



*** All present are expected to conduct themselves in accordance with our City's Core Values ***

OFFICIAL NOTICE AND AGENDA

of a meeting of a City Board, Commission, Department, Committee, Agency, Corporation, Quasi-Municipal Corporation, or sub-unit thereof.

Meeting of: **FINANCE COMMITTEE**
Date/Time: **Tuesday, October 25, 2016 at 5:00 pm.**
Location: **City Hall, Council Chambers**
Members: Karen Kellbach, Dave Nutting, Lisa Rasmussen (C), Joe Gehin (VC), Dennis Smith

AGENDA ITEMS FOR CONSIDERATION (All items listed may be acted upon)	Presenter
1 Minutes of previous meeting(s) (10/11/16)	
2 Discussion and possible action regarding a budget change of purpose for the creation of a Deputy Police Chief position	Hardel
3 Discussion and possible action regarding budget modification for firearms - Wausau Police Department	Barnes
4 Discussion and possible action regarding audit contract for the years 2016 to 2020	Groat
5 Discussion and Possible Action on the Allocation of Room Tax Revenue to Retain and Distribute to the Room Tax Commission	Groat
6 Discussion and possible action regarding the adoption of the 2017 Business Improvement District Plan and Levy	Groat
7 Discussion and Possible Action regarding September 2016 General Fund Financial Report	Groat
8 Discussion and Possible Action on Annual Budget Reconciliation Amendment per 3.08.050 of the Wausau Municipal Code	Groat
9 Discussion and possible action regarding the 2017 pet license rates and related discounts	Groat
10 Discussion and possible action regarding sole source purchase of parking enforcement software as a service - Complus	Groat
11 Discussion and possible action on authorizing a merit increase for introductory period completion for 2017	Jacobson
12 Discussion and possible action regarding budget modification in the amount of \$16,300 for construction demolition services for the former Northland Group Home and Former St James School	Groat
13 Discussion and possible action approving Assistance to Firefighters Grant application in the amount of \$110,000 for the purchase of instrumentation for identifying unknown chemicals. The City of Wausau match obligation is \$11,000 – Kujawa	Kujawa
14 Discussion and possible action Authorizing a 2016 Budget Modification to Fund the Purchase of up to 4 used buses for a total not to exceed \$27,000	Seubert
15 Discussion and possible action regarding the 2017 Budget	Groat

Adjournment

Lisa Rasmussen Chair

IMPORTANT: THREE (3) MEMBERS NEEDED FOR A QUORUM: If you are unable to attend the meeting, please notify Mary by calling (715)261-6621 or via email mgoede@ci.wausau.wi.us

It is possible and likely that members of, and possibly a quorum of the Council and/or members of other committees of the Common Council of the City of Wausau may be in attendance at the above-mentioned meeting to gather information. **No action will be taken by any such groups.**

This Notice was posted at City Hall and faxed to the Daily Herald newsroom on 10/20/16 @ 3:30 pm.

Please note that, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids & services. For information or to request this service, contact the City Clerk at (715) 261-6620.

FINANCE COMMITTEE

Date and Time: Tuesday, October 11, 2016 @ 5:00 pm., Council Chambers

Members Present: Rasmussen (C), Smith, Kellbach

Members Excused: Gehin, and Nutting- *entered at 5:15 pm.*

Others Present: Groat, Lindman, Alfonso, Jacobson, Mielke, Stratz, Giese, Duncanson, Chmiel, Neal, Rayala.

In accordance with Chapter 19, Wisc. Statutes, notice of this meeting was posted and sent to the Daily Herald in the proper manner. It was noted there was a quorum present and the meeting was called to order by Chairperson Rasmussen.

Public Comment

None

Minutes of previous meeting(s). (9/27/16)

Motion by Kellbach, second by Smith to approve the minutes of the previous meetings on 9/27/16. Motion carried 3-0.

Discussion and Possible Action on Authorizing acceptance of A7 Corsair Fighter Jet for placement at Alexander Park, execution of Loan Agreement with the National Museum of the United States Air Force, and payment for periodic maintenance of aircraft display.

Rasmussen explained the A7 Corsair Fighter Jet was previously on display at the VFW and due to the closure of the VFW, is available. Alexander Park, which is next to the downtown airport, would like to secure it to give the park an aviation theme.

Tara Alfonso stated the city would be doing the periodic maintenance for the aircraft and there will be a carryover every year of approximately \$1,500 to provide that maintenance. She indicated the neighborhood group wants to help with some of the cost, however, that is not a certain. John Chmiel stated the neighborhood group feels very strongly that they do not want it to be a financial burden on the city, not only for the initial modifications to the park, but also for the upkeep of the airplane. He noted there may also be grants available as well.

Motion by Smith, second by Kellbach to approve the placement of the A7 Corsair Fighter Jet at Alexander Park. Motion carried 3-0.

Discussion and Possible Action on Authorization of Reprogramming CDBG Homeowner Rehabilitation program income funds into Neighborhood Revitalization Program.

Tammy Stratz stated they are seeking approval to reprogram \$30,000 from the Homeowner Rehab Program Income Account into the Neighborhood Revitalization Account. She explained they have been working with the Longfellow District for their lot for almost 10 years and now have a plan. She stated they anticipate to be approximately \$25,000 under budget from what is in that Neighborhood Revitalization Account. She indicated there is excess program income in the Homeowner Rehab account and would like to transfer the funds over for this purpose. She stated they held a public hearing September 29, 2016 and the Citizens Advisory Committee recommended the reprogramming of funds. There originally was a caveat that if the entire \$30,000 is not used it would go back to the Rehab Program, however, the Citizens Advisory Committee asked that it stay in the Neighborhood Revitalization Account for other things.

Motion by Smith, second by Kellbach to approve the reprogramming of the CDBG funds as presented. Motion carried 3-0.

Discussion and Possible Authorizing of Sole Source Contract with Schuette Movers, LLC

Stratz explained we have an opportunity to move a couple of properties along Thomas Street to city lots we have for redevelopment. She indicated there were two parcels: 1118 W. Thomas Street to be moved to 906 S. 7th Avenue; and 1101 S. 12th Avenue to be moved to 1212 S. 9th Avenue. This would be done with Community Development Program Income funds and would like to use Schuette Movers, who has walked through the properties.

Smith questioned if these houses had to be moved because of the Thomas Street reconstruction. Stratz explained that was correct; the city has already purchased the properties and the owners have already relocated, so they have been vacant. We have some city lots and program income funds to move them and then offer them for sale to income qualifying homeowners.

Motion by Kellbach, second by Smith to approve the sole source contract with Schuette Movers, LLC. Motion carried 3-0.

Discussion and possible action regarding the 2017 Budget

Rasmussen stated at the last budget session we reviewed the supplemental requests of the departments and this item is for updates. She commented many of the supplemental requests have very small mill rate impact, but there are a couple that have very large impacts. She indicated the Mayor is meeting with department heads to have them recommend some cuts that could be used as tradeoffs for these requests within the budget. She stated there would be a final budget session at the end of October.

Groat reviewed the 2017 supplemental budget requests (*in packet*). She stated the Board of Review has concluded and the updating of the assessed valuation numbers changed the tax rate, increasing it \$0.04. The costs associated with the supplemental requests is \$0.25. She stated if we were to fund all of these supplemental requests we would be looking at a \$0.43 increase. She proposed a couple of ways she found in which to reduce the increase and felt in reaching out to the departments and scrutinizing the cost to continue budgets again, we may be able to continue to whittle this down.

Adjournment

Motion by Smith, second by Nutting to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 5:25 pm.

**JOINT RESOLUTION OF THE HUMAN RESOURCES COMMITTEE
AND FINANCE COMMITTEE**

Approving Creation of Deputy Chief's Position in Police Department

Committee Action:

Fiscal Impact: \$4,500

File Number: 14-0112

Date Introduced:

RESOLUTION

WHEREAS, the City employed a Deputy Chief's Position previously, and

WHEREAS, the Police Department has demonstrated the need for the position; and

WHEREAS, the Police Department previously had a Deputy Chief's position which was eliminated to experiment with a flatter organizational structure; and

WHEREAS, the Human Resources Committee has considered, reviewed, discussed and supported the recommendation to create a Deputy Chief's position in the Wausau Police Department; and

NOW THEREFORE BE IT RESOLVED by the Common Council of the City of Wausau that the proper city officials are hereby authorized and directed to formally create, post, and fill the Deputy Chief's position.

Approved:

Robert B Mielke, Mayor



September 27, 2016

ADMINISTRATIVE MEMORANDUM

TO: Human Resources Committee Robert
Mielke, Mayor

FROM: Jeffrey Hardel
Chief of Police

RE: Consideration of the Creation of a Deputy Chief's Position with-in Wausau Police Department

Issue: Whether to create a Deputy Chief's position with-in the existing FTE authority. Chief Hardel is not asking to add an FTE, simply elevate a current Captain's position to a Deputy Chief's position while eliminating a patrol captain's position. Right now we have 4 commanding officers; 1-Chief, 2-Patrol Captains, 1-Investigative Captain. I am proposing to still have 4 commanding officers; 1-Chief, 1-Deputy Chief, 1-Patrol Captain, 1-Investigative Captain.

Background: The Wausau Police Department has always had a Deputy Chief's position until we attempted to flatten the organization in 2013. We modified our organizational structure to experiment with having an additional Patrol Captain and operate without a Deputy Chief.

We have experimented with the new organizational structure for three plus years and our evaluation does not support the current structure which includes NO deputy chief. We are not as efficient as before and we are lacking another executive manager to oversee the entire operations of the department.

Financial Impact: The job description is currently being developed and when completed the position would be assigned an appropriate grade and pay rate based on available market data and internal comparable positions. It is estimated to be an impact of approximately \$700 for the remainder of 2016, assuming the position can be filled by November 1. The financial impact for 2017, would be approximately \$4500. However, we have had numerous police officer positions open in 2016, and therefore we can absorb this increase without increasing our budget.

Recommendation: There is a sufficient justification based on a review of the needs of the department to warrant the authorization of the creation of said position.

Motion Sought: To recommend the City Council approve the creation of a Deputy Chief's position in the organizational structure of the Wausau Police Department.

MEMORANDUM

Jeffrey G. Hardel

Chief of Police

Work 715-261-7801
Cell 715-370-4545
Fax 715-261-4185



Robert B. Mielke
Mayor

DATE: September 27, 2016

TO: Finance Committee
Robert B. Mielke, Mayor, City of Wausau

RE: Consideration of the Creation of a Deputy Chief's Position with-in the Organizational Structure of the Wausau Police Department

After three plus years of experimenting without a Deputy Chief's position, it is my professional belief that the City of Wausau's police department is better served with said position. I have reviewed and thoroughly evaluated the effectiveness of said position and believe we will increase our efficiency and effectiveness with the position of a Deputy Chief.

We currently have two patrol captains and one investigative captain. If I am out of town or unavailable, I assign one of the captains as Acting Chief. However, each Captain has their specialty area and it is difficult for a patrol captain to oversee the detective bureau when they do not have regular oversight of that department and vice versa. The patrol captains all have the same command authority and pay grade which make it difficult to utilize rank when necessary in making important decisions that other captains might not be supportive of.

The Deputy Chief will oversee all operations which include, patrol, investigations, and administration. Currently, the Chief is the only one that has that oversight and authority of all three areas and when the Chief is unavailable the department would continue to operate efficiently and effectively with the Deputy Chief having the same oversight capability.

Other factors/considerations for the creation of a Deputy Chief's position:

- Succession Planning
- Retention of our best leaders
- Better efficiency and effectiveness with proper oversight
- Clear delineation of authority

DRAFT

**CITY OF WAUSAU HUMAN RESOURCES COMMITTEE
MINUTES OF OPEN SESSION**

DATE/TIME: September 12, 2016 at 4:30 p.m.
LOCATION: City Hall (407 Grant Street) – Board Room
MEMBERS PRESENT: R. Wagner (C), G. Gisselman, R. McElhaney, T. Neal, D. Smith
MEMBERS ABSENT:
Also Present: Mayor Mielke, M. Barnes, N. Giese, M. Groat, D. Hampson, J. Hardel, A. Jacobson, E. Krohn, S. Lang, E. Lindman, J. Schara

Discussion and Possible Action Approving the Creation of a Deputy Chief Position and the Elimination of a Patrol Captain Position in the Police Department.

Hardel explained that the department used to have a Deputy Chief position and it was eliminated about three years ago to flatten the department's organization. Hardel said that the current organization of the department is not working; when he is not there, a Captain who specializes in either patrol or detective is often left to make decisions for another bureau. Hardel said that he needs someone who is able to oversee all department operations. Smith said that he agrees with the request to eliminate any interruptions in the command structure. A question was posed by Neal as to the duties that would fall on the Deputy Chief. Hardel said that the Deputy Chief would continue to have some of the patrol duties, as well as the other bureaus. Wagner said that the change sounds like a great opportunity for staff to develop and have the opportunity to learn, and be viable candidates for when positions become open.

Motion by Neal to approve the creation of a Deputy Chief position and eliminate a Patrol Captain position in the Police Department. Second by Smith. Gisselman asked if there will be a national search to fill the position. Hardel responded that it will be an internal search. Gisselman asked if there is a reason why a national search will not be done. Hardel said that he has been developing staff internally ever since he became Chief, and there are two Captains that will be available for the promotion. All ayes. Motion passes 5-0.



TO: FINANCE COMMITTEE

FROM: MARYANNE GROAT

DATE: October 18, 2016

RE: Audit Services 2016-2020

The City has competitively selected audit firms for many years. Schenck was awarded the last audit contract for the period 2010-2015. Prior to 2010, Clifton Larson provided audit services to the City since approximately 1992.

The Government Finance Officers Association provides best practice guidance on securing auditing services which is attached. A summary of these recommendations is:

- The audit should cover not only the fair presentation of the basic financial statements but also of the individual funds and component units.
- The audit should require independent auditors.
- Multiyear agreements of at least 5 years should be considered.
- A full scale competitive process should be used in the selection.
- Non-audit work should be agreed upon in advance.
- The selection should be based upon the qualifications rather than price.

I issued an RFP for audit services, published a notice in the paper and sent proposal invitations to Clifton, Larson; Schneck; Wipfli CPAs; Baker Tilly and Hawkins Ash. The City received proposals from Schenck and Clifton Larson. The scope of the engagement includes the Community Development Authority and Riverview Towers, LLC. The proposals were ranked by myself, Chris Schock and Betty Noel, the financial manager of the CDA, using pre-established ranking criteria that was incorporated into the RFP. The composite ranking results are attached and the totals were: Clifton Larson 385 and Schenck 425. I have provided a blank ranking matrix and would encourage the committee to read the proposals and independently rank the two firms.

I believe staff rankings are indicative of several factors including:

- The Wausau Schenck office will be managing the project which provides an extra level of convenience.
- Schenck's recent experience with the CDA tax credit project and RAD transition.
- Schenck's proposal was more comprehensive in describing their audit approach.
- Both firms are reputable and have strong governmental accounting experience.
- The audit fee garnered only a slight point difference based upon the ranking matrix.

A comparison of the audit pricing and the complete proposals are attached along with an email from the CDA.

Typically, preliminary fieldwork begins in November and as such we would like to move forward with a contract in an efficient manner. The Committee certainly has the opportunity to interview the firms if it would like.

Ranking Criteria

Possible Points

Clifton Larson

Schenck

1. Mandatory

	Yes	No	Allen	
Is the firm properly licensed?	Yes	No	Y	Y
Is the firm independent?	Yes	No	Y	Y
Has disciplinary action been taken or pending against the firm?	Yes	No	N	N

2. Technical Qualifications

Does the firm have a quality control program to ensure adherence to high professional standards?	0-5		12	15
Does the firm subject itself to "Peer Review" in order to provide an independent review of its quality control policies and procedures?	0-5		15	15
Did the "Peer Review" cover the governmental auditing section?	Yes	No	Y	Y
Was a "Peer Review" opinion attached?	Yes	No	Y	Y
Does the size of the firm or office provide flexibility of staff and professional backgrounds?	0-7		17	20
Does the proposal satisfy the scope of work requested?	0-10		26	30
Does staff assigned to the engagement have the necessary experience to perform the audit effectively, efficiently and provide the necessary technical consultation?	0-15		34	45
Has the firm audited local governments similar to the City?	0-20		55	60
Has the firm audited Housing Authorities with similar programs as the City of Wausau?	0-20		45	60

3. Audit Approach

Does the proposal adequately describe the work to be performed?	0-10		25	30
Is the proposed staffing realistic?	0-10		30	30
Does the proposal adequately describe the audit approach?	0-10		21	30

4. Audit Fee

Lowest cost of all proposals/Cost of the proposal *35	0-35		105	90
			385	425

Ranking Criteria

Possible Points

Clifton Larson
Allen

Schenck

1. Mandatory

Is the firm properly licensed?	Yes	No		
Is the firm independent?	Yes	No		
Has disciplinary action been taken or pending against the firm?	Yes	No		

2. Technical Qualifications

Does the firm have a quality control program to ensure adherence to high professional standards?	0-5			
Does the firm subject itself to "Peer Review" in order to provide an independent review of its quality control policies and procedures?	0-5			
Did the "Peer Review" cover the governmental auditing section?	Yes	No		
Was a "Peer Review" opinion attached?	Yes	No		
Does the size of the firm or office provide flexibility of staff and professional backgrounds?	0-7			
Does the proposal satisfy the scope of work requested?	0-10			
Does staff assigned to the engagement have the necessary experience to perform the audit effectively, efficiently and provide the necessary technical consultation?	0-15			
Has the firm audited local governments similar to the City?	0-20			
Has the firm audited Housing Authorities with similar programs as the City of Wausau?	0-20			

3. Audit Approach

Does the proposal adequately describe the work to be performed?	0-10			
Is the proposed staffing realistic?	0-10			
Does the proposal adequately describe the audit approach?	0-10			

4. Audit Fee

Lowest cost of all proposals/Cost of the proposal *35	0-35			
---	------	--	--	--

From: [Christian Schock](#)
To: [MaryAnne Groat](#)
Cc: [Betty Noel](#)
Subject: Audit RFPs
Date: Tuesday, October 18, 2016 1:39:24 PM

Maryanne,

Staff of the Community Development Authority (WCDA) is pleased to review the RFPs for the City of Wausau public audit. As you know our department is in transition with the retirement of senior staff (Director Ann Werth and upcoming retirement of Mary Fisher) and we are also undertaking a Rental Assistance Demonstration (RAD) conversion process of Riverview Towers under US HUD; we are only the 2nd public housing facility to undertake this conversion in Wisconsin. Given these large projects and transition, staff recommends continuity in the auditing process at this key time and continuing of the Schenck contract.

Best,

Chris

Christian Schock

City of Wausau

Interim Director- Planning, Community & Economic Development

407 Grant Street Wausau, WI 54403

715-261-6683

christian.schock@ci.wausau.wi.us

wausaudevelopment.com

liveitupwausau.com



BEST PRACTICE

Audit Procurement

BACKGROUND:

The Government Finance Officers Association (GFOA) has long recommended that state and local governmental entities obtain independent audits of their financial statements performed in accordance with the appropriate professional auditing standards. Properly performed audits play a vital role in the public sector by helping to preserve the integrity of the public finance functions and by maintaining citizens confidence in their elected leaders.

RECOMMENDATION:

GFOA makes the following recommendations regarding the selection of auditing services:

- The scope of the independent audit should encompass not only the fair presentation of the basic financial statements, but also the fair presentation of the financial statements of individual funds and component units. The cost of extending full audit coverage to the financial statements of individual funds and component units can be justified by the additional degree of assurance provided. Nevertheless, the selection of the appropriate scope of the independent audit ultimately remains a matter of professional judgment. Accordingly, those responsible for securing independent audits should make their decision concerning the appropriate scope of the audit engagement based upon their particular governments specific needs and circumstances, consistent with applicable legal requirements.
- Governmental entities should require in their audit contracts that the auditors of their financial statements conform to the independence standard promulgated in the General Accounting Offices *Government Auditing Standards* even for audit engagements that are not otherwise subject to generally accepted government auditing standards.
- Governmental entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors. Such multiyear agreements can take a variety of different forms (e.g., a series of single-year contracts), consistent with applicable legal requirements. Such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce audit costs by allowing auditors to recover certain "startup" costs over several years, rather than over a single year.
- Governmental entities should undertake a full-scale competitive process for the selection of independent auditors at the end of the term of each audit contract, consistent with applicable legal requirements. Ideally, auditor independence would be enhanced by a policy requiring that the independent auditor be replaced at the end of the audit contract, as is often the case in the private sector. Unfortunately, the frequent lack of competition among audit firms fully qualified to perform public-sector audits could make a policy of mandatory auditor rotation counterproductive. In such cases, it is recommended that a governmental entity actively seek the participation of all qualified firms, including the current auditors, assuming that the past performance of the current auditors has proven satisfactory. Except in cases where a

multiyear agreement has taken the form of a series of single-year contracts, a contractual provision for the automatic renewal of the audit contract (e.g., an automatic second term for the auditor upon satisfactory performance) is inconsistent with this recommendation.

- Professional standards allow independent auditors to perform certain types of nonaudit services for their audit clients. Any significant nonaudit services should always be approved in advance by a governmental entity's audit committee. Furthermore, governmental entities should routinely explore the possibility of alternative service providers before making a decision to engage their independent auditors to perform significant nonaudit services.
- The audit procurement process should be structured so that the principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. In no case should price be allowed to serve as the sole criterion for the selection of an independent auditor.

References:

- *CPA Audit Quality: A Framework for Procuring Audit Services*, General Accounting Office, August 1987.
- *Audit Management Handbook*, Stephen J. Gauthier, GFOA, 1989.
- *An Elected Officials Guide to Auditing*, Stephen J. Gauthier, GFOA, 1992.
- *Governmental Accounting, Auditing and Financial Reporting (GAAFR)*, Stephen J. Gauthier, GFOA.

203 N. LaSalle Street - Suite 2700 | Chicago, IL 60601-1210 | Phone: (312) 977-9700 - Fax: (312) 977-4806

CITY OF WAUSAU



REQUEST FOR PROPOSALS **2016-2020** **AUDITING SERVICES**

September 16, 2016

Maryanne Groat, CPA
Finance Director

Proposals Due: 12:00 Noon, Wednesday October 5th, 2016

SECTION I - GENERAL INFORMATION

As required by the City's procurement policy, the City of Wausau, Wisconsin, is requesting proposals for the services of a Certified Public Accounting Firm to conduct the annual financial and compliance audits of the City of Wausau's operations for the calendar years ending 2016, 2017, 2018, 2019 and 2020. These audits are to be performed in accordance with generally accepted auditing standards and the standards set forth for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the provisions described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement*, and the compliance requirements described in the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, statutory requirements, as well as City of Wausau policy. The City has been satisfied with past audit services and the incumbent firm is invited to propose.

1. INFORMATION ON THE CITY AND RECORDS

The City of Wausau is a municipal entity with a Mayor/Aldersperson form of government. By City Charter the financial and accounting functions are under the direction of the City Finance Director.

- The City's operations have been audited by Schenck SC since 2010. The City received unqualified opinions for each year during the last contract period of 12/31/2010 to 12/31/2015.
- The City records (exclusive of the CDA) have not required any adjustment by the auditors in past years.
- A copy of the 2015 CAFR, Single Audit, Management Communications and Tax Rule 16 can be found on the City of Wausau website at <http://www.ci.wausau.wi.us/Departments/Finance/CAFR.aspx>
- The reports filed for the CDA and the 2015 adjusting entries and trial balance are attached to this packet.

The Finance Department staffing is as follows:

Finance Director – Maryanne Groat, CPA – 21 years at the City
Assistant Finance Director – Richard Whalen, CPA - Retirement 10/2016
Financial Analyst – Barb Schmidt – Retirement 12/2016
Accountant – Valerie Swanborg – 2 years with the City

The CDA staffing is as follows:

Interim Executive Director – Christian Schock approximately 2 years
Financial Manager – Betty Noel – 18 Years at the CDA

The audit will include all funds and account groups of the City of Wausau including the Community Development Authority, a component unit. The accounting records are centralized for all funds except the Community Development Authority. The Authority accounting records are maintained at Riverview Towers which is located at 540 E. Thomas Avenue, approximately four blocks from City Hall.

The total City budget is \$96 million dollars, including Water and Sewer Utility activities.

The City has received the Certificate of Achievement for Excellence in Financial Reporting for the years ending December 31, 1997 to 2015. It is the City's intention to continue to participate in this program. The City prepares, in final typed form, its own financial statements, notes, transmittal letter, management's discussion and analysis and supplemental information and statistical section. The auditor's, upon completion of the Community Development Authority

audit, are responsible for providing the financial information to City staff for discrete presentation within the City's CAFR. The City also provides the copying and collating of the annual financial report. The auditor will provide 40 copies of the City of Wausau opinion for incorporation in the City's CAFR. Along with an electronic copy, the auditor will provide 20 single audit and management letter reports and one Tax Rule 16 Report. The Community Development Authority requires the auditors provide 12 copies of each report issued.

The City's data processing services are provided by the City County Information Technology Commission. This is a joint venture with Marathon County. The City's portion of the joint venture is recorded within the General Fund. The City County Data Center is audited separately and should not be reflected within this RFP.

Since 1994, the City has utilized Cayenta, a Harris Corporation, for its General Ledger, Accounts Payable, Payroll, Accounts Receivable, Purchase Order, Budgeting, and Cash Collections modules. A change in accounting software is possible during the audit engagement period. All funds except the Community Development Authority are centralized within the general ledger. The land records system, written by the City County Information Technology personnel, is used to process real estate, personal property, municipal court, Community Development loan receivables and special assessment taxes. The Water Utility utilizes Citrix for utility billing software. Parking tickets are issued by city staff but citation management is outsourced to Complus Data Innovations as software as a service. In addition, the City uses Active Network Payment Manager for cash collections, and Evolve for licensing and permitting. The City has also outsourced ambulance billing to Life Quest 911ProBilling.

The City maintains the following funds and account groups:

General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Proprietary Funds	Trust and Agency Funds
110 General Fund	121 Grants Fund 122 HUD Mortgage Program 123 DLAD Mortgage Program 125 Economic Development Fund 124 HCRI Program Fund 126 Federal Rental Rehab Fund 127 WRRP Rehabilitation Fund 128 Holtz Krause Fund 129 Hazardous Material Emergency Response Fund 132 Home Program 133 Home Program Income 134 & 135 Home Program Administration 136 Neighborhood Stabilization 138 Housing Stock Improvement Fund 151 Room Tax Fund 152 Public Access Coordinator Fund 153 Recycling Fund 158 Brownfield Grant Fund 174 EMS Grant Fund 176 Rental Licensing Fund 177 400 Block Fund	130 Debt Service Fund	141 TID #3 Fund 143 TID#5 Fund 144 TID #6 FUND 145 TID #7 Fund 146 TID #8 Fund TID #9 Big Bull Falls Fund TID #10 Business Park Fund 150 Capital Improvement Fund 240 Central Capital Purchasing Fund	<u>ENTERPRISE FUNDS</u> 161 Water Utility 163 Sewer Utility 164 MetroRide Fund 165 Parking Utility 166 Airport Fund 167 Animal Control Fund <u>INTERNAL SERVICE</u> 170 Motor Pool Fund 171 Self Insurance Risk Fund 173 Employee Benefits 175 HRA/Wellness Fund	180 Cemetary Fund 181 Gifts for Special Purposes Fund 182 Local Law Enforcement Block Grant Fund 186 Business Incubator Fund 800-880 Wausau Area Events Fund and Main Street Fund BID District Fund

The City has a total payroll of about \$18,700,000 covering approximately 318 full-time employees and 18 part-time employees. The payroll is processed bi-weekly and all staff is paid through direct deposit. The City is self-insured for workers compensation, health and dental insurance. The City is a member of CVMIC for liability insurance.

