



REQUEST FOR PROPOSALS

Professional Auditing Services

For The Fiscal Years Ending

May 31, 2023, 2024, 2025

(With the option of two additional fiscal years)

PROPOSALS MUST BE RECEIVED BY

February 3, 2023 at 4:00 pm

VILLAGE OF NORTH AURORA

25 E. STATE ST.

NORTH AURORA, IL 60542

VILLAGE OF NORTH AURORA REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The Village of North Aurora (hereafter “North Aurora” or “Village”) is soliciting proposals from qualified firms of certified public accountants to audit the Village’s financial statements for the three (3) fiscal years ending May 31, 2023, 2024, 2025, with the option for two (2) additional one-year terms for fiscal years ending May 31, 2026 and 2027. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office’s (GAO) *Government Auditing Standards*, the provisions of the federal Single Audit Act and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, if applicable and any other applicable state or federal laws. Any special compliance and reporting requirements of the State of Illinois for Tax Increment Financing Districts shall be followed.

There is no expressed or implied obligation for the Village to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. During the evaluation process the Village reserves the right, where it may serve the Village’s best interest, to request additional information or clarification from proposers, or to allow corrections of errors or omissions.

B. Term of Engagement

A three-year agreement, with two additional one year options, is contemplated, subject to annual review, the satisfactory negotiation of terms (including a price acceptable to both the Village of North Aurora and the selected firm), the concurrence of the Board of Trustees, and the annual availability of a budgeted expenditure.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

The Village of North Aurora desires the auditor to express an opinion on the fair presentation of the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in conformity with generally accepted accounting principles.

The Village of North Aurora also desires the auditor to express an opinion on the fair presentation of its combining and individual fund financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not

required to audit the supporting schedules contained in the Annual Comprehensive Financial Report. However, the auditor is to provide an “in-relation-to” opinion on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the introductory section of the report or the statistical section of the report.

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

If applicable, the auditor is not required to audit the schedule of expenditures of federal awards. However, the auditor is to provide an “in-relation-to” report on that schedule based on the auditing procedures applied during the audit of the financial statements.

Following the completion of the audit of the fiscal year’s financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards “in relation to” the audited financial statements, if applicable.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements, if applicable.
3. A report on compliance and internal control over compliance applicable to each major federal program, if applicable.
4. A report on the allocation of pension amounts for the Illinois Municipal Retirement Fund between the Village and the Messenger Public Library
5. A report(s) on compliance for the Route 31 TIF District in accordance with Public Act 85-1142 and any other TIF districts that may meet the threshold requiring a separate report in the future.

The auditor will prepare and file the annual Comptroller Report with the State of Illinois.

The Village also requests a fee proposal for the firm to prepare the financial sections of the Illinois Department of Insurance (IDOI) for the Police Pension Fund.

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

B. Funds to be Audited

The Village of North Aurora uses the following funds and fund types in its financial reporting:

| <u>Fund Type</u> | <u>Number of Individual Funds</u> | <u>Number with Legally Adopted Annual Budgets</u> |
|------------------------|-----------------------------------|---|
| General Fund | 1 | 1 |
| Special Revenue Funds | 7 | 7 |
| Debt Service Funds | 1 | 1 |
| Capital Projects Funds | 1 | 1 |
| Enterprise Funds | 1 | 1 |
| Internal Service Funds | 2 | 1 |
| Trust and Agency Funds | 3 | 1 |

The Village also maintains a General Governmental Activities Capital Asset Interactive Fund and a General Long-Term Debt/Liabilities Interactive Fund

C. Financial Reporting

The Village will provide individual fund financial statements and supporting schedules for the Village’s trial balances.

