RESOLUTION 2016-046  

PASSED: APRIL 25, 2016

AUTHORIZING THE MAYOR OF THE CITY OF DEKALB, ILLINOIS TO ENTER INTO AN AUDITING SERVICES AGREEMENT WITH SIKICH, LLP FOR AUDITING SERVICES RELATED TO FISCAL YEARS 2016-2020.

BE IT RESOLVED BY THE CITY COUNCIL of the City of DeKalb, Illinois, as follows:

Section 1. That the MAYOR of the City of DeKalb be authorized and directed to enter into an Agreement with Sikich, LLP for Auditing Services for the fiscal years ending 2016-2020, substantially in the form attached hereto as Exhibit A, subject to modifications acceptable to him with the recommendation of the Finance Director.

Section 2. That the City Clerk of the City of DeKalb be authorized and directed to attest the Mayor’s signature.

PASSED BY THE CITY COUNCIL of the City of DeKalb, Illinois at a regular meeting thereof held on the 25th day of April, 2016, and approved by me as Mayor on the same day. Passed on a 5-3 roll call vote. Aye: Finucane, Marquardt, Snow, Noreiko, Rey. Nay: Jacobson, Baker, Faivre.

ATTEST:

[Signatures]

JENNIFER JEEP JOHNSON, City Clerk

JOHN A. REY, Mayor
AUDITING SERVICES AGREEMENT
BETWEEN THE CITY OF DEKALB
AND SIKICH LLP

THIS AUDITING SERVICES AGREEMENT ("Agreement") is made and entered into as of the 25 day of April, 2016 ("Effective Date"), by and between the CITY OF DEKALB, an Illinois home rule municipal corporation ("City"), and Sikich LLP, an Illinois Certified Auditing Firm ("Auditor").

IN CONSIDERATION OF, and in reliance upon, the recitals and the mutual covenants set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Auditor mutually agree as follows:

SECTION I: RECITALS.*

A. The City is an Illinois home rule municipal corporation.

B. The Auditor is a licensed certified auditing firm in Illinois.

C. On February 23, 2016, the City issued a Professional Auditing Services Request for Proposals ("RFP"), requesting submission of proposals for the provision of audit services to the City in accordance with certain specifications.

D. The City has reviewed the responses to the RFP, and has determined that the proposal submitted by the Auditor is the most appropriate for the provision of audit services to the City.

E. The Parties have entered into that certain Engagement Letter dated May 2016 (the "Engagement Letter") governing the provision of audit services by the Auditor to the City, in accordance with certain specifications.

F. The Parties desire to enter into this Agreement in order to supplement the Parties' respective rights and responsibilities in addition to those set forth in the Engagement Letter.

SECTION II: DEFINITIONS.

A. Definitions. Whenever used in this Agreement, the following terms shall have the following meanings:

"Parties": The City and the Auditor, collectively.

"Person": Any natural individual, corporation, partnership, individual, joint venture, trust, estate, association, business, enterprise, proprietorship, or other legal entity of any

* All capitalized words and phrases throughout this Agreement shall have the meanings set forth in the preamble above and in Section 2 and in the other provisions of this Agreement.
kind, either public or private, and any legal successor, agent, representative, or authorized assign of the above, or other entity capable of holding title to, or any lesser interest in, real property.

"Requirements of Law": All applicable federal, state, and City laws, statutes, codes, ordinances, resolutions, orders, rules, and regulations, as the same have been and may from time to time hereafter be amended.

B.  Rules of Construction.

1.  Grammatical Usage and Construction. In construing this Agreement, pronouns include all genders, and the plural includes the singular and vice versa.

2.  Headings. The headings, titles, and captions in this Agreement have been inserted only for convenience and in no way define, limit, extend, or describe the scope or intent of this Agreement.

3.  Calendar Days. Unless otherwise provided in this Agreement, any reference in this Agreement to "day" or "days" shall mean calendar days and not business days. If the date for giving of any notice required to be given, or the performance of any obligation, under this Agreement falls on a Saturday, Sunday, or federal holiday, then the notice or obligation may be given or performed on the next business day after that Saturday, Sunday, or federal holiday.

SECTION III: SELECTION OF, AND ACCEPTANCE BY, THE AUDITOR.

The City shall, and does hereby, confirm the selection of the Auditor as the party designated to provide audit services to the City in the manner set forth in this Agreement. The Auditor shall, and does hereby, accept the selection and agrees to provide audit services to the City in the manner set forth in this Agreement.

SECTION IV: PROVISION OF AUDIT SERVICES.

A.  General Provisions of Agreement. Except as specifically provided in the text of this Agreement, the Auditor shall, and does hereby agree to, provide audit services to the City in the manner set forth in the following documents (collectively, "Services"):  

1.  The RFP, a copy of which is attached to this Agreement as Exhibit A; and

2.  The Auditor's Proposal, a copy of which is attached to this Agreement as Exhibit B ("Auditor Proposal").

3.  The Engagement Letter.

B.  Conflicts.
1. **Conflict Between an Exhibit and Text of Agreement.** In the event of a conflict between an Exhibit and the text of this Agreement, the text of this Agreement shall control.

2. **Conflict Between Exhibits.** In the event of a conflict between the RFP and the Auditor Proposal, the RFP shall control.

**C. Quality of Work.** The Auditor shall provide, perform, and complete all of its obligations under this Agreement, or cause all of its obligations to be provided, performed and completed, in a proper and professional manner, consistent with the standards of professional practice and in full compliance with, and as required by or pursuant to, this Agreement.

**D. Commencement of Investigation.** The Auditor agrees to begin the examination of the City's financial statements and financial operations as soon after the acceptance of this Agreement to the mutual convenience of the City and the Auditor. The Auditor further agrees that it will conduct said examination with diligence as to insure its completion at the earliest possible date with such efficiency and thoroughness as is expected under Generally Accepted Auditing Standards. The examination and Auditor's report shall be completed and a report delivered to the City on an agreed upon date set during the preliminary audit review each year. The Auditor shall file a State Comptroller's report prior to six-months following the fiscal year-end each year.

**E. Auditor's Working Papers.** The Auditor agrees to adopt reasonable procedures as to insure the safe custody of its working papers.

**F. Corrections.** The Auditor shall promptly provide, to the satisfaction of the City, all corrective services necessary as a result of the Auditor’s errors, omissions, negligent acts, or failure to meet warranty.

**SECTION V: TERM.**

This Agreement shall be in full force and effect from the Effective Date of this Agreement until the time that Auditor provides the City a final and complete audit of the City's 2020 fiscal year ("Term"), during which Term the Auditor shall provide Services for the fiscal years ending June 30, 2016, and ending December 31, 2016, 2017, 2018, 2019, and 2020. The City shall have right to terminate this Agreement in its sole discretion, provided that the City provides the Auditor written notice not later than June 1st of the year following the fiscal year to be audited next by the Auditor pursuant to this Agreement. Notwithstanding anything contained in this Section to the contrary, the City shall also have the right to terminate the Agreement upon failure of Auditor to meet any of its obligations under this Agreement and Auditor shall also have the right to terminate the Agreement immediately upon Auditor’s termination of the Engagement Letter under the terms thereof.

**SECTION VI: COSTS AND FEES.**
A. **Agreement Amount.** The total amount to be paid by the City for all Services provided by the Auditor pursuant to this Agreement shall not exceed Exhibit A Fee Schedule ("Agreement Amount"). The Auditor acknowledges and agrees that the Agreement Amount includes all applicable federal, state, and City taxes of every kind and nature applicable to the services provided pursuant to this Agreement, as well as all taxes, contributions, and premiums for unemployment insurance, old age or retirement benefits, pensions, annuities, or similar benefits. All claims or rights to claim additional compensation by reason of the payment of any such tax, contribution, premium, cost, royalty, or fee are hereby waived and released by the Auditor.

B. **Payment Schedule.** The Parties acknowledge and agree that the City shall pay the Auditor based on services rendered according to Agreement Amount. Payment will be made upon receipt of progress billings with final payment made after receipt of the Annual Financial Report and other audits as applicable.

C. **Changes in Costs and Fees.** The Parties acknowledge and agree that all costs and fees specified in this Agreement shall not increase or decrease during the Term without the prior express written consent of each of the Parties.

D. **Additional Services.** The Auditor shall not implement or provide any services outside the scope of this Agreement or any Exhibit thereto prior to (1) delivery by the Auditor to the City of a written proposal, including costs and fees, for the additional services, and (2) receipt of prior written consent by the City of the proposal.

