

AGENDA
VILLAGE OF ROUND LAKE
COMMITTEE OF THE WHOLE MEETING
April 21, 2014
442 N. Cedar Lake Road
To Follow the Regular Board Meeting
The Regular Board Meeting is 7:00 P.M.

CALL TO ORDER

1. ROLL CALL

2. APPROVAL OF MINUTES

2.1 Approve the Minutes of the Committee of the Whole Meeting of April 7, 2014

3. PUBLIC COMMENT

4. COMMITTEE OF THE WHOLE

- Community Development
- Human Resources and Finance
 - Audit Proposals/Auditor Selection
- Public Works, Facilities and Capital Assets, and Engineering
- Special Events
 - Meetings to be held at 6:00 p.m. on Regular Board Meeting Nights
- Building and Zoning
- Police
- Administration

5. SUGGESTED NEW TOPICS

6. EXECUTIVE SESSION

7. ADJOURN

MINTUES
VILLAGE OF ROUND LAKE
COMMITTEE OF THE WHOLE MEETING
April 7, 2014
442 N. Cedar Lake Road
To Follow the Regular Board Meeting
The Regular Board Meeting is 7:00 P.M.

CALL TO ORDER

THE COMMITTEE OF THE WHOLE MEETING OF THE VILLAGE OF ROUND LAKE WAS CALLED TO ORDER BY DAN MACGILLIS, VILLAGE PRESIDENT AT 7:27 P.M

1. ROLL CALL

Present: Trustees Clements, Frye, Newby, Simoncelli, Triphahn,
Absent: Wicinski

2. APPROVAL OF MINUTES

2.1 Approve the Minutes of the Committee of the Whole Meeting of March 17, 2014

Trustee Triphahn moved, Seconded by Trustee Simoncelli to approve the Minutes of the Committee of the Whole Meeting of March 17, 2014. Upon a unanimous voice vote; the Mayor declared the motion carried

3. PUBLIC COMMENT

None

4. COMMITTEE OF THE WHOLE

- Community Development
- Human Resources and Finance

- Capital Improvement Plan

Finance Director Steve Shields stated that it has been three weeks since the last board meeting and he has not received any questions during that time from the board and asked if there is any now. Trustee Clements inquired on two projects – Temperature Control and Attic Insulation, asking if both were needed. Village Administrator Russ Kraly stated that our current temperature controls are obsolete and insulation needs to be placed in the Village Hall since currently there is none above the offices or general work area and is needed in order to keep the heat/cooling loss at a minimum. It was asked if the installation of the insulation could be done in house, and it was stated it couldn't. The Trustees would like to see at least three bids received on each of the two projects.

- 2014/15 Budget

It was mentioned that instead of purchasing a new truck for our Facilities Manager to plow the Police Department and Village Hall, that the responsibilities be moved to the Public Works. It was suggested that the Village have more of a defined plan stating who is responsible for what tasks. Outsourcing was discussed, as far as snow plowing and sidewalk clearing the downtown area, and it was agreed that this year's snow

events were extreme, but if we do utilize outsourcing, the company has to be totally committed to the Village and its needs. FD Shields stated that he did add items to the budget, one being for economic development for an admin to hopefully get business into the Village. It was mentioned that the Budget is a Financial Plan, and does not mean every item listed needs to be brought forward. The Trustees mentioned to the Department Heads to make sure everything is listed in the budget as far as their current needs, so no surprises come up in 2 months – of course there is no control over the unexpected. Trustee Simoncelli had a question regarding an item under Admin, the funds for the Economic Developer, and asked how the estimated amounts listed had been decided. It was mentioned that generally the comprehensive plan will run a minimum of \$10k and through interview process for an ED/Village Planner generally their fees were running between \$25k-\$30k. The other item Trustee Simoncelli inquired about had been the amount budgeted for the Villages website site design at \$20k, it was mentioned that the amount listed was a low amount and that typically it runs much higher. To have a nice website, we might have to spend more money especially if we'd like to attract commercial development to our area. It was stated it does not have to be all done at one time. It was mentioned that as a Village we must remember to control cost, look for revenue sources and be fiscally responsibility going forward. VA Kraly stated that he is going to switch his focus to be more on Economic Development for the next fiscal year once the comprehensive plan is completed and start meeting more with commercial developers and reach out to them.

- 2014/15 Budget Amendment
Finance Director Steve Shields stated that on an annual basis a review of actual expense including the projection of such expenses through fiscal year end, it was determined that the 2011 debt service fund, vehicle replacement fund and the police pension fund may/will have estimated expenses over the original amount budgeted. FD Shields gave a brief explanation on why each of these plans were over and needed to be amended.
- **Public Works, Facilities and Capital Assets, and Engineering**
 - Crack Sealing Contract
Bids for 2014/2015 Crack Sealing Contract were solicited by Lake County Municipal League (LCML) under the Cooperative Purchasing Program (CPP) for 14 municipalities. Low bidder had been Behm Pavement Maintenance.

