



1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

630.566.8400 // www.sikich.com

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

January 20, 2016

The Honorable Mayor
Members of the City Council
C/O Ms. Chris Cardott
Finance Director/Treasurer
420 N. 6th Street
Rochelle, Illinois 61068

Ladies and Gentlemen:

Sikich LLP is pleased to be considered for the reappointment as independent auditors for the City of Rochelle (the City) for the fiscal years ending April 30, 2016 - April 30, 2018. We believe that our qualifications, experience and expertise are clearly distinguishable as noted by the following:

- > 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 (we assisted the City of Rochelle in preparing the first comprehensive annual financial report (CAFR) in the history of the City and in receiving the first Certificate of Achievement for Excellence in Financial Reporting awarded to the City);
 - > 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 provide professional services to fifteen of the thirty-one AAA rated municipalities in the State of Illinois.
- > The benefits the City has received 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 the City in prior audits.
- > The quality and timeliness of the information we have provided to the City.
- > The experience we have providing professional services to more than 450 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 twenty percent of our practice is devoted to serving local governmental entities).

Our firm's expertise will not only enable the City to continue to apply for and receive the coveted Certificate of Achievement for Excellence in Financial Reporting but also to correctly and cost effectively implement new statements and interpretations issued by the Governmental Accounting Standards Board (GASB), including the complex reporting requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. We previously assisted the City with the implementation of the related GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, which significantly modified the reporting requirements for the Police and Firefighters' Pension Plans. 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 the software (Caselle) 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 continue 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.

Our fee for these services is outlined on the following "Dollar Cost Proposal."

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

Sincerely,
Sikich LLP

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

Anthony M. Cervini, CPA
Senior Manager

DOLLAR COST PROPOSAL

	2016	2017	2018
Audit of the City of Rochelle and the Municipal Utilities	\$ 47,928	\$ 48,890	\$ 49,870
Single Audit*	4,070	4,150	4,230
TIF Compliance Audit (each)	2,165	2,215	2,265
Comptroller AFR	625	650	675
Police Pension DOI	5,300	5,450	5,600
Fire Pension DOI	3,200	3,300	3,400
Total	\$ 63,288	\$ 64,655	\$ 66,040

*The fees for the Single Audit are based on two major programs being tested. We would negotiate additional fees for additional major programs, if required.

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 will have a one-time fee of \$2,400 to assist the City in implementing GASB Statement No 68 and allocating the net pension liability among governmental activities, business type activities and utility funds. Additionally, we would negotiate our fees separately for the implementation of GASB Statement Nos. 74 and 75 on accounting and reporting for retiree health insurance.

In the event that the State Legislature passes a two-year property tax freeze that is signed into law by the Governor, we will work with the City to minimize any proposed increase for the levy years affected by the legislation.

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).