



## Council Agenda Item

Meeting Date: November 4, 2025

Agenda Item: Approval of Audit Services for 2025 with Johnson & Block

Staff Contact (name, email, phone): Rachelle Blitch, [rblitch@whitewater-wi.gov](mailto: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.

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)

### 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.

### STAFF RECOMMENDATION

While staff recognizes that the most recent update to the Procurement Policy requires issuance of a Request for Proposals (RFP) for audit services, there is insufficient time to complete that process for the upcoming fiscal year. The RFP process would need to occur in late spring to allow adequate planning and scheduling by the selected auditor.

Therefore, staff recommends approving the engagement letter with Johnson & Block for the 2025 audit to ensure continuity and compliance with required financial reporting timelines. Staff will initiate an RFP process in the spring of 2025 to select an auditing firm for the 2026 audit and future years.

### ATTACHMENT(S) INCLUDED

(If none, state N/A)

1. Johnson & Block Engagement Letter