The Community Development Authority is presented as a discretely presented component unit. The Community Development Authority accounting records are maintained by Hawkins Ash CPA's of La-Crosse, Wisconsin. The company provides yearend financial statement and disclosures. The Authority's portfolio includes:

- Riverview Towers LLC – 149 units – Mixed Finance - Low Income Housing Tax Credits (LIHTC) and Public Housing
- Riverview Terrace Assisted Living – 36 units – Project-Based Vouchers
- Scattered Sites – 46 units – Public Housing - Family
- Section 8 HCV Program – 250 Tenant- Based Vouchers (approx.)
- Redevelopment

The Community Development Authority employees are employees of the City of Wausau. The auditor is required to complete and submit to HUD the required REAC report by September 30th each year. The Community Development Authority also requires tax return preparation and a presentation to the board along with an exit conference with the executive director.

The City has seven tax increment financing districts. The City annually provides the required reports to participating governmental entities. All compliance testing or procedures necessary to fulfill statutory interim compliance audits required for the Tax Increment Districts are to be performed in conjunction with the annual audit and should be included within this RFP. The City does not expect a separate audit report or additional billing for interim reporting. Any TID closure audits will be engagements outside the annual audit.

The Finance Department provides the centralized cash collection function for the City. In addition, the City utilizes retail lockbox services of BMO Harris Bank for real estate taxes, personal property taxes, general accounts receivable, special assessments and utility collections. This entails the use of remittance coupon and envelope with invoices. These payments are mailed to a PO Box in Milwaukee, in care of the bank. The retail lockbox service performs mail procedures, imaging, depositing, and reading of the MICR code on the invoice. A file is transmitted daily which updates the transactions in the city's accounts receivable systems. In addition, the City utilizes the services of various financial institutions within the community for tax collection during the year. These institutions collect the taxes and deposit funds directly into the City's account. City staff enters the corresponding activity within the accounts receivable systems. The City utilizes Official Payments Corporation for online credit card payments of taxes, utilities, municipal court, parking and other miscellaneous receivables. The City offers ACH payment of taxes and utility bills. Credit card payments are accepted at the Customer Service counter through the Active payment manager system. Permitting and licensing is performed online through Evolve software. The City also utilizes collection agencies and the State of Wisconsin TRIP system for delinquent accounts.

City staff will prepare, in advance, or during fieldwork, work papers and lead schedules

requested by the audit firm. Staff will be available for questions and other assistance during fieldwork. The City also prepares, exclusive of CDA grant activity, a schedule of federal and state assistance for the auditors and the Department of Revenue Annual Financial Report and PSC Report.

The City will provide reasonable workspace, photocopying facilities, and WIFI. In addition access to the City's general ledger and document imaging system.

The approximate number of annual transactions (excluding the Community development authority) processed are

Journal Entries 1,798

Receipts 81,011

Accounts Payable Checks 6,996

Payroll Direct Deposit Transactions 9,379

Utility Accounts 15,880

Invoices 13,838

Purchase Orders 673

2. SCOPE OF SERVICES

The firm shall provide an annual financial and compliance audit of all funds and account groups of the City of Wausau including the City of Wausau Community Development Authority, a discretely presented component unit. The opinion should cover the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information.

The auditor shall also be responsible for compliance with all applicable audit standards prescribed by the US or State of Wisconsin grantors. It is the auditor's responsibility to issue all required compliance reports prescribed by the US OMB Compliance Supplement or State of Wisconsin Grantors. These audit guides are amended from time to time or totally revised by state or federal agencies.

The auditor shall prepare, and produce separate financial reports for the Wausau Community Development Authority. These Financial Statements shall be issued in conformance with GAAP and the US Department of Housing and Urban Development Guidelines. The auditor will produce 12 copies for distribution to the CDA board and other owners.

The auditor will prepare appropriate tax returns for the CDA.

The auditor will provide 40 copies of the City of Wausau opinion for incorporation in the City's CAFR. Along with an electronic copy, the auditor will provide 20 single audit and management letter reports and one Tax Rule 16 Report.

The auditor will provide advice and counsel throughout the year concerning any changes that would affect the annual report.

The auditor will provide individual exit interviews with the City and CDA staff and an audit presentation to the CDA board and City Finance Committee.

Work papers will remain the property of the auditor but will be made available to any US or State agencies requesting information, the City of Wausau, and any predecessor audit firms.

The City typically issues debt on an annual basis. We have included our financial statements along with the audit opinion within our official statement and expect to continue this practice in the future.

If any circumstances are encountered that require additional procedures, outside the normal scope of the project, the firm must advise the City, and provide a written cost proposal prior to beginning the procedures.

The firm shall submit two client representation letters. One letter to be signed by the Finance Director and Assistant Finance Director will cover all activity surrounding the City of Wausau and the second letter to be signed by the Executive Director of the Community Development. Fieldwork and Audit Completion shall be scheduled as follows:

Work Product	Completion Date
Preliminary Fieldwork Completion	November/December
Yearend Fieldwork Completion	May
Riverview Towers LLC Fieldwork Completion	February 28
Riverview Towers LLC Audit, Report and Tax Return Completion	February 28
CDA Financial and Compliance Audit Fieldwork and Financial Statement Completion	May 5
Final Review of CAFR	End of May
Issue Compliance Reports, Management Letter, Tax Rule 16, and Opinion of CAFR.	June 15 th .

SECTION II - INSTRUCTIONS AND CONDITIONS FOR PROPOSAL SUBMISSION

1. **RFP ADMINISTRATORS**

The individuals responsible for administering this RFP, to whom all inquiries and correspondence should be addressed, are:

Maryanne Groat, CPA
 Finance Director/Treasurer
 City of Wausau
 407 Grant Street
 Wausau, WI 54403-4783
 mgroat@ci.wausau.wi.us
 (715) 261-6645

2. RFP MODIFICATIONS

The City of Wausau reserves the right to amend, alter, or revoke this RFP in any manner at any time. Any modifications, clarifications, or additions to the RFP will be posted on the City's web site.

3. PROPOSED PREPARATION COSTS

All costs incurred in the preparation and presentation of this proposal shall be wholly absorbed by the vendor.

4. INSTRUCTIONS ON SUBMITTING PROPOSALS

Proposal Due Date: Wednesday October 5th, 2016 12:00 NOON

Place: Finance Department
City of Wausau
407 Grant Street
Wausau, WI 54403

Accepted Forms Seven copies in a sealed enveloped marked Audit Proposal

5. PROPOSAL CONTENT

WE APPRECIATE PROPOSALS THAT ARE CONCISE AND DO NOT REPEAT INFORMATION.

Name and address of the Certified Public Accounting Firm.

Provide a concise summary of the work to be completed and your work plan or audit approach.

Provide resumes of the audit team. Indicate name, title, number of years of governmental experience. Include resumes of all partners within the office performing the audit engagement.

Indicate whether the audit team will be staffed from one or several office locations.

Provide information regarding the firms experience and commitment to providing services to the governmental sector.

Provide references for not less than three government clients, preferably cities, for whom services have been provided within the last year. Include a contact name and telephone number.

Provide a listing of other services provided by your firm to governmental clients.

Provide references for preferably not less than three Housing Authority clients, for whom services have been provided within the last year. Provide contact name and phone number.

Give specific experience the firm has performing single audits, and knowledge and experience with the Certificate of Achievement in Excellence in Financial Reporting awarded by the GFOA.

Provide detailed information about the size of your firm. Provide detailed information about the government section.

Affirmation that the firm meets independence requirements of the Generally Accepted Government Auditing Standards as they relate to the City of Wausau and Community Development Authority.

A description of your firm's quality control procedures that ensure compliance with firm and AICPA standards. Highlight participation in peer review programs and provide a copy of your most recent external quality control review letter.

Describe any situations where you have failed to complete work awarded to you or defaulted on a contract. Provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the last three years with federal or state regulatory bodies or professional organizations.

Provide your understanding of the fieldwork schedule, list of reports to be completed and final submission dates.

Provide the Name, title, address and telephone number of the individual to whom all inquiries about the proposal should be addressed.

Indicate on the attached fee schedule Appendix A; the total cost of the audit engagement along with an allocation of the portion of the audit pertaining to the Community Development Authority, Community Development Department, Transit, Water and Sewer Utility. The fee quoted should be the ANNUAL total all-inclusive maximum price, including out of pocket expenses, for each year 2016-2020 to provide the services requested in the RFP.

The City staff will review the proposals, contact references and consider the necessity of interviews. Proposals will be evaluated using the ranking criteria established on Appendix B. It is expected that a recommendation would be presented to the Finance Committee on October 11th and Common Council on October 25th.

5. REPORT SUBMISSIONS

All reports issued shall be addressed to the Mayor and the Common Council of the City of Wausau. The completion dates for the various reports is CDA financial reports April 10th and City financial statements June 10th.

6. THE CITY'S OPTION

The City of Wausau reserves the right to reject any or all proposals, to waive any informality in the proposals received, and to accept the proposal deemed in the best interest of the City.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Community Development Authority					
Water Utility					
Sewer Utility					
Community Development Funds					
Transit Utility					
All Other					
	<hr/>				
Total Fee					
	<hr/> <hr/>				

Appendix B

Ranking Criteria

Possible Points

1. Mandatory

Is the firm properly licensed?	Yes	No
Is the firm independent?	Yes	No
Has disciplinary action been taken or pending against the firm?	Yes	No

2. Technical Qualifications

Does the firm have a quality control program to ensure adherence to high professional standards?	0-5	
Does the firm subject itself to "Peer Review" in order to provide an independent review of its quality control policies and procedures?	0-5	
Did the "Peer Review" cover the governmental auditing section?	Yes	No
Was a "Peer Review" opinion attached?	Yes	No
Does the size of the firm or office provide flexibility of staff and professional backgrounds?	0-7	
Does the proposal satisfy the scope of work requested?	0-10	
Does staff assigned to the engagement have the necessary experience to perform the audit effectively, efficiently and provide the necessary technical consultation?	0-15	
Has the firm audited local governments similar to the City?	0-20	
Has the firm audited Housing Authorities with similar programs as the City of Wausau?	0-20	

3. Audit Approach

Does the proposal adequately describe the work to be performed?	0-10	
Is the proposed staffing realistic?	0-10	
Does the proposal adequately describe the audit approach?	0-10	

4. Audit Fee

Lowest cost of all proposals/Cost of the proposal *35	0-35	
---	------	--

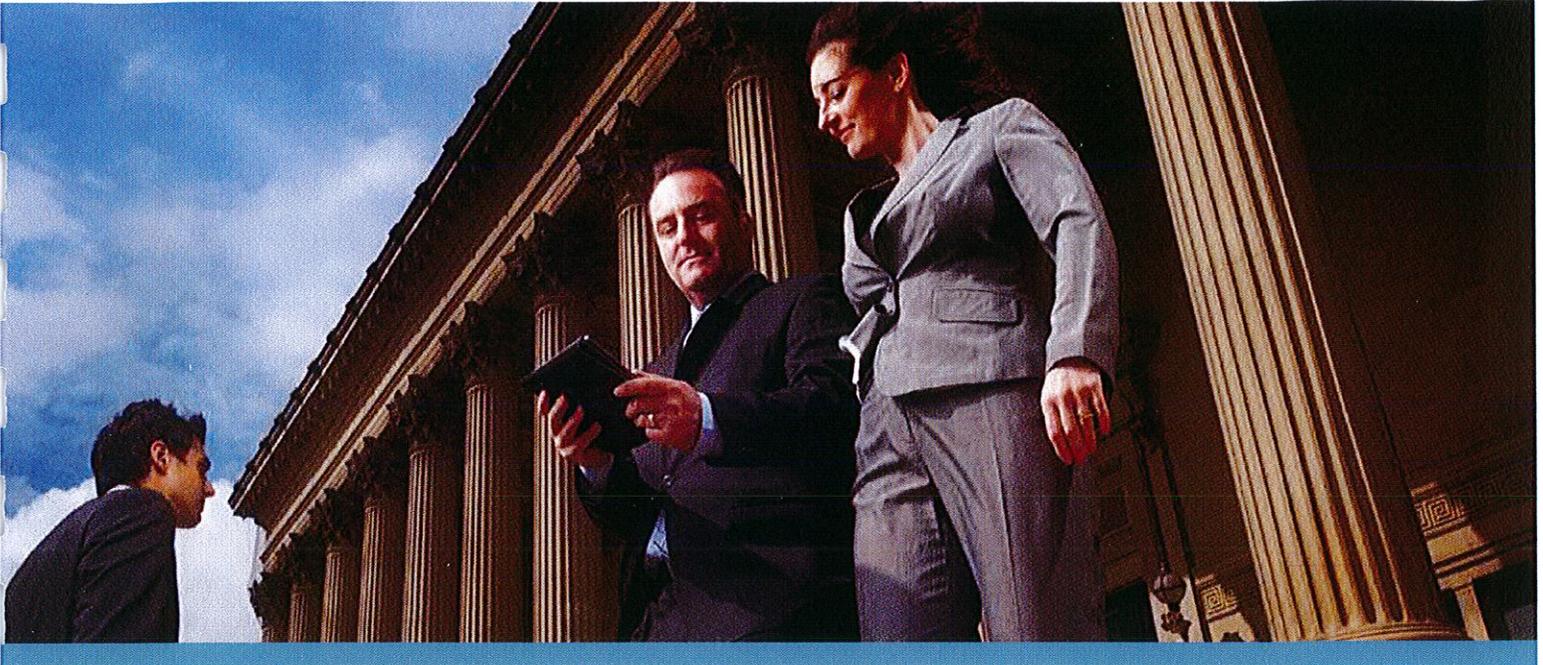
It is understood that the insurance required by the City of Wausau is primary coverage.

1) The CONSULTANT agrees to procure and maintain in force during the term of this contract, at its own cost, the following coverages:

- a) Worker's Compensation Insurance in the amount of the statutory limits under Wisconsin law and Employers' Liability Insurance in the amount of \$500,000.
- b) Commercial General or Business Liability Insurance with minimum combined single limits of ONE MILLION DOLLARS (\$1,000,000.00) each occurrence and TWO MILLION DOLLARS (\$2,000,000.00) general aggregate.
- c) Automobile Liability Insurance with minimum combined single limits for bodily injury and property damage of not less than \$500,000 or Limits of \$250,000 each person/\$500,000 each accident for bodily injury and \$100,000 for property damage. Must cover any auto including owned, non-owned and hired automobile liability.
- d) Professional Liability coverage with minimum limits of ONE MILLION DOLLARS (\$1,000,000.00) each claim. If approved by CITY, evidence of qualified self-insured status may be substituted for one or more of the foregoing insurance coverages.

2) CONSULTANT shall procure and maintain the minimum insurance coverages listed herein. Such coverages shall be procured and maintained with forms and insurers acceptable to CITY acceptance of which shall not be unreasonably withheld. All coverages shall be continuously maintained to cover all liability, claims, demands, and other obligations assumed by the CONSULTANT pursuant this contract. In the case of any claims made policy, the necessary retroactive dates and extended reporting periods shall be procured to maintain such continuous coverage.

3) A Certificate of Insurance shall be completed by the CONSULTANT'S insurance agent(s) as evidence that policies providing the required coverages, conditions and minimum limits are in full force and effect, and shall be subject to review and approval by CITY. The Certificate shall identify this contract and shall provide that the coverages afforded under the policies shall not be canceled, terminated, or limits reduced until at least 30 days prior written notice has been given to CITY. In addition the policy shall contain an endorsement listing the City of Wausau and its elected and appointed boards, officers, officials, agents, employees and volunteers as additional insureds with respect to liability arising out of activities performed by or on behalf of the consultant pursuant to its contract with the City; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; automobiles owned, leased, hired or borrowed by the Consultant.



October 5, 2016

Proposal to provide financial auditing services to:

City of Wausau, Wisconsin

Prepared by:

April Anderson, CPA, Principal

april.anderson@CLAconnect.com

direct 715-852-1167 | fax 715-852-1101

Mike Lensmire, CPA, Principal

mike.lensmire@CLAconnect.com

201 Frontenac Avenue, PO Box 106
Stevens Point, WI 54481



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



CliftonLarsonAllen

CliftonLarsonAllen LLP
201 Frontenac Avenue, PO Box 106
Stevens Point, WI 54481
715-344-4984 | fax 715-344-8544
CLAconnect.com

October 5, 2016

City of Wausau
Finance Department
407 Grant Street
Wausau, WI 54403

Thank you for allowing us to propose our services to you. We gladly welcome the opportunity to share our approach to helping the City of Wausau (the City) meet its need for financial auditing services. The enclosed proposal responds to your request for financial auditing services for the fiscal years ending December 31, 2016 through 2020.

We are confident our proposal not only addresses your need for financial auditing services, but also demonstrates our strong capabilities in serving local government clients, developed during our more than 60-year history of working with governmental organizations. The group of professionals based out of our Stevens Point and Eau Claire offices that would work with the City serve similar entities throughout Wisconsin and pledge to apply our experience to the benefit of your organization. We have a deep understanding of city operations including, but not limited to, how departments interact, the significance of grant programs and their requirements, the GFOA Certificate program, and financial best practices that we can share with the City.

CLA is focused on delivering an exceptional level of knowledge, insight, and industry experience. As one of our clients' most trusted advisors, we:

- Take a genuine interest in your opportunities and challenges.
- Proactively work with you to develop solutions based on a deep understanding of your operations and industry.
- Address your entity's financial challenges through our national and global resources.
- Continually strive to better your operations, the local government industry, the communities in which we work and live, the accounting profession, and ourselves.

We do not spend a lot of time soliciting non-client entities, nor do we respond to all requests for proposals. We prefer to spend our energy serving existing clients. When we do pursue opportunities, we feel the organization would be a good fit within our client base and they could benefit from our service. We are eager to work with you and welcome the chance to discuss our proposal with you further. If you have any questions about our offerings, please do not hesitate to contact me.

Sincerely,

CliftonLarsonAllen LLP

April L. Anderson, CPA
Principal

Mike Lensmire, CPA
Principal

TABLE OF CONTENTS

Executive Summary	1
Firm Profile	3
Independence affirmation	3
Insurance certification	3
Audit record statement	3
Your CLA contact	3
Professional Qualifications and Experience	4
The CLA Promise	4
Local government experience	5
Leaders in performing single audits	6
Experience with comprehensive annual financial reports and GFOA	7
Engagement Team Qualifications	8
Roles and responsibilities	8
Audit team resumes	9
Audit Service Approach	12
Audit approach	12
Single audit approach	16
Quality control procedures	19
References	21
Other Services Provided by CLA	22
Schedule of Fees for Services	24
Appendix A	25
Peer review report	256



EXECUTIVE SUMMARY

Why should the City of Wausau choose CliftonLarsonAllen?

At CliftonLarsonAllen LLP (CLA), we develop honest, sincere relationships with our clients; invest heavily in our personnel resources; and provide noticeably different client service. Through this approach, we have grown to become one of the leading professional services firms in the nation. Regionally within Wisconsin, we have a strong team of individuals who work year-round exclusively with governmental agencies and will bring valuable information to the City of Wausau. We understand the risks and complexities of City finance. Over the years we have developed tools that can strengthen your internal controls and maximize your budget.

Why we want to serve the City

Every business, organization, and citizen contributes to the success of their community. We want to be the firm that contributes everything we have to offer to help the City move toward its goals. We want to be a value to our community and working with the City would allow us to work together to identify and make improvements that directly or indirectly improve the citizen's experience.

The City is a marquee government and as a firm specializing in government services both nationally and locally, we want to be associated with you. For us, there is prestige in serving an organization with the complexities, challenges and opportunities you face. In addition, the City will benefit from the experience of a national firm with local presence.

Our services do not begin and end with professional standards for completing an audit. Instead, we provide our service with the intention of providing valuable insights from our work. As your auditing firm, unlike most professional services firms you hire, you grant us full access to your business processes and records. The investment by leadership and staff is significant and you should expect value for this investment.

Understanding your needs

We understand the City's most important and relevant needs are:

- **A proposed team of professionals** carefully-selected for compatibility with the City's needs and circumstances — your service team understands the strategic, operational, and regulatory issues impacting your organization. These professionals dedicate a substantial percentage of their time assisting cities and other local governments with financial, regulatory, and information security matters.
- **Efficiency** — our goal is to provide exceptional client service at the lowest possible cost. A well-planned and well-executed engagement by an experienced service team will minimize disruption to your staff and enable timely completion of all deliverables.
- **Experience and continuity** — each engagement team member has in-depth experience in local government accounting, auditing, or compliance matters. We will commit the necessary resources to provide quality client service and timely report delivery. We have an extensive local and national government practice from which to draw resources.
- **Fresh perspective** — by engaging CLA, the City will benefit from a "fresh look" at its operations, systems, and processes. You will be served by an engagement team with enthusiasm and a desire to meet and exceed expectations. We are confident that our industry experience will reveal new ideas, new approaches, and new opportunities.



Performance

The engagement team included in this proposal is dedicated to serving the public sector. The team has experience in serving municipalities of all sizes. This depth of experience will minimize the learning curve related to a change of auditors, and will position CLA as the best option to serve as the City's audit services provider. More importantly though, the combination of the City's team and the experience of the CLA engagement team will result in proactively addressing the issues and concerns of the City throughout the year.

We have developed a four phase audit approach that includes planning and risk assessment, preliminary fieldwork, final fieldwork, and reporting and review. We pride ourselves in utilizing efficient and effective audit procedures, which begins with developing a deep understanding of the City and its processes, and culminates in the timely delivery of our reports. Continuous communication is built into the entire audit process to make certain that no surprises are encountered. This continuous communication goes beyond the audit process to provide communication throughout the year.

Solutions

Although we do not anticipate any difficulties in performing our work, we understand that problems can surface. In addressing these types of issues, we believe that communication is critical. We will meet with City staff members during preliminary and final fieldwork. At these meetings, we will update the City on the progress of the audit and communicate potential findings, proposed adjustments, and open request items in the form of a meaningful "status report."

We are committed to providing you with an experience that exceeds your expectations. Your proposed engagement team has the knowledge, experience, and dedication to provide the City with the quality, timely services it deserves. You will have access to the firm's deep governmental resources, which translates into value – added insight and industry best practices for the City.



FIRM PROFILE

Independence affirmation

CliftonLarsonAllen LLP and all members of the engagement team are independent of the City of Wausau (City) and the Community Development Authority (CDA) as defined by generally accepted auditing standards and Government Auditing Standards. We are committed to maintaining an independent attitude and appearance throughout the full term of the engagement.

Insurance certification

CliftonLarsonAllen LLP hereby warrants that it is willing and able to obtain the minimum insurance coverage required by the City of Wausau as identified in Appendix C of the request for proposal.

Audit record statement

The firm has not failed to complete work awarded to it. CLA has been subject to several federal and state desk reviews by state oversight agencies during the past three years, and we have resolved all findings. In addition, our government audits are subject to review by each agency's Office of Inspector General, as well as the U.S. Government Accountability Office, and we have also resolved all findings identified in those reviews. The firm is not subject to any current or pending action from any federal or state regulatory body or professional organization.

Your CLA contact

All inquiries regarding this proposal shall be directed to the following person, who is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Wausau:

April Anderson, CPA, Principal
State and Local Government
3402 Oakwood Mall Drive, Suite 100
Eau Claire, WI 54701
715-852-1167
april.anderson@CLAconnect.com



PROFESSIONAL QUALIFICATIONS AND EXPERIENCE

CLA is a professional services firm delivering integrated wealth advisory, outsourcing, and public accounting capabilities to help enhance our clients' enterprise value and assist them in growing and managing their related personal assets.



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

The CLA Promise

Our interactions with you are designed to support your goals and dreams and impact your success.



Our professionals are immersed in the industries they serve and have specialized knowledge of their operating and regulatory environments. With more than 4,500 people, 100+ U.S. locations, and a global affiliation, we bring a wide array of solutions to help clients in all markets, foreign and domestic.



Our mission:
Impactful
interactions
for success

Governmental audit staff

Our 600 state and local government professionals serve more than 1,700 local, county, and state government agencies firm-wide. The public sector has been a primary focus for us for more than 60 years. We understand the legislative changes, funding challenges, compliance responsibilities, and risk management duties that impact our state and local government clients.



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



Location of offices

CLA will perform and manage the services for the City primarily out of our Stevens Point and Eau Claire offices. We have 13 offices in Wisconsin employing more than 300 professionals. Services provided by these offices include traditional audit, accounting, and tax services as well as information technology, forensic accounting, valuation, and a complete range of financial, operational, and advisory services. CLA is structured around industry specialties rather than geography, so we will bring you the best and brightest of our governmental staff to meet your specific needs.

Your team will be led by April Anderson, Principal and Joy Palmer, Director. Staff assigned to support these individuals will include a combination of senior and associate level personnel as appropriate.

Local government experience

CLA is well positioned to bring you an elite level of knowledge, insight, and industry-specific consultation through our professional services firm. We are one of the very few firms of our size and scope with a focus on public sector entities and privately held businesses.

CliftonLarsonAllen has more than 60 years of experience in auditing governmental entities. We joined the **Government Audit Quality Center of the AICPA** in 2004 when it was originally formed and continue to be active members to this day. Our commitment is to deliver the knowledge and capabilities of a leading professional services firm at a competitive value.

In Wisconsin alone, we serve more than 300 governmental entities annually out of 13 offices throughout the State.

