City of Neenah

Finance & Personnel Committee Agenda

Monday, August 10, 2026 at 5:00 PM
Neenah City Hall – 211 Walnut Street
Hauser Room

I. Call to Order

II. Roll Call

III. Public Appearances

IV. Approval of Minutes

A. Approval of Minutes from August 5 Special Meeting.

V. New Business

A. Recommend Council approve the award of the independent audit services contract to Baker Tilly for the fiscal years ending December 31, 2026 through December 31, 2029, including preparation of the Annual Comprehensive Financial Report (ACFR). (Attachments)

B. Recommend Council adopt the Utility Rate Review Policy to the Common Council. Establishing this policy will help ensure the City's utility rates are evaluated on a regular basis, promote long-term financial sustainability of the utilities, and implement the direction previously provided by the Common Council. (Attachments)

C. Recommend Council approve the Addendum to the Maintenance Assessment Services Contract for 2027 Interim Market Update Revaluation with Associated Appraisal Consultants, Inc, for an additional $13,750 annually for the next four years of the existing contract for maintenance and revaluation assessment services. (Attachment)

VI. City Attorney Report

A. No Report

VII. Adjournment

Notice: Pursuant to the requirements of Wis. Stats. Sec. 19.84 (Open Meeting Notice Law), a majority of the Neenah Common Council may be present at this meeting. Common Council members may be present to gather information about a subject on which they have decision-making responsibility. This may constitute a meeting of the Neenah Common Council and must be noticed as such. The Council will not take any formal action at this meeting.

In accordance with the requirements of Title II of the Americans with Disabilities Act (ADA), the City of Neenah will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities. If you need assistance, or reasonable accommodation in participating in this meeting or event due to a disability as defined under the ADA, please call the Clerk's Office (920) 886-6100 or e-mail clerk@neenahwi.gov at least 48 hours prior to the scheduled meeting or event to request an accommodation.

Department of Finance
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M E M O R A N D U M

TO: Chairman Erickson and Members of the Finance and Personnel Committee

FROM: Vicky Rasmussen, Director of Finance

DATE: August 10, 2026

RE: Recommendation for Audit Services Contract Award (2026–2029 Audits)

Background

The City recently completed a Request for Proposals (RFP) process for independent auditing services for the fiscal years ending December 31, 2026 through December 31, 2029. The purpose of the RFP was to ensure the City receives high-quality audit services at a competitive price while evaluating firms based on experience, qualifications, and overall value - not solely cost.

Proposal Process

The City received proposals from Baker Tilly, CliftonLarsonAllen (CLA), and Wipfli.

An interview and evaluation committee consisted of Mayor Borchardt, Finance & Personnel Committee Chairperson Erickson, and Finance Department staff.

Each proposal and interview was evaluated using a standardized scoring matrix with the following weighted criteria:

Evaluation Criteria	Weight
Governmental Audit Experience	20%
Qualifications of Engagement Team	15%
Understanding of City's Needs	15%
Audit Methodology & Approach	10%
Communication & Responsiveness	10%
Ability to Meet Schedule	5%
Value-Added Services	5%
Cost Proposal	15%
Presentation & Interview	10%
Total	**100%**

Following the evaluation process, Baker Tilly received the highest overall score, reflecting the firm's extensive governmental auditing experience, knowledgeable engagement team, understanding of the City's operations, and overall value.

Baker Tilly has served as the City's independent auditor and has consistently provided quality audit services while meeting required deadlines and maintaining a strong working relationship with City staff.

Annual Comprehensive Financial Report (ACFR)

The proposals requested pricing both with and without preparation of an Annual Comprehensive Financial Report (ACFR).

While preparation of an ACFR is not required for the City, staff believes it continues to provide significant value by:

- Demonstrating the City's commitment to financial transparency and accountability.
- Providing a more comprehensive presentation of the City's financial position beyond the basic financial statements.
- Enhancing credibility with bond rating agencies, investors, developers, and other stakeholders.
- Reflecting the high standards and professionalism of the City's finance team.
- Supporting the City's long-standing commitment to excellence in financial reporting.

For these reasons, staff recommends continuing preparation of the ACFR as part of the audit engagement.

Recommendation

Based on the results of the RFP process and evaluation, staff recommends awarding the four-year audit services contract to Baker Tilly, including preparation of the Annual Comprehensive Financial Report (ACFR), for the fiscal years ending December 31, 2026 through December 31, 2029.

The attached pricing summary provides the cost proposals submitted by each firm for comparison, including options both with and without preparation of the ACFR.

Recommended Motion:

Recommend to Council to approve the award of the independent audit services contract to Baker Tilly for the fiscal years ending December 31, 2026 through December 31, 2029, including preparation of the Annual Comprehensive Financial Report (ACFR).