**SECTION VII: WAIVER OF BREACH.**

A waiver by the City or the Auditor of a breach by any party to this Agreement of any covenant or condition of this Agreement shall not impair the right of the party or parties not in default to avail itself or themselves of any subsequent breach thereof. Leniency, delay, or failure of the party or parties to insist upon strict performance of any agreement, covenant, or condition of this Agreement, or to exercise any right within this Agreement given in any one or more instances, shall not be construed as a waiver or relinquishment of any such agreement, covenant, condition, or right.

**SECTION VIII: REPRESENTATIONS AND WARRANTIES.**

A. **By the City.** The City represents and warrants to the Auditor as follows:

1. The City has the authority and the legal right to make, deliver, and perform this Agreement, and has taken or will take all necessary actions and obtain all required consents and approvals to authorize the execution, delivery, and performance of this Agreement.

2. To the best of the knowledge of the legal representatives of the City, the execution, delivery, and performance of this Agreement is not prohibited by any requirement of law or under any contractual obligation of the City, will not result in a breach or default
under any agreement to which the City is a party or is bound, and will not violate any restriction, court order, or agreement to which the City is subject.

3. The parties executing this Agreement on behalf of the City and executing and delivering any other agreement or other item contemplated by this Agreement or otherwise required to fulfill the City’s obligations under this Agreement, have full authority to bind the City to such obligations and to so act on behalf of the City.

4. To the best of the knowledge of the legal representatives of the City, as of the Effective Date of this Agreement, there are no actions or proceedings by or before any court, governmental commission, board or bureau or any other administrative agency pending or being threatened against the City that would impair the City’s ability to perform its obligations under this Agreement.

B. By the Auditor. The Auditor represents and warrants to the City as follows:

1. The Auditor has the authority and the legal right to make, deliver, and perform this Agreement, and has taken or will take all necessary actions and obtain all required consents and approvals to authorize the execution, delivery, and performance of this Agreement.

2. To the best of the knowledge of the legal representatives of the Auditor, the execution, delivery, and performance of this Agreement is not prohibited by any requirement of law or under any contractual obligation of the Auditor, will not result in a breach or default under any agreement to which the Auditor is a party or is bound, and will not violate any restriction, court order, or agreement to which the Auditor is subject.

3. The parties executing this Agreement on behalf of the Auditor and executing and delivering any other agreement or other item contemplated by this Agreement or otherwise required to fulfill the Auditor’s obligations under this Agreement, have full authority to bind the Auditor to such obligations and to so act on behalf of the Auditor.

4. To the best of the knowledge of the legal representatives of the Auditor, as of the Effective Date of this Agreement, there are no actions or proceedings by or before any court, governmental commission, board or bureau or any other administrative agency pending or being threatened against the Auditor that would impair the Auditor’s ability to perform its obligations under this Agreement, and that the Auditor possesses all required skill and licensure to lawfully and professionally prepare the reports contemplated herein.

SECTION IX: INDEMNIFICATION.

The Auditor shall, without regard to the availability or unavailability of any insurance of the City, indemnify the City, and its respective officers, members, officials, employees, agents, attorneys, and representatives against, and hold the City, and its respective officers, members, officials, employees, agents, attorneys, and representatives, harmless from, any and all third party lawsuits, claims, demands, damages, liabilities, losses, and expenses (including reasonable attorneys’ fees
and administrative expenses), that may be sustained or incurred as a result of or in connection with the Auditor's performance of, or failure to perform, its obligations under this Agreement, but not including third party lawsuits, claims, demands, damages, liabilities, losses, and expenses (including reasonable attorneys' fees and administrative expenses) sustained or incurred as a result of the acts of, or failure to act of the City or its respective officers, members, officials, employees, agents, attorneys or representatives. The Auditor's obligations required pursuant to this Section 9 shall survive the termination of this Agreement.

Additionally, with respect to any personnel of the Auditor that may perform services at City-owned premises, the Auditor shall provide workers compensation insurance in amounts that shall satisfy any applicable laws. To the extent that any such personnel may bring any form of claim or suit against the City or any employee or representative thereof, the Auditor shall indemnify, defend and hold harmless the City (and the additional indemnifieds identified above) from such claim or demand in its entirety and without limitation by any statutory defense otherwise available to Auditor as employer.

SECTION X: ENFORCEMENT.

A. General. The Parties may, in law or in equity, by suit, action, mandamus, or any other proceeding, enforce this Agreement.

B. No Personal Liability. The Auditor acknowledges and agrees that no elected or appointed official, agent, representative, employee or attorney of the City shall be personally liable, in law or in contract, to the Auditor as the result of the execution of this Agreement.

SECTION XI: GENERAL PROVISIONS.

A. Notices. All notices required or permitted to be given under this Agreement shall be given by the Parties by (i) personal delivery, (ii) deposit in the United States mail, enclosed in a sealed envelope with first class postage thereon, or (iii) deposit with a nationally recognized overnight delivery service, addressed as stated in this Section. The address of any Party may be changed by written notice to the other Parties. Any mailed notice shall be deemed to have been given and received within three days after the same has been mailed and any notice given by overnight courier shall be deemed to have been given and received within 24 hours after deposit. Notices and communications to the Parties shall be addressed to, and delivered at, the following addresses:

If to the City:        City of DeKalb  
                      200 S. Fourth Street  
                      DeKalb, IL  60115  
                      Attention: Finance Director

with a copy to:        City of DeKalb  
                      200 S. Fourth Street  
                      DeKalb, IL  60115  
                      Attention: City Attorney
If to the Auditor: Sikich, LLP  
1415 W. Diehl Road  
Suite 400  
Naperville, IL 60563  
Attention: Brian LeFevre

B. **Time of the Essence.** Time is of the essence in the performance of all terms and provisions of this Agreement.

C. **Rights Cumulative.** Unless expressly provided to the contrary in this Agreement, each and every one of the rights, remedies, and benefits provided by this Agreement shall be cumulative and shall not be exclusive of any other rights, remedies, and benefits allowed by law.

D. **Binding Effect.** This Agreement and the privileges, obligations, and provisions contained herein shall inure to the benefit of, and be binding upon, the City, the Auditor, and their heirs, personal representatives, and successors.

E. **Assignment.** Neither the City nor the Auditor shall assign this Agreement, in whole or in part, or any of its rights or obligations under this Agreement, without the prior express written approval of the other party, which approval may be withheld in the sole and unfettered discretion of the other party.

F. **Consents.** Unless otherwise provided in this Agreement, whenever the consent, permission, authorization, approval, acknowledgement, or similar indication of assent of any Party, or of any duly authorized officer, employee, agent, or representative of any Party, is required in this Agreement, the consent, permission, authorization, approval, acknowledgement, or similar indication of assent shall be in writing.

G. **Documents.** Notwithstanding the Auditor’s possession of any documents, data, or information, in any form, prepared, collected, or received by the Auditor from the City in connection with any or all of the Services to be performed under this Agreement ("City Documents"), the City Documents shall be and remain the exclusive property of the City; provided, however, that, to the extent permitted by law, Auditor’s workpapers shall be the Auditor’s exclusive property and not that of the City. At the City’s request, or any time after termination of this Agreement, the Auditor shall cause any City Documents or copies thereof to be promptly delivered to the City in accordance with the Auditor’s usual and customary practices for the retention, storage, and destruction of such Documents. This provision shall survive termination of the Agreement.

H. **Governing Law.** This Agreement shall be governed by, construed, and enforced in accordance with the internal laws, but not the conflicts of laws rules, of the State of Illinois. Jurisdiction and venue for any dispute arising out of or relating to this Agreement shall be exclusively fixed in the Twenty-Third Judicial Circuit Court of DeKalb County, Illinois.
I. **Severability.** It is hereby expressed to be the intent of the Parties that should any provision, covenant, agreement, or portion of this Agreement or its application to any Person or property be held invalid by a court of competent jurisdiction, the remaining provisions of this Agreement and the validity, enforceability, and application to any Person or property shall not be impaired thereby, but the remaining provisions shall be interpreted, applied, and enforced so as to achieve, as near as may be, the purpose and intent of this Agreement to the greatest extent permitted by applicable law.

J. **Entire Agreement.** This Agreement, the Exhibits hereto and the Engagement Letter constitute the entire agreement of the Parties relative to the subject matter of this Agreement, expressly superseding all prior agreements and negotiations between and among the Parties, whether written or oral, relating to the subject matter of this Agreement.

