

CITY OF SYCAMORE, ILLINOIS

308 WEST STATE STREET

SYCAMORE, ILLINOIS 60178

REQUEST FOR PROPOSAL

FOR

PROFESSIONAL AUDITING SERVICES

FOR THE PERIOD ENDING APRIL 30, 2019

ISSUED

JANUARY 3, 2019

PROPOSALS DUE

JANUARY 30, 2019, 11:00 AM

CITY OF SYCAMORE REQUEST FOR PROPOSAL

INTRODUCTION

General Information

The City of Sycamore is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending April 30, 2019 through April 30, 2021, with the option of auditing its financial statements for each of the subsequent two fiscal years subject to an annual review by the City Council. These audits are to be performed in accordance with generally accepted auditing standards.

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

To be considered, please submit your proposal no later than 11:00 AM on January 30, 2019. Proposals should be submitted in a sealed envelope to the following address:

**City of Sycamore
Attn: City Treasurer
308 West State Street
Sycamore, IL 60178**

Questions on the engagement or proposal can be submitted to Adam Orton, City Treasurer, at aorton@cityofsycamore.com.

The City of Sycamore reserves the right to reject any or all proposals submitted. During the evaluation process, the City reserves the right to request additional information or clarifications from proposers, or to allow corrections of errors and omissions. The City may choose to interview the top firms prior to making a final decision.

No subcontracting will be permitted.

DESCRIPTION OF THE GOVERNMENT

The City of Sycamore is a home rule community which operates under the Council-Manager form of government. The City was formed in 1858 and is the county seat of DeKalb County. The 2010 census reported a population of 17,519. The City provides a full range of municipal services with approximately 100 full-time, and 50 part-time employees working in public safety (including police, fire and ambulance services), public works, building and engineering, and general administration. The City operates its own water distribution system and wastewater treatment plant.

The City has one Tax Increment Financing (TIF) district, one discretely presented component unit (the Sycamore Public Library) and two pension funds (Sycamore Police Pension Fund and the Sycamore Firefighters Pension Fund). Pension fund accounting functions are performed by the City of Sycamore. Actuarial services for the pension funds are performed by an outside actuary, and payroll services are provided by the City. Both pension funds utilize Great Lakes Advisors, LLC as their investment manager. Pension fund custodial services are provided by First Midwest Bank.

Finance department staff consists of four employees, which includes the City Treasurer, an accounting supervisor, a full-time account clerk and a part-time account clerk. The City utilizes LOCIS software for its general ledger, accounts payable, accounts receivable, utility billing, payroll, human resource, and cash register functions.

The City currently is utilizing the following funds accounting for all revenues and expenditures/expenses;

Major Governmental Funds

General Fund
Water Connection Fee Fund
Sewer Connection Fee Fund
Motor Fuel Tax Fund
Tax Increment Finance Fund
Sales Tax Distributive Fund
Street Maintenance Fund

Debt Service Funds

2003 EPA Loan Fund
2005 EPA Loan Fund
2006 EPA Loan Fund
2009 EPA Loan Fund
2003 Bond Fund
2007 Bond Fund
2009 Bond Fund
2012 Bond Fund
2017 Refunding Bond Fund

Non-Major Funds

Hotel-Motel Tax Fund
Foreign Fire Insurance Fund
Real Estate Transfer Tax Fund
Radium Decommission Fund
Public Buildings Fund
Road & Bridge Fund
Downtown Development Fund
Capital Assistance Fund
Public Improvements Escrow Fund

Enterprise Funds

Water Fund
Sewer Fund

Fiduciary Funds

Police Pension Fund
Firefighters Pension Fund

For additional information regarding the City and its finances, including copies the current budget, management letter and CAFR, please refer to the City's website at <http://cityofsycamore.com/city-government/financialdocuments/>.

REQUIREMENTS OF PROPOSAL

ENTITY TO BE AUDITED

The City of Sycamore is requesting an audit which includes all of the funds, accounts, capital assets, long-term debt and activities of the City of Sycamore, including the TIF District, the Police Pension Fund, the Firefighters Pension Fund, and the Sycamore Public Library (a discretely presented component unit).

SCOPE OF WORK TO BE PERFORMED

1. The City of Sycamore desires the auditor to express an opinion on the fair presentation of its basic financial statements, in conformity with generally accepted accounting principles.
2. The auditor will issue an "in relation to" opinion on the City's combining and individual fund statements and schedules.
3. The auditor shall be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board (GASB) as mandated by generally accepted auditing standards.
4. The Comprehensive Annual Financial Report (CAFR) is to be presented consistent with GASB and Government Finance Officers Association (GFOA) CAFR standards and practices. The City will submit the report to the GFOA CAFR award program. The auditor is responsible for preparing any responses to the GFOA regarding CAFR deficiencies, if any.
5. The auditor shall prepare the Comprehensive Annual Financial Report (CAFR), including drafting and typing such report. The most recent version of the City's CAFR can be found on the City's website at <http://cityofsycamore.com/wp-content/uploads/2018/10/fy18financials.pdf>.

