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## **OPERATIONS COMMITTEE MEETING AGENDA**

MEETING DATE: Monday, February 5, 2018

MEETING TIME: 6:00 p.m.

MEETING LOCATION: North Aurora Village Hall, 25 E. State St., North Aurora

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### **CALL TO ORDER**

### **ROLL CALL**

### **AUDIENCE COMMENTS**

### **APPROVAL OF MINUTES**

1. Approval of the Finance Committee Minutes dated 7/10/2017
2. Approval of the Development Committee Minutes dated 9/20/2017

### **NEW BUSINESS**

1. Liquor Classifications
2. Auditing Services

### **OLD BUSINESS**

### **OTHER INFORMATION**

### **TRUSTEE COMMENTS**

### **ADJOURN**

Initials SB

**VILLAGE OF NORTH AURORA  
FINANCE COMMITTEE MEETING MINUTES  
JULY 10, 2017**

**CALL TO ORDER**

Trustee Curtis called the meeting to order.

**ROLL CALL**

**In attendance:** Trustee Laura Curtis, Trustee Mike Lowery, Trustee Tao Martinez, Finance Director Bill Hannah, Village Administrator Steve Bosco.

**AUDIENCE COMMENTS** - None

**APPROVAL OF MINUTES**

**1. Approval of the Finance Committee Minutes dated 12/12/2016**

Motion for approval made by Trustee Lowery and seconded by Trustee Martinez. All in favor.  
**Motion approved.**

**NEW BUSINESS**

**1. Discussion of Upcoming Police Pension Valuation**

Finance Director Bill Hannah stated that the Village is required to provide pension benefits for all of its sworn police officers. The Village currently has 29 active sworn officers and 15 other retirees or other beneficiaries who are not eligible to draw on their pension yet. These benefits only cover sworn police officers. Other Village employees at Public Works and Village Hall are covered by IMRF. Benefits the Village is required to pay varies based on hire date. Tier 1 employees began service before January 1<sup>st</sup>, 2011 and Tier 2 began after January 1<sup>st</sup> 2011. In order to contribute to their benefits, all sworn officers are required to contribute 9.91% of their salary. This is dictated by state statute and cannot be changed. The rest is contributed by the Village, mostly through the tax levy. Back in 2011, the state changed the requirements of how pension liabilities are to be funded. The Village has until 2040 to fund up to 90% of pension liabilities. The Village Board decided it wanted to fund 100%. This has been in place for the last 6 years. In order to figure out how much money the Village has to contribute to the pension fund, an actuarial evaluation is done each year. The last actuary in 2016 showed an amount of \$24.5 million in accrued liabilities and \$14.7 million in actuarial assets. This equated to an unfunded pension liability of \$9.7 million. The Village needs to contribute \$956,000 in its police pension tax levy. That meant that the Village had a decrease in general fund property tax dollars that remained in the General Fund last year because the police pension funding requirements increased significantly.

The actuary from Foster & Foster identified two assumptions:

1. Currently, the salary increase assumption is 5.0%. This is the assumption upon which an officer's pay will increase every year. Our actuary recommends converting this to a table where officers receive higher salary percentage increases early in their career, and decrease over time. The table is based on the DOI's experience study in 2012 where salary increase percentages would start at 11% then grade down to 4% over time. The next effect of this change would be a slight decrease in the Village's actuarial liability and contribution requirement.
2. Currently, payroll growth rate assumption is 5%. This is the assumption that reflects the payroll growth rate for the entire sworn police department. Since the amortization is based on a level percentage of payroll, that means lower payments are made in the early years of the remaining amortization period versus the out years, resulting in significant back-loading in the contribution. At 5%, the payment starts out at \$484,027 but increases to \$1,561,036 in 2040. At a 3% assumption however, the payment starts out at \$592,705 and ends at \$1,204,847. Essentially paying more now to pay less in the future.
3. The actuary recommends that a 3% payroll growth factor be used for the assumption, which would have the effect of about a \$100,000 increase in the total village contribution next fiscal year for the Police Pension Fund (for the 2017 tax levy to be received in FY 2018-19). Another viable and acceptable option would be to decrease the payroll growth assumption next year to say 4.0%, then 3.0% the following fiscal year. This would spread the impact out over two years to a fiscal year when greater budgetary flexibility exists due to the expiration of a sales tax rebate agreement during FY 2019-20.

Trustee Curtis asked Steve Bosco if the Village can be proactive so that the police force is not growing faster than the Village's needs. Bosco said the Village has only hired one new officer in the last 4 years. Trustee Lowery asked what percentage of the force was hired after 2011. Hannah said there were 5 or 6 officer hired after that year.

Trustee Lowery said that the bulk of the police force is within 20 years of retirement and inquired as to whether this would be addressed. Hannah said there is a sizeable number of officers in their early to mid-40s who may have 15 to 20 years of service and will be eligible to retire in the next 5 to 10 years.

How retirement for police works:

After 30 years an officer maxes out and must be 50 years old in order to collect benefits

At 20 years of service, an officer can receive 50% of their pension.

Hannah stated that in 2 years the Village will finish paying off one of its sales tax rebate agreements. The Village will then have several hundred thousand dollars freed up in the General Fund budget that the Village could use, at least partially, to accelerate some of the pension payments.

There are 2 options the Board should consider:

1. Choose to lower payroll growth from 5% to 4% next year and then go from 4% to 3% the following year. This would be a \$50,000 to \$60,000 adjustment each year, or;
2. Choose to go from 5% to 3% for the upcoming valuations, make our adjustments, and go with that from here on out.

Trustee Lowery asked how lowering the projected salary increases from 5% to 3% creates a situation where the village pays more in dollars. Hannah explained that if you are paying off your unfunded liability and your payment is always the same percentage as your payroll, if your payroll is growing 5% a year, you will need to start off at a lower amortization payment to be proportional with your payroll as you go through the years.

Hannah said he would be in favor of either option.

The Committee suggested going from 5% to 3% for the upcoming valuations instead of paying it off over 2 years.

**OLD BUSINESS** - None

**OTHER INFORMATION**

Bosco said he recently received information from the Illinois Department of Labor. The Village is supposed to adopt the prevailing wages which were recently updated. Bosco said he would be bringing this to the Board for approval at the next meeting.

**TRUSTEE COMMENTS** - None

**ADJOURNMENT**

Motion to adjourn made by Trustee Lowery and seconded by Trustee Martinez. All in favor.  
**Motion approved.**

Respectfully Submitted,

Lori J. Murray  
Village Clerk



**VILLAGE OF NORTH AURORA  
DEVELOPMENT COMMITTEE MEETING  
WEDNESDAY, September 20, 2017  
MINUTES**

**CALL TO ORDER**

Trustee Guethle called the meeting to order at 8:30 a.m.

**ROLL CALL**

Committee Members in attendance: Trustee Mark Gaffino, Trustee Laura Curtis, Trustee Mark Guethle.  
Staff in attendance: Steve Bosco, Village Administrator; Mike Toth, Community and Economic Development Director; Cindy Torracco, Exec. Assistant. David Hansen, Administrative Intern, Jim Biibby, Village Engineer; Dale Berman Village President; John Laskowski, Public Works Director;

Others Present: Mark Fields, D R. Horton, Developer; James Griffin Schain Banks, Attorney for Developer; Charles Hanlon; WPK Engineering, Engineer for the Developer

**APPROVAL OF MINUTES**

**Motion:** Motion to approve the August 16, 2017 Development Committee Minutes made by Trustee Guethle and seconded by Trustee Gaffino  
All in Favor – Motion Approved

**NEW BUSINESS**

1. Fox Valley Golf Course concept plan review by D. R. Horton, Developer

Mike Toth gave a brief overview of the Lincoln Valley on the Fox development concept plan submitted by D. R. Horton. Toth noted this was just a review and not a public hearing, and that the Developer is here to get feedback from the Development Committee. At a future date there would need to be a public hearing scheduled, and the public would be notified. The Public Hearing process would be where the Developer would need to meet the various requirements for any zoning, map amendments, etc.

Toth noted the plan is comprised of 400 units including single family homes, duplex homes and townhomes. Toth noted this is a second plan revision after review by staff, and he noted staff is working with the developer with regard to tree preservation, detention and topographical issues, noting that the plan will be subject to change pending those items being addressed.

Mr. Griffin, legal representative for the developer, introduced DR Horton and the members representing the developer. He explained that D. R. Horton has a contract with City of Aurora for the purchase of the subject property and noted this development is being planned as an age-targeted community, and the plan will require approval from the Village of North Aurora. He noted that Mr. Mark Fields, of D. R. Horton, will provide a brief background on the company and will identify the market and the product they plan to build. Charles Hanlon, engineer for the developer, will review the site plan.

Mr. Fields, D. R. Horton, noted D. R. Horton is the Nation's largest home builder build and they build under four brands: D. R. Horton (higher end homes), Express (starter homes), Freedom (age-targeted such as they are proposing for this development) and Emerald (higher end). He noted that they are committed to building quality homes. D. R. Horton has had success in understanding the process of putting together developments and have many repeat customers. They are actively selling in 17 communities in Chicagoland. They have previously build under the Cambridge brand. He noted their age-targeted communities are similar to Carillon Communities in Naperville and Aurora. D. R. Horton is also currently building in Windstone Place in North Aurora.

Mr. Fields noted that he grew up in Batavia and parents were residents of North Aurora. He also spent many years golfing at the Fox Valley Golf Club. He noted that the east side has interesting challenges and they are excited to work through them, with regard to the topography and grade transitions, as well as working through the preliminary engineering. We want to provide a concept plan that is supported by the Village and he acknowledged that this was not an easy site to plan and develop.

Mr. Fields spoke on the active adult lifestyle concept, noting this is not an assisted living or health home care development, but rather active buyers who may still be working and looking forward to retirement. He provided highlights of the Fox Valley area that would appeal to this type of buyer including activities and medical facilities. He noted that age-targeted buyers are looking for pride of ownership without obligation to mow lawns or shovel snow. They are looking for an on-site neighborhood lifestyle with clubhouse and activities, with lakes / ponds and open space, along with sidewalks and trails. A community with planned uses for passive areas, parks and open space. He noted they can satisfy a majority of these needs for this market, and keep local residents in North Aurora.

Mr. Fields provided an outline of the three product types they are proposing. He noted this is a blend of detached single family ranch homes, with a mix of walkout and standard basements, and options for a second story that would range from 1600 to low 2000 square feet. The second product would be a duplex product, an attached living environment with a shared wall. This would present a lower maintenance situation, with the materials and construction of the roof and siding, etc. The duplex product would range from 1400 to 1600 square feet. The third product is a triplex or townhome – a mix of 3 and 4-unit buildings that would range from 1500 to 1800 square feet. These age targeted products would allow for owners to easily lock and leave for travel, without any maintenance concerns. There would be a master Homeowner's Association (HOA) with each specific product line having a sub-association for building maintenance. D. R. Horton is planning a development with a positive appearance that will be well maintained and provide for a nice streetscape. The adult buyer we are targeting will be looking for a builder who prides themselves on this.

Mr. Fields asked the committee if they had any questions prior to reviewing the land plan. Toth noted the Committee should take note that the townhome units are facing inward, and there would only be one curb cut per building, which minimizes the curb cuts in the development and creates a courtyard environment.

Trustee Curtis had concerns with this multi-product development and noted ten years down the road she wondered about the maintenance and upkeep of the development. Mr. Fields noted that the architectural guidelines and HOA requirements would dictate what and how modifications can be done to the home. Curtis also noted that the parcel is too small for 400 units and noted she is not seeing the clubhouse or walking trails on the concept plan. Mr. Fields noted that with the current plan, the majority of pedestrian movement would be along the sidewalks, and as we move into the plan discussion, we can look at asphalt walking paths.

Trustee Guethle asked for clarification on what age-targeted means. Mr. Fields noted that age-targeted is not the same as age restriction. Restricted communities require buyers to be 55 and up where age-targeted is predominantly a profile for a specific lifestyle, such as age targeted for 55 and up generally would not be a buyer with young children. The product would have restricted yard size that would not accommodate the needs of a family with kids, with restricted yard sizes and restricted storage areas. The design and layout would not generally work for family life. An amenity package would be tied to a more active adult community and adult lifestyle. This however, does not restrict a family from buying, however he noted that it occurs, however, it is seldom.

Trustee Gaffino asked about the HOA and maintenance. Mr. Fields noted the builder would subsidize the HOA until a certain number of buyers makes the HOA self-sufficient. The HOA would be responsible for maintaining the easements, sidewalks, yard mowing and snowplowing. With the single-family homes, the home maintenance would be responsibility of home owner but they would be subject to rules of HOA and Architectural review.

Steve Bosco pointed out that main roads would be plowed by the Village, and the HOA would be responsible for driveways and courtyards.

Trustee Gaffino was concerned with the side yard of the townhomes. The townhomes would front each other and create a courtyard, resulting in the sides facing south abutting the buffer area and tree preservation area. Toth noted that the south facing side yard would actually be treated as a rear yard setback, and therefore, require more space than the typical side yard setback.

Trustee Curtis asked about the price point for the various home products. Mr. Fields noted it was early in the plan to know for certain, but estimated that the price could be from the low \$200's to the high \$300's depending on the products. Trustee Curtis also asked about the finished product, noting the type and quality of materials should be at a certain level, noting vinyl floors and laminate counters would not provide the same quality as granite counters and wood floors. Mr. Fields noted that relating to interior finishes, it would be up to the buyers decide how they would spend their money. Some would pick a laminate package, while others would select a higher end granite package. Trustee Guethle noted, if this is an age-targeted community, it would most likely not be the first time home buyer and they would most likely opt for higher quality finishes.

Toth noted that the Village does not have any rental requirements in the code and asked if the HOA would address rentals. Mr. Fields noted that typically when an HOA is drafted they don't put a lot of restrictions on how long a home needs to be occupied and as a builder we try to limit that underlying restrictions for a home owner.

Chuck Hanlon with WBK Engineers provided a review of the land plan and highlighted some of the changes that had been modified after the initial reviews by staff. He noted this was a parcel that is just over 100 acres with an overall site design that can blend with conditions surrounding the property. The developer is seeking zoning changes and variations based on the standards that they have proposed. The plan shows single-family homes to the north, with a primary entrance off of Banbury Road, with landscaping on both sides of road before approaching the single-family lots.

Mr. Hanlon outlined that topography grid patterns, from Elgin to Aurora, are comprised of hills and elevation changes, creating a third dimension which doesn't come through when looking at gridlines on a plan. He noted that this plan fits right into that. He noted that the comments received from the staff were addressed. Further, he noted a secondary entrance from the south, requires a turn to get to the homes, and this would avoid a raceway and break up the street. Hanlon also noted that they appreciate the input and will address the open space between the single family homes and duplex homes, and could work a trail into the plan with a crossing to the west for access to the Fox River Trail.

Mr. Hanlon noted the plan shows that the townhomes are turned 90 degrees from the townhomes on Ridge Road, which creates the courtyard effect that benefits the current residents to the south. The plan also seeks to preserve the line of trees on the south property line. The storm water management is illustrated in blue and is a concept plan, and the topography report will dictate where the detention or retention ponds would need to be. The plan also preserves open space. The access point on south River Street would lead to the clubhouse with landscaped area as part of the aesthetics.

Trustee Curtis was concerned with the lot sizes for the three areas on the plan and what the current zoning is. Toth noted the landscaped area along Route 25 would have to be preserved as a 50-foot landscape easement. They are looking to rezone to R1, R2, and R3 for each section of the development. Toth noted, we are using Randall Highlands as example in keeping with the zoning for the underlying use of property. Trustee Curtis is concerned that when looking at 40% departure from the use of this land, she doesn't think it looks right for this parcel. Mr. Hanlon noted the issue is in this market, people don't exactly want larger lots and said the Village's ordinance most likely does not address age-targeted development and lot size. Trustee Curtis noted for an active community, there doesn't seem to be much active space to bring the lifestyle outside. She has seen communities that work and those that don't work, and feels that this is not the right concept for the Village. She noted the need and understanding for the 55 and older concept, but doesn't like the lack of open

space and the higher density. Further, if the Village considers a variance for the density, she would like to see more open space. Mr. Hanlon noted that they appreciate the Committee's comments, however, some of the lifestyle aspects are about maintenance downsizing.

Trustee Gaffino asked Jim Bibby about the access on Route 25 and if this would be the only access, there could be issues with traffic and getting in and out without a traffic signal. Bibby noted that everything would need to be studied by IDOT and improvements will need to be made in order to work with IDOT. This development most likely would not have people all leaving at the same time at 7:00 in the morning, and that would probably not add to existing traffic, however will need improved lighting at the entrance, and there might be a 20 second delay to get out. Trustee Gaffino asked about the street size and Toth noted the streets would be standard, with sidewalks on one side and a 60 ft. R.O.W. for a slightly lesser parkway. Gaffino noted that as you get older, you don't need a large lot, but you still want to have some appeal in the front of the home.

Jim Bibby noted the Village is still waiting for a topographical survey, noting the three storage pond areas that need to be considered, along with the trees around them, which serve an important engineering purpose for natural storm water. Mr. Fields noted they have a consulting firm actively working on the grading and topography plan.

Mr. Fields noted that the preliminary plan is to try and create plateaus from north to south with some of the lots getting larger as you get near the separation between single-family and duplex homes. He envisions a grade separation and storm water along with a pedestrian path noting some of the green areas will be more paths shown on the next plan. Trustee Curtis noted with sidewalks on just one side, and narrow streets, she is not seeing any connectivity, and limited ability to use sidewalks. This is a community where there will be pets and grandchildren, how will that work, with a lack of sidewalks and limited green space. She feels they are cramming a lot into this 100-acre site. Trustee Gaffino agreed with Trustee Curtis' comments about no walking paths other than the sidewalk on one side of the street.

Mr. Fields noted they are trying to maintain the site characteristics as much as possible, and still satisfy best engineering practices, adding he understands and is here to receive feedback. He noted that as they finalize the storm water and topographic studies, they will look to incorporate some of the existing ponds. Trustee Guethle stated he would like to see the ponds stay. He also asked about parking and if there will be sufficient street parking to meet all the townhomes and duplex needs. Toth noted the Subdivision Ordinance contains right-of-way width requirements that take street parking into consideration. Fields noted they are not requesting any parking variations. Trustee Gaffino was concerned about reducing the ROW from 66 to 60. Toth noted that the Village does not have specific density standards, but instead relies on lot area and width requirements per the Zoning Ordinance. To summarize, Toth noted issues discussed were related to the topography and considerations of the ponds, the grid pattern that makes it dense, and the northern portion of the development that might change visually. He noted the proposed plan listed the lot sizes and the lots get smaller as they go south to Ridge Road. Toth also noted that the east side of North Aurora has more traditional R1 lots as opposed to the larger E3 lots on the west side.

Dale Berman offered his comments. He noted that when the Village first discussed development of the golf course, there was much more curvature to the streets and the design as a whole was much more attractive. He noted that prior to 1970 developments were all linear, but now there are curves in all the more recent developments. He said he thinks the density is too high and he would like to see sidewalks on both sides of the street.

Mr. Fields noted that after the initial concept plan, they tried to take comments and still balance a building concept plan based on the challenges. They will continue to make a best effort to address those going forward.

Toth, noted PUD requirements and flexibility with the topography and detention can all be incorporated into the PUD and include the existing terrain in this plan.

Berman noted this is a beautiful piece of property and the flat plan doesn't show the beauty and it is hard to visualize looking at something so linear. Trustee Curtis reiterated she would like to see more open space, noting this is a location that can't be beat. It is close to the Fox River, I-88, and she would love to see it developed, however it is a treasure and she doesn't want to "give it away" and see 100-year old trees and ponds gone, noting this is not good for the community. She noted the east side is a mix of older homes but she doesn't want to take this last chance for a great development on the east side to be just thrown together.

Trustee Gaffino and Trustee Guethle stated they are not against development but feel the plan certainly needs some revisions. Toth explained the public hearing process and noted that any plans will go through the public hearing process with the Plan Commission before going back to the full Village Board.

## **PUBLIC COMMENTS**

Lynn Ducar, 373 Ridge Road. She asked about the access to the Fox River from Rt. 25 that was referenced, noting there is no access to the Fox River. Mr. Fields noted the plan would incorporate accessibility with the intent to provide pedestrian trails. Ms. Ducar asked if two access roads at Banbury would impact traffic. She noted drivers speed up and down on Banbury as it is and more traffic could be an issue. She also asked how Ridge Road fits into the topography plan and what impact it will have for residents on Banbury. Toth noted that preliminary information appears to be minimal traffic on Banbury with more of an impact on Route 25. Ms. Ducar also asked about the drainage ditch along Banbury Road on the west sides. Toth noted this would actually be less of a maintenance issue for the Village as the scrub brush along the west side of Banbury Road would be removed.

Linda Mitchell, 243 Ridge Road said she was speaking for the HOA board. She stated as a former Plan Commission member and Village Trustee, she is familiar with the process. Mitchell stated they know it's in transition, and the density is a major concern to all who live on Ridge Road. Mitchell noted their townhome development should have had more greenspace built in, but it didn't happen and they suffer because of it. Now looking at this plan, they are not seeing that the plan takes into account any of the trees or ponds that are already there and this will affect quality life. This development will also put more of a burden on the Village for our Police and Public Works, and expenditures for personnel. Mitchell also noted she lives in the second building on Ridge Road that backs to golf course coming off of Route 25, which backs to a sand trap that was actually owned by her community, and not the golf course. The builder had a "handshake" agreement with the golf course for this portion of the property. She said this needs to be monitored to determine which our property is ours and which is theirs. She said she hoped the landscape buffer could be more, with many trees. Regarding tree preservation, the Village needs to make sure that the management company is aware of who owns what part of that. She said she hopes to see with some improvement with this plan.

Chris Von Eper, 295 Ridge Road said he appreciates the Committee's comments about density, but also concerned that the development may not happen or get completed. Asked what guarantee there would be that the development would actually come to fruition. What would the timeline be and how would this impact their quality of life?

Toth noted this property is already annexed in Village, and the developer would be required to post a bond or letter of credit to be sure the work is completed and they will have money to back it up.

Mr. Fields noted this would be a phased development approach with 2 or 3 phases. The challenges of the golf course is the grading. The underground work and street grading would be done in a single phase, and the buildout of the streets would follow in the next phase, making sure everything is in place with the infrastructure. From buildout perspective, looking at market and surrounding areas, we could, in theory, be ready in a year from now to begin development based on approvals from Plan Commission and the Village Board. Our hope is that we are able to present a revised plan, and meet the concerns of the Village Board and Plan Commission. Once we can address concerns and have an approved plan, I could see phasing it appropriately and selling consistently, for a 3 to 4 year build out.

Linda Mitchell asked which of the products will be built first. Mr. Fields noted they would plan on building models for all three simultaneously.

Maureen Joy, 329 Ridge Road, noted she likes that the Committee sees density as an issue, the plan is very crowded and although old neighborhoods are very linear she would like to see more space and more curves in the development. She stated green space and trees are treasures and she hopes they keep the trees. Water management is a concern and putting paths in the green areas, can have an impact on the water because of flooding issues.

Toth noted the Subdivision Ordinance requires a tree preservation plan and they will be required to mark certain size trees, so we will have an analysis and will work through the process. Bosco also noted that the Kane County Storm Water Ordinance requires a certain amount of detention space and we will be sure we have proper storage.

## **OLD BUSINESS**

Trustee Gaffino asked about the Citgo gas station on River Road. Toth stated that they recently reopened the business.

Toth noted the My Place Hotel foundation permit will be issued soon.

Staff met with a developer for a Holiday Inn Express at Orchard Commerce.

Starbucks contract has been terminated due to discrepancies in the purchase price and increase in construction costs impacted by the recent hurricanes. With this project on hold at this point, Toth noted if the hotel were to come on site, and with his good rapport with the developer, they may have a better chance to develop.

## **MOTION TO ADJOURN**

Trustee Gaffino made a Motion to Adjourn, seconded by Trustee Curtis. All in Favor.  
Meeting Adjourned at 10:13 a.m.

Respectfully Submitted,

Cindy Torracco  
Executive Assistant/Deputy Clerk



## MEMORANDUM

TO: North Aurora Village Board

FROM: KGD

DATE: February 2, 2018

RE: Ordinance Revising the Liquor License Classifications

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I have prepared an ordinance that revamps the North Aurora Liquor License Classifications in consultation with the Mayor, Steve Bosco and Cindy Torracco. The current liquor license classifications go back many years and are obsolete and inadequate. They have been a source of confusion for staff who process the licenses and for people who come in seeking licenses. Our goal is to eliminate the confusion and to update the terms.

Attached with this memo is a chart of the current liquor licenses and the licensees who have the various licenses. We tried to make changes that would not shuffle the deck too much, though we did make a few changes as it seemed to make sense. Previously, the licenses were identified only by the class letter, and not by type of license. This ordinance classifies the licenses by category (restaurant, liquor store, etc.). I will address each license in turn and highlight the changes.

We currently have three (3) restaurant licenses, but they are not called restaurant licenses. The distinctions between them did not make as much sense as we would like. As redrafted, all of the restaurant licenses require that food is cooked, prepared and served by a cook/chef from a kitchen on the premises. We have traditionally preferred restaurants as opposed to bars, so the changes keep with that theme. The new ordinance establishes a large restaurant license, which is defined as having a minimum indoor seating capacity for food service of 125 for a stand-alone building and 75 for premises in a multi space building (like a strip mall). Class B is for small restaurants that have less indoor seating, and Class C is for beer and wine only.

Previously, Class A & B licenses were distinguished only by whether full, live entertainment was allowed. Under the new ordinance, we have created a supplemental entertainment license that allows any restaurant licensee to choose between limited entertainment and full entertainment as an add-on license. We recognize that not every establishment wants entertainment, but smaller restaurants may want that option. We also recognize that a solo or duo performance is different than a live band, and we have tried to reflect those differences.

The only other issue with restaurants is video gaming. We cannot regulate video gaming directly, but we can regulate which liquor licenses qualify for video gaming. We have included no restrictions on video gaming for Class A (large restaurant) licenses. Small restaurant licenses must have a minimum indoor seating capacity of 75 for food service unless the establishment has been in continuous business for at least two (2) years, in which case that minimum is lowered to 50. We did this because we don't



## MEMORANDUM

want to have businesses that are video gaming parlors first and only serve food to be able to qualify for video gaming. We also don't want to hurt established businesses that have video gaming. The way we have drafted the limitation, it would allow all of the existing business that have video gaming to continue with video gaming, but it would limit new businesses to the minimum seating requirements (unless they establish a 2-year track record as a restaurant first).

The next group of licenses is for packaged sales (not for consumption on the premises). We had three (3) licenses. One was full liquor, one was beer and wine only and one was beer only. Currently, all three (3) of these licenses cost the same. As a result, no one requested a beer only license because a beer and wine license cost the same. The new Ordinance creates four (4) new packaged sale licenses as follows: A Liquor Store License, Large Area Package License, Small Area Package License, and Gas Station License.

