



May 21, 2025

ITEM TITLE: RESOLUTION NO. 2025-021 & SA-25-96 APPROVING AN AGREEMENT FOR PROFESSIONAL AUDIT SERVICES FOR CITY OF IMPERIAL BEACH, INCLUDING ITS COMPONENT PUBLIC AGENCIES, WITH ROGERS, ANDERSON, MALODY & SCOTT, LLP FOR FISCAL YEARS 2025-26 THROUGH 2027-28. (0310-05)

ORIGINATING DEPARTMENT:

Finance

EXECUTIVE SUMMARY:

City Council Resolution No. 2025-021 and Imperial Beach Successor Agency Resolution SA-25-96 recommends approval of an agreement for Professional Audit Services with Rogers, Anderson, Malody & Scott, LLP (RAMS) to provide audit services for the City of Imperial Beach and Imperial Beach Successor Agency for Fiscal Years 2025–26 through 2027–28, with optional extensions through 2029–30. RAMS has served as the City's auditor since 2021 and brings valuable institutional knowledge, consistency, and efficiency to the audit process. The proposed agreement outlines a not-to-exceed cost structure and includes all required audit services in compliance with state and federal standards. Approval by the County Oversight Board will also be sought for the Successor Agency's portion of the agreement.

RECOMMENDATION:

Staff recommends the adoption of Resolution No. 2025-021 and Resolution SA-25-96 authorizing the City Manager or designee to execute a professional services agreement with Rogers, Anderson, Malody & Scott, LLP for independent auditing services for fiscal years 2025-26 through 2027-28, with the option for each of the two subsequent fiscal years.

OPTIONS:

- Approve Resolution No. 2025-021 and Resolution SA-25-96
- Reject the resolutions and provide direction to the City Manager

BACKGROUND/ANALYSIS:

Annually, the City issues various audited financial and compliance reports. An independent audit is critical to financial success to ensure municipal funds are properly accounted for, that the fiscal condition of the City is clearly expressed to the City Council and residents, and that all financial documents are accurate and compliant. These audits fulfill state, federal, and other regulatory requirements while also providing transparency to the public. In accordance with auditing standards, the City's independent auditors conduct these reviews to obtain reasonable assurance that the financial statements are free of material misstatement and report their findings in the Independent Auditor's Report.

Since 2021 Rogers, Anderson, Malody & Scott, LLP (RAMS) has been providing annual auditing services for the City of Imperial Beach and the Successor Agency. Pursuant to Government Code section 12410.6(b) adopted in 2013, RAMS has rotated the lead audit partner. Staff recommend maintaining continuity with the current auditor for the upcoming fiscal years based on several key considerations:

1. Institutional Knowledge: RAMS has developed a strong understanding of the City's financial systems, internal controls, and reporting practices through their prior work. This reduces the learning curve and allows for a more efficient and focused audit process.
2. Consistency and Accuracy: Retaining the same auditor promotes consistency in financial reporting and auditing standards. It helps ensure that financial statements are evaluated using a consistent methodology, making year-over-year comparisons more meaningful and reliable.
3. Efficiency and Cost-Effectiveness: Given their familiarity with the City's operations and financial records, RAMS can conduct audits more efficiently, potentially reducing staff time and associated costs.
4. Strong Working Relationship: A continued relationship fosters improved communication and collaboration between City staff and the auditors, which supports smoother audits and faster issue resolution.
5. Proven Performance: RAMS has consistently delivered thorough, professional, and compliant audit services. Their continued engagement supports the City's commitment to transparency and sound financial management.

The agreement for Professional Audit Services with RAMS is structured as a tri-party agreement among the City, the Successor Agency, and RAMS ("Consultant"). It provides audit services for Fiscal Years 2025-26, 2026-27, and 2027-28. If the City and Successor Agency choose to exercise their extension options as outlined in Section 4 of the Agreement, the term would be extended to include Fiscal Years 2028-29 and 2029-30.

The scope of services states, in general terms, that the Consultant will conduct an examination of the financial statements and records of the following:

- (1) the City and its component public agencies, including and without limitation, the Housing Authority of the City of Imperial Beach, and the Imperial Beach Public Financing Authority; and
- (2) the Successor Agency, for compliance with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB), for each of the above referenced years.

The agreement provides that the Consultant will be compensated for work completed, in the not-to-exceed ("NTE") amounts listed below, for the fiscal year audits of the City's and Successor Agency's financial statements for basic services rendered under the Agreement:

	FY 25-26	FY 26-27	FY 27-28	FY 28-29*	FY 29-30*
CITY	\$48,950	\$52,060	\$52,060	\$55,100	\$55,100
SA	\$2,000	\$2,100	\$2,200	\$2,300	\$2,300
NTE	\$50,950	\$54,160	\$54,160	\$57,400	\$57,400

*Compensation payable to the Consultant for FY 28-29 and FY 29-30 described above are each first subject to the City's and Successor Agency's exercise of their options to extend the term of the Agreement for the above-mentioned fiscal years.

The consultant will be compensated for additional services only upon prior written approval of the City or Successor Agency.

The proposed audit fee for Fiscal Year 2025–26 is \$50,950, an increase from the previous fee of \$46,650. The increases reflect modest year-over-year adjustments to account for inflation, rising labor costs, and evolving audit and reporting requirements. These structured increases allow for cost predictability over the term of the agreement while ensuring the City continues to receive high-quality, compliant, and efficient audit services.

Upon the Successor Agency's approval of the Agreement with the Consultant, staff will seek the County Oversight Board's approval of the Successor Agency entering into the agreement. The costs to be paid by the Successor Agency for its required audit work under the agreement will be included by the Successor Agency on each applicable annual ROPS.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL ANALYSIS: Fees for auditing services will be included in the appropriate budget year:

FY 2025/26 = \$50,950 (for FY 2024/25 audit)
FY 2026/27 = \$54,160 (for FY 2025/26 audit)
FY 2027/28 = \$54,160 (for FY 2026/27 audit)
FY 2028/29 = \$57,400 (for FY 2027/28 audit) (if subsequent year is approved)
FY 2029/30 = \$57,400 (for FY 2028/29 audit) (if subsequent year is approved),

ATTACHMENTS:

ATT 1 – City Council Resolution No. 2025-021
ATT 2 – Successor Agency Resolution SA-25-96