The Mayor and the Board agreed to move forward with this

- Street Sweeping Contract
Bids for the 2014/2015 Street Sweeping Contract were solicited by LCML under the CPP for 8 communities. The low bidder had been TKG sweeping & Services Inc

The Mayor and the Board agreed to move forward with this

- Pavement Marking Contract
Bids for the 2014/2015 Pavement Marking Contract were solicited by the LCML under the CPP for 10 communities. The low bidder had been Superior Road Striping Inc.

The Mayor and the Board agreed to move forward with this

- Special Events

Trustee Simoncelli mentioned that the liaisons thought of moving their meeting to Mondays at 6pm before the regular board meeting starting in May. It was asked how the Arbor Day events were going; Trustee Simoncelli reminded everyone that it will take place on Saturday May 3rd at 9am at the PD/PW facility and that there were some tree donations generated from the letter Trustee Wicinski sent however they have only heard back from one, Castle Gardens. Trustee Simoncelli asked that any minutes received so far from their meeting be shared with the rest of the board. It was stated by village attorney Mike Zimmerman that it should be listed as a Special Committee of the Whole meeting and under topics state Special Events - minutes should be taken and could be approved within the committee. Trustee Triphahn asked that if there are things needed to have Trustee Simoncelli or Trustee Wicinski reach out to the rest of the board through a BCC email. Trustee Triphahn asked if she could see who the letters were sent out to for donations to see if she could reach out to any of them personally as a follow up.

- Building and Zoning
- Police
- Administration

5. SUGGESTED NEW TOPICS

6. EXECUTIVE SESSION

7. ADJOURN

Motion by Trustee Newby, Seconded by Trustee Frye to adjourn the Committee of the Whole meeting at 8:30 P.M. Upon a unanimous voice vote, the Mayor declared the motion carried.

APPROVED:

Patricia C. Blauvelt
Village Clerk

Daniel MacGillis
Village President



VILLAGE OF ROUND LAKE
AGENDA ITEM SUMMARY

TITLE: AUDIT PROPOSALS/AUDITOR SELECTION

Agenda Item No. COTW

Executive Summary:

See attached proposal process document.

Recommended Action:

Staff recommends that the Village Board Approve Sikich LLP to be retained by the Village to perform audit services for the five fiscal years ending 2014 through 2018 at a proposed cost of \$135,385, including the single audit, if necessary.

Committee: Human Resources & Finance		Meeting Date: April 21, 2014	
Lead Department: Administration		Presenter: Steve Shields	
Item Budgeted: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If amount requested is over budget, a detailed explanation of what account(s) the overage will be charged to will be provided in the Executive Summary or attached detail.	Account No(s):	Budget:	Actual Request:
	xx-xx-73-77301	Auditing Expense	
	General Fund	\$20,625.00	\$17,813.00
	Water/Sewer	\$6,875.00	\$5,938.00
	Police Pension	\$2,250.00	\$1,750.00
	Total:	\$29,750.00	\$25,501.00
	Request is over/under budget:		
	Under		\$4,249.00
Over	-		

Audit Proposal Process

Per the Auditor Rotation Policy approved by the Village Board on June 2, 2008, staff shall solicit proposals for auditing services at minimum every five (5) years. The policy was put in place as the audit firm prior to 2008 prepared the Village audit for at least the previous twenty-four (24) years with no information on any proposals mailed out during that time frame. Therefore, audit proposals were mailed out in 2008, requesting services for a five-year engagement. Sikich LLP had the lowest proposal of \$128,639 for the five-year time frame, which ended for the fiscal year 2012. For fiscal year end 2013, the Finance Director requested a one-year extension from the Village Board to send out audit proposals and Sikich LLP was retained that year at the same cost as in the previous year..

The one-year extension was granted and is now complete, therefore, staff prepared a Request for Proposals for Professional Auditing Services and sent such proposals to eight (8) audit firms on March 26, 2014. All eight firms were selected from the Illinois Government Finance Officers Association database of audit firms. All firms are highly qualified and have municipal clients. Of the eight that were sent proposals, three (3) of the firms sent additional questions by the required date of April 9, 2014 with staff responding the next day to all questions and replying back to only those that asked such questions.

The deadline for receipt of the audit proposals was April 16, 2014 at 4:00 p.m., with five (5) of the firms responding. All firms that replied to the audit request for service have extensive knowledge and experience in municipal and governmental auditing and expertise with respect to all Governmental Accounting Standards Board (GASB) pronouncements. All firms also were able to meet the requirements of the engagement as outlined in the proposal specifications.