K. **Interpretation.** This Agreement shall be construed without regard to the identity of the Party who drafted the various provisions of this Agreement. Moreover, each and every provision of this Agreement shall be construed as though all parties to this Agreement participated equally in the drafting of this Agreement. As a result of the foregoing, any rule or construction that a document is to be construed against the drafting party shall not be applicable to this Agreement.

L. **Exhibits.** Exhibits A and B attached to this Agreement are, by this reference, incorporated into, and made a part of, this Agreement.

M. **Amendments and Modifications.** No amendment or modification to this Agreement shall be effective until it is reduced to writing and approved and executed by the City and the Auditor in accordance with all applicable statutory procedures.

N. **Changes in Laws.** Unless otherwise provided in this Agreement, any reference to existing law shall be deemed to include any modifications of, or amendments to, existing law that may occur in the future.

O. **No Third Party Beneficiaries.** No claim as a third party beneficiary under this Agreement by any person, firm, or corporation shall be made, or be valid, against the City or the Auditor.

P. **Counterpart Signatures.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

ATTEST:

Jennifer Jeep Johnson, City Clerk

By: John A. Rey, Mayor

CITY OF DEKALB

ATTEST:

SIKICH, LLP

By: [Signature]

Its: [Signature]

Its: Engagement Partner
ACKNOWLEDGMENTS

STATE OF ILLINOIS )
                   ) SS.
COUNTY OF DEKALB )

This instrument was acknowledged before me on 9-29-16, 2016, by John A. Rey, the Mayor of the CITY OF DEKALB, an Illinois municipal corporation, and by Jennifer Jeep Johnson, City Clerk of said municipal corporation.

[Signature]

My Commission expires:

6-24-18

STATE OF ILLINOIS )
                   ) SS.
COUNTY OF DuPage )

The foregoing instrument was acknowledged before me on July 22, 2016, by Brian LeFevre, the Partner of SIKICH, LLP, an Illinois LLP, and by ________________________, the ________________________, of said.

[Signature]

My Commission expires:

April 28, 2018
# EXHIBIT A

## FEE PROPOSAL

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*specific fees included in base proposal

## ADDITIONAL SERVICE:

- Preparation and filing of Annual Financial Report to State Comptroller: 600, 600, 610, 620, 630, 640
- Preparation and filing of IDOI Fire and Police Pension Reports: 6,000, 6,000, 6,120, 6,240, 6,360, 6,490

**TOTAL FEE:** $56,130, $56,130, $57,250, $58,380, $59,540, $60,730

## AUDIT HOURS SUMMARY

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## ADDITIONAL SERVICE RATES

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**Firm Name:** Sikich LLP  
**Address:** 1415 W. Diehl Road, Suite 400  
Naperville, IL 60563

**Web Page:** www.sikich.com

**Signature:** [Signature]

**Printed Name:** Brian D. LeFevre  
**Title:** Partner  
**Email:** blefevre@sikich.com  
**Date:** March 25, 2016
May 6, 2016

Ms. Cathy Haley
Finance Director
City of DeKalb
200 South Fourth Street
DeKalb, IL 60115

Dear Cathy:

We are pleased to confirm our understanding of the services we are to provide the City of DeKalb (the City) for the year ended June 30, 2016. We will audit the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City as of and for the year ended June 30, 2016.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to supplement the City’s basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City’s RSI in accordance with auditing standards generally accepted in the United States of America. 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management’s Discussion and Analysis.

2. Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, for the General Fund and any major special revenue funds.

3. Schedule of Funding Progress for the Other Postemployment Benefit Plan.


6. Notes to Required Supplementary Information.

We have also been engaged to report on supplementary information other than RSI that accompanies the City’s financial statements. We will subject the following 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 financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor’s report on the financial statements:

1. Schedule of Expenditures of Federal Awards

2. Combining and Individual Fund Financial Statements and Schedules

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements and our auditor’s report will not provide an opinion or any assurance on that other information.

1. Introductory Section

2. Statistical Section

Audit Objective

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. If required, the objective also includes reporting on—

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards.

- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform
Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and, if applicable, in accordance with any state or regulatory audit requirements.

If required, the Government Auditing Standards report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City’s internal control or on compliance and (2) the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City’s internal control and compliance. If required, the Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; and if required, the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance and other procedures we consider necessary to enable us to express such opinions and to render the required reports. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.
Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and, if required, Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. If required, we will include such matters in the reports required for a Single Audit.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors and financial institutions. We will request written representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal awards programs; compliance with laws, regulations, contracts and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, and if required, Government Auditing Standards and the Uniform Guidance.
Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City’s compliance with provisions of applicable laws, regulations, contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures, if required, will consist of tests of transactions and other applicable procedures described in the OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the City’s major programs. The purpose of these procedures will be to express an opinion on the City’s compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Examination of Management’s Assertion of Compliance

We will also examine management’s assertion that the City of DeKalb complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended June 30, 2016. Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include tests of your records and other procedures we consider necessary to enable us to express an opinion as to whether management’s assertion that the City of DeKalb complied with the aforementioned requirements is fairly stated, in all material respects. If, for any reason, we are unable to complete the examination, we will not issue a report as a result of this engagement. The management of the City of DeKalb is responsible for its assertion and for its compliance with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act.

Our engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, fraud, or other illegal acts, that may exist. However, we will inform you of any material errors or fraud that comes to our attention. We will also inform you of any other illegal acts that come to our attention, unless clearly inconsequential.

At the end of the examination engagement, we will require additional representations from management which can be included with the representations made in relation to the audit of the financial statements.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the City in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These and other nonaudit services provided do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards.
Other nonaudit services expected to be performed during our audit of the financial statements as of and for the year ended June 30, 2016 and other deliverables are as follows:

1. Prepare twenty (20) copies and an electronic copy (.pdf) of the comprehensive annual financial report (CAFR) of the City (report covers, binders, dividers, introductory section, Management’s Discussion and Analysis, other supplemental information and statistical section information to be provided by City).

2. Prepare twenty (20) copies and an electronic copy (.pdf) of the management letter.


4. Prepare three (3) copies and electronic filing of the Illinois Comptroller Annual Financial Report, if this option is chosen.

5. Prepare two (2) copies and electronic filing of the Police and Firefighters' Pension Funds' Annual Report to the Department of Insurance (interrogatories and census data completed by the City). (if this option is chosen by the City)

6. Preparation of twenty (20) copies and an electronic copy (.pdf) of the Single Audit Report, if applicable.

7. Assist the City in submitting its comprehensive annual financial report (CAFR) to the Certificate of Achievement for Excellence in Financial Reporting Program, including preparation of the GFOA Certificate Responses and review of the application materials.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met, following laws and regulations, and ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for ensuring that management and financial information is reliable and properly reported.
You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements and grants. Additionally, as required by the Uniform Guidance, it is management’s responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance, if required. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information.
You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objective section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management’s views on our current findings, conclusions and recommendations, as well as your planned corrective actions, for the report and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes and any other non-audit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

**Engagement Administration, Fees and Other**

In accordance with professional standards, any discussions during the period of the engagement between any individual representing your City and a member of the Sikich engagement team regarding potential employment or association with the City creates an impairment of independence for the Sikich employee and possibly the firm. Such a situation could require us to temporarily or permanently remove that person from your engagement or to perform additional procedures or re-perform procedures, which would increase our fees. Should we not become aware of the impairment until after the conclusion of the engagement, the firm’s independence would be deemed to have been impaired.
Please inform appropriate personnel in your City to refrain from any such discussions with any Sikich staff while the engagement is ongoing and notify Brian D. LeFevre immediately if you or anyone else in your City becomes aware that any such discussions may have occurred.

The assistance to be supplied by City personnel is described in the workpaper request lists for preliminary (interim) and final fieldwork, which outline the specific schedules and information we are requesting for this engagement. The workpaper request list will be discussed with and coordinated with Cathy Haley, Finance Director. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report. This engagement letter assumes that all records, documentation and information we requested in connection with our audit (and outlined in the workpaper request lists) are complete and available at the beginning of the respective phases of the engagement. It also assumes that key personnel are available to us during the duration of the audit. The accuracy of these assumptions will allow us to conduct our audit without any delays or inefficiencies for the fee noted in our engagement letter. If the assumptions are not accurate and you fail to provide the records, documentation, information and key personnel required, there may be additional fees to cover our cost for the delays and possible rescheduling of the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We understand that your employees will prepare all confirmations we request and will locate any documents selected by us for testing.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter. Notwithstanding the foregoing, this engagement letter will not include any services related to the Affordable Care Act or consideration of taxable fringe benefits including those impacted by Affordable Care Act; in all circumstances, services related to the Affordable Care Act and other taxable fringe benefit reporting will be the subject of a separate engagement letter and will be billable under a separate hourly rate structure than the services provided hereunder.

