

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
JULY 2, 2013 AGENDA**

Subject:	Type:	Submitted By:
AWARD OF CONTRACT – ANNUAL FINANCIAL AUDIT	◆ RESOLUTIONS ORDINANCE RECEIVE/FILE	SHEILA LINDBERG FINANCE DIRECTOR

SYNOPSIS

A resolution has been prepared authorizing the City to engage BKD, LLP, Omaha Nebraska for the City's Financial Statements, Financial Audits as well as the Comprehensive Financial Report (CAFR); Quarterly Observations and Annual Keno Audit. The engagement will be for three one year renewable terms.

FISCAL IMPACT

The FY 13/14 Budget will include funding for the 2013 Annual Financial Audit which includes the City Financial Statements, City Audit, CAFR and the Keno Audit.

RECOMMENDATION

Approval.

BACKGROUND

In the fiscal year 2007 (FY07) audit, new and more demanding audit standards became effective with the City receiving two significant deficiencies, one of which was a material weakness. The City resolved one of these issues by contracting with different firms for Financial Statement preparation and the Audit

For the past five years Orizon CPA's have been doing the City's financial statements and keno audit while BKD has been doing the City's Audit. This current year Orizon CPA informed us that the FY12 audit would be their last year to prepare financial statements. It has been difficult, for both City staff and Orizon CPA's, to work with two different audit firms that have their own interpretations of the GASB Standards.

BKD has proposed to do the financial statements, audit, comprehensive annual financial report and Keno audit.
(See attached letter for details)

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA AUTHORIZING THE CITY TO ENGAGE BKD, LLP, OMAHA NEBRASKA FOR THE CITY'S FINANCIAL STATEMENTS, FINANCIAL AUDITS, COMPREHENSIVE FINANCIAL REPORT (CAFR), QUARTERLY KENO OBSERVATIONS AND THE ANNUAL KENO AUDIT FOR THREE ONE YEAR RENEWABLE TERMS

WHEREAS, the City of La Vista has determined that all the auditor functions should be done by one company in order to maintain uniformity in reporting and interpreting; and

WHEREAS, BKD, LLP, has done the financial audit previously and Orizon CPAs prepared the financial statements and did the Keno audit and observation; and

WHEREAS, Orizon CPAs informed the City that it would no longer prepare the financial statement after the FY12 audit.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Council of La Vista, Nebraska, do hereby authorize the engagement of BKD, LLP, Omaha Nebraska for the City's financial statement, financial audits, comprehensive financial report (CAFR), quarterly keno observations and the annual keno audit.

PASSED AND APPROVED THIS 2ND DAY OF JULY, 2013

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Buethe, CMC
City Clerk

June 10, 2013

Ms. Sheila Lindberg, Finance Director
City of LaVista
8116 Park View Boulevard
LaVista, Nebraska 68128

Dear Sheila:

This letter serves to document our desire to continue to provide professional services to the City of LaVista ("the City"). We are excited to have the opportunity to continue to serve you as your independent accountants and to expand our services to include drafting of the financial statements, assistance with preparation of a Comprehensive Annual Financial Report (CAFR), audit procedures related to the CAFR and agreed-upon procedures related to the Keno operations.

Scope of Services and Related Fees

We propose a basic fee to perform the following services for the next three years:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Financial statement audit for the fiscal years ending September 30	\$48,500	\$50,000	\$51,500
Financial statement drafting, including accrual entries	\$16,500	\$17,000	\$17,500
Comprehensive Annual Financial Report (CAFR) preparation, assistance and additional audit procedures	\$ 4,500	\$ 4,650	\$ 4,800
Quarterly observations of Keno operations and annual Keno attestation procedures	N/A	\$6,650	\$6,850

The fees reflected above are based on the understanding that the City will engage BKD for an additional three years, during which time you can expect to receive the same level of service you have experienced throughout our relationship to date. If at any point the City is not satisfied with the services provided by BKD, we ask that City Administration contact us to discuss those concerns. If we are unable to appropriately address the City's concerns, we understand this agreement and our services may be terminated.

Because we serve as the City's audit firm and will be drafting the financial statements, we have to evaluate our involvement with the financial statement drafting as either a deficiency, a significant deficiency, or a material weakness. The level of the deficiency will likely be reduced as supporting workpapers are provided by the Finance Department.

Should the City require an OMB Circular A-133 audit for one major federal program, we estimate our fee to be approximately \$6,000. If it is later determined that there are additional major programs to audit, we will obtain your agreement on additional fees before proceeding. Estimated fees for additional programs would be approximately \$3,000 per program.

Our fees are based primarily on the complexity of the work and the amount of time required. Our estimate is based on our understanding of your present internal control policies and procedures and our expectation of continued assistance from your personnel. Our fees may increase if our duties or responsibilities change because of new rules, regulations, accounting or auditing standards. We will consult with you should this happen.

Annually, the terms of our engagement will be documented in a separate letter to be signed by the City and BKD.

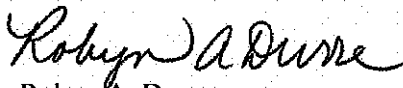
Our Commitment to the City of LaVista

Your personnel know the level of unmatched service and personal attention you have received throughout our relationship. We do not take our past relationship for granted and will continue to look for opportunities to enhance our service delivery to the City.

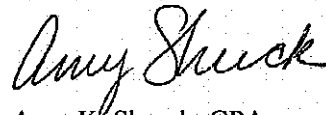
We look forward to working with the City and welcome this opportunity to continue providing professional services as your independent accountants. If you have any additional questions about the information contained in this letter, you may reach us at 402.392.1040 or by email.

Sincerely,

BKD, LLP



Robyn A. Devore
Partner



Amy K. Shreck, CPA
Manager