

MEMORANDUM

TO: Mayor Diane Wolfe Marlin and City Council Members

FROM: Elizabeth Hannan, Human Resources and Finance Director / CFO
Shaennon Clark, Deputy Finance Director

DATE: February 24, 2022

SUBJECT: REVISED RESOLUTION APPROVING THE ENGAGEMENT OF LAUTERBACH & AMEN, LLP FOR INDEPENDENT FINANCIAL AUDITING SERVICES

At the February 21, 2022 City Council Committee of the Whole meeting, the Urbana City Council requested changes to the resolution approving the engagement of Lauterbach & Amen, LLP (L&A) for independent financial auditing services. The proposed resolution authorized the Mayor to engage the services of L&A as the independent auditor for the City for the fiscal years ending June 30, 2022, 2023, 2024, 2025 and 2026, and to approve applicable extensions for three additional years, pursuant to the Request for Proposals (RFP) issued for such services and the proposal submitted by L&A. City Council requested a change to remove the authorization to engage the services of L&A beyond the initial five-year term. Therefore, based on City Council discussion and recommendation, the authorization for the Mayor to approve the optional three-year extension, has been removed from this resolution. As the five-year term comes to a close, the need for an extension will be evaluated as the City will be in a better position to assess those needs. Therefore, the Finance Department will present a resolution for City Council's approval of an extension with L&A or they will initiate a competitive RFP process, at that time.

City Council also requested additional information regarding the current relationship with L&A to ensure that the audit engagement wouldn't impair their independence. Both pension fund boards (police and fire) currently utilize L&A for actuarial work and for occasional assistance with complex pension calculations. As the memo states, this should not present a conflict, since there is no overlap between the staff on those engagements. Both boards act independently of the City to engage professional services. The City has not engaged L&A for accounting work in the past.

Additionally, the independence standards for single audits allow L&A's actuarial team to provide all consulting work and funding recommendations with the Fire and Police pension Funds since they would work with an independent actuarial firm (MWM Consulting) to provide their opinion on the accounting disclosures required by the Governmental Accounting Standards Board Statement Number 68 (GASB 68). This arrangement meets the independence standards for organizations subject to single audits. The City of Urbana is subject to single audit requirements and the Uniform Guidance rules due to the amount of federal funds expended. Single audits are intended to provide a cost-effective audit for non-Federal entities in that one audit is conducted in lieu of multiple audits of individual programs. L&A will communicate directly with the independent firm once their actuarial team has gone through their calculations.

RESOLUTION NO. 2022-02-021R

**A RESOLUTION APPROVING THE ENGAGEMENT OF LAUTERBACH & AMEN,
LLP FOR INDEPENDENT FINANCIAL AUDITING SERVICES**

(Fiscal Years Ending June 30, 2022, June 30, 2023, June 30, 2024, June 30, 2025, and June 30, 2026)

WHEREAS, City staff sought proposals from qualified firms of certified public accountants to audit the City's financial statements for the fiscal years ending June 30, 2022 through June 30, 2026 with the option of auditing its financial statements for each of the three (3) subsequent fiscal years; and

WHEREAS, these audits are required by law and are to be performed in accordance with generally accepted auditing standards and other applicable standards and provisions; and

WHEREAS, the evaluation committee recommends Lauterbach & Amen, LLP to the City Council for approval at a final price acceptable to both the City and the audit firm of \$60,520 for the first year as proposed by Lauterbach & Amen, LLP in their proposal with an approximate increase of 2% annually for the remaining four years, and a possible three-year extension; and

NOW, THEREFORE, BE IT RESOLVED by the City Council, of the City of Urbana, Illinois, as follows:

Section 1.

The Mayor of the City of Urbana, Illinois, shall be and hereby is authorized to engage the services of Lauterbach & Amen, LLP as the independent auditor for the City for the fiscal years ending June 30, 2022, 2023, 2024, 2025, and 2026, pursuant to the Request for Proposals issued for such services, and the proposal submitted by Lauterbach & Amen, LLP.

Section 2.

The Mayor of the City of Urbana, Illinois shall be and hereby is authorized to execute a letter of engagement or other agreement consistent with the terms referenced in this resolution and deliver to the City Clerk of the City of Urbana, Illinois, for attestation the said agreement in substantially the form and substance of this resolution.

PASSED BY THE CORPORATE AUTHORITIES this __ Day of _____, 20__.

AYES: _____

NAYS: _____

ABSTENTIONS: _____

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this __ Day of _____, 20__.

Diane Wolfe Marlin, Mayor

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Diane Wolfe Marlin, Mayor