At the conclusion of the engagement, if required, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management’s responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors’ reports and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors’ reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our report are to be made available for public inspection.
The audit and examination documentation for this engagement is the property of Sikich LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a cognizant or oversight agency for audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Sikich LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

As a result of our prior or future services to you, we might be requested or required to provide information or documents to you or a third party in a legal, administrative, regulatory inquiry (other than that mentioned in the previous paragraph) or arbitration or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request. For all requests we will observe the confidentiality requirements of our profession and will notify you promptly of the request.

The audit and examination documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the cognizant or oversight agency for audit, or pass-through entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation. Sikich LLP does not keep any original client records so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

Final reports will be issued upon your approval of the preliminary drafts. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service. Brian D. LeFevre is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will not exceed $56,130 which can be allocated as follows: $27,530 for the City; $9,000 ($4,500 each) for the Police/Fire Pension audits; $8,000 ($4,000 each) for the TIF examination letters; $5,000 for the Single Audit (if required); $600 for preparation and filing of the Annual Financial Report to the State Comptroller, if this option is chosen and $6,000 ($3,000 each) for the preparation and filing of the IDOI Fire and Police Pension reports, if this option is chosen, which includes out-of-pocket costs such as report reproduction, postage, etc. This fee is based upon anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.
Services will be invoiced to you from time-to-time as work progresses. In accordance with Illinois Compiled Statutes, payments for all services are due within sixty days of receipt of an invoice. Invoices not paid within sixty days are subject to finance charges of 1% per month (12% annually).

We reserve the right to suspend or terminate services for reasonable cause, such as failure to pay our invoices on a timely basis or failure to provide the information or cooperation necessary for successful performance of our services. Our engagement will be deemed to be completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for the time expended to that point and to reimburse us for all out-of-pocket expenditures through the date of termination.

You hereby agree to indemnify and hold harmless Sikich LLP and its partners, directors, employees, agents or subcontractors against all costs, expenses, losses, judgments, damages and liabilities (including reasonable attorneys' fees and expenses) associated with any third party claim, threat or proceeding relating to the performance of any services by Sikich LLP under this engagement, other than as determined through mediation to have been caused by our own gross negligence or willful misconduct.

You agree that our maximum liability to you for any negligent errors or omissions committed by us in the performance of the engagement will be limited to the amount of fees we receive from you for this engagement, except to the extent determined to result from our gross negligence or willful misconduct. You agree that this limitation applies to any and all liability or cause of action against us, however alleged or arising, unless otherwise prohibited by law or professional standards.

Additionally, our liability as auditors shall be limited to the period covered by our audit and shall not extend to later periods for which we are not engaged as auditors or prior periods before we were engaged as auditors. In no event will Sikich be liable to you or any third party, whether a claim be in tort, contract or otherwise, for any amount in excess of the total professional fees paid pursuant to this agreement to which the claim relates, or for any consequential, indirect, lost profit, punitive or similar damages relating to Sikich's services provided under this agreement.

If any dispute, controversy or claim arises in connection with the performance or breach of the agreement, either party may, on written notice to the other party, request that the matter be mediated. Such mediation will be conducted by a mediator appointed by and pursuant to the Mediation Rules of the American Arbitration Association. Both parties will exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute or controversy.

Each party may disclose any facts to the other party or the mediator which it, in good faith, considers necessary to resolve the matter. All such discussions, however, will be for the purpose of assisting in settlement efforts and will not be admissible in any subsequent litigation against the disclosing party. Except as agreed by both parties, the mediator will keep confidential all information disclosed during negotiations.

The mediation proceedings will conclude within sixty days from receipt of the written notice unless extended or terminated sooner by mutual consent. Each party will be responsible for its own expenses. The fees and expenses of the mediator, if any, will be borne equally by the parties.
Acceptance

You acknowledge having read this agreement in its entirety, have had full opportunity to consider its terms in consultation with your attorney, have had full and satisfactory explanation of the same and fully understand and agree to be bound by the terms of this agreement.

Please indicate your understanding and acceptance of this agreement and your intention to be legally bound by executing this agreement in the space provided below where indicated and return it to our offices, indicating your authorization for us to proceed on the above terms and conditions.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

Very truly yours,

Brian D. LeFevre

By: Brian D. LeFevre, CPA, MBA
    Partner
    On behalf of Sikich LLP

RESPONSE:

This letter correctly sets forth the understanding of the City of DeKalb.

Catherine L. Haley

By:

Title: Finance Director

May 9, 2016

Date:
PROFESSIONAL AUDITING SERVICES
REQUEST FOR PROPOSALS

200 SOUTH FOURTH STREET
DEKALB, ILLINOIS 60115
CITY OF DEKALB
REQUEST FOR PROPOSALS

Bid/Proposal Cover Sheet

Name of Project: Request for Proposals for Auditing Services (RFP)

General Description of Project: Comprehensive provision of professional services for annually auditing the City of DeKalb and prepare the Annual Comprehensive Annual Financial Report (CAFR).

Website Link: http://www.cityofdekalb.com/bids.aspx

Type of Bid: Request for Proposals

City Representative
Name: Cathy Haley
E-Mail: cathy.haley@cityofdekalb.com

Phone: 815-748-2382

Bid Release Date: February 23, 2016
Last Day for Questions: March 4, 2016
Question Response Date: March 11, 2016
Bid Due Date: March 25, 2016, 2:00 p.m.

All Proposals must be received at the City Clerk’s Office, Room 219, City of DeKalb Municipal Building, 200 S. Fourth Street, DeKalb, IL 60115 at not later than 2:00 P.M. on the Bid Due Date outlined above.
I. INTRODUCTION

A. General Information

The City of DeKalb ("City") is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2016, December 31, 2016, 2017, 2018, 2019, and 2020. 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* (1994), the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and pursuant to the terms and conditions of the Auditing Services Agreement attached hereto as Exhibit B.

The City reserves the right to make clarifications, corrections, or changes in this Request for Proposals ("RFP") at any time prior to the deadline for the submission of proposals. All proposers or prospective proposers that register with the City will be informed of said clarifications, corrections, or changes.

During the evaluation process, the City reserves the right, where it may serve the City’s best interest, to request additional information or clarification from proposers, or to allow proposers to correct errors or omissions. At the discretion of the City, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

B. Subcontracting

The selected auditor shall not be permitted to use subcontractors to provide auditing services to the City without the prior consent of the City, which consent the City may withhold in its discretion.

C. Key Dates

- Request for Proposals issued: February 23, 2016
- Questions from proposers due to the City’s Finance Director: March 4, 2016
- Issuance of answers to questions provided to all registered proposers: March 11, 2016
- **PROPOSAL DUE DATE:** MARCH 25, 2016, 2:00 P.M.
- Expected selection of auditor: April 11, 2016
II. DESCRIPTION OF THE GOVERNMENT

A. Principal Contact

The City's principal contact for the auditor will be Cathy Haley, Director of Finance, or her designated representative, who will coordinate the assistance to be provided by the City to the auditor.

B. Background Information

The City of DeKalb is an urban community with a vital commercial base placed in a rural setting. It is located approximately 60 miles west of Downtown Chicago. The City’s current land area is 15.55 square miles, all of which is located within DeKalb County. Neighboring communities include Sycamore, Malta, and Cortland. The City’s current official population is 44,030 as of the 2010 Census.

The City provides general services including community development, human services, engineering, public works, and police and fire protection. The City employs approximately 201 full-time employees and 66 part-time employees.

The accounting and financial reporting functions of the City are centralized, with the exception of the pension funds and the DeKalb Public Library which is a component unit of the City.

The City’s fiscal year currently begins on July 1st and ends on June 30th. However, the City will be changing its fiscal year to a calendar year beginning in January 2017. Therefore, there will be a six month year from July 1, 2016 – December 31, 2016 and then a 12 month beginning January 2017.