Sikich, the current Village auditor, had the lowest proposal amount of the five (5) firms. All proposals are on file in the Finance Director's office should any Board member wish to review the detailed proposals. The proposal includes preparation of the Village's Annual Financial Report, Illinois Comptroller's Annual Financial Report, Management Letter, the Illinois Division of Insurance Police Pension Report, and a single audit report, if necessary.

Included in this packet is:

- The Request for Proposals for Professional Auditing Services document
- A List of the Audit Firms Contacted
- The Village of Round Lake Auditor Service Rotation Policy approved in 2008
- Audit Firm Proposals:
 - Audit Proposal Summary of Fees (Low to High)
 - Audit Proposal Fees by Report
 - Budget Analysis / Financial Forecast

The Finance Director believes it is in the best interest of the Village to retain Sikich LLP as the Village auditors for the following reasons:

- Cost is the lowest of all proposals
- Different staff on the audit team annually for a varied perspective
- No transition cost and additional staff time needed for audit work paper preparation

VILLAGE OF ROUND LAKE

REQUEST FOR PROPOSALS

FOR

PROFESSIONAL AUDITING SERVICES

APRIL 30, 2014



442 N. CEDAR LAKE ROAD

ROUND LAKE, IL 60073

VILLAGE OF ROUND LAKE REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The Village of Round Lake is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending April 30, 2014, with the option of auditing its financial statements for each of the four subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards*, and if necessary, the provisions of the federal Single Audit Act and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

There is no expressed or implied obligation for the Village of Round Lake to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, three (3) proposal copies must be received by Steven J. Shields, Finance Director/Treasurer by 4:00 p.m. on Wednesday, April 16, 2014.

Any questions on the engagement or proposal should be submitted via email by Wednesday, April 9, 2014 to Steve Shields: sshields@eroundlake.com

During the evaluation process, the Village reserves the right to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the Village of Round Lake, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Village of Round Lake reserves the right to retain all proposals submitted and to use any ideas in the proposals regardless of whether the proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Village of Round Lake and the firm selected.

B. Term of Engagement

A five-year contract is contemplated, subject to an annual review by the Finance Director, the satisfactory negotiation of terms (including a price acceptable to both the Village of Round Lake and the selected firm), and the concurrence of the Board of Trustees.

C. Subcontracting

No subcontracting will be permitted.

II. NATURE OF SERVICES REQUIRED

A. Entity

The Village of Round Lake comprises all functions and activities of municipal operations. The Village's financial statements include all funds, departments, agencies, boards, commissions and other organizations over which the Village of Round Lake officials exercise oversight responsibility.

B. Scope of Work to be Performed

The Village of Round Lake desires the auditor to express an opinion on the fair presentation of its general-purpose financial statements and its basic financial statements, in conformity with generally accepted accounting principles.

The Village of Round Lake also desires the auditor to express an opinion on the fair presentation of its combining and individual fund and account group financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the supplemental data contained in the annual financial report. However, the auditor is to provide an "in-relation-to" opinion on the supplemental schedules based on the auditing procedures applied during the audit of the general purpose financial statements and the combining, individual fund and account group financial statements and schedules.

The Village is financially accountable in relation to the Police Pension Fund. As such, these activities must be included in the reporting entity and audited as part of the Village's financial statements. The Police Pension Fund is blended with the Village.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

The auditor will be responsible for preparing the annual financial statements for the Village.

The auditor will be responsible for the compilation of the Illinois Comptroller's Annual Financial Report for the Village. The responsibility includes preparation of the Annual Financial Report and electronically filing the report with the Comptroller's office.

The auditor will be responsible for the compilation and electronic filing of the Annual Statement for the Village of Round Lake Police Pension Fund filed with the Department of Financial and Professional Regulation.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

C. Funds to be Audited

The Village of Round Lake uses the following fund types in its financial reporting:

<u>Fund Type/Account Group</u>	<u>Number of Individual Funds</u>	<u>Number with Legally Adopted Annual Budgets</u>
General Fund	1	1
Special Revenue Funds	2	2
Debt Service Funds	3	3
Capital Projects Funds	1	1
Enterprise Funds	2	2
Internal Service Funds	3	3
Permanent Funds	1	-
Pension Trust Funds	1	1
Agency Funds	5	-

D. Financial Reporting

The auditor shall prepare the following reports at the completion of the audit:

1. Five (5) copies and one (1) PDF of the Annual financial Report. The auditor will prepare all financial statements and notes to the financial statements.
2. Three (3) copies and one (1) PDF of the Illinois Comptroller's Annual Financial Report for the Village of Round Lake and filed electronically.
3. Three (3) copies and one (1) PDF of the Police Pension Fund Annual Statement and filed electronically with the Illinois Department of Insurance and/or any other required agency.
4. Three (3) copies and one (1) PDF of a report on the financial statements, internal control and compliance in accordance with the audit guide and standards for compliance with the Single Audit Act, if necessary.
5. Five (5) copies and one (1) PDF of a letter to management containing appropriate suggestions for improvement of accounting procedures and internal controls for the Village's consideration. This letter should contain comments and recommendations for controlling any internal weaknesses discovered and shall be reviewed by the Director of Finance and Village Administrator before finalizing.