A Class D Liquor Store License is a license for someone who primarily sells liquor. Traditionally, liquor store licenses cost more than licenses where the sale of liquor is secondary to the sale of other things. We added limited sampling because more and more establishments want to bring manufacturers in to promote their products

The next two categories are intended to differentiate a Woodman's, for instance, (with 17,000 square feet of liquor space) from Aldi, CVS, Walgreens and 711, for instance. The floor area devoted to liquor sales in Woodman's is much larger than the floor area devoted to liquor sales in the drugstores, the Aldi and convenience stores. The volume of liquor sales is much greater.

We believe that the cost of a Large Area Package License should be greater than the cost of a Small Area Package License. We have separated out the two in regard to the gross display area devoted to liquor sales, and I have bumped up the large area package license fee to make it the same as the liquor store license fee, but we should spend some time thinking about fees at some point. Staff is doing some research on that and will bring their findings back to the board. One difference between large area and small area licenses is that sampling is only allowed with the large area license.

The other package license that we added is a Gas Station License. You will notice that the other package sale categories do not allow the sale of petroleum products from underground tanks on the premises. The gas station license allows the sale of petroleum products from underground tanks. The cost of the Gas Station License is the same as the Small Package Sale License, which is also the fee that is currently being charged.

All of the package sale licenses allows any liquor sales, except for Gas Station licenses. The Gas Station license allows the sale of beer and wine only. We could create a small area license that is cheaper that would allow beer and wine sales only. We could also create a medium area package license if we need to in the future. For now, we think the definition (300 square feet or less) would include a Jewel type food store. If you think there is a reason to create other classes, we can certainly do that.

We moved the golf course license to Class H. We only have one golf course left in town, but they do



## MEMORANDUM

sell liquor, so we have kept a golf course license. Class I is the event license, Class J includes the two (2) brewery licenses, Class K is the salon license, and Class M is a motel/hotel license. These categories have not changed, but we added a descriptor to the name of the licenses.

We have added a Class L Tavern License. We have not had a tavern license for many years because we have long had a policy not to encourage taverns, but to encourage restaurants. With the changes in the definition of a restaurant, though, Little Red Schoolhouse would no longer qualify for a restaurant license. Therefore, we created a tavern license.

The tavern license is intended to allow the Little Red Schoolhouse to continue to operate as it has. The idea is that we don't want to give out any more tavern licenses. Therefore, we have required a business to have sold food for at least five years in order to qualify for the tavern license. The Little Red Schoolhouse does qualify because they sell food, though the food is not prepared in a kitchen on premises with a full time cook/chef (which is why they don't qualify for a restaurant license).

We also added a Class N Caterer License. This is something we talked about doing last fall, but we never presented an Ordinance to you to approve it. Therefore, we are including it in the new liquor license classifications. I have drafted it broadly to allow any liquor sales, but we could limit it to beer and wine only. This would allow a caterer to bring liquor to serve with the food that is being served wherever the catering is being done.

Previously, we had one Supplemental Outside License that was addressed in a separate Section (5.08.345). We have made no changes to the supplemental outside license, but we moved it up to Class S-O, and we have added a Supplemental Package License (S-P) that would allow a restaurant licensee to sell wine only in the original packages in addition to the sale of liquor for consumption on the premises. Currently, only the Turf Room does this.

We also added a Supplemental Entertainment License (S-E). Previously, entertainment was addressed in the terms of the each of the licenses, and it was only allowed for A, B, and C licenses. Now it is an add-on license for the Restaurant Licenses and Brewery Licenses, and we have distinguished between limited (solo and duo performers using minimal sound amplification) and live full amplified entertainment without regard to the number of performers. I note we may need to define the difference between partial and full amplification, which we could do by policy, but it should be something that we develop and reduce to writing so we are being consistent with how we interpret it.

The limited entertainment licenses are something anybody Class A, B, C or J licensee can obtain. I arbitrarily set the fee at \$50.00 for limited and \$300 for full entertainment. The full entertainment license requires Board approval for the initial approval of the license, and the Board may condition the approval as the Board deems necessary. The liquor commissioner can approve these in subsequent years.

The only other changes that we made is to specify in Section 5.08.400 that no patron shall be allowed to serve him or herself, and all liquor must be sold and served by employees and agents of the liquor licensee and to eliminate Section 5.08.345 (because we move supplemental licenses to 5.08.340).



## MEMORANDUM



VILLAGE OF NORTH AURORA



VILLAGE OF NORTH AURORA  
KANE COUNTY, ILLINOIS

Ordinance No. \_\_\_\_\_

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**ORDINANCE AMENDING TITLE 5 CHAPTER 5.08 OF THE  
NORTH AURORA MUNICIPAL CODE REGARDING  
LIQUOR LICENSE CLASSIFICATIONS**

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Adopted by the  
Board of Trustees and President  
of the Village of North Aurora  
this \_\_\_\_ day of \_\_\_\_\_, 2018

Published in Pamphlet Form  
by authority of the Board of Trustees of the  
Village of North Aurora, Kane County, Illinois,  
this \_\_\_\_ day of \_\_\_\_\_, 2018  
by \_\_\_\_\_.

Signed \_\_\_\_\_

**VILLAGE OF NORTH AURORA**

**ORDINANCE NO.**

**ORDINANCE AMENDING TITLE 5 CHAPTER 5.08 OF THE  
NORTH AURORA MUNICIPAL CODE REGARDING  
LIQUOR LICENSE CLASSIFICATIONS**

**NOW BE IT ORDAINED** by the President and Board of Trustees of the Village of North Aurora, Kane County, Illinois, as follows:

**SECTION 1** Title 5 (Business Licenses and Regulations) Chapter 5.08 (Alcoholic Beverage Sales) Section 5.08.340 (Classification of Licenses-Fees) is hereby amended in its entirety and replaced as follows:

**5.08.340 - Classification of Licenses-Fees**

A. Class "A" Large Restaurant licenses shall permit the following:

1. The retail sale of any alcoholic liquors for consumption on the premises specified in the license where food is cooked, prepared and served from a kitchen with a full-time cook on the premises, having a minimum indoor seating capacity for food service of 125 for a standalone building or a minimum of 75 for a premises in a multi-space building;
2. Other retail sales are allowed, but limited to sales that are ancillary to the sale of food;
3. Video gaming is allowed with a separate video gaming license subject to all of the state and local video gaming provisions;
4. Entertainment is limited to radio and television programming without a Supplemental Live Entertainment License (Section 5.08.345.B); and
5. The annual fee for a Class "A" Restaurant License is two thousand six hundred fifty dollars (\$2,400.00).

B. Class "B" Small Restaurant licenses shall permit the following:

1. The retail sale of any alcoholic liquors for consumption on the premises specified in the license where food is cooked, prepared and served from a kitchen with a full-time cook on the premises, having indoor seating of less than 125 for a standalone building or less than 75 for a premises in a multi-space building;
2. Other retail sales are allowed, but limited to sales that are ancillary to the sale of food;
3. Video gaming is allowed with a separate video gaming license subject to all of the state and local video gaming provisions providing that there is a minimum indoor seating capacity of 75 for food service or a minimum indoor seating capacity of 50 for food service and the establishment has been in continuous business selling food for at least two (2) years;
4. Entertainment is limited to radio and television programming without a Supplemental Live Entertainment License (Section 5.08.345.B); and
5. The annual fee for a Class "B" Restaurant License shall be two thousand one hundred dollars (\$2,200.00).

C. Class "C" Limited Restaurant licenses shall permit the following:

## VILLAGE OF NORTH AURORA

1. The retail sale of beer and wine only for consumption only on the premises specified in the license where food is cooked, prepared and served from a kitchen with a full-time cook on the premises for which such license is issued.
  2. Other retail sales are allowed, but limited to sales that are ancillary to the sale of food
  3. Video gaming is allowed with a separate video gaming license subject to all of the state and local video gaming provisions providing that there is a minimum indoor seating capacity of 75 for food service or a minimum indoor seating capacity of 50 for food service and the establishment has been in continuous business selling food for at least two (2) years; and
  4. Entertainment is limited to radio and television programming without a Supplemental Live Entertainment License (Section 5.08.345.B)
  5. The annual fee for a Class "C" Restaurant License shall be two thousand one hundred dollars **(\$1,900.00)**.
- D. Class "D" Liquor Store licenses shall permit the following:
1. The retail sale of any alcoholic liquor in original packages only, not for consumption on the premises where sold, in which liquor sales are the primary business.
  2. Sampling of liquor is allowed as long as it does not exceed one ounce of distilled spirits, four (4) ounces of wine, or eight (8) ounces of beer per person per visit.
  3. The annual fee for a Class "D" Liquor Store License shall be two thousand one hundred dollars **(\$2,200.00)**.
- E. Class "E" Large Area Package Licenses shall permit the following:
1. The retail sale of any alcoholic liquor in the original packages only, and not for consumption on the premises, where liquor sales are secondary to the sale of groceries, convenience store items or home goods items.
  2. Sampling of liquor is allowed as long as it does not exceed one ounce of distilled spirits, four (4) ounces of wine, or eight (8) ounces of beer per person per visit
  3. The sale of petroleum products from underground tanks on the premises is prohibited.
  4. The annual fee for a Class "E" Large Area Package License shall be two thousand one hundred dollars **(\$2,400.00)**.
- F. Class "F" Small Area Package Licenses shall permit the following:
1. The retail sale of any alcoholic liquor in the original packages only, and not for consumption on the premises, where the sale of liquor is secondary to the sale of groceries, convenience store items or home goods items and the gross floor area devoted to the display of liquor is no greater than 3000 square feet.
  2. The gross area devoted to liquor sales may be no more than one third (1/3) of the gross floor area devoted to sale of all items on the premises.
  3. Sampling of liquor and the sale of petroleum products from underground tanks on the premises is prohibited.
  4. The annual fee for a Class "F" Small Area Package License shall be one thousand eight hundred eighty dollars **(\$1,900.00)**.

## VILLAGE OF NORTH AURORA

G. Class "G" Gas Station licenses shall permit the following:

1. The retail sale of beer and wine in the original packages only and not for consumption on the premises where sold in conjunction with the sale of petroleum products.
2. The gross area devoted to beer and wine sales may be no more than one third (1/3) of the gross floor area devoted to sale of all convenience and other items sold on the premises.
3. Sampling of liquor is prohibited.
4. The annual fee for a Class "G" Gas Station License shall be one thousand eight hundred eighty dollars (\$1,900.00).

H. Class "H" Golf Course licenses shall permit the following:

1. The retail sale of any alcoholic liquor for consumption only on the premises specified in the license on which a golf course is operated.
2. The annual fee for a Class "H" Golf Course License shall be one thousand eight hundred eighty dollars (\$1,900.00).

I. Class "I" Event Licenses. The following event licenses are available without limit to the number of licenses that can be issued in the village as follows:

1. Class I-1 Non-Profit Special Events Liquor License: The annual fee for a non-profit special events liquor license subject to the provisions of Section 5.08.360 below shall be fifty dollars (\$50.00) per event.
2. Class I-2 Non-Profit Outdoor Special Events Liquor License: The annual fee for a non-profit outdoor special events liquor license subject to the provisions of Section 5.08.360 below shall be fifty dollars (\$50.00) per event.
3. Class I-3 Retail Special Use Permit Liquor License: The application fee for a retail special use permit liquor license shall be fifty dollars (\$50.00) for a one day event or one hundred dollars (\$100.00) for a two or more day event or series of events.

J. Class "J" Brewery Licenses shall have subclassifications which permit the following:

1. Class J-1 "Brewpub" License shall allow the holder of a state brew pub license for the manufacture and storage of beer on the premises to sell its beer at retail in original packaging and for consumption on the premises. The brewpub must maintain the licensed premises as a bona fide eating establishment and maintain suitable food preparation facilities.

Each Brewpub License shall be subject to the following conditions:

- a. The license holder must hold a valid brew pub license from the State of Illinois and follow all the requirements therein.
- b. Retail sale of beer, including packaged beer, intended for consumption off the premises shall only occur if the container is sealed for transport and only during regular hours of operation. Beer intended for off-site consumption shall not be opened or consumed in the brewpub.
- c. The license holder may sell alcoholic liquor not manufactured on the premises so long as it is purchased from a licensed distributor or importing distributor.
- d. Tours and retail sales in original packages and for consumption on the premises shall be allowed consistent with the times for packaged liquor sales in Section 5.08.390(G).

## VILLAGE OF NORTH AURORA

- e. Tours of the facility may be offered with complimentary tastings that shall not exceed three servings of four ounces each.
  - f. Licensee shall obtain a separate food license, if required.
  - g. Licensee shall obtain a supplemental outside liquor license if licensee desires to sell beer outside on the premises, as required by Section 5.08.345.
  - h. The portion of the licensed premises dedicated to the brewing of beer shall be segregated from the remainder of the premises and shall not be generally accessible to the public.
  - i. The annual fee for the J-1 license shall be three thousand dollars (**\$3,000.00**).
2. Class J-2 "Craft Brewery" Licenses shall allow the holder of a state craft brewery license for the manufacture and storage of beer on the premises to sell its beer at retail in original packaging and for consumption on the premises so long as the sale at retail is secondary to the distribution of beer for retail sale off the premises to importing distributors, distributors, and to non-licensees as permitted by the State Liquor Code.

Each Craft Brewery License shall be subject to the following conditions:

- a. The license holder must hold a valid craft brewer's license from the State of Illinois and follow all requirements therein.
  - b. No sales of alcohol, for retail or consumption, of alcohol manufactured off the premises shall be permitted.
  - c. Tours of the facility may be offered with complimentary tastings that shall not exceed three servings of four ounces each.
  - d. Retail sale of beer intended for consumption off the premises shall only occur if the container is sealed for transport and only during regular hours of operation. Beer intended for off-site consumption shall not be opened or consumed on the premises.
  - e. Tours and retail sales for consumption on and off the premises shall be allowed consistent with the times for packaged liquor sales in Section 5.08.390(G).
  - f. The tasting room may have packaged or prepared foods available.
  - g. Licensee shall obtain a supplemental outside liquor license if licensee desires to sell beer outside on the premises, as required by Section 5.08.345.
  - h. The portion of the licensed premises dedicated to the brewing of beer shall be segregated from the remainder of the premises and shall not be generally accessible to the public.
  - i. The annual fee for the J-2 license shall be three thousand dollars (**\$3,000.00**).
3. Each brewery located in the village, even if owned by the same persons, must have a separate Class J license to sell beer at retail on the premises.

K. Class "K" Salon Licenses shall permit the following:

- 1. The retail sale of beer and wine only for consumption only on the premises of a business primarily selling salon, hairdresser, beautician, manicure, pedicure and/or barbershop services and products other than alcoholic liquor:
- 2. Beer and wine shall be sold only in conjunction with the sale of services;

## VILLAGE OF NORTH AURORA

3. The price allocated to the sale of beer and wine shall be indicated if sold as a package together with the services being provided;
4. A notice shall be posted in a conspicuous place indicating that beer and wine may only be purchased in conjunction with a purchase of services;
5. If the sale of salon, hairdresser, beautician, manicure, pedicure and/or barbershop services is not the primary business of the licensee:
  - a. The beer and wine shall only be sold and consumed in the area of the business premises that is devoted to salon, hairdresser, beautician, manicure, pedicure and/or barbershop services;
  - b. The area of the business premises that is devoted to salon, hairdresser, beautician, manicure, pedicure and/or barbershop services shall be separated from other areas of the business premises by barriers allowing one way into the area and one way out; and
  - c. Signs shall be conspicuously posted at the entrance/exit stating in bold or capital letters: "No Alcohol Beyond This Point";
6. The licensee shall comply with [Section 5.08.400](#) and all other sections of [Chapter 5.08](#) generally applicable to the retail sale of alcoholic liquor; and
7. The annual fee for such license shall be one hundred dollars (**\$100.00**).

L. Class "L" Tavern Licenses shall permit the following:

1. The retail sale of any alcoholic liquor for consumption only on the premises of an establishment that serves food ancillary to the sale of alcoholic liquor and the establishment has been continuously in business for a period of five years;
2. A counter or serving bar must separate the stock alcoholic liquor from the patrons and liquor must be served by the licensee and its agents (no self-service).
3. Video gaming is allowed with a separate video gaming license subject to all of the state and local video gaming provisions providing that the establishment has been in continuous business for at least two (2) years; and
4. Entertainment is limited to radio and television programming without a Supplemental Live Entertainment License (Section 5.08.345.B)
5. The annual fee for a Class "L" Restaurant license shall be one thousand eight hundred eighty dollars (**\$2,200.00**).

M. Class "M" Motel/Hotel Licenses shall permit the following:

1. The retail sale of any liquor on the premises of a hotel or motel of a motel or hotel as defined in the Title 17, Chapter 16, Section 16.3;
2. Alcoholic liquor may be sold for consumption on the hotel premises or in packages from a bar, lobby, conference room, restaurant and/or banquet facility in the premises;



## VILLAGE OF NORTH AURORA

3. Alcoholic liquor may be consumed in hotel rooms by registered guests and their invitees;
4. Alcoholic liquor may be sold in packages placed in locked refrigerator units ("minibars") in guest rooms, provided that keys may only be given to guests who are at least 21 years of age; and
5. The annual fee for a hotel/motel license shall be two thousand dollars (**\$2,000.00**).

N. Class "N" Caterer Licenses shall permit the following:

1. The service of any alcoholic liquors for consumption, either on-site or off-site, whether the location is licensed or unlicensed, as an incidental part of food service by a caterer having a State Caterer liquor license when prepared meals (excluding snacks as a primary meal).
2. The cost of the alcoholic liquors must be itemized whether sold as part of a package or per item as agreed upon per contract.
3. The annual fee for a Class "N" Caterer License shall be two hundred dollars (**\$200.00**)

N. Class "S" Supplemental Liquor Licenses may be obtained and shall be effective for the year in which in the license is obtained by existing liquor licensees that qualify and pay the required fee as follows:

1. Class "S-E" Supplemental Entertainment licenses allow the presentation of live entertainment in conjunction with the sale of liquor for an existing Class A Restaurant, Class B Restaurant, Class C Restaurant, Class J-1 Brewpub or Class J-2 Craft Brewery licensee as follows:
  - a. Limited to solo and duo performers using minimal sound amplification may be issued by the Liquor Commissioner without regard to the number of licenses issued for an annual fee of **\$50** in addition to the fee for the underlying liquor license.
  - b. Live, amplified entertainment provided by musicians, vocalists, DJ's, comedians and similar acts without regard to the number of performers may be issued with Board approval in the first year in which the license is sought, subject to any terms and conditions that Board imposes, and may be issued by the Liquor Commissioner in subsequent years for an annual fee of **\$300** in addition to the fee for the underlying liquor license;
2. Class "S-P" Supplemental Package licenses allow the retail sale of wine only in the original packages for an existing Class A, Class B or Class Restaurant licensee for an annual fee of **\$100** in addition to the fee for the underlying liquor license and may be issued by the Liquor Commissioner without regard to the number of licenses issued.
3. Class "S-O" Supplemental Outside Liquor Licenses (**\$50.00**) allow the seasonal outside sales of liquor for consumption of the premises as follows:
  - a. The licensee has an existing Class A Restaurant, Class B Restaurant, Class C Restaurant, Class J-1 Brewpub or Class J-2 Craft Brewery licensee;
  - b. The outside consumption of alcoholic liquor shall be limited to a designated outside area;
  - c. The designated outside area shall be contiguous to the building in which the licensed activities take place and fully enclosed in such a way as to prevent unauthorized access to and from the designated outside area;

## **VILLAGE OF NORTH AURORA**

- d. The primary ingress and egress to the outside area must be through the building in which the licensed activities take place with emergency egress only directly from the outside area, unless there is no reasonably practicable way of providing ingress and egress through the building and sufficient measures are taken to restrict direct, unauthorized access;
- e. Alcoholic liquor may not be consumed outside the premises except in the designated and enclosed outside area;
- f. The outside area must be located completely on the licensed premises or common area immediately adjacent thereto;
- g. The outside area may extend into a parking lot on the premises as long as sufficient remaining parking spaces are available as required by Village Code;
- h. The outside area may not be located closer than fifteen (15) feet from a public road as measured from the nearest curb or five feet from a public sidewalk, bike path or similar public way;
- i. The enclosure for the outside area must be constructed of solid material in harmony with the architecture of the building, at least three feet and no more than six feet in height, of continuous span, except for emergency exits, and otherwise designed in such a way as to prevent unauthorized access;
- j. The outside area shall not encroach on any zoning setback areas, obstruct vehicular or pedestrian traffic, or be in violation of any codes or ordinances;
- k. A licensee shall not allow entertainment with the use of amplified sound in the outside area except in conformance with the requirements of the North Aurora Noise Ordinance;
- l. The outside area shall have sufficient lighting to provide for the safety of the customers in conformance with the restrictions on outside lighting in the North Aurora Code;
- m. The operation and use of the outdoor area shall be carried on so as not to create a health or safety hazard, to create a nuisance or to interfere with the use and enjoyment of surrounding property;
- n. Any designated outside area adjacent to or within five hundred (500) feet of the lot line of residential property may require screening and/or buffering in a way as to reduce noise;
- o. The consumption of liquor outside shall be limited to:
  - i. Sunday: 10:00 a.m. until 11:00 p.m.;
  - ii. Monday through Thursday: 10:00 a.m. until 11:00 p.m.; and
  - iii. Friday and Saturday: 10:00 a.m. until 12:00 p.m.;
- p. Every holder of a Supplemental Outside Liquor License shall cause a framed sign, at least eight and one-half inches by eleven (11) inches, to be hung in plain view in the outside area with the hours for the sale of alcoholic liquors as follows:

**ALCOHOLIC LIQUORS MAY LAWFULLY BE CONSUMED OUTSIDE ONLY IN AN ENCLOSED AREA DESIGNATED FOR OUTSIDE CONSUMPTION AND ONLY DURING THE FOLLOWING HOURS:**

**SUNDAY: 10:00 A.M. UNTIL 11:00 P.M.**

## VILLAGE OF NORTH AURORA

MONDAY THROUGH THURSDAY: 10:00 A.M. UNTIL 11:00 P.M.

FRIDAY AND SATURDAY: 10:00 A.M. UNTIL 12:00 A.M.

- q. The Local Liquor Commissioner may impose special conditions that are unique to each licensee and licensed premises for the preservation of the health, safety and welfare of the public and to minimize noise and other adverse impacts on adjacent properties; and any additional conditions imposed on a supplemental outdoor liquor license shall be described in writing and shall become part of the conditions for the license;
  - r. No alcoholic liquor may be stored outside, and no bar or direct location for taking and filling orders for alcoholic liquor shall be located outside. A window or similar restricted opening through which alcoholic liquor may be delivered after an order is filled shall not be considered a direct location for taking and filling orders; and
  - s. Supplemental Outside Liquor Licenses may be issued by the Local Liquor Commissioner without regard to the number of licenses issued with the payment of an annual fee \$50 in addition to the fee for the underlying liquor license.
4. Any suspension or termination of an underlying liquor license shall result in the suspension or termination of a supplemental outdoor liquor license; and any violation of a supplemental outdoor liquor license shall be considered a violation of the underlying liquor license.

**SECTION 2** Title 5 (Business Licenses and Regulations) Chapter 5.08 (Alcoholic Beverage Sales) Section 5.08.345 (to be known as Supplemental Licenses) is hereby deleted in its entirety

**SECTION 3** Title 5 (Business Licenses and Regulations) Chapter 5.08 (Alcoholic Beverage Sales) Section 5.08.400 (to be known as Service and Employee Education Programs) is hereby amended in its entirety and replaced as follows:

**5.08.400 – Service and Employee education programs.**

- A. No liquor licensee shall allow any patron to serve himself or herself and shall require all service of alcoholic liquor to be provided by employees and agents of the licensee at all times.
- B. Except as provided in [Section 5.08.360\(D\)\(6\)](#), all employees and agents of a licensee who screen patrons by age and/or who sell or serve alcoholic beverages shall, within ninety (90) days of employment (unless previously trained to the satisfaction of the North Aurora police), participate in a program designated to educate or train persons to identify and address persons displaying problems with alcohol misuse or abuse. Such program shall be licensed by the State of Illinois and may include the BASSET, TAMS and TIPS programs.
- C. All liquor licensees shall be responsible to ensure that all employees and agents of the licensee who screen patrons by age and/or who sell or serve alcoholic beverages to be trained as required in Subsection B above and shall maintain a certificate of completion on the licensed premises for all employees and agents required to attend training.

**SECTION 4** If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid or ineffective

**VILLAGE OF NORTH AURORA**

by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance, or any part thereof. The Village Board of Trustees hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof irrespective of the fact that anyone or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional, invalid or ineffective.

**SECTION 5** This Ordinance shall take immediate full force and effect from and after its passage, approval, publication and such other acts as required by law.

Presented to the Board of Trustees of the Village of North Aurora, Kane County, Illinois this \_\_\_\_\_ day of \_\_\_\_\_, 2017, A.D.

Passed by the Board of Trustees of the Village of North Aurora, Kane County, Illinois this \_\_\_\_\_ day of \_\_\_\_\_, 2017, A.D.

Mark Carroll \_\_\_\_\_

Laura Curtis \_\_\_\_\_

Mark Gaffino \_\_\_\_\_

Mark Guethle \_\_\_\_\_

Michael Lowery \_\_\_\_\_

Tao Martinez \_\_\_\_\_

Approved and signed by me as President of the Board of Trustees of the Village of North Aurora, Kane County, Illinois this \_\_\_\_\_ day of \_\_\_\_\_, 2017, A.D.

