



REPORT TO COUNCIL

City of Sacramento

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CONSENT
May 23, 2006

Honorable Mayor and
Members of the City Council

Subject: Award of Supplemental Agreements for Audit Services

Location/Council District: Citywide

Recommendation: Adopt a Resolution that authorizes the City Manager to execute Supplemental Agreements for \$165,387 and \$57,370 with Macias, Gini & Company LLP to conduct the City's independent financial and compliance audits for the fiscal year ending June 30, 2006.

Contact: Dennis Kauffman, Accounting Division Manager, 808-5843
Janet Riley, Principal Accountant, 808-1170

Presenters: Not applicable

Department: Finance

Division: Accounting

Organization No: 1131

Summary: The City Charter requires an independent audit of the City's financial records. In 2002, the City conducted a competitive bid process to select auditors for the five-year period beginning with fiscal year 2001-2002. Macias, Gini & Company LLP was the consultant selected to perform the audits. Staff has returned to City Council each year for the past four fiscal years for approval to extend the consultant and professional service agreements with Macias, Gini & Company LLP. As Macias, Gini & Company will be performing the independent financial and compliance audits for fiscal year ending June 30, 2006, this is the fifth and final year under contract. This report requests authorization for the City Manager to execute the supplemental agreements to that effect. Copies of the agreements are on file in the City Clerk's Office.

Committee/Commission Action: None.

Background Information:

In March and April 2002, the city conducted a competitive process to select auditors for the five-year period beginning with fiscal year 2001-2002. Staff received five responses on April 5, 2002 to the City's request for Proposals for independent audit services. One response was from a national firm and four were from regional firms. After evaluation, staff concluded that the proposal submitted by Macias, Gini & Company LLP was the most responsive.

This report recommends that the Mayor and City Council authorize the City Manager to execute Supplemental Agreements with Macias, Gini & Company LLP to conduct the City independent financial and compliance audits for the fiscal year ending June 30, 2006.

The scope of audit services to be performed is shown below:

City and Component Units (Group A)

City of Sacramento Basic Financial Statements	\$ 124,925
City of Sacramento Single Audit	\$ 23,034
Sacramento City Employees Retirement System	<u>\$ 17,428</u>
Cost for City and Component Units	<u>\$ 165,387</u>

Related Agencies and Programs (Group B)

Sacramento Convention and Visitors Bureau Financial Statements	\$ 5,661
Mountain Valley Library System Basic Financial Statements	\$ 5,557
Del Paso Road Community Facilities District Special Purpose Financial Statements	\$ 1,598
Child Development Program Financial Statements and State Required Supplemental Information	\$ 9,126
State and Local Transportation Partnership Program Special Purpose Audit of Final Project Cost	\$ 3,142
Sacramento Hotel Corporation Special Procedures to Test the Calculation of the Debt Service Coverage Ratio	\$ 2,390
Sacramento Hotel Corporation Basic Financial Statements	\$ 9,976
Depot Business Park Special Purpose Financial Statements	\$ 2,990
Lessees of the City of Sacramento Special Procedures to Test Lessee Revenue and Lease Payment Calculations	<u>\$ 16,930</u>
Cost of Related Agencies and Programs	<u>\$ 57,370</u>
Total Cost of Audit Services	<u>\$ 222,757</u>

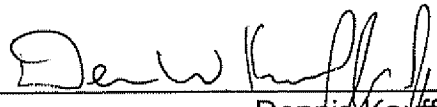
This is the fifth and final year of the audit agreement with Macias, Gini & Company, LLP. Staff will be initiating a new competitive bid process to select an auditor to perform audits for fiscal years 2007 through 2011.

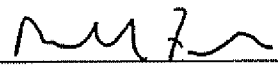
Financial Considerations: Certain audit costs are passed through directly to external entities. The remaining costs are included in the Finance Department budget.

Environmental Considerations: None.

Policy Considerations: This action is consistent with City Charter Section 117, which requires an annual independent audit of the City's financial records. Independent audits are also required by the Federal Single Audit Act, specific grant agreements, and certain bond covenants.

Emerging Small Business Development (ESBD): Macias, Gini & Company was ESBD certified at the time of the original award.

Respectfully Submitted by: 
Dennis Kauffman
Accounting Manager

Approved by: 
Russell Fehr
Director of Finance

Recommendation Approved:


RAY KERRIDGE
City Manager

Table of Contents:

Pg	1-3	Report
Pg	4	Resolution

RESOLUTION NO.

Adopted by the Sacramento City Council

May 23, 2006

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE SUPPLEMENTAL AGREEMENTS WITH MACIAS, GINI & COMPANY LLP TO CONDUCT THE CITY'S INDEPENDENT FINANCIAL AND COMPLIANCE AUDITS FOR THE FISCAL YEAR ENDING JUNE 30, 2006

BACKGROUND

- A. The City Charter requires an annual independent audit of the City's financial records. Independent audits are also required by the Federal Single Audit Act, specific grants and certain bond covenants.
- B. In 2002, the City conducted a competitive bid process to select an auditor for the five-year period, beginning with fiscal year 2001-02. Macias, Gini & Company LLP was selected to conduct the audits.
- C. This is the fifth and final year of the contract for services for Macias, Gini & Company LLP. Staff will initiate a new competitive bid process to select an auditor to perform the audits for fiscal years 2007 to 2011.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager is authorized to execute supplemental agreements for \$165,387 and \$57,370 with Macias, Gini & Company LLP to conduct the City's independent financial and compliance audits for the fiscal year ending June 30, 2006.

