

Responses to Questions Regarding Financial Auditing Services RFP

12/31/17 management advisory comment letter, if you received one. **N/A**

12/31/17 communication with those charged with governance letter. **Please email Shawn at shart@ci.mequon.wi.us for a copy**

12/31/17 auditor's adjusting journal entries. **Total of 11 adjustments. Please email Shawn at shart@ci.mequon.wi.us for a copy**

12/31/17 single audit report, if there was a single audit. **There was no single audit last year.**

Will the City or auditor be preparing the introductory section, management discussion & analysis section, and statistical section of the financial statement? **The City will prepare the introductory section, MD&A, and the statistical sections**

Do you expect a single audit in any of the next three years? **No**

Do you keep track of your fixed assets or does the auditor? **The City tracks fixed assets**

What were the past three year's fees for the audit? **2015 - \$29,250 2016 – \$30,250 2017 - \$31,500**

What were the past three year's additional fees for other work not included in the audit? **Roughly \$3,000 for some reconciliation work**

How many auditors worked on the audit in prior years? **3**

How many days did the auditors work at your office on the audit in prior years? **5-10**

What is the total hours the current auditor worked on your audit? **N/A**

How many years accounting experience do Shawn, Jean, Kaitlyn and yourself have? **Shawn – 18yrs Kaitlyn - 3yrs Jean – 26yrs Tom – 35yrs**

Has there been a change in any key personnel from the prior year? **No**

What is the reason for requesting bids? **Current contract is expired**

Are you satisfied with your current auditor? Please explain if you are not satisfied. **Yes**

Will the current auditor be submitting a proposal? **Yes**

If the City decides to switch auditors, what would you like to see the new auditors do different than your current auditors? **N/A**

Do you expect any major changes to occur in the years you are requesting a bid for? (i.e. major construction projects) If so, what are they? **Currently working on a \$19 million sewer project on the east side of the city which should be completed by end of 2020, also two major developments within one of our TID's**

What financial area does the City usually need accounting assistance from the auditor? **Unusual Journal Entries and circumstances (ie refunding JE for a Water Bond)**

Is auditor or utility responsible for preparing the PSC report? **The Utility will prepare with a review by the Firm before submittal. 2018 is the first year the City will file as a Class AB utility.**

Who is responsible for preparing and filing the WDOR annual TID report online? **The City will file this**

What software do you use for bookkeeping? Are there any automated interfacing communications that occur between these systems? **Tyler Technologies Munis. Currently there are no automated interfacing that occur between systems.**

Have there been any changes in processes or controls that may affect any findings, or recommendations, noted in the management letter or single audit report? **There have been no significant changes which may affect any findings or recommendations.**

Describe any decentralized accounting functions that may require site visits during the audit. **All accounting functions performed within City Hall**

The Wisconsin Department of Revenue shows four (4) active TIDs that are currently being used by the City for the purpose of economic development. Are there currently any TIDs that are being planned for creation in the coming year(s)? **There is no plan for any additional TIDs at this point in time.**

What specific experience does the City find particularly important for the auditor to have? **We believe the auditor(s) should have a solid background in auditing municipalities of our size and nature.**

Were there any disagreements over any technical accounting issues with the predecessor auditor?
No

On page nine (9) of the proposal, the City notes, "The proposal should include sample formats for required reports, and turnaround time of drafts, if appropriate." Can you please clarify which specific reports (i.e. Independent Auditors' Report, Governance Letter, Management Letter, etc.) that you would like included in the RFP?
Governance Letter. We are more concerned about the turnaround time of the drafts, than we are of the formats of the required reports.

What is the nature of any audit adjustments/reclassifications last year?
Mainly OPEB adjustments

Does the City anticipate any significant changes in funding sources (i.e. grant funding from Federal, State, and local sources) that may impact the scope of work related to the Uniform Guidance or State Single Audit Requirements?
No changes anticipated that would require a change in the scope of the work

Do you anticipate a significant change in funding during the RFP period? **No**

Do you anticipate any significant new debt issues during the RFP period? **We anticipate about 4.5 million next year to cover road improvements for the next three years.**

Are there any known instances of fraud within the Entity? **No**

Who will be preparing the financial statements and footnotes, the auditor or City staff?

The auditor will prepare the financial statements with the footnotes

Has the City and audit firm been able to meet the timeline included in the RFP in recent years? If not, please describe the circumstances. Yes they have.

Does the City have written documentation of its internal controls over significant process cycles (payroll, cash disbursements, cash receipts, etc.)? Yes

What do you feel is the biggest challenge facing the City at this time? Biggest challenge we have at this moment in time is balancing the budget without raising taxes on our citizens, which is usually the direction Council likes to go.

What do you feel has been the City's biggest accomplishment in the last five years? I think the biggest accomplishment for the City is the ability to slowly grow the community in a way that preserves land and still makes Mequon a desirable community to live, work and play.