



# CITY OF WHEATLAND

## CITY COUNCIL MEETING STAFF REPORT

March 28, 2023

**SUBJECT: Informational Item – Financial Auditing Services**

**PREPARED BY: Steve Wong, Finance Director**

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### **Recommendation**

Staff recommends the City Council receive and file this informational staff report regarding the selection of Moss, Levy & Hartzheim LLP as the City's financial auditors for the fiscal year ending June 30, 2023.

### **Background/Discussion**

Each year, an audit of the City's financial statements is conducted by an independent auditor and the results are presented to the City Council. The audits for the last five fiscal years, ending June 30, 2018 through June 30, 2022, were conducted by Moss, Levy & Hartzheim LLP (MLH LLP).

With the staff turnover experienced in the Finance Department over the past 12 months, it is sensible and reasonable to have the City's audit services be performed by the same firm of MLH LLP. California Government code section 12410.6.(b) requires that, generally, a local agency may employ a public accounting firm to provide audit services for up to six consecutive fiscal years.

The proposal from MLH LLP for 2022-23 audit services is an all-inclusive price of \$25,000. The price includes submittal of the Annual Comprehensive Financial Report (ACFR) to the Government Finance Officers Association (GFOA) for its award for excellence program and preparation of the annual State Controllers Report of Financial Transactions. The proposed price of \$25,000 is a significant increase (28%) from the 2021-22 cost of \$19,550, which was the same fee the City was charged by MLH LLP for the 2019-20 and the 2020-21 periods.

The last time the City went out to bid for independent audit services, five years ago, in 2018, only MLH LLP and one other firm submitted responses, and the price from the second firm at that time was \$23,200 per year. The cost of an audit is included each year in the City's budget.

Following completion of the 2022-23 audit and presentation of the Annual Financial Report, the Finance Department will prepare and solicit Requests for Proposals for independent auditing services beginning with the 2023-24 fiscal year.

**Alternatives**

The alternative is to not accept the informational report.

**Fiscal Impact**

There is no fiscal impact associated with this item.

**Attachments**

None