\_\_\_\_\_  
Dale Berman, Village President

ATTEST:

\_\_\_\_\_  
Lori Murray, Village Clerk

# 2017 NORTH AURORA LIQUOR LICENSES - CURRENT CLASSIFICATIONS AND LICENSEES

|   | Class A - Full Consumption on premises<br><b>Live Music</b> | Class B - Full Consumption on premises<br><b>Juke Box</b> | Class C - Beer / Wine Consumption on premises | Class D - Full Liquor Retail | Class E - Beer/Wine Retail | Class F - Beer Only Retail | Class G - Full Liquor / Golf Course | Class J-1 Brewpub allows for manufacture & storage of beer; retail sales and for consumption on premises | Class J-2 Craft Brewery allow the manufacture and storage of beer secondary to distribution | Class L Salon / Spa License |
|---|-------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------|------------------------------|----------------------------|----------------------------|-------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------|
|   | 3                                                           | 7                                                         | 3                                             | 9                            | 4                          | 0                          | 1                                   | 1                                                                                                        | 1                                                                                           | 0                           |
|   | \$ 2,650.00                                                 | \$ 2,100.00                                               | \$ 1,880.00                                   | \$ 1,880.00                  | \$ 1,880.00                | \$ 1,880.00                | \$ 1,880.00                         | \$ 3,000.00                                                                                              | \$ 3,000.00                                                                                 | \$ 100.00                   |
| 1 | Noonan's BBQ                                                | East China                                                | Sushi Pirate                                  | Jays Wine & Liquors          | Aldi                       |                            | Valley Green Golf Course            | Hardware Restaurant                                                                                      | Hardware BBCG                                                                               |                             |
| 2 | Turf Room                                                   | Eddie's Pizza & Pub                                       | Raimondo's                                    | North Aurora Food & Liquors  | Thorton's Gas Station      |                            |                                     |                                                                                                          |                                                                                             |                             |
| 3 | Oak St. Restaurant & Bar                                    | Little Red Schoolhouse                                    | Harner's Bakery                               | Seven Eleven Butterfield Rd. | Speedway LLC 5393          |                            |                                     |                                                                                                          |                                                                                             |                             |
| 4 |                                                             | Tecalitlan                                                |                                               | Seven Eleven Lincolnway      | Speedway LLC 6917          |                            |                                     |                                                                                                          |                                                                                             |                             |
| 5 |                                                             | Run-A-Way Restaurant                                      |                                               | Sunny's Food Market          | BP North Aurora            |                            |                                     |                                                                                                          |                                                                                             |                             |
| 6 |                                                             | Bulldog Ale House                                         |                                               | Woodman's Foods              |                            |                            |                                     |                                                                                                          |                                                                                             |                             |
| 7 |                                                             | Bocca Burros                                              |                                               | Walgreens                    |                            |                            |                                     |                                                                                                          |                                                                                             |                             |
| 8 |                                                             |                                                           |                                               | CVS Pharmacy                 |                            |                            |                                     |                                                                                                          |                                                                                             |                             |
| 9 |                                                             |                                                           |                                               | Orchard Wine and Liquors     |                            |                            |                                     |                                                                                                          |                                                                                             |                             |

## Suggested Reclassification - North Aurora Liquor Licenses

[illegible]

# Village of North Aurora Memorandum



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**To:** Government Operations Committee

**From:** Bill Hannah, Finance Director

**CC:** Steve Bosco, Village Administrator

**Date:** February 1, 2018

**RE:** Auditing Services Request for Proposals (RFP)

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The Village recently completed a three-year agreement with Sikich LLP for auditing services for the fiscal years ending 2015, 2016 and 2017. The Village has retained Sikich as auditors for the last twenty (20) years and were instrumental in helping the Village achieve its first Certificate of Achievement for Excellence in Financial Reporting Award from the Government Finance Officers Association (GFOA) in 2001, as well as assisting the Village with the implementation of many new accounting standards defining and modifying generally accepted accounting principles (GAAP) as issued by the Governmental Accounting Standards Board (GASB).

The agreement entered into with Sikich in 2015 agreed to rotate out most of the audit team from Sikich including the engagement partner and manager, in order to provide a new audit perspective, but retain the overall expertise and knowledge of the Village that Sikich has obtained. As that three-year agreement has now expired, the Village issued a request-for-proposal for auditing services with the intent to evaluate all proposals received, including Sikich.

The Village received five (5) responses to its request-for proposal. In evaluating the proposals, the Village took into account:

- Qualifications and years of experience of the proposed audit engagement team
- Experience of the firm with governmental entities similar to the Village
- References and other feedback from other municipalities
- Involvement of the firm and assigned individuals in technical committees of the industry including the AICPA and IGFOA
- Cost of providing the services as delineated in the RFP and ability, willingness to provide ongoing assistance throughout the year and responsiveness of proposal

Of the five proposals submitted the Village identified the top three based on the above criteria as:

- BKD, LLP CPA's and Advisors
- Lauterbach & Amen
- Sikich, LLP

A summary of the cost of each of the three proposals is as follows. Each submitted also submitted a cost to do a single audit, if necessary. However, those costs were not included below since it is unlikely/not anticipated at this time that a single audit of the Village will be necessary.

|                                     |                    |                    |                    |                    |                    |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b><u>Baker Tilly</u></b>           | <b><u>2018</u></b> | <b><u>2019</u></b> | <b><u>2020</u></b> | <b><u>2021</u></b> | <b><u>2022</u></b> |
| Financial Audit                     | 25,500             | 26,270             | 27,060             | 27,870             | 28,710             |
| Police Pension Report               | 1,250              | 1,290              | 1,330              | 1,370              | 1,410              |
| TIF Compliance Report               | 2,000              | 2,060              | 2,120              | 2,180              | 2,250              |
| <b>TOTAL</b>                        | <b>28,750</b>      | <b>29,620</b>      | <b>30,510</b>      | <b>31,420</b>      | <b>32,370</b>      |
|                                     |                    |                    |                    |                    |                    |
|                                     |                    |                    |                    |                    |                    |
| <b><u>BKD</u></b>                   |                    |                    |                    |                    |                    |
| Financial Audit                     | 23,800             | 24,550             | 24,700             | 25,200             | 25,900             |
| Police Pension Report               | 1,800              | 1,900              | 2,000              | 2,100              | 2,200              |
| TIF Compliance Report               | 2,200              | 2,300              | 2,400              | 2,500              | 2,600              |
| <b>TOTAL</b>                        | <b>27,800</b>      | <b>28,750</b>      | <b>29,100</b>      | <b>29,800</b>      | <b>30,700</b>      |
|                                     |                    |                    |                    |                    |                    |
|                                     |                    |                    |                    |                    |                    |
| <b><u>Klein Hall</u></b>            |                    |                    |                    |                    |                    |
| Financial Audit                     | 24,000             | 24,400             | 24,800             | 25,200             | 25,600             |
| Police Pension Report               | 750                | 765                | 780                | 795                | 810                |
| TIF Compliance Report               | 1,200              | 1,225              | 1,250              | 1,275              | 1,300              |
| <b>TOTAL</b>                        | <b>25,950</b>      | <b>26,390</b>      | <b>26,830</b>      | <b>27,270</b>      | <b>27,710</b>      |
|                                     |                    |                    |                    |                    |                    |
|                                     |                    |                    |                    |                    |                    |
| <b><u>Lauterbach &amp; Amen</u></b> |                    |                    |                    |                    |                    |
| Financial Audit                     | 19,750             | 20,300             | 20,850             | 21,400             | 21,950             |
| Police Pension Report               | 400                | 410                | 420                | 430                | 440                |
| TIF Compliance Report               | 1,900              | 1,950              | 2,000              | 2,050              | 2,100              |
| <b>TOTAL</b>                        | <b>22,050</b>      | <b>22,660</b>      | <b>23,270</b>      | <b>23,880</b>      | <b>24,490</b>      |
|                                     |                    |                    |                    |                    |                    |
|                                     |                    |                    |                    |                    |                    |
| <b><u>Sikich</u></b>                |                    |                    |                    |                    |                    |
| Financial Audit                     | 24,740             | 25,230             | 25,730             | 26,500             | 27,300             |
| Police Pension Report               | 1,210              | 1,230              | 1,250              | 1,290              | 1,330              |
| TIF Compliance Report               | 2,150              | 2,190              | 2,230              | 2,300              | 2,370              |
| <b>TOTAL</b>                        | <b>28,100</b>      | <b>28,650</b>      | <b>29,210</b>      | <b>30,090</b>      | <b>31,000</b>      |

Additional information and discussion on the proposals will be facilitated at the meeting. We have included the three proposals from BKD, Lauterbach and Sikich to review prior to the meeting.





# **PROFESSIONAL AUDITING SERVICES FOR THE FISCAL YEARS ENDING MAY 31, 2018, 2019, 2020, 2021, 2022**

**VILLAGE OF NORTH AURORA**

**BKD**<sup>LLP</sup>  
CPAs & Advisors

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## LETTER OF TRANSMITTAL

January 19, 2018

**Mr. Bill Hannah**

Finance Director/Treasurer  
Village of North Aurora  
25 East State Street  
North Aurora, IL 60542

**DEAR MR. HANNAH:**

Village of North Aurora (the Village) is mindful of those you serve—the thousands of residents who live, work and raise families in your community. However, many municipalities face ongoing challenges, such as delivering services using finite resources, engaging citizens and keeping pace with changing rules and regulations. Therefore, you need the resources, guidance and expertise of a national CPA and advisory firm that can help you have confidence in your financial statements and demonstrate your effectiveness at providing public services. With our depth of local and national experience providing professional services to municipalities and commitment to providing an efficient transition between firms, we believe **BKD, LLP** is the right choice to provide the Village with a fresh perspective on your financial statements.

BKD National Governmental Group works with hundreds of governmental clients nationwide. This industry experience, as well as our involvement with national and state associations, including the American Institute of CPAs Governmental Audit Quality Center, Government Finance Officers Association, National League of Cities and Association of Government Accountants, allows us the technical expertise to understand the specific issues the public sector faces. In addition to providing quality audit services, we can leverage our industry experience to share best practice recommendations and provide practical solutions to help the Village with fiscal accountability, legislative changes, funding shortages, compliance responsibilities and risk management duties. For a list of clients who have agreed to discuss our qualifications and expertise with you, please see the References section beginning on page 10.

BKD understands the Village requires a Financial Statement Audit in Accordance with *Government Auditing Standards* and *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and compliance requirements for the State of Illinois Tax Increment Financing Districts and comprehensive annual financial report preparation for the years ending May 31, 2018, 2019, 2020, 2021 and 2022. BKD is committed to providing services according to your requested timing, and for the price of \$30,550, \$32,900, \$32,050, \$32,850 and \$33,850 for the respective years listed.

We believe our proposal will help you select our firm for timely, efficient and objective services delivered by experienced professionals. We will call you soon to answer questions you may have about this proposal, or you may reach us at 630.282.9500 or by email as provided below. As a partner of BKD, Scott Termine is authorized to discuss questions regarding this proposal should they arise.

Sincerely,

A handwritten signature in black ink that reads "Scott C. Termine". The signature is fluid and cursive, with the first name "Scott" being more prominent.

Scott C. Termine, CPA  
Partner  
stermine@bkd.com

A handwritten signature in black ink that reads "John F. Cutrera". The signature is more stylized and compact than the one above, with a large initial "J" and a horizontal stroke.

John F. Cutrera, CPA  
Director  
jcutrera@bkd.com

# EXECUTIVE SUMMARY

Similar to municipalities nationwide, the Village of North Aurora (the Village) faces significant scrutiny from taxpayers and other stakeholders. As you work to sustain your current level of service, you recognize some revenue constraints are outside of your control. Despite reduced grant funding and fluctuations in the local economy that affect income from property taxes, you must continue to invest in public infrastructure improvements and maintain appropriate financial reserves. Therefore, operating efficiently is crucial, and you need to work with a CPA and advisory firm that has extensive public sector expertise, can provide a fresh look at your financial statements and offer objective guidance on changes in accounting standards.

**BKD, LLP** can help.

We will not claim to know your organization as well as you do. However, we will seek to develop an understanding of the Village's needs and draw upon our experience gained from our work with approximately 500 governmental entities nationwide to provide focused solutions.

## THE VILLAGE'S DESIRED OUTCOMES

The Village desires to work with a reputable CPA and advisory firm with a team of skilled advisors who are active in industry organizations such as the Government Finance Officers Association (GFOA), Illinois Government Finance Officers Association (IGFOA) and the Illinois CPA Society, including participation in the Illinois CPA Society's Government Committee. You also want:

- ▶▶ A firm with a local and national depth of responsive advisors who can provide ongoing assistance as you navigate implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) and other upcoming GASB standards
- ▶▶ Professionals who have experience with GFOA Certificate of Achievement for Excellence in Financial Reporting (CAFR Program) submission
- ▶▶ A responsive engagement team committed to meeting your requested timing, including providing a draft of financial statements by September 21 each year and presenting reports at your November board meeting
- ▶▶ Year-round communication from knowledgeable advisors, including proactive best practice recommendations, industry updates and ideas aimed at helping you operate effectively amid fluid state budget challenges
- ▶▶ A firm with a national depth of resources and professional services available to assist you as your needs continue to evolve

Our experienced professionals will work with the Village to identify areas you believe may warrant a fresh look. An essential component of a successful transition is proper planning and communication during the information gathering process. We will strive to get to know your financial team members as soon as possible with little disruption to your operations. As a result, we can help identify and resolve potential issues. We look forward to demonstrating our commitment to unmatched client service and our expertise with the public sector.



**Experience confidence**  
with a national firm that  
serves approximately 500  
governmental entities.

## SOLUTIONS FOR THE VILLAGE

The Village has requested information and a fee quote for a Financial Statement Audit in Accordance with *Government Auditing Standards* and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and compliance requirements for the State of Illinois Tax Increment Financing (TIF) Districts and comprehensive annual financial report (CAFR) preparation for the years ending May 31, 2018, 2019, 2020, 2021 and 2022.

Audit services may look alike on paper, but the reality is, the quality of the audit process, timeliness of services and suggestions to improve operational efficiency can vary among providers. It is important to engage a CPA and advisory firm that understands your needs, listens to your concerns and is receptive to an open dialogue about issues you face. We believe open communication is crucial to a strong working relationship with the Village.

With the qualified CPA and advisory firms you are considering, it can be challenging to make a decision. Your selection may come down to the engagement team you believe is most capable of helping you meet your current and future needs. Providing personal attention and frequent communication to our clients is what drives us—and delivering value is among our top priorities.

Please see the Audit Process section beginning on page 13 for a detailed explanation of our audit service approach.

## WHY CHOOSE BKD

### DELIVERING VALUE

It is important to monitor expenditures and receive exceptional value for your investments. However, informed consumers understand value is about more than just price. Value from a professional CPA and advisory firm is about the quality of the work and the merit of the advice. Expect BKD's work to be accurate and insightful. We stand behind it. Our Public Company Accounting Oversight Board (PCAOB) inspections and American Institute of CPAs (AICPA) peer reviews demonstrate the firm's record of excellence.



As evidenced by our inclusion in the **INSIDE Public Accounting Best of the Best Firms** list for the last seven years, we also offer long-term consistency, exceptional performance and a national network of support and resources. BKD is large enough to help the Village address a variety of financial issues. At the same time, we pride ourselves on hard work and low overhead, which keep our fees competitive. With our reputation, size, service and experience, you can consider us a good value.

experience  
confidence

"Let's face it. The process of changing audit firms and going through that first audit is not something people look forward to. However, BKD, LLP made our transition go better than our expectations. Their approach to the audit was very professional and efficient and made the process very smooth. They were very thorough and knowledgeable and were of great assistance with our implementation of the new GASB requirements."

**Todd Simoneaux, CPA**

Chief Financial Officer  
City of Beaumont, Texas

## GOVERNMENTAL ACCOUNTING EXPERTISE

BKD National Governmental Group works with hundreds of governmental clients nationwide, including municipalities, counties, federal and state agencies, public utilities, airports and transportation authorities. Our advisors can help the Village address the numerous financial considerations of governmental entities, including fiscal accountability and resource management, as well as performance management, budgeting and debt administration.

As part of our commitment to remaining at the forefront of the public sector, leaders across our national governmental practice created the BKD Center of Excellence for Government. This group of professionals meets regularly to discuss important developments, legislative updates and challenges affecting governmental entities similar to the Village.

In addition, our public sector involvement has enabled us to establish connections with numerous regulatory and auditing organizations, including:

- ▶▶ AICPA Governmental Audit Quality Center, as a member
- ▶▶ Government Finance Officers Association (GFOA)
- ▶▶ Illinois Government Finance Officers Association (IGFOA)
- ▶▶ Governmental Accounting Standards Board (GASB)
- ▶▶ U. S. Office of Management and Budget (OMB)
- ▶▶ U.S. Government Accountability Office

We look forward to communicating best practices and forward-looking strategies to help the Village thoughtfully consider the areas important to fulfilling your fiduciary responsibilities.

## KNOWLEDGE OF GASB REQUIREMENTS

BKD offers a team of professionals that can bring expertise to the Village in the application of GASB accounting and reporting requirements relevant to your industry. Your proposed engagement team will include professionals who routinely work with clients who follow GASB standards.

We will work closely with you in evaluating the effect of pending GASB pronouncements on the Village. We strive to address these matters well in advance so you have adequate time to prepare for and apply the pronouncements. Our audit approach is based on understanding the requirements of the standards, understanding your application of the requirements and evaluating the results. We commit to a continued dialogue with you on significant pronouncements both prior to and during the implementation process.

## A SMOOTH TRANSITION

We understand the challenges that can occur with switching to a new firm. The Village should expect an efficient move to our firm, which is why we developed BKD Smooth Transition™. Our approach is organized around your specific needs and timeline. Your proposed engagement team is adept at working with incumbent firms and can transfer your important financial data quickly and securely. Our goal is for you to have confidence BKD is committed to designing a plan that helps limit unnecessary interruptions and avoid duplicated effort while aiming to make effective use of your time and resources.

Please see the Appendix for more detailed information regarding our nine-step BKD Smooth Transition approach.

## experience support

“BKD just completed the first year audit engagement with the City. The transitional year went extremely smooth. BKD’s staff did an excellent job working with our staff during the transition. During the engagement, BKD provided knowledgeable support and guidance. The audit was completed on schedule, and BKD always completed their deliverables on time.”

### Allen Herink

City Comptroller  
City of Omaha, Nebraska



## **EXTENSIVE EXPERIENCE WITH THE CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM**

Receiving the GFOA's CAFR Program helps enhance the credibility of a city's financial statements, particularly with rating agencies. This also is key to increasing constituent and user confidence in the Village's fiscal management practices and overall financial condition. Whether you currently issue a CAFR in connection with the CAFR Program, or intend to do so in the future, BKD can assist you. Hundreds of our clients participate in this program annually, which means we have the practical knowledge and expertise necessary to guide you through the process. Numerous BKD professionals, including a member of your proposed engagement team, also serve on the GFOA's Special Review Committee, providing us with firsthand insight into what GFOA reviewers are looking for when assessing the required reports.

In addition, with the short window for completing annual audits to meet the GFOA's established deadlines, we understand timely and accurate professional services are critical in applying for your certificate. A core standard of BKD's unmatched client service philosophy is Responsive Reliability, which guides our service process from initial planning to issuing our final report. You can expect our reports and communication to be timely and well in advance of GFOA's deadlines.

## **SIGNIFICANT SINGLE AUDIT EXPERIENCE**

According to data compiled by the OMB via the Federal Audit Clearinghouse, BKD is the fifth-largest provider of Single Audits among CPA firms, performing approximately 440 annually. With approximately one-third of our not-for-profit and governmental clients receiving federal funding, we are familiar with the requirements for allowability of both direct and indirect costs, as well as the ability for the recipient to charge an administrative cost allowance under many federal programs.

To help streamline the Single Audit process, we use audit programs and checklists designed specifically for the federal programs we audit. Our firm maintains a database of audit programs tailored to the grants and other federal programs commonly found in governmental entities. Our extensive experience providing compliance testing in accordance with OMB requirements can help us properly perform and submit the Village's Single Audit on time.

## **PEER REVIEW**

BKD is committed to providing quality audit services to our clients. We submit our work to external reviewers who challenge our approach and findings. We are proud of the findings from these reviews, which indicate our process works. A copy of our most recent AICPA peer review report is included in the Appendix.

## **INDEPENDENCE**

BKD is independent with respect to the Village as defined by the Code of Professional Conduct of the AICPA. We are not aware of any relationship that would impair our independence.

## **LICENSE TO PRACTICE**

BKD is properly licensed to practice public accounting in the state of Illinois. All key professionals who would be assigned to your engagement are properly registered/licensed to practice in the state, or able to practice in Illinois due to mobility laws, without the requirement to obtain an individual state license.



## THOUGHT LEADERSHIP

BKD advisors are serious about reinforcing their positions as thought leaders in the industries they serve. To help keep you informed about emerging issues in your industry, as well as changes in regulations and accounting and tax methods, we provide **BKD Thoughtware®** webinars, seminars, podcasts and articles. Many of these are eligible for continuing professional education (CPE) credit. Recent topics include:

- ▶ The Time Is Now to Implement Uniform Guidance Procurement Requirements
- ▶ Protecting State & Local Governments from Cyber Threats
- ▶ Five Takeaways from COSO's Updated ERM Framework
- ▶ Implementing GASB 75: What You Need to Know

## UNMATCHED CLIENT SERVICE

You want trusted advisors who will deliver exceptional client service, focus on your needs and take the time to address your unique challenges. BKD understands. We take our commitment so seriously, we penned five standards of unmatched client service and supporting guidelines in **The BKD Experience: Unmatched Client Service**, a book that articulates the firm's philosophy and sets expectations for serving clients. Our five standards are:

### INTEGRITY FIRST

We work hard to do what is right for you. You can rely on us to tell you what you need to hear.

### TRUE EXPERTISE

From BKD, you can expect trained, capable staff and a high level of supervision by partners and experienced personnel.

### PROFESSIONAL DEMEANOR

You can depend on prepared and attentive advisors to help meet your needs and provide new ideas.

### RESPONSIVE RELIABILITY

Accurate and thorough work combined with timely delivery is what you require. At BKD, we do not want it any other way.

### PRINCIPLED INNOVATION

We want you to succeed. For the Village, that means looking for new ideas to streamline a process, better document work, train your staff and improve your effectiveness.

You can count on BKD's commitment to our 5 standards of unmatched client service:



Integrity First



True Expertise



Professional Demeanor



Responsive Reliability



Principled Innovation

[bkd.com/5](http://bkd.com/5)

# RFP RESPONSE

For your convenience, we have structured our proposal according to the requirements in your Request for Proposal (RFP). We believe our proposal will demonstrate our qualifications to serve the Village.

## PROFILE OF THE PROPOSER

### Describe the types of services provided.

In addition to the audit services that can be provided to the Village from BKD's Chicago office, we have an extensive list of other resources and services available to the Village, many of which are unique to the public sector. BKD is a full-service firm that concentrates its efforts in this industry; therefore, special projects or needs that arise can be addressed by BKD, including the following services:

- ▶▶ Forensic investigations, fraud risk assessments and accounting consulting
- ▶▶ Financial and operational risk analysis, assessment and management
- ▶▶ Continuous auditing and analytics
- ▶▶ Data analytics
- ▶▶ Litigation consulting/digital forensics
- ▶▶ Employee compensation and benefits consulting
- ▶▶ IT audit, risk assessment and management
- ▶▶ Cybersecurity
- ▶▶ Investment advisor performance evaluation
- ▶▶ Industry-specific financial reporting services
- ▶▶ Arbitrage calculations
- ▶▶ Internal audit outsourcing
- ▶▶ Agreed-upon procedures
- ▶▶ Regulatory filings and government reports
- ▶▶ Due diligence/special investigations
- ▶▶ Projected and forecasted financial statements
- ▶▶ Benchmarking and assistance creating dashboard reports
- ▶▶ Software sales and implementation
- ▶▶ Process reviews for numerous functional areas, *e.g.*, grant management

### State the location of the office and the total number of Partners and professional staff from that office.

The Village's requested services will be primarily provided by our Chicago, Illinois, office.

#### **BKD, LLP**

1901 South Meyers Road // Suite 500  
Oakbrook Terrace, IL 60181

As of January 2018, BKD's Chicago practice has 16 partners and approximately 85 additional client service personnel.

## experience guidance

"While BKD maintains its independence, we can utilize their firmwide resources to help in other areas. For example, BKD helped advise us on establishing an ethics hotline, provided guidance on tax related issues and conducted single audit training for our project managers to give them a better understanding of the accounting requirements and how critical it is to provide accurate information."

#### **Cherie Sanchez**

Accounting Manager  
City of Westminster, Colorado

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.

The most critical factor in providing high-quality service is choosing your engagement team. We take team selection seriously and have the appropriate team of advisors to meet your needs.

## ENGAGEMENT TEAM EXPERIENCE



Scott C. Termine, CPA  
Partner  
Engagement Role: Lead Audit Partner

---

Scott has 20 years of public accounting experience, providing accounting, audit and consulting services to governmental and not-for-profit entities. This includes state agencies, municipalities, counties, park districts, transit agencies and other units of local government. As part of these engagements, he has assisted in preparing numerous comprehensive annual financial reports (CAFR).

He has managed audits of federal funds received from numerous agencies. He also has experience providing agreed-upon procedures relating to various areas, including internal control design for governmental agencies. In addition to providing audit and attest services to a variety of governmental entities, Scott also has worked with his clients on projects involving internal control documentation and review, cost allocation, chart of accounts redesign and accounting department restructuring/outsourcing.

Scott is a member of the American Institute of CPAs and Illinois CPA Society (ICPAS). He also is a member of the Illinois Government Finance Officers Association (IGFOA) and serves on their Technical Accounting Review Committee (TARC). In addition, he is a member of the Special Review Committee (SRC) for the GFOA Certificate of Achievement for Excellence in Financial Reporting program.

He is a graduate of University of Illinois at Chicago, with a B.S. degree in accounting.

### Select Audit Clients Served

Village of Chicago Ridge  
Village of Burr Ridge  
Village of River Forest  
Village of Willowbrook  
Village of Bloomingdale



Dennis W. Yockey, CPA  
Director, Retired Partner  
Engagement Role: Concurring Reviewer

---

Dennis has more than 30 years of experience in public accounting. Now a retired partner, he serves as a member of the quality control group for BKD's National Office. He has extensive experience auditing governmental, not-for-profit, casino and other for-profit organizations, and his specialty areas include airports, utilities, parking systems, wastewater systems and other enterprises. He also has consulted with clients on derivatives, bond refundings and complex revenue recognition transactions.

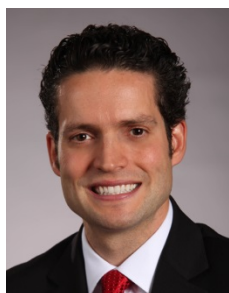
He has written articles published in **Business Planning and Management Accounting** and was awarded Certificate of Merit by Institute of Management Accountants (IMA) for his manuscript on forensic accounting. He has conducted a variety of seminars for firm and industry audiences.

Dennis has served on the board as treasurer of The Greater Colorado Springs Area Chamber of Commerce and is a member of the American Institute of CPAs, Colorado Society of CPAs (CSCPA) and IMA. He has served on the CSCPA Governmental Accounting Committee.

He is a graduate of The University of Kansas, Lawrence, with a B.S. degree in business and accounting.

### Select Audit Clients Served

Village of Chicago Ridge  
 Village of Burr Ridge  
 Village of Mundelein  
 Village of Willowbrook  
 Village of Bloomingdale



**John F. Cutrera, CPA**  
**Director**  
**Engagement Role: Audit Director**

John has more than 13 years of public accounting experience with governmental and not-for-profit entities, providing audit and consulting services such as financial statement audits and reviews. He has worked with a variety of entities, including counties, municipalities, villages, school districts, universities, water commission districts, foundations, food banks and social services organizations.

He has helped plan and manage Single Audits for various engagements, including housing, social services programs and highway planning and construction grants for governmental clients as well as agreed-upon procedures.

John is a member of the American Institute of CPAs, Illinois CPA Society (ICPAS) and Illinois Government Finance Officers Association (IGFOA). He serves on the ICPAS Governmental Report Review Committee. In addition, he is a member of the Special Review Committee (SRC) for the GFOA Certificate of Achievement for Excellence in Financial Reporting program.

He has presented a variety of topics for internal trainings and IGFOA.

