



Council Agenda Item

Meeting Date:	March 3, 2026
Agenda Item:	Approval of Updated Engagement Letter for Audit Services for 2025 with Johnson Block & Company, Inc.
Staff Contact (name, email, phone):	Rachelle Blitch, rblitch@whitewater-wi.gov , 262-473-1380

BACKGROUND

(Enter the who, what when, where, why)

Each year, the City undergoes an independent financial audit to ensure transparency, accountability, and compliance with generally accepted accounting principles (GAAP). The audit provides assurance to the Common Council, residents, and other stakeholders that the City's financial statements are accurate and that internal controls are functioning effectively.

The City has retained Johnson & Block as its independent auditing firm since approximately 2008–2009. The firm begins planning its year-end audit work in the fall. Prior to commencing the audit, the City is required to sign an engagement letter, which formally outlines the scope of work, responsibilities of both parties, audit standards to be followed, and the estimated fees which the Common Council approved on November 4, 2025. Since that time, the scope of work has been updated to include additional required services. The updated engagement letter expands the scope to incorporate the completion of a Single Audit, as required when federal expenditures exceed the applicable threshold, as well as the preparation of the Public Service Commission (PSC) report for the City's utility operations.

The engagement letter serves as a contractual agreement, ensuring mutual understanding of the audit process and confirming the City's inclusion in the firm's annual audit schedule. This step is essential for maintaining compliance with auditing standards and for establishing clear expectations regarding the timing and responsibilities of both the auditor and the City.

PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS

(Dates, committees, action taken)

November 4, 2025 – Council approved the request to engage Johnson Block & Company, Inc for the 2025 financial audit.

FINANCIAL IMPACT

(If none, state N/A)

The total estimated cost of the annual audit is \$52,700, allocated as follows: \$31,200 from the General Fund, \$17,500 from the Water and Wastewater Utility, and \$4,000 from the Stormwater Utility. This cost has not changed from what was originally quoted.

STAFF RECOMMENDATION

Staff recommends that the Common Council approve the updated engagement letter with Johnson & Block for the City's annual financial audit.

Approval of the updated engagement letter will ensure that all required audit components are completed in accordance with applicable standards and regulatory requirements, and that the City remains in compliance with federal, state, and PSC reporting obligations.

ATTACHMENT(S) INCLUDED

(If none, state N/A)

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1. Johnson Block & Company, Inc. Engagement Letter – Original
 2. Johnson Block & Company, Inc. Updated Engagement Letter
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