While final responsibility for the financial statements rests with the Village of Round Lake, the Village of Round Lake expects that the auditor possess and demonstrate sufficient expertise in governmental accounting and reporting to assure that all reporting requirements are met.

Demonstration of governmental accounting expertise shall be supported by membership, either current or past, in various governmental accounting and auditing committees and task forces of the Illinois CPA Society or AICPA.

The auditor shall express an unqualified opinion on the basic financial statements and accept "in relation to" responsibility for individual fund supplemental data. If an unqualified opinion cannot be expressed, the auditor shall bring such matter to the attention of the Village of Round Lake before issuance of the report to determine whether or not the problems leading to a qualification can be resolved.

E. Management Letter

If, during the course of the examination, the auditor finds any weaknesses in internal control, the auditor shall summarize such findings and recommendations in the form of a separate management letter to the Village of Round Lake.

The auditor shall be available to meet with elected officials at an evening meeting to answer questions regarding the proposal, the completed audit or management letter, if requested.

The auditor in the person of a partner or manager shall be available not only during the audit preparation period, but also on an as-needed basis to answer questions or provide guidance on any particular issue that may arise throughout the contract period.

III. DESCRIPTION OF THE GOVERNMENT

A. Name and Telephone Number of Contact Persons/Organizational Chart/Location of Offices

The auditor's principal contact with the Village of Round Lake will be Steven J. Shields, Finance Director/Treasurer, or a designated representative, who will coordinate the assistance to be provided by the Village of Round Lake to the auditor.

B. Background Information

The Village of Round Lake, a non-home rule community, serves an area of 5.5 square miles with a population of 18,289. The Village was incorporated in 1908 and is located in Lake County. The Village operates under a Trustee-Village form of government. The Village Board consists of a Mayor and six Trustees. The Village is organized into four departments having a total payroll of approximately \$3.0 million covering 45 full-time employees.

The Village of Round Lake provides the following services to its citizens: public safety, public works, building & zoning, and general administrative functions. The Village of Round Lake's fiscal year begins on May 1st and ends on April 30th.

C. Pension Plans

The Village of Round Lake participates in the following pension plans:

<u>Plan</u>	<u>Multiple-Employer</u>		<u>Single-Employer</u>	
	<u>Cost-Sharing</u>	<u>Agent</u>	<u>Defined Benefit</u>	<u>Defined Contribution</u>
Police Pension Fund			X	
IL Municipal Retirement Fund	X			

Actuarial services for the Police Pension Plan are provided by Timothy W. Sharpe. The Village also relies on the Illinois Department of Financial and Professional Regulations, Department of Insurance actuarial services for the tax levy of the Police Pension Fund.

D. Joint Ventures

The Village of Round Lake does participate in joint ventures with other governments.

<u>Name of Joint Venture</u>	<u>Type of Services Provided</u>
CLCJAWA	Lake Michigan Water
SWALCO	Waste Disposal Landfill
CENCOM	E-911 Emergency Telephone System

E. Magnitude of Finance Operations

The Finance Department is headed by Steven J. Shields, Finance Director/Treasurer, and consists of five employees. The principal functions performed and the number of employees assigned to each is as follows:

<u>Function</u>	<u>Number of Employees</u>
Finance Director/Treasurer	1
Cashiering	1
Water Billing/Accounts Receivable	1
Human Resources/Accounting/ Accounts Payable/Payroll	1
Executive Administrative Support	1

F. Computer Systems

The Village uses a DELL and HP servers and associated PC's for networking. The Village uses Harris/Municipal Software Incorporated (MSI) for recording all financial transactions and Bellefeuil, Szur & Associates, Incorporated (BS&A) for its Building Department software. Currently, the Police and Public Works site is not networked with the Village Hall. Microsoft Office is used of Word/spreadsheets.

G. Internal Audit Function

None

H. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit reports and management letters should contact Steven J. Shields at 442 N. Cedar Lake Road, Round Lake, IL, 60073, 847/546-5400. The Village of Round Lake will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this Request for Proposals.

