



Legislation Text

File #: 23-1396, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Sole Source Procurement 23-301, Government Accounting Services, to Lauterbach & Amen, LLP for an amount not to exceed \$311,976 and for a three-year term

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

Since 2016, the Finance Department has contracted with Lauterbach & Amen LLP (Lauterbach) for accounting, audit preparation and/or payroll support services. The purpose of the contract is to continue to supplement the City's resources and knowledge in government accounting and audit preparation.

In December 2018, the City Council awarded sole source Contract 18-221 to Lauterbach for a one-year term from January 1, 2019, through December 31, 2019, with three one-year options to extend. The City Council approved the final extension on August 17, 2021, with an expiration date of December 31, 2022.

In December 2022, the City Manager awarded sole source Contract 22-366 to Lauterbach for a one-year term from January 1, 2023, through December 31, 2023, to ensure continued support for accounting and auditing functions.

DISCUSSION:

Supplementing the City's internal accounting staff with outside resources has worked well. It has provided the City with additional staffing and specialized knowledge in key areas of government accounting. The services provided under this arrangement are essential to the daily accounting work that leads to a successful year-end audit. The supplemental work must be performed by someone well-versed in government accounting and auditing.

Staff is aware of only two firms capable of meeting the City's needs in the government accounting space, Lauterbach and Sikich.

In 2022, the City issued a request for proposals for auditing services. Lauterbach and Sikich were the only firms that responded to the RFP, further supporting the lack of vendors capable of fulfilling the City's needs. While both firms scored very well, the RFP was ultimately awarded to Sikich. Sikich

currently serves as the City's independent auditor, thus creating a potential conflict if they were to provide contract accounting services. The City issued a notice of intent to sole source before entering into the current Lauterbach contract with no objections.

Lauterbach is familiar with the City's financial policies and procedures, account structure and financial software systems. If the City chose not to award this sole source contract, the City would either need to expand its search for qualified government accounting firms outside the local region or increase staff to support the internal accounting function. Additionally, Lauterbach currently maintains the City's fixed asset accounting in their software system. Changing vendors would require the City to implement fixed asset recordkeeping, which we are not prepared to do.

In recent years, Lauterbach's primary scope of work has been general accounting and audit support. As of 2021, payroll services are fully supported by City staff; however, Lauterbach may serve as a backup should an unexpected staffing issue occur. Staffing of the department's accounting function has also improved in recent years, and in 2022, the volume of work requested of Lauterbach decreased. As a result, staff negotiated a reduced scope of work in 2023, reducing the contract value from \$172,020 to \$98,184.

Recent requirements from the Government Accounting Standards Board (GASB) have increased the amount of time and resources necessary to prepare for the annual audit. Specifically, the City is implementing GASB Statement 87 (Leases) and GASB Statement 96 (Subscription-Based Information Technology Arrangements), which are standards that account for these items as long-term assets and liabilities on the City's financial statements. This has significantly increased the demands of the accounting staff. Lauterbach has provided subject matter expertise throughout these implementations. There are additional GASB standards that will need to be implemented in the coming years, and staff anticipates Lauterbach playing a key role in those as well.

Lauterbach has been a great partner in assisting our accounting staff in these matters, along with their ongoing support in the accounting and audit preparation space. Lauterbach has met all the City's expectations, and staff would like to maintain the relationship into 2026.

This sole source is requested for a three-year term from January 1, 2024, to December 31, 2026, to continue utilizing Lauterbach's contract accounting services. Lauterbach requested a reasonable 3% annual increase over the term of the contract.

FISCAL IMPACT:

CIP #: N/A

Government accounting services are expensed to the Financial Services accounts listed below. The 2024 budget includes \$105,000 for these services; this award is \$4,008 under budget for 2024. The remaining amount will be budgeted appropriately in future years.

| Account Number | Fund Description | Total Budget Amount |
|-----------------|-----------------------|---------------------|
| 15101100-531304 | General Fund | \$207,579 |
| 15101300-531304 | Electric Utility Fund | \$86,422 |
| 15101500-531304 | Water Utilities Fund | \$84,145 |