



# City of West Allis

## FINANCIAL STATEMENT AUDIT SERVICES

DECEMBER 26, 2017

**FOR MORE INFORMATION, PLEASE CONTACT:**

Bryan Grunewald, CPA  
Shareholder  
920-803-3147  
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Manager  
920-236-2018  
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712 Riverfront Drive  
Sheboygan, WI 53081  
920-458-0341



December 26, 2017

Robert Barwick, Senior Buyer  
City of West Allis  
7525 W. Greenfield Ave.  
West Allis, WI 53214

Dear Robert:

Thank you for inviting Schenck to submit this proposal to provide audit services for the City of West Allis. 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 the City of West Allis for the fiscal years ending December 31, 2017, 2018, 2019 and optional years ending December 31, 2020, 2021, and 2022. 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 the City of West Allis. Please contact either of us if we can provide further information on our firm or our proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryan Grunewald".

Bryan Grunewald, CPA  
Shareholder

A handwritten signature in black ink, appearing to read "David Minch".

David Minch, CPA  
Manager

712 Riverfront Drive  
Sheboygan, WI 53081  
920-458-0341

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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, the City of West Allis 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 description of your firm (size, location, staffing level, longevity, etc.).**

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 600 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, Bryan Grunewald and David Minch, understand the environment government entities are facing today, and are committed to your success.

## **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 preventing workplace fraud, and implementation of Uniform Guidance and new accounting standards.





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.

**Explain the qualifications of the team members that will be assigned to this engagement. Also, identify the project manager who will be responsible for the engagement.**

We've assembled a team of experienced professionals to meet the needs of the City of West Allis. 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
Bryan Grunewald	Shareholder	Lead all audit services to the City of West Allis	920-803-3147 bryan.grunewald@schencksc.com
David Minch	Manager	Day-to-day management of audit	920-236-2018 david.minch@schencksc.com
Sue Pable	Shareholder	Technical review and GASB statement coordinator	920-455-4305 sue.pable@schencksc.com
David Maccoux	Advisory Shareholder	Assist in transition and available for comments	920-455-4114 david.maccoux@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

**Detail your firm's experience on similar engagements; please include a summary describing three (3) similar and relevant past engagements managed by the project manager to be assigned to the City of West Allis. These examples should include a brief summary of each engagement.**

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.

Engagement team biographies included in Appendix A and our client references listed on page 15 provide additional information regarding our past experience.

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 (1992 - 2014) - 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 Bryan Grunewald
- ▶ 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 and David Maccoux
- ▶ City of Wausau (since 2010) - Tom Karman and Jon Trautman
- ▶ City of West Allis (since 1999) - Tom Karman, Bryan Grunewald and David Maccoux
- ▶ Village of Ashwaubenon (since 1988) - David Maccoux
- ▶ Green Bay Water Utility (since 1993) - Paul Denis
- ▶ Village of Bellevue (since 2012) - David Maccoux
- ▶ Village of Hobart (since 2012) - Tom Karman and David Maccoux
- ▶ Northeast Wisconsin Technical College (since 2014) - David Maccoux
- ▶ Gateway Technical College (since 2013) - Bryan Grunewald



- ▶ Lakeshore Technical College (since 1996) - Bryan Grunewald
- ▶ Moraine Park Technical College (since 1994) - Bryan Grunewald

Schenck completes more than 150 audits of federal and state financial assistance each year, including more than 80 single audits in accordance with Uniform Guidance and the *State Single Audit Guidelines*. These audits have ranged from audits with \$750,000 of federal and state assistance to more than \$60 million. In fact, **Schenck performs more single audits in Wisconsin** than any other CPA firm. Schenck’s experience in federal and state programs is extensive, and have included many community development and transit programs for our clients.

Explain your firm’s approach to successfully providing these services, including what you see as your role, and how you communicate with the City.

Explain your expectations for the City and its staff as it relates to your ability to successfully provide these services.

Describe, in detail, your firm’s data analysis process including the methods and strategies you employ and the type of reports and forms that can be expected by the City as part of this engagement.