Detailed information on the government and its finances can be found in the Budget document and the Audit Report which are available on the Village's website at: <http://www.eroundlake.com/departments/admin/financial.shtml>

I. Other Information

- There is no Tax Increment Financing (TIF) District
- The Finance Director prepares the MD&A
- The Village has no large Federal Grant awards
- The Village does not expect to issue any new debt
- Audit adjustment have been minimal
- All confirms are prepared in-house
- Previously: one day for preliminary fieldwork and one week scheduled for final field work
- Village staff prepares all year-end adjustments and electronically submits to the auditors adjusted year end trial balances
- The Village is part of the IPRF for Workers compensation needs
- All bank reconciliations are done monthly and are current
- Fire & library are separate taxing districts
- The budget is prepared on a cash basis and the Village follows the Budget Officer Act.
- Previous financial statement audits have been prepared on a modified cash/cash basis.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued	March 26, 2014
Questions due via email	April 9, 2014
Due date for proposals	April 16, 2014

B. Notification and Contract Dates

Selected firm notified after official Board of Trustees action.

C. Date Audit May Commence

The Village of Round Lake will have all records ready for audit and all management personnel available to meet with the firm's personnel at an agreed upon schedule.

V. PROPOSAL REQUIREMENTS

1. Inquiries

Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made to:

Steven J. Shields, Finance Director/Treasurer
Village of Round Lake
442 N. Cedar Lake Road
Round Lake, IL 60073

2. Submission of Proposals

The following material is required to be received by April 16, 2014 for a proposing firm to be considered:

- A. Title Page**
State the RFP subject.
- B. Table of Contents**
Clearly identify the material by section and page number.
- C. Letter of Transmittal (limited to three pages)**

Briefly outline and summarize the key elements of the proposal as to experience, qualifications, references, technical expertise, audit standards, understanding of the work to be performed, timing and fee.

D. Profile of the Proposer

1. Describe the types of services provided.
2. State the location of the office and the total number of Partners and professional staff from that office.
3. Identify the Partners, Managers/Supervisors and In-Charge Accountants who will perform the audit. Include resumes for each person listed detailing educational background, years of experience and client names for audits similar to the proposed examination.
4. Describe firm audit experience similar to the proposed examination. (Multi-office firms should discuss experience for only the office of the firm from which the personnel will be assigned.) Provide client names, contact persons and telephone numbers of all municipal audit clients who have been served in the last two years – at least five references shall be provided. Also provide a recent Annual Financial Report prepared by your firm.
5. Discuss governmental industry experience in terms of years of service, training, organizational involvement, etc.

E. Audit Process

1. Describe your audit approach.
2. Detail (in percentage) the amount of time to be put in on the audit by the following categories:

	<u>Percent</u>
Partner/Manager	_____
In-Charge Accountants (Seniors)	_____
Staff Accountants (Junior)	_____
Total	100%

F. Fees and Billings

1. It is the intention of the Village to retain the same audit firm for a minimum of five years. Provide a maximum “not-to-exceed” fee proposal for the first year inclusive of all expenses and for the following four years.

2. Describe the circumstances under which you would propose to increase the fee shown in Section VI, Exhibit I, and how you would communicate such a potential increase to the Village of Round Lake.
3. List, by Partner and staff level, hourly billing rates to be charged should the Village of Round Lake expand the scope of the audit or require additional services.

VI. SUBMISSION OF PROPOSALS

- A. All proposals should be addressed to:

Steven J. Shields
Finance Director/Treasurer
Village of Round Lake
442 N. Cedar Lake Road
Round Lake, IL 60073

Three (3) copies of the proposal are required and should be sealed in envelopes addressed to the above and clearly marked "RL FY2014 AUDIT RFP".

- B. Proposals are due no later than 4:00 p.m. Wednesday, April 16, 2014.

VII. TIMELINESS OF REPORT

The final audit must be completed and a report received by the Village prior to October 25th of each year, unless the Village has caused the audit period to be longer. Failure to deliver a final report in a timely manner may result in reducing the term of the engagement.

VIII. EVALUATION OF PROPOSALS

- A. Proposals will be evaluated on the basis of which proposer best meets the requirements of the Village of Round Lake.

Critical factors will be technical expertise, qualifications of the firm and audit team, and fee.

- B. The Village of Round Lake Board of Trustees will consider final acceptance of the proposal, under the recommendation of the Finance Director, at a regular scheduled Board meeting in May 2014.

IX. AUDITING SERVICES AGREEMENT

- A. A draft of the Auditing Services Agreement is identified as Exhibit I. This Agreement is to be made a part of your proposal.

AUDITING SERVICES AGREEMENT

THIS AGREEMENT, made this _____ date of _____, 2014, by and between _____, hereinafter referred to as “Auditor”, and the **VILLAGE OF ROUND LAKE**, a municipal corporation in Lake County, Illinois, hereinafter referred to as “Village”.

