

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Jennifer Hennessy, Director of Finance

DATE: May 23, 2023

SUBJECT: Approve Second Amendment with Eide Bailly, LLP for Audit Services for the Fiscal Years Ending June 30, 2023, 2024 and 2025

PREPARED BY: Brigitta Bartha, Fiscal Services Manager

RECOMMENDATION: That the City Council:

1. Approve the second amendment with Eide Bailly, LLP, Certified Public Accountants, to serve as the City's auditors for the fiscal years ending June 30, 2023, through June 30, 2025, for a total amount not to exceed \$251,473.
2. Authorize the City Manager to approve additional work up to ten percent (10%) of the amount of the agreement as approved by City Council.

BACKGROUND: Following best practices, in 2018, City Staff completed a Request for Proposal process to ascertain whether the City was receiving market pricing for professional auditing services and to determine the most qualified firm to meet the City's needs at that time. On June 12, 2018, the City Council approved a five-year agreement with Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, to serve as the City's independent auditors for the fiscal year ended June 30, 2018, through June 30, 2022, for a total contract amount of \$294,895 plus contingency in the amount of \$29,489.50.

On July 22, 2019, Vavrinek, Trine, Day & Co. LLP was acquired by Eide Bailly, LLP and, subsequently, on September 19, 2019, the City and consultant entered that **FIRST AMENDMENT** to change the name of the consultant. All sections of the agreement that referred to the consultant as "Vavrinek, Trine, Day & Co., LLP" were changed to "Eide Bailly, LLP" pursuant to the name and ownership change.

As the existing agreement is nearing the end of its term, City Staff are recommending that the agreement term be extended through June 30, 2026. Staff believes that maintaining continuity with the auditors is appropriate as the firm is familiar with the City's accounting system and procedures, which will enable their professional staff to perform their audit work in a timely manner and minimize disruption to City staff during the audit. Moreover, the City is implementing a new financial accounting system on July 1, 2023, requiring additional review by the audit firm. Because of their understanding of the City's current financial system and accounting procedures, the audit firm will be able to implement more efficient audit procedures to ensure the financial

data housed in the legacy accounting system is appropriately transferred to the new system. In addition to their understanding of the City's finances, the audit firm has assisted the City in implementing new accounting and audit requirements, provided guidance on the accounting treatment of various complex transactions engaged in by the City including the debt refinancing of the CFD and SARDA bonds, and have completed their work in a timely manner.

FISCAL IMPACT: There are sufficient funds budgeted in the Finance Department line item 001.140.999.5248, Consulting Services, for these audit services.

ATTACHMENTS: Second Amendment