Industry participation

CliftonLarsonAllen actively supports industry education as a thought leader and industry speaker. Our firm focuses on supporting the educational needs of the industry through nationally sponsored trade events. Our team of local government professionals is sought after, both as educators and as experienced speakers who are invited to speak and teach at major professional events by leading trade associations. As an example, we have been speakers for the following organizations:

- Government Finance Officers Association
- Local chapters of the Government Finance Officers Association
- Association of Local Government Auditors
- Association of Government Accountants
- AICPA – governmental and nonprofit national conferences
- State CPA societies

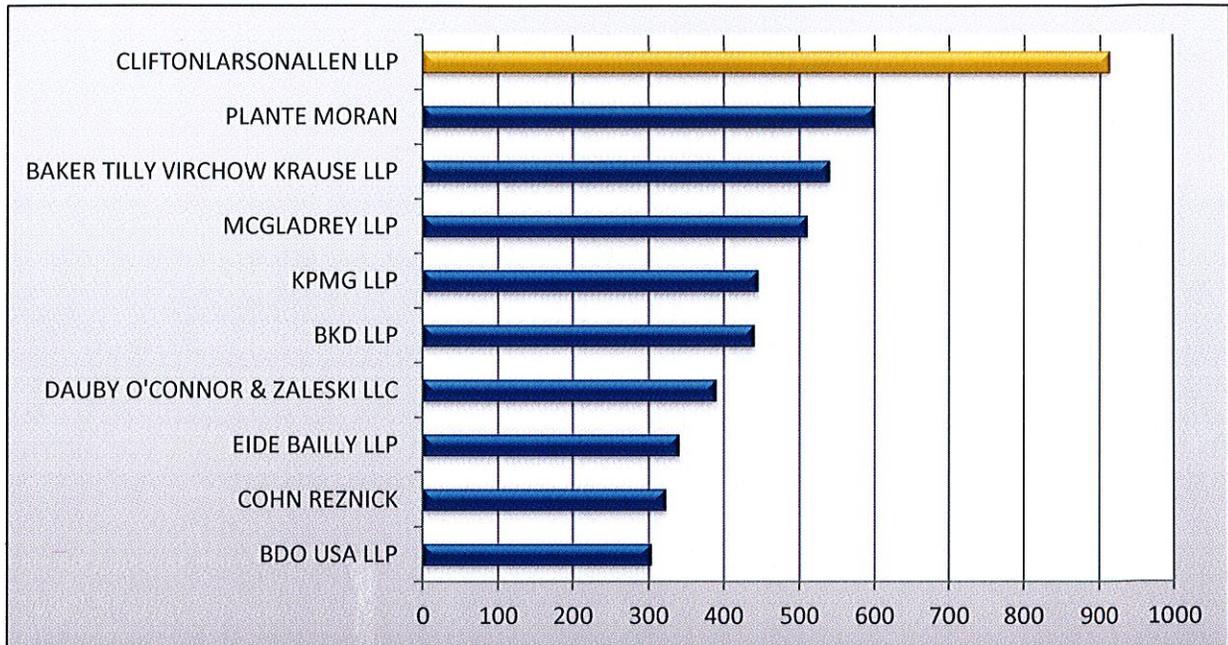
Continuing professional education

Keeping abreast of emerging accounting issues is a necessity for all CPAs. We require a minimum of 40 hours annually of continuing professional education classes, including a minimum of 8 hours of audit and accounting classes, resulting in 120 hours for three-year requirement. This requirement allows our professionals to proactively advise you on new pronouncements from governing bodies that impact the governmental sector. We provide in-house training sessions and encourage our staff members to take part in outside courses and specific governmental classes administered by the American Institute of Certified Public Accountants and the Wisconsin Institute of Certified Public Accountants. Every two years, our governmental team professionals are required to take a minimum of 24 hours of CPE specifically related to Yellow Book requirements.



Leaders in performing single audits

We understand that the City will need a single audit performed. CLA is committed to working with entities with federal programs requiring single audits. Of all practicing firms in the United States, our firm currently submits the most single audits to the Federal Data Clearinghouse annually.



*The information for the top ten firms was compiled from the Federal Audit Clearinghouse for single audits for entities with years ending during calendar year 2013.

Following is a list of governmental clients of our Stevens Point and Eau Claire offices for which CLA has provided Single Audits. We also provide Single Audits for a number of nonprofits in the region. The full list of federal and state programs tested is significant and can be provided in detail upon request.

City of Cumberland	Village of Dallas	St. Croix Falls Schools
City of Chippewa Falls	Village of Elmwood	Siren Schools
City of Ladysmith	Amery Schools	Spooner Schools
City of Shell Lake	Baldwin-Woodville Schools	Superior Schools
City of St. Croix Falls	Barron Schools	Turtle Lake Schools
Barron County	Birchwood Schools	Unity Schools
Burnett County	Bruce Schools	River Falls Schools
Chippewa County	Cameron Schools	Eau Claire Area School District
Pierce County	CESA #11	Shell Lake Schools
Polk County	Chetek-Weyerhaeuser Schools	Prescott Schools
Rusk County	Elk Mound Schools	Bloomer Schools
St Croix County	Hudson Schools	Regional Business Fund
Washburn County	Ladysmith Schools	Northwest Regional Planning Commission
Dunn County	Maple Schools	Bolton Refuge House
Eau Claire County	Osceola Schools	Buffalo County Housing
Village of Birchwood	Rice Lake Schools	Lutheran Homes of Oshkosh
Village of Cameron	St. Croix Central Schools	



Experience with comprehensive annual financial reports and GFOA

The Government Finance Officers Association (GFOA) established the Certificate of Excellence in Financial Reporting Program to encourage state and local governments to go beyond the minimum requirements of generally accepted accounting principles. Accordingly, comprehensive annual financial reports (CAFR) are a means for a government to present information in the transmittal letters and statistical information to promote transparency and full disclosure to its citizenry.

CLA supports the GFOA in this effort. Currently, six of our CLA government team members are volunteer reviewers in the program. These individuals review several CAFRs each year. Participation in this process is just one of the many ways in which we hone our skills and provide assistance to the industry at the same time. In addition, Sean Walker, principal, State and Local Government Industry, is a member of the Special Review Committee of the GFOA.

Our support is further demonstrated through encouraging our clients to participate in the program. Currently, more than 90 clients submit their financial statements to the program. A partial list of our clients receiving the GFOA Certificate of Excellence in Financial Reporting is presented below:

Champaign County, IL	Prince George's County, MD
Town of Normal, IL	Baltimore County, MD
City of Galesburg, IL	Anne Arundel County, MD
City of Decatur, IL	Baltimore County Public Schools, MD
City of Wauwatosa, WI	City of Annapolis, MD
City of Franklin, WI	Jefferson County School District, CO
City of Kenosha, WI	Denver Public Schools, CO
Village of Weston, WI	Adams County, CO
Polk County, WI	Boulder County, CO
City of Tucson, AZ	Arapahoe County, CO
Central Arizona Water, AZ	City of Golden, CO
State of South Carolina	City of Brainerd, MN
Polk County, IA	Washington County, MN
Montgomery County, MD	City of Albert Lea, MN



ENGAGEMENT TEAM QUALIFICATIONS

Roles and responsibilities

An experienced engagement team has been aligned to provide the most value to your organization. All services are supervised by, and are the responsibility of, a principal. Your main contact at CliftonLarsonAllen LLP will be the engagement principal, April Anderson, with additional resources provided by others assigned to this engagement. The team members have performed numerous engagements of this nature and will commit the resources necessary to provide top quality service throughout the engagement. It is the Firm's philosophy that the audit team, in addition to being responsible for the audit, is responsible for general financial and operations advice. We believe this approach allows for a better understanding of your financial and business needs; consistency and continuity of information and strategies; and ultimately, more efficient and effective service. However, when necessary, technical and advisory assistance from other professionals within the Firm will be identified and made available. Following are our proposed management team members from our Stevens Point and Eau Claire office locations:

The most important resource any business has is people — the right people.

Engagement Team	Title	Role	Years Experience
April Anderson	Principal	Engagement principal	10
Mike Lensmire	Principal	Advisory principal	36
Brock Geyen	Principal	Advisory principal	19
Dan Thole	Principal	Advisory principal	43
Steve Tracey	Principal	Advisory principal	38
Anita Supinski	Principal	Quality Reviewer and Technical Support	22
Joy Palmer	Director	Audit In-Charge	18
Dawn Yarrington	Director	Housing Authority Audit In-Charge	16
Brittany Martin	Senior	Audit Support	3
Kellan Popp	Associate	Audit Support	2
Senior and Associate Staff		Staff responsible for completion of assigned audit areas. Specific staffing to support the above team leaders will be determined at a later date as scheduling is updated.	



Audit team resumes

April Anderson, CPA – Principal

April is a principal within CLA's Wisconsin State and Local Government Group. April has ten years of experience serving governmental entities such as cities, counties, villages, towns, school districts, and special agencies. Services provided to these clients include annual external audits, budget assistance, and other consulting services. April has extensive experience performing single audits required by the state and federal governments. April is involved with in-house training programs and has delivered technical training on new audit and accounting standards.

April graduated from the University of Minnesota – Twin Cities with a Bachelor of Science degree in Accounting and Finance and is a Certified Public Accountant licensed in Wisconsin. She is a member of the American Institute of Certified Public Accountants (AICPA), the Wisconsin Government Finance Officers Association (WGFOA), and Wisconsin Institute of Certified Public Accountants (WICPA).

Michael Lensemire, CPA – Advisory Principal

Mike is an audit principal with CliftonLarsonAllen, specializing in services to clients in the public sector, manufacturing and agribusiness industries. He coordinates audit, tax, accounting, and business advisory services to a variety of clients and is a part of the CLA internal inspection team that assures quality control for audits of companies in a variety of industries. Mike serves as the unassociated or concurring partner for many clients, responsible for final review of the financial statements prior to issuance of CliftonLarsonAllen's opinion. He is also responsible for review of critical audit areas as well as management letters and other deliverables related to audits. Mike is a member of the American Institute of Certified Public Accountants, the Wisconsin Institute of Certified Public Accounts, the Wisconsin Government Finance Officers Association and the Certified Fraud Examiners Association. He earned a Bachelor of Arts in Accounting from the University of Wisconsin – Madison.

Brock Geyen, CPA – Advisory Principal

Brock is a principal within CLA's Wisconsin State and Local Government Group. Brock has 19 years of experience serving governmental clients such as cities, counties, villages, towns, school districts, and special agencies. Services provided to these clients range from traditional engagements such as annual external audits, budget assistance and outsourcing to unique one-time projects such as departmental forensic investigations and operational efficiency studies. As part of CLA's learning and development team, Brock is involved with in-house training programs and has delivered technical training on new audit and accounting standards as well as new standards affecting audits of federal grant programs. Brock also has significant experience assisting clients in obtaining and retaining certification for financial reporting programs.

Brock graduated from St. Cloud State University with a Bachelor of Science degree in Accounting and is a Certified Public Accountant licensed in Wisconsin and Minnesota. He is a member of the American Institute of Certified Public Accountants (AICPA), the Government Finance Officers Association (GFOA) and Wisconsin Association of School Business Officials (WASBO).



Daniel Thole, CPA – Advisory Principal

Dan is a principal in the State and Local Government Group of CliftonLarsonAllen. Dan has more than 43 years of experience serving a variety of governmental clients located in Northwestern Wisconsin. He is licensed by the Wisconsin State Board of Accountancy and is a member of the American Institute of Certified Public Accountants (AICPA). He is also a member of the Wisconsin Institute of Certified Public Accountants (WICPA). Dan earned a Bachelor of Science degree in accounting from the University of Wisconsin-Whitewater.

Steven Tracey, CPA – Advisory Principal

Steve is a principal in the State and Local Government Group of CliftonLarsonAllen. He has over 38 years of experience serving a variety of governmental clients located in northwestern Wisconsin. He is licensed by the Wisconsin State Board of Accountancy, and is a member of the American Institute of Certified Public Accountants (AICPA). Steve is also a member of the Wisconsin Institute of Certified Public Accountants (WICPA). Steve earned a Bachelor of Science degree in finance from the University of Wisconsin-LaCrosse and a Masters of Science degree in accounting from the University of Wisconsin-Madison.

Anita Supinski, CPA – National Assurance Leader

Anita is a national assurance technical group principal who works primarily with the public sector group (state and local government engagements). Her primary responsibilities include being a firm wide technical resource for the governmental agencies audit and assurance practice and second review of assurance and accounting engagements mainly of government agencies. She serves on the CLA National Quality and Learning Development Committee for the public sector group. Anita also develops and conducts training sessions for audit and accounting staff within the firm. Anita is an experienced member of peer review teams and is involved with the firm's peer review and internal inspections process. Anita holds a Bachelor of Science degree in accounting from St. Cloud University. She is a member of the AICPA and a past member of the AICPA State and Local Government Expert Panel.

Joy Palmer, CPA – Engagement Director

Joy is an engagement director with CliftonLarsonAllen, responsible for coordinating audit and planning services to a variety of governmental and not-for-profit clients. Joy supervises audit fieldwork and staff in preparing final reports and provides technical and professional support. She graduated from Virginia Tech in Blacksburg, VA with a Bachelor of Science in Accounting and has over 18 years of experience in public accounting. Joy is a member of the American Institute of Certified Public Accountants, the Wisconsin Institute of Certified Public Accountants, the Wisconsin Government Finance Officers Association and the Virginia Society of Certified Public Accountants.

Dawn Yarrington, CPA – Engagement Director

Dawn Yarrington is an engagement director in the Eau Claire office of CliftonLarsonAllen. Dawn has 16 years of experience in the accounting profession specializing in nonprofit organizations, community based residential facilities, and subsidized residential rental housing (including HUD and Rural Development projects). In addition, she has extensive experience in auditing organizations that require single audits and compliance audits required by various state and federal agencies. Dawn earned her bachelor of business administration in accounting from the University of Wisconsin – Eau Claire and is a member of the American Institute of Certified Public Accountants and the Wisconsin Institute of Certified Public Accountants.



Brittany Martin, CPA - Senior

Brittany Martin is a senior at CliftonLarsonAllen LLP serving government and nonprofit clients for more than 3 years. Her experiences include providing financial and compliance audits to governmental and nonprofit clients of varying sizes, consulting on financial statement preparation in accordance with accounting standards and preparing financial statements in accordance with account standards and CAFR award criteria. Brittany earned her Bachelor of Business Administration in Accounting from the University of Wisconsin – Whitewater.

Kellan Popp, CPA - Associate

Kellan Popp is an experienced associate in the Stevens Point office of CliftonLarsonAllen. She performs a wide range of audit and accounting procedures in the public sector. She is responsible for planning engagements, helping oversee audits, and preparing financial statements. Kellan earned her Bachelor of Business Administration in Accounting from St. Norbert College.

Additional staff may be added at a later date and they will have governmental and/or information systems experience. Additional staffing will be provided out of either the Eau Claire or Stevens Point office locations. This service team is one of several audit teams at CliftonLarsonAllen that work with governments. All of the individuals selected for the government audits have experience working on similar engagements and will bring a wealth of knowledge to your engagement. CliftonLarsonAllen LLP and all senior staff assigned to the engagement are properly licensed to practice in Wisconsin.



AUDIT SERVICE APPROACH

Audit approach

Many organizations view an audit as a requirement that doesn't contribute to their overall operations or value. At CLA, we believe an audit should be an annual check-up that allows us to have insight into your organization and to share in-depth advice on how to improve your operations.

Our industry experience makes it easier — CLA auditors are experienced in your industry, which allows us to make the process faster and smoother. We approach our client engagements with a commitment to operational efficiency and to leverage our industry-focused experience to bring positive impact and meaningful insights to our clients. What does this mean for your organization? It means we bring a team of professionals and an approach focusing on you, our client, listening to and working with you for a successful outcome.

Your time has value — Our approach recognizes that your time is valuable and best spent with key decision makers asking clarifying questions, discussing organizational strategies, and dealing with sensitive reporting issues. We believe this approach is effective and cost-efficient, produces a quality audit, provides you with substantive discussions with our team leaders, and recognizes there is more value to time spent discussing significant issues with management than reviewing detailed workpapers.

No surprises — Our experience enables us to focus on the areas of your organization that possess the greatest risk. Our emphasis on planning and communication allows for an efficient and effective audit process in which everyone involved knows their roles and expectations. Issues, as they arise, are dealt with immediately, not accumulated until the end of the audit. We provide a *"no surprises"* approach to our services, based on frequent and timely communication. As potential issues arise during the course of the audit, we will engage the right people in timely and frank discussions as a means of gaining resolution immediately.

Significant involvement of principals and managers — An important distinction between CLA and other firms is the amount of principal and manager involvement in the engagement. Because our principals and managers are directly involved in the engagement during fieldwork, we can proactively identify significant issues immediately and resolve them with management so that the engagement is essentially complete when fieldwork ends.

A simple transition — We recognize changing accounting firms presents an opportunity as well as a challenge. Our approach deliberately and effectively minimizes the impact of transition.



Year-long support — We encourage your staff to take advantage of our accessibility throughout the year for questions that may arise. Our people, working with you and your staff, can provide proactive advice on new accounting or GAAP pronouncements and their potential impact; help with immediate problems including answers to brief routine questions; and share insights and best practices to assist you in planning for your future success.

The CLA audit methodology utilizes a four phase approach.



When performing an audit, we are sensitive and understanding of the fact that we report to those charged with governance. We maintain objectivity and independence in order to be able to issue our audit opinions. We will act within our philosophy of total client service, maintain the professional relationship refined with management, and fulfill our responsibilities with the utmost professionalism.

Revenue Recognition and Presentation

We will evaluate the City's revenue recognition procedures, particularly when determining the amount of revenue earned vs. deferred. We will confirm the amount of property taxes, state aids, and special assessments earned and deferred, and the amount receivable at December 31.

Payroll and Non-Payroll Expense

As with all governmental clients, payroll comprises a significant amount of overall operating expense. Our audit procedures will include sampling of payroll transactions and testing internal controls over the processing of payroll specific to our sample. We will also perform predictive tests on payroll accruals and payroll expense based on such factors as changes in full-time equivalents and pay rate increases over the prior year. Our sample size is typically between 25 and 40, selected using a random number generator. We will select a sample of non-payroll disbursements to evaluate the City's account coding, supporting documentation and authorization for payment.

Cash and Cash Equivalents

We will confirm 100% of your bank and investment balances, and we will also obtain confirmations of collateral held to secure bank deposit balances and investment balances. Portfolio managers in our Financial Services Group will assist us in verifying market values and credit quality ratings of your investment securities.

Property, Plant and Equipment

We will audit additions and disposals of property, plant and equipment assets during the year based on our respective by-fund materialities. We will also perform a predictive test of depreciation expense based on the historical trend of depreciation expense and the respective average net book values of property, plant and equipment balances.

Bonds and Notes Payable

We will mail letters of confirmation for any debt outstanding during the year. We will also evaluate and test the City's process for monitoring compliance with any covenants and the amount of any arbitrage rebate liability. We will also perform a predictive test of bond interest expense based on the weighted average interest rate of bonds outstanding and the average bond liability.

Use of Software

We utilize engagement software to manage a "paperless" audit process. All year-end account analysis schedules as prepared by the organization's financial staff are easily imported to enhance audit efficiency and personnel time commitment. Additionally, the individual laptop computers of our entire audit team are electronically linked via a portable network "hub" and each audit team is equipped with portable scanners for audit evidence that is not in an "Excel/Word/Adobe" format. This approach maximizes efficiency for our audit team and the organization's financial staff.

We also obtain much of our accounting and auditing guidance online via a secure Internet Web site. This is a comprehensive source for technical accounting and auditing publications and guidance which is routinely updated. In this manner, your client service team has ready access to current authoritative text for the ever-changing audit environment.



Recognizing the City's computer environment, we may utilize file interrogation software to facilitate an efficient audit of large volumes of transactions. Our file interrogation software is able to read electronic downloads of transactions in many different formats, including text files, spreadsheet files, and database files. Potential applications for file interrogation may include the following:

- ◆ Sampling for testing of internal controls
- ◆ Sampling for confirmation of receivables
- ◆ Sampling of disbursements
- ◆ Selection of journal entries related to identified fraud risks
- ◆ Summation of similar transactions or sub-ledgers to determine agreement to the general ledger
- ◆ Recalculation of depreciation expense per individual capital asset
- ◆ Testing of tax collections and tracking in the Treasurer's office.

Analytical Review

In accordance with U.S. generally accepted auditing standards, analytical review will be utilized in the planning process and during the final review stage of the audit. Specific procedures would include comparison of actual results to prior years and to adopted budget (as amended), comparison of expected levy revenue (percent collected) to actual revenue recognized, and a reasonableness test for return on investments. Other substantive procedures may be supplemented by analytical procedures, depending on our audit risk assessment process.

Internal Controls

CLA views internal controls as being critical to a City's business processes. Accordingly, we test internal controls over general disbursements and payroll disbursements as well as walk through on all significant transaction cycles on an annual basis. We also test internal controls on other business cycles, such as cash receipting, on a rotational basis or annually, if necessary, based on assessment of risk. To facilitate our testing, we will share with you our checklists of internal controls over significant business cycles as part of our audit pre-planning work. These checklists provide several examples of "best practices" for internal controls, and you will be able to identify from the checklists the internal control procedures that the City currently utilizes. This will guide our audit team on selecting specific internal controls to test.

We do not anticipate any audit problems based on the information we have received in the bid process. If unexpected problems occurred in the audit process, they would be discussed with management of the City, and a member of governance.

Determining Laws and Regulations

Due to our experience with governmental entities and governmental audits in general, we are familiar with state and federal laws and regulations. We will update our knowledge of any changes in these laws prior to commencing audit work. We develop specific audit steps to test applicable laws and regulations.

During the planning meeting prior to the engagements, part of our formal discussion will be to communicate changes to audit and accounting standards which will affect the current engagement. We will also make management aware of upcoming changes as we are made aware of them throughout the year via e-mail, webcasts, meetings or phone communications.



Resolving Difficult Questions

We recognize that in today's accounting environment there are often no clear-cut answers to questions and issues. Many times the accounting guidance provided by the standard setting bodies may be vague or not directly on point to our clients' issues. While we consistently maintain a high-degree of professional independence and objectivity, we will go the extra mile to identify satisfactory solutions for your organization. In those rare instances when our engagement team and members of your organization may disagree on a specific accounting treatment, we will perform the following steps until a resolution is obtained:

- Our first step is to consult internally with our office's accounting and auditing quality principal.
- Secondly, we work with our national accounting and auditing quality principal.
- Thirdly, we consult with our firm's managing principal of quality.
- Lastly, we go directly to the standard setting body appropriate for the specific issue.

Summary of benefits

The City will realize the following benefits from CLA's services —

- An objective look at your operations to help you make sound business decisions.
- Credibility only an outside expert can provide your lenders and stakeholders.
- Confidence that accounting principles have been evaluated for application accuracy.
- An opportunity to improve internal controls and accounting procedures, which increases reliability of accounting records and financial statements.
- Improved efficiency and effectiveness of the assurance service, thus adding value to the process while reducing disruption to your operations.

Single audit approach

In the current environment of increased oversight, it is more important than ever to find qualified auditors who have significant experience with federal grants and can confirm the quality of single audits. Therefore, the single audit will be performed by a team of individuals who specialize in single audits in accordance with the Uniform Grant Guidance (2 CFR Part 200, Subpart F) and who will offer both knowledge and quality. As part of our quality control process, it will be reviewed by a firm Designated Single Audit Reviewer (DSAR).

The AICPA issued new guidance in Statement of Audit Standards 117 – "Compliance Audits" which require risk-based concepts to be used in all compliance audits including those performed in accordance with the Uniform Grant Guidance. Our risk-based approach incorporates this guidance.

We will conduct our audit in three primary phases:



Phase 1 – Risk Assessment and Planning

The risk assessment and planning phase will encompass the overall planning stage of the single audit engagement. During this phase, we will work closely with City management to confirm that programs and all clusters of programs are properly identified and risk-rated for determination of the major programs for testing. We will also review the forms and programs utilized in the prior year to determine the extent of any changes which are required.

We will accomplish this by following the methodology below:

- Determine the threshold to distinguish between Type A and B programs, including the effect of any loans and loan programs.
- Utilizing the preliminary Schedule of Expenditure of Federal Awards, we will identify the Type A and Type B programs in accordance with Uniform Grant Guidance requirements, if applicable.
- Identify the programs tested and the findings reported for the past three fiscal years. Determine and document the program risk based on the past three single audits.
- Prepare and distribute Type B program questionnaires to determine risk associated with Type B programs.
- Determine the major programs to be tested for the current fiscal year based on the previous steps.
- Based on our determination of the major programs, we will obtain the current year OMB compliance requirement supplement to aid in the determination of Direct and Material Compliance requirements, and customize the audit program accordingly.
- Prepare and distribute templates to City management to obtain the Summary Status of Prior Year Findings.
- Determine the preferred methods of communication during the audit.

Phase 2 – Major Program Testing

Programs to be audited will be determined based on the risk assessment performed in the planning phase. We will perform the audit of the programs in accordance with the Uniform Grant Guidance. To accomplish this, we will do the following:

- Schedule an introductory meeting and notify City management of the major programs for the current fiscal year.
- Discuss with management and program personnel and gain an understanding of the compliance requirements applicable to the major program and the City's internal controls over compliance.
- Perform tests of compliance and internal controls over compliance for each major program identified against the proper regulations (Circulars vs. Uniform Grant Guidance).
- Schedule periodic progress meetings to determine that schedules are adhered to and identify issues as they arise.

Phase 3 – Final Assessment and Reporting

We will re-perform the steps noted in the preliminary assessment and planning stage once the final Schedule of Expenditures of Federal Awards is received to determine if additional major programs were identified.



Based on the final determination of the programs we will perform the following:

- Identify Type A and Type B programs which were not previously identified.
- Re-assess the risk and determine if we are required to audit additional programs.
- Perform testing to validate the status of prior year findings for those program not selected for audit
- Prepare the Schedule of Findings and Questioned Costs.
- Conduct exit conference with City management to review draft reports.
- Submit Data Collection Form to the Federal clearinghouse.

Tying it all together

CLA normally performs the financial statement audit and the single audit simultaneously and it is our intent to issue these reports at the same time. Because the broad experience of our staff and the testing of internal controls that impact both the financial statement and single audit, we find that planning and executing the audits in this manner provides the most efficient and effective way to conduct the audit and complete all requirements within the requested time frame.

We expect that your office personnel will be available to assist in providing us with the account reconciliations, schedules, invoices, vouchers and other corporate documents and records that we may request for the engagement.

CLA has developed a number of templates and tools to assist both the audit team and the organization work through the single audit process, including utilizing CLA's Program Understanding and Internal Control Workbook, among others.

We find that our clients prefer this approach as the efficiency it provides reduces the burden of the audit on their staff.

Of course, if the City prefers that the audit and single audit be performed separately, we can alter our approach accordingly.

Deliverables

With all CLA assurance services, you will receive —

- Timely feedback on the appropriate accounting for unique/unusual grant related transactions.
- Practical recommendations on how potential problems can be avoided.
- Valuable suggestions for improvements in grant compliance and other areas.

Ongoing insight

- Answers to routine questions throughout the year at no additional charge.
- Proactive advice on new OMB changes and their potential impact on the City.

Benefits

The City will realize the following benefits from CLA's services —

- Confidence that grant rules and regulations have been evaluated for proper compliance.
- An opportunity to improve internal controls and grant compliance procedures.
- Improved efficiency and effectiveness of the single audit, thus adding value to the process while lowering your costs and reducing disruption to your operations.
- Access to various CLA developed tools and resources to assist with grant compliance.



Engagement timetable

Our project management methodology results in a client service plan that provides for regular, formal communication with the entire management team and allows us to be responsive to your needs. The schedule allows for input from your personnel to make certain that the services are completed based on your requirements. The plan may also be amended during the year based on input from governance.