More detailed information on the government and its finances can be found on the City's website under the Government and Finance Department. http://www.cityofdekalb.com

C. Magnitude of Finance Operations

The Finance Department is directed by Cathy Haley, Finance Director, and consists of 12 employees. The principal functions performed and the number of employees assigned to each is as follows:

<table>
<thead>
<tr>
<th>Function</th>
<th>Number of Employees</th>
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<tbody>
<tr>
<td>Finance Director</td>
<td>1</td>
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<tr>
<td>Assistant Finance Director</td>
<td>1</td>
</tr>
<tr>
<td>Senior Accountant</td>
<td>1</td>
</tr>
<tr>
<td>Account Tech I</td>
<td>2</td>
</tr>
<tr>
<td>Account Tech II</td>
<td>1</td>
</tr>
<tr>
<td>Account Tech III</td>
<td>2</td>
</tr>
<tr>
<td>PT Administrative Assistant</td>
<td>1</td>
</tr>
<tr>
<td>PT Customer Service Representative</td>
<td>3</td>
</tr>
</tbody>
</table>
D. Computer Systems

The City uses MSI for its financial accounting, with PC’s networked and utilizes Microsoft office products.

E. Audit Preparation

The Finance Department will prepare all year-end entries to the best of their ability and provide a trial balance and all supporting documentation at the commencement of the audit. The City will prepare all audit confirmations as requested by the audit team. The auditors will mail out the confirmations for the City.

III. SCOPE OF SERVICES

A. Entity

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

B. Scope of Work to be Performed

The City 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 examination must meet the requirements of the Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Circular A-133, “Audits of State and Local Governments.”

It will be the responsibility of the successful proposer to obtain any of the standards or guides governing this audit.

The auditor is not required to audit the supporting schedules contained in the Comprehensive Annual 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 financial statements that collectively comprise the City as a whole.

The auditor is not required to audit the introductory section of the report or the statistical section of the report. The auditor shall, however, complete those sections of the statistical report that are derived from the resulting audit work.

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

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. Twenty (20) bound copies of the CAFR and a searchable PDF file are to be provided by the auditor;

2. A report on compliance and internal control over financial reporting based on an audit of the financial statements. A PDF file is to be provided by the auditor;

3. If required, a separate report in accordance with OMB Circular A-133 (Single Audit Act). This report will be included as a separate section in the Comprehensive Annual Financial Report and in a searchable PDF;

4. TIF Compliance Report;

5. Other reports and related services as mutually agreed to by the audit firm selected and the City; and

6. The auditors shall be required to make an immediate written report of all irregularities and illegal acts of which they become aware and present such report to the City Manager.

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.

Additional Services

1. The Annual Financial Report that must be filed with the State of Illinois shall be prepared by the auditor and filed by the auditor with two copies provided to the City as well as a searchable PDF.

2. The auditor will provide rates by employee type for any additional accounting services that the City will potentially require over the term of the agreement.

3. Preparation and filing of Illinois Department of Financial and Professional Regulation Fire and Police Pension Reports.

C. Funds

The City accounts for its financial activity on a fund accounting basis. Currently, the following funds are maintained and subject to being audited:
<table>
<thead>
<tr>
<th>Type of Fund</th>
<th>Number of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>1</td>
</tr>
<tr>
<td>Special Revenue Funds</td>
<td>10</td>
</tr>
<tr>
<td>Debt Service Funds</td>
<td>2</td>
</tr>
<tr>
<td>Capital Projects Funds</td>
<td>6</td>
</tr>
<tr>
<td>Internal Service Funds</td>
<td>3</td>
</tr>
<tr>
<td>Enterprise Funds</td>
<td>3</td>
</tr>
<tr>
<td>Pension Trust Funds</td>
<td>2</td>
</tr>
<tr>
<td>Component Unit</td>
<td>1</td>
</tr>
</tbody>
</table>

The General Fund has an annual budget of $34.4 million and the Water Enterprise Fund has an annual budget of over $5.6 million. Prior Financial Statements are available on the City's website and provide additional information on the City's fund structure.

Accounting for the pension funds is provided by Lauterbach & Amen, as contracted by both the police and fire pension funds. The combined annual budget of the pension funds is just over $5.57 million. The City of DeKalb Library budget is $2.58 million.

D. Financial Reporting

The auditor will prepare individual fund statements and supporting schedules for GASB 34 adjustments from the City’s trial balance.

Report preparation, editing and printing shall be the responsibility of the auditor including supply of all items necessary for printing of the documents such as covers, dividers, and spines. The Transmittal letter, organizational chart and Management’s Discussion and Analysis section, along with any necessary letterhead will be provided by the City.

The auditor will meet with the City for a pre-audit discussion prior to the current fiscal year-end to outline the audit calendar for the fiscal year.

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

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

If required, the auditor shall provide a separate report in accordance with OMB Circular A-133 (Single Audit Act). This report will be included as a separate section in the Comprehensive Annual Financial Report.
E. Management Letter

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

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

A partner or manager of the auditor 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 agreement period.

F. Single Audits, Pension Audits and TIF audits.

It is anticipated that a single audit will be required one or more times in the five year period. Please provide an estimate of a standard single audit price.

The City has both a Police and Fire Pension Fund. These funds will be audited during the course of the city’s annual audit and included as a separate section in the Comprehensive Annual Financial Report. Please provide a price for this portion of the audit separately.

The City has two TIF Districts. The City’s auditor will also prepare the TIF audits and provide TIF the TIF Reports needed to comply with Public Act 84-1142. Please provide a price for these audits separately.

G. Special Considerations

The City will prepare and submit the application for the City’s comprehensive annual 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 and responses. While the City is responsible for submitting the report and paying the applicable fee, the auditor shall assure that the City’s CAFR conforms to the provisions of the program and that all appropriate and reasonable changes required by the prior year’s comments are incorporated in the current year’s report.

The fiscal year ending on June 30, 2016 will be the 23rd year in a row that the City would be receiving this award.

H. Date Audit May Commence

The City will have all records ready for audit and all management personnel available to meet with the selected firm’s personnel at a mutually agreed upon schedule.
Filing of the State Comptroller's report must be done prior to six-months following the fiscal year-end date. Failure to deliver or file a final report in a timely manner may result in the City terminating the engagement.

IV. PROPOSAL REQUIREMENTS

A. Inquiries

Any inquiries concerning the Request for Proposals and the subject of the Request for Proposals shall be submitted in writing and shall be emailed to the Finance Director no later than March 4, 2016 at the following email address: cathy.haley@cityofdekalb.com.

All answers responding to inquiries and questions from proposers will be compiled and submitted to all proposers electronically in one general response memorandum by March 11, 2016.

In order to enable the City to equitably respond to proposer questions, the City requests that prospective proposers register in advance with the City via e-mail to cathy.haley@cityofdekalb.com.

B. Submission of Proposals

Please deliver one digital copy of the proposal via email to: cathy.haley@cityofdekalb.com.

The subject line of the email shall be clearly marked “FY2016 AUDIT RFP”.

Proposals must be received no later than 2:00 p.m. CDT, March 25, 2016 ("Deadline"). Proposals will not be opened publicly. Proposals submitted after the Deadline will not be opened. No oral, telephone, or facsimile proposals will be considered.

Each proposal shall include the following:

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

2. 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.

3. Profile of the Proposer – Provide all information requested pursuant to Section IV.C of this RFP.

4. Audit Process – Describe the audit process and indicate the percentage of time spent by each individual on the audit team, as set forth in Section IV.D of this RFP.
5. Fee Proposal – the proposed fees should be presented using Exhibit A to this RFP. The proposed fees shall be the maximum, not to exceed fee for each fiscal year shown.

C. Profile of the Proposer

1. Describe the services that will be provided.

2. State the location of the office that will be providing services.

3. Identify the Partners, Managers/Supervisors and In-Charge Accountants who will perform the audit. Include resumes for each person listed detailing educational background, years of experience and client names for audits similar to the proposed examination that they have worked on.

4. Describe firm audit experience similar to the proposed examination. Provide client names and contact information of all Illinois municipal audit clients who have been served in the last two years. Please provide at least five total references (whether municipal clients or otherwise).

5. Provide the firm’s most recent peer review.

6. Provide a recent Comprehensive Annual Financial Report prepared by your firm for a similar organization (if available).

7. Discuss the firm’s governmental industry experience. Include training programs provided to the governmental entity by your firm.

8. Discuss the firm’s community involvement. Specifically as it pertains to the City.

D. Audit Process

1. Describe your audit approach.

2. List the percentage of time to be allocated on the audit:

   Partner/Manager
   In-Charge Accountants (Seniors)
   Staff Accountants (Junior)

   Total 100%

E. Fee Proposal

1. The Fee proposal should contain all pricing information relative to performing the audit engagement as described in this RFP on a “not to exceed” basis for the years ending June 30, 2016, December 31, 2016, 2017, 2018, 2019 and 2020. The total all-inclusive
maximum price proposed is to contain all direct and indirect costs including all out-of-pocket expenses.

