

ITEM NUMBER: 8a

To: KPPCSD Board of Directors
From: Ann R. Danforth, General Counsel
Date: August 9, 2018
Subject: Contract for Financial Services
Vavrinek, Trine, Day & Co., LLP

I. BACKGROUND

As discussed in detail in the General Manager's Staff Report for Item 7a on tonight's agenda, the Board is considering whether to implement Management Strategies Group's recommended Administrative Support Reorganization ("Recommendations"). The Recommendations include shifting most financial services to outside contractors. The attached contract with Vavrinek, Trine, Day & Co., LLP ("VTD") will facilitate that shift.

The Board will hear the Recommendations before the VTD contract before this contract comes up on the agenda. However, the VTD contract warrants consideration independent of those recommendations. Even if the Board defers consideration of the Reorganization Recommendations or decides to keep most financial services in-house, the District will still have a pressing need for support in this area.

District staff is very small, as is the case with most special districts. This means that if any one staff member is on vacation, ill or separates from our employment without warning, there is no one remaining to address critical functions, such as payroll and general accounting. The District does make use of a contract accountant, but she is often unavailable. Retaining a CPA firm will ensure that the District has as-needed services available.

II. ANALYSIS

Page 1 of the VTD contract provides for a wide range of financial services, all to be provided at the General Manager's direction. Notably, the firm will not provide audit services, to avoid conflicts of interest. The contract also provides that the hourly cost of the services will depend on the level of the professional performing them. The total will not exceed \$15,000 annually.

III. CONCLUSION AND RECOMMENDATION

To avoid future shortfalls in staffing, staff recommends approval of the VTD Contract.

Exhibits: Proposed VTD Contract