



Staff Report

TO: Honorable Mayor and Members of the Town Council
FROM: Wes Heathcock, Town Manager
DATE: November 14, 2023
RE: Eide Bailly Contract Budget Amendment

Recommendation

Staff recommends the Town Council authorize the Town Manager to increase the Eide Bailly contracted finance services budget \$179,000 for a total budget of \$303,145.

Issue Statement and Discussion

In response to the loss of the finance director Roger Carroll in a tragic bicycle accident on April 8, 2023, staff solicited accounting services from Eide Bailly that council ratified at the June 2023 meeting. The contract with Eide Bailly is intended to help the Town maintain accounting activities while recruiting a permanent finance director. The goal was to have a new finance director onboard in November 2023 with overlap with Eide Bailly during the month.

The finance director recruitment did not result in a successful candidate; therefore, the Town will need to extend Eide Bailly services through February 2024 to assist with day-to-day accounting activities and the FY 2022/23 audit process. The executive recruitment will continue simultaneously.

A separate action item for the council is on the agenda as well to shift the interim finance director's role to a different consultant to enhance the budgetary oversight process.

CEQA Requirements

There are no CEQA implications associated with the recommended action.

Financial and/or Policy Implications

The new contract value for Eide Bailly will be a total of \$303,145 for the combined fiscal years. The finance department budget will need a mid-year budget adjustment to address the additional consultant costs.

Eide Bailly Contract Budget

Fiscal Year	Amount
FY 2022/23	\$ 63,862
FY 2023/24	\$ 239,283
Total	\$ 303,145

Attachments

- A. Resolution 23-XX
- B. Eide Bailly Engagement Letter

Item 7 Attachment A

TOWN OF LOOMIS

RESOLUTION NO. 23 - XX

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOOMIS AUTHORIZING THE TOWN MANAGER TO INCREASE THE EIDE BAILLY CONTRACTED FINANCE SERVICES BUDGET \$179,000 FOR A TOTAL BUDGET OF \$303,145

WHEREAS, The Town of Loomis recruited to fill the finance director position without success; and

WHEREAS, The Town will need to extend Eide Bailly services through February 2024 to assist with day-to-day accounting activities and the FY 2022/23 audit process.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Town Council of the Town of Loomis authorizes the Town Manager to increase the Eide Bailly contracted finance services budget \$179,000 for a total budget of \$303,145.

PASSED AND ADOPTED by the Town Council of the Town of Loomis this 14th day of November 2023, by the following vote:

AYES:
NOES:
ABSTAINED:
ABSENT:

Mayor

ATTEST:

Town Clerk

May 23, 2023

Sean Rabe, Town Manager
Town of Loomis, California

This letter outlines the understanding of the terms and objectives of the consulting engagement between Eide Bailly LLP (Eide Bailly) and the Town of Loomis (Town).

Scope of Engagement

We will work with you to provide consulting services in connection with the following services and frequency:

 **Scope**

Service	Frequency
Accounts payable processing	Weekly
Payroll processing	Bi-weekly
Credit card reconciliations	Monthly
Bank reconciliations	Monthly
Bill.com reconciliations	Monthly
All Paid reconciliations	Monthly
Treasurer’s Report	Quarterly
SLFRF reporting	Annually
CalPERS rate adjustments	Annually
Computer loan program reconciliation	Annually
Year-end close, audit preparation, audit coordination	Annually
Draft formalized process for developing capital projects budget	One-time
Capital projects budget	Annually

Our engagement will be performed under the *Statements on Standards for Consulting Services* issued by the American Institute of Certified Public Accountants (AICPA). We will not provide audit, review, compilation or financial statement preparation services to any historical or prospective financial information or provide attestation services under the AICPA *Statements on Standards for Attestation Engagements* and assume no responsibility for any such information.

You will provide us, as promptly as possible, all requested information and documentation reasonably deemed necessary or desirable by us in connection with the engagement. You represent and warrant that all information and documentation provided or to be provided to us is true, correct and complete, to the best of your knowledge and belief. We are authorized to rely upon such information and documentation without independent investigation or verification.

We may use third party service providers and/or affiliated entities (including Eide Bailly Shared Services Private Limited) (collectively, "service providers") in order to facilitate delivering our services to you. Our use of service providers may require access to client information by the service provider. We will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the confidentiality of client information accessed by such service provider and any work performed by such service provider.

We agree to retain our work papers for a period of at least eight years from the date of our report.

Timeline

We will begin our procedures upon acceptance of this engagement agreement. The completion of deliverables is dependent on the timely receipt of requested information and the cooperation of the parties involved. If delays are experienced in receiving information, the delivery of our work will be delayed accordingly.