## 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 West Allis, Wisconsin’s basic financial statements in conformity with accounting principles generally accepted in the United States of America for years ending December 31, 2017, 2018 and 2019 and optional years ending December 31, 2020, 2021 and 2022. 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), budgetary comparisons of the City’s general fund and pension schedules). 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, shareholder within the Government & Not-For-Profit team, 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 shareholder 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 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.

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. Both Bryan Grunewald and David Minch will be involved and oversee all aspects of the audit engagement, including field work. We believe this practice provides for higher quality auditing services.

Both Bryan Grunewald and David Minch are available throughout the year to meet with City personnel to address any issues or concerns. Bryan Grunewald and David Minch 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 West Allis 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 effect 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 Bryan Grunewald or David Minch with any issue throughout the year.

## 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.

## **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, 2016 and 2017 minutes, 2017 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.

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

During our pre-audit meeting we will 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. Auditing standards also require 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.

#### **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.

***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.

***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.

***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. 72.
- ▶ 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 unearned 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.
- ▶ Review OPEB disclosures in accordance with new GASB standards.
- ▶ 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. Financial Statements

- ▶ GASB 34 entries to convert the City's current financial statements to the statement of net position 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.

**Please identify specialized computer software packages and other technology tools used to service your clients.**

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 avoiding 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.



**References: Provide a minimum of five (5) municipal references, for similar size organizations with similar offerings, including the name of person(s) who may be contacted, title of the person, mailing address, email address and phone number. Please include references for the specific project manager who will be assigned to the City of West Allis**

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 several 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	SERVED FROM
Tracy Salter, Director of Administration 920-322-3450 tsalter@fdl.wi.gov	City of Fond du Lac 160 South Macy Street PO Box 150 Fond du Lac, WI 54936-0150	Bryan Grunewald and David Minch	Financial statement and compliance audit	2003 - present
Steve Corbeille, Finance Director 920-686-6960 scorbeille@manitowoc.org	City of Manitowoc 900 Quay Street Manitowoc, WI 54220-4543	Bryan Grunewald	Financial statement and compliance audit	1987 - present
Nancy Buss, Finance Director 920-459-3304 nancy.buss@sheboyganwi.gov	City of Sheboygan 828 Center Ave., 2 <sup>nd</sup> Floor Sheboygan, WI 53081	Bryan Grunewald	Financial statement and compliance audit	2005 - present
Kristen Victory, Clerk-Treasurer 414-423-2100 ext. 3105 kvictory@greendale.org	Village of Greendale 6500 Northway Greendale, WI 53129	Bryan Grunewald and David Minch	Financial statement and compliance audit	2015 - present
Peggy Steeno, Finance Director 414-302-8252 psteeno@westalliswi.gov	City of West Allis	Bryan Grunewald and David Minch	Financial statement and compliance audit	1999 - present

# Our approach to your audit

PROVIDING ADDED VALUE TO THE CITY OF WEST ALLIS

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.** Bryan Grunewald and David Minch, who will lead our audit services to the City of West Allis, will participate in audit planning and will be readily available to you throughout the audit. Bryan Grunewald and David Minch 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 West Allis 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 planning meeting with you, we will discuss this timeline in greater detail and make adjustments as appropriate to meet your schedule.

## ▶ JANUARY

Initial planning meeting with the City of West Allis to finalize schedule

Provide detailed list of items to be prepared for interim by the City of West Allis

Preliminary audit work

- information gathering
- evaluation of internal controls
- risk assessment
- meeting with management to discuss results

Provide detailed list of items to be prepared for final fieldwork by the City of West Allis

## ▶ APRIL/MAY

Audit fieldwork

- conduct audit procedures
- closing meeting to discuss findings

## ▶ BY JUNE 15

Review draft of CAFR and provide any necessary changes and recommendations for the City of West Allis

## ▶ JUNE

Final CAFR and management letter

## ▶ AS REQUESTED

Audit results communicated to Council

# About Schenck



  
**600+**  
TEAM MEMBERS

INSIDE Public Accounting  
**2016 TOP 50 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 for **more than 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
- ▶ 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 The Leading Edge Alliance, the second largest international association in the world, creating a high-quality alliance of 220 firms focused on accounting, financial, tax and business advisory services. Leading Edge Alliance member firms are located in more than 100 countries and more than 150 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. Schenck was also ranked in the top 10 for best accounting internships.** 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.

