



CITY OF SACRAMENTO

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CITY MANAGER'S OFFICE
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DEPARTMENT OF FINANCE
915 I STREET SACRAMENTO, CALIFORNIA 95814
ROOM 112 TELEPHONE (916) 449-5736

JACK R. CRIST
DIRECTOR OF FINANCE
FRANK MUGARTEGUI
ASSISTANT DIRECTOR

January 12, 1981

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: External Audit Services Agreement for Fiscal Year 1980-81

SUMMARY

The City of Sacramento proposes to renew its audit services agreement with Price Waterhouse and Co., Certified Public Accountants. Attached is Agreement No. 79215 (Attachment II) for auditing services provided for fiscal year 1979-80 which includes an option permitting the City to renew the agreement for each of four (4) subsequent one-year periods upon giving written notice to the Auditor not later than January 31 of each year. Based on Price Waterhouse and Co.'s performance of the 1979-80 fiscal year audit, it is recommended that this option be exercised.

BACKGROUND

Touche Ross & Co., Certified Public Accountants, performed the annual audit for the City of Sacramento for five fiscal year periods (1974-75 through 1978-79). In February 1978, the City Council adopted the policy guideline for retention of external audit firms to be five years assuming satisfactory services rendered on a year to year evaluation.

In March 1980, the City entered into a one-year agreement (A-79215) with Price Waterhouse and Co. to perform external auditing services for fiscal year 1979-80. The agreement contained a City option to renew the agreement for four subsequent years in accordance with Council policy. Based on the satisfactory performance of Price Waterhouse and Co., staff recommends the auditing services agreement No. 79215 be renewed.

FINANCIAL

The payment provision of Agreement No. 79215 with Price Waterhouse and Co., requires that subsequent year fee increases above the base year (FY 1979-80) cannot exceed the cost-of-living increase as defined by the San Francisco-Oakland Consumer Price Index (CPI) for all urban consumers. It has been informally agreed by Price Waterhouse and Co. and the City Finance Department that the December to December CPI would be utilized in calculating the new audit services fee. However, the December CPI will not be available until the end of January.

APPROVED

AG 80169

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OFFICE OF THE
CITY CLERK

The total audit fee for fiscal year 1979-80 was \$53,000, broken down as follows:

City of Sacramento	\$22,000
Parking Authority	2,500
Community Center Authority	2,000
Retirement System	5,000
Capitol Area Development Authority	5,000
Convention Bureau	2,000
Mountain Valley Library System	2,000
EDA Grant	1,000
C.D.B.G.	2,000
Conflict of Interest Code	500
Insurance Claims	7,000
Revenue Sharing	2,000
	<u>\$53,000</u>

Using the October CPI of 13.7% as an approximation, the audit services fee for fiscal year 1980-81 would be \$60,261. The December CPI may be slightly above or below the October increase.

RECOMMENDATION

It is recommended that the City Council adopt the attached Resolution (Attachment I) which:

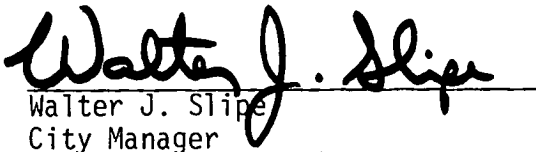
- 1) Renews Agreement No. 79215 with Price Waterhouse and Co. for fiscal year 1980-81 auditing services (audit period covered 7/1/80 to 6/30/81);
- 2) Approves the amendment to Agreement No. 79215, Section 2 Payment, to define the CPI period of December to December as the basis for fee increases in subsequent years; and
- 3) Authorizes the City Manager to execute Agreement No. 79215, as amended, for a price not to exceed \$53,000 plus the December to December San Francisco-Oakland Consumer Price Index for all urban consumers.

Respectfully submitted,



Jack R. Crist
Director of Finance

RECOMMENDATION APPROVED:



Walter J. Slipe
City Manager

JRC/bb
FA:81013
Attachments

January 20, 1981
All Districts

RESOLUTION NO. 81-046

Adopted by The Sacramento City Council on date of

A RESOLUTION AUTHORIZING AUDITING
SERVICES TO BE PERFORMED BY PRICE
WATERHOUSE AND CO. FOR FISCAL YEAR
1980-81

WHEREAS, the City entered into an auditing services Agreement No. 79215 on March 1980 with an option to renew the agreement; and

WHEREAS, Price Waterhouse and Co. has satisfactorily performed audit services for fiscal year 1979-80;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

- 1) That Agreement No. 79215 is hereby renewed for fiscal year 1980-81 auditing services;
- 2) That the attached Exhibit D amending Agreement No. 79215 to define the Consumer Price Index (CPI) period of December to December as the basis for fee increases in subsequent years is approved; and
- 3) That the City Manager is hereby authorized to execute Agreement No. 79215, as amended, for auditing services for fiscal year 1980-81, for a price not to exceed \$53,000 plus the December to December San Francisco-Oakland CPI for all urban consumers.

MAYOR

ATTEST:

CITY CLERK



CITY OF SACRAMENTO

OFFICE OF THE CITY CLERK

915 I STREET

CITY HALL ROOM 203

SACRAMENTO, CALIFORNIA 95814

TELEPHONE (916) 449-5426

LORRAINE MAGANA
CITY CLERK

January 21, 1981

Mr. Carr McClendon
Price Waterhouse and Company
455 Capitol Mall
Sacramento, CA 95814

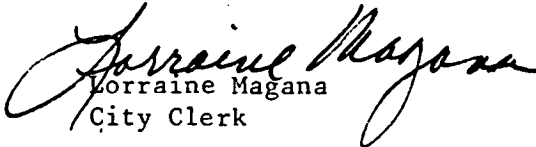
Dear Mr. McClendon:

On January 20, 1981, the City Council adopted a resolution authorizing the execution of the amended agreement for external auditing services for FY 1980-81.

Enclosed are four (4) copies of the agreement executed by the City of Sacramento as authorized by the attached certified resolution.

Upon final execution, please return two (2) copies of said agreement for the City's distribution.

Sincerely,


Lorraine Magana
City Clerk

LM:sj

Encl.

cc : Finance

54