

# AGENDA ITEM SUMMARY

## FORT COLLINS CITY COUNCIL

ITEM NUMBER: 21

DATE: December 2, 2003

STAFF: Jim O'Neill

### SUBJECT

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Resolution 2003-134 Authorizing the Purchasing Agent to Enter into a Professional Services Agreement with Bondi & Co., Certified Public Accountants, for Auditing Services for 2003, with Annually Renewable Terms for 2004 Through 2007.

### RECOMMENDATION

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The City Council Leadership Team recommends adoption of this Resolution.

### FINANCIAL IMPACT

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The proposal from the auditor calls for fees for fiscal year audits not to exceed \$61,500 for 2003, \$62,000 for 2004, \$65,000 for 2005, \$68,000 for 2006 and \$71,000 for 2007, plus mileage expenses estimated at \$3000 per year.

The fees proposed for the 2003 to 2007 fiscal year audits appear to be very reasonable from a cost perspective in relation to prior years and the amount of service being rendered.

### EXECUTIVE SUMMARY

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The proposed resolution authorizes the Purchasing Agent to enter into an agreement for auditing services with Bondi & Co. for the 2003 audit. The agreement would be renewable on an annual basis through 2007 with the approval of the Leadership Team. The agreement can be terminated if the auditing services are deemed unsatisfactory.

### BACKGROUND

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#### Requirements for an Audit

Article II, Section 17 of the Charter requires the Council to have an annual audit of the financial transactions of the City. The Colorado local government audit law requires the City to have an audit and submit it to the state auditor. In addition, a local government that receives over \$100,000 of federal financial assistance (as is the case for the City) must have an audit performed in accordance with the Single Audit Act of 1993. The City is considered to have met these requirements when a licensed firm of certified public accountants "signs off" on the City's audit and issues the proper

reports. The auditor selection process was designed to ensure that the selected firm exceeds the minimum requirements and has knowledge and experience in auditing similar entities.

After completion of the audit, the auditor submits an opinion on the City's financial statements. The opinion and the financial statements are presented in the Comprehensive Annual Financial Report (CAFR). The report is completed by May 31 and made available for public distribution after it is printed in June.

The audit performed in accordance with the Single Audit Act of 1993 is completed after the CAFR. Upon completion, the report is sent to the appropriate federal and state agencies and is made available for public inspection.

As part of the audits discussed above, a report ("Management Letter") is issued to Council which provides an analysis of various matters considered during the audit. The Leadership Team has also indicated its desire that the auditors serve as financial advisors to the Council--someone to take an independent and informed look at the city's financial situation--and advise as to what is being done right and wrong, what are the trends, and what do they mean.

#### Process

On October 7, 2003, the Council adopted Resolution 2003-110 establishing the auditor selection process. Letters soliciting interested CPA firms were then sent to over 90 firms. Proposals were received from four firms: Grant Thornton, Sample and Bailey, Bondi & Company and Clifton Gunderson.

The Leadership Team narrowed the proposals to three firms to be interviewed. Sample and Bailey and Bondi & Company were interviewed. (Grant Thornton inadvertently missed the interview.) Bondi & Company was the top ranked firm and was the firm best suited to provide the audit services.

The proposed resolution authorizes the Purchasing Agent to enter into an agreement for auditing services with Bondi & Co. for the 2003 audit. The agreement would be renewable on an annual basis through 2007 with the approval of the Leadership Team. The agreement can be terminated if the auditing services are deemed unsatisfactory.

RESOLUTION 2003-134  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
AUTHORIZING THE PURCHASING AGENT TO ENTER INTO  
A PROFESSIONAL SERVICE AGREEMENT WITH  
BONDI & CO., CERTIFIED PUBLIC ACCOUNTANTS  
FOR AUDITING SERVICES FOR 2003, WITH ANNUALLY RENEWABLE  
TERMS FOR 2004 THROUGH 2007

WHEREAS, Article II, Section 17, of the Charter of the City of Fort Collins states that the Council shall provide for an independent annual audit by a certified public accountant of all books and accounts of the City; and

WHEREAS, on October 7, 2003, the Council adopted Resolution 2003-110 establishing a process for selecting an auditor consistent with the requirements of Chapter 8, Article IV of the City Code regarding the procurement of professional services; and

WHEREAS, the Purchasing Agent solicited proposals for the required audit from accounting firms and received four proposals; and

WHEREAS, the proposals were reviewed by City staff and the Leadership Team, which consists of the Mayor and Mayor Pro Tem, and interviews of the top-ranked firms were conducted; and

WHEREAS, Bondi & Co, has been determined to be the firm best suited to provide auditing services to the City.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS that the Purchasing Agent is hereby authorized to enter into a professional services agreement with Bondi & Co. for auditing services for the 2003 audit with annually renewable terms at the option of the City Council Leadership Team for 2004 through 2007, for a fee not to exceed \$61,500 for 2003, \$62,000 for 2004, \$65,000 for 2005, \$68,000 for 2006 and \$71,000 for 2007, plus mileage expenses estimated at \$3,000 per year.

Passed and adopted at a regular meeting of the City Council held this 2nd day of December, A.D. 2003.

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Mayor

ATTEST:

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Chief Deputy City Clerk