John is a 2004 graduate of Dominican University, River Forest, Illinois, with a B.S. degree in accounting, and a 2009 graduate with an M.B.A. degree in general management.

### Select Audit Clients Served

Village of Downers Grove  
 Village of New Lenox  
 City of Park Ridge  
 Village of Mundelein  
 Village of La Grange Park



**Marvin G. Salaysay, CPA, CIA®**  
**Manager**  
**Engagement Role: Audit Manager**

Marvin has more than 10 years of public accounting experience with governmental, not-for-profit and private entities, providing audit and consulting services, such as financial statement audits and financial statement reviews. He has worked with a variety of entities, including state agencies, municipalities, colleges, foundations, not-for-profit organizations, associations, labor unions and pension and benefit plans.

He has helped plan, manage and execute Single Audits for various engagements, including United States Agency for International Development grants and social services programs for not-for-profit and governmental clients, as well as agreed-upon procedures.

Marvin is a 2003 graduate of Philippine School of Business Administration, Manila, with a B.S. degree in accounting and a 2006 graduate with an M.B.A. degree in general business management.

#### Select Audit Clients Served

Village of Chicago Ridge  
City of Highwood  
Village of Bloomingdale  
Village of Mundelein  
Village of La Grange Park



Britney S. Diaz, CPA  
Senior Associate  
Engagement Role: Audit In-Charge

Britney has more than two years of audit and accounting experience. She provides audit services for governmental entities and not-for-profit organizations.

She is a member of the American Institute of CPAs and Illinois CPA Society.

Britney is a graduate of Northern Illinois University, DeKalb, with a B.S. degree in accounting.

#### Select Audit Clients Served

Village of Chicago Ridge  
City of Hickory Hills  
Village of Bloomingdale  
Village of Mundelein  
Village of New Lenox

### STAFF CONTINUITY

Whenever possible, we keep a consistent engagement team for our clients. This helps reduce the learning curve and saves the time, frustration and disruption of dealing with new advisors unfamiliar with their organization. Past experience is a primary determinant for assigning professionals to engagements, and we will assign individuals who are experienced in working with governmental entities for the Village's engagement. Though it is impossible for any firm to know the future career paths of its professionals, many of our clients maintain the same underlying BKD engagement team for years.

**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/applicable local government audit clients who have been served in the last two years – at least five references shall be provided.**

### NATIONAL & LOCAL GOVERNMENT EXPERTISE

Professionals in BKD's Chicago practice provide services to multiple cities, their component units and other local government units, including airports, public employee pension plans, public libraries, transit and port authorities and utilities, as well as multiple state agencies. Services to the not-for-profit and government industry constitute a large portion of our Chicago practice. We understand and have experience with Illinois laws and other regulations to which our governmental clients must adhere.

## REFERENCES

Our clients are our best ambassadors, and we encourage you to contact them about their satisfaction with our services. To help protect client confidentiality, we are not able to provide a list of all local government audit clients BKD's Chicago office has served over the last two years; however, the following clients have consented to discussing our services and service delivery with you at your convenience.

### Village of Downers Grove, Illinois

Ms. Judy Buttny  
Finance Director  
630.434.5528

### City of Park Ridge, Illinois

Ms. Andrea Lamberg  
Finance Director  
847.318.5214

### Village of Mundelein, Illinois

Mr. Doug Haywood  
Finance Director  
847.949.3211

### Village of New Lenox, Illinois

Ms. Kim Auchstetter  
Finance Director  
815.462.6411

### Village of La Grange Park, Illinois

Mr. Larry Noller  
Finance Director  
708.354.0225

## REPRESENTATIVE CLIENTS

BKD is proud to work with governmental clients in Illinois, including:

|                                                 |                                                  |
|-------------------------------------------------|--------------------------------------------------|
| Algonquin Area Public Library                   | University of Illinois Chicago Dept of Athletics |
| Bloom Township                                  | Village of Berkeley, IL*                         |
| Brookfield-North Riverside Water Commission     | Village of Bloomingdale, IL*                     |
| Chicago Heights Park District                   | Village of Bolingbrook, IL                       |
| City of Hickory Hills, IL                       | Village of Bradley, IL                           |
| City of Highwood, IL                            | Village of Burr Ridge, IL*                       |
| City of Oakbrook Terrace, IL*                   | Village of Chicago Ridge                         |
| DuPage Township                                 | Village of Downers Grove, IL*                    |
| Forest Preserve District of DuPage County*      | Village of Hainesville, IL                       |
| Glenside Public Library District                | Village of Mundelein, IL*                        |
| Homewood-Flossmoor Park District*               | Village of New Lenox, IL*                        |
| Illinois Municipal Insurance Cooperative (IMIC) | Village of River Forest, IL*                     |
| Indian Trails Public Library District           | Village of Willowbrook, IL*                      |
| Mill Creek Water Reclamation District           | Will County Governmental League*                 |
| Oakbrook Terrace, City Police Pension Fund      |                                                  |

*\*Denotes client that earned recognition under the GFOA's CAFR Program*



**Also provide a recent Annual Financial Report prepared by your firm.**

A sample CAFR for an existing BKD client can be found using the following link:

<http://www.parkridge.us/assets/1/Documents/2017%20CAFR.PDF>

**Discuss governmental industry experience in terms of years of service, training, organizational involvement, etc.**

## **BKD NATIONAL GOVERNMENTAL GROUP**

BKD has been serving governmental entities since 1970. As previously mentioned, approximately 500 governmental entities nationwide, including approximately 130 municipalities, depend on BKD as their CPA and advisory firm of choice. With dedicated advisors in BKD National Governmental Group, we have the experience and commitment you require as you look for help in identifying ways to effectively deliver services and meet fiduciary and regulatory requirements.

## **INDUSTRY INVOLVEMENT**

To reinforce our commitment to the governmental sector, our advisors routinely attend conferences focused on industry issues and trends.

This dedication also extends to involvement on national industry committees, such as GASB and AICPA.

Mike Wolfe, the firm's chief risk officer, has been appointed to the AICPA Governmental Audit Quality Center Executive Committee. He previously served as BKD's liaison to the center, which helps raise awareness about the importance of improving governmental audit quality for entities receiving federal funding.

Chief Operating Officer Eric Hansen recently was inaugurated as chair of the AICPA Board of Directors. Beginning February 1, 2018, he will serve a one-year term as board chair and then another year as past chair, concluding his three-year rotation on October 31, 2019. The board acts as the executive committee for the AICPA's Governing Council, which includes elected and appointed members from all 50 states, the District of Columbia and other U.S. territories. Eric previously served on the Governing Council and was a member of the AICPA Task Force on the Future of Learning.

Chris Telli, a partner in our Colorado Springs office, has been appointed as an advisor to the Government Finance Officers Association's Committee on Accounting, Auditing, and Financial Reporting (CAAFR). This committee works closely with GASB, the AICPA and other organizations and recommends best practices for effective government finance operations.

Amy Shreck, a director in our Omaha office, completed a two-year term as a practice fellow at GASB's headquarters, where she helped to formulate standards and assisted with technical inquiries. BKD can now draw on Amy's firsthand experience at GASB to ultimately help clients better understand GASB standards and the thought process behind those standards.

Andy Richards, partner in our Little Rock, Arkansas office, was a member of GASB's Comprehensive Implementation Guide Advisory Committee from 2012 to 2014. The 11-member committee advises GASB on its Comprehensive Implementation Guide, which helps financial statement preparers apply a number of GASB pronouncements. Andy also was involved with the governmental accounting standards-setting process as a Practice Fellow with GASB in Norwalk, Connecticut. He was a member of the AICPA State & Local Government Expert Panel from October 2010 to October 2013, which identifies state and local government financial reporting and auditing issues and works to achieve resolutions benefiting the public interest.

Jim Brown, retired BKD partner, was appointed January 12, 2012, to the seven-member GASB. He completed a five year term on the board and was elected to a second and final term, which will conclude June 30, 2022. In this capacity, Jim is helping develop and improve the financial accounting and reporting standards used by state and local governments across the country. He specialized in government accounting and auditing for approximately 40 years and served as a BKD partner for more than 25 years before retiring in May 2011. He was responsible for quality control and training for BKD's government and not-for-profit practice and acted as the firm's principal contact with GASB. Since retirement, he has been serving as a CPE instructor for the AICPA. He also has been a member of AICPA's Auditing Standards Board and Board of Examiners.

Mike Engle, a partner in our Kansas City office, and Becky Eley, managing director in our Chicago office, have been appointed to the AICPA Exempt Organizations Taxation Technical Resource Panel. This panel identifies issues and develops policies by monitoring legislative activity, suggesting regulatory changes and developing products and services to assist members with their tax practices.

Mike also is one of three new members appointed in May 2017 to a three-year term on the IRS's Advisory Committee on Tax Exempt and Government Entities (ACT), which with its seven returning members will present reports and recommendations to IRS leadership regarding operational policy and procedural improvements affecting tax-exempt and governmental organizations. Specific topics ACT project teams will explore include replacement plan requirements of the Federal Insurance Contributions Act (FICA), changes to the ACT and expansion of online accounts.

BKD advisors also actively serve as participants, exhibitors, speakers and sponsors in regional and national associations for governmental organizations, including:

- ▶▶ Association of Government Accountants (AGA)
- ▶▶ Government Finance Officers Association (GFOA)
- ▶▶ National League of Cities (NLC)

### Recent Presentations

Partner Chris Telli co-presented *It's All About Trust: The GASB's New Guidance on Fiduciary Funds* at the GFOA 2017 Annual Conference. The session focused on GASB's new guidance on fiduciary funds set forth in GASB Statement No. 84 and the likely effects on local governments.

Director Rand Gambrell also served as a panelist at the GFOA's 2017 Annual Conference. The session, *Getting to the Bottom of Things: Practical Tips on Discovering Fraud*, offered practical tips on how local governments can better uncover potential fraud. Tips included identifying early indicators, recognizing the importance of certain indicators and understanding what to do when one is found.

Partner Todd Burchett served as a speaker at the Government Finance Officers Association of Texas' 2017 Spring Institute. The session, *Fraud & Embezzlement – Is My City at Risk?* shared insights from the 2016 Report to the Nations on Occupations Fraud and Abuse. This study, published by the Association of Certified Fraud Examiners, highlights the economic threats posed by fraud and just how prevalent it is in governmental entities. He presented examples of fraud investigated by his group and how data analytics can mitigate the risk of fraud through early detection.

In addition, we encourage you to discover the wide array of resources available on our website, [bkd.com](http://bkd.com).

### CONTINUING PROFESSIONAL EDUCATION

Our audit professionals are required to receive at least 120 hours of CPE every three years. For auditors involved with audits performed under *Government Auditing Standards*, this education includes the hours required to comply with *Government Auditing Standards Yellow Book* guidance. All individuals, including specialists involved in performing fieldwork on *Government Auditing Standards* audits, are required to obtain at least 24 hours of CPE every two years in subjects directly related to government auditing or the government environment. In addition, engagement team members responsible for planning, directing or reporting on *Government Auditing Standards* audits who spend more than 20 percent of their time performing *Government Auditing Standards* audits also are required to complete a minimum of 80 hours of CPE every two years that directly enhances their professional proficiency to perform audits.

BKD offers an internal industry update seminar for managers through partners, as well as a seminar for our in-charge level employees. These seminars include auditing and accounting issues that are specific to governmental clients, including *Government Auditing Standards*, Single Audits and accounting standards for government financial reporting. BKD professionals also receive additional training from external sources.



## AUDIT PROCESS

Describe your audit approach.

### FINANCIAL STATEMENT AUDIT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS & UNIFORM GUIDANCE SERVICE DESCRIPTION

BKD's audit approach focuses on areas of higher risk—the unique characteristics of the Village's operating environment, the design effectiveness of your internal controls and your financial statement amounts and disclosures. The objective is to express an opinion on the conformity of your financial statements, in all material respects, with accounting principles generally accepted in the United States of America.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

These principles make up the foundation of BKD's audit approach:

- ▶ The staff working on your engagement have been trained in the public sector. You will not have to train our people on audit areas or risks specific to governments such as pension and other postemployment benefit liabilities.
- ▶ We provide a significant level of engagement executive involvement so you receive high-quality service with little interruption. We recognize we have to be flexible because not all audits go as planned. Because our partners and managers are in the field, we can adapt quickly to circumstances that arise.
- ▶ Communicating the results of our audit procedures and sharing ideas to help your accounting processes are integral parts of your engagement. In addition, you will find communication does not end when the audit is completed. We strive to keep in contact with your management team throughout the year. Continued communication means you can receive an efficient and effective audit.

Using our five-phase approach, we will work with you to develop an audit plan tailored to your specific circumstances and risks.

### PHASE 1: PLANNING

As required by auditing standards, we will communicate with your board of trustees/management team early in the audit process. Our communication with the board of trustees/management team is a two-way process: we will be informing them of the scope and timing of the audit but in return we will ask that your board of trustees/management team let us know about any risk issues they have identified, any areas where they would like us to perform additional procedures or anything else material to the audit.

BKD also will work closely with your management team to develop an audit timeline that meets your requirements. For any audit to be successful, teamwork between the auditors and the management team is required. Both parties must set a realistic timeline to meet required deadlines.

As part of the planning meeting, we will identify information you have readily available for the audit and what additional information we will need. We recognize the importance of compliance with professional standards, but we also emphasize the need to be practical. When possible, during our testing of year-end account balances, we will want to use your internal reports and information.

### OUR FIVE-PHASE APPROACH TO FINANCIAL STATEMENT AUDITS

1 » Planning

2 » Risk Assessment

3 » Fieldwork, Testing & Further Audit Procedures

4 » Report & Communications Delivery

5 » Presentation

## Materiality

BKD has a defined methodology for public sector clients that does not simply consider net income, but focuses on other metrics, such as total assets, total revenue or other meaningful metrics to scope our audit approach, evaluate actual or potential errors and develop audit samples. In addition, we will seek the input of your board of trustees/management team to further direct our testing procedures prior to finalizing our scope.

## PHASE 2: RISK ASSESSMENT

BKD will follow standards established by the Auditing Standards Board of the AICPA.

These auditing standards affect the amount and type of information BKD will gather to perform your audit.

We will:

- ▶▶ Obtain an understanding of your business and business environment, significant risks you face and how you mitigate those risks. This will include examining how you measure and manage financial performance, as well as your internal control over financial reporting.
- ▶▶ Evaluate where your financial statements might be susceptible to material misstatement due to error or fraud.
- ▶▶ Consider whether internal controls have been implemented and assess the general controls around your IT systems.
- ▶▶ Assess risks of material misstatement for the most significant financial statement amounts and disclosures.

To help facilitate the testing of internal controls, we use questionnaires specific to the public sector, which expedite gathering your control information. Based on the documentation of your controls, we will test the key controls of your organization.

We expect to interview your personnel and review prior board meeting minutes as part of our information-gathering process.

## PHASE 3: FIELDWORK, TESTING & FURTHER AUDIT PROCEDURES

Based on our assessment of risks of material misstatements and determination of further audit procedures to be performed, we will design audit tests that take advantage of strengths in your internal control system.

During fieldwork, we will:

- ▶▶ Perform substantive tests on material account balances
- ▶▶ Evaluate significant unusual transactions
- ▶▶ Ask management to further explore and clarify any identified potential misstatements
- ▶▶ Evaluate the materiality of those misstatements, if applicable
- ▶▶ Conclude whether all identified risks of material misstatement have been addressed
- ▶▶ Hold a formal exit conference with management to share findings and preliminary deliverables

BKD also will perform some tests from the following alternatives:

- ▶▶ Test key items – Some items within an account may be large enough by themselves to involve significant risk of material misstatement. These key items can be audited individually.
- ▶▶ Sampling – A detailed audit of representative individual items (a sample) selected from a population.
- ▶▶ Analytical procedures – Taking a closer look at a grouping of information by examining it as it relates to other accounts, historical trends or other measures.
- ▶▶ Computer-assisted auditing techniques (CAAT) – BKD uses ACL as one of the primary tools to apply CAAT. The use of ACL allows us to analyze data electronically, handle large amounts of data and increase the effectiveness and efficiency of audit procedures.

As needed, our partners across the firm serve as technical resources with expertise to deal with particularly challenging or unique situations that may arise in the course of your audit.

We know a great deal of audit information often comes from third parties. Sometimes information from those parties is not received on time. To keep your report on schedule, we will keep you informed of the status of outstanding items.

#### PHASE 4: REPORT & COMMUNICATIONS DELIVERY

A cornerstone of the quality of our audits is the use of a concurring reviewer before the issuance of any reports. Another member of our assurance team, who has otherwise not been involved in the engagement, reviews the financial statements and workpapers before issuing the report.

Generally accepted auditing standards establish requirements and provide guidance on our communication with those charged with governance. In addition, if applicable, we will issue a report to management and those charged with governance of any significant deficiencies or material weaknesses identified during the audit.

Our commitment to a smooth engagement also includes the timely delivery of our audit report. A draft of the audit report, management letter and any other deliverables will be provided to you for your review and comments. After completing our fieldwork, we generally deliver our audit report and other communications within four weeks.

#### PHASE 5: PRESENTATION TO THE VILLAGE BOARD

You may want to formally share your audit results with your board of trustees/management team. We can help make a presentation to your board of trustees/management team and answer their questions.

#### TIMING & YOUR BKD TEAM

Overall, we plan to spend about 12 days in your village hall working, approximately two days on interim/planning/gathering information to design our audit approach and two weeks on final fieldwork at year-end. We will coordinate the scheduling of your audit to both accommodate your schedule and to allow for the timely completion of deliverables.

Your BKD team will include an experienced manager, senior associate and associate, who will be on site performing further audit procedures and gathering the information we need to support our opinion. In addition, your team will be led by a partner and director with experience in the public sector, who will direct our staff's audit approach, review their work and communicate audit results.

#### COMPLIANCE AUDIT IN ACCORDANCE WITH UNIFORM GUIDANCE (IF NECESSARY)

BKD performs hundreds of Single Audits annually, focusing on two objectives: first, an audit of your financial statements and reporting on the Schedule of Expenditures of Federal Awards (SEFA) in accordance with *Government Auditing Standards*, and second, a compliance audit for federal awards expended during the fiscal year.

At least one-third of our not-for-profit and governmental clients receive federal funding. Our extensive experience with compliance testing in accordance with OMB requirements can help provide the Village with a Single Audit performed properly and submitted on time.

#### experience professionalism

"BKD's personnel from staff to partner that I've worked with are very professional and consider the operations and timelines of the agency personnel in their planning. They are willing to discuss issues and accounting treatments in an open method while ensuring that the standards are met. The comments and recommendations are helpful and have assisted the city in making improvements."

##### Beth Machann

City Controller  
City and County of Denver,  
Colorado

## Our Uniform Guidance Audit Approach

During our audit procedures of federal award programs, we do not simply look for findings to report. We look for opportunities to advise you of more efficient ways to comply with federal regulations to reduce the risks of sanctions or reduced funding. BKD has developed contacts at federal agencies and has been able to work cooperatively with these agencies to help clients resolve or avoid issues.

Entities subject to the Uniform Guidance and *Government Auditing Standards* will benefit from BKD's specially designed audit programs, checklists and database of federal audit programs.

Identification and testing of your federal programs will be performed primarily during interim fieldwork, which will typically be performed before your fiscal year-end. We have found this to be the most efficient manner in which to perform our audit services when the additional Uniform Guidance requirements are present.

## AUDIT SEGMENTATION

A further breakdown of the segments identified in the service description includes the following:

- ▶▶ Completion of client acceptance procedures, including review of predecessor auditors' workpapers and making required inquiries of the predecessor auditors
- ▶▶ Completion of risk assessment procedures in accordance with generally accepted auditing standards. Requirements under these standards require us to obtain an understanding of your control environment, assess the risks of material misstatement, determine materiality and develop our audit procedures accordingly
- ▶▶ Fraud interviews
- ▶▶ Communications to the governing body prior to commencement of our audit
- ▶▶ Audit procedures, including:
  - Inspection of records or documents (the Village's minutes, approved budgets, select invoices, payroll records, cash receipt and disbursement documents, purchase orders, contracts, agreements, grant documents, bond documents, etc.)
  - Inspection of tangible assets
  - Inquiry of those charged with governance and management
  - Confirmation of account balances
  - Recalculation of amounts
  - Reperformance or observation of procedures performed by the Village's personnel
  - Performance of analytical procedures
- ▶▶ Walkthroughs of transactions
- ▶▶ Provision of a list of information we will need to perform our audit early in the planning process
- ▶▶ Evaluation of compliance with critical laws and regulations, including obtaining legal representation letters
- ▶▶ Single Audit testing
- ▶▶ Conferences with the Village's personnel throughout the engagement process from the planning phase through the completion of the engagement. This helps BKD and the Village promptly and accurately address potential audit issues and meet critical deliverable due dates
- ▶▶ Provision of drafts of all deliverables to management in sufficient time to address any questions they might have and, with respect to identified internal control matters and Single Audit findings, to identify whether all relevant facts, as we understand them, are accurate and management has sufficient time to provide responses
- ▶▶ Quality control review procedures

## ESTIMATED HOURS BY AUDIT SEGMENTATION

| Proposed Audit Segmentation                                                                                                                                       | Estimated Hours | Staff Level                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------|
| Risk assessment procedures, including meetings with officials & staff, preliminary analytics, review minutes & design of audit procedures based on assessed risks | 20              | All Professionals           |
| Document & evaluate internal controls                                                                                                                             | 20              | Manager & Associate         |
| Obtain financial policies & procedures, bond documents, leases & grants & other items for our permanent file                                                      | 8               | Manager & Associate         |
| Substantive procedures & analytical review techniques                                                                                                             | 120             | All Professionals           |
| Prepare CAFR                                                                                                                                                      | 40              | All Professionals           |
| Single Audit testing                                                                                                                                              | 30              | Manager & Associate         |
| Supervision, review & technical assistance                                                                                                                        | 40              | Partner/Director            |
| Client conferences & meetings to review audit reports                                                                                                             | 8               | Partner, Director & Manager |
| Reporting – Report to governance & management advisory comments                                                                                                   | 4               | Partner & Director          |

## SAMPLING TECHNIQUES

Although it is not possible to set absolute rules for identifying sample sizes, we apply our professional judgment in identifying the appropriate sample size. The objective is to test the population to obtain reasonable confidence that the test objectives have been met. Sample sizes are controlled by the following considerations:

- ▶▶ Tolerable error (precision) – as the expected monetary conclusion becomes more critical, sample size should increase to tighten the range of the extrapolated estimate
- ▶▶ Significance of the account to the financial statements – as the significance increases, sample size should increase
- ▶▶ Assessment of internal control risk – as assessed risk is reduced, sample size for substantive tests should decrease
- ▶▶ Extent of other substantive audit procedures related to same audit objective (tests of detail, as well as analytical review) – as the extent of other procedures increase, sample size should decrease
- ▶▶ Frequency and magnitude of expected errors – as the frequency and magnitude of expected errors increase, sample size should increase
- ▶▶ The size of the population to be sampled and whether a sample is appropriate

We anticipate using certain data extraction tools, such as ACL, in selecting and testing samples or complete populations, where appropriate. These effective tools allow us to efficiently test larger amounts of data.

## ANALYTICAL PROCEDURES

Analytical procedures involve auditing a material assertion or account balance by investigating its relationship to an expectation such as other accounts, historical trends or other related measures. BKD recognizes that stronger analytical procedures can help reduce or eliminate other substantive procedures that are usually more time consuming. We would typically consider:

- ▶▶ Ratio analysis – comparing relationships among account balances, ratios, nonfinancial data, budgets or industry averages
- ▶▶ Reasonableness tests – using financial and/or nonfinancial data to develop an expectation of an account balance

Successfully using analytical procedures requires auditors to ask the questions:

- ▶▶ What is the risk of material misstatement?
- ▶▶ How would we find those misstatements?
- ▶▶ Have I gathered enough audit evidence?

When analytical procedures provide sufficient evidence, other substantive audit procedures should not be necessary. If analytical procedures are not sufficient, some combination of analytical and substantive procedures is likely to be the preferred approach.

**Detail (in percentage) the amount of time to be put in on the audit by the following categories:**

**Percent**

**Partner/Manager**

**In-Charge Accountants (Seniors)**

**Staff Accountants (Junior)**

| Engagement Team Member       | Percentage of Hours |
|------------------------------|---------------------|
| Partner                      | 10 Percent          |
| Director                     | 20 Percent          |
| Manager                      | 25 Percent          |
| Senior Associate & Associate | 45 Percent          |
| <b>Total</b>                 | <b>100 Percent</b>  |



## FEES & BILLINGS

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**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 using the attached Audit Proposal Form.**

BKD knows our clients do not like fee surprises. Neither do we. Our goal is to be candid and timely, and we want to answer your questions about fees upfront. We determine our fees by evaluating a number of variables: the complexity of the work, the project’s scope, the time we will spend and the level of professional staff needed.



## PROPOSED NOT-TO-EXCEED FEES

### IX. AUDIT PROPOSAL FORM

- A. Each proposal shall fully meet the requirements as set forth on the attached “Audit Proposal Form.” Proposals shall be quoted on the total annual cost basis for the audit and CAFR report, management letter, single audit, and by hourly cost quotes for services that may be requested beyond the scope of the audit. Attached is a proposal that bidders shall use in submitting their proposals.

#### VILLAGE OF NORTH AURORA AUDIT PROPOSAL FORM

|                                                                   | <u>FY 2018</u> | <u>FY 2019 *</u> | <u>FY 2020</u> | <u>FY 2021</u> | <u>FY 2022</u> |
|-------------------------------------------------------------------|----------------|------------------|----------------|----------------|----------------|
| Financial Audit and CAFR                                          | \$23,800       | \$24,550         | \$24,700       | \$25,200       | \$25,900       |
| TIF Audit Compliance Report (Per TIF)                             | \$2,200        | \$2,300          | \$2,400        | \$2,500        | \$2,600        |
| Police Pension IDOI Report<br>Financial Completion (If Requested) | \$1,800        | \$1,900          | \$2,000        | \$2,100        | \$2,200        |
| Single Audit Report (If Necessary)                                | \$2,750        | \$2,850          | \$2,950        | \$3,050        | \$3,150        |

The above Audit Fees represents the annual maximum “not to exceed” fee for a series of one year engagements for a total of five years. These fees should include all expenses. Proposed auditing fees shall include the implementation of all current and foreseeable Governmental Accounting Standards Board (GASB) pronouncements and Statement on Auditing Standards (SASs).

The (If Necessary) Single Audit Fees are the additional fees the firm would charge if a Single Audit is deemed necessary.

Payment will be made upon receipt of progress billings with final payment made after receipt of the Annual Financial Report.

At the end of each one year engagement, the contract is considered automatically extended for one year unless the Village notifies the independent auditor, in writing by no later than November 30th, of the calendar year to be audited, that the Village will not renew the engagement.

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.

Village of North Aurora RFP Auditing Services 12

*\*In 2019 you also will be billed a one-time fee of \$1,300 for assistance with GASB implementation.*

Fees include any travel costs and we will waive an administrative fee of 4 percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs, such as computer processing, software licensing, research and library databases, and similar expense items.



