Reports was \$2,800, assuming **ONE** major program as defined in OMB Circulation A-133. In fiscal year 2010/11 the City reported two major programs. The TRS contract did not include the cost for an additional program. The two programs were: the 8C funds for the purchase of three buses in the amount of \$1,405,510, and the ARRA highway construction grant funds for the Mountain Trail/Spring overlay project in the amount of \$617,750. TRS has billed \$2,500 extra for this one additional major program audit. This fee is reasonable considering the amount of work involved in the Single Audit.

FISCAL IMPACT

The request is for \$2,500. This would bring the total fees for the audit for FY 2010/11 to \$37,900. No appropriation is necessary because there are sufficient funds budgeted in the Finance Department.

STAFF RECOMMENDATION (ROLL CALL VOTE REQUIRED)

Approve the increase of the all-inclusive audit fee by \$2,500 for fiscal year ending June 30, 2011 to include two (2) major programs in the Single Audit and related Reports; and authorize the City Manager to execute the Amendment No. 3, subject to the final language approval by the City Manager and City Attorney.

Attachments:

1. TRS Invoice No. 5055-56292
2. Draft Amendment No. 3 to the Agreement between the City of Moorpark and Teaman, Ramirez & Smith Inc., Certified Public Accountants for Independent Auditing Services

Teaman, Ramirez & Smith

Certified Public Accountants

Invoice # 5055 56292

February 20, 2012

Ron Ahlers, Finance Director
 City of Moorpark
 799 Moorpark Avenue
 Moorpark, CA 93021

SERVICES RENDERED:

Accounting services and technical support rendered relative to the annual audit of the books and records of the City and Redevelopment Agency for the year ended June 30, 2011, pursuant to Government Auditing Standards issued by the U. S. General Accounting Office and the Single Audit Act Amendments of 1996 and OMB A-133, including an annual compliance review and preparation of the report relative to Proposition 111 and Article XIII B of the State Constitution, preparation of State Controller's Reports, and other accounting assistance as requested.

Fees at Standard Rates	\$ <u>69,979.40</u>
Agreed-Upon Maximum	\$ 35,400.00
Add: additional fees for Single Audit - <u>two</u> major programs in accordance with OMB Circular A- 133	\$ 2,500.00
Less: Previously Paid	<u>\$ -15,000.00</u>
Amount Due	\$ <u>22,900.00</u>

(Please reference our invoice number on your remittance)

**AMENDMENT NO. 3
TO AGREEMENT BETWEEN THE CITY OF MOORPARK
AND TEAMAN, RAMIREZ & SMITH, INC., CERTIFIED
PUBLIC ACCOUNTANTS FOR INDEPENDENT AUDIT
SERVICES**

THIS THIRD AMENDMENT TO THE SERVICE AGREEMENT ("Third Amendment"), is made and entered into this _____ day of _____, 2012 between the City of Moorpark, a California public body, hereinafter referred to as "CITY" and Teaman, Ramirez & Smith, Inc., a California corporation, hereinafter referred to as "AUDITOR".

WITNESSETH:

WHEREAS, on May 8, 2007, the CITY and the AUDITOR entered into an Agreement for independent audit services for three (3) fiscal years beginning with the audit for the fiscal year ending June 30, 2007; and

WHEREAS, on January 21, 2010, the CITY and the AUDITOR amended the Agreement to include \$1,000 in additional fees for CAFR format revisions for fiscal year ending June 30, 2009; and

WHEREAS, on February 23, 2010, the CITY and the AUDITOR amended the Agreement to extend the term to include two (2) additional fiscal years and to increase the compensation by \$70,000 to \$168,000; and

WHEREAS, the Scope of Services included the preparation of the Single Audit Report, assuming one (1) major program as defined in the OMB Circular A-133; and

WHEREAS, the CITY is required to report two (2) major programs in the Single Audit Report for fiscal year ending June 30, 2011; and

WHEREAS, the CITY now wishes to increase the Agreement price by \$2,500 for one (1) additional program, for a total not-to-exceed contract amount of \$170,500.

NOW, THEREFORE, in consideration of mutual covenants, benefits and premises herein stated, the parties hereto agree to amend the aforesaid Agreement as follows:

- I. Item A of Section 2 Scope of Services is amended to include:

Preparation of Single Audit and Related Reports to include two (2) major programs in accordance with OMB Circular A-133 for fiscal year ending June 30, 2011.

II. Section 7 Compensation is amended to include:

For the audit fiscal year 2010/2011, the all-inclusive audit fee is increased by \$2,500 from \$35,400 to \$37,900. The maximum contract amount shall not exceed \$170,500.

III. Remaining Provisions

All other provisions of the aforesaid Agreement shall remain in full force and effect.

In witness whereof, the parties hereto have executed this Third Amendment on the date and year first above written.

CITY OF MOORPARK:

CONSULTANT:

Steven Kueny
City Manager

Greg W. Fankhanel
Partner

Attest:

Maureen Benson
City Clerk