Significant Milestones	Completion Date
Entrance conference	October / Early November
Interim audit work completed	November / December
Riverview Towers LLC fieldwork completed	End of January
Riverview Towers LLC financials and tax return completed	February 28
CDA Financial and Compliance Audit fieldwork and financial statements completed	April
Final audit fieldwork work completed (City)	May
Final review of CAFR	End of May
Issuance of Compliance Reports, Management Letter, Tax Rule 16 Report, and Opinion of CAFR	June 15

Communications with Management and Governance

As previously outlined, continuous communication is built into the entire audit process to make certain that no surprises are encountered. We will meet with City management and staff members during preliminary and final fieldwork. At these meetings, we will update the City on the progress of the audit and communicate potential findings, proposed adjustments, and open request items in the form of a meaningful "status report." During our time spent at the City we will also plan to meet with at least one (or multiple) Council members to gain an understanding of their perspective of the City operations. Once final fieldwork is completed, we will issue final reports as outlined in the above schedule. Finally, we will attend City Finance Committee/Council and CDA Board meetings to present the final reports and answer any last questions the City might have.

Quality control procedures

The most recent peer review report we received expressed a rating of *pass*, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. This quality control review did include a review of specific government engagements. The full report is provided in the appendix to this proposal.



In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.



REFERENCES

CLA is well positioned to bring you an elite level of knowledge, insight, and industry-specific consultation through our professional services firm. We are one of the very few firms of our size and scope with a focus on public sector entities and privately held businesses.

CliftonLarsonAllen has more than 60 years of experience in auditing governmental entities. We joined the **Government Audit Quality Center of the AICPA** in 2004 when it was originally formed and continue to be active members to this day. Our commitment is to deliver the knowledge and capabilities of a leading professional services firm at a competitive value.

In Wisconsin alone, we serve more than 300 governmental entities annually out of 13 offices throughout the State. We understand that each governmental entity is unique, and that municipalities, counties, states, and school districts each have unique characteristics. However, we believe it is critically important to demonstrate to you that CLA has the capacity and experience to serve governmental engagements of all sizes and types.

CLA offers its clients the best of both worlds—a firm with national government experience, complemented by a local team dedicated to accessibility and responsiveness. We are pleased to provide you with our references below, who can describe their experience in greater detail.

Organization Name	Contact Name	Telephone Number
City of Wauwatosa	John Ruggini, Finance Director	(414) 479-8922
City of Kenosha	Carol Stancato, Finance Director	(262) 653-4180
City of Middleton	Bill Burns, Finance Director	(608) 821-8356
Village of Weston	John Jacobs, Finance Director	(715) 241-2605
City of Neillsville	Rex Roehl, Clerk-Treasurer	(715) 743-2105
City of Marion	Mary Rogers, Clerk-Treasurer	(715) 754-2124
City of Manawa	Cheryl Hass, Clerk	(920) 596-2577
City of Hudson	Devin Willi, Administrator	(715) 386-4765
City of Chippewa Falls	Lynne Bauer, Finance Manager	(715) 726-2765
City of Ladysmith	Terry Verdegan, Comptroller	(715) 532-2651
City of Barron	Bob Kazmierski, Administrator	(715) 537-5631
Polk County	Maggie Wickre, Finance Manager	(715) 485-9122
Community Development Authority of Marshfield	Carol Kerper, Business Manager Mary James-Morker, Director	(715)-387-0528
Racine County Housing Authority	Deb Madsen, Deputy Director	(262) 898-1649
Wisconsin Housing and Economic Development Authority	Stacey Wagner, Controller	(608) 267-0528
Mower County Housing and Redevelopment Authority (MN)	Mike Carlson, Executive Director	(507) 434-5558
Austin Housing and Redevelopment Authority (MN)	Sherri Detloff, Accountant	(507) 433-1866



OTHER SERVICES PROVIDED BY CLA

As you can imagine based on the number of governmental clients we serve, CLA has a substantial focus on local governments. As a result, we have a substantial group of professionals that serve local governments exclusively year-round. Most of these clients receive some form of assurance service (audit, compilation, etc.) but we also provide other assistance when needed. Our depth of specialized public sector consulting services includes but is not limited to:

User rate studies and rate design	Data mining and analytics
Departmental reviews	Business continuity and disaster recovery
ACA reporting services	Financial outsourcing
IT security and risk assessment	Regulatory reporting
Security awareness training	Internal control risk assessments
Network penetration testing	Forensics audits
Strategic planning	Budget assistance and projections
Business process and internal control improvement	Consent and comfort letters
Benchmarking analytics	Performance audits
Cashflow management training	Telecommunications cost assessment
Executive placement services	Fixed asset/cost segregation studies
Obtaining/structuring bond financing	Capital planning
Self-insurance TPA assessment (cost recovery)	Contingency plan development
Wealth advisory	Capital asset/depreciation compilation
Security awareness training	Board training

Keeping you informed

CLA goes beyond the numbers and offers value-added solutions. You will hear from us throughout the year. We send periodic email publications and host webcasts to keep clients and friends of the firm informed of relevant industry updates. Below are just a few of the resources we offer.

- **State and Local Government Perspectives** – our e-newsletter which provides updates on regulatory and industry issues.
- **National Industry Webcasts** – web-based seminars designed to provide information on upcoming industry trends, accounting, compliance, risk and other issues in either the accounting or the local government industry. These webcasts are free to clients and many provide CPE credit to attendees.
- **Speaking engagements and workshops** – We share our industry knowledge and experience by presenting at national, regional, and local events as well as hosting our own industry events in various markets. We provide quality insight and education in the areas of improving efficiency, reducing risk, and planning for succession.



- **Recent industry articles** – In addition to our direct participation with national organizations, CLA has had numerous articles published by our local government industry professionals. For the most current listing of the published articles, please go to the link below.
- **In-person events** – Annual economic, capital markets, and tax outlook seminars presented by local tax professionals and CliftonLarsonAllen Wealth Advisors, LLC investment committee members.
- **Market and Economic Outlook** – a quarterly publication written by CliftonLarsonAllen Wealth Advisors, LLC.

Investment Advisory Services offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

You can register for our webcasts and find our extensive resource library on our website, CLAconnect.com.



SCHEDULE OF FEES FOR SERVICES

We operate under the philosophy of open and direct communication regarding billing. Our professional fees for the services described throughout our proposal are based on the level of expertise of the individuals who will perform the services. Our fee listed below is a combination of professional fees and reimbursable expenses, which include the actual cost of travel, telephone, photocopies, and facsimile, and delivery charges. Our firm does not charge an administrative overhead fee.

We believe in ongoing contact as a means of better serving you. We encourage your questions throughout the year and appreciate you sharing monthly or quarterly financial statements with us. We include this portion of our overall service to you in our fee quote. You will not be billed separately.

Below is a break-down of the all-inclusive total fee:

	2016	2017	2018	2019	2020
Community Development Authority	\$ 13,000	\$ 13,250	\$ 13,500	\$ 13,750	\$ 14,000
Water Utility	2,500	2,525	2,550	2,575	2,600
Sewer Utility	2,500	2,525	2,550	2,575	2,600
Community Development Funds	4,500	4,525	4,550	4,575	4,600
Transit Utility	3,500	3,525	3,550	3,575	3,600
All Other	13,750	13,900	14,050	14,200	14,350
Total Fee	\$ 39,750	\$ 40,250	\$ 40,750	\$ 41,250	\$ 41,750

The above fees are all-inclusive and not to exceed totals per year. While our costs due to set-up time will be considerably higher in our first year than the fee we quote above, you will not be charged any additional fee. We view this as our investment in establishing a professional relationship with the City.



APPENDIX A

Peer review report



System Review Report

To the Principals of CliftonLarsonAllen LLP
and the National Peer Review Committee

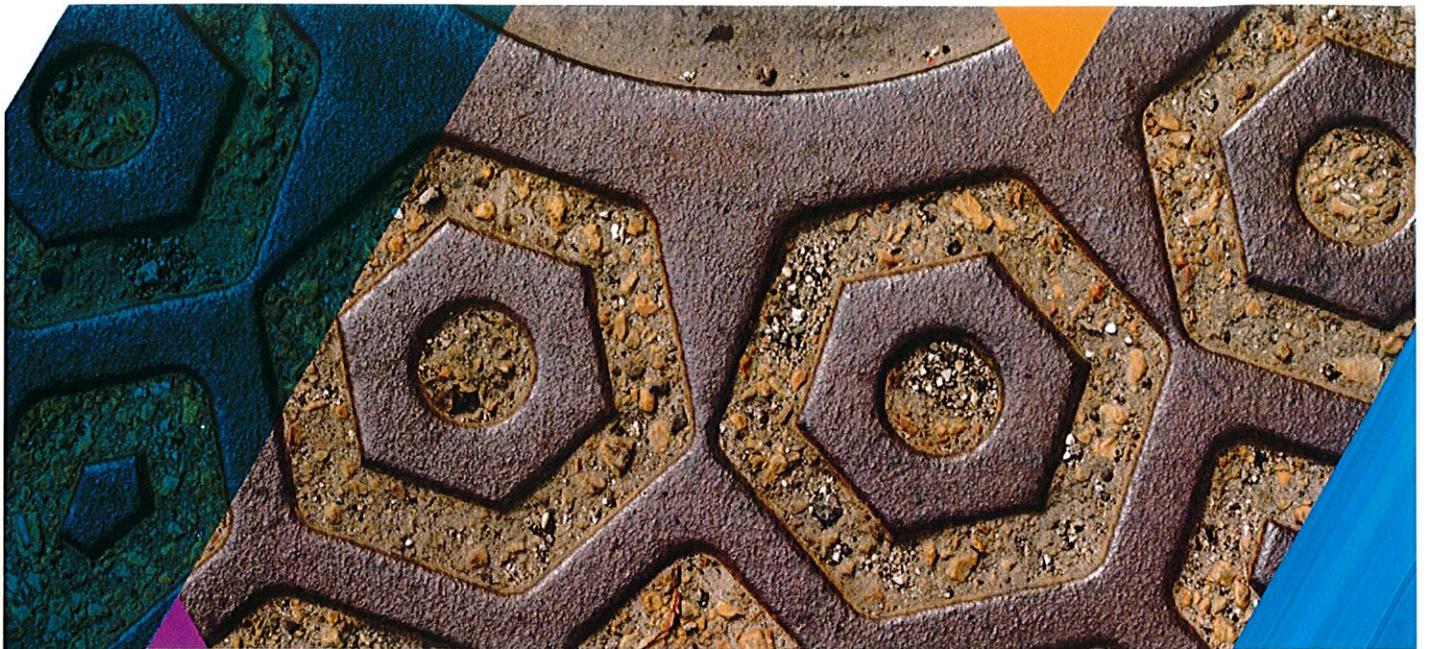
We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the firm) applicable to non-SEC issuers in effect for the year ended July 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP applicable to non-SEC issuers in effect for the year ended July 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. CliftonLarsonAllen LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP
November 12, 2013



City of Wausau

FINANCIAL STATEMENT AUDIT SERVICES

OCTOBER 5, 2016

FOR MORE INFORMATION, PLEASE CONTACT:

Jon Trautman, CPA
Shareholder
920-455-4312
jon.trautman@schencksc.com

Amber Danielski, CPA, CMA
Manager
920-455-4304
amber.danielski@schencksc.com

311 Financial Way, Suite 100
Wausau, WI 54401
715-675-2351

October 5, 2016

Maryanne Groat, Finance Director/Treasurer
City of Wausau
407 Grant Street
Wausau, WI 54403-4783

Dear Maryanne:

Thank you for inviting Schenck to submit this proposal to provide audit services for City of Wausau. We are committed to providing you with high quality, timely and personalized service. In addition, our significant experience serving government organizations throughout Wisconsin allows us to perform our services efficiently and add value.

Our proposal represents a firm and irrevocable offer to perform the audit of City of Wausau for the fiscal years ending December 31, 2016, 2017, 2018, 2019, and 2020. Our proposal represents a firm and irrevocable offer for ninety (90) days. We will meet your timing requirements for your audit as described in your RFP.

Our professionals will invest the time to fully understand your city and your goals in order to improve your financial strength and efficiency. Benefits to working with Schenck include:

- ▶ Deep experience in the government sector: with more than 300 governmental clients including 35 Wisconsin cities, we understand your government's accounting and financial needs
- ▶ Experienced auditors who focus solely on serving government entities, and who can help you maintain GASB compliant data
- ▶ A constructive management letter providing insightful suggestions for improvements and efficiencies in your procedures
- ▶ An annual review of your city's procedures and controls, as part of our audit

We appreciate this opportunity, and look forward to continuing our long-term relationship with City of Wausau. Please contact either of us if we can provide further information on our firm or our proposal.

Sincerely,



Jon Trautman, CPA
Shareholder



Amber Danielski, CPA, CMA
Manager

311 Financial Way, Suite 100
Wausau, WI 54401
715-675-2351

What's inside

The Schenck Way	2
Our approach to your audit.....	18
Work plan & timeline.....	19
About Schenck.....	20
Proposed fees	22
Account team biographies.....	Appendix A
Peer review report	Appendix B

The Schenck Way

SERVICE THAT EXCEEDS YOUR EXPECTATIONS

More than 85 years in business have taught us that clients want three key things from their CPA firm: regular communication, proactive ideas and solutions, and clear, accurate billing. To make sure we're meeting your expectations in each of these areas, we developed a set of client service standards that are followed by every team member in each of our offices. We call this philosophy of client service "The Schenck Way."



AS OUR VALUED CLIENT, WHAT DOES THAT MEAN FOR YOU?

- ▶ **Proactive advice.** We translate the insight we gain through serving you into ideas and opportunities to strengthen your organization. Because you'll work closely with the senior leaders of your service team, you can expect practical and constructive ideas throughout the year to help you achieve your goals.
- ▶ **Accessibility.** You'll always know how you can reach your account team—if we're not readily available for some reason, our voicemail greetings and email responses will let you know who can help in the meantime.
- ▶ **Timely service.** Expect financial statements and other reports and filings prepared in a timely manner to comfortably meet your deadlines. No last minute fire drills.
- ▶ **Face time.** Technology makes communication easier and faster than ever before. But we believe it's important to also meet with you in person on a regular basis, to discuss your goals and your direction, to provide our input as your advisor, and to get your feedback on how we're doing and how we can help.
- ▶ **Timely alerts and updates.** Like all government organizations, City of Wausau is affected by new accounting, reporting and other business developments on a regular basis. We help you stay one step ahead through our Audit Central alerts, other email communications and regular educational events.
- ▶ **Clear and accurate invoices.** Our "no surprise" billing policy means just that—no charges for unexpected "out of scope" work.

As a key advisor to your government, we take these responsibilities seriously and work hard to exceed your expectations.

RFP responses

Provide a concise summary of the work to be completed and your work plan or audit approach.

SCOPE OF ENGAGEMENT

The purpose of our engagement will be as follows:

1. We will express opinions on the fair presentation of the City of Wausau, Wisconsin's basic financial statements in conformity with accounting principles generally accepted in the United States of America for years ending December 31, 2016, 2017, 2018, 2019, and 2020. As part of our audit, we will perform audit procedures on the City's non-major governmental funds and issue an "in-relation-to" opinion on the City's combining and individual fund financial statements. In addition, we will perform limited procedures on the City's required supplementary information (Management Discussion and Analysis (MD&A) and budgetary comparisons of the City's general fund). We will not audit the introductory and statistical sections of the City's Comprehensive Annual Financial Report (CAFR).

Our audit quote includes helping the City to implement any new accounting standards which may arise during the term of our contract. As indicated in our qualifications section, Sue Pable, senior manager within the government & not-for-profit group, is available for consultation throughout the year and available to all our clients to assist them in implementing new GASB standards. Because of the size of our practice, we are able to dedicate a senior manager to quality control and client assistance.

2. We will also issue a management letter to the City which will include an independent auditors' report on internal control and compliance as required by government auditing standards generally accepted in the United States of America. This report will disclose any significant deficiencies or material weaknesses in the City's overall internal control structure that we observe during our audit. Since our staff work exclusively with government entities, we have developed internal control checklists which we will be reviewed with City personnel throughout the audit. We will also include financial analysis of various City funds and any other suggestions for improvements to City policies or procedures, including our responsibilities as auditors, in your management letter.

As part of our engagement, we will also be testing your compliance with the laws of the State of Wisconsin and applicable federal regulations. Because we have extensive experience auditing Wisconsin municipalities, we have developed a listing of applicable laws and regulations that we annually test the City's compliance.

3. If the City expends at least \$750,000 in federal awards in any year under contract, we will complete the City's single audit report. The purpose of a single audit is to express an opinion on the City's compliance with requirements applicable to each of the City's major federal and state programs and internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.
4. We will express an opinion on the fair presentation of Wausau Community Development Authority's (CDA) financial statements and related footnotes, in conformity with accounting principles generally accepted in the United States of America for the years ending December 31, 2016, 2017, 2018, 2019, and 2020. Our audit procedures will be conducted in accordance with *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Parts 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and we will issue an opinion on compliance related to major federal programs. We will also perform audit procedures on the supplementary schedules accompanying the financial statements and issue an "in-relation-to" opinion on the supplementary information. Additionally, we will perform limited procedures on the CDA's required supplementary information (Management's Discussion and Analysis).

In connection with the CDA's audit, we will perform the agreed-upon procedure required by HUD's Real Estate Assessment Center (REAC) to assist the CDA and REAC in determining whether the electronic submission of the CDA's financial statement data agrees with the related hard copy documents, including those required by the Uniform Guidance. The engagement to apply the agreed-upon procedure will be performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*.

5. We will audit the financial statements of Riverview Towers, LLC and express an opinion on those financial statements and related footnotes, in conformity with accounting principles generally accepted in the United States of America for the years ending December 31, 2016, 2017, 2018, 2019, and 2020. We will also perform audit procedures on the supplementary schedules accompanying the financial statements and express an "in-relation-to" opinion on the supplementary information.

We will also prepare Riverview Towers, LLC's federal and state income tax returns and supporting schedules for the years ending December 31, 2016, 2017, 2018, 2019 and 2020.

Our audit engagements will be performed in accordance with auditing standards generally accepted in the United States of America as promulgated by the American Institute of Certified Public Accountants (AICPA) and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

An engagement made in accordance with the above standards, is subject to certain limitations and the inherent risk that errors or irregularities, if they exist, will not be detected. However, if, during the course of our engagement, we become aware of such errors or irregularities, we will bring them to your attention. Should you then wish us to expand our normal auditing procedures, we will be pleased to work with you on developing a separate engagement for that purpose. No extended services will be performed unless they are authorized in an amendment to the original audit contract.

AUDIT PHILOSOPHY

While each Wisconsin governmental entity has many similar characteristics, we believe extensive communication with our clients during the audit and throughout the year is essential to fully understand the unique characteristics and the specific circumstances of your engagement. We use this understanding to effectively plan your engagement by tailoring our audit programs to effectively and efficiently complete your audit.

Our policies toward staffing engagements require a "hands on" approach, which requires a higher percentage of shareholder and manager hours on audit fieldwork compared to most other CPA firms. Jon Trautman, Amber Danielski, and Matt Rusch will be involved and oversee all aspects of the audit engagement, including field work. We believe this practice provides for higher quality auditing services.

Jon Trautman, Amber Danielski, and Matt Rusch are available throughout the year to meet with City personnel to address any issues or concerns. Jon Trautman, Amber Danielski, and Matt Rusch will also update you on the status of the engagement, areas of concern that have arisen and any other issues that have come to our attention throughout the audit. Communication with members of the engagement team and representatives of the City of Wausau is an integral part of performing an audit at the level of services you desire.

SEGMENTATION OF AUDIT ENGAGEMENT

Because many issues facing the City affect both governmental and proprietary fund operations, we will staff the City's audit utilizing a one-team audit approach. In our opinion, this increases audit efficiency by allowing us to combine certain audit procedures over all City funds, reducing interruptions of your staff.

Since staff assigned to the City's engagement team work primarily on governmental audits, all supervisory staff have extensive experience with issues affecting both governmental and proprietary fund operations. By utilizing a one-team audit approach, City personnel can contact either Jon Trautman, Amber Danielski, or Matt Rusch with any issue throughout the year.

ENGAGEMENT TEAM

The engagement team assigned to the City of Wausau audit are experienced in auditing financial statements of municipalities and devote the majority of their time to this sector. The team for these audits remains consistent from year to year and includes the following team members:

Jon Trautman, Shareholder – Jon is responsible for leading all audit services to the City.

Amber Danielski, Manager – Amber is responsible for day-to-day management of the audits.

Matt Rusch, Supervisor – Matt is responsible for general fieldwork supervision.

Sue Pable, Senior Manager – Sue is responsible for technical review and is the GASB statement coordinator.

The engagement team assigned to the CDA and Riverview Towers, LLC audits are experienced in auditing financial statements and programs of public housing authorities. The team for these audits remains consistent from year to year and includes the following team members:

Tom Karman, Shareholder – Tom is responsible for leading all audit services to the CDA and Riverview Towers, LLC.

Mary Vandebusch, Senior Manager – Mary is responsible for day-to-day management of the audits.

Deedra Wesenberg, Senior Accountant – Deedra is responsible for general fieldwork supervision.

Sue Pable, Senior Manager – Sue is responsible for technical review and is the GASB statement coordinator.

SAMPLE SIZE AND SAMPLING TECHNIQUES

Sample sizes vary by type of test and expected variations and generally range from 25 - 60 items per test, based on nationally recognized sampling guidance. We will utilize both statistical and non-statistical sampling techniques throughout the audit based on our expectation of results and the purpose of the procedure.

In many instances, we like to use judgmental sampling procedures, which allow us to use our experience in auditing governments to choose a specific type of sample that we feel best tests the specific transactions we are reviewing. We believe the audit procedures we perform give us better results in our testing of various general and departmental transactions.

EXTENT OF USE OF INFORMATION TECHNOLOGY IN THE ENGAGEMENT

Schenck SC utilizes technology to improve audit efficiency, as summarized below:

- ▶ All audit files are totally paperless. Information provided by City personnel in either Word, Excel, or PDF format is easily downloaded directly into our audit file. This makes it very efficient to e-mail requested documents to us to avoid postage and reprinting. It also allows us to easily communicate information between audit team personnel located in different offices. Finally, we are able to easily retrieve data from your audit file and answer any questions you may have even when we are not physically located in our offices.

- ▶ An integrated trial balance database, with grouping lists based on financial statement categories and funds, is used to generate financial statements and lead schedules for preparation or review purposes.
- ▶ We also use IDEA® - Data Analysis Software to enhance our auditing and analytical capabilities, detect fraud and meet documentation standards. IDEA® - Data Analysis Software allows you to quickly import, join, analyze, sample and extract data from almost any source, including reports printed to a file.
- ▶ Audit standards also require us to customize audit programs based on control and environmental risks. We utilize PPC Smart Practice Aids® to generate audit programs and have developed customized audit procedures specific to Wisconsin municipalities to incorporate into PPC Smart Practice Aids®. After completing preliminary and interim audit procedures to understand the unique characteristics of your engagement and internal controls, we will generate customized audit programs to efficiently and effectively complete your audit, concentrating audit procedures on riskier or more difficult to audit areas.

ANALYTICAL PROCEDURES

Analytical procedures are an integral part of our audit process. As required by auditing standards, we use analytical procedures in both audit planning and final financial statement review. In addition, we use analytical procedures throughout the audit as substantive tests, where appropriate, based on our risk assessment and designed audit programs.

The following are typical areas where we use analytical procedures:

- ▶ Comparison of current year actual results with prior year actual and current year budget balances to identify unusual or unexpected fluctuations based on our audit expectations. Preliminary analytical procedures have an integral part of the planning and audit program generation process.
- ▶ Obtain non-financial data and compare the relationship of non-financial data with actual results. For example, we will utilize water consumption data and pumping statistics, including quantities of purchased water, to evaluate water and sewer sales. We may analyze number of building permits issued to evaluate permit revenue.

PROCEDURES TO GAIN UNDERSTANDING OF THE CITY'S INTERNAL CONTROL STRUCTURE

While financial system processing controls are extremely important in a computerized accounting environment, they represent only a portion of the total system of accounting controls. Our review of the City's internal accounting controls is not only designed to help plan our audit procedures, but also to identify ways for the City to improve its accounting systems.

Our approach to gaining an understanding of your internal control structure will consist of the following:

Documentation of the City's internal control structure. During our preliminary audit phase, we will obtain available documentation (policies and procedures, organizational chart, 2015 and 2016 minutes, 2016 approved budget, financial management policies, etc.) to identify systems where we will need to understand the City's internal control policies and procedures to properly plan the audit. This phase of the audit would consist of a day spent at the City by Amber Danielski and Matt Rusch in November or December.

Because of our extensive experience in performing governmental audits, we have developed internal control questionnaires that our staff will review with applicable staff of the City. We would communicate to you prior to our interim phase the individuals and records needed to complete our documentation of internal controls, including estimated time frames. We try to be always cognizant that your staff's daily responsibilities continue throughout our audit and therefore minimize disruptions.

We plan to select a sample of payroll and cash disbursement transactions to determine that expenditures are properly authorized, supported and classified. As part of our disbursement testing process we also incorporate testing of credit card and electronic banking transactions. We would also select a sample of accounts receivable, utility billing and cash receipt transactions to verify City procedures. Finally, we will review budget amendments and ensure approved amendments are appropriately posted to the City's general ledger. These transactions will also be used to test the City's computer system.

Finally, as noted in the detailed audit plan section of this proposal, we would include certain procedures at City department levels. While the City may have centralized certain receipt functions, we find supporting documentation for many transactions of the City originate in departments. We therefore believe it is essential to periodically test procedures in City departments for the following reasons:

- ▶ Based upon our experience with city governments, we may be able to suggest improvements in the financial operations of your departments.
- ▶ An annual review by outside auditors tends to decrease the potential for cash mismanagement or misappropriation in departments.

We have developed audit programs for city departments that allow us to concentrate our audit testing on issues specific to each department. This allows us to test departmental operations effectively and efficiently.

The overall objective of testing department operations will be to obtain and document an understanding of the internal control structure of the department by testing of an appropriate number of transactions through the accounting system. Any weaknesses or suggestions for improvement noted during this review will be communicated to appropriate City personnel with our recommendations for improving present procedures.

Our review of your internal control systems and procedures will allow us to evaluate the control strengths and weaknesses in each of the City's functional areas and to concentrate our tests where the controls are the weakest, thereby preventing unnecessary and excessive detail testing.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Because of our experience with Wisconsin municipalities, we have identified over twenty specific Wisconsin statute and administrative code references that we test for compliance during our audit. The statutes include items such as payroll, sales tax, Wisconsin retirement, budgeting, property tax levy and collection, public contracts, related party transactions, fees and fines, and others and are tested annually.

SINGLE AUDIT SAMPLES

The sample sizes we choose for testing specific audit testing and grant compliance in accordance with the requirements of the federal and state single audit are based upon our firm's "in-house" individualized sampling plan. Sample sizes are consistent with guidance provided in a nationally recognized provider of audit programs to CPA firms. The firm's sample sizes have been included in the Single Audits of our governmental clients that have been reviewed by the federal and state agencies and have been deemed to be appropriate.

Each member of the audit team uses a laptop computer with audit programs, Federal Uniform Grant Guidance, the *State Single Audit Guidelines* and other information readily available to efficiently complete the engagement.