**Describe the circumstances under which you would propose to increase the fee and how you would communicate such a potential increase to the Village.**

Our fees may increase if our duties or responsibilities change because of new rules, regulations and accounting or auditing standards. We will consult with you should this happen.

Our estimate of fees does not include any time that may be required to address a restatement of the previously audited financial statements. Accordingly, any such work will be billed based on the following quoted hourly rates.

**List the hourly rate that is charged for phone calls and meeting attendance if applicable. Indicate if the firm is available throughout the audit year for minor questions that may arise and indicate how questions should be presented during the course of the year that do not directly relate to the audit process.**

We respond to questions quickly and do so without hidden fees. We do not bill for responses to your day-to-day questions that require no significant investment of research, time or other costs. Providing a high level of value for the fees you pay is an integral part of our basic engagement philosophy. If an issue is going to take more than one hour to research, we will inform you in advance of the estimated hours and fees it will require.

**HOURLY RATES**

Any work outside the scope of this engagement will be priced according to our hourly rates.

| Staff Levels                                              | Hourly Rates |
|-----------------------------------------------------------|--------------|
| Partner                                                   | \$190–\$205  |
| Senior Manager, Director                                  | \$145–\$160  |
| Associate, Senior Associate, Senior Associate II, Manager | \$85–\$125   |

“Unmatched client service isn’t just a slogan at BKD; it’s the backbone of our culture.”

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Theodore D. Dickman, CPA  
Chief Executive Officer | BKD, LLP

# APPENDIX

# AICPA PEER REVIEW LETTER

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## Peer Review Program

Administered by the National Peer Review Committee

American Institute of CPAs  
220 Leigh Farm Road  
Durham, NC 27707-8110

October 26, 2017

Theodore Dickman  
BKD, LLP  
201 N Illinois St Ste 700  
Indianapolis, IN 46204 4224

Dear Theodore Dickman:

It is my pleasure to notify you that on October 26, 2017, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2020. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation and support of the profession's practice-monitoring programs.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Fawley".

Michael Fawley  
Chair - National PRC  
nprc@aicpa.org 919-402-4503  
National Peer Review Committee

CC: Candace Wright, L Bennett

Firm Number: 900010002800

Review Number: 552103

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T: 1.919.402.4502 | F: 1.919.402.4876 | [nprc@aicpa.org](mailto:nprc@aicpa.org)

## BKD PEER REVIEW REPORT



8550 United Plaza Blvd., Ste. 1001 – Baton Rouge, LA 70809  
 225-922-4600 Phone – 225-922-4611 Fax – [pnpcpa.com](http://pnpcpa.com)

Postlethwaite & Netterville and Associates, L.L.C.

### Report on the Firm's System of Quality Control

To the Partners of  
 BKD, LLP  
 and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB inspection in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

#### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, an audit of carrying broker-dealers, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

#### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB inspection in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. BKD, LLP has received a peer review rating of *pass*.

*Postlethwaite & Netterville*

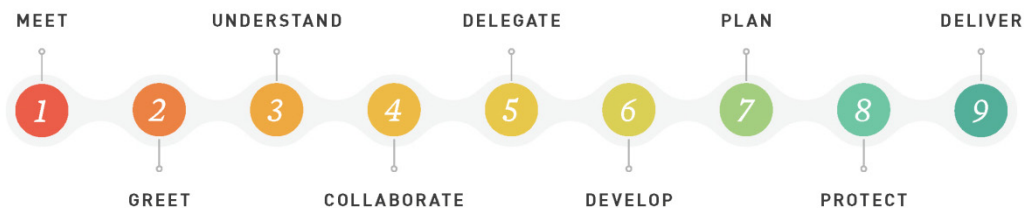
Baton Rouge, Louisiana  
 October 6, 2017

## BKD SMOOTH TRANSITION APPROACH

# BKD SMOOTH TRANSITION™

### Change is good; changing to BKD is even better.

Switching to a new firm that lacks a transparent, well-defined transition process can be challenging. We understand. That's why we developed BKD Smooth Transition™, a clear framework designed to make your move to BKD easy and efficient. Our simple nine-step approach emphasizes collaboration and centers on a tailored transition plan with distinct deadlines. If it's time for a change, make sure it's a smooth transition with BKD.



**1 MEET** – Our team sits down with your leadership. We get to know each other further and learn more about your business objectives.

**2 GREET** – We introduce our team to your staff and address their questions about transitioning to BKD.

**3 UNDERSTAND** – We review prior work and seek out your opinions and observations to better grasp your challenges.

**4 COLLABORATE** – We meet with your management team to gather the right information from the right people.

**5 DELEGATE** – Your staff members can be a great asset in terms of efficiency, and we work with you to help determine how they can assist.

**6 DEVELOP** – Using the information we gather, we devise a tailored approach focused on the needs you identified and prioritized.

**7 PLAN** – Together, we build out a schedule and then communicate key dates tied to performance and delivery.

**8 PROTECT** – We train you on our secure systems to help safeguard your confidential information from start to finish.

**9 DELIVER** – We commit to provide **The BKD Experience** of unmatched client service.

**BKD**  
CPAs & Advisors

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## BKD FIRM PROFILE

**experience insight** // BKD, LLP, a national CPA and advisory firm, can help individuals and businesses realize their goals. Our dedicated professionals offer audit, tax and consulting services to clients in all 50 states and internationally. BKD and its subsidiaries combine the insight and ideas of multiple disciplines to provide solutions in a wide range of industries.

### ABOUT BKD



#### CLIENT SERVICE

**The BKD Experience** is a commitment to unmatched client service that is shared by CPAs, advisors and dedicated staff members who take your business personally. We are so dedicated to the idea that we wrote a book—**The BKD Experience: Unmatched Client Service**.



#### INTERNATIONAL SOLUTIONS

BKD is the largest North American member of Praxity, AISBL\*, a global alliance of independent firms serving clients in approximately 100 countries. We offer multinational clients a gateway to the global marketplace with services delivered by alliance firms committed to the highest standards required in international business.



#### PROFESSIONAL AFFILIATIONS

BKD is a member of the American Institute of CPAs and its three quality centers: Center for Audit Quality, Employee Benefit Plan Audit Quality Center and Governmental Audit Quality Center.

BKD is registered with the Public Company Accounting Oversight Board, which is required to serve as an independent auditor of public companies. BKD audits approximately 80 U.S. Securities and Exchange Commission registrants, including approximately 30 benefit plans.



#### MISSION STATEMENT

The mission of BKD is to always strive for excellence in providing services to clients, create rewarding career opportunities and maintain sound professional, business and financial standards.



#### QUICK FACTS

- **Clients:** Individuals and private and publicly traded businesses in the health care, manufacturing, distribution, financial services, construction and real estate industries, as well as not-for-profit and governmental entities
- **Total Personnel:** Approximately 2,650
- **Partners & Principals:** Approximately 280
- **Net Revenues:** \$564 million
- **Fiscal Year-End:** May 31
- **Founded:** 1923
- **Locations:** 36 offices serving clients in all 50 states and internationally

\*Praxity, AISBL is a global alliance of independent firms. Organised as an international not-for-profit entity under Belgium law, Praxity has its executive office in Epsom. Praxity – Global Alliance Limited is a not-for-profit company registered in England and Wales, limited by guarantee, and has its registered office in England. As an Alliance, Praxity does not practice the profession of public accountancy or provide audit, tax, consulting or other professional services of any type to third parties. The Alliance does not constitute a joint venture, partnership or network between participating firms. Because the Alliance firms are independent, Praxity does not guarantee the services or the quality of services provided by participating firms.

### BKD SERVICES

Audit & Assurance

Tax

Business Succession Planning

Employee Benefit Plans

Forensics & Valuation Consulting

Information Technology

Risk Management

State, Local & International Tax

Wealth Management

And More

## COMMITMENT TO PROFESSIONAL DEVELOPMENT

BKD is committed to creating rewarding careers and equipping our professionals with the tools they need to serve our clients. We take professional growth and development seriously and offer numerous programs and training so we are prepared to help meet your professional services needs.



### AWARD-WINNING TRAINING

BKD's commitment to lifelong learning and professional development is highlighted by our recognition as a top-tier training organization. BKD has earned the distinction of **Training** magazine's Training Top 125 for the past four years. In 2016 and 2014, BKD also earned the **Chief Learning Officer** magazine's LearningElite award.



### PROGRESSIVE PROGRAMS & INITIATIVES

BKD is dedicated to creating and implementing programs and initiatives to help our professionals achieve their full potential. Programs include SKY, a firmwide initiative to emphasize and strengthen diversity in our firm. SKY focuses on recruiting, retaining and developing women for the sustainable growth of BKD. Through the collaboration of men and women, BKD aims to foster a culture that recognizes and supports maximizing the potential of all.



### REWARDING CAREERS

As part of a recent employee engagement survey, BKD employees ranked us within the 90th percentile of professional services companies, indicating they find BKD to be an exemplary platform from which to serve clients.

## BKD PRIDE VALUES

WHAT'S IMPORTANT TO YOU? // A commitment to excellence? Independence and objectivity? A broad skill set? Exceeding expectations? At BKD, these are all essential. That's why every day you can see our partners and employees "living the PRIDE." These values—passion, respect, integrity, discipline and excellence—are the hallmarks of BKD and guide us as we provide solutions for your business and financial needs. Experience what BKD PRIDE values can mean for you.



P

### PASSION

- For service to others
- For making tomorrow better than today

Experience how our dedication and enthusiasm for making tomorrow better than today can help you make informed decisions to help improve business and financial outcomes.

R

### RESPECT

- For the differences that make our team strong
- For our legacy and the benefits of change

Experience how our respect for diversity can provide a variety of skills and talents to meet your needs. Respecting the lessons of our legacy and yours, we can help you capitalize on the opportunities change inevitably offers.

I

### INTEGRITY

- To do the right thing
- To be objective and independent

Experience how our integrity and objectivity can help you make smart business decisions. You want an advisor to tell you what you need to know, not just what you want to hear.

D

### DISCIPLINE

- In process and innovation
- To balance professional and personal commitments

Experience how our well-established protocols and low-risk approaches can help resolve issues and advance your goals.

E

### EXCELLENCE

- In skills and competencies
- In our quest to be the best

Experience how our ambition, knowledge, commitment to lifelong learning and drive to improve technical and analytical skills can work to consistently surpass your expectations.



# BKD

## BKD THOUGHTWARE

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BKD's expertise spans a wide variety of industries and subjects, and our professionals share their knowledge in print, online and in person to help advance your organization. Use the QR code below to sign up for **BKD Thoughtware®** emails.



// articles



// emails



// presentations



// videos



// webinars



**BKD**  
LLP  
CPAs & Advisors

[bkd.com](http://bkd.com)

Proposal to Provide  
Professional Auditing Services to

# VILLAGE OF NORTH AURORA, ILLINOIS



For the Years Ending May 31, 2018, 2019, 2020, 2021 and 2022



Lauterbach and Amen, LLP

Certified Public Accountants  
668 N. River Road  
Naperville, Illinois 60563  
[www.lauterbachamen.com](http://www.lauterbachamen.com)

# VILLAGE OF NORTH AURORA, ILLINOIS

## PROPOSAL TO PROVIDE PROFESSIONAL AUDITING SERVICES

For the Years Ending  
**May 31, 2018, 2019, 2020, 2021 and 2022**

### **Submitted by:**

Lauterbach & Amen, LLP  
Certified Public Accountants  
668 N. River Road  
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630.393.1483 Phone  
630.393.1483 Fax  
[www.lauterbachamen.com](http://www.lauterbachamen.com)

### **Contact:**

Ronald J. Amen, Partner  
630.393.1483 Phone  
[ramen@lauterbachamen.com](mailto:ramen@lauterbachamen.com)

**January 19, 2018**



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Lauterbach and Amen, LLP

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January 19, 2018

Bill Hannah, Finance Director/Treasurer  
Village of North Aurora  
25 E. State Street  
North Aurora, IL 60542

Lauterbach & Amen, LLP (L&A) is pleased to respond to your request to provide auditing services to the Village of North Aurora (Village).

Enclosed in this proposal are details about our practice, our people and our reputation for quality service to governments, as well as an outline of our audit approach and scope of the audit process. L & A is a firm entirely specialized in the governmental sector, allowing us to provide an unrivaled commitment to exceeding your expectations with regards to quality service, government specific expertise, and timing and approach of the audit process. Our five partners share a combined 100 years of exclusive government experience, with past experience in not-for-profit, tax and commercial clients. Their years of experience in the governmental sector will directly benefit the Village. L & A possesses the resources and drive to continually exceed your expectations.

At L & A our mission is to provide accounting, compilation, assurance, and consulting services to governments in the spirit of excellence and altruism. As a firm, we are committed to adhering to stringent moral standards in addition to the legally imposed professional standards and guidelines, priding ourselves in our flexible attitude towards accommodating our clients, and continually striving to be an elite personal client service firm. L & A will attain the highest quality employees who share our core values and capacities in order to continue to service our clients at the level at which they are accustomed. Our staff utilizes their expertise to educate clients with the anticipation that it will lead to accurate solutions to challenges that may arise in the daily course of financial activities. Our goal is to maintain personalized relationships with our current clients, while continuing to acquire new clients with the hopes of creating equally valuable bonds. At L & A we continually strive to distinguish ourselves from other accounting firms by emphasizing the following:

- ◆ Conducting annual training sessions with our clients in a small group setting covering such topics as: new GASB pronouncements, understanding the financial statements, identification of finance department efficiencies and best practices, etc.
- ◆ Providing professional audit and consulting services to over 250 local governments on an annual basis, and providing compilation and benefit services to over 250 police and firefighters' pension funds.
- ◆ Engaging in audit planning, preliminary work and continual communication with our clients to ensure an efficient and quality audit process. This also ensures that audit issues will be identified early and solutions will be implemented timely.
- ◆ Possessing exclusive expertise in the area of local government, as evidenced by our exemplary retention rate of the Certificate of Achievement for Excellence in Financial Reporting for clients with continual submissions to the program. L & A is also in the top ten firms nationally that submit audits to the Certificate of Achievement Program.

- ◆ Allowing our clients to dictate scheduling needs related to the audit process and adhering to those needs. We continually meet or exceed the deadlines established by our clients.
- ◆ Identifying, communicating and assisting in the implementation of identified opportunities for improved and more efficient financial or procedural operations.
- ◆ Maintaining a highly professional staff, each of which possess extensive knowledge in the area of local government, continually broadening their knowledge of local government issues through in-house training, involvement in various local government organizations and through continuing professional education programs.
- ◆ Maintaining a program of continuity for multi-year engagements, including minimal rotation of staff and in-charge auditors, allowing for the establishment of efficient working relationships with the Village.
- ◆ Continually promoting communication with management from the beginning of our engagement and throughout the year. This includes an entrance conference and planning meetings with the Village, weekly meetings with management to review the progress of the engagement, if requested, an exit conference to discuss our findings and report production issues, meetings with elected officials during the evenings to answer questions regarding the audit and any other related issues, and continual communication throughout the year. We are committed to listening to your needs and customizing the audit process to meet those needs.
- ◆ Striving to continually be a proven leader in the government accounting industry and assisting our clients on the implementation of new, complex pronouncements and issues affecting local government, including one-on-one assistance with the understanding and implementation of these new pronouncements and issues. We will provide thorough and timely answers to any of your questions or needs.
- ◆ Customizing our audit approach to focus on those areas that represent significant risk to the Village and any of the Village's uniquely complex issues.
- ◆ Forming professional resource alliances with other businesses in the areas of human resources, tax and information technology so, if required and if permitted by current audit independence standards, we would be able to provide the Village the highest level of service.

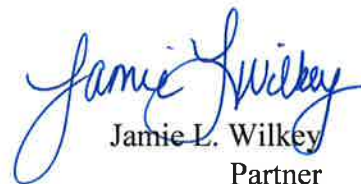
We are very excited about the opportunity to serve the Village and are committed to providing the Village with quality service and commit to perform the work within the established time period. We believe we have talented people and the appropriate experience to provide you with a quality audit at a fair and competitive price. The Partners that are signing this proposal are entitled to represent the Firm, empowered to submit the proposal and authorized to sign a contract with the Village. This proposal is a firm and irrevocable offer for 120 days. If you have any questions about this proposal or need to discuss these matters further, please contact us. We look forward to your reply.

Respectfully Submitted,

LAUTERBACH & AMEN, LLP



Ronald J. Amen  
Partner



Jamie L. Wilkey  
Partner

# FIRM PROFILE



## Lauterbach and Amen, LLP

Certified Public Accountants  
668 N. River Road  
Naperville, Illinois 60563  
[www.lauterbachamen.com](http://www.lauterbachamen.com)



## FIRM PROFILE

Our office is located in Naperville, Illinois, and staffed professionally as follows:

|                             |            |
|-----------------------------|------------|
| Partners                    | 5          |
| Managers/Senior Accountants | 35         |
| Staff Accountants           | 85         |
| <b>TOTAL</b>                | <b>125</b> |

L&A was founded 21 years ago with the goal of providing an unrivaled level of service and expertise to local governments. We are different from most accounting firms in that we are specialized in the governmental sector, and specifically in the area of governmental auditing and consulting. In addition, we provide a wide range of

accounting services, some of which include: tax, monthly accounting and bookkeeping for local governments, and a specialty in Police and Firefighter Pension accounting and consulting. *As a client of L&A, you will be served by a team whose experience and depth of knowledge will become a valuable management resource.*

## Close Working Relationship with Management

A close working approach also allows for relationship with management, L & A can best respond to and help initiate programs that lead to improved operations and efficiencies. This close working relationship with the timely resolution of questions and problems as they arise rather than after the fact. Through understanding the client's activities and a knowledge. This close working

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*"L & A is specialized in the governmental sector and strives for client service excellence"*

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## An Audit is a People-Oriented Endeavor

The team at L & A recognizes that we are involved in a people-oriented endeavor. Our goals and objectives, therefore, are centered around this understanding.

### *We strive:*

- ◆ *To create an environment that encourages a high level of communication between the client and our team*
- ◆ *To provide clients with the highest attainable level of staff capabilities through selective recruiting and creation of a work environment that aids personal growth*
- ◆ *To continually improve the quality of our services*
- ◆ *To support our financial, business, professional and social communities*





## FIRM PROFILE

### *Firm Philosophy*

We have a ***full-time commitment*** to governmental accounting and reporting. Through our experience, we are able to help clients anticipate and prepare for changes in their operating environment. The value of our services lies not only in the performance of an efficient audit, but in our detailed review of finance

practices, and our extensive knowledge of key topics affecting local governments. With our extensive experience in the field of local governmental accounting and auditing, we have served a substantial number of municipalities, park districts, libraries, special districts, school districts, pension funds, joint ventures, and various other

governmental organizations. We have included a partial list of such entities as references, and would encourage you to contact any or all of them for references as to our qualifications and level of service. We have also provided our current client listing as evidence of our expertise in and commitment to governmental accounting and auditing.



### *Educational Opportunities*

Helping to share our knowledge and expertise in the governmental industry is one of the greatest values we can bring to our clients. We are committed to continually reviewing our process to ensure an efficient audit, ensuring exemplary communication with our clients, and providing education on issues affecting local governments on a year-round basis. This education includes annual group training sessions with our clients covering such topics as the implementation of GASB pronouncements, changes to auditing standards, understanding of the financial statements, identification of department efficiencies and best practices, and other statutory or hot topics affecting local governments.



## FIRM PROFILE

### *A Strong Commitment to the Industry We Serve*

Our involvement in the local government field includes active membership, support and participation in numerous professional organizations which serve the financial and management teams of local government, including:

- ◆ *Government Finance Officers Association (GFOA)*
- ◆ *Illinois Government Finance Officers Association (IGFOA)*
- ◆ *Illinois CPA Society Committees on Governmental Accounting*
- ◆ *AICPA Government Audit Quality Center*
- ◆ *American Institute of Certified Public Accountants*
- ◆ *Illinois Municipal Treasurers Association (IMTA)*
- ◆ *Illinois Association of Park Districts/ Illinois Parks & Recreation Association (IAPD/IPRA)*
- ◆ *Illinois Association of School Board Officials*
- ◆ *Special Review Committee - Certificate of Achievement for Excellence in Financial Reporting (CAFR) - GFOA*
- ◆ *Illinois Library Association*
- ◆ *Township Officials of Illinois*
- ◆ *Technical Account and Review Committee (TARC) - IGFOA (Responds to GASB Pronouncement Exposure Drafts)*
- ◆ *Illinois Public Pension Fund Association (IPPPFA)*
- ◆ *Illinois Department of Insurance—Task Force*

In addition, we have written articles for publication, instructed training courses and done public presentations for a number of the organizations listed above.



## FIRM PROFILE

### *Government Expertise = Extensive Services Available*

It has been our experience that questions or problems may arise during the year for which a client might call upon us for assistance. The following is a partial list of the services we can provide to governmental entities:

- ♦ Financial Reporting-Assistance in the implementation of authoritative pronouncement requirements
- ♦ Assistance in obtaining or securing the Certificate of Achievement for Excellence in Financial Reporting (CAFR) from the GFOA
- ♦ Utility or Enterprise Funds-Analysis, forecasting, rate structure, and consulting services
- ♦ Federal, State and Local Grant Reporting requirements
- ♦ Budget-Assistance in obtaining the Distinguished Budget Award from the GFOA, appropriation and tax levy documents
- ♦ Personnel Issues-Evaluation and executive search
- ♦ Policies and procedures documentation and implementation
- ♦ Temporary staffing and training
- ♦ Pension fund related issues, including benefit calculations, funding analysis, etc.
- ♦ Human Resources-Taxability issues, fringe benefits, policies, etc.
- ♦ Outsourced finance and accounting department functions, including all levels of finance functions
- ♦ Taxpayer Compliance-Specialized audits for selected revenue sources

### *Communication is the Key*

We consider it *essential* to maintain the lines of communication throughout the year. To attain this, we both formally (via meetings, letters, etc.) and informally (via telephone calls, emails, etc.) keep our clients advised of changes and recent developments related to governments.

### *License to Practice*

The Firm and all key personnel are duly licensed to practice in the State of Illinois. Our State of Illinois license number is 066-003655.



## FIRM PROFILE

### *Quality Assurance*

We are committed to proving the highest quality audit product to our clients during all phases of the audit. Our Quality Assurance Team is responsible for reviewing all financial statements before issuance, assisting in technical inquiries and reviewing workpapers and reports of all engagements to verify compliance with professional standards and our Firm's policies. At L & A we pride ourselves in providing a quality audit. As such, we are a member of the Private Companies Practice Section (PCPS) of the Division for CPA Firms of the AICPA, submitting our accounting and auditing practice to quality control reviews of our compliance with professional standards as established by the AICPA.



### *Peer Review*

The appendix of our proposal provides a copy of our successful completion of an independent peer review of our accounting and auditing practice. This review was undertaken as a condition of membership in the American Institute of Certified Public Accountants (AICPA), the national organization of CPA's in public practice, industry, government and education. Our reports have been reviewed by numerous federal and state oversight agencies as well as other external professional agencies and

organizations. The feedback from these independent reviews of our clients' financial statements indicates that L&A's reports not only meet, but exceed, industry standards and reporting requirements. Furthermore, there has never been any action taken against our Firm with any state or federal regulatory body or professional organization to which we have submitted our reports.

### *Independence*

We require that all personnel inform the Firm of any lack of

independence with respect to all clients. Specific guidelines to be followed are those set forth in the AICPA's Code of Professional Ethics. Additionally, we are in compliance with the standards established by the General Accounting Office (GAO). More specifically, we are completely independent with respect to the Village of North Aurora.

## KEY ENGAGEMENT PERSONNEL

### RONALD J. AMEN

#### *MANAGING PARTNER*

Mr. Amen has over 25 years of experience serving clients in the governmental sector. He has participated in numerous governmental engagements, including municipalities, park districts, school districts, State and Federal government entities, Universities and other governments.

University of Nebraska

Certified Public Accountant

American Institute of Certified Public Accountants

Member of Government Finance Officers Association (GFOA) and  
Illinois GFOA

Member of AICPA Government Audit Quality Center

Member of Illinois Municipal Treasurers Association (IMTA)

Member of Illinois Association of Park Districts/Illinois Parks &  
Recreation Association (IAPD/IPRA)

GFOA Special Review Committee for the Certificate of Achievement for Excellence in  
Financial Reporting

Instructor for IGFOA Training Courses

Instructor for IMTA Training Courses

Mr. Amen has managed numerous governmental engagements during his experience in public accounting. Assignments ranging from audits, single audits, TIF audits, performance reviews, budgeting, strategic planning, and other projects is a brief history of his background. Due to his extensive government background, Mr. Amen is often used as a resource for providing creative solutions to issues affecting local governments. Mr. Amen functions as a working partner, in that he is available and present during each phase of the audit process.

Mr. Amen has also participated in the management of some large commercial and not-for-profit engagements. This experience includes audits, tax preparation, consulting and strategic planning for both commercial and not-for-profit clients.

#### ***EDUCATIONAL AND MEMBERSHIP BACKGROUND***

#### ***GOVERNMENTAL ACCOUNTING AND AUDITING EXPERIENCE***



## KEY ENGAGEMENT PERSONNEL

### JAMIE L. WILKEY

#### *TECHNICAL PARTNER*

Ms. Wilkey has over 15 years of professional accounting experience exclusively in the governmental sector. She has participated in numerous governmental engagements, including municipalities, park districts, school districts, libraries, special districts and various other units of government.

Truman State University

Northern Illinois University

Member of Illinois Government Finance Officers Association (IGFOA)

Member of Technical Accounting Review Committee (TARC) with IGFOA

Member of Illinois Municipal Treasurers Association (IMTA)

Member of Illinois Association of Park Districts/Illinois Parks &

Recreation Association (IAPD/IPRA)

GFOA Special Review Committee for the Certificate of Achievement for Excellence in  
Financial Reporting

Instructor for IGFOA Training Courses

Instructor for IMTA Training Courses

Instructor for IPPFA Training Courses

Ms. Wilkey's experience in the government sector includes management of numerous units of government. Such assignments include annual audits, single audits, TIF audits, grant specific audits, and other related projects. Ms. Wilkey has been responsible for the management of numerous annual audits for government units, all of which has either received the Certificate of Achievement for Excellence in Financial Reporting (CAFR) Award from the GFOA in the first year of their submittal to the program or maintained their CAFR standing.

Ms. Wilkey also has extensive government consulting experience, which includes the responsibility for all financial operations of the government unit, include, but not limited to, the maintaining of the general ledger, trial balance, balance sheet and consolidated financials. Ms. Wilkey has also assisted numerous clients with payroll processing, budget preparation, supervision of accounts receivable, accounts payable and utilities billing processing, tax levies and related documents, and the recommendation and implementation of various finance/accounting department procedures and policies.