	2026			2027			2028			2029		
	Baker Tilly	**CLA**	**Wipfli**	**Baker Tilly**	**CLA**	**Wipfli**	**Baker Tilly**	**CLA**	**Wipfli**	**Baker Tilly**	**CLA**	**Wipfli**
Financial Audit	$ 65,500	$ 58,500	$ 73,900	$ 65,500	$ 60,000	$ 76,856	$ 67,500	$ 61,500	$ 79,930	$ 67,500	$ 63,000	$ 83,127
Financial Statement Prep	7,000	7,500	4,000	7,000	7,700	4,160	7,200	7,900	4,326	7,200	8,100	4,499
ACFR Financial Statements	1,750	3,200	2,500	1,750	3,300	2,600	1,800	3,400	2,704	1,800	3,500	2,813
Tax 16 Report	500	750	800	500	750	832	525	750	865	525	750	900
Technology Charge	3,738	-	-	3,738	-	-	3,851	-	-	3,851	-	-
Total City Cost	$ 78,488	$ 69,950	$ 81,200	$ 78,488	$ 71,750	$ 84,448	$ 80,876	$ 73,550	$ 87,825	$ 80,876	$ 75,350	$ 91,339
Water Utility	$ 14,900	$ 16,000	$ 14,500	$ 14,900	$ 16,200	$ 15,080	$ 15,350	$ 16,400	$ 15,683	$ 15,350	$ 16,600	$ 16,311
Technology Charge	745	-	-	745	-	-	768	-	-	768	-	-
Total Water Utility Cost	$ 15,645	$ 16,000	$ 14,500	$ 15,645	$ 16,200	$ 15,080	$ 16,118	$ 16,400	$ 15,683	$ 16,118	$ 16,600	$ 16,311
Optional Items												
Single Audit (if nec.)	$ 5,750	$ 7,000	$ 5,000	$ 5,750	$ 7,200	$ 5,200	$ 5,900	$ 7,300	$ 5,408	$ 5,900	$ 7,500	$ 5,624
PSC Report	2,300	2,000	2,500	2,300	2,000	2,600	2,375	2,300	2,704	2,375	2,500	2,812
WI DOR-Form C	2,300	1,700	1,800	2,300	1,900	1,872	2,375	2,200	1,947	2,375	2,300	2,025

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M E M O R A N D U M

TO: Chairman Erickson and Members of the Finance and Personnel Committee

FROM: Vicky Rasmussen, Director of Finance

DATE: August 10, 2026

RE: Utility Rate Review Policy Background

Background

After the 2026 budget process, the Common Council directed staff to develop a policy establishing a regular review schedule for the City's utility rates. This directive stemmed from concerns that the Sanitary Sewer Utility rates had not been comprehensively reviewed or adjusted on a regular basis. In fact, the 2026 budget process marked one of the first adjustments to the sanitary sewer rates in approximately twenty years.

Regular review of utility rates is a best practice in utility financial management. Periodic evaluations help ensure that utility revenues remain sufficient to fund operating expenses, capital improvements, debt obligations, and appropriate reserve levels while providing rates that are fair and equitable for utility customers.

Policy Summary

The proposed Utility Rate Review Policy establishes a framework for the periodic evaluation of the City's Sanitary Sewer Utility and Storm Water Utility rates. Specifically, the policy:

- Defines the roles and responsibilities of the Common Council, Finance & Personnel Committee, Public Works Director, Finance Director, and any external consultants involved in the rate review process.
- Identifies the minimum components that should be included in a utility rate review, including financial performance, customer characteristics, future operating and capital needs, fund balance adequacy, and evaluation of rate alternatives.
- Requires that the financial condition and adequacy of utility rates be reviewed at least once every three (3) years.
- Provides flexibility for more frequent reviews when significant changes in operating costs, capital improvements, regulatory requirements, customer demand, or other financial conditions warrant additional evaluation.
- Clarifies that the Common Council retains the authority to modify utility rates whenever necessary to protect the financial integrity of the utilities or comply with applicable laws.

The policy does **not** require a comprehensive rate study every three years. Rather, it establishes a minimum review cycle while allowing staff and the Common Council to determine when a more detailed rate study is appropriate.

Recommended

Recommend to Council the adoption of the Utility Rate Review Policy to the Common Council. Establishing this policy will help ensure the City's utility rates are evaluated on a regular basis, promote long-term financial sustainability of the utilities, and implement the direction previously provided by the Common Council.

POLICY

DATE:	August 2026	POLICY NO. 2026-2
TITLE:	Sanitary Sewer and Storm Water Utility Rate Review Policy	
ISSUER:	Public Works and Finance	
COVERAGE:	All City Departments / Employees	
AUTHORITY:	Common Council Approval	
DURATION:	Indefinite	

I. PURPOSE

The purpose of this policy is to establish guidelines for the periodic review of the City's Sanitary Sewer Utility and Storm Water Utility rates. Regular evaluation of utility rates helps ensure that each utility remains financially sustainable, maintains adequate reserves, funds ongoing operations and capital improvements, and establishes rates that are fair and equitable for utility customers.

II. ROLES AND RESPONSIBILITIES

Common Council

- Has the sole authority to establish and approve utility rates.

Finance & Personnel Committee

- Reviews the financial condition of the utilities.
- Reviews proposed rate adjustments and makes recommendations to the Common Council.

