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**TO:** FRUITA MAYOR AND CITY COUNCIL

**FROM:** MARGARET SELL, FINANCE DIRECTOR/CITY CLERK

**DATE:** SEPTEMBER 5, 2023

**AGENDA TEXT:** AUDIT SERVICES CONTRACT – A request for approval of a four-year contract with McMahan and Associates LLC for performance of the City’s annual audit for Fiscal Years 2023 through 2026 with an option for one four-year extension

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### BACKGROUND

The City of Fruita issued a Request for Proposal for Financial Audit Services for fiscal years 2023 through 2026 with one four-year extension option (2027-2030). The City received five proposals for these services. Proposals were evaluated by staff using the criteria established in the RFP and the top two firms were interviewed. Staff recommends that the City enter in a four-year Contract for Financial Audit Services with McMahan and Associates LLC. A copy of the Contract (including RFP Solicitation Documents and McMahan and Associates Proposal) is attached.

### FISCAL IMPACT

The proposal for Financial Audit Services includes the Standard Audit services and an option for Single Audit Services (required for federal funding) if required. The fiscal impact ranges from \$29,500 to \$34,250 (standard audit) and \$35,000 to \$40,700 (including single audit) for 2023 through 2026. The Contract is subject to annual appropriation by the City Council as part of the Budget adoption process.

### APPLICABILITY TO CITY GOALS AND OBJECTIVES

The Fruita City Charter (Section 8.13) requires that an annual audit be conducted by an accounting firm or CPA licensed to practice in the State of Colorado. This ensures that the financial statements and the financial condition of the City are accurately reported and provides for accountability of the finance functions. The accountant shall not be used for more than eight years consecutively. The City of Fruita used the prior auditing firm, Chadwick, Steinkirchner, Davis, and Co., PC for its annual audit for the past eight years and is required to select another accounting firm for future audits.

### RECOMMENDATION

It is the recommendation of staff that the Fruita City Council by motion:

**APPROVE THE CONTRACT WITH MCMAHAN AND ASSOCIATES LLC FOR FINANCIAL AUDIT SERVICES FOR FISCAL YEARS 2023 THRU 2026 WITH ONE FOUR-YEAR EXTENSION OPTION**