

CITY OF TRAVERSE CITY BID TABULATION

Project: Professional Audit Services Location: 2nd fl. conf room

Date and Time Due: 6-4-13, 2 PM Staff: Bill Twietmeyer
Ken Ransom

Staff: Julie Dalton
Karla Myers-Berman

VENDOR	BID AND/OR EXTRAS	TOTAL
Vredeveld Haefner	1st year	\$27,850
	2nd year	\$28,400
	3rd year	\$28,950
Anderson Tackman	1st year	\$29,300
	2nd year	\$30,075
	3rd year	\$30,850
Gabridge + Co	1st year	\$46,300
	2nd year	\$48,600
	3rd year	\$50,100
Behmann	1st year	\$56,500
	2nd year	\$59,000
	3rd year	\$61,500
Abraham + Gaffney	1st year	\$24,000
	2nd year	\$25,000
	3rd year	\$26,000
Dennis Gartland + Niegerth	1st year	\$29,500
	2nd year	\$29,500
	3rd year	\$29,500

Cost Schedule

Fees are based on standard hourly rates plus out-of-pocket costs (such as travel, report reproduction, postage etc.) and our estimate of the time required for completion of the audit. The maximum fees for the proposed audit engagements for the years ended June 30, are as follows.

	<u>Preliminary</u>	<u>Fieldwork</u>	<u>Report Issuance</u>	<u>Total</u>
Partner hours	16	70	24	110
Hourly rate	\$125	\$125	\$125	\$125
Subtotal	2,000	8,750	3,000	13,750
Senior level associate hours	24	100	16	140
Hourly rate	\$75	\$75	\$75	\$75
Subtotal	1,800	7,500	1,200	10,500
Out of pocket costs				
Travel, room & meals	400	2,500	300	3,200
Report reproduction			400	400
Total audit fee	\$4,200	\$18,750	\$4,900	\$27,850

Audit Fees for the Years Ended June 30,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
City of Traverse City	\$16,600	\$16,850	\$17,100	\$50,550
City of Traverse City Light and Power	7,250	7,400	7,550	22,200
City of Traverse City Downtown Development Authority	4,000	4,150	4,300	12,450
Total audit fee	\$27,850	\$28,400	\$28,950	\$85,200
Single audit cost when necessary	\$2,950	\$2,950	\$2,950	N/A

We emphasize regular contact with our clients and are always available to answer questions you may have. There will be no fees related to these contacts unless significant research and response preparation time is involved in which case, we will inform you in advance if we believe a particular service will require an additional fee.

PRICE AND COST ANALYSIS

As requested, we are providing the following Price and Cost Analysis for your information:

	<u>Standard Rate</u>	<u>Total Hours</u>	<u>Fee</u>
Manpower Costs:			
Principal	\$ 150	48	\$ 7,200
Supervisor	85	73	6,205
Other Staff	55	192	10,560
Clerical	35	<u>21</u>	<u>735</u>
		<u>334</u>	<u>\$ 24,700</u>
		2013	<u>24,700</u>
		2014	<u>25,375</u>
		2015	<u>26,050</u>
Total Financial Audit for three years			<u>\$ 76,125</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Financial Statement Audit	\$ 24,700	\$ 25,375	\$ 26,050
Downtown Development			
Authority	2,000	2,000	2,000
Light & Power Dept.	2,600	2,700	2,800
Single Audit	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
	\$ 31,300	\$ 32,075	\$ 32,850

Out of pocket costs related to the audit will be the responsibility of Anderson, Tackman and Tackman, PLC.

Fee is a "not to exceed" amount.

Our annual bid includes the financial audit for funds of the City as well as the preparation of the F-65 and Act 51 reports.

Any additional services requested will be billed at standard rates plus actual out of pocket costs, as approved by the City Commission. Routine phone consultation will be furnished at no additional cost.

If significant assistance or email is needed, we will seek approval of the City Council prior to rendering additional services.

Proposed Audit Fees

CITY OF TRAVERSE CITY
Proposed Audit Fees

For the Period Ending June 30, 2013

	Planning Hours	Field Work Hours	Report Prep Hours	Total Hours	Hourly Rate	Fee
Partner in charge	8	8	-	16	\$ 115	\$ 1,840
Senior Staff	16	16	-	32	70	2,240
Total	24	24	-	48		\$ 4,080

	Planning Hours	Field Work Hours	Report Prep Hours	Total Hours	Hourly Rate	* Fee
Partner in charge	-	64	24	88	\$ 115	\$ 10,120
Audit Manager	-	100	32	132	100	13,200
Senior Staff	-	190	80	270	70	18,900
Total	-	354	136	490		\$ 42,220

	24	378	136	538		\$46,300
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Year Ending June 30, 2013	\$46,300	- Not to exceed
Year Ending June 30, 2014	(a) \$48,600	- Not to exceed
Year Ending June 30, 2015	(a) \$50,100	- Not to exceed
Year Ending June 30, 2016	(a) \$51,600	- Not to exceed
Year Ending June 30, 2017	(a) \$53,100	- Not to exceed

* Fee would increase \$1,500 per major federal program for any year(s) subject to federal single audit reporting requirements.