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

While the Village has the ability to prepare the Annual Comprehensive Financial Report, the preparation, editing and printing shall be the responsibility of the auditor, as well as the provision of covers, dividers and labeled spines. The Introductory Section, Management’s Discussion and Analysis and Statistical sections, and any necessary letterhead will be provided by the Village. The auditor shall reproduce:

- Fifteen (15) hard copies of the Annual Comprehensive Financial Report and one (1) electronic PDF
- Fifteen (15) copies of the Single Audit report (if required) and one (1) electronic PDF
- Fifteen (15) copies of the “Management Letter” regarding compliance of internal control required by ILCS and any other Auditor Communication Documents to Management and the Board of Trustees and one (1) electronic PDF of each document
- Fifteen (15) copies of the examination report on compliance with Public Act 85-1142 (TIF) of the Route 31 TIF Fund and any other TIF Fund that meets the statutory requirement for a compliance examination and one (1) electronic PDF
- Ten (10) copies of the report on the auditor’s opinion on the Schedule of Employer Allocations for the Illinois Municipal Retirement Fund and one (1) electronic PDF

The auditor will provide a draft of all financial statements no later than September 21st of each year to allow for preparation of the MD&A section of the report by the Village.

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

Demonstration of governmental accounting expertise shall be supported by membership, either current or past, in various governmental accounting and auditing committees and task forces in organizations such as the Illinois Governmental Finance Officers Association (IGFOA), Governmental Finance Officers Association (GFOA), the Illinois CPA Society, or AICPA. .

The auditor shall express an unmodified opinion on all individual funds and accept “in relation to” responsibility for supplemental data. If an unmodified opinion cannot be expressed, the auditor shall bring such matter to the attention of the Village before issuance of the report to determine whether or not the problems leading to a qualification can be resolved.

D. Management Letter and Auditor Communications

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

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

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

E. Special Considerations

The Village will prepare and submit the application for the Village’s Annual Comprehensive Financial Report to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program along with the necessary paperwork. In accordance with this award program, the auditor shall assist in preparing responses to reviewer comments from the prior year and assure that the Village’s ACFR conforms to the provisions of the program. All appropriate and reasonable changes that are required by the prior year’s comments are to be incorporated into the current year’s report.

III. DESCRIPTION OF THE GOVERNMENT

A. Background Information

The Village of North Aurora, incorporated in 1905, is located in the western suburbs of Chicago in Kane County, situated between the City of Aurora and the City of Batavia in the Fox Valley and occupying a land area of approximately 7.2 square miles. The 2020 Census certified the Village's population at 18,261, with a median household income estimated to be \$86,537.

The Village provides general services to its citizens, including police protection and investigation, maintenance of streets and related infrastructure, water provision, treatment and service, water lines and maintenance of sanitary and storm sewer lines, building inspection and code enforcement, and general administrative and finance services. The Village employs approximately 69.10 full-time equivalents. Many services provided by the Village are supplemented with contractual services. Solid waste collection and recycling services are administered by the Village through a private firm. Fire protection and EMS services are provided primarily by the North Aurora Fire Protection District, separate from the Village. Sanitary sewer treatment is provided primarily by the Fox Metro Water Reclamation District and recreational services are provided by the Fox Valley Park District. The Messenger Public Library provides books, audio/video recordings and similar services separately from the Village, although the Village approves as a Village Library the Library's appropriation and tax levy.

The Village's fiscal year begins June 1st and ends May 31st. More detailed information on the Village can be found by viewing the Village's Comprehensive Annual Financial Reports at <http://northaurora.org/departments/finance/financial-reports-and-budgets.aspx>

The Village has received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the last twenty-one (21) fiscal years through May 31, 2021. We anticipate receiving the certificate for the most recent fiscal year ending May 31, 2022 as well. The Village has also received the GFOA Distinguished Budget Presentation Award for the last seventeen (17) fiscal years through the current FY 2022-23 Budget.

B. Pension Plans

The Village of North Aurora participates in the Illinois Municipal Retirement Fund (IMRF), and the employees of the Messenger Public Library also participate with the Village creating a cost-sharing multiple employer agent plan. The Village also participates in a defined-benefit Police Pension Plan for sworn officers.

