



**TOWN OF MILLIKEN
TOWN BOARD
AGENDA MEMORANDUM**

To: Mayor Tokunaga and Board of Trustees From: Patrick Murphy, Treasurer, Director of Finance & Accounting Via: Kent Brown, Town Administrator	Meeting Date: Wednesday, January 14, 2015
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Agenda Item #	Action:	Discussion:	Information:
	X		
Agenda Title: Selection & Acceptance of Proposal for the Audit of the Town's Basic Financial Statements for the Fiscal Year Ended December 31, 2014			
Attachments: Proposals for Audit Services (3) Audit Services Summary Worksheet			

PURPOSE

The Town of Milliken is required by the State to submit annual financial statements which have been audited by an independent Certified Public Accountant. The Auditor is employed by the Town Board and is charged with evaluating these statements and rendering an opinion as to their conformance with the generally accepted accounting principles (GAAP) of the United States.

BACKGROUND

For the past several years, the firm of Anton Collins Mitchell, LLP (ACM) has provided auditing services to the Town. For the 2013 engagement, ACM assigned the same management and senior staff to our account that worked on the statements for 2012. This continuity proved to be very beneficial, and helped us ensure that our report was submitted to the Office of the State Auditor without the need for an extension, as had been done the previous two years. In addition, the improvements we were able to make to our accounting system and records eliminated the need for any audit adjustments, allowing for the smooth and timely preparation of the final financial statements and helping to achieve the timely submittal to the State. At the completion of the audit, the Town received an Unqualified Opinion on the conformity of its statements to GAAP. As you may recall, and Unqualified Opinion expresses the auditors' determination that our basic financial statements "present fairly, in all material respects," the financial position of the Town. This is also know in the profession as a "clean" opinion and is expressed without qualification or exceptions. Total fees and costs for the 2013 engagement were \$12,130.

As there have been comments and discussions over the past two years regarding the continuation of the relationship with ACM, Staff took the initiative and published a Request for Proposals (RFP) for audit services for the 2014 financial statements on November 20, 2014 to assess the current marketplace and offer the Board a choice to consider for the current audit. The RFP was sent to eight qualified accounting firms and three proposals were received by the deadline on December 5, 2014. A summary of the proposals is attached. At least two references were called for each firm and a telephone conversation was held with the two new firms (other than ACM) to make personal contact and/or to ask follow-up questions regarding the proposal.

BUDGET IMPLICATIONS

The fees included in all of the proposals are just slightly higher than, equal to, or less than the amount approved in the 2015 Budget, as we have preliminarily determined that the Town has not received sufficient Federal Funds (\$500,000) to require a Single Audit. A Single Audit would require additional audit procedures and add \$3,500 to \$4,200 to the total fees.

RECOMMENDATION

As the selection of the audit firm is considered a direct engagement by the Board of Trustees, Staff is not making a specific recommendation for a selection, but offers the following comments for the Board to consider in making this decision:

1. All three firms that submitted proposals are clearly qualified to perform the audit in accordance with current professional standards.
2. All three firms had glowing references from their clients.
3. Changing to a new firm, while not affecting the fees proposed, will add additional cost in terms of the staff time and expense related to assisting the new firm in building and reviewing its initial files and orienting the audit team to the financial and operational systems of the Town.
4. Two firms, ACM and Anderson Whitney, are located nearby, in Greeley. Swanhorst & Company is in Greenwood Village.
5. Anderson and Whitney, while the lowest cost proposal, expressed some concerns over the schedule, as they are heavily scheduled early in the year and will not begin actual field work until late May or June. While this should not affect our ability to file our statements without an extension, it leaves a small window for contingencies and there was some concern that we might run up against the July 31 deadline for initial filing.
6. ACM will assign the same management and field staff we have had for the past two years. Continuity has some value.
7. The staff of our Finance Department will be able to effectively work with whatever firm is selected and will make every effort to ensure a smooth and timely process.

POSSIBLE MOTION

"I move that the Town approve the audit proposal submitted by _____ for performing the required audit of the Town's basic Financial Statements for December 31, 2014 and authorize the Town Administrator to execute an Engagement Contract in accordance with the terms and conditions outlined in the proposal submitted.

**Town of Milliken
Audit Services RFP 21-2014
Summary of Proposals**

Firm Name	Sent RFP	Received Proposal	Amount	Comments	References Called
Anderson & Whitney	X	X	\$ 11,500	Limited comparable experience. Eaton, although comparable in size and scope, pays only \$5,500 due to decades-long relationship.	Eaton. Auditor since 1960's. No reason to ever change. Quite happy. Greeley. Chose between AW & ACM as finalists based on previous experience. Noted internal costs of change.
Anton Collins Mitchell	X	X	\$ 15,550	Current Auditors. Continuity reduces internal costs.	Wellington. Excellent staff and entire audit experience. Mentioned staff by name. Also audit Evans, Platteville, Gilcrest, Windsor, and Firestone.
Barrels & Company	X	-	-		N/A
Eide Baily	X	-	-		N/A
CGFOA	X	-	-	Posted on Website for RFP's	N/A
John Cutler & Associates	X	-	-		N/A
Kyle Logan & Assoc.	X	-	-		N/A
Swanhorst & Company	X	X	\$ 15,000	Specialists in Governmental Accounting. 85% of Audit Revenue.	Edgewater. Awesome. Great. Would not have switched if not required by "term limit." Also use Caselle.

Notes

- (1) Single Audit included in all proposals. Swanhorst and A&W bid \$3,500, ACM, \$4,500. Single Audit not required based on revenue review.
- (2) General consensus among references is if you don't have to change - don't.
- (3) Low bid would save cash but add significant internal costs with questionable added value.