6. The auditor shall prepare a letter to management with suggestions for improvements of accounting procedures, compliance requirements, and internal controls for the City's consideration, if deemed necessary.
7. The auditor shall be available for meeting(s) with the City's elected officials to answer questions regarding the proposal, completed audit and/or letters to management, if requested.
8. The audit partner, or their designee, shall be available for consultation and questions which arise throughout the year regarding accounting, compliance or internal control issues.
9. The auditor shall prepare a Single Audit Report as required by the Single Audit Act, if required. A Single Audit is currently not required, however this will be determined on an annual basis.
10. The auditor shall prepare a report on compliance relating to the City's TIF district, as required by State statute.
11. The auditor will be responsible for the compilation of the Illinois Comptroller's Annual Financial Report for the City.
12. The auditor will be responsible for the compilation of the Illinois Department of Insurance Annual Reports for both the Police Pension Fund and the Firefighters Pension Fund.
13. The auditor shall provide to the City all audit adjustments, including appropriate back-up, and will meet with staff to discuss these final adjustments.

REPORTS TO BE ISSUED

Following the completion of the audit, the auditor shall issue the following reports:

1. Twenty (20) bound copies and one searchable pdf of the Comprehensive Annual Financial Report.
2. One (1) searchable pdf of the Compliance with Public Act 85-1142 for the City's Tax Increment Financing (TIF) district.
3. Fifteen (15) copies and one searchable pdf of the Management Letter with suggestions for improvement of accounting procedures, compliance requirements and internal controls for the City's consideration, if deemed necessary.
4. Twelve (12) bound copies and one searchable pdf of the Single Audit report, if required.

TIME REQUIREMENTS

Each of the following shall be completed by the auditor no later than the date indicated.

1. Detailed Requested Items List

The auditor shall provide the City with a list of all schedules to be prepared by management by May 1st.

2. Fieldwork

The City desires final fieldwork to be conducted in late June or early July. Preliminary fieldwork is encouraged, but not required.

3. Draft and Final Reports

The City desires that a draft of the audit be submitted no later than September 15th. All reports (CAFR, TIF Compliance Reports, Report on Internal Controls, etc.) must be delivered to the City in final and complete form by no later than October 10th of each year.

4. Presentation

The City requires that the auditors attend the City Council audit presentation in September or October.

If the proposing firm foresees any issues with meeting this schedule, it should be noted in the proposal with an alternate schedule.

ASSISTANCE TO BE PROVIDED TO THE AUDITOR

Finance Office staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The City will provide the auditor with reasonable workspace, table and chairs. The auditor will also be provided with access to one telephone and fax line, Wi-Fi and photocopying facilities. The preparation of confirmation letters and requested materials, at the request of the auditor, will be the responsibility of the City. Finance staff will also prepare the Letter of Transmittal, Management's Discussion & Analysis and the Statistical Section of the CAFR.

PROPOSAL SUBMISSION

In addition to the forms included in this RFP, any firm submitting a proposal shall include documentation and information that demonstrates their ability and details the necessary systems, programs, processes, to provide a comprehensive audit of the City of Sycamore's financial statements. Please provide a proposal with the following sections:

1. Title Page – the title page shall show the request for proposal's subject; the firm's name and address; the name and telephone number of a contact person; and the date of the proposal.
2. Detailed Technical Proposal – please see below for details and requirements regarding the technical proposal.
3. References - Proposers shall provide the City with the names and contact information of three (3) professional references for which similar municipal audit services have been provided. The proposer shall grant the City permission to contact said references and ask questions regarding prior work performance.
4. Fee Proposal – proposed fees should be presented using the **Fee Proposal Form**. The proposed fees shall be the maximum, not to exceed fee for each fiscal year shown. The proposed maximum fees are to contain all direct and indirect costs, including all out-of-pocket expenses. Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's proposal. Final payment will be made after the receipt of the Comprehensive Annual Financial Report (CAFR).
5. Certifications - All certifications and forms in Section II must be completed and submitted with the proposal.

Technical Proposal

1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity, of the firms seeking to undertake an independent audit of the City of Sycamore in conformity with the requirements of this request for proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the

firm and of the particular staff to be assigned to this engagement.

The technical proposal should address, at minimum, all the points outlined in the request for proposal. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirement of the request for proposal. While additional data may be presented, the following subjects, item numbers two through five must be included. They represent criteria against which the proposal will be evaluated.

2. Independence

The firm shall provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards. The firm shall give the City written notice of any professional relationships entered into during the period of this agreement should it be thought to cause a conflict of interest.

3. Firm Qualifications and Experience

The proposal shall state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement. The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

4. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is registered as a certified public accountant in Illinois. The firm also should provide information on the government auditing experience of each person. The firm should provide as much information as possible regarding the number, qualifications, experience and training of the specific staff to be assigned to this engagement.

5. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed. Proposers will be required, at minimum, to provide the following information on their audit approach:

- Description of audit approach.
- Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- Approach to be taken to gain and document an understanding of the City's internal control structure.

EVALUATION OF PROPOSALS

Proposals will be evaluated on the basis of which proposer meets the requirements of the City of Sycamore. Critical factors include technical expertise, qualifications of the firm and audit team and fee. The City of Sycamore reserves the right to reject any and all proposals and to solicit additional proposals.

The City Council will consider final acceptance of the proposal, under the recommendations of the City Manager and City Treasurer. It is anticipated that the selection of a firm will be completed in February 2019.

Indemnification - The selected contractor shall indemnify and hold harmless the City of Sycamore ("City"), its council members, officers, directors, agents, employees, representative and assigns, from lawsuits, actions, costs (including attorney's fees), claims or liability of any character, incurred due to the alleged negligence of the Contractor, brought because of any injuries or damages received or sustained by any person, persons or property on

account of any act or omission, neglect or misconduct of said Contractor, its officers, agents and/or employees arising out of, or in performance of any of the provisions of the Contract Documents, including and claims or amounts recovered for any infringements of patent, trademark or copyright; or from any claims or amounts arising or recovered under the "Worker's Compensation Act: or any other law, ordinance, order or decree. In connection with any such claims, lawsuits, actions or liabilities, the City, its trustees, officers, directors, agents, employees, representatives and their assigns shall have the right to defense counsel of their choice. The Contractor shall be solely liable for all costs of such defense and for all expenses, fees, judgments, settlements and all other costs arising out of such claims, lawsuits, actions or liabilities.

The Contractor shall not make any settlement or compromise of a lawsuit or claim, or fail to pursue any available avenue of appeal of any adverse judgment, without the approval of the City and any other indemnified party. The City or any other indemnified party, in its or their sole discretion, shall have the option of being represented by its or their own counsel. If this option is exercised, then the Contractor shall promptly reimburse the City or other indemnified party, upon written demand, for any expenses, including but not limited to court costs, reasonable attorneys' and witnesses' fees and other expenses of litigation incurred by the City or other indemnified party in connection therewith.

SECTION II - REQUIRED PROPOSAL SUBMISSION DOCUMENTS

CONTRACTOR CERTIFICATIONS

1. Insurance.

The undersigned certifies that it has all insurance coverages required by law or would normally be expected for the work to be performed and a copy shall be filed with the City upon request by the City for approval by the City.

2. The undersigned;

A. Certifies that it is not barred from bidding or contracting with the City as a result of a violation of either Paragraph 33E-3 or 33E-4 of Act 5, Chapter 720 of the Illinois Compiled Statutes regarding criminal interference with public contracting, and

B. Swears under oath that it is not delinquent in the payment of any tax administered by the Illinois Department of Revenue as required by Chapter 65, Act 5, paragraph 11-42.1 of the Illinois Compiled Statutes, and

C. States that it has a written sexual harassment policy as required by the Illinois Human Rights Act (775 ILCS 5/2-105(A) (4) a copy of which shall be provided to the City upon request, and

D. Agrees to comply with the requirements of the Illinois Human Rights Act regarding Equal Employment Opportunities as required by Section 2-105 of the Illinois Human Rights Act (775 ILCS 5/2-105)

E. Agrees to comply with the civil rights standards set forth in Title VII of the Civil Rights Act as mandated in Executive Order No. 11246, U.S.C.A. Section 2000e n.114 (September 24, 1965)

3. All work under this contract shall be executed in accordance with all applicable federal, state, and City laws, ordinances, rules and regulations which may in any manner affect the performance of this contract.

Dated: _____

Contractor: _____

By: _____

Title: _____

REFERENCES

ORGANIZATION _____

ADDRESS _____

CITY, STATE, ZIP _____

PHONE NUMBER _____

CONTACT PERSON _____

DATE OF PROJECT _____

ORGANIZATION _____

ADDRESS _____

CITY, STATE, ZIP _____

PHONE NUMBER _____

CONTACT PERSON _____

DATE OF PROJECT _____

ORGANIZATION _____

ADDRESS _____

CITY, STATE, ZIP _____

PHONE NUMBER _____

CONTACT PERSON _____

DATE OF PROJECT _____

Proposer's Name & Title: _____

Signature and Date: _____

FEE PROPOSAL

SCHEDULE OF PROFESSIONAL FEES FOR THE AUDIT OF THE FINANCIAL STATEMENTS AS OF APRIL 30TH FOR THE FISCAL YEARS LISTED BELOW:

City of Sycamore audit:

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Single Audit (if required):

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

*SCHEDULE OF PROFESSIONAL FEES FOR ADDITIONAL SERVICES,
Quoted Hourly Rates for the Fiscal Years listed below:*

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Partner	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Manager	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Supervisor	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Staff	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Clerical	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Firm Name: _____

Address: _____

Signature: _____ Date: _____

Printed Name: _____

Title: _____

Phone Number: _____