

# 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 5<sup>th</sup>, 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 Cemetery 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 30<sup>th</sup> 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:

<b>Work Product</b>	<b>Completion Date</b>
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 <sup>th</sup> .

**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 5<sup>th</sup>, 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 11<sup>th</sup> and Common Council on October 25<sup>th</sup>.

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 10<sup>th</sup> and City financial statements June 10<sup>th</sup>.

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	
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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.