

CITY OF TRAVERSE CITY BID TABULATION

Project: Professional Audit Services

Location: Committee Room

Date and Time Due: M, 6/13/16 @ 2 PM

Staff: Julie Dalton

Staff: Bill Twietmeyer
Karla Myers Beman

VENDOR	BID AND/OR EXTRAS	TOTAL
Rehmann	2016	32,000
	2017	33,500
	2018	35,000
Anderson Tackman	2016	27,600
	2017	28,700
	2018	29,800
Abraham - Gaffney	2016	28,000
	2017	29,000
	2018	30,000
Vredeveld Haefner	2016	25,590
	2017	26,000
	2018	26,500
Dennis Gartland - Niergerth	2016	39,000
	2017	39,800
	2018	40,600

h) Cost Schedule

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

Assurance Services	Fees		
	<u>2016</u>	<u>2017</u>	<u>2018</u>
Our scope of work for this engagement will include:			
▪ Audit of financial statements for the years ending June 30, 2016, 2017 and 2018	\$32,000	\$33,500	\$35,000*
▪ Single audit in accordance with the Uniform Guidance, if required	3,000	3,200	3,400

Hours Breakdown	Hours		
	<u>Preliminary</u>	<u>Fieldwork</u>	<u>Report Preparation</u>
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.

Rehmann must receive all requested information by December 1st of each year in order for us to guarantee completion and issuance of your report by December 30th. Our staff between the Christmas and New Years holidays is very light. Therefore, these professionals will likely not be available during the last week of December. If all of the requested information is not received, in completed form, by December 1 of each year, Rehmann makes no guarantee that the report will be filed by December 31.

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	\$ 140	48	\$ 6,720
Supervisor	85	73	6,205
Staff	60	192	11,520
Clerical	40	<u>24</u>	<u>960</u>
		<u>337</u>	<u>\$ 25,405</u>
		Discount:	(2,405)
		2016	<u>23,000</u>
		2017	<u>24,000</u>
		2018	<u>25,000</u>
		Total Financial Audit for three years	<u>\$ 72,000</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>
Financial Statement Audit	\$ 23,000	\$ 24,000	\$ 25,000
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>
	<u>\$ 29,600</u>	<u>\$ 30,700</u>	<u>\$ 31,800</u>

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.

COST SCHEDULE (CONCLUDED)

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

<u>Year Ending June 30,</u>	<u>Fee</u>
2016	\$ 28,000
2017	29,000
2018	30,000

The schedule above does not include a Single Audit. In any year this may be required, the additional fee for this would be \$4,000.

The City has historically drafted its own financial statements and submitted these for the audit. Through our past experience with the City we can see that this is a difficult task for your staff, especially when faced with rapidly changing financial reporting standards such as GASB 68 and the upcoming GASB 74 and 75. We would like to propose an optional one-time fee of \$10,000 if the City would like to have the auditors draft the financial statements. Other than this one-time fee, the proposed fee schedule would be unchanged.

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.

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	60	20	96
Hourly rate	\$135	\$135	\$135	\$135
Subtotal	2,160	8,100	2,700	12,960
Senior level associate hours	16	80	16	140
Hourly rate	\$90	\$90	\$90	\$90
Subtotal	1,440	7,200	1,440	10,080
Out of pocket costs				
Travel, room & meals	200	2,000	200	2,400
Report reproduction			150	150
Total audit fee – 2016	\$3,800	\$17,300	\$4,490	\$25,590
Total audit fee – 2017				\$26,000
Total audit fee – 2018				\$26,500
Annual single audit cost when necessary				\$3,250

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.



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>2016</u>	<u>2017</u>	<u>2018</u>
Financial Audit	\$ 39,000	\$ 39,800	\$ 40,600
Single Audit	\$ 2,000	\$ 2,000	\$ 2,000

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 \$1,500 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.