(a) Includes extended auditing procedures for increased testing as required by Governmental Accounting Standards Board Statement #68 relating to new pension reporting requirements for defined benefit pension plans. Consulting will be offered to the City to ensure proper planning for the new reporting requirements at no additional charge. The effective date of GASB Statement #68 is June 30, 2014 and each year thereafter.

Your investment.

Based on our previous experience with your engagements, discussions and your request for proposal, the scope of the engagement and estimated fees are as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Our scope of work for this engagement will include:			
▪ Audit of financial statements for the years ending June 30, 2013, 2014 and 2015	\$56,500	\$59,000	\$61,500
▪ Single audit in accordance with OMB Circular A-133, if required	3,000	3,200	3,400
<i>Broken down as follows:</i>			
City of Traverse City	42,000	44,000	46,000
Traverse City Light and Power	9,500	9,800	10,100
Traverse City Downtown Development Authority	5,000	5,200	5,400

	<u>Preliminary</u>	<u>Fieldwork</u>	<u>Report Preparation</u>
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Our estimated hours of the engagement by area and level are as follows and are based on our experience in auditing the City of Traverse City:

▪ Principal	20	50	30
▪ Manager	50	150	50
▪ Senior/Staff	<u>20</u>	<u>200</u>	<u>50</u>
Total	<u>90</u>	<u>400</u>	<u>130</u>

The above fees are based on the assumption that the City will provide a reasonably adjusted trial balance at the beginning of fieldwork and that current auditing standards remain applicable. Should the City require assistance in obtaining a reasonably adjusted trial balance or auditing standards significantly change making our estimate unreasonable, we will work with the City in arriving at a new fee that is commensurate the additional work and hours required prior to performing such services.

This proposal is based on professional standards in effect as of the date of our proposal. The fees quoted for years subsequent to 2013 may be subjected to renegotiation if significant changes in professional standards or reporting requirements make our initial estimate of hours to complete the audit unrealistic. If any such changes occur, we will discuss the reasons with you and arrive at a new fee arrangement.

COST SCHEDULE (CONCLUDED)

We propose the following cost schedule for a three (3) year audit contract:

<u>Year Ending</u> <u>June 30,</u>	<u>Financial</u> <u>Audit</u>	<u>Single</u> <u>Audit</u>	<u>Total</u> <u>Not-to</u> <u>Exceed</u>
2013	\$ 24,000	\$ 2,000	\$ 26,000
2014	25,000	2,000	27,000
2015	26,000	2,000	28,000

For purposes of pricing the Single Audit, the fee quoted assumes the City will have one (1) major federal programs. If additional major federal programs are required to be audited under the Single Audit Act in any given year, there will be an additional charge of \$1,500 per additional major federal program audited.

The audit cost schedules detailed above are firm costs assuming the City's records are in reasonable condition and that we are provided reasonable City staff assistance. If circumstances are encountered (i.e., unrecorded accruals, unbalanced records, significant audit journal entries, inadequate staff assistance, etc.), that cause us to have to spend additional time that was not planned we will discuss that situation with you prior to performing any additional services.





DENNIS, GARTLAND & NIERGARTH
Certified Public Accountants / Business Advisors

Cost Schedule

Proposed all-inclusive fees for audit services as proposed by Dennis, Gartland & Niergarth for the City of Traverse City are listed below.

Three Year Engagement for Years Ending June 30:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Financial Audit	\$29,500	\$29,500	\$29,500
Single Audit	1,500	1,500	1,500

Notes on Single Audit Fee:

The Single Audit Fee reflects one major program as has been the requirement in recent City of Traverse City audits. If there is more than one major program in any year, the Single Audit fee will increase by \$1,000 per additional program. If the level of Federal funding does not require a Single Audit, the fee does not apply.

Notes on Individual and Additional Fees:

You will not be billed for any out-of-pocket expenses. Should services beyond the scope of this proposal be required, fees will be assessed at a discounted, standard billing rate for the individuals performing the services required. We are able to provide selected services at a substantially discounted rate when performed during an "off season" schedule. No services requiring a fee will ever be provided without your prior approval.

Payment Schedule: Dennis, Gartland & Niergarth recognizes that the City of Traverse City will pay \$10,000 of the audit fee up front and the remaining amount due at the completion of the audit engagement.