Fees

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses, including administrative charges. Invoices are payable upon presentation. We estimate that our fee for the engagement will not exceed \$125,000. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Our rates will by level are:

 **Hourly Rates**

Hourly Rate by Staff Level	
Partner	\$ 350 / hr.
Sr. Manager	\$ 300 / hr.
Manager	\$ 250 / hr.
Senior Associate	\$ 190 / hr.
Associate	\$ 150 / hr.

The ability to perform and complete our engagement consistent with the estimated fee included above depends upon the quality of your underlying accounting records and the timeliness of your personnel in providing information and responding to our requests. To assist with this process, we will provide you with a Prepared-by-Client (PBC) request that identifies the information we will required to perform our engagement, as well as a planned timeline for the engagement. A failure to provide this information in an accurate and timely manner may result in an increase in our fees and/or a delay in the completion of our engagement.

We may be requested to make certain engagement documentation available to outside parties, including regulators, pursuant to authority provided by law or regulation or applicable professional standards. If requested, access to such engagement documentation will be provided under the supervision of Eide Bailly LLP's personnel. Furthermore, upon request, we may provide copies of selected engagement documentation to the outside party, who may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in making such engagement documentation available or in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm's performance of these services. You and your attorney will receive, if lawful, a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

Should our relationship terminate before our agreed upon procedures are completed and a report issued, you will be billed for services to the date of termination. All bills are payable upon receipt. A service charge of 1% per month, which is an annual rate of 12%, will be added to all accounts unpaid 30 days after billing date. If collection action is necessary, expenses and reasonable attorney's fees will be added to the amount due.

The Town accepts responsibility for the results of the services being provided and agrees to perform the following functions in connection with this engagement:

- Make all management decisions and perform all management functions.
- Designate a competent individual to oversee the services.
- Evaluate the adequacy and results of the services performed.
- Accept responsibility for the results of the services.
- Establish and maintain internal controls, including monitoring ongoing activities.

Eide Bailly LLP has owners that are not licensed as certified public accountants as permitted under Section 5079 of the California Business Code. It is not anticipated that any of the non-licensee owners will be performing services for the Town.

MEDIATION

Any disagreement, controversy or claim arising out of or related to any aspect of our services or relationship with you (hereafter a "Dispute") shall, as a precondition to litigation in court, first be submitted to mediation. In mediation, the parties attempt to reach an amicable resolution of the Dispute with the aid of an impartial mediator. Mediation shall begin by service of a written demand. The mediator will be selected by mutual agreement. If we cannot agree on a mediator, one shall be designated by the American Arbitration Association ("AAA"). Mediation shall be conducted with the parties in person in the Sacramento office. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties. Neither party may commence a lawsuit until the mediator declares an impasse.

LIMITED INDEMNITY

Eide Bailly LLP and its partners, affiliates, officers and employees (collectively "Eide Bailly") shall not be responsible for any misstatements in the information provided to us to complete our engagement that we may fail to detect as a result of misrepresentations or concealment of information by any of your owners, directors, officers or employees. You shall indemnify and hold Eide Bailly harmless from any claims, losses, settlements, judgments, awards, damages and attorneys' fees arising from any such misstatement or concealment of information.

If through no fault of Eide Bailly we are named as a party to a dispute between you and a third party, you shall indemnify and hold Eide Bailly harmless against any losses, damages, settlements, judgments, awards, and the costs of litigation (including attorneys' fees) we incur in connection with the dispute.

Eide Bailly shall not be entitled to indemnification under this agreement unless the services were performed in accordance with professional standards in all material respects.

LIMITATION OF LIABILITY

The exclusive remedy available to you for any alleged loss or damages arising from or related to Eide Bailly's services or relationship with you shall be the right to pursue claims for actual damages that are directly caused by Eide Bailly's breach of this agreement or Eide Bailly's violation of applicable professional standards. In no event shall Eide Bailly's aggregate liability to you exceed two times fees paid under this agreement, nor shall Eide Bailly ever be liable to you for incidental, consequential, punitive or exemplary damages, or attorneys' fees.

TIME LIMITATION

You may not bring any legal proceeding against Eide Bailly unless it is commenced within twenty-four (24) months ("Limitation Period") after the date when we delivered our report, return, or other deliverable under this agreement to you, regardless of whether we do other services for you or that may relate to the engagement. The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of a possible Dispute.

GOVERNING LAW AND VENUE

Any Dispute between us, including any Dispute related to the engagement contemplated by this agreement, shall be governed by Minnesota law. Any unresolved Dispute shall be submitted to a federal or state court located in Minneapolis, Minnesota.

ASSIGNMENTS PROHIBITED

You shall not assign, sell, barter or transfer any legal rights, causes of actions, claims or disputes you may have against Eide Bailly to any person.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our engagement including our respective responsibilities.

We appreciate the opportunity to be of service to you and look forward to working with you and your staff.

Respectfully,



James W Ramsey, CPA, CFE
Partner

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Town of Loomis, California by:

Name: _____

Title: _____

Date: _____