2. The proposer shall complete Exhibit A. This is a maximum “not to exceed" fee in a series of one-year segments for a total of 6 audits. One audit being for a 6-month period of time.

3. At the end of each one-year segment, the City shall have the right, in its sole discretion, to terminate the agreement. To terminate the agreement, the City must notify the selected auditor of such termination in writing no later than June 1st of the fiscal year to be audited.

4. It is the City’s desire and expectation that the successful proposer will be retained for five years or 6 total audits.

F. Standard Terms and Conditions

Proposals submitted are offers only, and the decision to accept or reject is a function of quality, reliability, capability, reputation, and expertise of the firms submitting proposals. Issuance of this RFP does not obligate the City to pay any costs incurred by a proposer in its submission of a proposal or for the preparation of that proposal.

A proposer may withdraw its proposal, either personally or by written request, at any time prior to the deadline for submittals. No proposal shall be withdrawn for 60 days after the date set for opening proposals. Proposals shall be subject to acceptance during this period.

The City reserves the right to accept the proposal that is, in its judgment, the best and most favorable to the interests of the City and to the public; to reject the proposal with the lowest fees; to accept any item of any proposal; to reject any and all proposals; and to waive irregularities and informalities in any proposal submitted or in the RFP process; provided, however, that the waiver of any prior defect or informality shall not be considered a waiver of any future or similar defect or informality. Proposers should not rely upon, or anticipate, such waivers in submitting their proposal.

V. EVALUATION OF PROPOSALS

A. Proposals will be evaluated on the basis of which proposer best meets the requirements and needs of the City. Critical factors to be considered by the City include the proposers' technical expertise, qualifications of the firms and the firms' audit teams, and fees proposed.

B. The City reserves the right to interview proposing firms, if necessary. Please clearly list a contact person with the phone number and e-mail address in the event questions arise.
The City Council will consider final acceptance of the proposal, under the recommendation of the City Manager and Finance Director. The City anticipates that the selection will be made by the City Council at its April 25, 2016 regular Meeting.

C. All proposing firms will be notified of the result of this RFP via the e-mail address provided by each proposer in Exhibit A.

VI. AUDITING SERVICES AGREEMENT

The selected proposer will be invited to enter into an Auditing Services Agreement, on a form to be provided by the City, in substantially the same form as Exhibit B to this RFP. The City Council has the ultimate authority to approve a proposal and to authorize the execution of the Agreement.
## BASE PROPOSAL:

<table>
<thead>
<tr>
<th>June 30</th>
<th>December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
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</tr>
<tr>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>2019</td>
<td>2020</td>
</tr>
</tbody>
</table>

- * Preparation of the Comprehensive Annual Financial Report (15)
- * TIF Assurance Letters (2)
- * Single Audit Report (If necessary)

## TOTAL BASE PROPOSAL FEE

*specific fees included in base proposal

## ADDITIONAL SERVICE:

- Preparation and filing of Annual Financial Report to State Comptroller
- Preparation and filing of IDOI Fire and Police Pension Reports

## TOTAL FEE:

## AUDIT HOURS SUMMARY

<table>
<thead>
<tr>
<th>Partner</th>
<th>Manager</th>
<th>Staff</th>
<th>Clerical</th>
<th>Total Hours</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

## ADDITIONAL SERVICE RATES

<table>
<thead>
<tr>
<th>Partner</th>
<th>Manager</th>
<th>Staff</th>
<th>Clerical</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

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**Firm Name:**

**Address:**

**Web Page:**

**Signature:**

**Printed Name:**

**Title:**

**Email:**

**Date:**
EXHIBIT B

AUDITING SERVICES AGREEMENT
BETWEEN THE CITY OF DEKALB
AND [AUDITOR]

THIS AUDITING SERVICES AGREEMENT ("Agreement") is made and entered into as of the ___ day of _______, 2016 ("Effective Date"), by and between the CITY OF DEKALB, an Illinois home rule municipal corporation ("City"), and [AUDITOR], an Illinois ___________________________ ("Auditor").

IN CONSIDERATION OF, and in reliance upon, the recitals and the mutual covenants set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Auditor mutually agree as follows:

SECTION I: RECITALS.*

A. The City is an Illinois home rule municipal corporation.

B. The Auditor is a licensed [TYPE OF ENTITY] in Illinois.

C. On February 23, 2016, the City issued a Professional Auditing Services Request for Proposals ("RFP"), requesting submission of proposals for the provision of audit services to the City in accordance with certain specifications.

D. The City has reviewed the responses to the RFP, and has determined that the proposal submitted by the Auditor is the most appropriate for the provision of audit services to the City.

E. The Parties desire to enter into an agreement for the provision of audit services by the Auditor to the City, in accordance with certain specifications.

F. The Parties desire to enter into this Agreement in order to memorialize the Parties' respective rights and responsibilities.

SECTION II: DEFINITIONS.

A. Definitions. Whenever used in this Agreement, the following terms shall have the following meanings:

"Parties": The City and the Auditor, collectively.

"Person": Any natural individual, corporation, partnership, individual, joint venture, trust, estate, association, business, enterprise, proprietorship, or other legal entity of any

* All capitalized words and phrases throughout this Agreement shall have the meanings set forth in the preamble above and in Section 2 and in the other provisions of this Agreement.
kind, either public or private, and any legal successor, agent, representative, or authorized assign of the above, or other entity capable of holding title to, or any lesser interest in, real property.

"Requirements of Law": All applicable federal, state, and City laws, statutes, codes, ordinances, resolutions, orders, rules, and regulations, as the same have been and may from time to time hereafter be amended.

B. Rules of Construction.

1. Grammatical Usage and Construction. In construing this Agreement, pronouns include all genders, and the plural includes the singular and vice versa.

2. Headings. The headings, titles, and captions in this Agreement have been inserted only for convenience and in no way define, limit, extend, or describe the scope or intent of this Agreement.

3. Calendar Days. Unless otherwise provided in this Agreement, any reference in this Agreement to "day" or "days" shall mean calendar days and not business days. If the date for giving of any notice required to be given, or the performance of any obligation, under this Agreement falls on a Saturday, Sunday, or federal holiday, then the notice or obligation may be given or performed on the next business day after that Saturday, Sunday, or federal holiday.

SECTION III: SELECTION OF, AND ACCEPTANCE BY, THE AUDITOR.

The City shall, and does hereby, confirm the selection of the Auditor as the party designated to provide audit services to the City in the manner set forth in this Agreement. The Auditor shall, and does hereby, accept the selection and agrees to provide audit services to the City in the manner set forth in this Agreement.

SECTION IV: PROVISION OF AUDIT SERVICES.

A. General Provisions of Agreement. Except as specifically provided in the text of this Agreement, the Auditor shall, and does hereby agree to, provide audit services to the City in the manner set forth in the following documents (collectively, "Services"):

1. The RFP, a copy of which is attached to this Agreement as Exhibit A; and

2. The Auditor's Proposal, a copy of which is attached to this Agreement as Exhibit B ("Auditor Proposal").
B. Conflicts.

1. Conflict Between an Exhibit and Text of Agreement. In the event of a conflict between an Exhibit and the text of this Agreement, the text of this Agreement shall control.

2. Conflict Between Exhibits. In the event of a conflict between the RFP and the Auditor Proposal, the RFP shall control.

C. Quality of Work. The Auditor shall provide, perform, and complete all of its obligations under this Agreement, or cause all of its obligations to be provided, performed and completed, in a proper and professional manner, consistent with the standards of professional practice and in full compliance with, and as required by or pursuant to, this Agreement.

D. Commencement of Investigation. The Auditor agrees to begin the examination of the City's financial statements and financial operations as soon after the acceptance of this Agreement to the mutual convenience of the City and the Auditor. The Auditor further agrees that it will conduct said examination with diligence as to insure its completion at the earliest possible date with such efficiency and thoroughness as is expected under Generally Accepted Auditing Standards. The examination and Auditor's report shall be completed and a report delivered to the City on an agreed upon date set during the preliminary audit review each year. The Auditor shall file a State Comptroller's report prior to six-months following the fiscal year-end each year.

E. Auditor's Working Papers. The Auditor agrees to adopt reasonable procedures as to insure the safe custody of its working papers. The Auditor agrees to make the working papers available for examination by the City as requested, and to provide copies of such working papers at the request of the City.

