

CITY OF ROCHELLE, ILLINOIS
PROPOSAL TO PROVIDE
PROFESSIONAL AUDITING SERVICES

For the Fiscal Years Ending
April 30, 2013 through April 30, 2015

Sikich LLP
Accountants. Advisors. IT Services. Managed Services.
1415 W. Diehl Road, Suite 400
Naperville, IL 60563
(630) 566-8400
October 22, 2012
Contact(s): Frederick G. Lantz, CPA and Brian D. LeFevre, CPA

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Members of American Institute of
Certified Public Accountants

October 22, 2012

Ms. Chris Frye
Finance Manager
City of Rochelle
420 N. 6th Street
Rochelle, IL 61068

Dear Ms. Frye,

Sikich LLP is pleased to be considered for the appointment as independent auditors for the City of Rochelle. We believe that our qualifications, experience and expertise are clearly distinguishable as indicated in our proposal on the following pages and as demonstrated by:

- The quality of our professional staff, as noted by their advanced degrees and their active participation in numerous civic and professional organizations;
- The expertise that we possess in the state and local government industry, as demonstrated by:
 - Our clients' success in obtaining the coveted Certificate of Achievement for Excellence in Financial Reporting;
 - Our staff's presentations at conferences, seminars and training courses for various state and local government organizations;
 - Our leadership roles in the state CPA Society and the Illinois Government Finance Officers Association on implementing complex new pronouncements; and
 - The fact that we audit five of the eight AAA rated municipalities in the State of Illinois, five of the twelve AAA rated park and recreation districts, and one of only three AAA rated community colleges.
- The benefits our clients receive from the audit planning and significant preliminary work we perform so that audit issues may be identified early and resolved on a timely basis.
- The depth of our audit procedures, as depicted in our specific audit approach and as noted by our government clients.
- The quality and timeliness of the information that we can provide to the City.

- The experience we have providing professional services to more than 350 units of local government in Illinois annually; which assists us in identifying best practices in the industry that we share with our clients (more than thirty percent of our practice is devoted to serving local governmental entities).

Our firm's expertise will enable the City to correctly and cost effectively implement new statements and interpretations issued by the Governmental Accounting Standards Board. We believe this proposal demonstrates our capabilities to serve not only as independent auditors, but also as valued advisors and consultants to the City, the Mayor, the City Council, and management.

Our audit team is tailored to each client's specific needs drawing staff from our state and local government team. We emphasize:

- Consistency and quality of staffing in multi-year engagements, including assigning staff from our state and local government team who focus on providing services to the local government industry year round and assigning staff who are familiar with Civic Systems software used by the City;
- A high degree of efficiency using the latest paperless audit technology available (including the use of IDEA data extraction and analysis software);
- The identification of opportunities for improved financial or procedural performance; and
- A focus on areas that present the greatest audit risk.

We are prepared to commit the resources necessary to provide services of the highest quality to the City of Rochelle. We will not only perform the audit, but we will also provide governmental accounting and financial reporting expertise and technical assistance throughout the year. We understand the scope of work to be performed and the timing requirements and are committed to performing the specified services within the stipulated timeframe.

We appreciate the opportunity to present this proposal, which is a firm and irrevocable offer for sixty (60) days, and look forward to the possibility of serving the City.

Sincerely,
Sikich LLP



Frederick G. Lantz, CPA
Partner-in-Charge, Government Services

Sincerely,
Sikich LLP



Brian D. LeFevre, CPA, MBA
Partner

Scope of Services

We are proposing to provide the following services to the City:

- Preparation of twenty (20) hard copies and one (1) electronic copy (PDF) of the annual financial report for the City of Rochelle (MD&A to be provided by the City);
- Preparation of twenty (20) hard copies and one (1) electronic copy (PDF) of the annual financial report for the Municipal Utilities of the City of Rochelle (MD&A to be provided by the City) prepared in accordance with the FERC Uniform System of Accounts financial reporting model;
- Preparation of ten (10) copies of the management letter for the City, communicating any material weaknesses and significant deficiencies found during the audit and our recommendations for improvement;
- Preparation of ten (10) hard copies and one (1) electronic copy of the audit report on compliance with Public Act 85-1142 (TIF), if applicable;
- Preparation of ten (10) hard copies and one (1) electronic copy of the Annual Financial Report (AFR) filed with the County Clerk and State Comptroller;
- Preparation of ten (10) hard copies and one (1) electronic copy of the Fire and Police Pension Funds' Annual Report to the Department of Insurance;
- Preparation of ten (10) copies of the Single Audit Report, if applicable;
- Retain workpapers for five (5) years in accordance with Firm standards;
- Reporting to the Board of Trustees in accordance with Statement on Auditing Standards (SAS) No. 114, *Communications with Those Charged with Governance*; and
- Exit conference with City Officials to present the completed audit and related materials.
- Exit conference with the Utilities Advisory Board to present the completed audit of the municipal utilities and related materials.

DOLLAR COST PROPOSAL

Proposal Cost Summary

The fee for the financial audit and preparation of the reports specified in this proposal, including all direct and indirect costs, will not exceed the costs detailed below. Frederick G. Lantz, partner, certify that I am, as a partner of the firm Sikich LLP, entitled to represent the firm, empowered to submit this bid and authorized to sign a contract with the City of Rochelle.

Frederick G. Lantz



Date October 22, 2012

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Audit of the City of Rochelle and the Municipal Utilities.	\$ 46,067	\$ 46,988	\$ 47,928
Comptroller AFR	575	600	625
Police Pension DOI	5,000	5,150	5,300
Fire Pension DOI	3,000	3,100	3,200
Total	<u>\$ 54,642</u>	<u>\$ 55,838</u>	<u>\$ 57,053</u>
TIF Compliance Audit (if required)	<u>\$ 2,000</u>	<u>\$ 2,080</u>	<u>\$ 2,165</u>

Additional fees for a Single Audit in accordance with OMB Circular A-133, if applicable, are not included in the fees above. Additional fees for a Single Audit would be \$3,800, \$3,950 and \$4,070 for the 2013, 2014 and 2015, respectively; assuming no more than two major programs are required to be tested.

These fees assume that the City will provide the auditors with electronic copies of adjusted trial balances by individual funds, a year-to-date general ledger with details of postings to all accounts, subsidiary ledgers that agree or are reconciled to the general ledger, and will prepare certain schedules of account analysis and confirmations of account balances. These fees also include the cost to implement any new GASB pronouncements during the duration of the proposal, except for GASB Statement No 68, *Accounting and Financial Reporting for Pensions*. We would negotiate our fees separately for the implementation of this pronouncement.

We invoice our clients on a monthly basis as services are provided. In accordance with Illinois Compiled Statutes, payments for all services are due within sixty (60) days of receipt of an invoice. Invoices not paid within sixty days are assessed a finance charge of one (1) percent per month (12% annually).