



Staff Report

Agenda Item #: {{section.number}}{{item.number}}

Yountville Town Council Staff Report

DATE: December 17, 2024
TO: Mayor and Town Council
FROM: Celia King, Administrative Service Director
PREPARED BY: Celia King, Administrative Service Director

RECOMMENDATION

Adopt Resolution Number 24-4328 authorizing the Town Manager to execute a Professional Services Agreement with Chavan & Associates, LLP to provide professional auditing services for fiscal years ending June 30, 2025 to 2027, (with the option of extending the agreement for two subsequent fiscal years 2028, and 2029) for a total agreement amount of \$156,500.

DISCUSSION/BACKGROUND

The Town issues audited financial statements within six months after the end of each fiscal year as part of the Annual Comprehensive Financial Report (ACFR). The ACFR is issued to fully disclose the Town's financial information in a timely and transparent manner and to maintain compliance with state and federal regulations and bond covenants. The Town entered into an agreement with our current auditors, Chavan & Associates, LLP, after going through the Request for Proposal (RFP) process in 2019. It is industry standard to issue an RFP for auditing services every five years.

The Financial Analyst prepared and issued an RFP for professional audit services on October 2, 2024. The RFP was posted to the California Society of Municipal Finance Officers (CSMFO) listserv and the Government Finance Officers Association (GFOA) listserv.

The Town received audit proposals by the November 4, 2024, due date from the following three firms (in alphabetical order):

- Badawi & Associates
- Chavan & Associates, LLP
- Lance, Soll & Lunghard, LLP (LSL)

Staff conducted a review of the three proposals and ranked them based on criteria set forth in the RFP. Upon completion of the review process, it was clear that Chavan & Associates, LLP would be the most cost-effective choice, as the total cost of their proposal is just over \$111,000 less over the five-year period than both of the other two proposals. Additionally, having worked with Chavan & Associates, LLP since 2019, staff have determined from experience that they meet the other criteria listed in the RFP. It is the recommendation of staff that the Town re-engage the services of Chavan & Associates as its auditing firm.

Chavan & Associates, LLP is the Town's current auditor. Consistently with Government Code section 12410.6, if the Town Council approves the selection of Chavan & Associates, LLP, the lead auditor for the Town will be

Paul Pham, CPA, a managing partner with Chavan & Associates, LLP, and not the current lead auditor for the Town under the prior agreement.

The annual cost of the audit for each fiscal year with Chavan & Associates, LLP is less than the amount included for auditing services in the adopted Biennial Budget which will create departmental savings. Per the Cost Proposal submitted by Chavan & Associates, LLP the audit cost will be thirty thousand five hundred (\$30,500) for fiscal year 2025, thirty thousand five hundred (\$30,500) for fiscal year 2026, thirty thousand five hundred (\$30,500) for fiscal year 2027, thirty-two thousand five hundred (\$32,500) for optional fiscal year 2028, and thirty-two thousand five hundred (\$32,500) for optional fiscal year 2029. The Fee Summary proposed by Chavan & Associates, LLP is shown at the end of the draft agreement which is included as an attachment to this staff report.

The total contract amount is \$156,500 for all five years. Expenses for auditing services are split between the General Fund Finance Department 01-1102 (50%), the Water Utility Operations & Distribution Department 61-4505 (25%) the Wastewater Utility Collections System Department 62-4510 (12.5%) and the Wastewater Utility Treatment Operations Department 62-4515 (12.5%).

If the Town Council chooses to approve this Resolution, staff will execute the agreement with Chavan & Associates, LLP and begin the planning process for audit work to be completed for fiscal year ending June 30, 2025.

ENVIRONMENTAL REVIEW

Exempt per California Environmental Act (CEQA) Guideline, Section 15061(b)(3)

FISCAL IMPACT

Is there a Fiscal Impact? Yes

Is it Currently Budgeted? Yes

Where is it Budgeted? General Fund - Finance & HR Department Accounting & Auditing Services 01-1102-4220

Is it Mandatory or Discretionary? Mandatory

Is there a Staff Resource Impact? Nominal

STRATEGIC PLAN GOAL

Is item Identified in Strategic Plan? Yes

If yes, Identify Strategic Goal and Objective. **Responsible Fiscal Policy:** The Town maintains its fiscal health through policies designed to maximize economic opportunities, manage expenses, and ensure prudent reserves.

Briefly Explain Relationship to Strategic Plan Goal and Objective. Following industry standards by conducting request for proposal for audit services at least every five years demonstrates responsible fiscal policy.

ATTACHMENTS

1. Resolution Number 24-4328
2. Draft Professional Services Agreement – Chavan & Associates, LLP