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October 29, 2018

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

Dear Ladies and Gentlemen:

Sikich LLP is pleased to be considered for the re-appointment as independent auditors for the City of Rochelle (the City). We believe that our qualifications, experience and expertise are clearly distinguishable as we have demonstrated to the City 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; and
 - Our leadership roles in the state CPA Society and the Illinois Government Finance Officers Association on implementing complex new pronouncements.
 - The fact that we audit six 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 provided to the City.

- The experience we have providing professional services to more than 500 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 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. 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, 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 accounting 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.

The City has requested a proposal for auditing services for the fiscal year ending December 31, 2018, as detailed below:

	<u>December 31, 2018</u>	
Audit of the City of Rochelle and the Municipal Utilities	\$	52,400
Police Pension Fund Audit		5,880
Firefighters' Pension Fund Audit		3,570
Single Audit, if applicable		4,400
TIF Compliance Report		2,375
Comptroller AFR		700

In addition to the fees listed above, we will have a one-time fee of \$1,500 for the implementation of GASB Statement No. 75.

Additionally, the City has requested a proposal for auditing services for the fiscal years ending December 31, 2018 through 2020, as detailed below:

	Calendar Year		
	2018	2019	2020
Audit of the City of Rochelle and the Municipal Utilities	\$ 50,900	\$ 51,900	\$ 52,900
Police Pension Fund Audit	5,700	5,800	5,900
Firefighters' Pension Fund Audit	3,500	3,550	3,600
Single Audit, if applicable	4,300	4,350	4,400
TIF Compliance Report	2,310	2,375	2,425
Comptroller AFR	690	700	710

Should the City accept the three-year proposal, we will waive the one-time fee for the implementation of GASB Statement No. 75.

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

Sincerely,
Sikich LLP



Anthony M. Cervini, CPA, CFE
Partner



Lindsey A. Fish, CPA
Manager