The Village incorporates IMRF’s most recent calendar-year end plan information into its fiscal year end reporting. The Village employs an outside actuary to perform and complete an actuarial valuation of the police pension plan as of the fiscal year end date of the Village.

C. Magnitude of Finance Operations

The Finance Department consists of four (4) full-time and two (2) part time employees. The principal functions performed and the number of full-time equivalent (FTE) employees assigned to each is as follows:

| <u>Function</u> | <u>FTE Count</u> |
|------------------------------------|------------------|
| Finance Director | 1.00 |
| Accounting and Finance Coordinator | 1.00 |
| Fiscal/Utility Billing Specialist | 1.00 |
| Fiscal/Accounts Payable Specialist | 0.67 |
| Accounting Assistant | 0.53 |
| Customer Service Specialist | <u>1.00</u> |
| | 5.20 |

The Village is a member if of the Illinois Municipal League Risk Management Association (IMLRMA) providing coverage for workers’ compensation, auto liability, property and other coverages. The Village has been a member of IMLRMA since 1982. The Village joined the Intergovernmental Personnel Benefit Cooperative (IPBC) on of January 1, 2018 for the purpose of providing employee medical coverage and life insurance benefits. Prior to that date the Village was fully-insured for those employee benefits.

D. Computer Systems

The Village uses Springbrook for its financial accounting including general ledger, accounts payable, accounts receivable, cash receipts and utility billing. Payroll processing is performed by an outside vendor but the Village maintains personnel information in its payroll system. Community Development utilizes CityView Software for its permitting functions.

E. Single Audits Reports

The Village of North Aurora has at times received grants for various projects. The Village last had a single audit during fiscal year 2020-21, which represented the first single audit in at least the last 15 years. The Village expects to have a single audit within the next three years as funds received from the American Rescue Plan Act (ARPA) are spent.

F. TIF Compliance Reports

The Village currently has two TIF Districts. Only one District currently meets the requirements for a compliance audit. It is possible the other TIF District may meet that requirement over the term of the engagement.

G. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years’ audit reports and management letters should contact Jason Paprocki at jpaprocki@northaurora.org or at (331) 385-6177. The Village of North Aurora will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this Request for Proposal.

IV. TIME REQUIREMENTS

A. Proposal Calendar

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

| | |
|---|----------------------|
| Request for Proposal Issued | January 9, 2023 |
| Last Day to Submit Questions/Clarifications | January 20, 2023 |
| Due Date for Proposals | February 3, 2023 |
| Candidate Interviews (if necessary) | February 13-17, 2023 |
| Board of Trustees Action | March 6, 2023 |

B. Notification and Contract Dates

Selected firm notified by management after official Board of Trustees action.

C. Date Audit May Commence

The Village of North Aurora will have all records ready for audit and all management personnel available to meet with the firm’s personnel at an agreed upon schedule. The Village generally schedules final fieldwork for the end of August each year.

V. PROPOSAL REQUIREMENTS

A. Inquiries

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

Jason Paprocki, Finance Director/Treasurer
Village of North Aurora
25 E. State St.
North Aurora, IL 60542

(331) 385-6177
jpaprocki@northaurora.org

The Village will respond to all questions and inquiries submitted up to January 20, 2023 and email all responses to those who have either submitted questions or have indicated an intention to submit a proposal to this RFP.

B. Submission of Proposals

The following material is required to be received by February 3, 2023 for a proposing firm to be considered:

1. Title Page
State the RFP subject.

2. Table of Contents
Clearly identify the material by section and page number.

3. Letter of Transmittal (limited to three pages)

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

4. Profile of the Proposer

- a. Describe the types of services provided.
- b. State the location of the office and the total number of Partners and professional staff from that office.
- c. 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.
- d. 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. Also provide a recent Annual Financial Report prepared by your firm.
- e. Discuss governmental industry experience in terms of years of service, training, organizational involvement, etc.