SECTION I. The Auditor agrees to furnish capable and efficient accountants to conduct a general audit of the books and financial records of the Village in accordance with Generally Accepted Auditing Standards (GAAS).

SECTION II. The Auditor agrees to begin the examination as soon after the acceptance of this Agreement to the mutual convenience of the Village and the Auditor. The Auditor further agrees that he will conduct said examination with diligence as to insure its completion at the earliest possible date with such efficiency and thoroughness as is expected under GAAS. In any event, the examination and Auditor’s report shall be completed and a report delivered prior to October 25th of each year.

SECTION III. The Auditor and the Village shall comply with Section I, Audit Scope and Section II, General Information of the Request for Proposal (copy attached) and incorporate those sections into the contract.

SECTION IV. The Auditor agrees to adopt reasonable procedures as to insure the safe custody of his working papers for a period of time sufficient to satisfy legal and administrative requirements. Furthermore, he agrees to make the working papers available for examination by the Village as requested, and to provide copies of such work papers that may be requested by the Village’s accounting staff.

SECTION V. The Auditor agrees to publish the required reports as noted in Section II, Nature of Services Required, D. Financial Reporting.

SECTION VI. The Village agrees to pay the Auditor for services rendered based on the following not-to-exceed fees:

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Annual Financial Report	_____	_____	_____	_____	_____
Comptrollers Report	_____	_____	_____	_____	_____
DOI Report	_____	_____	_____	_____	_____
Sub-total	_____	_____	_____	_____	_____
Single Audit Report	_____	_____	_____	_____	_____
Total Fees	=====	=====	=====	=====	=====

EXHIBIT 1 – Page 2

Payment will be made upon receipt of progress billings with final payment made after receipt of the Annual Financial Report, Single Audit Report, if necessary, and any other related audit reports.

The Auditor and the Village agree that an equitable adjustment in the contract price may be negotiated if the cost or the time required for performance of the audit service is increased pursuant to a change in scope requested by the Village or required by State of Federal regulations.

SECTION VII. If the Auditor is unable to complete the audit before the scheduled completion date provided in Section II of this Agreement, written notice to the Village must be provided by the Auditor thirty (30) days prior to said date of completion.

The Auditor agrees to deliver the Audit Report prior to October 25th of each year of the Agreement, unless the Village has caused the audit period to be longer.

The Village reserves the right to cancel audit services for the remainder of the period covered by their agreement.

Date

Auditor, Signature of Authorized Representative

Date

Daniel A. MacGillis, Village President

ATTEST:

Patricia C. Blauvelt, Village Clerk

Audit Firms Contacted

Contact Name	E-Mail
Partner	
Heather Acker	heather.acker@bakertilly.com
Baker Tilly Virchow Krause, LLP	608-240-2374
P.O. Box 7398	Sent: 03/26/2014
Madison, WI 53707	Received: No Response
Partner	
Renee Messing	renee.messing@claconnect.com
CliftonLarsonAllen LLP	414-721-7514
10700 W. Research Drive, Suite 200	Sent: 03/26/2014
Milwaukee, WI 53226	Received: No Response
Partner	
John Weber	john.weber@crowehorwath.com
Crowe Horwath LLP	630/706-2099
One Mid America Plaza, PO Box 3697	Sent: 03/26/2014
Oak Brook, IL 60522-3697	Received: 04/16/14
Partner	
Daniel A. Berg	dberg@sikich.com
Sikich LLP	630-566-8535
1415 W. Diehl Road, Suite 400	Sent: 03/26/2014
Naperville, IL 60563	Received: 04/16/14
Partner	
Ron Amen	ronaldamen@sbcglobal.net
Lauterbach & Amen, LLP	847/562-9252
27W457 Warrenville Road	Sent: 03/26/2014
Warrenville, IL 60555	Received: 04/16/14

Audit Firms Contacted

<u>Contact Name</u>	<u>E-Mail</u>
Partner	
Joseph J. Evans	joseph.evans@mcgladrey.com
McGladrey & Pullen, LLP	847/413-6900
20 North Martingale, Ste 500	Sent: 03/26/2014
Schaumburg, IL 60173	Received: No Response
Partner	
John DeLand	john.deland@wolfco-fs.com
Wolf & Company LLP	630/545-4504
1901 S. Meyers Road, Ste. 500	Sent: 03/26/2014
Oakbrook Terrace, IL 60181	Received: 04/15/14
Dir. of Gov't Services	
Irwin A. Lyons	ilyons@millercooper.com
Miller, Cooper & Co., Ltd.	847/205-5000
1751 Lake Cook Rd	Sent: 03/26/2014
Deerfield, IL 60015	Received: 04/14/14



VILLAGE OF ROUND LAKE

AUDITOR SERVICE ROTATION POLICY

INTRODUCTION

The purpose of this policy is to provide village personnel with general guidelines for auditor service rotation.

