



MEMORANDUM

TO: MRA Board of Commissioners

FROM: Jilayne Dunn, Business/Project Manager 

DATE: July 8, 2021

SUBJECT: **Audit Services Contract for Fiscal Years 2021-2025**

Action Requested: Approval of proposal submitted by Anderson ZurMuehlen & Co., P.C. for audit services for fiscal years ending June 30, 2021 through June 30, 2025.

Governing Body and Guidelines: The Montana Department of Administration's Local Government Services Bureau provides guidelines and oversight for local governments with respect to audits and financial reporting.

Although component units of the City of Missoula, both the MRA and Missoula Parking Commission (MPC) historically contracted on their own for independent audit services for evaluation and presentation of their financial statements. Beginning in 2009, the MRA and the MPC joined the City of Missoula in requesting proposals for audit services to ensure competitive pricing and improved continuity and communication during the audit process.

A Request for Proposals (RFP) process was conducted in 2009 and again in 2014. Anderson ZurMuehlen & Co., P.C. (AZ) was the successful respondent in both instances.

In 2020, the City, MRA and MPC had anticipated doing another RFP process. Due to the impact of the Covid-19 pandemic, all entities approached and received approval from their respective governing bodies for a one-year extension to AZ's contract.

Recently the City led another RFP process for audit services for fiscal years ending June 30, 2021 through June 30, 2025. AZ was the sole respondent. Their submittal can be viewed [here](#).

The City, MRA and MPC staff have reviewed AZ's submittal and found it acceptable. AZ has routinely provided quality work for MRA and has completed our audits in a timely manner. Their staff is knowledgeable about tax increment financing and the unique redevelopment programs Missoula has adopted for voluntary and compulsory repair in the redevelopment districts. For MRA audits, they often assign a supervisor who is

familiar with our agency and another staff member who hasn't worked with us before. This approach provides both a continuity of understanding of what we do but also a fresh set of eyes on the financial details of our organization. In my opinion, this is the best of both worlds.

Below is a breakdown of AZ's professional fees and expenses for the audit of MRA's fiscal year 2021 financial statements and a summary of the audit costs for fiscal year 2020 and the proposed fees for fiscal years 2021-2025.

Schedule of Professional Fees and Expenses for the Audit of Missoula Redevelopment Agency 2021 Financial Statements:

Level	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Engagement Partner	16	\$290	\$275	\$ 4,640
Quality Control Reviewer	4	\$280	\$265	1,120
Technical Reviewer	4	\$290	\$275	1,160
Supervisor	80	\$160	\$145	12,800
Staff	58	\$125	\$110	7,250
Administrative staff	8	\$70	\$50	560
Subtotal	<u>170</u>			<u>27,530</u>

Out-of-Pocket Expenses:

Report production, postage etc...	250
Courtesy discount	<u>(12,780)</u>
Total all inclusive maximum price for 2021	<u>\$ 15,000</u>

Levels of staff above are based on prior experience with the Missoula Redevelopment Agency audit engagement.

Fiscal Year	2020	2021 Proposed	2022 Proposed	2023 Proposed	2024 Proposed	2025 Proposed
Fee	\$15,000	\$15,000	\$15,750	\$16,500	\$17,300	\$18,100
% Increase	17%	0%	5%	5%	5%	5%

STAFF RECOMMENDATION: Staff recommends approval of the proposal by Anderson ZurMuehlen & Co., P.C. to provide audit services for the Agency for fiscal years ending June 30, 2021 through June 30, 2025 in the amounts represented in this memo.

Supplemental information:

The audit and financial reporting section of the Administrative Rules of Montana is found at <http://www.mtrules.org/gateway/Subchapterhome.asp?scn=2%2E4%2E4>

The State of Montana standard audit contract and amendment form can be found at https://sfsd.mt.gov/LGSB/Audit-Financial-Review-Resources/3_Contracts