# Account team biographies

APPENDIX A





## Bryan Grunewald, CPA

### SHAREHOLDER

bryan.grunewald@schencksc.com | 920-803-3147

#### AREAS OF SPECIALIZATION

Audit & management consulting for government & not-for-profit organizations

#### EXPERIENCE

Bryan has extensive experience providing auditing and consulting services to government and not-for-profit entities in Wisconsin.

Bryan specializes in the review of financial policies and procedures, and provides recommendations to increase efficiency and effectiveness of internal controls. He compiles and reviews financial reports which meet the criteria of the Government Finance Officers Association's Certificate of Achievement Program. Bryan has experience working with utility rate studies and provides recommendations on rate structure. He also assists with the implementation of financial accounting systems and provides recommendations for chart of accounts structure.

#### EDUCATION

University of Wisconsin–Whitewater,  
BBA, Accounting

#### PROFESSIONAL MEMBERSHIPS

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



## David Minch, CPA

MANAGER

david.minch@schencksc.com | 920-236-2018

### AREAS OF SPECIALIZATION

Government accounting | Government auditing

### EXPERIENCE

David joined Schenck in 2016 and is responsible for performing the field work of audits for Wisconsin municipalities and school districts. His experience includes performing and managing audit fieldwork for cities, townships, watershed districts, special districts and charter schools. David has also assisted clients with preparing financial statements, submitting Single Audit Data Collect Forms and HUD REAC reporting.

Prior to joining Schenck, David worked as an audit manager at Redpath and Company. He also held positions as a staff auditor with the Minnesota Office of the Legislative Auditor and as a revenue tax specialist at the Minnesota Department of Revenue.

### ACCOMPLISHMENTS

- ▶ Performed cash handlings agreed upon procedures to help municipalities strengthen controls and properly safeguard assets

### EDUCATION

University of Wisconsin–River Falls,  
BS, Accounting and Finance

### PROFESSIONAL MEMBERSHIPS

- ▶ Minnesota Society of Certified Public Accountants
- ▶ American Institute of Certified Public Accountants



## Susan Pable, CPA

SHAREHOLDER

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 more than 20 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
- ▶ American 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, former Treasurer





# David Maccoux, CPA

SHAREHOLDER

david.maccoux@schencksc.com | 920-455-4114

## AREAS OF SPECIALIZATION

Audit & management consulting for governmental & not-for-profit organizations |  
Government & not-for-profit industry team leader

## EXPERIENCE

David is a leader of the firm's government and not-for-profit industry team. He has over twenty years of experience providing auditing and consulting services to Wisconsin governments and not-for-profit entities, specializing in organizations that receive federal and state financial assistance.

David has reviewed administrative and financial recordkeeping functions and provided recommendations to increase effectiveness, efficiency and internal controls, including assisting clients with integrating computer systems.

In addition, David annually prepares electric, water and sewer rate studies for local utilities, providing recommendations on rate structure.

## ACCOMPLISHMENTS

- ▶ **Manitowoc County:** Developed fourteen recommendations for increasing efficiency and effectiveness of the business services division within the Manitowoc County Human Services Department. Also assisted the County in developing a financial projection model.
- ▶ **Langlade County:** Developed recommendations for financial efficiency of their highway operations.
- ▶ **St. Norbert College:** Assisted St. Norbert personnel during their conversion to a new accounting system. St. Norbert is now able to generate FASB compliant financial statements directly from their general ledger.

- ▶ **National Centers for Learning Excellence:** Developed recommendations to better use a new accounting system to meet federal and state awards requirements.

## EDUCATION

University of Wisconsin-Madison,  
BBA, Accounting

Elijah Watt Sells Award recipient for exceptional performance on CPA exam

## PROFESSIONAL MEMBERSHIPS

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

## PRESENTATIONS

- ▶ David has presented on preparing cost allocation plans, audit issues related to Wisconsin school districts, preparing for single audits, developing budgets in tough economic times, and not-for-profit board governance.