F. Corrections. The Auditor shall be responsible for the quality, technical accuracy, completeness and coordination of all reports, documents, data, information and other items and services under this Agreement. The Auditor shall promptly provide, to the satisfaction of the City, all corrective services necessary as a result of the Auditor’s errors, omissions, negligent acts, or failure to meet warranty.

SECTION V: TERM.

This Agreement shall be in full force and effect from the Effective Date of this Agreement until the time that Auditor provides the City a final and complete audit of the City's 2020 fiscal year ("Term"), during which Term the Auditor shall provide Services for the fiscal years ending June 30, 2016, and ending December 31, 2016, 2017, 2018, 2019, and 2020. The City shall have right to terminate this Agreement in its sole discretion, provided that the City provides the Auditor written notice not later than June 1st of the year following the fiscal year to be audited next by the Auditor pursuant to this Agreement. Notwithstanding anything contained in this Section to the
contrary, the City shall also have the right to terminate the Agreement upon failure of Auditor to meet any of its obligations under this Agreement.

SECTION VI: COSTS AND FEES.

A. Agreement Amount. The total amount to be paid by the City for all Services provided by the Auditor pursuant to this Agreement shall not exceed $________________ ("Agreement Amount"). The Auditor acknowledges and agrees that the Agreement Amount includes all applicable federal, state, and City taxes of every kind and nature applicable to the services provided pursuant to this Agreement, as well as all taxes, contributions, and premiums for unemployment insurance, old age or retirement benefits, pensions, annuities, or similar benefits. All claims or rights to claim additional compensation by reason of the payment of any such tax, contribution, premium, cost, royalty, or fee are hereby waived and released by the Auditor.

B. Payment Schedule. The Parties acknowledge and agree that the City shall pay the Auditor based on services rendered according to Exhibit C. Payment will be made upon receipt of progress billings with final payment made after receipt of the Annual Financial Report and other audits as applicable.

C. Changes in Costs and Fees. The Parties acknowledge and agree that all costs and fees specified in this Agreement or in Exhibit C shall not increase or decrease during the Term without the prior express written consent of each of the Parties.

D. Additional Services. The Auditor shall not implement or provide any services outside the scope of this Agreement or any Exhibit thereto prior to (1) delivery by the Auditor to the City of a written proposal, including costs and fees, for the additional services, and (2) receipt of prior written consent by the City of the proposal.

SECTION VII: WAIVER OF BREACH.

A waiver by the City or the Auditor of a breach by any party to this Agreement of any covenant or condition of this Agreement shall not impair the right of the party or parties not in default to avail itself or themselves of any subsequent breach thereof. Leniency, delay, or failure of the party or parties to insist upon strict performance of any agreement, covenant, or condition of this Agreement, or to exercise any right within this Agreement given in any one or more instances, shall not be construed as a waiver or relinquishment of any such agreement, covenant, condition, or right.

SECTION VIII: REPRESENTATIONS AND WARRANTIES.

A. By the City. The City represents and warrants to the Auditor as follows:

1. The City has the authority and the legal right to make, deliver, and perform this Agreement, and has taken or will take all necessary actions and obtain all required
consents and approvals to authorize the execution, delivery, and performance of this Agreement.

2. To the best of the knowledge of the legal representatives of the City, the execution, delivery, and performance of this Agreement is not prohibited by any requirement of law or under any contractual obligation of the City, will not result in a breach or default under any agreement to which the City is a party or is bound, and will not violate any restriction, court order, or agreement to which the City is subject.

3. The parties executing this Agreement on behalf of the City and executing and delivering any other agreement or other item contemplated by this Agreement or otherwise required to fulfill the City's obligations under this Agreement, have full authority to bind the City to such obligations and to so act on behalf of the City.

4. To the best of the knowledge of the legal representatives of the City, as of the Effective Date of this Agreement, there are no actions or proceedings by or before any court, governmental commission, board or bureau or any other administrative agency pending or being threatened against the City that would impair the City's ability to perform its obligations under this Agreement.

B. By the Auditor. The Auditor represents and warrants to the City as follows:

1. The Auditor has the authority and the legal right to make, deliver, and perform this Agreement, and has taken or will take all necessary actions and obtain all required consents and approvals to authorize the execution, delivery, and performance of this Agreement.

2. To the best of the knowledge of the legal representatives of the Auditor, the execution, delivery, and performance of this Agreement is not prohibited by any requirement of law or under any contractual obligation of the Auditor, will not result in a breach or default under any agreement to which the Auditor is a party or is bound, and will not violate any restriction, court order, or agreement to which the Auditor is subject.

3. The parties executing this Agreement on behalf of the Auditor and executing and delivering any other agreement or other item contemplated by this Agreement or otherwise required to fulfill the Auditor’s obligations under this Agreement, have full authority to bind the Auditor to such obligations and to so act on behalf of the Auditor.

4. To the best of the knowledge of the legal representatives of the Auditor, as of the Effective Date of this Agreement, there are no actions or proceedings by or before any court, governmental commission, board or bureau or any other administrative agency pending or being threatened against the Auditor that would impair the Auditor’s ability to perform its obligations under this Agreement, and that the Auditor possesses all required skill and licensure to lawfully and professionally prepare the reports contemplated herein.
SECTION IX: INDEMNIFICATION.

The Auditor shall, without regard to the availability or unavailability of any insurance of the City, indemnify the City, and its respective officers, members, officials, employees, agents, attorneys, and representatives against, and hold the City, and its respective officers, members, officials, employees, agents, attorneys, and representatives, harmless from, any and all third party lawsuits, claims, demands, damages, liabilities, losses, and expenses (including reasonable attorneys’ fees and administrative expenses), that may be sustained or incurred as a result of or in connection with the Auditor's performance of, or failure to perform, its obligations under this Agreement, whether or not due or claimed to be due in whole or in part to the active, passive, or concurrent negligence or willful misconduct of the Auditor, but not including third party lawsuits, claims, demands, damages, liabilities, losses, and expenses (including reasonable attorneys’ fees and administrative expenses) sustained or incurred solely as a result of the gross negligence or willful misconduct of the City. The Auditor’s obligations required pursuant to this Section 9 shall survive the termination of this Agreement.

Additionally, with respect to any personnel of the Auditor that may perform services at City-owned premises, the Auditor shall provide workers compensation insurance in amounts that shall satisfy any applicable laws. To the extent that any such personnel may bring any form of claim or suit against the City or any employee or representative thereof, the Auditor shall indemnify, defend and hold harmless the City (and the additional indemnifieds identified above) from such claim or demand in its entirety and without limitation by any statutory defense otherwise available to Auditor as employer.

SECTION X: ENFORCEMENT.

A. General. The Parties may, in law or in equity, by suit, action, mandamus, or any other proceeding, enforce this Agreement.

B. No Personal Liability. The Auditor acknowledges and agrees that no elected or appointed official, agent, representative, employee or attorney of the City shall be personally liable, in law or in contract, to the Auditor as the result of the execution of this Agreement.

SECTION XI: GENERAL PROVISIONS.

A. Notices. All notices required or permitted to be given under this Agreement shall be given by the Parties by (i) personal delivery, (ii) deposit in the United States mail, enclosed in a sealed envelope with first class postage thereon, or (iii) deposit with a nationally recognized overnight delivery service, addressed as stated in this Section. The address of any Party may be changed by written notice to the other Parties. Any mailed notice shall be deemed to have been given and received within three days after the same has been mailed and any notice given by overnight courier shall be deemed to have been given and received within 24 hours after deposit. Notices and communications to the Parties shall be addressed to, and delivered at, the following addresses:
If to the City: City of DeKalb  
200 S. Fourth Street  
DeKalb, IL 60115  
Attention: Finance Director

with a copy to: City of DeKalb  
200 S. Fourth Street  
DeKalb, IL 60115  
Attention: City Attorney

If to the Auditor: ______________________  
______________________  
______________________  
Attention: ______________

B. **Time of the Essence.** Time is of the essence in the performance of all terms and provisions of this Agreement.

C. **Rights Cumulative.** Unless expressly provided to the contrary in this Agreement, each and every one of the rights, remedies, and benefits provided by this Agreement shall be cumulative and shall not be exclusive of any other rights, remedies, and benefits allowed by law.

D. **Binding Effect.** This Agreement and the privileges, obligations, and provisions contained herein shall inure to the benefit of, and be binding upon, the City, the Auditor, and their heirs, personal representatives, and successors.

E. **Assignment.** Neither the City nor the Auditor shall assign this Agreement, in whole or in part, or any of its rights or obligations under this Agreement, without the prior express written approval of the other party, which approval may be withheld in the sole and unfettered discretion of the other party.

