



Agenda Item

City Council

Item #: 3.9.

6/10/2025

File #: 25-0295

TO: Honorable Mayor and Members of the City Council

THRU: Tom Kisela, City Manager

FROM: Trang Nguyen, Finance Director

1. SUBJECT

Second Amendment to Agreement with LSL, LLP for annual financial audit and reporting services and a one-year term extension.

2. SUMMARY

The original agreement with LSL, LLP for financial audit services was for three years, with two optional one-year extensions. Staff is recommending the Second Amendment to the existing agreement to execute the second one-year extension; and for the addition of financial reporting services, which include the preparation and submission of the Annual Comprehensive Financial Report (ACFR) and the State Controller's Report.

3. RECOMMENDED ACTION

Approve the second amendment to agreement with LSL, LLP to initiate a second extension year and the additional of services for the preparation and submission of the Annual Comprehensive Financial Report (ACFR) and the State Controller's Report and authorize the Mayor and the City Clerk to execute on behalf of the City.

4. FISCAL IMPACT

The expense for this amendment is \$72,880 and will be funded through the General Fund (100), Sanitation and Sewer Fund (220), Air Pollution and Reduction Fund (245), CDBG Fund (310), HOME Fund (317), Asset Seizure Fund (355), Water Utility Operations Fund (600), Low and Moderate Income Housing Fund (921), and Successor Agency (940) respectively:

100.1231.51630.00000	Accounting and Auditing Services \$49,410
220.5022.51630.00000	Accounting and Auditing Services \$3,677
245.1231.51630.00000	Accounting and Auditing Services \$1,288
310.9640.51630.11110	Accounting and Auditing Services \$3,015
317.9660.51630.11110	Accounting and Auditing Services \$1,206
355.4011.51630.00000	Accounting and Auditing Services \$1,809
600.1222.51630.00000	Accounting and Auditing Services \$8,273
921.9810.51630.00000	Accounting and Auditing Services \$1,905
940.9810.51630.00000	Accounting and Auditing Services \$2,298

5. STRATEGIC PLAN GOALS

Goal 2: Enhance Economic Development and Achieve Fiscal Sustainability

Objective 2.9: Create a fiscal sustainability plan

6. DISCUSSION AND BACKGROUND

In 2021, the City entered into a three-year agreement with LSL, LLP, formerly Lance, Soll, Lunghard, LLP, for financial auditing services. The original agreement was for fiscal years ending June 30, 2021, 2022, and 2023, with the option to extend the agreement for two additional terms of one year each. The City exercised one extension for the fiscal year ending June 30, 2024. Staff recommends exercising the final option to extend for one additional year for the fiscal year ending June 30, 2025. This would be the last year of an audit with current financial software as the City is transitioning to a new Enterprise Resource Planning (ERP) financial software. There is an anticipated go-live date of July 2025. Retaining LSL through the fiscal year ending June 30, 2025, enables the City to benefit from a team that is already familiar with the current system and financials. Staff will begin the RFP process for a new contract in Fall 2025.

7. ATTACHMENTS

- Second Amendment to Agreement with LSL, LLP