BACKGROUND

The Village of Round Lake shall obtain independent audits of their financial statements performed in accordance with the appropriate professional auditing standards. Properly performed audits play a vital role in the public sector by helping to preserve the integrity of the public finance functions and by maintaining citizens' confidence in their elected leaders.

STATEMENT

It shall be the policy of the Village of Round Lake to solicit proposals for auditing services at minimum every five (5) years. The Director of Finance shall solicit proposal from qualified firms and will make a written recommendation to the Human Resources and Finance Committee for award of a contract to the Village Board. It shall be the general policy that the village shall attempt to change firms every five years; however, nothing in this statement shall preclude the village from either extending an existing contract or awarding the contract to the current vendor if that award is in the best interest of the Village of Round Lake.

The Director of Finance shall solicit proposals from a minimum of five qualified firms. Such proposals shall request entering into a multiyear series of single-year contracts, with automatic renewal of the audit contract based on successful completion of previous years audit requirements. Such agreement allows for greater continuity and helps to minimize the potential for disruption in connection with the independent audit. The selection process shall be based on fee, firm experience, and the Village of Round Lake's specific needs and circumstances at the time the audit proposals are received.

Ideally this policy:

- May reduce audit costs by allowing auditors a multiyear contract;
- Should increase auditor independence knowing that they will be replaced at the end of the audit contract;
- Is good practice as an audit firm grows accustomed to financial procedures of an entity; and,
- Ensures that all financial practices are more closely examined every five years.

SUMMARY

Instituting a policy of auditor rotation will help mitigate any concerns over long-standing relationships with a single auditor that may create the perception that the auditor lacks independence and insure that public perception of the Village of Round Lake's audits are independent and objective.

Human Resources and Finance Committee Recommended Date: May 13, 2008.

Committee of the Whole Discussion Date: May 19, 2008.

Village Board Approval Date: June 2, 2008.

Audit Firm Proposals

Firm	2013/14	2014/15	2015/16	2016/17	2017/18	Total
<u>Audit Proposal Summary of Fees (Low to High)</u>						
<u>Audit, Comptrollers & DOI Report</u>						
Sikich LLP	\$23,000	\$23,691	\$24,401	\$25,133	\$25,887	\$122,112
Lauterbach & Amen, LLP	\$24,100	\$24,800	\$25,500	\$26,200	\$26,900	\$127,500
Crowe Horwath LLP	\$26,000	\$26,750	\$27,400	\$28,150	\$29,000	\$137,300
Wolf & Company LLP	\$26,200	\$26,950	\$27,700	\$28,450	\$29,250	\$138,550
Miller, Cooper & Co., Ltd.	\$33,000	\$33,000	\$33,700	\$34,300	\$34,900	\$168,900
<u>Single Audit</u>						
Sikich LLP	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$13,273
Lauterbach & Amen, LLP	\$2,500	\$2,700	\$2,900	\$3,100	\$3,300	\$14,500
Wolf & Company LLP	\$3,000	\$3,100	\$3,200	\$3,300	\$3,400	\$16,000
Crowe Horwath LLP	\$3,500	\$3,500	\$3,600	\$3,600	\$3,700	\$17,900
Miller, Cooper & Co., Ltd.	\$4,000	\$4,000	\$4,100	\$4,150	\$4,200	\$20,450
<u>Total Fees</u>						
Sikich LLP	\$25,500	\$26,266	\$27,053	\$27,865	\$28,701	\$135,385
Lauterbach & Amen, LLP	\$26,600	\$27,500	\$28,400	\$29,300	\$30,200	\$142,000
Wolf & Company LLP	\$29,200	\$30,050	\$30,900	\$31,750	\$32,650	\$154,550
Crowe Horwath LLP	\$29,500	\$30,250	\$31,000	\$31,750	\$32,700	\$155,200
Miller, Cooper & Co., Ltd.	\$37,000	\$37,000	\$37,800	\$38,450	\$39,100	\$189,350