DETAILED AUDIT PLAN

PRELIMINARY PHASE

Our pre-audit meeting will be a get-acquainted meeting to set the audit schedule, discuss problem areas you want special attention given during the audit and answer any questions on procedures, etc. Prior to our preliminary phase, we would request copies of relevant documents, manuals, debt agreements, leases, contracts, etc. that we will need in our permanent files.

The preliminary phase of the audit involves understanding your unique characteristics and the specific circumstances of your engagement sufficiently to plan your engagement and tailor our audit programs to effectively and efficiently complete the audit.

Procedures during the preliminary phase consist of the following:

1. Interview management employees for their input as to problem areas during the year and for any areas that may pose difficulties in auditing the City. Statement of Auditing Standard No. 99 also requires us to communicate with other employees within the City throughout the audit.
2. Obtain an understanding of the City's internal and administrative control systems sufficient to plan the engagement.
3. Review the Council and Finance minutes to obtain an understanding of current issues affecting the City. We also look for indications that additional revenues will be received by the City, such as land or equipment sales or new grant programs, or areas where increased or additional fees are authorized. We then use this information as part of our audit testing in an effort to determine that the City is receiving the revenue it is entitled to.
4. Determine such items as risk factors and materiality limits. After gaining an understanding of the system and testing the same, we are in a position to determine and document the various risk factors and materiality limits, which will guide the remainder of the work.
5. Perform a risk assessment, if required, based on guidance contained in Federal Uniform Grant Guidance and the *State Single Audit Guidelines* to determine the City's major federal and state financial assistance programs. Because of our extensive knowledge and experience with many of the programs administered by the City, we are able to efficiently assess risk for each federal and state financial assistance program. Inquiries will be made with City personnel regarding any potential concerns they may have with any federal or state program as part of this assessment. The results of our assessment will be communicated to the respective City personnel.
6. Perform a preliminary analytical review of revenue and expenditure accounts using the City's approved budget and comparing significant balances to the interim financial statements for unusual differences. We would also compare current year actual totals with prior years and investigate unusual changes.

Our objective during the preliminary phase is an overview of the City's internal control policies and procedures and is generally completed in our audit to plan preliminary fieldwork. As indicated previously, we would anticipate spending a day on site during the initial year audit to review the City's organizational chart, budget documents and financial operations manuals and procedures.

We then will tailor our audit procedures to your specific needs and develop detailed time budgets and tentative staffing schedules. We will review these plans with you and agree upon specific dates when our interim and final phases of the engagement will be performed paying careful attention to your reporting deadlines.

A detailed audit plan will be developed based on the results of our preliminary audit fieldwork. This audit plan, including a list of all client prepared work papers, will be discussed with appropriate City personnel. This document has been found to assist clients in planning their schedules as we realize they must still attend to their day-to-day responsibilities during our audit. Our audit plan will be communicated prior to November 1 each year.

INTERIM PHASE

A portion of our audit will be completed at an interim period. The interim phase would normally include the performance of detailed tests and analytical procedures, as well as, devoting substantial attention on problem areas identified during our review and evaluation of internal controls and assessment of audit risks.

Most of our interim work will be performed at a time when your staff is least burdened. This allows us to balance our workload while disrupting the routine of your personnel as little as possible.

Our interim work will concentrate on performing procedures to further understand and document the City's internal control structure, including testing certain transactions at the City's departments and proprietary fund operations.

Examples of audit procedures performed at City departments follows:

City Clerk

We will analytically review recorded revenues based on statistical data like number of licenses and permits issued, etc. We will also take a sample of license approvals in minutes to actual receipt, or verify the City's system for tracking payments.

Community Development

Review the department's role in managing the City's revolving loan fund program. Obtain repayment schedules and documentation supporting monitoring efforts of the department.

Fire & Rescue Department

Review the department's procedures over monitoring ambulance and other billings issued by the department. As part of our review, we would evaluate the relationship with the billing company overseeing ambulance billings for the City.

Building Services/Inspection

As part of our audit, we would recalculate fees assessed based on the department's fee schedule and analytically review recorded revenues based on statistical data like number of permits issued, etc.

Parks & Recreation Department

We would review procedures over fees, including an analytical review of the municipal pool operations. An analytical review of recorded revenues based on approved budget and prior year amounts would also be performed.

Police Department

We would review procedures over the accountability of parking tickets and traffic citations, including the City's procedures over collection and monitoring of outstanding parking tickets. We will also analytically review recorded revenues based on approved budget, number of citations issued, etc. for determining reasonableness.

Water & Sewer Utilities

As part of our audit, we would select customer billings for agreement to utility approved rates. In addition, we would analyze revenues and expenses based on budget and prior year activity to determine areas where additional audit attention may be warranted. We will review the system for accumulating costs of utility construction work orders and recording completed assets.

Other procedures generally performed at Interim

In addition to internal control testing, we also like to accomplish certain tasks which can be easily updated at final as follows:

- a. The tax roll and municipal treasurer's settlement for the current year will be reconciled to amounts recorded in the general ledger to determine that all amounts have been properly recorded.
- b. Balance sheet accounts will also be analytically reviewed to determine that recorded amounts are reasonable.
- c. Debt Service Fund Testing - All payments made on City debt will be compared to the appropriate debt repayment schedules. Amount recorded for other long-term obligations will be reviewed for reasonableness.

The debt margin representing the amount of additional debt the City could incur under Wisconsin Statutes will also be calculated for inclusion in the basic financial statements.

- d. Capital Projects Testing - Significant transactions in the capital projects funds will be reviewed to determine that all recorded amounts are reasonable, properly classified, and properly capitalized if considered a capital asset. As part of this testing, we will review bidding procedures on public works projects.

FINAL PHASE

Generally, our audits are designed to verify all material balance sheet accounts, as identified during our planning procedures. A brief description of our audit procedures for each significant audit area based on our review of your prior year financial statements follows.

A. Cash and Investments

- ▶ Confirm year end account balances and collateral held by the City's agent in the City's name.
- ▶ Obtain bank reconciliations and substantiate reconciling items.
- ▶ Test reasonableness of the City's investment earnings and proper valuation of investments based on accordance with GASB Statement No. 31.
- ▶ Analyze accrued interest receivable to supporting documentation.
- ▶ Review City investments for conformity with the City policy and Wisconsin Statutes.
- ▶ Verify cash restrictions to bond resolutions or other supporting documents.
- ▶ Review City petty cash procedures.

B. Property Taxes Receivable

- ▶ Review property tax settlements to the City's tax system and bank deposits verifying the adequate settlement payments to other municipalities and the final reimbursement received from the County.
- ▶ Review allocation of property tax levy by fund to the approved budget.
- ▶ Obtain detail of delinquent personnel property taxes and agree with the general ledger.

C. Federal and State Grant Receivables/Revenues

- ▶ Obtain year end claim forms and agree recorded revenues/expenditures or deferred revenue to the City's general ledger. Cash payments made by the State of Wisconsin will be verified to state payments registers obtained directly from the State.
- ▶ Review subsequent year receipts.

D. Other Accounts Receivable/Revenues of Governmental and Enterprise Funds

- ▶ During our testing of City policies and procedures, we will review City billings for contract services and other services provided. Based on our risk assessment, we will either rely on confirmations and/or subsequent receipts.
- ▶ Review reasonableness of the recorded allowance for uncollectible accounts.
- ▶ Revenues will be analytically compared to prior year actual and current year budget. Significant account variations will be reviewed.
- ▶ Revenues of business-type activities will be analytically reviewed to the related cost of providing the services.
- ▶ Analytical review of recorded revenues will be performed to available statistical information.
- ▶ Review the reasonableness of any deferred inflows of resources.

- ▶ Review the City's procedures for preparing special assessment billings and monitor subsequent collections.
- ▶ Obtain detail of loan receivable transactions and test for reasonableness of recorded balances. New loans financed with intergovernmental grants will be tested in accordance with the grant requirements.

E. Interfund Balances

- ▶ Review interfund receivables and payables for agreement. Determine the reason for each receivable/payable for footnote disclosure.
- ▶ Analyze any long-term advances between City funds. Determine if repayment schedules exist and evaluate disclosure of fund balance reserves for non-current portions.

F. Inventories

- ▶ Observe physical inventories, if considered necessary based on our audit planning.
- ▶ Review pricing quantities and extensions of final inventories.

G. Prepaid Items

- ▶ Obtain year end detail and compare reasonableness to the prior year.
- ▶ Review December disbursements for unrecorded prepaid expenditures.
- ▶ Review the City's insurance coverage.

H. Capital Assets

- ▶ Obtain schedules of capital assets including additions, retirements and accumulated depreciation.
- ▶ Test additions and deletions based on testing of capital projects funds, statistical information from utilities, etc. Review project files, including developer contributions, for proper accounting and classification for the financial statements and PSC report.
- ▶ Review bidding procedures for compliance to the Wisconsin statutes.
- ▶ Analyze work order processing for capital assets.

I. Accounts Payable and Other Liabilities/Expenditures or Expenses of Governmental and Proprietary Funds

- ▶ Review accounts payable as of December 31 and determine proper cutoffs and review for unrecorded liabilities.
- ▶ Determine the appropriateness of other liability accounts including accrued payroll and related withholdings.
- ▶ Verify vested compensated absences and other postretirement benefits.
- ▶ Review GASB 68 disclosures from City records and WRS reports.
- ▶ Expenditures/expenses will be compared to prior year actual and current year budget. Significant account variations will be reviewed.

J. General Obligation Debt, Revenue Bonds and Other Long-term Liabilities

- ▶ Verify balances owed, information on new issues including verification of bond proceeds to bank deposits, and agree scheduled repayments to the general ledger.
- ▶ Test the City's compliance with debt limitations per the Wisconsin Statutes.
- ▶ Recalculate accrued interest, bond discounts, and other debt related accounts.
- ▶ Review arbitrage calculations, if applicable.
- ▶ Review the City's compliance with revenue debt covenants.

- ▶ Review the City's methodology for determined other long-term liabilities.

K. Fund Balance/Net Position

- ▶ Verify the appropriateness of fund balance classifications.
- ▶ Analyze classification of net position for government-wide financial statements.

L. Budget

- ▶ Review the City's procedures for adopting and amending their budget.
- ▶ Review budget amendments for proper approval.

M. GASB 34 Statements

- ▶ GASB 34 entries to convert the City's current financial statements to the statement of net assets and statement of activities will be determined throughout the audit. We will accumulate the adjustments and post to an excel database.

N. Representations

- ▶ Obtain a letter from the City's legal counsel regarding any pending or potential legal issues the City may be involved in.
- ▶ Discuss with management whether, to the best of their knowledge, the City has complied with all applicable laws and regulations and there were no fraudulent activities that occurred during the year. Also, discuss whether there were any unusual transactions after the balance sheet date which should be disclosed in the basic financial statements.

Please understand that the above procedures are only a summary of our audit approach. Additional audit procedures may be considered necessary after our review of your internal control policies and procedures. If you need further information, we would be happy to discuss our procedures in more detail with the City's personnel.

Provide resumes of the audit team. Indicate name, title, number of years of governmental experience. Include resumes of all partners within the office performing the audit engagement.

We've assembled a team of experienced professionals to meet the needs of City of Wausau. The following individuals, all of whom are licensed to practice as CPAs in Wisconsin, will supervise all services provided to your organization. Detailed biographies of each have been provided in Appendix A.

TEAM MEMBER	TITLE	ROLE	CONTACT INFORMATION
Jon Trautman	Shareholder	Lead all audit services to City of Wausau	920-455-4312 jon.trautman@schencksc.com
Tom Karman	Shareholder	Lead all audit services to the CDA audit	920-455-4111 tom.karman@schencksc.com
Mary Vandebusch	Senior Manager	Day-to-day management of the CDA audit	920-455-4149 mary.vandebusch@schencksc.com
Amber Danielski	Manager	Day-to-day management of the City audit	920-455-4304 amber.danielski@schencksc.com
Matt Rusch	Supervisor	Lead planning, fieldwork and financial statement preparation	920-455-4368 matt.rusch@schencksc.com
Sue Pable	Senior Manager	Technical review and GASB statement coordinator	920-455-4305 sue.pable@schencksc.com

CONTINUING PROFESSIONAL EDUCATION

A few of the training seminars attended by members of our government team include:

- ▶ National Government Finance Officers Association Annual Conference
- ▶ National Governmental Accounting & Auditing Update
- ▶ WICPA/WGFOA Quarterly Conferences
- ▶ WICPA Local Government Accounting Conference
- ▶ Single Audit Requirements
- ▶ Yellow Book Government Auditing
- ▶ Various in-house seminars and meetings

Schenck or our professionals are members of the following professional organizations:

- ▶ Wisconsin Government Finance Officers Association
- ▶ National Government Finance Officers Association
- ▶ American Institute of Certified Public Accountants
- ▶ Wisconsin Institute of Certified Public Accountants
- ▶ WICPA Local Government Accounting Committee
- ▶ Ad Hoc Committee to State of Wisconsin - Single Audit Guidelines
- ▶ WICPA Department of Public Instruction Committee

A CONSISTENT ENGAGEMENT TEAM

Our Schenck team will remain consistent from year to year, providing you several benefits:

- ▶ Efficient service, reducing your time investment and keeping your costs down
- ▶ A team at Schenck to reach out to with questions throughout the year
- ▶ Proactive and practical advice to strengthen your government from professionals who understand your organization

Provide references for not less than three government clients, preferably cities, for whom services have been provided within the last year. Include a contact name and telephone number.

One of the best ways to learn about the quality of service we provide is to talk to some of our other clients. Listed below are a few client references. We encourage you to check with these clients to learn firsthand about the services and solutions we provide.

NAME, TITLE & CONTACT INFORMATION	ORGANIZATION	ENGAGEMENT PARTNER	SCOPE OF WORK
Keith Strey, Finance Director 715-387-3033	City of Marshfield	Jon Trautman	Financial Statement Audit
Tim DeSorcy, Finance Director 715-421-8242	City of Wisconsin Rapids	Jon Trautman	Financial Statement Audit
Kent Mueller, Financial Manager 715-387-1195	Marshfield Utilities	Jon Trautman	Financial Statement Audit
Jeff Kuhn, Director of Finance 715-422-9012	Wisconsin Rapids WaterWorks and Lighting Commission	Jon Trautman	Financial Statement Audit

Provide a listing of other services provided by your firm to governmental clients.

Schenck is able to provide other requested services to our municipal clients from our various consulting teams, including our human resources, process improvement and risk management specialists. Our risk management consultants provide in-depth analyses of automation and computer controls. Many of our clients have made changes to their organizations because of recommendations included in special studies and consulting engagements. In their opinion, the implementation of the recommendations has resulted in more effective and efficient delivery of services.

Provide references for preferably not less than three Housing Authority clients, for whom services have been provided within the last year. Provide contact name and phone number.

NAME, TITLE & CONTACT INFORMATION	ORGANIZATION	ENGAGEMENT PARTNER
Kim Flom, Planning Director 920-448-3400	Brown County Housing Authority	Tom Karman
Steve Gagne, Executive Director 906-875-6060	Iron County Housing Commission	David Maccoux
John Stibal, Director 414-302-8462	West Allis Community Development Authority	Tom Karman
Debra Techmeier, Executive Director 715-582-9212	Peshigo Housing Authority	David Maccoux

Give specific experience the firm has performing single audits, and knowledge and experience with the Certificate of Achievement in Excellence in Financial Reporting awarded by the GFOA.

Schenck completes more than 150 audits of federal and state financial assistance each year, including more than 100 single audits in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*. These audits have ranged from audits with less than \$100,000 of federal and state assistance to more than \$40 million. In fact, **Schenck performs more single audits in Wisconsin** than any other CPA firm. All single audits Schenck performs are for Wisconsin programs.

We have worked with a number of clients who submitted their comprehensive annual financial reports to the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting Program. Those entities, primary shareholders and the years that the awards have been earned are as follows:

- ▶ Brown County (since 1992) – David Maccoux
- ▶ Outagamie County (since 2014) – David Maccoux and Bryan Grunewald
- ▶ Ozaukee County (since 2005) – Bryan Grunewald
- ▶ Manitowoc County (since 1991) – Bryan Grunewald
- ▶ Sheboygan County (since 2013) – Bryan Grunewald
- ▶ Washington County (since 2002) – David Maccoux and Bryan Grunewald
- ▶ City of Green Bay (since 1982) – David Maccoux
- ▶ City of Manitowoc (since 1997) – Tom Karman and Greg Pitel
- ▶ City of Marshfield (since 2013) – Jon Trautman
- ▶ City of Fond du Lac (since 2004) – Tom Karman and Bryan Grunewald
- ▶ City of Oconomowoc (since 1995) – Tom Karman
- ▶ City of Wausau (since 2010) – Jon Trautman
- ▶ City of West Allis (since 1999) – Tom Karman
- ▶ Village of Ashwaubenon (since 1988) – David Maccoux and Greg Pitel

David Maccoux also serves as a technical reviewer for the program.

Provide detailed information about the size of your firm. Provide detailed information about the government section. Provide information regarding the firms experience and commitment to providing services to the governmental sector.

At Schenck, we focus on providing high quality service to our clients, who rely on us as their advisor of choice for accounting, tax and consulting solutions. Our understanding of the demands our clients face, combined with a sincere concern for their success and continued growth, has driven our success over the past 85-plus years. Today, more than 550 Schenck team members serve clients throughout the Midwest from eight Wisconsin office locations.

Schenck's Government industry team audits hundreds of public organizations, including counties, municipalities, school districts, utilities and other governmental units. This team of six shareholders and more than 40 team members focuses almost exclusively on providing services to governmental and not-for-profit clients.

At Schenck, our goal is to be not just your audit firm, but your financial advisor of choice to help you take advantage of new opportunities and address your challenges.

As government specialists, we not only perform the required audit procedures, but we are always on alert for situations where your operations could be more efficient or internal controls could be strengthened. Some of our clients have experienced revenue increases or cost savings in excess of their annual audit fee by implementing the recommendations in our management letter.

WE BRING THE RIGHT RESOURCES TO SERVE YOU:

- ▶ Professionals who specialize in serving government organizations, who can help you enhance your efficiency and effectiveness
- ▶ New ideas and trusted business advice from the leaders of your engagement team
- ▶ Additional specialists to help you save money and enhance profitability
- ▶ Knowledgeable staff who are current on laws, regulations and reporting requirements

Your engagement team leaders, Jon Trautman and Amber Danielski, understand the environment government entities are facing today, and are committed to your success. All members of your engagement team will be based from our Wausau office.

CPAS AND SO MUCH MORE

Our Government industry team members stay current on the trends and changes affecting our clients by sharing expertise and attending industry-specific events and training. You can expect proactive solutions and advice that helps you save money and strengthen your organization financially.

Our expertise serving government clients also includes:

- ▶ Internal control reviews
- ▶ Information technology consulting and system implementations
- ▶ Industry benchmarking
- ▶ Human resources consulting
- ▶ Payroll preparation and filing of quarterly payroll tax returns
- ▶ Documentation of accounting policies and procedures

Plus, we provide clients with frequent training and educational opportunities, including our webinar series on topics such as the GAO's revisions to Government Auditing Standards and preventing workplace fraud.



Schenck is a member of the American Institute of Certified Public Accountants' Government Audit Quality Center, which helps us achieve the highest standards in performing quality governmental audits.

Affirmation that the firm meets independence requirements of the Generally Accepted Government Auditing Standards as they relate to the City of Wausau and Community Development Authority.

In accordance with government auditing standards, Schenck is independent of City of Wausau. Schenck has no existing relationships that would jeopardize our independence or our ability to meet your professional accounting services needs.

A description of your firm's quality control procedures that ensure compliance with firm and AICPA standards. Highlight participation in peer review programs and provide a copy of your most recent external quality control review letter.

All Schenck attestation services, including all governmental audits, are completed under the guidelines set forth in our firm's quality control document. Adherence to these guidelines is monitored by Schenck's Director of Quality Control and includes independent reviews of work papers and final reports before issuance of any financial statements. We are also subject to annual internal inspections whereby samples of each type of attestation work are also reviewed.

In addition, the firm has a peer review completed every three years as required by government auditing standards. Our peer report, representing an unmodified opinion, is in Appendix B.

Describe any situations where you have failed to complete work awarded to you or defaulted on a contract. Provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the last three years with federal or state regulatory bodies or professional organizations.

Federal and state agencies have routinely performed desk reviews or field reviews of our audits, and have noted no problems. Schenck has assisted the State of Wisconsin in reviewing draft copies of audit programs for the State, and presented at conferences on single audit issues. Our firm has never been subject to disciplinary action by any federal or state agency.

Our approach to your audit

PROVIDING ADDED VALUE TO CITY OF WAUSAU

We understand you want more from your audit investment than simply a report on your financial results. You want your CPA to identify new ideas and opportunities.

AT SCHENCK, WE PROVIDE YOU THAT ADDED VALUE. WHAT SETS OUR AUDIT SERVICES APART?

- ▶ **Shareholders and managers actively involved in your engagement.** Jon Trautman and Amber Danielski, who will lead our audit services to City of Wausau, will participate in audit planning and will be readily available to you throughout the audit. Jon Trautman and Amber Danielski will be on-site during portions of your fieldwork. This limits return visits and follow-up questions after year-end fieldwork is completed.
- ▶ **Experienced auditors.** Our team exclusively serves local governments.
- ▶ **Regular communication.** We set expectations for the timing and deliverables of each phase of your audit up front and provide regular status updates throughout. You will always know where we are in the process, and what we need from you and when.
- ▶ **A quality audit designed around your unique risks.** Schenck serves more than 300 government clients, including 35 Wisconsin cities. Based on this experience and our planning conversations with you, we will develop a customized audit approach for City of Wausau that addresses your unique business and control risks.
- ▶ **A consistent engagement team.** With turnover rates below industry averages, we strive to maintain the same audit team on your account each year. This facilitates planning and fieldwork for a smoother audit process.
- ▶ **An efficient audit process.** Whenever possible, we collect data electronically for greater accuracy and to minimize your staff's time. Our workpapers are paperless and stored in a digital format, and we've developed proprietary templates to flow data efficiently from fieldwork through financial statement and tax return preparation. We seek out and incorporate the latest technology to enhance the efficiency, security and accuracy of our audits.

OUR AUDIT APPROACH



Work plan & timeline

ENSURING TIMELY SERVICE

The following is an outline of the timing of our work. In our initial planning meeting with you, we will discuss this timeline in greater detail and make adjustments as appropriate to meet your schedule.

- ▶ **NOVEMBER 1**
Initial planning meeting with City of Wausau to finalize schedule
Provide detailed list of items to be prepared for interim by City of Wausau
- ▶ **NOVEMBER/DECEMBER**
Preliminary audit work
 - information gathering
 - evaluation of internal controls
 - risk assessment
 - meeting with management to discuss results
- ▶ **JANUARY**
Audit fieldwork for Riverview Towers LLC performed
- ▶ **FEBRUARY 28**
Riverview Towers LLC Fieldwork Completion
Riverview Towers LLC Audit, Report and Tax Return Completion
- ▶ **APRIL**
Audit fieldwork for CDA performed
- ▶ **MAY 1**
Provide detailed list of items to be prepared for final fieldwork by City of Wausau
- ▶ **MAY**
Audit fieldwork
 - conduct audit procedures
 - closing meeting to discuss findingsCDA Financial and Compliance Audit Fieldwork and Financial Statement Completion due May 5
Final review of CAFR due by end of month
- ▶ **JUNE 10**
Issue Compliance Reports, Management Letter, Tax Rule 16, and Opinion of CAFR
- ▶ **AS REQUESTED**
Audit results communicated to CDA Board and City Finance Committee

About Schenck




550+
TEAM MEMBERS

INSIDE Public Accounting
2016 TOP 100 FIRMS



At Schenck, we focus on providing high quality service to our clients, who rely on us as their advisor of choice for accounting, tax and consulting solutions. Our understanding of the demands our clients face, combined with a sincere concern for their success and continued growth, has driven our success over the **past 85 years**.

TODAY, WE MEET THE BUSINESS AND FINANCIAL NEEDS OF OUR CLIENTS IN:

- ▶ Accounting and auditing
- ▶ Business optimization
 - Operations
 - Technology
 - Human resources
- ▶ Cost segregation services
- ▶ Employee benefit plan audits
- ▶ Estate and trust planning
- ▶ Human resources consulting
- ▶ International business
- ▶ Investment management
- ▶ Medical billing
- ▶ Mergers and acquisitions
- ▶ Ownership transition planning
- ▶ Payroll services
- ▶ Retirement plan administration
- ▶ Risk services: accounts payable testing, fraud prevention, internal controls reviews
- ▶ Tax planning and compliance
- ▶ Technology solutions: software selection, business process flow, installation, implementation, training and ongoing support
- ▶ Valuations and litigation support

RESOURCES ACROSS THE WORLD

Because of today's global approach to business, Schenck is an independent firm associated with AGN International, Ltd., one of the largest accounting and business services associations in the world. AGN affiliates are located in more than 80 countries and more than 100 U.S. cities. Together with these trusted firms, we're able to provide you professional services worldwide.



PROVIDING ADDED VALUE AND KEEPING YOU INFORMED

The world of business is constantly changing. To keep you updated on important business issues that may impact you, Schenck regularly publishes newsletters and other email alerts to help you find savings, stay in compliance, or take advantage of new opportunities.



You're also invited to join us for our business improvement workshops and webinars, held regularly on topics that impact you—like health care reform, payroll updates and changes to government auditing standards.

OUR COMMITMENT TO OUR CULTURE AND OUR TEAM MEMBERS

At Schenck, we take pride in our work and strive to create a healthy culture throughout our firm. Our team members have the opportunity to be challenged, to develop their strengths and to make an impact both at work and in our communities.



As a result, Vault, a publisher of career guides and employer rankings, **has named Schenck one of the top 25 CPA firms in the nation to work for.** Rankings are based on confidential surveys of employees and focus on firm culture, work/life balance, compensation, business outlook, firm prestige and overall job satisfaction.

Proposed fees

NAME OF FIRM

Schenck SC

TOTAL ALL-INCLUSIVE MAXIMUM PRICE FOR THE ENGAGEMENT

As detailed below, our all-inclusive maximum price for your engagement for the years ending December 31 will be as follows:

AUDIT SERVICES	2016	2017	2018	2019	2020
Community Development Authority					
Audit	\$7,800	\$8,200	\$8,600	\$9,000	\$9,400
Agreed-upon Procedure	\$550	\$550	\$575	\$575	\$600
Riverview Towers, LLC					
Audit	\$6,900	\$7,000	\$7,125	\$7,250	\$7,400
Tax	\$1,500	\$1,575	\$1,625	\$1,675	\$1,700
Water Utility	\$3,100	\$3,200	\$3,250	\$3,300	\$3,350
Sewer Utility	\$2,900	\$3,000	\$3,050	\$3,100	\$3,150
Community Development Fund	\$2,500	\$2,500	\$2,550	\$2,600	\$2,700
Transit Utility	\$4,200	\$4,200	\$4,300	\$4,300	\$4,400
All Other	\$16,400	\$16,700	\$16,875	\$17,175	\$17,325
Total Fee	\$45,850	\$46,925	\$47,950	\$48,975	\$50,025

TIMELY AND QUALITY SERVICE

Our proposed fees include routine correspondence and discussions between City of Wausau and Schenck. We strongly encourage effective communication between us and therefore will not bill you for routine conversations concerning financial and related matters.