#### ***EDUCATIONAL AND MEMBERSHIP BACKGROUND***

#### ***GOVERNMENTAL ACCOUNTING AND AUDITING EXPERIENCE***



## KEY ENGAGEMENT PERSONNEL

### MATT R. BERAN

#### *OPERATIONS PARTNER*

Mr. Beran has 13 years of professional accounting experience, 8 of those are exclusively in the governmental sector. Prior to working in government, Mr. Beran was a Supervisor at one of the Big 4 accounting firms. He has participated in numerous governmental engagements, including municipalities, park districts, school districts, libraries, special districts, not-for-profits and various other units of government.

Truman State University

Certified Public Accountant

American Institute of Certified Public Accountants

Member of Illinois Government Finance Officers Association (IGFOA)

Member of Illinois Municipal Treasurers Association (IMTA)

Member of Illinois Association of School Board Officials (IASBO)

Instructor for IMTA Training Courses

Instructor for IASBO Training Courses

Mr. Beran's experience in the government sector includes managing numerous governmental engagements. Assignments ranging from audits, single audits, TIF audits, performance reviews, budgeting, strategic planning, and other projects is a brief history of his background.

Mr. Beran has been responsible for the training of staff at Lauterbach and Amen. The training includes audit methodology and the specifics of governmental accounting, such as property taxes, debt, and full accrual versus modified accrual accounting. He researches new GASB pronouncements and gains an understanding of the change and how it will affect clients, audit staff, and the audit process. Then Mr. Beran passes along this knowledge to clients to ensure they understand what is changing.

Mr. Beran has also been responsible for various agreed-upon procedures including forensic audits. He has been able to observe various municipalities, park districts and libraries and prepare an extensive report on their current internal controls and procedures. Mr. Beran will also then give various suggestions on how to improve internal controls and procedures to improve efficiency and accuracy while still having proper segregation of duties.

#### ***EDUCATIONAL AND MEMBERSHIP BACKGROUND***

#### ***GOVERNMENTAL ACCOUNTING AND AUDITING EXPERIENCE***





## KEY ENGAGEMENT PERSONNEL

### AUDIT TEAM KEY PERSONNEL

Monika has 8 years of professional accounting experience exclusively in the governmental sector. She is a graduate of DePaul University. Monika is specialized in municipal and state agency audits as well as school districts and not-for-profit entities and also specializes in internal control assessment for all governmental clients.

**MONIKA  
ADAMSKI**

Sean has 17 years of professional accounting experience, 12 of those years are exclusively in the governmental sector. He is a graduate of St. Xavier University and is a Certified Public Accountant. Sean specializes in municipal audits and Uniform Grant Guidance single audit testing, reporting and submission.

**SEAN  
HICKEY**

Lia has 11 years of professional accounting experience exclusively in the governmental sector. She is a graduate of the University of Illinois at Chicago. Lia specializes in Library, Pension and Fire Protection District audits.

**LIA  
LOPEZ**

Jen has 7 years of professional accounting experience exclusively in the governmental sector. She is a graduate of the University of Miami and a Certified Public Accountant. Jen specializes in municipal audits, staff training and new hire training. The training includes audit methodology and the specifics of governmental accounting, such as property taxes, debt, and full accrual adjustments.

**JEN  
MARTINSON**

Don has 8 years of professional accounting experience, 6 of those years are exclusively in the governmental sector. He is a graduate of Northern Illinois University and is a Certified Public Accountant. Don specializes in municipalities, school districts and Uniform Grant Guidance single audit testing, reporting and submission.

**DON  
SHAW**

Erin has 7 years of professional accounting experience exclusively in the governmental sector. She is a graduate of Missouri State University. Erin specializes in auditing municipalities and internal control testing for all government clients. She has completed various agreed upon procedures for clients and prepared reports on their internal controls.

**ERIN  
SORDO**

Ann has 8 years of professional accounting experience exclusively in the governmental sector. She is a graduate of Marquette University and is a Certified Public Accountant. Ann is one of L&A's report writers who handles the draft process of the Comprehensive Annual Financial Reports. She also specializes in auditing and performing consulting

**ANN  
VANVOOREN**





# AUDIT APPROACH



Lauterbach and Amen, LLP

Certified Public Accountants  
668 N. River Road  
Naperville, Illinois 60563  
[www.lauterbachamen.com](http://www.lauterbachamen.com)








## AUDIT APPROACH

### Overview

We are prepared to meet or exceed all requirements and expectations of the Village. The partners of L&A will be involved in all phases of the audit of the Village as outlined below. L&A does not use statistical sampling in any phase of the audit process. Sample sizes used for testing are in accordance with standards established by the profession and will be determined in the planning phase.

Throughout the audit process we will inform management of audit issues as they arise and maintain the highest level of professionalism in the identification and communication of these issues. Discussion of the issues will take place immediately following their discovery and will allow management ample time to rectify any issues.

|                                                                                     | <u><b>PHASE</b></u> | <u><b>NAME</b></u>    | <u><b>TIMING</b></u> | <u><b>EST.<br/>HOURS</b></u> |
|-------------------------------------------------------------------------------------|---------------------|-----------------------|----------------------|------------------------------|
|  | Phase 1             | Planning              | May 2018             | 12 Hours                     |
|  | Phase 2             | Preliminary Fieldwork | June 2018            | 12 Hours                     |
|  | Phase 3             | Fieldwork             | Late August 2018     | 125 Hours                    |
|  | Phase 4             | Drafts                | Early September 2018 | 24 Hours                     |
|  | Phase 5             | Audit Completion      | Late September 2018  | 24 Hours                     |

## AUDIT APPROACH

### *GFOA Certificate of Achievement*

L&A fully supports the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting (CAFR) Program. We have assisted many clients in obtaining their CAFR's and have submitted ***hundreds*** of CAFR's to GFOA over the years. We also work with our clients in subsequent years on the implementation of any recommendations provided by the GFOA. We will respond to GFOA comments for improvement and take care of the filing of the necessary documents each year. We currently submit in excess of ***eighty*** reports to the GFOA on an annual basis and are in ***the top ten firms nationally*** that submit to the program.



### *Audit Scope and Standards*

L&A will issue an opinion on the governmental activities, business-type activities, each major fund and the aggregate remaining fund information, including the notes to the financial statements, which collectively comprise the Village's financial statements, with "in-relation-to" coverage provided on the combining and individual fund financial statements and on any supplementary information. We will not provide an opinion on the Management Discussion and Analysis, but will provide customary review of this information. Introductory and Statistical sections of the Comprehensive Annual Financial Report, if applicable, will not be audited by us.

The audit will be conducted in accordance with generally accepted auditing standards, and, if a single audit becomes necessary, the standards for financial audits contained in *Governmental Auditing Standards* (2004), issued by the Comptroller General of the United States, and the Single Audit Act of 1996; and the provisions of Uniform Grant Guidance 2CFR-2000/OMB Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*.

## AUDIT APPROACH



### *Planning Phase*

*May 2018*

The purpose of the planning phase is to provide the foundation for the direction that the audit will take. During the planning phase of the audit we will hold an entrance conference with the Village to discuss the audit approach, develop a schedule for completing the audit, and review the areas that we will be focusing on during our audit procedures and testing.

The following is an outline of the key steps performed during the planning phase of the audit:

- ♦ Discussing and agreeing upon report formats to provide information which complies with generally accepted accounting principles. The format should be agreed upon during the planning phase of the audit to ensure timely issuance of the report. Our plan is to adopt a format similar to the previous year.
- ♦ Discussing availability of accounting records and source documents and developing a detailed list of schedules to be prepared by the Village.
- ♦ Developing a schedule for completing the subsequent phase of the audit.



### *Preliminary Fieldwork Phase*

*June 2018*

Preliminary fieldwork is the next phase of the audit process and involves expanding our understanding of the Village and its finances through a review of various documents and through discussions with the Village. During this phase, we will begin the required study and evaluation of internal accounting controls as part of the financial and compliance audit.

The purpose of our study and evaluation will be to obtain sufficient knowledge and understanding of the internal accounting and administrative control systems used by the Village for reliance on the system of internal control and the degree of such reliance; or to aid us in designing substantive tests in the absence of such reliance. We will hold progress meetings with key management, as necessary, to keep you apprised of the results of our preliminary review and to discuss the key internal controls to be tested.

## AUDIT APPROACH



### *Preliminary Fieldwork Phase-Continued*

*June 2018*

Our approach to the study and evaluation of the internal accounting and administrative controls will be accomplished through the following techniques:

- ◆ We will perform an in-depth review of internal control documentation and working papers made available by the prior audit firm and the Village.
- ◆ We will use internal control questionnaires, narratives and/or flowcharting techniques to document key flows of information. Because of our extensive commitment to government, the questionnaires utilized are designed specifically for use on governmental engagements and, therefore, will provide you with the most meaningful information. We will utilize this information and identify key internal control procedures which will be tested in order to warrant reliance on the identified controls. The objectives of such reliance will be to reduce the extent of substantive work performed, resulting in a more cost-efficient audit approach.
- ◆ We will evaluate audit risk for all key financial statement assertions and compliance determinations using the procedures outlined above. Audit risk is the risk that material financial statement misstatements or material noncompliance will not be prevented or will not be detected and corrected in a timely manner.

We will evaluate audit risk for all key financial statement assertions and compliance determinations using the procedures outlined above. Audit risk is the risk that material financial statement misstatements or material noncompliance will not be prevented or will not be detected and corrected in a timely manner.



### *Fieldwork Phase*

*Late August 2018*

This phase of the audit will consist primarily of substantive testing of year-end balances. If any audit issues come to our attention during the course of our work, we will immediately inform you so that action can be taken before the completion of our fieldwork.

We will design our detailed testing procedures to provide both compliance and financial audit coverage where applicable. We utilize custom designed audit programs that are specifically designed for government clients and; therefore, provide for the most efficient and effective approach.

## AUDIT APPROACH



### *Fieldwork Phase-Continued*

*Late August 2018*

At a minimum, management is to provide supporting schedules for the following areas once we return for fieldwork:

|                                   |                           |
|-----------------------------------|---------------------------|
| Cash                              | Accounts Payable          |
| Investments                       | Payroll                   |
| Governmental Revenues/Receivables | Debt Service              |
| Proprietary Revenues/Receivables  | Fund Balance/Net Position |
| Inventories                       | Grants                    |
| Interfunds                        | Risk Management           |
| Capital Assets                    |                           |

For financial audit purposes, we will assess the risk of material misstatement associated with a given objective, and perform substantive and compliance procedures. Our substantive procedures will gather evidence as to the completeness, accuracy, or validity of the information contained in the financial statements. These procedures will include confirmation of year-end balances, vouching documents and analytic reviews. Through our compliance procedures, we will gather evidence related to the existence and effectiveness of specific internal controls. These procedures includes examinations of documents for proper approval and review of procedures for compliance with rules, regulations and Village policies.

At the conclusion of fieldwork, workpapers will be reviewed by the engagement partner and we will prepare the Comprehensive Annual Financial Report in accordance with generally accepted accounting principles for government entities. In addition, we will prepare a management letter and other required communication letters that we will review and discuss with the Village during the draft phase of the audit.

Our firm has state of the art production hardware and software. We believe the investment to stay on the cutting edge of technology benefits not only in reporting, but also in suggestions and recommendations.

## AUDIT APPROACH



### *Drafts Phase*

*Early September 2018*

The final completion and quality review of the initial draft of the Comprehensive Annual Financial Report will be completed at the our office and a draft of the Comprehensive Annual Financial Report and related communication letters will be provided to the Village no later than the date agreed to during the entrance conference. The Village will then have a sufficient amount of time to review the draft for questions and/or changes. L&A will then return to the Village's location for the final draft where we will review the Village's questions and/or changes to the Comprehensive Annual Financial Report as well as the client communication letters and submit a final draft of the Comprehensive Annual Financial Report to the Village.



### *Audit Completion Phase*

*Late September 2018*

Upon approval of the drafts by the Village, we will deliver final, bound financial Comprehensive Annual Financial Reports. At the completion of our audit, we will also provide a the final management letter addressing reportable conditions, if any, and other comments and observations for improvements. The management letter will be provided as a separate document. The management letter will contain, as warranted and appropriate:

- ◆ Specific recommendations for improvement of the accounting practice and procedures and the internal accounting and administrative controls.
- ◆ Comments on the design, controls and audit trails of new and redesigned automated systems, along with suggestions to improve processing methods and procedures.
- ◆ Suggestions for operational improvements or cost efficiencies noted during the course of our work.
- ◆ Findings relative to compliance with the applicable rules and regulations.
- ◆ Comments regarding compliance with laws.
- ◆ Other comments or recommendations and best practices that we believe may be relevant.
- ◆ Upcoming GASB Pronouncements or auditing standards that may affect the Village's financial statements in the future.

L&A strives for continual communication with Village staff and management as well as the Board. As such, the engagement partner will be available for meetings and/or formal presentations of the Comprehensive Annual Financial Report and communication letters with representatives of the Village.

# PRICE AND BILLING



Lauterbach and Amen, LLP

Certified Public Accountants  
668 N. River Road  
Naperville, Illinois 60563  
[www.lauterbachamen.com](http://www.lauterbachamen.com)





## PRICE AND BILLING

**See Appendix for required “AUDIT PROPOSAL FORM”**

## PRICE AND BILLING

|             | Percent |
|-------------|---------|
| Partner     | 15%     |
| Manager     | 50%     |
| In - Charge | 35%     |
|             | 100%    |

In twenty-one years of providing auditing services, Lauterbach & Amen, LLP has never increased an audit price from what was proposed in the RFP. This includes implementation of all future GASB's.

Our firm stresses that we are available throughout the year to provide technical accounting and financial reporting assistance to the Village. We encourage clients to contact us with questions that may arise. In addition, we provide client training to introduce new GASB pronouncements and auditing standards that may affect the Village, as well as providing other training topics based on client requests and needs.

### *Schedules Requested*

The proposed annual prices are based upon staff support at all levels from the Village personnel and that the Village will provide adjusted trial balances and support (detailed schedules that reconcile to the trial balance) for all balance sheet accounts. At a minimum, management is to provide supporting schedules for the areas outlined in the Fieldwork Phase of the Audit Approach section of this proposal.

### *Additional Services*

Should it become necessary for the Village to request us to render additional services to either supplement the services requested in the RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement or new accounting standards, then such additional work will be performed only after discussing with management the level of effort and estimated costs prior to performing any such work.

As independence standards have recently become more stringent related to the types of additional services auditors can perform, L&A would review these independence standards and the types of services requested prior to proposing on any additional services.

# REFERENCES



Lauterbach and Amen, LLP

Certified Public Accountants  
668 N. River Road  
Naperville, Illinois 60563  
[www.lauterbachamen.com](http://www.lauterbachamen.com)



## REFERENCES

We know that our best endorsement comes from satisfied clients. We invite you to contact the following individuals or any other governments who have been serviced by our firm.

|                                                                                                                                                                                                                       |                                                                                                                                                                                                                           |                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Village of Glen Ellyn *</p> <p>Christina Coyle</p> <p>535 Duane Street</p> <p>Glen Ellyn, IL 60137</p> <p>630.547.5215</p> <p><a href="mailto:ccoyle@glenellyn.org">ccoyle@glenellyn.org</a></p>                   | <p>City of West Chicago *</p> <p>Linda Martin</p> <p>475 Main Street</p> <p>West Chicago, IL 60185</p> <p>630.293.2200</p> <p><a href="mailto:lmartin@westchicago.org">lmartin@westchicago.org</a></p>                    | <p>Village of Montgomery *</p> <p>Justin VanVooren</p> <p>200 N. River Road</p> <p>Montgomery, IL 60538</p> <p>331.212.9031</p> <p><a href="mailto:jvanvooren@ci.montgomery.il.us">jvanvooren@ci.montgomery.il.us</a></p> |
| <p>Village of Lombard *</p> <p>Anne Fairburn</p> <p>255 E. Wilson Avenue</p> <p>Lombard, IL 60148</p> <p>630.620.5916</p> <p><a href="mailto:fairbairna@villageoflombard.org">fairbairna@villageoflombard.org</a></p> | <p>City of Warrenville *</p> <p>Kevin Dahlstrand</p> <p>3S258 Manning Avenue</p> <p>Warrenville, IL 60555</p> <p>630.393.9427</p> <p><a href="mailto:kdahlstrand@warrenville.il.us">kdahlstrand@warrenville.il.us</a></p> |                                                                                                                                                                                                                           |

Additional references can be provided upon request.

All municipal audit clients served by L&A include the following:

| MUNICIPALITIES      |                 |                   |                       |
|---------------------|-----------------|-------------------|-----------------------|
| Antioch *           | Elwood *        | Lincolnwood *     | Schaumburg            |
| Arlington Heights * | Fox River Grove | Lindenhurst       | Sleepy Hollow         |
| Barrington *        | Frankfort *     | Lombard *         | South Barrington      |
| Barrington Hills    | Freeport        | Manhattan *       | South Chicago Heights |
| Bartlett *          | Gilberts *      | Maple Park        | South Elgin *         |
| Beach Park *        | Glen Ellyn *    | Midlothian        | Stone Park            |
| Beecher             | Glencoe *       | Montgomery        | Streamwood *          |
| Bensenville         | Glenview *      | Naperville*       | Sugar Grove *         |
| Bradley             | Golf            | Normal*           | Sycamore              |
| Brookfield *        | Grayslake *     | North Riverside * | Thornton *            |
| Burlington          | Gurnee *        | Northbrook *      | Timberlane            |
| Campton Hills       | Hampshire       | Northfield *      | University Park       |
| Cary *              | Harvey          | Palos Park *      | Volo                  |
| Champaign *         | Homewood        | Pingree Grove *   | Warrenville *         |
| Cherry Valley       | Inverness       | Plano             | Wauconda *            |
| Cortland            | Johnsburg       | Poplar Grove      | West Chicago *        |
| Country Club Hills  | Justice         | Riverdale         | Wilmette *            |
| Dolton              | Kenilworth      | Riverside *       | Winnetka *            |
| East Hazel Crest    | Kildeer *       | Rockford *        | Yorkville *           |
| Elburn              | Lake Barrington | Rolling Meadows * |                       |
| Elk Grove *         | Libertyville *  | Rosemont          |                       |

\* Asterisk indicates governments currently holding the GFOA Certificate of Achievement.

# CLIENT LISTING



Lauterbach and Amen, LLP

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# AUDIT CLIENT LISTING

| PARK DISTRICTS   SPECIAL RECREATION DISTRICTS   FOREST PRESERVE DISTRICTS                          |                                                  |                                                    |                                                  |
|----------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------|--------------------------------------------------|
| Bensenville Park District                                                                          | Glencoe Park District                            | Morton Grove Park District *                       | Veterans Park District                           |
| Bloomington Park District *                                                                        | Glenview Park District *                         | Mundelein Park District *                          | Warrenville Park District *                      |
| Bolingbrook Park District *                                                                        | Gurnee Park District *                           | Naperville Park District *                         | Waukegan Park District*                          |
| Butterfield Park District                                                                          | Highland Park Park District *                    | Norridge Park District                             | Wheaton Park District*                           |
| Byron Park District                                                                                | Huntley Park District                            | Northbrook Park District *                         | Wilmette Park District *                         |
| Carol Stream Park District*                                                                        | Joliet Park District                             | Northfield Park District                           | Winnetka Park District *                         |
| Cary Park District *                                                                               | Kenilworth Park District                         | Oak Brook Park District *                          | Northern Suburban Special Recreation Assoc.      |
| Crystal Lake Park District *                                                                       | LaGrange Park District *                         | Oak Lawn Park District                             | Northern Will County Special Recreation Assoc.   |
| Downers Grove Park District *                                                                      | LaGrange Park Park District                      | Park Ridge Park District *                         | Northwest Special Recreation Association         |
| Elk Grove Park District *                                                                          | Lake Bluff Park District                         | Plainfield Township Park District *                | South East Association for Special Parks and Rec |
| Elmhurst Park District *                                                                           | Lan-Oak Park District                            | Round Lake Area Park District                      | West Suburban Special Recreation Association     |
| Geneseo Park District *                                                                            | Lemont Park District *                           | Schaumburg Park District                           | Western DuPage Special Recreation Association    |
| Geneva Park District *                                                                             | Manhattan Park District                          | St. Charles Park District *                        | DuPage County Forest Preserve District           |
| Glen Ellyn Park District *                                                                         | Memorial Park District                           | Sycamore Park District                             | Kane County Forest Preserve District             |
| SCHOOL DISTRICTS   REGIONAL OFFICES OF EDUCATION                                                   |                                                  |                                                    |                                                  |
| Calumet Public School District 132                                                                 | LaGrange Highlands School District 106           | Lincolnwood School District 74                     | Regional Office of Education 34                  |
| Cary Community Consolidated School District 26*                                                    | Lemont-Bromberek Combined School Dist. 113A      | Mokena School District 159                         |                                                  |
| DuPage County School District 45                                                                   | Lemont Township High School District 210         | Regional Office of Education 19                    |                                                  |
| LIBRARIES                                                                                          |                                                  |                                                    |                                                  |
| Addison Public Library                                                                             | Elk Grove Public Library                         | Helen Plum Memorial Public Library                 | Thornton Public Library                          |
| Algonquin Public Library                                                                           | Forest Park Public Library                       | Joliet Public Library                              | Villa Park Public Library                        |
| Arlington Heights Library                                                                          | Fountaindale Public Library District             | LaGrange Public Library                            | Warren-Newport Public Library                    |
| Batavia Public Library                                                                             | Fox River Grove Memorial Library                 | Lake Villa Public Library District                 | Winfield Public Library                          |
| Brookfield Public Library                                                                          | Fox River Valley Public Library                  | Lincolnwood Public Library District                | Winnetka-Northfield Public Library District      |
| Cary Area Public Library District                                                                  | Glen Ellyn Public Library                        | Plainfield Public Library District                 |                                                  |
| Des Plaines Public Library                                                                         | Geneva Public Library District                   | Riverside Public Library                           |                                                  |
| Eisenhower Public Library District                                                                 | Glenview Public Library                          | St. Charles Public Library                         |                                                  |
| OTHER ENTITIES                                                                                     |                                                  |                                                    |                                                  |
| AllenForce                                                                                         | Fox Lake Fire Protection District                | Mokena Fire Protection District                    | Regional Emergency Dispatch                      |
| Broadview Westchester Joint Water Agency                                                           | Glenbard Waste Water Authority                   | New Milford Fire Protection District               | Rutland Dundee Fire Protection District          |
| Carpentersville & Countryside Fire Protection Dist.                                                | Grayslake Fire Protection District               | Northeastern Illinois Public Safety Training Acad. | Solid Waste Agency of Northern Cook County       |
| Central Lake County Joint Water Agency                                                             | Homer Township Fire Protection District          | North Aurora Fire Protection District              | Southern Combined Dispatch & Comm Sys.           |
| Co-Op 90's Medical and Dental Plans                                                                | Illinois Metropolitan Investment Fund            | North Suburban Employee Benefit                    | Southern Kane County Training Association        |
| Cooperative Computer Services                                                                      | Library Insurance Mgmt. & Risk Control Combo.    | Northfield Township                                | Southwest Central Dispatch                       |
| Cuba Township                                                                                      | Lincolnshire Riverwoods Fire Protection District | Northlake Fire Protection District                 | Stillman Fire Protection District                |
| Darien-Woodridge Fire Protection District                                                          | Lincolnway Dispatch Center                       | Northwest Central Dispatch System                  | Tri-State Fire Protection District               |
| Deerfield-Bannockburn Fire Protection District                                                     | Long Grove Fire Protection District              | Northwest Suburban Municipal JAWA                  | Troy Fire Protection District                    |
| Downers Grove Sanitary District                                                                    | MABAS - IL                                       | Northwest Water Commission                         | Warrenville Fire Protection District             |
| DuPage Public Safety Communications                                                                | MABAS - Northbrook                               | Norwood Park Fire Protection District              | Wauconda Fire Protection District                |
| East Dundee Countryside Fire Protection District                                                   | McHenry County Mental Health Board               | Oregon Fire Protection District                    | West Suburban Consolidated Dispatch Center       |
| Elburn & Countryside Fire Protection District                                                      | Metro Risk Management Agency                     | PrairieCat                                         | Zion Township                                    |
| PENSION FUNDS                                                                                      |                                                  |                                                    |                                                  |
| Bellwood Police Pension                                                                            | Franklin Park Fire Pension                       | Markham Police Pension                             | University Park Fire Pension                     |
| Bloomington Fire Pension                                                                           | Harwood Heights Police Pension                   | Maywood Police Pension                             | University Park Police Pension                   |
| Bloomington Police Pension                                                                         | Homer Township Fire Pension                      | Naperville Fire Pension                            | Villa Park Police Pension                        |
| Calumet City Police Pension                                                                        | Justice Police Pension                           | Pleasantview Fire Pension                          | West Chicago Fire Pension                        |
| Countryside Police Pension                                                                         | Lemont Fire Pension                              | Round Lake Beach Police Pension                    | West Chicago Police Pension                      |
| Dolton Fire Pension                                                                                | Lincolnwood Police Pension                       | Sauk Village Fire Pension                          | Willow Springs Police Pension                    |
| East Dundee Countryside Fire Pension                                                               | Lyons Police Pension                             | Stickney Police Pension                            | Zion Police Pension                              |
| Elburn and Countryside Fire Pension                                                                | Markham Fire Pension                             | Summit Police Pension                              |                                                  |
| L & A services over 125 Firefighters' Pension Funds for monthly accounting/administration services |                                                  |                                                    |                                                  |
| L & A services over 125 Police Pension Funds for monthly accounting/administration services        |                                                  |                                                    |                                                  |

\* Asterisk indicates governments currently holding the GFOA Certificate of Achievement.

# APPENDIX



Lauterbach and Amen, LLP

Certified Public Accountants  
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Thomas G. Wieland  
David A. Grotkin  
Joel A. Joyce  
Brian J. Mechenich



Carrie A. Gindt  
Patrick G. Hoffert  
Jason J. Wrasse

## System Review Report

July 8, 2015

To the Partners of Lauterbach & Amen, LLP  
and the Illinois CPA Society Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Lauterbach & Amen, LLP (the firm) in effect for the year ended March 31, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards.

In our opinion, the system of quality control for the accounting and auditing practice of Lauterbach & Amen, LLP in effect for the year ended March 31, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Lauterbach & Amen, LLP has received a peer review rating of *pass*.

A handwritten signature in black ink that reads 'Reilly, Penner &amp; Benton LLP'.

Reilly, Penner & Benton LLP



## IX. AUDIT PROPOSAL FORM

- A. Each proposal shall fully meet the requirements as set forth on the attached "Audit Proposal Form." Proposals shall be quoted on the total annual cost basis for the audit and CAFR report, management letter, single audit, and by hourly cost quotes for services that may be requested beyond the scope of the audit. Attached is a proposal that bidders shall use in submitting their proposals.