Public Works Director

- Manages the operations of the Sanitary Sewer Utility and Storm Water Utility.
- Provides operational and capital planning information to support rate evaluations.
- Assists in the development of rate recommendations.

Finance Director

- Oversees the financial management of the Sanitary Sewer Utility and Storm Water Utility.
- Performs financial analyses and assists in developing rate recommendations.
- Monitors utility fund balances and long-term financial sustainability.

External Professionals

- The City may retain engineering, financial, or utility rate consultants, as necessary, to assist in evaluating utility costs, reserve levels, and rate structures.

III. RATE REVIEW COMPONENTS

A utility rate review should include, at a minimum, the following components:

A. Financial Assessment

- Review at least the previous three years of operating revenues, operating expenditures, capital expenditures, debt service, fund balance trends, and other significant financial indicators.

B. Customer Assessment

- Evaluate current customer counts and usage characteristics by customer class, land use type, meter size, equivalent runoff unit (ERU), or other appropriate classifications.

C. Future Projections

- Evaluate anticipated changes in:
  - Customer growth and demand
  - Operating and maintenance costs
  - Capital improvement needs
  - Replacement of aging infrastructure
  - Debt service requirements
  - Regulatory requirements

D. Utility Fund Balance

- Evaluate the adequacy of utility reserves. As a general guideline, the unrestricted fund balance should be sufficient to maintain a minimum of three (3) months of operating expenditures, unless otherwise determined by the Common Council.

E. Rate Alternatives

- Evaluate available rate alternatives necessary to:
  - Generate sufficient revenues to recover the cost of providing utility services;
  - Maintain financial stability;
  - Meet current and future capital needs;
  - Maintain the desired fund balance; and
  - Promote equitable cost allocation among utility customers.

IV. RATE REVIEW SCHEDULE

The Finance Director and Public Works Director shall review the financial condition of the Sanitary Sewer Utility and Storm Water Utility and evaluate the adequacy of utility rates at least once every three (3) years.

A comprehensive utility rate study may be performed when deemed necessary by the Finance & Personnel Committee or the Common Council.

Utility rates may be reviewed more frequently whenever significant changes occur, including but not limited to:

- Significant increases in operating or maintenance costs;
- Major capital improvement programs or debt issuance;
- Changes in regulatory requirements;
- Significant changes in customer demand or customer mix;
- Material changes in utility fund balances; or
- Other circumstances that could materially impact the financial stability of the utility.

Nothing in this policy shall prohibit the Common Council from modifying utility rates at any time as deemed necessary to protect the financial integrity of the utilities or to comply with applicable laws or regulations.

Department of Community Development
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MEMORANDUM

TO:	Mayor Borchardt and Finance and Personnel Committee
FROM:	Kelly Nieforth, Director of Community Development and Assessment
DATE:	August 5, 2026
RE:	Addendum to Contract for Assessment Services – 2027 Interim Market Update Revaluation

The Community Development and Assessment Department is recommending that the City approve an addendum to the existing Maintenance Assessment Services Contract with Associated Appraisal Consultants, Inc. (AAC) that was approved in 2025. The current contract time period is five years (2026-2030) and is approximately $42,000 per year.

The reason for the addendum is to have AAC perform an interim market update revaluation in 2027. The City's assessed values are out of compliance due to the continued increase in housing sale prices in the city. The City's most recent interim market update revaluation was in 2023. The City is required to keep our total assessed property values within 10% of the state's equalized (market) value of 100%, which means our ratio needs to be between 90%-110%. The Wisconsin Department of Revenue tracks these ratios and currently the City of Neenah is at 87%. Based on the sales to date in 2026, the projected 2026 ratio is estimated to be 84%. The decreasing ratio is due to the continued increase in housing sale prices in the city. It is important for the city to review our assessed values to ensure that the tax burden is being equitably shared between all property owners in the city.

Currently, city staff assess and maintain approximately 9,250 residential parcels and AAC assesses and maintains approximately 650 commercial parcels. The State of Wisconsin assesses the 64 manufacturing parcels located in the city. The City's property record data is current as staff does an excellent job with maintaining sales and property changes so only an interim market update is needed which requires a professionally performed valuation update. AAC will perform this action with city staff.

The cost for the interim market update valuation is a lump sum payment of $50,000 or $55,000 spread out for the remaining four years of the Maintenance Assessment Services Contract which is $13,750 annually on top of the approximately $42,000 existing contract cost. The Finance Department determined that the additional $13,750 annually to cover the revaluation costs would be acceptable. The overall fee will be approximately $55,750 annually.

City staff will provide additional information about this process, the timeline, planned communication with the public, and what this means for the 2028 budget at an upcoming Council meeting.

Appropriate action at this time is to recommend Council approve the Addendum to the Maintenance Assessment Services Contract for a 2027 Interim Market Update Revaluation with Associated Appraisal Consultants, Inc., for an additional $13,750 annually for the next four years of the existing contract for maintenance and revaluation assessment services.