Our fees are dependent on the following:

- ▶ Your office personnel will assist us by providing appropriate documents and records necessary to complete our services.
- ▶ Your government's operations do not change significantly.
- ▶ There are no significant changes in auditing, accounting or reporting requirements.

If changes occur to any of the above, we would discuss a revised fee proposal with you prior to commencing any work.

Upon your acceptance of our proposal, we will prepare a formal engagement letter as required by professional standards.

AUTHORIZED SIGNATURE

Jon Trautman, CPA, is entitled to submit this proposal on behalf of Schenck, and sign a contract with City of Wausau. Our firm, if selected, agrees to perform the services as identified in your Request for Proposal, and to sign a contract stating the same.

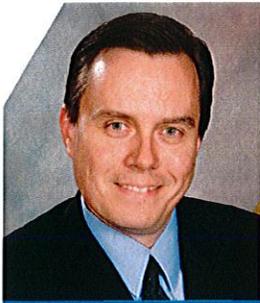


Shareholder

October 5, 2016

Date

Account team biographies



Jon Trautman, CPA

SHAREHOLDER

jon.trautman@schencksc.com | 920-455-4312

AREAS OF SPECIALIZATION

Government accounting | Government auditing | Government consulting

EXPERIENCE

Jon leads the audits of government and not-for-profit organizations. His clients include counties, municipalities, and school districts throughout Wisconsin. He has prepared the financial statements, Municipal Financial Report forms, and Public Service Commission annual reports for local governments and utilities. Jon has nearly 20 years of governmental audit experience, which includes the following clients:

COUNTIES:

- ▶ Adams County
- ▶ Clark County
- ▶ Green Lake County
- ▶ Monroe County
- ▶ Oneida County
- ▶ Portage County
- ▶ Taylor County
- ▶ Vilas County
- ▶ Winnebago County

CITIES, VILLAGES AND TOWNS:

- ▶ City of Nekoosa
- ▶ City of Thorp
- ▶ City of Tomahawk
- ▶ City of Wisconsin Rapids
- ▶ Village of Amherst
- ▶ Village of Granton
- ▶ Village of New Glarus
- ▶ Village of Wild Rose
- ▶ Wisconsin Rapids Water & Light
- ▶ Town of Grant
- ▶ Town of Plum Lake

SCHOOL DISTRICTS:

- ▶ Edgar School District
- ▶ Owen-Withee School District
- ▶ Pittsville School District
- ▶ School District of Greenwood
- ▶ Stevens Point Area Public School District
- ▶ Tri-County Area School District
- ▶ Wittenberg-Birnamwood School District

OTHER:

- ▶ Portage County Housing Authority
- ▶ Taylor County Housing Authority

EDUCATION

University of Wisconsin–Stevens Point, BS, Managerial Accounting

PROFESSIONAL MEMBERSHIPS

- ▶ Government Finance Officers Association
- ▶ Wisconsin Institute of Certified Public Accountants Department of Public Instruction School District Auditor Task Force
- ▶ American Institute of Certified Public Accountants



Tom Karman, CPA

SHAREHOLDER

tom.karman@schencksc.com | 920-455-4111

AREAS OF SPECIALIZATION

Local governments | Municipal utilities | Tax increment districts |
Not-for-profit organizations

EXPERIENCE

Tom has over 30 years of experience working exclusively in the areas of accounting and auditing for governments and not-for-profit organizations. In addition to providing auditing and financial reporting services, Tom keeps clients up to date on new accounting standards, and assists clients with the implementation of new standards when necessary.

Tom's approach to client service often has him on-site at client locations working directly with the audit team and the client's staff. This allows his clients the opportunity to directly discuss any accounting, auditing or operational issues which may arise.

ACCOMPLISHMENTS

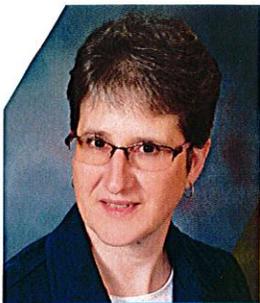
- ▶ Assisted local governments in preparing financial reports which met the criteria of the Government Finance Officers Association Certificate of Achievement program
- ▶ Assisted municipal water and electric utilities in the development of rate studies and their subsequent filing with the Wisconsin Public Service Commission

EDUCATION

University of Wisconsin–Whitewater,
BBA, Accounting

PROFESSIONAL MEMBERSHIPS

- ▶ Wisconsin Government Finance Officers Association, Associate Member
- ▶ Wisconsin Institute of Certified Public Accountants
- ▶ American Institute of Certified Public Accountants



Mary Vandebusch, CPA

SENIOR MANAGER

mary.vandebusch@schencksc.com | 920-455-4149

AREAS OF SPECIALIZATION

Accounting, auditing & consulting | Not-for-profit industry

EXPERIENCE

Mary has more than 25 years of experience performing audit, review and accounting services for a number of not-for-profit organizations, HUD-assisted and Rural Development housing projects and public housing authorities subject to Government Auditing Standards, OMB Circular A-133, and the Uniform Grant Guidance audit requirements. She has been responsible for supervising and performing electronic submission of HUD-assisted multi-family housing and public housing authority financial statements to HUD/REAC, and performing technical reviews of audited financial statements of the firm's not-for-profit and housing-related clients.

ACCOMPLISHMENTS

- ▶ Assisted local and regional not-for-profits affiliated with national organizations to timely meet their audit and tax reporting in accordance with the national organization's requirements
- ▶ Provided training services to clients and staff on the major changes to federal Form 990
- ▶ Performed agreed-upon procedures to assist clients and their audit committees in determining whether internal control procedures were in place and operating as designed

EDUCATION

University of Wisconsin–Green Bay,
BS, Accounting, graduated *Magna Cum Laude*

PROFESSIONAL MEMBERSHIPS

- ▶ Wisconsin Institute of Certified Public Accountants
- ▶ American Institute of Certified Public Accountants
- ▶ Affordable Housing Association of Certified Public Accountants

COMMUNITY INVOLVEMENT

- ▶ St. Bernard School–Green Bay, Before and After School Program, Steering Committee
- ▶ St. Bernard Parish–Green Bay, Organist/Choir Accompanist
- ▶ Preble Music Parents Association



Amber Danielski, CPA, CMA

MANAGER

amber.danielski@schencksc.com | 920-455-4304

AREAS OF SPECIALIZATION

Government accounting | Government auditing

EXPERIENCE

Amber joined Schenck in 2005 and is responsible for performing the field work of audits for Wisconsin municipalities and school districts. She has experience in preparing the financial statements, Public Service Commission Reports, State Financial Report Forms, and the Schedule of Federal and State Awards for municipalities and school districts. Clients she has worked with include:

COUNTIES:

- ▶ Adams County
- ▶ Clark County
- ▶ Green Lake County
- ▶ Monroe County
- ▶ Oneida County
- ▶ Portage County
- ▶ Taylor County
- ▶ Vilas County

CITIES, VILLAGES AND TOWNS:

- ▶ City of Marshfield
- ▶ City of Thorp
- ▶ City of Tomahawk
- ▶ City of Wisconsin Rapids
- ▶ Village of Amherst
- ▶ Village of Kronenwetter
- ▶ Village of New Glarus
- ▶ Village of Plover
- ▶ Town of Farmington
- ▶ Town of Rib Mountain
- ▶ Town of Rome

SCHOOL DISTRICTS:

- ▶ Owen-Withee School District
- ▶ Pittsville School District
- ▶ Port Edwards School District
- ▶ Stevens Point Area Public School District
- ▶ Wittenberg-Birnamwood School District

OTHER:

- ▶ Marshfield Utilities
- ▶ North Central Wisconsin Regional Planning Commission
- ▶ Town of Rome Water Utility
- ▶ Wisconsin Rapids Water Works & Lighting Commission

EDUCATION

University of Wisconsin–Stevens Point, BA, Managerial Accounting, Business Administration, and Spanish

Matt Rusch, CPA

SUPERVISOR

matt.rusch@schencksc.com | 920-455-4368

AREAS OF SPECIALIZATION

Government accounting | Government auditing

EXPERIENCE

Matt joined Schenck in 2009 and is responsible for performing the field work of audits for Wisconsin municipalities and school districts. He has experience preparing the financial statements, Wisconsin Department of Public Instruction reports, Public Service Commission Reports, State Financial Report Forms and the Schedule of Federal and State Awards. Clients he has worked with include:

COUNTIES, CITIES, VILLAGES AND TOWNS:

- ▶ Adams County
- ▶ Clark County
- ▶ Monroe County
- ▶ Oneida County
- ▶ Taylor County
- ▶ Vilas County
- ▶ City of Thorp
- ▶ Village of Curtiss
- ▶ Village of New Glarus
- ▶ Village of Plover
- ▶ Village of Port Edwards
- ▶ Village of Wild Rose
- ▶ Town of Plum Lake

SCHOOL DISTRICTS:

- ▶ Auburndale School District
- ▶ Lakeland Union High School
- ▶ MHLT School District
- ▶ Northland Pines School District
- ▶ Stevens Point Area School District
- ▶ Tri-County School District

EDUCATION

University of Wisconsin-La Crosse,
BA, Accounting



Susan Pable, CPA

SENIOR MANAGER

susan.pable@schencksc.com | 920-455-4305

AREAS OF SPECIALIZATION

Government accounting | Quality control

EXPERIENCE

Sue is responsible for the technical review of audited financial statements of the firm's governmental clients and the implementation of new accounting pronouncements. She has assisted clients with the implementation of new capital asset reporting systems, internal control evaluations, and new financial reporting requirements.

Sue has over twenty years experience in governmental accounting and auditing, and has held the positions of Internal Auditor, Assistant Finance Director and Acting Finance Director with various Wisconsin governmental organizations.

EDUCATION

University of Wisconsin-Oshkosh,
BBA, Accounting

PROFESSIONAL MEMBERSHIPS

- ▶ Wisconsin Institute of Certified Public Accountants

COMMUNITY INVOLVEMENT

- ▶ Girl Scouts of America, Council Delegate, School Coordinator and former troop leader
- ▶ Ours Through Adoption of Northeast Wisconsin, member and past Treasurer
- ▶ Friends of the Brown County Library, Treasurer

Peer review report

APPENDIX B

SYSTEM REVIEW REPORT

September 6, 2013

Shareholders
Schenck SC
and the
National Peer Review Committee of the American Institute of CPAs Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of **Schenck SC** (the "Firm") applicable to non-SEC issuers in effect for the year ended April 30, 2013. Our peer review was conducted in accordance with the *Standards for Performing and Reporting on Peer Reviews* ("Standards") established by the Peer Review Board of the American Institute of Certified Public Accounts. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the Standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; audits of employee benefit plans, and examinations of service organizations (Service Organizations Control (SOC) 1 engagements).

In our opinion, the system of quality control for the accounting and auditing practice of **Schenck SC** applicable to non-SEC issuers in effect for the year ended April 30, 2013, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. **Schenck SC** has received a peer review rating of *pass*.



CITY OF WAUSAU AUDIT SERVICE PROPOSAL COMPARISON

	2016	2017	2018	2019	2020
Schenck					
CDA					
Audit	\$ 7,800	\$ 8,200	\$ 8,600	\$ 9,000	\$ 9,400
Agreed Upon Procedures	550	550	575	575	600
Riverview Towers LLC					
Audit	6,900	7,000	7,125	7,250	7,400
Tax	1,500	1,575	1,625	1,675	1,700
	16,750	17,325	17,925	18,500	19,100
Water	3,100	3,200	3,250	3,300	3,350
Sewer	2,900	3,000	3,050	3,100	3,150
Community Development Funds	2,500	2,500	2,550	2,600	2,700
Transit Utility	4,200	4,200	4,300	4,300	4,400
All Other	16,400	16,700	16,875	17,175	17,325
	\$ 45,850	\$ 46,925	\$ 47,950	\$ 48,975	\$ 50,025
Clifton Larson					
CDA	\$ 13,000	\$ 13,250	\$ 13,500	\$ 13,750	\$ 14,000
Water Utility	2,500	2,525	2,550	2,575	2,600
Sewer Utility	2,500	2,525	2,550	2,575	2,600
Community Development Funds	4,500	4,525	4,550	4,575	4,600
Transit Utility	3,500	3,525	3,550	3,575	3,600
All Other	13,750	13,900	14,050	14,200	14,350
Total	\$ 39,750	\$ 40,250	\$ 40,750	\$ 41,250	\$ 41,750
Difference	\$ 6,100	\$ 6,675	\$ 7,200	\$ 7,725	\$ 8,275



TO: FINANCE COMMITTEE
FROM: MARYANNE GROAT
DATE: AUGUST 3, 2016
RE: ROOM TAX

The City of Wausau has been collecting an 8% room tax for many years. These funds are accumulated in a special revenue fund. A historical summary of the collection and disbursement is as follows:

	2016 Budget	Actuals					
		2015	2014	2013	2012	2011	2010
Revenues							
Room Tax Revenues	\$ 799,000	\$ 845,155	\$ 810,442	\$ 770,774	\$ 738,251	\$ 691,157	\$ 655,278
Expenses							
Transferred To CVB	299,625	316,933	303,916	289,040	276,844	259,184	211,146
Retained for Other Purposes:							
City of Wausau Purposes	258,700	205,000	180,000	175,000	175,000	175,000	175,769
Room Tax Grants	286,265	321,515	366,640	264,375	274,954	240,862	222,145
Retained by the Hotels	7,500	9,017	1,244				
Total Retained	552,465	535,532	547,884	439,375	449,954	415,862	397,914
Total Expenses	\$ 852,090	\$ 852,465	\$ 851,800	\$ 728,415	\$ 726,798	\$ 675,046	\$ 609,060
Net Retained	\$ 499,375	\$ 528,222	\$ 506,526	\$ 481,734	\$ 461,407	\$ 431,973	\$ 444,132

The Wisconsin legislature enacted Act55 which will significantly change the expenditure and control of room tax revenues beginning 1/1/2017. Highlights of the new law are:

- The City must forward to a tourism entity or commission any room tax revenue exceeding the amount the City is allowed to retain.
- The City is allowed to retain the greater of 30% (2015 = \$253,547) Or
 - FY 2017 = 2014 retained \$506,526
 - FY 2018 = 2013 retained \$481,734
 - FY 2019 = 2012 retained \$461,407
 - FY 2020 = 2011 retained \$431,973
 - FY 2021 = 2010 retained \$444,133 and thereafter
- The tourism commission can be created to serve a single community or multiple communities (considered a zone).
 - A tourism commission for a single community is to consist of 4 to 6 members. The commission is appointed by the Mayor for a 1 year term and confirmed by the Common Council. At least one of the members must be an owner or operator of a lodging property paying room tax.

- If a commission is created for a zone the City would have 2 members on the board since our room tax collections are below \$1 million and more than \$300,000.
- The tourism entity or commission must use the room tax revenue it receives for tourism promotion and tourism development.
- The definition of “tourism promotion and tourism development” includes the elements listed below that are significantly used by transient tourists and reasonably likely to generate paid overnight stays at more than one establishment where room tax is imposed:
 - Marketing projects including media buys, creation and distribution of printed and electronic tourist materials; efforts to recruit conventions, sporting events or motor coach groups.
 - Transient tourist informational services
 - Tangible municipal development including a convention center.
- The tourism commission can be created to serve a single community or multiple communities (considered a zone).
 - A tourism commission for a single community is to consist of 4 to 6 members. The commission is appointed by the Mayor for a 1 year term and confirmed by the Common Council. At least one of the members must be an owner or operator of a lodging property paying room tax.
 - If a commission is created for a zone the City would have 2 members on the board since our room tax collections are below \$1 million and more than \$300,000.
- A tourism commission is responsible for spending room tax for tourism promotion and tourism development purposes. A tourism commission may contract with other organizations for tourism marketing and development services in addition to a tourism entity (CVB).
- Annually, beginning May 1, 2017 the City must file a Wisconsin Room Tax Report with the Department of Revenue. The report includes: total room tax collection, amount forwarded to a room tax entity/commission, a list of expenditures of \$1,000 or more.

Historically the City has considered room tax grant applications twice per year. The next application due date is August 31. Many of the organizations reliant on room tax revenue are beginning to question the changes for 2017. The new definition of “tourism promotion and tourism development” could impact the eligibility of current room tax recipients. Attached is a detailed history of room tax recipients.

The CVB has proposed the creation of a blended tourism district whereby all communities have a uniform room tax rate of 8%. Within this proposal room tax would be allocated as follows:

- the City would retain 30% for City operations
- Municipal specific tourism promotions 25% via joint or solo commission
- CVB for tourism 45%

	<u>CVB Proposal</u>	<u>2016 Budget*</u>
30% City Operations	\$ 253,547	\$ 258,700
45% CVB	\$ 380,320	\$ 316,933
Other tourism	\$ 211,289	\$ 269,522

*using 2015 Actual Revenues

HISTORICAL ANALYSIS OF ROOM TAX FUND USES

	Budget 2016***	ACTUAL					2010
	2015	2014	2013	2012	2011		
REVENUES							
Room Tax Revenues	\$ 845,155	\$ 845,155	\$ 810,442	\$ 770,774	\$ 738,251	\$ 691,157	\$ 655,278
Miscellaneous			269	562	1,251		
Total Revenue	\$ 845,155	\$ 845,155	\$ 810,711	\$ 771,336	\$ 739,502	\$ 691,157	\$ 655,278
EXPENDITURES							
Convention and Visitors Bureau	281,250	316,933	303,916	289,040	276,844	259,184	211,146
<u>Continuing Appropriations</u>							
Main Street	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Grand Theater on Artsblock	50,100	77,775	50,100	46,493	45,000	45,000	39,394
Wausau Area Events - General Operations	79,004	79,004	79,004	70,636	65,600	65,600	62,122
Leigh Yawkey Woodson Art Museum	33,143	33,143	33,143	30,923	30,100	30,100	26,058
Marathon County Historical Society	23,123	23,123	23,123	21,074	21,000	18,180	18,182
Wausau Concert Band	7,708	7,708	7,708	6,942	6,500	6,500	6,061
Center for Visual Arts	11,562	11,562	11,562	10,537	10,000	9,090	9,091
Total Continuing Appropriations	234,640	262,315	234,640	216,605	208,200	204,470	190,908
<u>Other Room Tax Uses</u>							
Central Stage, Band and Choir	5,000						
Dream Flight		5,000		5,000	5,000		
Wausau Kayak/Canoe Corporation	12,000	12,000	12,000	7,138	20,000	5,138	3,228
Artrageous Weekend	4,500	4,500	3,000	1,487	1,284	1,284	1,284
Festival of the Arts	5,000	5,000	5,000	2,974	4,041	4,041	
Gus Macker Basketball Tournament				3,569	4,281	4,281	4,281
American Vet Travel Tribute					5,000		
Chalkfest	800	1,000	800	595	1,700	1,700	1,713
Wausau Events - Balloon & Rib Fest	10,000	10,000	10,000	4,164	4,281	4,281	4,281
Wausau Events - Screen on the Green	3,000	3,000	3,000				
Wausau Jaycees Fourth of July	7,700	7,700	7,700	4,164	2,964	2,964	2,964
Wausau Dance Theater					6,422	6,422	6,422
Wausau Events - Market Place Thursdays	5,000	6,000	6,000	3,569	4,281	4,281	4,281
Wausau Community Theater	2,500	2,500	2,500	1,487	2,500	2,000	
Wausau Events Branding				8,623			
Wausau Symphony Band	4,000						2,783
Friends of Wausau Ice Hockey			75,000				
Wausau Events - Wausau Winter Fest	4,000		7,000	5,000	5,000		
Main Street - First Thursdays	1,500	2,500					
Wausau Events - Beer and Bacon Festival	3,000						
Main Street - Downtown Dining	2,000						
Total Other Room Tax	70,000	59,200	132,000	47,770	66,754	36,392	31,237
<u>City Operations</u>							
City of Wausau Airport Marketing							769
400 Block Fund	31,200	31,200					
Transfer to Capital Projects Fund	40,000	5,000					
General City Funding ***	187,500	168,800	180,000	175,000	175,000	175,000	175,000
Total City Operations	\$258,700	\$205,000	\$180,000	\$175,000	\$175,000	\$175,000	\$175,769
Room Tax Retained by Hotels	7,500	9,017	1,244				
Total Expenditures	\$852,090	\$852,465	\$851,800	\$728,415	\$726,798	\$675,046	\$609,060

WAUSAU

Central Wisconsin

Convention and Visitors Bureau

PROPOSAL TO CREATE A BLENDED TOURISM DISTRICT

June 23, 2016

We have met with and/or spoken with many of you to discuss an idea of creating a formal Zone for the Wausau Central Wisconsin Communities. I still strongly believe that it is in the best interests of Wausau, Rothschild, Weston, Rib Mountain, Schofield, and Mosinee to create a single Zone for the area and combine their room tax revenue for the sole purpose of developing a single destination for tourists to come to our area. However, there appears to be some concern that by creating this single ZONE, such could dilute monies that is already being retained by the municipality and used by it for tourism projects in their municipality. Another expressed concern was that their permitted representation on the Zone Commission is limited and such could adversely affect the municipality's interests. Another concern was that once in the Zone, they may not be easily able to opt out if they are unhappy with the direction of the Commission.

I believe that we have come up with a great solution that addresses all of these concerns and yet preserve some of the great benefits of a Zone and, at the same time, allows the municipalities the individual interests they seek. It is my professional opinion that this revised proposal would benefit everyone. The following will succinctly summarize my proposal.

1. Each municipality goes to 8% room tax, the maximum allowed under the statute.
2. Each municipality retains 30% of the room tax revenues for its general fund.
3. Each municipality can either create its own Commission, who will then contract with the CVB or if the municipality does not want to create its own Commission, it can contract directly with the CVB. As it has successfully done in the past, the CVB will provide its office, staff, and resources to promote tourism in the municipality.
4. Each municipality can use up to 25% of the room tax revenue for its own tourism promotion and development purposes. As per the statute, these funds will be sent to the CVB and be maintained by the CVB individually for each municipality in a separate designated account. The use of these funds will be directed by the Municipality's Commission or, if none, by the Mayor or designee, with advice from CVB to ensure that the room tax revenues are spent in accordance with the statute
5. Each municipality will send the remaining 45%, (this is the percentage that each municipality has generally on the average sent to the CVB for tourism) and be maintained by the CVB in its banking account. The room taxes would be forwarded to the CVB and

will be separated individually by municipality through its accounting practices for use by the CVB to promote the Wausau Central Wisconsin Communities as a destination for tourists.

6. The CVB will continue to follow its day to day operations and practices and use its office, staff, and resources to promote tourism for all of the municipalities in the Wausau Central Wisconsin Communities as it has done successfully for the past 20 years. This includes the development of the Sports Authority, Badger State Games, and other major events and programs, all of which have a proven successful track record.
7. The CVB strongly recommends that the initial period for the contracts, as it relates to the use of the municipality's 45% room tax contribution, should be at least five (5) years to enable the CVB sufficient time to work out any issues that may arise.

In conclusion, the above recommendation is designed to give you the best of two worlds: allowing each municipality to create its own Commission who will direct use of its room taxes for their municipality and, at the same time, allow it to participate in a joint promotional/marketing effort that brings tourists to the Wausau Central Wisconsin communities. Since the CVB will be the designated tourism entity for all of the municipalities, individually and collectively by virtue of the Wausau Central Wisconsin Communities, the CVB will be in the best position of maximizing the use of room tax revenues that will benefit all of the municipalities.

If everyone agrees in principle in the above proposal, I would request that you allow our attorney to revise the proposed Entity Agreement that will reflect the above recommended changes. By doing so, there will be no conflicts or confusion and transparency in our operation. Thanks for your consideration.

Respectfully submitted,

Richard Barrett
Executive Director

CITY OF WAUSAU, WISCONSIN ROOM TAX POLICIES

The City of Wausau maintains a room tax to assist with funding services necessary to support and attract visitors that would otherwise be borne by local taxpayers as well as to promote, protect, preserve and invest in activities and facilities that make Wausau a more attractive, safe and compelling destination for visitors and residents alike.

City of Wausau ordinance 3.25.030 Collection and Distribution shall be followed.

The annual budget for room tax revenues shall be determined by the Finance Director and approved by the Finance Committee based on actual receipts from the prior full calendar year for which data is available as the city's budget is being prepared along with reasonable projections. The following annual distributions shall occur:

CONTINUING ANNUAL APPROPRIATIONS:

The city shall contribute an amount equal to 31.25% of actual current collections to the Wausau/Central Wisconsin Convention & Visitors Bureau, and an additional 6.25% for Badger State Games as governed by agreement with CWCVB.

In addition to the CWCVB, the City of Wausau recognizes other not-for-profit organizations that have demonstrated their significance as a destination for visitors and residents. These organizations shall receive an annual allocation of room tax revenues which shall be apportioned as follows:

Wausau Area Events: An amount of \$65,600 but not greater than 10.25% of immediate prior year collections. It is intended that this amount be used to fund operating expenses. Additional amounts for specific events such as Chalkfest, Concerts on the Square, Wausau Hot Air Balloon Rally & Glow and certain other events will be funded separately through the Room Tax Grants portion.

Wausau Main Street: An amount of \$30,000 but not greater than 5% of immediate prior year collections, however, the total City contribution to Main Street shall not exceed one-third of the annual Main Street budget.

Grand Theater – Performing Arts Foundation: An amount of \$45,000 but not greater than 6.5% of immediate prior year collections.

Leigh Yawkey Woodson Art Museum: An amount of \$30,100 but not greater than 4.30% of immediate prior year collections.

Marathon County Historical Society: An amount of \$21,000 but not greater than 3% of immediate prior year collections.

Center for the Visual Arts: An amount of \$10,000 but not greater than 1.5% of immediate prior year collections.

Wausau Concert Band: An amount of \$6,500 but not greater than 1% of immediate prior year collections.

Each organization shall submit complete annual financial reports and include the City logo on promotional materials.

In addition to these allocations the City of Wausau operations will benefit from Room Tax Collections as follows:

- General Fund will be allocated a sum of 25% of projected room tax collections to offset operating costs.

ROOM TAX GRANT PROGRAM:

To the extent that funds are available, the Finance Committee will consider, semi-annually (August 30th and February 28th) applications for room tax grants from outside organizations which clearly show benefits to the City of Wausau in the following categories: economic development, tourism and special community events or projects which enhance the quality of life.

There are three categories in which grants are awarded. Capital projects, Events, and Marketing efforts:

Capital costs associated with acquisition, restoration, enhancement, construction or expansion of existing facilities, sites or attractions for the purpose of accommodating tourism or increased tourism attraction, or for the purpose of providing new or increased programming.

Events including festivals, celebrations, shows, performances, special exhibits or displays and other events, particularly those that will attract outside visitors will be considered in this category. The maximum grant available is \$15,000.

Marketing efforts including the development and implementation of a marketing plan designed to increase visitation to an attraction or event. The maximum grant available is \$7,500.

All organizations should attempt to demonstrate their plan towards event self-sufficiency. Interested organizations must submit timely and meet the requirements and specifications identified within the applications instructions. The Finance Committee will review the funding requests and forward a recommendation to Common Council for incorporation within the annual budget.

