



City of Morgan Hill

Legislation Text

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CITY COUNCIL STAFF REPORT **MEETING DATE: SEPTEMBER 7, 2016**

PREPARED BY: Dat Nguyen, Finance Director/Administrative Services Department
APPROVED BY: City Manager

MAZE & ASSOCIATES AUDIT SERVICES CONTRACT AMENDMENT

RECOMMENDATION(S)

Adopt resolution approving the contract amendment with Maze & Associates.

COUNCIL PRIORITIES, GOALS & STRATEGIES:

Ongoing Priorities

Maintaining fiscal responsibility
Preserving and cultivating public trust

REPORT NARRATIVE:

The City has contracted Maze & Associates to perform audit services since FY2014-15. When bids were solicited for the audit services in March 2015, the City did not include an audit of the Transportation Development Act (TDA) activity as the City did not receive any grants in the prior year (FY2013-14). Since then, the City has received a \$40,000 allocation for the Dewitt Avenue Sidewalk Extension and \$30,348 for the Bikeways Master Plan Update, and anticipates receiving more allocations in the near future. In accordance with Section 99245 of the Public Utilities Commission, the City is required to submit a separate TDA fiscal audit report to the Metropolitan Transportation Commission for each year that the City encumbers TDA related expenses.

In addition, on January 28, 2016, CalPERS issued a Circular Letter to all Public Agency Employers indicating that it has changed the Government Accounting Standards Board Statement Number 68 (GASB 68) reports for cost-sharing plans in risk pools. City of Morgan Hill's pension plan for public safety employees (Safety Plan) belongs in CalPERS Cost-Sharing (Risk Pool) Plan. Last year, a separate GASB 68 report was issued by CalPERS for each rate plan that contained all necessary reporting. Starting this year, CalPERS will not be producing individual reports for cost-sharing plans, shifting much of the calculation burden to employers. Maze & Associates has indicated that they can assist the City with the complex calculations required from employers with CalPERS cost-sharing plans. They will provide supporting details, including all calculations and journal entries necessary for the City's accounting records and financial reporting for pensions.

The amendment to the contract with Maze & Associates is necessary to account for the required aforementioned services. The amendment will increase Maze & Associates' original contract not to exceed amount of \$105,173 by an additional \$13,091, for a new total not to exceed amount of \$118,264. If the City does not meet the minimum requirements to necessitate a TDA audit or CalPERS decides to produce individual GASB 68 reports for cost-sharing plans and at a lower fee, the fees shall be adjusted accordingly.

COMMUNITY ENGAGEMENT: **Not Applicable**

ALTERNATIVE ACTIONS:

None.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

The Council approved the original contract with Maze & Associates on May 6, 2015.

FISCAL AND RESOURCE IMPACT:

The cost for the additional scope of work is included in the adopted biennial budget.

CEQA (California Environmental Quality Act):

Not a Project

LINKS/ATTACHMENTS:

Resolution

Attachment A - First Amendment to Maze & Associates Contract

Attachment B - Proposed Schedule of Professional Fees and Expenses