### VILLAGE OF NORTH AURORA AUDIT PROPOSAL FORM

|                                                                | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|----------------------------------------------------------------|---------|---------|---------|---------|---------|
| Financial Audit and CAFR                                       | 19,750  | 20,300  | 20,850  | 21,400  | 21,950  |
| TIF Audit Compliance Report (Per TIF)                          | 1,900   | 1,950   | 2,000   | 2,050   | 2,100   |
| Police Pension IDOI Report Financial Completion (If Requested) | 400     | 410     | 420     | 430     | 440     |
| Single Audit Report (If Necessary)                             | 3,500   | 3,600   | 3,700   | 3,800   | 3,900   |

The above Audit Fees represents the annual maximum "not to exceed" fee for a series of one year engagements for a total of five years. These fees should include all expenses. Proposed auditing fees shall include the implementation of all current and foreseeable Governmental Accounting Standards Board (GASB) pronouncements and Statement on Auditing Standards (SASs).

The (If Necessary) Single Audit Fees are the additional fees the firm would charge if a Single Audit is deemed necessary.

Payment will be made upon receipt of progress billings with final payment made after receipt of the Annual Financial Report.

At the end of each one year engagement, the contract is considered automatically extended for one year unless the Village notifies the independent auditor, in writing by no later than November 30th, of the calendar year to be audited, that the Village will not renew the engagement.

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.

January 19, 2018



# SERVICE PROPOSAL

## PROFESSIONAL AUDITING SERVICES

PREPARED FOR:

## VILLAGE OF NORTH AURORA



SUBMITTED BY:

**Sikich LLP**

**James R. Savio, CPA, MAS**

Partner

**Frederick G. Lantz, CPA**

Partner-in-Charge, Government Services

1415 West Diehl Rd., Suite 400

Naperville, IL 60563

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[jim.savio@sikich.com](mailto:jim.savio@sikich.com)

[fred.lantz@sikich.com](mailto:fred.lantz@sikich.com)

ACCOUNTING TECHNOLOGY ADVISORY

**SIKICH.COM**

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## TRANSMITTAL LETTER

January 19, 2018

Mr. William Hannah  
Finance Director/Treasurer  
Village of North Aurora  
25 E. State St.  
North Aurora, Illinois 60542

Dear Bill,

Sikich is pleased to be considered for appointment as independent auditors for the Village of North Aurora. We believe that our qualifications, experience and expertise are clearly distinguishable as indicated in the following proposal. The expertise we possess in the state and local government industry is demonstrated by our clients' successes, our staff's involvement in the industry and our leadership roles in various government associations, including the Metro West Council of Government and Illinois Government Finance Officers Association Technical Accounting Review Committee. Our clients receive the quality and timeliness only available from a firm of our caliber.

We are prepared to commit the resources necessary to provide services to the Village of North Aurora. 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 the work to be performed and the timing requirements, and are committed to performing the specified services within that timeframe.

As the incumbent auditors, we have rotated the engagement partner and the majority of the engagement team over the previous three years. However, if the Village has concerns about gaining a fresh perspective on the audit process, we can assign a new partner or an entirely new audit team at any time during the contract. We have five highly qualified partners and numerous managers and staff who work exclusively in the local government industry and could serve on the audit team. Many of these partners and staff live in the Village of North Aurora and the Fox Valley and reinvest in these communities

We appreciate the opportunity to present this proposal, which is a firm and irrevocable offer for 120 days, and look forward to the possibility of serving the Village of North Aurora.

Sincerely,

A handwritten signature in black ink that reads 'James R. Savio'.

James R. Savio, CPA, MAS  
Partner

A handwritten signature in black ink that reads 'Frederick G. Lantz'.

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

## EXECUTIVE SUMMARY

**We know what's challenging to the Village of North Aurora. Here are the strategies and solutions we recommend for you in order to face those challenges head-on and achieve success.**

Thank you for considering Sikich. We appreciate the opportunity to propose for the Village of North Aurora.

Sikich is one of the country's top 30 Certified Public Accounting firms 750 employees across 21 offices. Clients turn to us for their professional service needs due to our deep industry knowledge working with organizations of their size and for the caliber of service and attention we provide—especially when it comes to dedicated, experienced service teams and partner access.

### DEFINING YOUR CURRENT CHALLENGES

We recognize this is a time of constant change and ever increasing accountability. The task of the Village's finance office is no longer to report financial results by long-standing standards that are widely known and commonly understood. The task in today's environment is to keep up with the ever-changing standards from GASB and the Office of Management and Budget with the new Uniform Guidance. The task is also to keep up with new reporting and accountability requirements from the state, new automated processing systems, and fringe benefit tax laws.

### DEFINING YOUR BEST POSSIBLE SOLUTIONS

These ever-changing standards and accountabilities require adjusting computer systems and internal processes to adapt to the changing standards and then to report in accordance with the new standards. This shift in the environment has caused a shift in the Village's thinking about an audit firm. We understand that the Village requires a year-round partner, who will assist the Village in keeping up to date with the standards and provide assistance, when needed, on specialty topics, as well as someone who can audit to the standards. Sikich is on the leading edge of the standards as they are being developed. We also have a strong commitment to current and effective technology as our firm has a solid core of technological abilities supported by a full technology division.

### DEFINING YOUR FUTURE SUCCESS

Additional details around our audit-specific capabilities are included in the next section of this document. These capabilities, in combination with our timely completion and issuance of your reports, will not only fulfill your current needs, but will undoubtedly drive stability for the Village of North Aurora.

**Throughout the following paragraphs, you will find summaries of each section within this proposal. We encourage you to review each section in its entirety to gain a detailed understanding of how we can help you build your bottom line and achieve success.**

### WHY THE VILLAGE OF NORTH AURORA SHOULD SELECT SIKICH

Clients turn to us because our professionals are uniquely qualified to provide the service and industry expertise necessary to drive their organizational success. Specifically, Sikich offers the access to resources, decades of experience and passion for action necessary to face your challenges head-on with you.

### PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

A crucial component to the Village of North Aurora's success is working with a team completely dedicated to the government industry, ensuring that those individuals understand your challenges and what it takes to realize success. Your engagement team is made up of senior professionals who will provide the expertise, insights and responsiveness your organization requires.

### SPECIFIC AUDIT APPROACH

Our approach is always holistic, forward-thinking and customized for the Village of North Aurora's specific needs. We operate in a way that provides full attention to evaluating significant areas, including those that present the greatest risk and where new opportunities for financial and operational improvement may exist.

#### SCOPE OF SERVICES FOR THE VILLAGE OF NORTH AURORA

The scope of our work for the Village of North Aurora is outlined in the following proposal. The timeline of the engagement on which we are proposing is outlined in this section.

**We would be honored to continue to call the Village of North Aurora our client and look forward to working with you.**

## TECHNICAL PROPOSAL

### STATEMENT OF INDEPENDENCE

Sikich has evaluated its independence from the Village of North Aurora in accordance with generally accepted auditing standards, the Governmental Auditing Standards, 2011 revision, published by the U.S. Government Accountability Office, and the AICPA Code of Professional Conduct. Based upon our evaluation, Sikich is free of any personal and external impairment with respect to the Village of North Aurora, and is independent with respect to any non-attest services provided to the Village of North Aurora, both in fact and in appearance to any knowledgeable third party.

### LICENSE TO PRACTICE IN ILLINOIS

Sikich is a licensed Public Accountant Limited Liability Partnership in Illinois (license #066-003284). All of the partners assigned to the engagement are registered and licensed Certified Public Accountants (CPAs) in Illinois. In addition, all of the professional staff assigned to the engagement are full time staff and are either registered Certified Public Accountants or are completing the exam.

### PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

**Sikich commits to providing a team of senior professionals, all of whom have unmatched expertise in the government industry.**

A crucial component to the Village of North Aurora's success is working with a team that is completely dedicated to the government industry, ensuring that those individuals understand your challenges and what it takes to realize success. The Village of North Aurora will receive unparalleled levels of expertise, insights and responsiveness from a team of senior professionals who have significant experience working with government entities. Our firm offers several employee retention programs, including tuition reimbursement, CPA review and exam assistance, a computer purchase program, travel assistance and more. We have been named as a Best Place to Work for several years, both on a local and national level. We make every effort to recruit and retain quality staff. However, employee turnover is inevitable. In the event of staff turnover on the Village of North Aurora engagement, we will seek the prior written approval of the Village of North Aurora.

The Village of North Aurora's key engagement team members will be supported by staff on the firm's government services team. Please refer to the Exhibits section on page 21 to read biographies of the Village of North Aurora's engagement team.

#### JAMES R. SAVIO, CPA, MAS

##### ENGAGEMENT PARTNER

As engagement partner, Jim will be responsible for the overall management of the audit. This includes developing and coordinating the overall audit plan, the in-depth review of all workpapers and the review of the Village of North Aurora's comprehensive annual financial report. Moreover, our firm's philosophy is to have the team leader on location during the completion of the majority of fieldwork. Therefore, Jim will be present at the Village of North Aurora's offices during both our preliminary and final fieldwork.

#### ANTHONY CERVINI, CPA, CFE

##### RESOURCE PARTNER

The resource partner is responsible for providing overall technical support for the engagement as well as serving as a backup for the engagement partner.

#### FREDERICK G. LANTZ, CPA

##### QUALITY CONTROL PARTNER

The quality control partner will provide a second partner review of the audit workpapers and the Village of North Aurora's comprehensive annual financial report.

**JASON D. ASKIN, CPA**  
SENIOR AUDIT MANAGER

As the senior audit manager, Jason will be the Village of North Aurora's secondary contact for anything related to the successful audit of your organization. Jason will be responsible for leading the assurance team in the field and coordinating all assurance efforts.

**KRISZTINA M. DOMMER, CPA**  
AUDIT MANAGER

As the audit manager, Krisztina will be another contact for anything related to the successful audit of your organization. Krisztina will be responsible for leading the assurance team in the field and coordinating all assurance efforts.

**NICK BAVA, CPA, MAS**  
AUDIT MANAGER

As the audit manager, Nick will be another contact for anything related to the successful audit of your organization. Nick will be responsible for leading the assurance team in the field and coordinating all assurance efforts.

**ADDITIONAL PROFESSIONAL STAFF**

Other professional staff assigned to the engagement will be full-time employees of the firm and have a minimum of one to three years of auditing experience. In addition, all professional staff assigned to government engagements meet and usually exceed the CPE requirements contained in the U.S. Government Accountability Office, Government Auditing Standards (2011). Moreover, our government staff possess a specific knowledge of local government accounting and reporting requirements and their application for local governments. This is achieved by attending at least 40 hours per year of a combination of external courses sponsored by the AICPA, ICPAS, GFOA and IGFOA, as well as internal courses.

This enables our firm to staff our governmental engagements with qualified professionals in the industry, providing valuable services to our governmental clients during the audit and throughout the year. We can assure you that our professional staff would not need any "on the job accounting or financial reporting training" by your staff. Moreover, we can assure the Village of North Aurora the quality of staffing for a multi-year engagement, even if a change in personnel is required, subject to your approval.



#### SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

Following is a list of significant engagements performed last year that are similar to the engagement proposed for the Village of North Aurora.

| Name                                                                     | Length of Service       | Contact                                                                                     |
|--------------------------------------------------------------------------|-------------------------|---------------------------------------------------------------------------------------------|
| *City of Aurora<br>44 E. Downer Place<br>Aurora, Illinois                | 1988 - Current          | ^Mr. Brian Caputo<br>Chief Financial Officer<br>630.942.2218<br>caputob@cod.edu             |
| *City of Elgin<br>150 Dexter Court<br>Elgin, Illinois                    | 2000 - Current          | Ms. Debra Nawrocki<br>Chief Financial Officer<br>847.931.5624<br>nawrocki_d@cityofelgin.org |
| *City of St. Charles<br>2 E. Main Street<br>St. Charles, Illinois        | 1999 - Current          | Mr. Chris Minick<br>Director of Finance<br>630.762.7002<br>cminick@stcharlesil.gov          |
| *City of Lockport<br>222 E. 9 <sup>th</sup> Street<br>Lockport, Illinois | 2008 - Current          | Ms. Lisa Heglund<br>Finance Director<br>815.838.0549<br>lheglund@lockport.org               |
| *Village of Winfield<br>27W465 Jewell Road<br>Winfield, Illinois         | 2014 - Current/40 hours | Ms. Lynn McCammon<br>Finance Director<br>630.933.7109<br>lmccammon@villageofwinfield.com    |

^ Contact is retired from City of Aurora and is now the Vice President, Administration and Treasurer (CFO) at College of DuPage.

\* These governments participate in GFOA's Certificate of Achievement for Excellence in Financial Reporting Program (we assisted 50 governments in receiving their first Certificate awarded). Sikich has more than 75 clients that have applied for and received the Certificate of Achievement for Excellence in Financial Reporting. In addition, Single Audits of Federal Expenditures were performed for the Cities of Aurora and Elgin and many of our clients.

A sample CAFR and management letter can be found at <https://www.stcharlesil.gov/departments/finance>.

A full list of governmental clients who have been served over the last two years is available upon request.

### SPECIFIC AUDIT APPROACH

**From identifying expectations to executing a plan to preparing for next year, our approach is holistic and always forward-thinking.**

For the Village of North Aurora, our approach satisfies a number of requirements, including high-quality service, access to senior resources and specialization in the government industry. We strongly believe Sikich is the firm that can offer you all of these and more.

We will tailor this engagement to the Village of North Aurora's specific needs—always with a view toward identifying new opportunities for financial and operational improvement. Procedures are designed to give full attention to evaluating significant areas, including those that present the greatest risk. Sikich's holistic approach will address critical compliance and risk management needs.

Before embarking on this engagement, we will make certain to have a clear understanding of your mission and strategic direction. We do this by identifying and addressing risks and helping you ensure financial strength. We strongly believe there is no such thing as too much communication, not only during the engagement, but also throughout the year.

### AUDIT STANDARDS

The objective of our audit is to issue an unmodified opinion on the Village of North Aurora's governmental activities, business-type activities, each major fund and the aggregate remaining fund information that collectively comprise the Village of North Aurora's basic financial statements. The audit will be conducted in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, and, if necessary, generally accepted government auditing standards issued by the United States Government Accountability Office (GAO, 2011), the Single Audit Act of 1996 and the Uniform Guidance. Our firm will issue an opinion on the basic financial statements and will subject the combining and individual fund financial statements and schedules and any other supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the basic financial statements as a whole.

In addition, we will apply certain limited procedures to the Required Supplementary Information. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

We will not audit the introductory and statistical sections of the comprehensive annual financial report and accordingly, will not express an opinion on the information contained in this section.

Wherever possible, we will utilize your schedules to maximize efficiencies and contain audit costs. We request that the Village of North Aurora provide us with the basic information required for our audit.



**Sikich's audit approach includes, but is not limited to, the following procedures:**

- Audit plan development
- Determination of impact of new accounting/reporting standards
- Determination of materiality
- Audit risk evaluation
- Interviews with management to provide information for detailed documentation of the internal control structure
- Interviews and analysis of audit evidence to identify and assess risks that may result in material misstatement due to fraud
- Measurement of accounting presentation and compliance reporting by identifying and focusing on areas sensitive to organizations like the Village of North Aurora
- Performance of testing to evaluate your organization's internal control structure
- Confirmation of various accounts, performance of substantive testing and analytical procedures
- Performance of additional testing, as necessary

**PRACTICAL AND CONSTRUCTIVE MANAGEMENT LETTER COMMENTS**

We believe the management letter is an important part of the engagement, and we encourage all members of our engagement team to give thoughtful consideration toward developing constructive comments within the constraints of the overall engagement. Our policies regarding management letters adhere to the Professional Standards of the AICPA. If significant deficiencies and material weaknesses in internal controls are noted during the audit, they are required to be communicated in writing to those charged with governance. Items of an immaterial nature (i.e., clerical problems, minor procedures or reporting problems, etc.) are communicated to management. In both cases, we adhere to a strict firm policy that all comments and recommendations are discussed in preliminary form with appropriate personnel prior to their communication. This allows for clarification of misunderstandings, miscommunication or compensating controls or factors which may be in place.

**QUALITY CONTROL**

At Sikich, we are committed to providing the highest quality audits in the industry. The Village of North Aurora can be assured of receiving the highest level of quality and ethical professional services. Quality control is so important to us that our firm has been a member of the Private Companies Practice Section of the Division for CPA Firms of the AICPA since our formation in 1982. As such, we have voluntarily submitted our audit and accounting practice to quality control reviews of our compliance with professional standards as established by the AICPA and, more recently, by the United States Government Accountability Office, for more than 30 years. In 2014, we received our ninth consecutive peer review unmodified ("pass") report. This is the highest level of recognition conferred upon a public accounting firm for its quality control systems. Also, we go beyond the external reviews and maintain strong internal reviews of procedures and processes with oversight by our Quality Assurance Committee and our Partner-in-Charge of Quality Assurance. Please refer to the Exhibits section for a copy of our most recent peer review which included a review of specific government engagements since this accounts for a significant segment of our practice.

In addition, our state and local government reports have been reviewed by numerous federal and state oversight bodies and professional organizations. These reports have been judged to meet and, in most instances, exceed industry standards and requirements. Sikich has not been the subject of any disciplinary action or inquiry during the past five years. Sikich is a member of the AICPA's Governmental Audit Quality Center (GAQC), which is a firm-based voluntary membership center designed to promote the importance of quality governmental audits and the value of these audits to purchasers of government audit services. As a member of the GAQC, Sikich has access to key information and comprehensive resources that we use to help ensure our compliance with appropriate professional standards and laws and regulations that affect our audits. Through our membership in the GAQC, we also adhere to membership requirements designed to enhance the quality of our audit practice.

## WHY THE VILLAGE OF NORTH AURORA SHOULD SELECT SIKICH

**Our team works devotedly with governmental entities just like yours, has the resources required to perform this engagement and is technically experienced and insightful.**

As previously mentioned, clients turn to us because our professionals are uniquely qualified to provide the service and industry expertise necessary to drive their organizational success. Your challenges are our challenges, and chances are, we have successfully faced them many times before. Aside from this, here are a number of reasons how the Village of North Aurora can benefit from a relationship with Sikich.

### ACCESS

With Sikich, you get access to a multitude of resources that will help your organization grow today and in the future.

#### ACCESS TO SENIOR RESOURCES

You will gain confidence in your operations by working with a team of articulate professionals who have received the highest recognitions in their fields. To demonstrate the importance of our relationship, we pledge to provide you with unparalleled involvement from our most senior resources. Our partners are on-site during audit fieldwork and are available year-round for direct consultation as issues occur.

#### ACCESS TO EDUCATION

The Village of North Aurora will remain abreast of regulatory changes and best organizational practices as Sikich's team receives ongoing continuing education they will directly apply to the Village of North Aurora's engagement. We accomplish this by anticipating your needs based on our experience with you and your industry, and using a variety of communication channels: timely responses to your questions; informal discussions; mailings on topics of interest to you; and relevant seminars, all of which are complimentary for our clients. Past topics of thought leadership have included:

- Governmental Accounting and Financial Reporting Update
- Implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Implementing GASB Statement No. 72, *Fair Value Measurement and Application*
- Implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 Financial Reporting for Pension Plans*
- Implementing GASB Statement No. 67, *Financial Reporting for Pension Plans*
- Implementing GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*
- Government Financial Resiliency
- Public Sector Strategic Planning
- Performance Measurement
- Payroll Reporting for Government Entities
- Employee Handbook Workshop
- Keeping the Keepers: A Guide to Employee Retention
- Identity Dos & Don'ts: Agency Branding
- Video: Web Applications
- Virtualization
- Fraud Detection and Prevention
- Technology Threats

#### ACCESS TO VALUE

Your organization will receive extraordinary value for Sikich's fee because we are dedicated to a customer-centric approach that includes open communication, respect and clear results. As a leader, the overall success of your organization should be the core of your focus. We're here to be your trusted advisor for those functions you can't focus on every moment, as well as for issues affecting the government industry, including new accounting pronouncements and employee benefit regulations. We understand that each client has its own unique set of needs, business practices and operating environment. Our services are tailored to the specific needs of your organization.

#### EXPERIENCE

Helping clients achieve long-term success is what we do. Our professionals will bring to your engagement the deep industry and service-level experience they have accumulated throughout the years.

#### EXPERIENCE IN YOUR INDUSTRY

Sikich's state and local government team provides services to more than 450 counties, cities, villages, towns and other local governments. Many of these have been long-standing clients and are evidence of our dedication to the state and local government industry and our ability to provide high quality, timely services within this specialized industry. These clients and related work have enabled our firm to develop an extensive nationally recognized expertise in governmental accounting, auditing and financial reporting procedures and practices.

Senior members of our government services team presently hold memberships and are actively involved in numerous governmental organizations, including:

- American Institute of Certified Public Accountants (AICPA)
- AICPA Government Audit Quality Center
- GFOA Special Review Committee (SRC) seven reviewers
- Government Finance Officers Association of the United States and Canada (GFOA)
- ICPAS Governmental Report Review Committees
- ICPAS Governmental Executive Committee
- IGFOA Technical Accounting Review Committee
- Metro West Council of Government
- Illinois City/County Management Association (ILCMA)
- Illinois CPA Society (ICPAS)
- Illinois Government Finance Officers Association (IGFOA)
- Illinois Library Association (ILA)
- Illinois Municipal Treasurers Association (IMTA)
- Illinois Tax Increment Association (ITIA)
- International City/County Manager's Association (ICMA)

#### EXPERIENCE IN WHAT WE DO

Your Sikich engagement team is comprised of senior CPAs who have been working in the field for years. Providing high-quality audit services is second nature to each of them, which is proven through our impressive track record of helping clients succeed. This team will provide the Village of North Aurora with timely completion of professional services. Moreover, members of the Sikich government services team have served as expert speakers to organizations, state GFOAs and others for formal presentations at local meetings and annual conferences on a variety of governmental accounting, auditing and financial reporting topics. We have also developed governmental accounting, auditing and financial reporting training courses for various organizations with members of our firm serving as lead instructors for the courses.

#### EXPERIENCE IN GOVERNMENT OPERATIONS

Because of our large, diverse client base and our ability to attract talent from a variety of professional backgrounds, Sikich has an established reputation as one of the leading providers of professional services in the Midwest to governmental entities. Our team of professionals specializes in the management, operations and financing of general purpose state and local governments, park districts, intergovernmental organizations, municipal utilities and special districts. This focus and our exemplary reputation assure the Village of North Aurora the highest quality work and the most cost-effective delivery of services.

#### INITIATIVE

One of our strengths at Sikich is our need to be proactive. We find potential issues before you have to worry about them, because we're ready with a solution.

#### INITIATIVE FOR CUSTOMIZED SOLUTIONS

One-on-one, you will receive customized solutions based on your unique needs, and only your unique needs. You will find that achieving financial stability and growth, as well as uncovering new opportunities to improve performance, is possible through the strategies that Sikich experts will recommend and on which they will educate you.

As part of our ongoing service and commitment to the Village of North Aurora, we keep you abreast of regulatory changes and best business practices to ensure we identify crucial opportunities that will benefit the Village of North Aurora.

#### INITIATIVE FOR YOUR SATISFACTION

The Village of North Aurora's success is built upon the quality services and value you feel you receive from Sikich, which is why we will continually gauge your satisfaction to enhance our relationship. At various checkpoints during the engagement, a Sikich representative will meet with you to discuss how satisfied you have been with our services, our team and the value we provide. Areas stressed during these meetings will include:

- What can we do to make our services more valuable to you?
- What specific part of our service exceeded your expectations?
- In which areas do you feel we need improvement?
- Do you feel like a valued client of the firm?
- What is your vision for the Village of North Aurora?

## SCOPE OF SERVICES FOR THE VILLAGE OF NORTH AURORA

**We will exceed your expectations by conducting and delivering on a high-quality engagement within your required timeline—all for a reasonable fee.**

We are proposing to provide the following services to the Village of North Aurora as specified in the RFP:

- Audit of basic financial statements of the Village of North Aurora for the fiscal year ending May 31, 2018;
- Preparation of twenty (20) hard copies and an electronic copy (.pdf) of the comprehensive annual financial report (MD&A, introductory section, and certain statistical information to be provided by the Village of North Aurora);
- Preparation of fifteen (15) hard copies and an electronic copy (.pdf) of the management letter for the Village of North Aurora, communicating any material weaknesses and significant deficiencies found during the audit and our recommendations for improvement;
- Preparation of twenty (20) hard copies and an electronic copy (.pdf) of the audit report on compliance with Public Act 85-1142 (TIF);
- Preparation of ten (10) hard copies and an electronic copy (.pdf) of the audit report on allocation of pension amounts for the Illinois Municipal Retirement Fund;
- Preparation of fifteen (15) hard copies and an electronic copy (.pdf) of the Single Audit Report, if applicable;
- Preparation of Data Collection Form to be submitted to the Federal Audit Clearinghouse, if applicable;
- Assistance in completing and filing the required application and supporting documents to apply for the Certificate of Achievement for Excellence in Financial Reporting;
- Retain workpapers for seven (7) years in accordance with firm standards;
- Reporting to the Village Board in accordance with Generally Accepted Auditing Standards; and
- Exit conference(s) with the Village of North Aurora Officials to present the completed audit and related materials.