OTHER:

Any monies remaining at yearend will stay within the segregated room tax fund for allocations in subsequent budget cycles.

**OPERATING PLAN
FOR
CALENDAR YEAR 2017
BUSINESS IMPROVEMENT DISTRICT NO. 1
OF THE CITY OF
WAUSAU, WISCONSIN**

**OPERATING PLAN FOR CALENDAR YEAR 2017
BUSINESS IMPROVEMENT DISTRICT NO. 1
OF THE CITY OF WAUSAU, WISCONSIN**

TABLE OF CONTENTS

I. INTRODUCTION	1
II. DISTRICT BOUNDARIES.....	1
III. OPERATING PLAN	1
A. Plan Objectives	1
B. Proposed Activities	2
C. Expenditures and Financing Method	3
D. Organization of the District Board.....	4
IV. METHOD OF ASSESSMENT	5
A. Annual Assessment Rate and Method	5
B. Excluded and Exempt Property	7
V. PROMOTION OF ORDERLY DEVELOPMENT OF THE CITY	7
City Role in District Operation.....	7
VII. FUTURE YEAR OPERATING PLANS.....	8
A. Changes.....	8
B. Admendment, Severability and Expansion	8
C. Automatic Termination Unless Affirmatively Extended.....	8
VIII. GENERAL.....	8
IX. APPENDICES	
A. District Boundary Map	
B. 2017 Budget	

**OPERATING PLAN FOR CALENDAR YEAR 2017
BUSINESS IMPROVEMENT DISTRICT NO. 1
OF THE CITY OF WAUSAU, WISCONSIN**

I. INTRODUCTION

Under Wisconsin Statute section 66.1109, (the “BID Law”) cities are authorized to create Business Improvement Districts (“BIDs”) upon the petition of at least one owner of property used for commercial purposes within the District. The purpose of the BID Law is “. . .to allow businesses within those districts to develop, to manage and promote the districts and to establish an assessment method to fund these activities.” 1983 Wis. Act 184, Section 1, legislative declaration.

BID assessments are similar to traditional special assessments wherein property owners are assessed for improvements or services that benefit them. Unlike the traditional special assessments, however, BID assessments can be used to finance a wider range of activities, services and improvements such as The River District activities, special events, business retention, expansion and recruitment, promotions and marketing, and seasonal street decorations.

Pursuant to BID Law, an operating plan (“Operating Plan”) must be presented to all property owners of the proposed City of Wausau, Wisconsin Business Improvement District No. 1 (the “District”). The Operating Plan must show the services to be offered by the District, expenditures by the District, the special assessment method applicable to properties within the District for the second year of the BID, and other requirements of the BID Law.

II. DISTRICT BOUNDARIES

The Business Improvement District area shown in the map located in Appendix A, which is attached hereto and incorporated herein by this reference. This entire area represents the heart of Wausau’s central business district. The area also encompasses the area designated as the River District Wausau.

III. OPERATING PLAN

A. Plan Objectives

The objective of the Wausau River District, Inc. is to further promote the development, redevelopment, operation and promotion of the River District for the physical and economic benefit of all business and property owners within the BID as well as the entire Wausau community through the partial financing of the operating budget of Main Street Wausau, Inc. This is to occur in conjunction with the continued funding of these efforts by the City of Wausau.

Wausau River District, Inc. was accepted into the Wisconsin Main Street Program in 2002. Each year the program is provided three Architectural drawings, available to any business or commercial property owner in the River District, by the Wisconsin Main Street Program. The Program also provides a maximum of two on-site business assistance visits and a one-day technical assistance visit, available to any business or commercial property owner in the River District. In addition, Wausau River District, Inc. holds monthly four point approach committee meetings and listening sessions.

In conjunction with Wausau Events, Inc., the Main Street Program assists the organization of many beneficial and enjoyable events, such as Concerts on the Square, Winter Fest, and the Holiday Parade. These events have attracted locals and visitors alike to the River District.

Main Street Wausau, Inc. continues to adopt and undertake work plans to develop and promote the River District as an exciting place to live, learn, work and play, through collaborative efforts that involve area businesses, public and private institutions and property owners.

B. Proposed Activities

With the funding from the BID, the Main Street Program is planning for 2017 the following programs, either directly, or through cooperative efforts with Wausau Events, Inc. and the City of Wausau:

I. Organization

- a. Maintain website, database and inventory of properties, businesses, and District stakeholders.
- b. Research and apply for various revenue streams through which to additionally support organizational operations.
- c. Develop partnerships with and among Wausau River District stakeholders by gathering members annually for the State of the River District Dinner.
- d. Develop and distribute State of the Wausau River District Report/Market Profile to stakeholders.
- e. Communicate regularly with Wausau River District stakeholders in person and via e-mail, phone, in-person, and other correspondence.
- f. Recruit, train, and orient new board and committee members.
- g. Promote the Main Street program via the website, press releases, presentations with community groups, informational brochures, e-newsletters, etc.
- h. Recognize volunteer contributions to the Program by highlighting volunteer accomplishments via a variety of marketing channels.
- i. Maintain National Main Street Accreditation.
- j. Pursue Great American Main Street Award.
- k. Monitor Room Tax and BID legislation.
- l. Administer Technology Assistance fund.
- m. Develop and implement Block Captain Program.
- n. Coordinate quarterly neighborhood meetings.
- o. Organize and implement River District Ambassador program.
- p. Maintain Development Ambassador team.
- q. Maintain Business Insights team.

II. Promotions/Marketing

- a. Promote the District to residents and visitors. This includes advertisements in the CVB Visitor Magazine, WPR, City Pages, Facebook, and various other advertising channels.
- b. Publish weekly promotional emails (Hot Happenings in the River District)
- c. Continue First Thursdays.
- d. Coordinate seasonal promotions and advertising campaigns through the development and placement of print, online, television and/or radio

advertisements for First Thursdays, Downtown Wausau Dining Week, Sidewalk Sales, Christmas on First Open House, and Small Business Saturday.

- e. Support special events.
- f. Coordinate Downtown Dining Weeks.
- g. Coordinate Downtown Employee Appreciation Week.
- h. Coordinate Downtown Open House.
- i. Coordinate holiday light hanging.
- j. Develop, coordinate, and implement Pints & Parking Lots.
- k. Assist in coordinating Open Streets.
- l. Assist in coordinating Jazz on the River series.
- m. Coordinate Sidewalk Sales.

III. Economic Development

- a. Lead and/or support redevelopment initiatives on the District's Near West Side.
- b. Update, reprint and redistribute River District Market Profile annually.
- c. Communicate regularly with business group developing First Thursdays to ensure organizing needs are met.
- d. Maintain River District vacant property listings on website.
- e. Continue to support PACE Equity partnership.
- f. Support and/or coordinate West Side Pride fix-up days.

IV. Design

- a. Administer Sign Grant Program.
- b. Support City/Metro Area Wayfinding Signage initiative.
- c. Assist with administration of Planter Adoption Program.
- d. Advocate for directory kiosk on near west side.
- e. Collaborate with City and Park Dept. on 2nd Avenue and Clark Street reconstruction project.
- f. Advocate for bike racks on near west side.
- g. Investigate and coordinate where appropriate Tactical Urbanism projects.
- h. Continue community art projects, installations, and initiatives.

Based on resources, time and BID Board discretion, some of these programs may not be fully implemented. The BID Board acknowledges that the Main Street Program may conduct other activities similar to those above, to carry out the objectives identified above. The BID Board further acknowledges that the Main Street Program may not achieve full completion of all of the activities outlined above. In addition, the BID shall have all powers granted under the BID Law, including to collect the assessments provided herein, and to carry out the purposes of this Operating Plan.

C. Expenditures and Financing Method

The operating budget for the District is \$60,000.00 which will be collected through the BID assessment. The BID expenditure represents the partial funding of the 2017 Main Street Program, Wausau River District, Inc. This funding will be made upon written request from Wausau River District, Inc. to the extent of funds collected by the City of Wausau pursuant to the assessment levied hereby. The projected revenue and expenditures for year 2017 of Wausau River District are identified on Appendix B, which is attached hereto and incorporated herein. The actual budget will be adjusted if the actual revenue received is less than projected. The

adjustments could include revising or eliminating individual budget line items as determined by the BID Board of Directors. Expenditures are intended to be made in a fair and equitable basis throughout and for the benefit of the entire District. In the event that a surplus exists at the end of any fiscal year, the monies may be carried over for expenditures in subsequent years.

The Operating Budget for any BID year will be subject to the approval of the City of Wausau, as set forth in Wisconsin Statutes section 66.1109. While this budget does not, the BID Board acknowledges that if any year's annual operating budget exceeds the prior year's annual operating budget by 4% or more, such budget must be approved by a 2/3 majority of the entire District Board. No capital improvements are currently planned by the District. For the purpose of this Operating Plan, "capital improvement" means any physical item that is permanently affixed to real estate including, without limitation, street lighting and sidewalk improvements. The term "capital improvement" shall not include, among other things, any maintenance equipment or supply, any communications equipment, any vehicles, any seasonal improvement or any holiday lighting or decoration. After the District Board has approved the annual operating plan and budget, they will be sent to the City for approval, adoption and inclusion in the City's annual budget for the following year.

The District may not borrow funds.

The District will continue to support Wausau River District's efforts to solicit gifts, grants and other voluntary contributions from parties outside the Main Street Program boundaries.

D. Organization of the District Board

The Mayor shall appoint members, who will culturally represent Wausau's diverse communities, to the District Board (the "Board"), and the Wausau City Council will act on the confirmation of such appointments. The Board shall be responsible for implementation of this Operating Plan. This requires the Board to negotiate with providers of services and materials to carry out the Operating Plan; to enter into various contracts; to monitor the effectiveness of the District's activities, to aid compliance with the provisions of applicable statutes and regulations; and to make reimbursements for any overpayments of District assessments.

Wisconsin Statutes section 66.1109(3)(a) requires that the Board be composed of at least five members and that a majority of the Board members shall either own or occupy real property in the District. If the actual property or business owner is an entity, that entity shall designate a representative to act on its behalf.

The Board shall be structured and operate as follows:

1. Board Size – 11 members.
2. Composition –

Business Owners – four members, representing owners of commercial business in the area;

Property Owners – five members, representing owners of commercial property in the area;

Government – one member, representing the City of Wausau; and

Wausau Events, Inc. – one member, representing Wausau Events, Inc., Inc.

In addition, the following representatives shall be appointed by the Mayor who shall not be formal members of the Board and therefore cannot vote, but who will represent the following constituency, and advise the Board, and shall be notified of all Board meetings, shall be able to attend such Board meetings and give input to the Board:

Board of Main Street Wausau, Inc. – all members (without votes) of the Board of Directors of Main Street Wausau, Inc.

3. Term – Appointments to the Board shall be two classes (of five and six members per class respectively) for staggered periods of two years.
4. Compensation – None.
5. Open Meetings Law – All meetings of the Board shall be governed by the Wisconsin Open Meetings Law if and as legally required.
6. Record Keeping – Files and records of the Board’s affairs shall be kept pursuant to the Wisconsin Public Records Law.
7. Staffing and Office – To be determined as necessary.
8. Meetings – The Board shall meet regularly, at least once every three months. An annual meeting will be planned for all property/business owners.
9. Executive Committee – The Board shall elect from its members a chair, a vice-chair, a secretary, and a treasurer who shall comprise an Executive Committee of the Board. The Executive Committee of the Board shall be authorized to oversee the day-to-day operations of the District, including the execution of minor contracts, and the signing of checks, subject to the controls adopted by the Board.
10. Committees – To be determined as necessary.
11. Non-Voting Advisors – The Board will have non-voting advisors, as identified above.
12. Powers – The Board shall have all powers necessary and convenient to implement the Operating Plan, including the power to contract.
13. Annual Report – The Board shall prepare and make available to the public annual reports, including an independent certified audit conducted by the City of Wausau, as required by the BID Law.

IV. METHOD OF ASSESSMENT

A. Annual Assessment Rate and Method

The annual assessment for District operating expenses will be in direct proportion to the equalized assessed value of that property within the District.

The total assessment for each assessed parcel is formulated as follows:

1. Divide the proposed annual District budget by the total assessed valuation (as reflected on the City's tax rolls) of all property within the District that is subject to assessment as provided by law.

(Note - this quotient shall expressed to the nearest 1/10,000 and be referred to so the "BID Mil Rate")
2. Multiplying the BID Mil Rate by the assessed valuation of each Assessable Property (as defined herein), the product of which shall be the District's initial assessment of that Assessable Property, but shall be subject to the adjustments set forth in Section IV.A.3 below.
3. Notwithstanding the foregoing, the total of the District's assessment for each Assessable Property shall not exceed \$2,500.00 nor be less than \$250.00, which is computed using the following steps:
 - a. first, all Assessable Properties whose initial assessment is less than \$250.00 shall have their assessment adjusted to \$250.00;
 - b. second, any excess assessment created by the adjustment made in subsection a. shall be applied to reduce the initial assessment of all other Assessable Properties within the District;
 - c. third, all Assessable Properties whose initial assessment is greater than \$2,500.00 shall have their initial assessment adjusted to \$2,500.00;
 - d. fourth, any deficit of assessment created by the adjustments made in subsection c. shall be allocated among all other Assessable Properties on a proportionate basis, this basis being equivalent to what the total assessed value of Assessable Property bears to the total assessed value of all Assessable Properties in the District.
4. Use of each Assessable Property as of January 1 in the year of assessment, as reflected in the records of the Assessor for the City of Wausau, shall control for purpose of the District's assessment.

For purposes of this Operating Plan, an "Assessable Property" shall be defined as a parcel of land subject to assessment hereunder and under the BID Law, with a separate Tax Key Number, as identified in the City of Wausau's Assessor's Office.

The BID assessment is hereby levied by the City of Wausau, which shall be a lien against each of the tax parcels of real property contained in the District, unless exempted as identified herein, under the power of Wisconsin Statutes Chapter 66. Such special assessments are hereby levied by the City of Wausau by adoption of this BID Plan. The city comptroller is authorized to include the BID assessment on bills for properties subject to the assessment within the designated Improvement District for calendar year 2017.

The City of Wausau shall collect such BID assessments and shall provide to the BID Board an accounting of the amounts received and the tax key numbers for which they are collected. All assessments shall be placed in a segregated account in the City's treasury. The City shall disburse the funds when the BID Board requisitions payments for its expenses that are authorized by the BID Operating Plan. All interest earned by virtue of temporary investment of funds in the BID account shall remain in the account for activities delineated in the BID Operating Plan.

All assessments hereby levied shall be due and payable on or before the due date of the first installment of real estate taxes on the properties assessed hereby. No assessments levied hereby may be paid in installments.

B. Excluded and Exempt Property

The BID statute requires explicit consideration of certain classes of property. In compliance with the law, the following statements are provided.

1. Wisconsin Statutes section 66.1109(1)(f) 1m: The District will not contain property used exclusively for manufacturing purposes.
2. Wisconsin Statutes section 66.1109(5)(a): Property used exclusively for residential purposes will not be assessed.

Property exempt from general real estate taxes, for the calendar year in which the BID Operating Plan is adopted, are hereby excluded from the District by definition, even though the boundaries of the District would otherwise include them. Owners of tax exempt property adjoining the District and expected to benefit from District activities will be asked to make a financial contribution to the District on a voluntary basis. In addition, those tax exempt properties adjoining the District which are later determined no longer to be exempt from general property taxes, and tax exempt properties whose owners consent in writing to be assessed, shall automatically become included within the District and subject to assessment under any current operating plan without necessity to undertake any other act.

V. PROMOTION OF ORDERLY DEVELOPMENT OF THE CITY

Under Wisconsin Statutes section 66.1109(1)(f) 4, this Operating Plan is required to specify how the creation of the District promotes the orderly development of the City. The District will increase the vitality of the Main Street Program Area and central business district and, consequently, encourage commerce in the City. Increased business activity in the City will increase sales tax revenues and property tax base.

City Role in District Operation

The City has committed to assisting owners and occupants in the District to promote its objectives. To this end, the City has played a significant role in creation of the District and in the implementation of the Operating Plan. In furtherance of its commitment, the City shall:

1. Maintain services to Wausau River District at their current levels;

2. Maintain the City's current financial commitment to Wausau River District, Inc. for \$30,000.00 per year in funding;
3. Handle the billing and collection of the BID assessment as provided herein;
4. Have the City Attorney make a legal opinion that the BID Operating Plan complies with the requirements of the BID Law; and
5. Annually perform an independent certified audit of the implementation and operating plan pursuant to section 66.1109(3)(c) of the BID Law.

VII. FUTURE YEAR OPERATING PLANS

A. Changes

This Operating Plan is designed to authorize and control the BID for only its 2017 activities.

Wisconsin Statutes Section 66.1109(3)(b) requires the Board and the City to annually review, approve, and make changes as appropriate in the Operating Plan. Therefore, while this document outlines in general terms proposed activities, information on specific properties, budget amounts and expenditures are based solely upon current conditions. Subsequent years' activities, budget, and assessments will be provided in the required annual plan updates, and approval by the Common Council of such plan updates shall be conclusive evidence of compliance with this Operating Plan and the BID Law.

B. Amendment, Severability and Expansion

The District has been created under authority of Wisconsin Statutes section 66.1109. Should any court find any portion of this Operating Plan, or the BID Law invalid or unconstitutional its decision will not invalidate or terminate the District and this Operating Plan shall be amended to conform to the law without need of re-establishment.

C. Automatic Termination Unless Affirmatively Extended

The District Board shall not incur obligations extending beyond 2017.

VI. GENERAL

All exhibits referenced herein are incorporated herein by reference.

APPENDIX B

WAUSAU RIVER DISTRICT, INC.

	General Fund	Organization	Promotion	Economic Dev.	Design	TOTAL
REVENUES						
Grants	\$ 30,000					30,000
BID Funds	\$ 60,000					60,000
Other (Sponsorships, advertising)	\$ 232,400					232,400
Total Revenues	\$ 322,400	\$ -	\$ -	\$ -	\$ -	322,400
EXPENDITURES						
Administration:		87,847				87,847
Projects:		1,850	93,735	3,000	152,200	250,785
TOTAL EXPENDITURES		89,697	93,735	3,000	152,200	338,632
Excess (Deficiency) of Revenues over Expenses						

2017 Budget A

2017 BUDGET

ORGANIZATION EXPENSES	BUDGET
Administrative Expenses	
Staff Salary	\$50,000
Independent Contractor Payment	\$20,000
Workers Comp Ins.	\$350
Gen. Liability Ins.	\$800
D&O Ins.	\$927
Phone	\$2,200
Internet	\$700
Printing & Postage	\$1,500
Office Supplies	\$2,000
Rent & Utilities	\$5,520
Staff Training, Travel, Ed.	\$3,000
Dues and Subscriptions	\$850
Subtotal	<u>\$87,847</u>
Committee Project Expenses	
Diversify Funding Sources	\$300
State of River District Address	\$800
GAMSA Application fee	\$150
Small Business Expo presence	\$500
Volunteer Recognition	\$100
Subtotal	<u>\$1,850</u>
Total Organization Budget	\$89,697

PROMOTION EXPENSES

Tourism Promotion & Destination Advertising	
CVB Ads	\$1,250
JSI Ads	\$800
Stoney Creek/Grand Lodge Ads	\$325
Publish Hot Happenings	\$420
River District brochures	\$5,000
Develop & Publish visitor itineraries	\$500
Wausau merchandise/memorabilia	\$3,500
Website Maintenance	\$100
Subtotal	<u>\$11,895</u>
Events & Tourism Development	
Downtown Wausau Dining Weeks	
Event materials	\$1,000
Event promotion	\$5,000
First Thursdays	
Event materials	\$12,840
Event promotion	\$10,500
Downtown Open House	
Event materials	\$500
Event promotion	\$2,000
Downtown Employee Appreciation Week	
Event materials	\$1,500
Event promotion	\$1,500
Sidewalk Sales	
Event materials	\$0
Event promotion	\$2,500
Jazz on the River	
Event materials	\$10,400
Event promotion	\$2,600
Pints & Parking Lots	
Event materials	\$10,000
Event promotion	\$3,000
Open Streets	
Event materials	\$5,256
Event promotion	\$5,744
Christmas on First Open House	
Event materials	\$500
Event promotion	\$2,500
Small Business Saturday	
Event materials	\$0
Event promotion	\$1,000
Subtotal	<u>\$78,340</u>
Wausau Events Sponsorships	
Balloon & Rib Fest	\$2,500
Harvest Fest	\$1,000
Subtotal	<u>\$3,500</u>
Total Promotion Budget	\$93,735

ECONOMIC DEVELOPMENT EXPENSES	
Market Profile Update	\$500
West Side Pride	\$2,000
Business Improvement Roundtable	\$400
Misc Project expenses	\$100
Total Economic Development Budget	\$3,000
DESIGN EXPENSES	
Sign Grant Program	\$2,000
West Side Kiosk	\$2,000
WaterColor Project	\$250
Bike Stencils	\$100
Crosswalk Mural w Acton Academy	\$3,500
Painted Pianos	\$4,000
Frontier Mural	\$140,000
Holiday Lights	\$250
Misc. Project expenses	\$100
Total Design Budget	\$152,200
TOTAL 2017 BUDGET	\$338,632

ANTICIPATED REVENUE	BUDGET
General	
Business Improvement District	\$60,000
City of Wausau	\$30,000
Subtotal	<u>\$90,000</u>
Advertising Income	
Website advertising	\$500
FORD Program	\$500
Merchandise sales	\$4,000
Hot Happenings banner ads (\$30/wk)	\$1,560
Overhead banner admin	\$250
Subtotal	<u>\$6,810</u>
Sponsorship Income	
Downtown Wausau Dining Weeks	\$6,000
Downtown Open House	\$2,500
First Thursdays	\$23,340
Downtown Employee Appreciation We	\$5,000
Sidewalk Sales	\$1,500
Christmas on First	\$100
Small Business Saturday	\$500
Jazz on the River	\$11,000
Pints & Parking Lots	\$15,000
Open Streets	\$13,000
Subtotal	<u>\$77,940</u>
Project Income	
Associate Program	\$1,500
Business Improvement Roundtable Ser	\$400
Sign Grant Sponsor	\$2,000
WaterColor project	\$250
Frontier Mural	\$140,000
Crosswalk Mural w Acton	\$3,500
Subtotal	<u>\$147,650</u>
Total Anticipated Revenue	\$322,400
ANTICIPATED CARRY OVER	
2016 Carryover	
Organization	\$0
Promotion	\$0
Economic Development	\$200
Design	\$600
Previous years carryover	\$72,900
Total Anticipated Carryover	\$73,700
Total Anticipated 2017 Revenue	\$322,400
2016 Anticipated Carryover	\$800
Previous Years Anticipated Carryover	\$72,900
Rainy Day fund	-\$30,000
Proposed 2017 Budget	-\$338,632
Anticipated Available funds at 2017 year end	\$27,468

CITY OF WAUSAU 2016 BUDGET
GENERAL FUND STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
September 30, 2016
NARRATIVE

REVENUES

Below is a description of notable items.

Other Taxes – This category represents interest and penalty on tax collection. July 31 represents the final tax collection period for the City and the County then collects the balance of the remaining real estate taxes. This budget will likely have a short fall at yearend. Less delinquent taxes are likely due to the continued improvement in the economy. Expected shortfall is \$14,000 to \$15,000.

Other Grants –The short fall from 2015 YTD is due to the ending of the police department grants in 2015. This will not impact the 2016 budget which properly reflected expected grants.

Permits – Building permits are showing a significant positive variance from 2015 major areas experiencing the increase are building, plumbing and electrical permits. The new licensing system significantly improves the licensing revenue collection cycle. The prior system required additional staff effort to invoice for the permits and often staff was months behind. The new system invoices immediately when the permit is issued and allows payment online. Online payment is widely used.

Fines & Forfeitures – This revenue area is now showing a recovery after lagging for a good share of the year and prior years. It appears that actual revenues may meet budget. Good news! Again, improved economy may equate to more fines being paid.

Public Charges General Government – 2016 revenues includes \$12,050 for the fee for exempt not-for-profit reports which is a biennial filing.

Intergovernmental Charges for Services – No expected budget difficulties expected at this time: county and other municipality revenue includes a police grant with Marathon County and inspection services with Weston. City Departments represent monthly staffing allocations which were not implemented until later in the year for 2015.

Interest on General Investments – The 2016 and 2015 interest reflect timing of maturities, related interest accruals and market adjustments. No budget problems noted.

Rent of Land and Buildings – This category will have a budget surplus due to the \$72,134 of additional ground lease payments from CBL.

Other Financing Sources - No expected budget difficulties expected at this time. PILOT from the utility is being posted monthly.

EXPENSES

The budget to date appears in line with the budget with 69.8% of the budget spent and 75% of the year complete. This is almost identical to last September when only 70% of the budget was spent.

Promotions – This budget is higher than prior year due to litigated real estate tax reimbursements. Expenses are up from the previous year due to an additional \$4,000 spent on city newsletter materials and postage, \$3,500 spent on 100 city flags, and \$3,000 more spent on employee appreciation gifts/picnic in addition to other miscellaneous promotional expenses. Only 6% of the budget remains for this line item.

BUDGET RISKS

- Sick leave payouts
- Excessive tax payments
- 4th Quarter winter costs
- Elimination of the Rental Licensing Program
- Legal Fees

CITY OF WAUSAU 2016 BUDGET
GENERAL FUND STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
September 30, 2016
NARRATIVE

REVENUES

Below is a description of notable items.

Other Taxes – This category represents interest and penalty on tax collection. July 31 represents the final tax collection period for the City and the County then collects the balance of the remaining real estate taxes. This budget will likely have a short fall at yearend. Less delinquent taxes are likely due to the continued improvement in the economy. Expected shortfall is \$14,000 to \$15,000.

Other Grants –The short fall from 2015 YTD is due to the ending of the police department grants in 2015. This will not impact the 2016 budget which properly reflected expected grants.

Permits – Building permits are showing a significant positive variance from 2015 major areas experiencing the increase are building, plumbing and electrical permits. The new licensing system significantly improves the licensing revenue collection cycle. The prior system required additional staff effort to invoice for the permits and often staff was months behind. The new system invoices immediately when the permit is issued and allows payment online. Online payment is widely used.

Fines & Forfeitures – This revenue area is now showing a recovery after lagging for a good share of the year and prior years. It appears that actual revenues may meet budget. Good news! Again, improved economy may equate to more fines being paid.

Public Charges General Government – 2016 revenues includes \$12,050 for the fee for exempt not-for-profit reports which is a biennial filing.

Intergovernmental Charges for Services – No expected budget difficulties expected at this time: county and other municipality revenue includes a police grant with Marathon County and inspection services with Weston. City Departments represent monthly staffing allocations which were not implemented until later in the year for 2015.

Interest on General Investments – The 2016 and 2015 interest reflect timing of maturities, related interest accruals and market adjustments. No budget problems noted.

Rent of Land and Buildings – This category will have a budget surplus due to the \$72,134 of additional ground lease payments from CBL.

Other Financing Sources - No expected budget difficulties expected at this time. PILOT from the utility is being posted monthly.