Audit Firm Proposals

Firm	2013/14	2014/15	2015/16	2016/17	2017/18	Total
<u>Audit Proposal Fees by Report</u>						
<u>Crowe Horwath LLP</u>						
Annual Financial Report	\$24,700	\$25,400	\$26,000	\$26,700	\$27,500	\$130,300
Comptrollers Report	\$500	\$500	\$500	\$500	\$500	\$2,500
DOI Report	\$800	\$850	\$900	\$950	\$1,000	\$4,500
Sub-total	\$26,000	\$26,750	\$27,400	\$28,150	\$29,000	\$137,300
Single Audit Report	\$3,500	\$3,500	\$3,600	\$3,600	\$3,700	\$17,900
Total Fees	\$29,500	\$30,250	\$31,000	\$31,750	\$32,700	\$155,200
<u>Sikich LLP</u>						
Annual Financial Report	\$20,500	\$21,115	\$21,748	\$22,400	\$23,072	\$108,835
Comptrollers Report	\$750	\$773	\$796	\$820	\$845	\$3,984
DOI Report	\$1,750	\$1,803	\$1,857	\$1,913	\$1,970	\$9,293
Sub-total	\$23,000	\$23,691	\$24,401	\$25,133	\$25,887	\$122,112
Single Audit Report	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$13,273
Total Fees	\$25,500	\$26,266	\$27,053	\$27,865	\$28,701	\$135,385
<u>Lauterbach & Amen, LLP</u>						
Annual Financial Report	\$22,300	\$22,900	\$23,500	\$24,100	\$24,700	\$117,500
Comptrollers Report	\$300	\$350	\$400	\$450	\$500	\$2,000
DOI Report	\$1,500	\$1,550	\$1,600	\$1,650	\$1,700	\$8,000
Sub-total	\$24,100	\$24,800	\$25,500	\$26,200	\$26,900	\$127,500
Single Audit Report	\$2,500	\$2,700	\$2,900	\$3,100	\$3,300	\$14,500
Total Fees	\$26,600	\$27,500	\$28,400	\$29,300	\$30,200	\$142,000
<u>Wolf & Company LLP</u>						
Annual Financial Report	\$23,900	\$24,650	\$25,400	\$26,150	\$26,950	\$127,050
Comptrollers Report	\$500	\$500	\$500	\$500	\$500	\$2,500
DOI Report	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$9,000
Sub-total	\$26,200	\$26,950	\$27,700	\$28,450	\$29,250	\$138,550
Single Audit Report	\$3,000	\$3,100	\$3,200	\$3,300	\$3,400	\$16,000
Total Fees	\$29,200	\$30,050	\$30,900	\$31,750	\$32,650	\$154,550
<u>Miller, Cooper & Co., Ltd.</u>						
Annual Financial Report	\$28,500	\$28,500	\$29,000	\$29,500	\$30,000	\$145,500
Comptrollers Report	\$1,000	\$1,000	\$1,100	\$1,150	\$1,200	\$5,450
DOI Report	\$3,500	\$3,500	\$3,600	\$3,650	\$3,700	\$17,950
Sub-total	\$33,000	\$33,000	\$33,700	\$34,300	\$34,900	\$168,900
Single Audit Report	\$4,000	\$4,000	\$4,100	\$4,150	\$4,200	\$20,450
Total Fees	\$37,000	\$37,000	\$37,800	\$38,450	\$39,100	\$189,350

Audit Firm Proposals

Firm	2013/14	2014/15	2015/16	2016/17	2017/18	Total
<u>Budget Analysis / Financial Forecast</u>						
Paid in Fiscal Year End	2015	2016	2017	2018	2019	Total
<u>Proposed Fee</u>						
Annual Financial Report	\$20,500	\$21,115	\$21,748	\$22,400	\$23,072	\$108,835
Comptrollers Report	\$750	\$773	\$796	\$820	\$845	\$3,984
DOI Report	\$1,750	\$1,803	\$1,857	\$1,913	\$1,970	\$9,293
Single Audit	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$13,273
Total	\$25,500	\$26,266	\$27,053	\$27,865	\$28,701	\$135,385
<u>Proposed Fee Fund Splits</u>						
General Fund	\$17,813	\$18,347	\$18,897	\$19,464	\$20,048	\$94,569
Water Fund	\$5,938	\$6,116	\$6,299	\$6,488	\$6,683	\$31,523
Police Pension	\$1,750	\$1,803	\$1,857	\$1,913	\$1,970	\$9,293
Total	\$25,500	\$26,266	\$27,053	\$27,865	\$28,701	\$135,385
<u>Budget / Forecast Amounts</u>						
General Fund	\$20,625	\$21,244	\$21,881	\$22,537	\$23,214	\$109,501
Water Fund	\$6,875	\$7,081	\$7,294	\$7,512	\$7,738	\$36,500
Police Pension	\$2,250	\$2,284	\$2,318	\$2,353	\$2,388	\$11,593
Total	\$29,750	\$30,609	\$31,493	\$32,402	\$33,340	\$157,594
<u>Estimated Savings</u>						
General Fund	\$2,813	\$2,897	\$2,984	\$3,073	\$3,166	\$14,932
Water Fund	\$938	\$965	\$995	\$1,024	\$1,055	\$4,977
Police Pension	\$500	\$481	\$461	\$440	\$418	\$2,300
Total	\$4,250	\$4,343	\$4,440	\$4,537	\$4,639	\$22,209