## CLIENT SERVICE TIMELINE

| EVENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | PERSON(S) ASSIGNED                                                                                      | TIMEFRAME |     |     |     |     |     |     |     |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-----------|-----|-----|-----|-----|-----|-----|-----|--|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                         | FEB       | MAR | APR | MAY | JUN | JUL | AUG | SEP |  |
| <b>I. Preliminary Planning</b><br>During this phase of the audit, we would meet with representatives of the Village of North Aurora to discuss the approach we would take during the audit, focusing on areas of particular concern to the Village of North Aurora as well as areas of high audit risk, and develop the time schedule for completing the subsequent phases of the audit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | The meeting would be attended by the engagement partner and engagement manager, if necessary.           |           |     |     |     |     |     |     |     |  |
| <b>II. Preliminary Fieldwork</b><br>During this phase of the audit, we would develop an understanding and documentation of the Village of North Aurora's accounting and administrative controls using its accounting procedures manual, EDP documentation and by interviewing staff. In addition, we may perform compliance testing of those controls to determine which controls, if any, that we could rely on during later phases of the audit. Sample sizes would be determined during this phase, but generally would be between 25 and 60. Moreover, we would develop our planning materiality and complete a preliminary analytical review of the Village of North Aurora's financial position as a whole.<br><br>In addition, we would review all minutes from the meetings of the Village Board and the Police Pension Board; review all ordinances adopted by the Village of North Aurora during the year; review any debt agreements entered into during the year and analyze any other unique transactions entered into by the Village of North Aurora; and perform our fraud interviews in accordance with Generally Accepted Auditing Standards. Upon completion of this phase, we would finalize all necessary confirmations the Village of North Aurora will prepare; review all proposed client assisted work papers and the timing of preparation by the Village of North Aurora; develop our audit programs for the next phase of the audit and review and document any changes to the Village of North Aurora's CAFR; and prepare the schedule for the remainder of the audit. | This phase would be completed by the engagement partner, engagement manager and two professional staff. |           |     |     |     |     |     |     |     |  |
| <b>III. Fieldwork</b><br>During this phase of the audit, we would complete all of our substantive testing of the account balances and prepare the draft of the Village of North Aurora's financial statements. We would also prepare the draft of the management report. In addition, an exit conference would be held with officials from the Village of North Aurora to discuss the preliminary results of the fieldwork, review any proposed audit adjustments, final adjusted trial balances that agree to the financial statements and any significant findings.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | This phase would be completed by the engagement partner, engagement manager and two professional staff. |           |     |     |     |     |     |     |     |  |



| EVENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | PERSON(S) ASSIGNED                                                                                         | TIMEFRAME     |     |     |     |     |     |     |     |     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|---------------|-----|-----|-----|-----|-----|-----|-----|-----|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                            | FEB           | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT |
| <b>IV. Workpaper Review and Report Production</b><br>During this phase of the audit, the workpapers, drafts of all financial reports and the management letter will be reviewed by the resource partner and the quality control partner. All workpapers are reviewed by the engagement partner during phase III to ensure that all necessary information is compiled during this phase to avoid imposing upon the Village of North Aurora’s staff after fieldwork has been completed.                                                                                                                                                                                                                                                                                                                                                                                                          | This phase would be completed by the engagement partner, resource partner and the quality control partner. |               |     |     |     |     |     |     |     |     |
| <b>V. Drafts to the Village of North Aurora</b><br>A preliminary draft of the CAFR will be delivered by the engagement partner and reviewed in-depth with representatives of the Village of North Aurora within three weeks of the end of field work. A revised draft, if necessary, will be delivered to the Village of North Aurora no later than three business days after receiving all proposed changes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | This phase would be completed by the engagement partner.                                                   |               |     |     |     |     |     |     |     |     |
| <b>VI. Completion of the Audit</b><br>Upon approval of the drafts by the Village of North Aurora, we will present the signed, bound copies of the comprehensive annual financial report, the management letter and the additional reports described in this proposal. The engagement partner will be available for meetings with representatives of the Village of North Aurora including the Village of North Aurora’s President, the Village Board and management for formal presentations of the reports.                                                                                                                                                                                                                                                                                                                                                                                   | This phase would be completed by the engagement partner.                                                   |               |     |     |     |     |     |     |     |     |
| <b>VII. Support to the Village of North Aurora</b><br>Our firm does not believe that the engagement ends with the exit conference. We stress that we are available throughout the year to provide technical accounting and financial reporting assistance and support to the Village of North Aurora. In addition, we constantly monitor recent events in the state and local government industry, including new pronouncements that may impact our government clients, and communicate the effect of any proposed changes throughout the year. Moreover, our letter of recommendations each year will alert the Village of North Aurora to any new pronouncements that may become effective in the next one to three years, including the potential effect that the pronouncement may have on the financial position and/or changes in the financial position of the Village of North Aurora. | This phase would be completed by the engagement partner.                                                   | Continuous... |     |     |     |     |     |     |     |     |

In future years, we would develop a similar plan and timeframe, with the assistance of the Village of North Aurora to ensure the timely identification and resolution of any critical accounting and auditing issues prior to the issuance of our opinion and the comprehensive annual financial report. These completion dates are well within the deadlines established by the Village of North Aurora. We have a proven track record of meeting and exceeding deadlines established by our clients.

**IDENTIFICATION OF POTENTIAL AUDIT PROBLEMS**

Our firm's approach to resolving any problems that arise during the audit is the same as our overall approach to the audit—professionalism. Professionalism in performing the audit is the cornerstone to our philosophy during all phases of the audit. Any problems encountered during the audit, except for irregularities and illegal acts, will be discussed and documented with the Finance Director. The timing of this discussion will provide the Village of North Aurora with ample time to rectify any situations that may otherwise result in the issuance of a qualified audit opinion. Irregularities and illegal acts detected or of which we become aware of will be communicated in writing to the President, Village Administrator or the appropriate level as defined in our professional standards.

Our firm's philosophy on additional fees and/or billings is based on an understanding between the firm and the client of the scope of the work to be performed. We have proposed a "not-to-exceed fee" for the audit, the scope and timing of which was specified by the Village of North Aurora. The billings for the audit would not exceed this fee unless the Village of North Aurora specifically requests that the scope of the engagement be expanded and the Village of North Aurora and the firm reach a mutual agreement, in writing, as to the expanded scope of the engagement and the fee, if any, for the expanded scope.

**AUDIT HOURS BY STAFF LEVEL**

| Staff Level                     | Percent |
|---------------------------------|---------|
| Partner/Manager                 | 35%     |
| In-Charge Accountants (Seniors) | 35      |
| Staff Accountants (Juniors)     | 30      |
| TOTAL                           | 100%    |

## ADDITIONAL RESOURCES AND SERVICES

**With more than a dozen services, our areas of expertise are oftentimes complementary of one another. How else can we help you meet your government's goals?**

Many times, the challenges for which you enlist Sikich's help may be faced more effectively by integrating several of our services. Take a look at what we offer, and talk to your engagement partner about how these services may complement what you are already seeking.

### DISPUTE ADVISORY

Disputes of any kind or size can be difficult to handle on your own. For example, what would happen if you began suspecting employee fraud within your organization? A dispute advisory expert can handle every aspect, from insurance claim preparation and being the liaison with law authorities, to creating a fraud prevention program and improving your organization's internal controls.

### HUMAN RESOURCES

Your people are a large part of what makes up your organization. Recruiting, training and retaining employees are vital parts of ensuring your organization continues to provide only the best for your constituency. With services such as recruiting and onboarding, compensation and compliance, employee benefits and more, you can better understand what will keep your employees happy and productive.

### MARKETING

The effectiveness of your marketing efforts can make or break your organization's success. From eye-catching logos to print and digital collateral, every piece must work for an intended audience. By delivering the right stories and amplifying those messages, you will properly position your organization in the marketplace.

### PERFORMANCE-BASED STRATEGIC PLANNING

In an environment where there is increasing pressure for governments to be more efficient, effective and transparent, strategic planning allows an organization to engage stakeholders, focus on its mission, and logically establish short and long-term goals. Our approach, performance-based strategic planning, guides the organization toward its most productive activities and focuses on an institutionalized process. The strategic planning process is a true transition, where Sikich facilitates governments in:

- Developing ideals about what they aspire to
- Transforming ideals into ideas to meet goals
- Converting ideas into specific, actionable items
- Constructing performance measures

We ensure the results of strategic planning meet client expectations by filtering goals, objectives and/or strategies with the organization's internal capacity and available resources. The process of performance-based strategic planning has proven to assist governments in fulfilling the ideals of their community and accomplishing goals through measurable, reportable actions.

### PROCESS IMPROVEMENT

Processes truly define organizations, but are often forgotten when seeking root causes to problems or managing more efficient and effective services. Improvements to existing processes—ranging from development review to utility billing—have the potential to decrease cycle time, increase quality and result in higher customer satisfaction. Sikich employs a customer-centric approach to process improvement by involving internal and external customers to understand and make meaningful improvements while continuing to meet their needs.

### PUBLIC RELATIONS

Achieve a higher media profile, greater mindshare among your constituents and proper positioning in the marketplace with a thoughtful, research-based and integrated approach to public relations. From overall positioning to media relations, conveying the right stories to the right people is critical in an effective public relations program.

**TECHNOLOGY: ERP & CRM SOLUTIONS**

Your organization can better stay on track with the right enterprise resource planning (ERP) or customer relationship management (CRM) solution. Whether you are at the start of your search for a new solution or need a new partner to fix a failed implementation, you will have the freedom to explore a variety of products to identify the technology investment that will best capitalize on your potential.

**TECHNOLOGY: IT SERVICES**

Staying ahead of, or even simply keeping up with, continually changing and complex technology developments can be challenging. Organizational management software, cloud solutions, strategic information technology and IT consulting can all drive your organization toward increased productivity—if implemented the right way.

**TECHNOLOGY: SECURITY AND COMPLIANCE**

Keeping your organization safe from data breaches and other information security concerns is critical, especially given the vast number of organizations that have been compromised in the last couple of years. Understand where the vulnerabilities in your network lie by obtaining independent, unbiased and technically qualified security assessments—from penetration testing to forensic analyses.

## FEE PROPOSAL

### VILLAGE OF NORTH AURORA AUDIT PROPOSAL FORM

| Description                                    | 2018      | 2019      | 2020      | 2021      | 2022      |
|------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Financial Audit and CAFR                       | \$ 24,740 | \$ 25,230 | \$ 25,730 | \$ 26,500 | \$ 27,300 |
| TIF Audit Compliance Report (per TIF)          | 2,150     | 2,190     | 2,230     | 2,300     | 2,370     |
| Police Pension DOI Report Financial Completion | 1,210     | 1,230     | 1,250     | 1,290     | 1,330     |
| Single Audit Report (if Necessary)             | 3,720     | 3,790     | 3,870     | 3,990     | 4,110     |

These fees assume that the Village of North Aurora 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.

We invoice our clients on a monthly basis as services are provided. Payments for all services are due within 60 days of receipt of an invoice. Invoices not paid within 60 days are assessed a finance charge of 1 percent per month (12 percent annually).

#### Hourly Rates for Additional Services

|          | 2018   | 2019   | 2020   | 2021   | 2022   |
|----------|--------|--------|--------|--------|--------|
| Partner  | \$ 259 | \$ 264 | \$ 269 | \$ 277 | \$ 286 |
| Manager  | 195    | 199    | 203    | 209    | 215    |
| Senior   | 146    | 149    | 152    | 157    | 161    |
| Staff    | 131    | 134    | 137    | 141    | 145    |
| Clerical | 105    | 107    | 109    | 113    | 116    |

## EXHIBITS

We know you likely have many more questions for us. Take a look at the attached documents for additional information about our firm and those who will work with you.

### ENGAGEMENT TEAM BIOGRAPHIES

- James R. Savio, CPA, MAS
- Anthony Cervini, CPA, CFE
- Frederick G. Lantz, CPA
- Jason D. Askin, CPA
- Krisztina M. Dommer, CPA
- Nick Bava, CPA, MAS

### SIKICH RESOURCES

#### STATE & LOCAL GOVERNMENT SERVICES

#### FIRM PROFILE

#### PEER REVIEW

## JAMES R. SAVIO

CPA, MAS

*Partner*

James R. Savio, CPA, MAS, is responsible for providing technical services to Sikich's governmental clients in all areas of governmental accounting, auditing, financial reporting, revenue and expenditure forecasting and cash and debt management. Jim has participated in hundreds of audits of municipalities and other governmental units since he began his career with Sikich in 1995. He has also been responsible in developing and serving as lead instructor for governmental accounting, auditing, financial reporting and cash management courses both internally and externally. Jim serves on the Illinois Government Finance Officers Association's Technical Accounting Review Committee and the Illinois CPA Society Governmental Executive Committee. Jim also serves as a committee member for Sikich's mentoring program and assists in the development and implementation of Sikich's new hire training program.

### SERVICE AREAS

- Governmental Audit, Accounting
- Governmental Financial Reporting

### AFFILIATIONS

- American Institute of Certified Public Accountants
- Illinois CPA Society, Governmental Executive Committee
- Illinois Government Finance Officers Association  
Technical Accounting Review Committee
- Community Foundation of the Fox River Valley  
Scholarship Program Committee
- Greater Aurora Chamber of Commerce Leadership Academy,  
Class of 1998

### EDUCATION

- Master of Accounting Sciences, Northern Illinois University
- Bachelor's Degree in Accounting, Northern Illinois University



### LOCATION: HEADQUARTERS

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## ANTHONY M. CERVINI

CPA

*Partner*

Anthony M. Cervini, CPA, is responsible for providing technical services to Sikich's governmental clients in all areas of governmental accounting, auditing, financial reporting, budget development, internal controls, revenue and expenditure forecasting, and cash and debt management.

Anthony has participated in hundreds of audits of municipalities and other governmental entities since beginning his career with Sikich in 2005. He also has been responsible for developing and serving as lead instructor for governmental accounting, auditing, financial reporting, cash management and internal control courses both internally and for the Illinois Government Finance Officers Association (IGFOA), Wisconsin Government Finance Officers Association (WGFOA) and Illinois CPA Society.

Anthony serves on the GFOA Special Review Committee and the Illinois CPA Society Government Report Review Committee, is a contributor to the IGFOA Legislative Committee and has served as a budget reviewer for the Government Finance Officers Association Distinguished Budget Presentation Award.

### SERVICE AREAS

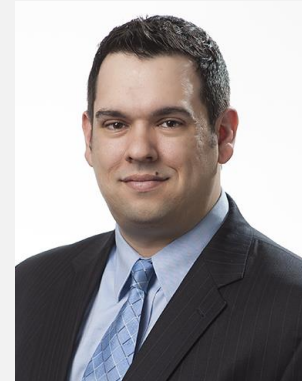
- Governmental Audit, Accounting
- Governmental Financial Reporting

### AFFILIATIONS

- American Institute of Certified Public Accountants
- Illinois CPA Society  
Government Report Review Committee – Sub-Chair (GAAP Basis Committee)
- Illinois Government Finance Officers Association  
Young Professionals Network – Steering Committee
- Wisconsin Government Finance Officers Association
- GFOA Special Review Committee
- Naperville Area Humane Society, Treasurer
- PrimeGlobal Managers' Leadership Program, Cohort 2 (2015-2016)
- Greater Aurora Chamber of Commerce Leadership Academy,  
Class of 2007
- Greater Aurora Chamber of Commerce Leadership Academy,  
2008 Steering Committee
- Naperville Jaycees

### EDUCATION

- Bachelor's Degree in Accounting, The University of Iowa
- Master of Business Administration, Benedictine University



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## FREDERICK G. LANTZ

CPA

*Partner-in-Charge, Government Services*

Frederick G. Lantz, CPA, is responsible for providing technical services to Sikich's clients in all areas of governmental accounting, auditing, financial reporting, budget development, revenue and expenditure forecasting, and cash and debt management. Prior to joining Sikich, Fred was the assistant director for the Technical Services Center of the Government Finance Officers Association of the United States and Canada (GFOA), where he was a nationally recognized expert in the state and local government industry. At GFOA, Fred was responsible for managing the Certificate of Achievement for Excellence in Financial Reporting Program, providing accounting, auditing and financial reporting assistance to state and local government officials and their auditors, and serving as a liaison to the Governmental Accounting Standards Board. Fred also developed courses and served as lead instructor for governmental accounting, auditing and financial reporting training courses. He is a nationally recognized speaker, having spoken at state GFOA and CPA Society meetings and conferences.

### SERVICE AREAS

- Governmental Audit, Accounting
- Governmental Financial Reporting

### AFFILIATIONS

- American Institute of Certified Public Accountants  
2014-2015 State & Local Government Expert Panel
- Illinois CPA Society
- Government Finance Officers Association, Special Review Committee
- GASB Pension Task Force
- Illinois Government Finance Officers Association  
2004-2006 Executive Board of Directors, Technical Accounting Review Committee
- Wisconsin Government Finance Officers Association
- National Association of College and University Business Officers
- Central Association of College and University Business Officers
- Illinois County Treasurers' Association
- Illinois Tax Increment Association
- Illinois Municipal Treasurers Association
- Illinois City/County Management Association
- International City/County Manager's Association

### EDUCATION

- Bachelor's Degree in Accounting, Northern Illinois University
- Graduate of Advanced Government Finance Institute, University of Wisconsin at Madison



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## JASON D. ASKIN

CPA, MBA

*Audit Manager*

Jason Askin, CPA, MBA has more than 11 years of public accounting experience providing audit and accounting services for a variety of municipalities, park districts and other governmental entities. Jason currently services government audit clients in both Illinois and Wisconsin and is responsible for audit engagement planning, communication of audit matters with funding sources and governing boards, as well as report preparation and supervision of audit fieldwork teams. Jason provides clients with sound business advice to improve processes and procedures and assists clients in areas such as:

- Financial audits, reviews and compilations
- Financial statement preparation
- Internal control review and analysis
- Recommendations to improve processes and procedures
- Single audit and grant compliance

### SERVICE AREAS

- Governmental Audit, Accounting
- Governmental Financial Reporting
- Single Audits in Accordance with Uniform Guidance

### AFFILIATIONS

- American Institute of Certified Public Accountants
- Illinois CPA Society

### EDUCATION

- Bachelor's Degree in Accounting, Northern Illinois University
- Master of Business Administration – Finance, North Central College



### LOCATION:

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## KRISZTINA DOMMER

CPA

*Senior Manager*

Krisztina Dommer, CPA, is a manager at Sikich LLP. Prior to joining Sikich, she worked for the national Government Finance Officers Association (GFOA) as a senior program manager. At GFOA, Krisztina managed the administration of the Certificate of Achievement Program for Excellence in Financial Reporting and the Award Program for Small Government Cash Basis Reports. She performed reviews and generated suggestions for improvement on the Small Government Annual Financial Reports, Comprehensive Annual Financial Reports and Popular Annual Financial Reports of state and local governments in the United States. Krisztina is currently a member of the GFOA's Special Review Committee continuing to perform reviews of Comprehensive Annual Financial Reports.

Krisztina has made considerable contributions to the appendices in the 2012 version of the Governmental Accounting, Auditing, and Financial Reporting (GAAFR) publication. She provided technical support to GFOA's thousands of members and has spoken at national training seminars and conferences on governmental accounting and financial reporting.

### SERVICE AREAS

- Governmental Audit, Accounting

### AFFILIATIONS

- Illinois Government Finance Officers Association

### EDUCATION

- Bachelor of Commerce Degree in Accounting, DePaul University
- Graduate of Advanced Government Finance Institute, University of Wisconsin at Madison



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## NICK BAVA

CPA, MAS

*Audit Manager*

Nick Bava, CPA, MAS, is an audit manager at Sikich, where he provides assurance and advisory services to a variety of governmental entities, with a focus on cities, villages and park districts. He also works with not-for-profit entities, including colleges and social services organizations. Acting as the liaison between the client and engagement team, Nick conducts audit engagements, prepares and reviews financial statements, and assesses clients' business processes and internal control structures.

### SERVICE AREAS

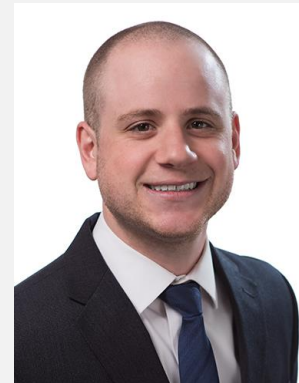
- Governmental Audit, Accounting
- Governmental Financial Reporting
- Not-for-Profit Audit, Accounting

### AFFILIATIONS

- Illinois Government Finance Officers Association

### EDUCATION

- Bachelor's Degree in Accounting, Illinois State University
- Master of Accounting Sciences, Northern Illinois University



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## STATE & LOCAL GOVERNMENT RESOURCES



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## OTHER RESOURCES



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# GOVERNMENT SERVICES

## Government agencies are experiencing increasing pressure to be more effective, efficient and transparent.

As a government leader, you know how important it is to find a premier professional services partner that can strategize, plan and implement solutions to meet the goals of your organization.

### WHAT CAN SIKICH DO?

- Accounting, Audit, Assurance & Tax
- Business Valuation
- Fraud Services for Governments
- ERP & CRM Software
- Human Resources Consulting
- Insurance Services
- IT Services
- Marketing & Public Relations
- Pension Fund Accounting & Consulting Services
- Retirement Planning

Whether you represent a general purpose local government or special district, Sikich will help you meet your goals by providing professional guidance in your accounting, marketing, human resources, technology and other advisory functions.

**Experience unparalleled commitment and high-quality, timely services** when you partner with the experts at Sikich. For more than 30 years, we have provided:

- A highly skilled staff and management team entirely dedicated to government services
- An in-depth understanding of the governmental fiscal, management, operating and regulatory environments
- Timely and cost-effective service delivery

### OUR DEDICATED TEAM



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## OUR EXPERT



**FRED LANTZ**  
CPA  
PARTNER-IN-CHARGE,  
GOVERNMENT SERVICES

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## WHO WE SERVE

Our government clients represent a wide range of industry sectors including:

- Counties
- Cities
- Villages
- Townships
- Other Special Districts
- Pension Plans
- Park Districts
- Forest Preserve Districts
- Public Libraries
- Community Colleges
- School Districts
- Water Authorities
- Water Reclamation Districts
- State Departments and Agencies



# FIRM PROFILE



## ORGANIZATION

Sikich LLP, a leading professional services firm specializing in accounting, technology, investment banking\* and advisory services\*\*, has more than 800 employees throughout the country. Founded in 1982, Sikich now ranks as one of the country's Top 30 Certified Public Accounting firms and is among the top 10 of all enterprise resource planning solution partners in the country. From corporations and not-for-profits to state and local governments, Sikich clients can use a broad spectrum of services and products that help them reach long-term, strategic goals.

## INDUSTRIES

Sikich provides services and solutions to a wide range of industries. We have devoted substantial resources to develop a significant base of expertise and experience in:

AGRICULTURE

ENERGY

MANUFACTURING  
& DISTRIBUTION

CONSTRUCTION  
& REAL ESTATE

GOVERNMENT

NOT-FOR-PROFIT

## STATISTICS

**2016 Revenues** ..... \$146.4M  
**Total Partners** ..... 107  
**Total Employees** ..... 689  
**Total Personnel** ..... 796

*Personnel count as of January 19, 2017*

## SERVICES

### ACCOUNTING, TAX & ASSURANCE

#### TECHNOLOGY

- Business Application
- Cloud & Infrastructure
- Consulting & Implementation
- Security and Compliance

#### ADVISORY

- Business Succession Planning
- Insurance Services
- Forensic and Valuation Services
- Human Resources Consulting
- Investment Banking
- Marketing & Design
- Public Relations
- Retirement Plan Services
- Supply Chain
- Wealth Management

## 2017 AWARDS

- Bob Scott's Value Added Reseller (VAR) Stars - #7
- *Accounting Today* Top 100 VARs - #6
- Vault Accounting Top Ranked
- *Accounting Today* Top 100 Firms: ranked 27th nationally
- When Work Works Award
- WorldatWork Work-Life Seal of Distinction
- Microsoft Dynamics Inner Circle and President's Club
- Best Places to Work in Illinois
- Milwaukee's 101 Best and Brightest
- Best Places to Work in Indiana
- Chicago's 101 Best and Brightest Companies to Work For®
- *Milwaukee Journal Sentinel* Top Workplaces in Milwaukee
- *Crain's List* Chicago's Largest Privately Held Companies: ranked #234

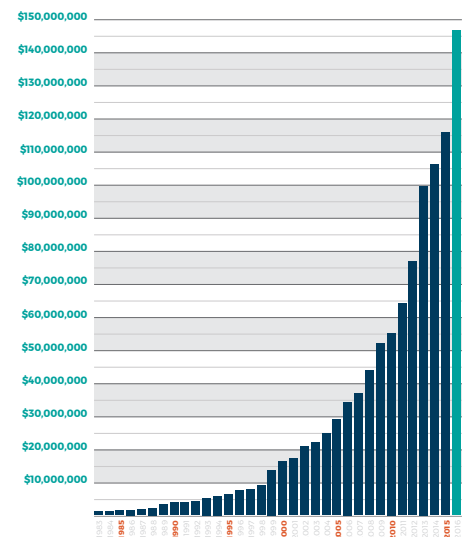
## 2016 AWARDS

- *Accounting Today* Regional Leaders – Top Firms: Great Lakes: ranked 4th
- *Milwaukee Business Journal* Largest Management Consulting Firms: ranked 10th
- *Milwaukee Business Journal* Largest Milwaukee-Area Accounting Firms: ranked 11th
- *INSIDE Public Accounting* Top 50 Largest Accounting Firms: ranked 31st nationally
- Milwaukee's 101 Best and Brightest Companies to Work For®
- WICPA Excellence Award - Public Service Award (Firm)
- *Accounting Today* Top 100 VAR: ranked 7th
- Bob Scott's Top 100 VAR: ranked 7th
- *Inc. 5000*: ranked #4613
- Boston's 101 Best and Brightest Companies to Work For®
- US SMB Champions Club Heartland Partner of the Year, Microsoft's US Small and Mid-sized Business (SMB) Champions Club
- 2016 US SMB Champions Club Heartland Influencer Partner of the Year, Microsoft's US Small and Mid-sized Business (SMB) Champions Club

## 2015 AWARDS

- National Best & Brightest Companies to Work For®
- National Best & Brightest in Wellness
- Edge Award - Community Service
- Chicago Tribune's Top Workplaces

## SIKICH TOTAL REVENUES



\* Securities offered through Sikich Corporate Finance LLC, member FINRA/SIPC.

\*\* Investment advisory services offered through Sikich Financial, an SEC Registered Investment Advisor.

Securities offered through Triad Advisors, member FINRA and SIPC. Triad Advisors and Sikich Financial are not affiliated.

## CERTIFICATIONS

All professional accounting staff with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich is a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality Center. We adhere to the strict requirements of membership which assure we meet the highest standards of audit quality. In 2014, Sikich LLP received its 9th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.

## MICROSOFT PARTNER

Sikich has earned a Microsoft ERP Gold competency; ranked among the top one percent of all Microsoft Dynamics partners worldwide; and carries the following certifications:

Gold

Microsoft Partner



2017/2018  
INNER CIRCLE  
for Microsoft Dynamics

- **Microsoft Small Business Specialist**
- **MCP** (Microsoft Certified Professional)
- **MCSE** (Microsoft Certified System Engineer)
- **CCNA** (Cisco Certified Network Associate)
- **CCDA** (Certified Cisco Design Associate)
- **CCEA** (Citrix Certified Enterprise Administrator)
- **MRMS** (Microsoft Retail Management Systems)
- **CISA** (Certified Information Systems Auditor)
- **CNE** (Certified Novell Engineer)
- **MS CSM** (Microsoft Customer Service Manager)
- **MS CAE** (Microsoft Certified Account Executive)
- **MCDBA** (Microsoft Certified Database Admin)
- **Certified for Microsoft Dynamics (NAV)**

## SIKICH IS PROUD TO BE PART OF :

### THE LEADING EDGE ALLIANCE

The Leading Edge Alliance (LEA) is the second largest international association of independent accounting firms.\* The LEA is an international professional association of independently-owned accounting and consulting firms. Members are top quality firms who share an entrepreneurial spirit and a drive to be the premier provider of professional services in their chosen markets. The Alliance provides Sikich with an unbeatable combination: the comprehensive size and scope of a large multinational company while offering their clients the continuity, consistency, and quality service of a local firm.

\*International Accounting Bulletin, 2011



### PRIMEGLOBAL

PrimeGlobal is one of the top five largest associations of independent accounting firms in the world, providing a wide range of tools and resources to help member firms furnish superior accounting, auditing, and management services to clients around the globe.



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## System Review Report

July 17, 2014

To the Partners of  
Sikich LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Sikich LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory agencies, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, and an examination of a service organization (Service Organizations Control [SOC] 1 engagement).

In our opinion, the system of quality control for the accounting and auditing practice of Sikich LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Sikich LLP has received a peer review rating of *pass*.

*Heinold Banwart, Ltd*