EXPENSES

The budget to date appears in line with the budget with 62.7% of the budget spent and 66% of the year complete. This is slightly higher than last July when only 61.7% of the budget was spent.

Promotions – This budget is higher than prior year due to litigated real estate tax reimbursements. Expenses are up from the previous year due to an additional \$4,000 spent on city newsletter materials and postage, \$3,500 spent on 100 city flags, and \$3,000 more spent on employee appreciation gifts/picnic in addition to other miscellaneous promotional expenses. Only 6% of the budget remains for this line item.

BUDGET RISKS

- Sick leave payouts
- Excessive tax payments
- 4th Quarter winter costs
- Elimination of the Rental Licensing Program
- Legal Fees

CITY OF WAUSAU, WISCONSIN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
Period Ended September 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget	2015 Actual
	Original	Final			
TAXES					
General property taxes	\$ 16,749,259	\$ 16,749,259	\$ 16,749,259	\$ -	\$ 16,200,627
Mobile home parking fees	27,000	27,000	21,230	(5,770)	20,897
Payments in lieu of taxes	108,000	108,000	1,700	(106,300)	3,300
Other taxes	69,185	69,185	53,804	(15,381)	67,170
Total Taxes	16,953,444	16,953,444	16,825,993	(127,451)	16,291,994
INTERGOVERNMENTAL					
State shared taxes	4,437,159	4,437,159	1,032,153	(3,405,006)	986,256
Expenditure restraint	734,231	734,231	734,231	-	771,566
Fire insurance tax	102,678	102,678	107,409	4,731	102,678
Municipal services	184,000	184,000	185,466	1,466	184,010
Transportation aids	2,448,749	2,448,749	1,833,916	(614,833)	1,902,988
Other grants	2,700	2,700	6,366	3,666	121,440
Total Intergovernmental	7,909,517	7,909,517	3,899,541	(4,009,976)	4,068,938
LICENSES AND PERMITS					
Licenses	181,115	181,115	172,768	(8,347)	172,281
Franchise fees	355,000	355,000	158,602	(196,398)	157,043
Permits	237,792	237,792	234,700	(3,092)	171,282
Total Licenses and Permits	773,907	773,907	566,070	(207,837)	500,606
FINES, FORFEITURES AND PENALTIES					
	357,000	357,000	297,071	(59,929)	264,009
PUBLIC CHARGES FOR SERVICES					
General government	81,600	81,600	79,753	(1,847)	62,290
Public safety	1,426,270	1,426,270	1,129,608	(296,662)	1,173,799
Streets and related facilities	128,850	128,850	119,935	(8,915)	119,207
Recreation	188,500	188,500	142,981	(45,519)	140,593
Public areas	123,874	123,874	92,906	(30,968)	82,967
Total Public Charges for Services	1,949,094	1,949,094	1,565,183	(383,911)	1,578,856
INTERGOVERNMENTAL CHARGES FOR SERVICES					
State and federal reimbursements	11,340	11,340	330	(11,010)	190
County and other municipalities	280,981	280,981	119,745	(161,236)	71,407
City departments	1,105,647	1,105,647	416,415	(689,232)	128,340
Total Intergovernmental Charges for Services	1,397,968	1,397,968	536,490	(861,478)	199,937

CITY OF WAUSAU, WISCONSIN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL (Continued)
Period Ended September 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget	2015 Actual
	Original	Final			
COMMERCIAL					
Interest on general investments	\$ 275,000	\$ 275,000	\$ 317,753	\$ 42,753	\$ 274,311
Interest on special assessments	15,000	15,000	238	(14,762)	636
Other interest	<u>15,000</u>	<u>15,000</u>	<u>28,608</u>	<u>13,608</u>	<u>33,223</u>
Total Commercial	<u>305,000</u>	<u>305,000</u>	<u>346,599</u>	<u>41,599</u>	<u>308,170</u>
MISCELLANEOUS REVENUES					
Rent of land and buildings	216,590	216,590	250,344	33,754	178,432
Sale of City property/loss compensation	13,700	20,145	15,769	(4,376)	19,814
Other miscellaneous revenues	<u>16,470</u>	<u>16,470</u>	<u>11,152</u>	<u>(5,318)</u>	<u>102,971</u>
Total Miscellaneous Revenues	<u>246,760</u>	<u>253,205</u>	<u>277,265</u>	<u>24,060</u>	<u>301,217</u>
OTHER FINANCING SOURCES					
Transfers in	<u>1,882,500</u>	<u>1,882,500</u>	<u>1,231,022</u>	<u>(651,478)</u>	<u>1,249,772</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES					
	<u>\$ 31,775,190</u>	<u>\$ 31,781,635</u>	<u>\$ 25,545,234</u>	<u>\$ (6,236,401)</u>	<u>\$ 24,763,499</u>

CITY OF WAUSAU, WISCONSIN
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Period Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with	2015
	<u>Original</u>	<u>Final</u>		Final Budget	<u>Actual</u>
GENERAL GOVERNMENT					
City Council	\$ 90,311	\$ 90,311	\$ 64,775	\$ 25,536	\$ 62,809
Mayor	201,374	201,374	144,779	56,595	146,733
City Promotion	108,750	108,750	101,211	7,539	82,931
Finance department	500,044	581,881	382,193	199,688	366,402
Data processing	732,798	732,798	490,687	242,111	412,610
City clerk/customer service	498,163	515,544	374,810	140,734	357,905
Elections	120,012	120,012	66,899	53,113	18,009
Assessor	595,516	595,516	420,432	175,084	406,909
City attorney	489,805	586,805	420,062	166,743	325,965
Municipal court	128,605	128,605	102,711	25,894	87,603
Human resources	297,419	302,419	224,277	78,142	242,831
City hall and other municipal buildings	289,766	284,766	199,790	84,976	200,170
Unclassified	<u>170,000</u>	<u>198,235</u>	<u>70,107</u>	<u>128,128</u>	<u>112,216</u>
Total General Government	<u>4,222,563</u>	<u>4,447,016</u>	<u>3,062,733</u>	<u>1,384,283</u>	<u>2,823,093</u>
PUBLIC SAFETY					
Police department	9,004,956	9,026,903	6,514,188	2,512,715	6,432,821
Fire department	3,509,532	3,519,671	2,718,493	801,178	2,661,046
Ambulance	3,106,578	3,106,578	2,105,693	1,000,885	2,055,329
Inspections and electrical systems	<u>765,343</u>	<u>765,343</u>	<u>521,225</u>	<u>244,118</u>	<u>488,669</u>
Total Public Safety	<u>16,386,409</u>	<u>16,418,495</u>	<u>11,859,599</u>	<u>4,558,896</u>	<u>11,637,865</u>
TRANSPORTATION AND STREETS					
Engineering	1,302,086	1,327,086	910,976	416,110	993,598
Department of public works	<u>6,332,072</u>	<u>6,313,517</u>	<u>4,109,518</u>	<u>2,203,999</u>	<u>4,174,775</u>
Total Transportation and Streets	<u>7,634,158</u>	<u>7,640,603</u>	<u>5,020,494</u>	<u>2,620,109</u>	<u>5,168,373</u>
SANITATION, HEALTH AND WELFARE					
Garbage and refuse collection	<u>958,000</u>	<u>958,000</u>	<u>678,681</u>	<u>279,319</u>	<u>1,003,353</u>
NATURAL RESOURCES/RECREATION					
Parks and recreation	<u>2,574,060</u>	<u>2,588,638</u>	<u>1,760,158</u>	<u>828,480</u>	<u>1,552,190</u>
TOTAL EXPENDITURES	<u>\$ 31,775,190</u>	<u>\$ 32,052,752</u>	<u>\$ 22,381,665</u>	<u>\$ 9,671,087</u>	<u>\$ 22,184,874</u>

CITY OF WAUSAU, WISCONSIN
GENERAL FUND
SUMMARY OF BUDGET MODIFICATIONS
Period Ended September 30, 2016

BUDGET REVENUES RECONCILIATION

2016 ADOPTED BUDGET	\$ 31,775,190
Transfer of funds for sale of salvage materials	<u>6,445</u>
 2016 MODIFIED BUDGET	 <u><u>\$ 31,781,635</u></u>

BUDGET EXPENDITURES RECONCILIATION

2016 ADOPTED BUDGET	\$ 31,775,190
Resolution 14-1109 Modify fire department budget to develop succession planning	7,500
Resolution 15-1109 Increase budget for legal fees	35,000
Resolution 15-1109 Carryover funds for boulevard tree removal and stump grinding projects	14,578
Carryover for Police Department tactical helmet and body armor carriers	21,947
Resolution 15-1109 Increase budget for Finance Department personnel costs due to staff retirements	99,218
Resolution 15-1109 Increase budget for legal fees	62,000
Resolution 15-1109 Increase budget for settlement agreements pertaining to grievances and claims	30,874
Transfer of funds from sale of salvage materials	<u>6,445</u>
 2016 MODIFIED BUDGET	 <u><u>\$ 32,052,752</u></u>

CITY OF WAUSAU, 407 Grant Street, Wausau, WI 54403

RESOLUTION OF THE FINANCE COMMITTEE	
Authorizing Annual Budget Modification as required by Ordinance 3.08.050 Annual Budget Adjustment Required	
Committee Action:	Approved
Fiscal Impact:	No overall increase in the budget
File Number:	14-1109
Date Introduced:	November 10, 2015

FISCAL IMPACT SUMMARY			
COSTS	<i>Budget Neutral</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
	<i>Included in Budget:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Budget Source: Budget Transfer</i>
	<i>One-time Costs:</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<i>Amount: \$159,852</i>
	<i>Recurring Costs:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount:</i>
SOURCE	<i>Fee Financed:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount:</i>
	<i>Grant Financed:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount:</i>
	<i>Debt Financed:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount Annual Retirement</i>
	<i>TID Financed:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount:</i>
	<i>TID Source: Increment Revenue <input type="checkbox"/> Debt <input type="checkbox"/> Funds on Hand <input type="checkbox"/> Interfund Loan <input type="checkbox"/></i>		

WHEREAS, Ordinance 3.08.050 requires that each year between August 31 and October 31 that the Mayor shall prepare and submit to the Finance Committee a budget amendment based upon year end projections, and

WHEREAS, the ordinance requires the amendment be designed to keep expenditures with the total budget by year end, and

WHEREAS, your Finance Committee recommends the budget modification outlined below:

Transfer To:	Municipal Court - Imaging Services	110-14092190	9,014.00
Transfer To:	Rental Licensing Fund Transfer from General Fund	176-82789210	150,838.00
Transfer From:	Public Works - Winter Maintenance - Motor Pool	110-102592000	159,852.00

NOW THEREFORE BE IT RESOLVED by the Common Council of the City of Wausau that the proper City official(s) be authorized and directed to modify the 2016 budget as presented above.

BE IT FURTHER RESOLVED, that the proper City Officials are hereby authorized and directed to publish the budget modification in the official newspaper as required.

Approved:

Robert B. Mielke, Mayor

CITY OF WAUSAU 2016 BUDGET
ANNUAL BUDGET ADJUSTMENT - MUNICIPAL CODE 3.08.050

	ADOPTED BUDGET	2016 MODIFIED BUDGET	ESTIMATED ACTUAL	PROJECTED SURPLUS (DEFICIT)
GENERAL GOVERNMENT				
Council	\$90,311	\$90,311	\$89,979	\$332
Mayor	201,374	201,374	197,129	4,245
Customer Service	1,407,986	1,502,204	1,499,880	2,324
City County Information Technology	732,798	732,798	732,798	0
Property Assessment	595,516	595,516	591,893	3,623
Legal Affairs	489,805	586,805	518,145	68,660
Human Resources	297,419	302,419	294,368	8,051
Municipal Court	128,605	128,605	137,619	(9,014)
Unclassified	278,750	306,985	198,009	108,976
Total General Government	\$4,222,564	\$4,447,017	\$4,259,820	\$187,197
PUBLIC SAFETY				
Police Department	\$9,004,956	\$9,026,903	\$8,950,828	\$76,075
Fire Department	6,616,111	6,626,250	6,568,264	57,986
Total Public Safety	\$15,621,067	\$15,653,153	\$15,519,092	\$134,061
TRANSPORTATION				
Public Works	8,399,502	8,405,947	8,104,821	301,126
Total Transportation	\$8,399,502	\$8,405,947	\$8,104,821	\$301,126
SANITATION, HEALTH & WELFARE				
Refuse Collection	\$958,000	\$958,000	\$957,000	\$1,000
Total Sanitation, Health & Welfare	\$958,000	\$958,000	\$957,000	\$1,000
PARKS AND RECREATION				
	\$2,574,060	\$2,574,060	\$2,444,592	\$129,468
TOTAL EXPENDITURES	\$31,775,193	\$32,038,177	\$31,285,325	\$742,328



TO: FINANCE COMMITTEE

FROM: MARYANNE GROAT

DATE: OCTOBER 19, 2016

RE: ANIMAL LICENSE DISCOUNT PROVIDED BY 8.08.170(B) FOR NEWLY LICENSED PETS

Effective for the 2016 animal licensing year the Common Council instituted a half price discount for any dog or cat licensed for the first time in the City. At the same time this fee structure was created; the City implemented new online licensing software.

We have found the half price discount difficult to consistently and accurately apply. The inaccuracy occurs when online applications are incorrectly completed resulting in discount errors and when Customer Service sends animal license invoices based upon vet vaccination records. The vet records often don't include details whether it is a new pet. In these situations we invoice without the discount which may or may not be accurate. Both of these situations can cause inaccurate discount application and can result in subsequent licensing corrections which becomes time consuming for staff.

State law already provides discounts to puppies and kittens which will remain in the municipal code.

To date the first time license discount savings to residents is \$3,463 and the microchip discount savings is \$19,520. A copy of the animal control program financial report is attached.

**CITY OF WAUSAU
ANIMAL CONTROL PROGRAM
ANALYSIS OF DIRECT REVENUES & COSTS
As of 2016 FISCAL YTD SEPTEMBER 30, 2016**

	2015 Dogs Actual	2015 Cats Actual	2015 Total	2016 Dogs To Date	2016 Cats To Date	2016 To Date
Direct Revenues						
Licenses	\$44,665	\$17,940	\$62,605	\$75,802	\$26,174	\$101,976
Pet Fancier	\$1,155	\$0	\$1,155	\$1,505	\$0	\$1,505
Counter & Late Fees	\$8,937	\$3,668	\$12,605	\$1,897	\$854	\$2,751
Other Adm Service Fees	\$0	\$0	\$0	\$2,904	\$0	\$2,904
Contracts for Services	\$8,430	\$18,265	\$26,695	\$8,430	\$8,430	\$16,860
Grants Received	<u>\$0</u>	<u>\$12,748</u>	<u>\$12,748</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total License Revenue	\$63,187	\$52,621	\$115,808	\$90,538	\$35,458	\$125,996
Sheltering Costs						
Marathon County	\$20,370	\$0	\$20,370	\$22,205	\$0	\$22,205
MC Humane Society	<u>\$0</u>	<u>\$58,172</u>	<u>\$58,172</u>	<u>\$0</u>	<u>\$54,603</u>	<u>\$54,603</u>
Total Direct Costs	\$20,370	\$58,172	\$78,542	\$22,205	\$54,603	\$76,808
Contribution						
After Direct Costs	\$42,817	-\$5,551	\$37,266	\$68,333	-\$19,145	\$49,188
Pet Data Charges			-\$23,568			\$0
Net Contribution (Loss) to Program Costs			\$13,698			\$49,188



CITY OF WAUSAU
SOLE SOURCE PURCHASE JUSTIFICATION
REQUIRED FORM PURCHASE OF GOODS OR SERVICES EXCEEDING \$5,000

Purchase of goods or services for no more than \$25,000 may be made without competition when it is agreed *in advance* between the Department Head and the Finance Director. Sole source purchasing allows for the procurement of goods and services from a single source without soliciting quotes or bids from multiple sources. Sole source procurement cannot be used to avoid competition, rather it is used in certain situations when it can be documented that a vendor or contractor holds a unique set of skills or expertise, that the services are highly specialized or unique in character or when alternate products are unavailable or unsuitable from any other source. Sole source purchasing should be avoided unless it is clearly necessary and justifiable. The justification must withstand public and legislative scrutiny. The Department Head is responsible for providing written documentation justifying the valid reason to purchase from one source or that only one source is available. Sole source purchasing criteria include: urgency due to public safety, serious injury financial or other, other unusual and compelling reasons, goods or service is available from only one source and no other good or service will satisfy the City's requirements, legal services provided by an attorney, lack of acceptable bids or quotes, an alternate product or manufacturer would not be compatible with current products resulting in additional operating or maintenance costs, standardization of a specific product or manufacturer will result in a more efficient or economical operation or aesthetics, or compatibility is an overriding consideration, the purchase is from another governmental body, continuity is achieved in a phased project, the supplier or service demonstrates a unique capability not found elsewhere, the purchase is more economical to the city on the basis of time and money of proposal development.

1. Sole source purchase under \$5,000 shall be evaluated and determined by the Department Head.
2. Sole source purchase of \$5,000 to \$25,000 a formal written justification shall be forwarded to the Finance Director who will concur with the sole source or assist in locating additional competitive sources.
3. Sole source purchase exceeding \$25,000 must be approved by the Finance Committee.

Ongoing Sole Source – 365 days

One Time Sole Source Request

-
1. Provide a detailed explanation of the good or service to be purchased and vendor.

The City of Wausau competitively purchased parking enforcement software as a service in 2008 and retained the services of Complus. We initiated a new competitive selection process in May of 2016 as the contract was expiring. Proposals were received and presentations occurred. We had two goals of the new contract to implement license plate recognition and improve parking permit management. After obtaining proposals and conducting interviews we determined that we needed to do further investigation on the parking permit component of the project. Unfortunately, with the 2017 budget time commitments and staff recruiting this project has stalled. I am requesting the opportunity to continue the relationship with Complus for a period of an additional 6 months to complete the selection process. The total cost of the extension would be \$15,810.

2. Provide a brief description of the intended application for the service or goods to be purchased.

Complus currently provides the City parking enforcement software, hardware, provides payment processing, notice management and provides phone customer service services.

3. State why other products or services that compete in the market will not or do not meet your needs or comply with your specifications.

This is an extension of service to allow for the finalization of a competitive purchasing process and implementation.

4. Describe your efforts to identify other vendors to furnish the product or services.

We have received proposals and attended demonstrations and did prefer Complus software services.

5. How did you determine that the sole source vendor's price was reasonable?

The City competitively purchased and has the new rates obtained in the proposal process.

6. Which of the following best describes this sole source procurement? Select all that apply.

- Product or vendor is uniquely qualified with capability not found elsewhere.
- Urgency due to public safety, serious financial injury or other. (explain)
- The procurement is of such a specialized nature that by virtue of experience, expertise, proximity or ownership of intellectual property
- Lack of acceptable quotes or bids.
- Product compatibility or the standardization of a product.
- Continuation of a phased project.
- Proposal development is uneconomical.

Department: Finance Department

Preparer: Maryanne Groat

Vendor Name: Complis

Expected amount of purchase or contract: \$16,000

Department Head Signature:

Date:

Finance Director Signature:

Date:

CITY OF WAUSAU, 407 Grant Street, Wausau, WI 54403

RESOLUTION OF THE FINANCE COMMITTEE

Approving Modification of the 2016 Budget for the payment of Demolition Services for the former Northland Group Home and Former St. James School

Committee Action: Pending

Fiscal Impact: \$16,300

File Number: 15-1109

Date Introduced: October 25, 2016

FISCAL IMPACT SUMMARY

COSTS	<i>Budget Neutral</i>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
	<i>Included in Budget:</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	<i>Budget Source: Tax Increment District Three</i>
	<i>One-time Costs:</i>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	<i>Amount: \$16,300</i>
	<i>Recurring Costs:</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	<i>Amount:</i>
SOURCE	<i>Fee Financed:</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	<i>Amount:</i>
	<i>Grant Financed:</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	<i>Amount:</i>
	<i>Debt Financed:</i>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	<i>Amount</i> <i>Annual Retirement</i>
	<i>TID Financed:</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<i>Amount:</i>
	<i>TID Source: Increment Revenue <input checked="" type="checkbox"/> Debt <input type="checkbox"/> Funds on Hand <input type="checkbox"/> Interfund Loan <input type="checkbox"/></i>			

RESOLUTION

WHEREAS, the City of Wausau Common Council authorized an agreement between the City of Wausau and the Resurrection Parish for the partial purchase and lease of land located at the city block commonly described as 602, 620 and 630 N 2nd Street; and

WHEREAS, the authorizing Resolution 13-0913 also created a budget of \$160,000 for the demolition and site preparation; and

WHEREAS, the low bid for the demolition of the buildings located on the site was \$176,300; and

WHEREAS, the purchase and lease agreements obligate the City to conduct this work in a timely fashion; and

WHEREAS, your Finance Committee has reviewed and recommends the following budget modification

Decrease	141-342598210	TID3 – 3 rd Street Corridor Redevelopment	\$16,300
Increase	141-342198210	TID3 – District Infrastructure Improvements	\$16,300

NOW THEREFORE BE IT FURTHER RESOLVED, by the Common Council of the City of Wausau that the proper City Officials be and are hereby authorized and directed to modify the 2016 budget as indicated and publish such transfer in the official newspaper.

Approved:

Robert B. Mielke, Mayor

CITY OF WAUSAU, 407 Grant Street, Wausau, WI 54403

RESOLUTION OF THE FINANCE COMMITTEE	
Approving Modification of the 2016 Budget for the payment of Demolition Services for the former Northland Group Home and Former St. James School	
Committee Action:	Approved Pending
Fiscal Impact:	\$16,300
File Number:	15-1109
Date Introduced:	October 25, 2016

FISCAL IMPACT SUMMARY			
COSTS	<i>Budget Neutral</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
	<i>Included in Budget:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Budget Source: Tax Increment District Three</i>
	<i>One-time Costs:</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<i>Amount: \$16,300</i>
	<i>Recurring Costs:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount:</i>
SOURCE	<i>Fee Financed:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount:</i>
	<i>Grant Financed:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount:</i>
	<i>Debt Financed:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount</i> <i>Annual Retirement</i>
	<i>TID Financed:</i>	Yes <input type="checkbox"/> No <input type="checkbox"/>	<i>Amount:</i>
	<i>TID Source: Increment Revenue</i> <input checked="" type="checkbox"/> <i>Debt</i> <input type="checkbox"/> <i>Funds on Hand</i> <input type="checkbox"/> <i>Interfund Loan</i> <input type="checkbox"/>		

RESOLUTION

WHEREAS, the City of Wausau Common Council authorized an agreement between the City of Wausau and the Resurrection Parish for the partial purchase and lease of land located at the city block commonly described as 602, 620 and 630 N 2nd Street; and

WHEREAS, the authorizing Resolution 13-0913 also created a budget of \$160,000 for the demolition and site preparation; and

WHEREAS, the low bid for the demolition of the buildings located on the site was \$176,300; and

WHEREAS, the purchase and lease agreements obligate the City to conduct this work in a timely fashion; and

WHEREAS, your Finance Committee has reviewed and recommends the following budget modification

Decrease	141-342598210	TID3 – 3 rd Street Corridor Redevelopment	\$16,300
Increase	141-342198210	TID3 – District Infrastructure Improvements	\$16,300

NOW THEREFORE BE IT FURTHER RESOLVED, by the Common Council of the City of Wausau that the proper City Officials be and are hereby authorized and directed to modify the 2016 budget as indicated and publish such transfer in the official newspaper.

Approved:

Robert B. Mielke, Mayor



Memorandum

From: Tracey Kujawa, Fire Chief
To: Finance Committee
Date: October 18, 2016
Subject: Assistance to Firefighters Grant

Purpose:

To gain approval to apply for an Assistance to Firefighters Grant (AFG).

Recommendation:

The Wausau Fire Department (WFD) would like to apply for an AFG which is funded by the Department of Homeland Security (DHS) through the Federal Emergency Management Agency (FEMA). The AFG opened on October 11, 2016 and has an application closing date of November 18, 2016. The purpose of the AFG Program is to enhance, through direct financial assistance, the health and safety of the public and firefighting personnel and to provide a continuum of support for emergency responders regarding fire, medical and all-hazard events. It is a 90/10 grant and therefore it is a benefit to the City to attain needed equipment through this grant process.

Facts OR Considerations:

The WFD would like to increase the safety of our community and our personnel through the acquisition of equipment which can assist in identifying unknown chemical substances. With the Department facing the challenges of hazardous material responses to commercial, industrial and residential occupancies this instrumentation could prove to be invaluable. With this type of equipment available to the WFD, our responders will be able to obtain reliable identification of an unknown chemical expeditiously which will decrease the overall risk to both our responders and the community. In addition, it will allow us to mitigate these types of situation in a more efficient manner which ultimately will lessen the financial impact to the community and/or entities involved.

The WFD is currently designated as a Type II Hazardous Materials Response Team for the State of Wisconsin. We may be activated for an incident involving a hazardous material spill, leak, explosion, injury or the potential of immediate threat to life, the environment or property. Being a designate Type II team we are called upon when a lower level team is not able to resolve or mitigate the situation and many times this is because the chemical is not known. Therefore, this instrumentation will certainly assist us in accomplishing our mission of identifying and mitigating hazardous materials situations.

Impact:

The cost estimate for this instrumentation is \$110,000. The grant is a 90/10 share and therefore, if awarded, the City would be responsible for approximately \$11,000.

Drafted by: Tracey Kujawa, Chief

Cc: Robert Mielke, Mayor
MaryAnne Groat, Finance Director

CITY OF WAUSAU, 407 Grant Street, Wausau, WI 54403

RESOLUTION OF THE FINANCE COMMITTEE

Authorizing a 2016 Budget Modification to Fund the Purchase of up to 4 used buses for a total not to exceed \$27,000

Committee Action: Pending

Fiscal Impact: \$27,000

File Number: 15-1109

Date Introduced: October 25, 2016

RESOLUTION

WHEREAS, the Metro Ride bus fleet consists of 21 transit buses; and

WHEREAS, 20 transit buses are necessary to provide Metro Ride bus routes during the school year; and

WHEREAS, insufficient spare buses are available to facilitate preventive maintenance tasks and unscheduled mechanical failures; and

WHEREAS, 4 buses in the existing fleet have accumulated more than 500,000 miles; and

WHEREAS, Metro Ride desires to bid on or negotiate for the acquisition of used buses when they become available; and

WHEREAS, the Finance Committee has reviewed and recommends a budget amendment to purchase up to 2 buses at a cost not to exceed \$27,000 to be funded by Metro Ride Fund reserves;

NOW THEREFORE, BE IT RESOLVED by the Common Council of the City of Wausau, that the proper City Official(s) be hereby authorized and directed to fund the purchase of up to 4 used buses for an amount not to exceed \$27,000 164-11650 and funding to come from Metro Ride Fund reserves 164-30003.

BE IT FURTHER RESOLVED these Vehicles shall be included in City of Wausau equipment inventory records and maintained in accordance and in compliance with FTA requirements.

BE IT FURTHER RESOLVED this budget modification shall be published in the official newspaper as required.

Approved:

Robert Mielke, Mayor