5. Audit Process

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

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

6. Fees and Billings

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

VI. SUBMISSION OF PROPOSALS

- A. All proposals should be addressed to:

Jason Paprocki, Finance Director/Treasurer
Village of North Aurora
25 E. State St.
North Aurora, IL 60542

Two (2) copies of the proposal are required and should be sealed in envelopes addressed to the above and clearly marked “Village of North Aurora 2023 RFP Auditing Services”. Responders should also provide an email PDF of their response to the following email address jpaprocki@northaurora.org

- B. Proposals are due no later than 4:00 p.m., February 3, 2023. Proposals received after this time will not be considered.

Proposals may not be withdrawn after the due date and time listed above for a period of one hundred twenty (120) calendar days. However, proposals may be modified by the proposer and resubmitted prior to the due date, or withdrawn.

VII. TIMELINESS OF REPORT

The final audit fieldwork must be completed and a draft ACFR received by the Village prior to September 21st of each year, unless the Village has caused the audit period to be longer. Failure to deliver a final report in a timely manner may result in reducing the term of the engagement. The Village typically has had the auditor present the ACFR and results of the audit to the Village Board at the first Monday in the month of November.

VIII. EVALUATION OF PROPOSALS

A. Responses will be evaluated on the basis of which responder best meets the following three sets of criteria identified below. Firms meeting the mandatory criteria will have their proposals evaluated for both technical qualifications and fees. The following represent the principal selection criteria that will be considered during the evaluation process (not listed in order of priority).

1. Mandatory Elements

- The audit firm is an independent firm
- Licensed to practice in Illinois
- Proposed fees for audit services
- Experience of the firm with Municipal audit services
- Experience of the partner (s) and senior team members proposed
- Professional Personnel have received adequate continuing professional education within the preceding three (3) years pertinent to the audit of governmental agencies
- Commitment to audit team continuity
- Date of last peer or quality review. State whether or not it was an unmodified report;
- Can document quality audit work
- Compliance with specifications
- Provide a link to a sample ACFR prepared by bidder

2. Technical Qualifications

- Expertise and experience
 - Past experience and performance on comparable government engagements (complete reference sheet included herein)
 - Professional Personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
 - Single audit experience
 - Government Finance Officers Association ("GFOA") Certificate of
- Village of North Aurora RFP Auditing Services 11

Achievement for Excellence in Financial Reporting experience

3. **Audit Approach**

- Adequacy of proposed staffing plan for various segments of the engagement
- Adequacy of sampling techniques
- Adequacy of analytical procedures

B. Oral Interviews

The Village of North Aurora reserves the right to interview proposing firms, if necessary. Please clearly list a contact person with the phone number and email address in the event questions arise.

- C. The Village of North Aurora's Board of Trustees will consider final acceptance of the proposal.

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 individual cost basis for the items listed in the form. In addition, please list the 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.

Payment will be made upon receipt of progress billings with final payment made after receipt of the ACFR.

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
AUDIT PROPOSAL FORM**

| <u>Total Fees</u> | | | | | |
|---------------------------------------|-----------------------|-----------------------|-----------------------|------------------------------------|------------------------------------|
| | <u>FY 2023</u> | <u>FY 2024</u> | <u>FY 2025</u> | <u>Optional FY 2026</u> | <u>Optional FY 2027</u> |
| Financial Audit and ACFR Preparation | | | | | |
| TIF Audit Compliance Report (Per TIF) | | | | | |
| Police Pension IDOI Report Completion | | | | | |
| Single Audit Report (If Necessary) | | | | | |

| <u>Hourly Rates</u> | | | | | |
|----------------------------|-----------------------|-----------------------|-----------------------|------------------------------------|------------------------------------|
| Personnel | <u>FY 2023</u> | <u>FY 2024</u> | <u>FY 2025</u> | <u>Optional FY 2026</u> | <u>Optional FY 2027</u> |
| Partner | | | | | |
| Manager | | | | | |
| Senior | | | | | |
| Staff | | | | | |
| Clerical | | | | | |
| Other (Specify) | | | | | |

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 Single Audit Fees are the additional fees the firm would charge if a Single Audit is deemed necessary in any of the proposed years.