

# CITY COUNCIL AGENDA ITEM



500 West Big Beaver  
Troy, MI 48084  
troymi.gov



Date: February 3, 2021

To: Mark F. Miller, City Manager

From: Robert J. Bruner, Assistant City Manager  
Robert C. Maleszyk, Chief Financial Officer  
Lisa Burnham, Controller  
Emily Frontera, Purchasing Manager

Subject: Contract Extension – Audit Services

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## **History**

Rehmann Group, a Troy-based company, has performed Audit Services for the City of Troy beginning with the 2005 fiscal year-end audit as a result of a competitive bid process (Resolution #2005-04-182). Since that time, the auditing service has been renewed unanimously by City Council with three-year contracts through 2019. A market survey performed in 2017 noted that we are receiving incredible value in comparison to other municipalities of like size and characteristics. The fees presented this year will still be below 2008 rates. Last year with new financial leadership, it was decided to renew for one year to evaluate the audit services. After a successful year in 2020, we are prepared to continue the relationship for audit services with Rehmann Group.

## **Purchasing**

- January 29, 2021, the City received a letter from the *Rehmann Group* indicating their interest in continuing to provide audit services for fiscal year 2021 at a rate of \$65,600 and fiscal year 2022 at a rate of \$67,600.
- The *Rehmann Group* continues to meet all expectations and consistently has delivered timely Audit Services.
- Individuals assigned to the City audit have been knowledgeable and have been of great assistance in helping the City successfully adopt the ever changing pronouncements in governmental accounting standards.
- The *Rehmann Group* is the largest public accounting firm with offices located in the City of Troy and a top 5 accounting firm in Southeast Michigan according to Crain's List.
- Based upon the impact of COVID and the Cares Act funding received by the City, we will most likely also be having a Single audit for the fiscal year 2021.

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## **Financial**

- The base audit fee of \$65,600 will be allocated to the following funds/component units based on estimated hours to complete the audit in 2021:

General Fund	\$58,500
Downtown Development Authority	3,200
Brownfield Redevelopment Authority	1,850
Local Development Authority	<u>2,050</u>
Total	\$65,600

- Fees for the Single Audit (\$5,000), *if required*, will be charged to the fund receiving the largest portion of federal grant funding and deemed as a major program for audit purposes.

## **Recommendation**

City management recommends awarding a two (2) year contract extension to the *Rehmann Group of Troy, MI* to provide independent auditing services for the fiscal year ending June 30, 2021 and 2022 for a fee of \$65,600 and \$67,600 and if required \$5,000 and \$5,200 for the Single Audit, for an estimated grand total of \$70,600 and \$72,800 respectively.

January 29, 2021

Robert C. Maleszyk  
Director of Financial Services  
City of Troy  
500 W. Big Beaver Rd.  
Troy, MI 48084

***Re: Proposal to Extend Auditing Services Contract***

Dear Mr. Maleszyk,

We are writing to extend our sincere gratitude to the City for the opportunity we have had to be of service as the City's auditors for the past several years. We value the relationship that we have had with the City and its staff, and trust that you feel that the City has benefited from our professional relationship as well. We would like to offer to extend our professional relationship for the next year under the terms noted below.

	<u>2021</u>	<u>2022</u>
Financial audit	\$ 65,600	\$ 67,600
Single audit, if required <sup>(1)</sup>	5,000	5,200

<sup>(1)</sup> This price proposal includes an audit of up to 2 major programs in each year. Additional major programs, if required, would be billed at an additional \$3,000 each.

These fees are based on the presumption that the City's accounting records will be reasonably adjusted and auditable. If any additional services are required to assist the City in preparing a reasonably adjusted trial balance, we will discuss the related circumstances with management and arrive at a new fee estimate.

These fees are independent of any special projects for which a separate engagement is contracted. We will, of course, continue to be available throughout the year to answer general business questions, and to assist you or your staff with accounting for specific transactions without charge.

Again, we thank you for the continuing opportunity to be of service to the City, and we look forward to many more years of exceeding your expectations. If you have any questions regarding this extension, or if we can be of assistance to you in any way, please do not hesitate to contact us.

Very truly yours,

**Rehmann Robson**



Nathan C. Baldermann, CPA, CGFM  
Principal

The above proposal is hereby accepted for an additional two years.

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Signature

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Date