



TO: BOARD OF DIRECTORS BOD Meeting: 07/30/2026
FROM: Katharine D Wylie, Agency Administrator Item: 3b)
SUBJECT: DZA Contract Renewal - FY 2025-26 Audit services

RECOMMENDATION

Staff recommends that the Board authorize renewal of the District's auditing services agreement with DZA PLLC ("DZA") for the 2025-26 fiscal year audit, on a sole-source basis, in an amount not to exceed \$26,000 — which reflects a \$4,000 discount DZA has offered off its standard fee for this engagement.

BACKGROUND

DZA PLLC Accountants|Advisors has finished auditing the District's finances for five years: fiscal years 2020-21 through 2024-25. The District is now current on its required audits.

For each year of the five (5) years, the auditor's opinion states that "the financials present fairly, in all material respects, the financial position of the district".

Audit completion gives the District a verified financial record spanning the District's transition from hospital operator to facility owner and landlord, under a 30 year lease agreement that began July 1, 2020.

JUSTIFICATION FOR SOLE-SOURCE RENEWAL

*** Institutional knowledge and continuity.** Over five years, DZA has built a working understanding of the District's accounting systems, chart of accounts, and the lease accounting treatment tied to the 30-year facility lease. The Executive Director and CFO have, in turn, developed familiarity with DZA's methodology and workpapers. Engaging a new firm now would require rebuilding that institutional knowledge from the ground up, during a period that remains financially complex.

***Established working relationship.** Staff and DZA have successfully completed a complex, multi-year audit engagement together and have established an excellent working rapport. Communication, document requests, and issue resolution proceed efficiently as a result — a level of efficiency a new firm would not have in its first year.

***Timing.** Preliminary work for the 2025-26 audit is underway. Running a competitive RFP process at this point would delay fieldwork and put the District's ability to complete the audit on its normal schedule, jeopardizing continuous, uninterrupted audit coverage.

***Demonstrated performance.** Five consecutive years of unmodified (clean) audit opinions reflect a strong, reliable track record.

***Cost benefit.** DZA has offered a \$4,000 discount off its standard fee for this year's engagement, bringing the total contract amount to \$26,000 — a direct, one-time cost savings.

FISCAL IMPACT

\$26,000 for the FY2025-26 audit engagement, inclusive of the \$4,000 discount