F. **Consents.** Unless otherwise provided in this Agreement, whenever the consent, permission, authorization, approval, acknowledgement, or similar indication of assent of any Party, or of any duly authorized officer, employee, agent, or representative of any Party, is required in this Agreement, the consent, permission, authorization, approval, acknowledgement, or similar indication of assent shall be in writing.

G. **Documents.** Notwithstanding the Auditor’s possession of any documents, data, or information, in any form, prepared, collected, or received by the Auditor from the City in connection with any or all of the Services to be performed under this Agreement (“City Documents”), the City Documents shall be and remain the exclusive property of the City. At the City’s request, or any time after termination of this Agreement, the Auditor shall cause any City Documents or copies thereof to be promptly delivered to the City in accordance with the Auditor’s usual and customary practices for the retention, storage, and destruction of such Documents. This provision shall survive termination of the Agreement.
H. **Governing Law.** This Agreement shall be governed by, construed, and enforced in accordance with the internal laws, but not the conflicts of laws rules, of the State of Illinois. Jurisdiction and venue for any dispute arising out of or relating to this Agreement shall be exclusively fixed in the Twenty-Third Judicial Circuit Court of DeKalb County, Illinois.

I. **Severability.** It is hereby expressed to be the intent of the Parties that should any provision, covenant, agreement, or portion of this Agreement or its application to any Person or property be held invalid by a court of competent jurisdiction, the remaining provisions of this Agreement and the validity, enforceability, and application to any Person or property shall not be impaired thereby, but the remaining provisions shall be interpreted, applied, and enforced so as to achieve, as near as may be, the purpose and intent of this Agreement to the greatest extent permitted by applicable law.

J. **Entire Agreement.** This Agreement and the Exhibits thereto constitute the entire agreement of the Parties relative to the subject matter of this Agreement, expressly superseding all prior agreements and negotiations between and among the Parties, whether written or oral, relating to the subject matter of this Agreement.

K. **Interpretation.** This Agreement shall be construed without regard to the identity of the Party who drafted the various provisions of this Agreement. Moreover, each and every provision of this Agreement shall be construed as though all parties to this Agreement participated equally in the drafting of this Agreement. As a result of the foregoing, any rule or construction that a document is to be construed against the drafting party shall not be applicable to this Agreement.

L. **Exhibits.** Exhibits A, B, and C attached to this Agreement are, by this reference, incorporated into, and made a part of, this Agreement.

M. **Amendments and Modifications.** No amendment or modification to this Agreement shall be effective until it is reduced to writing and approved and executed by the City and the Auditor in accordance with all applicable statutory procedures.

N. **Changes in Laws.** Unless otherwise provided in this Agreement, any reference to existing law shall be deemed to include any modifications of, or amendments to, existing law that may occur in the future.

O. **No Third Party Beneficiaries.** No claim as a third party beneficiary under this Agreement by any person, firm, or corporation shall be made, or be valid, against the City or the Auditor.

P. **Counterpart Signatures.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

ATTEST:  

______________________________  CITY OF DEKALB  

City Clerk  

By:______________________________  Mayor  

ATTEST:  

______________________________  [AUDITOR]  

Its:______________________________  Its:______________________________
ACKNOWLEDGMENTS

STATE OF ILLINOIS

COUNTY OF DEKALB

This instrument was acknowledged before me on ____________________, 2016, by Anne Marie Gaura, the City Manager of the CITY OF DEKALB, an Illinois municipal corporation, and by Ruth A. Scott, the Deputy City Clerk of said municipal corporation.

________________________________________
Signature of Notary

SEAL

My Commission expires:

____________________________________

STATE OF ILLINOIS

COUNTY OF ___________ )

The foregoing instrument was acknowledged before me on ____________________, 2016, by ____________________________________________, the _______________________ of ____________________________, [AUDITOR], an Illinois ____________________________, and by ________________________, the _______________________ of said _____________________________.

________________________________________
Signature of Notary

SEAL

My Commission expires:

____________________________________
EXHIBIT B

AUDITOR PROPOSAL
EXHIBIT C

PAYMENT SCHEDULE
City of DeKalb
Professional Auditing Services
March 25, 2016

Submitted By:
Sikich LLP – Government Services
Brian D. LeFevre, CPA, MBA
Partner
1415 West Diehl Rd., Suite 400
Naperville, IL 60563
630.566.8400
blefevre@sikich.com
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Transmittal Letter

March 25, 2016

Ms. Cathy Haley
Director of Finance
City of DeKalb
200 South Fourth Street
DeKalb, Illinois 60115

Dear Ms. Haley,

Sikich is pleased to be considered for the appointment as independent auditors for the City of DeKalb. 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. Our clients receive the quality and timeliness only available from a firm of our caliber.

We have received the Request for Proposal and are prepared to commit the resources necessary to provide services to the City of DeKalb. 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 as specified in the Request for Proposal, and are committed to performing the specified services within that timeframe.

We appreciate the opportunity to present this proposal, which is a firm and irrevocable offer for 60 days, and look forward to the possibility of serving the City of DeKalb.

Sincerely,

Brian D. LeFevre, CPA, MBA
Frederick G. Lantz, CPA
Partner
Partner-in-Charge, Government Services

Anthony M. Cervini, CPA
Senior Manager
Executive Summary

We know what’s challenging to the City of DeKalb. 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 City of DeKalb.

Sikich is one of the country’s top 35 Certified Public Accounting firms and a top 10 value-added reseller of technology products, with more than 650 employees across 12 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 City 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 (Single Audit 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 City thinking about an audit firm. We understand that the City requires a year-round partner, who will assist the City 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 City of DeKalb.

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 City of DeKalb 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.

Sikich is proud to be active in the DeKalb community. We actively recruit at Northern Illinois University (NIU) and Brian LeFevre serves annually as a guest instructor for NIU’s governmental accounting course.

Partner, Supervisory and Staff Qualifications and Experience

A crucial component to the City of DeKalb’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 City of DeKalb’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 City of DeKalb
The scope of our work for the City of DeKalb is outlined in the following proposal. We want to invest in what we hope will become a long-lasting relationship with your organization, which is why we commit to delivering the results your governmental entity requires. The timeline of the engagement on which we are proposing is outlined in this section.

*We would be honored to call the City of DeKalb our client and look forward to working with you.*
Technical Proposal

Statement of Independence

Sikich has evaluated its independence from the City of DeKalb and its component units 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 City of DeKalb and its component units, and is independent with respect to any non-attest services provided to the City of DeKalb and its component units, 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 City of DeKalb’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 City of DeKalb 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 City of DeKalb engagement, we will seek the prior written approval of the City of DeKalb.

The City of DeKalb’s key engagement team members will be supported by staff on the firm’s government services team from the Naperville office. Please refer to the Exhibits section on page 23 to read biographies of the City of DeKalb’s engagement team.

**Brian D. LeFevre, CPA, MBA**

*Engagement Partner*

As engagement partner, Brian 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 City of DeKalb’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, Brian will be present at the City of DeKalb’s offices during both our preliminary and final fieldwork.

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

*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 City of DeKalb’s comprehensive annual financial report.

Anthony M. Cervini, CPA  
*Senior Audit Manager*

As the senior audit manager, Anthony will be the City of DeKalb’s secondary contact for anything related to the successful audit of your organization. Anthony will be responsible for leading the assurance team in the field and coordinating all assurance efforts.

Jason Askin, CPA  
*Audit Manager*

As the audit manager, Jason will be another 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  
*Audit Supervisor*

As the audit supervisor, Ms. Dommer is responsible for the day-to-day execution of the audit programs and supervision of engagement staff.

**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 City of DeKalb 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 City of DeKalb.*

<table>
<thead>
<tr>
<th>Name</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Aurora</td>
<td>Mr. Brian Caputo</td>
</tr>
<tr>
<td>44 E. Downer Place</td>
<td>Finance Director</td>
</tr>
<tr>
<td>Aurora, Illinois</td>
<td>630.675.0624</td>
</tr>
<tr>
<td><a href="mailto:bwcaputo@aurora-il.org">bwcaputo@aurora-il.org</a></td>
<td></td>
</tr>
<tr>
<td>City of Naperville</td>
<td>Ms. Rachel Mayer</td>
</tr>
<tr>
<td>400 S. Eagle St</td>
<td>Finance Director</td>
</tr>
<tr>
<td>Naperville, Illinois</td>
<td>630.420.6052</td>
</tr>
<tr>
<td><a href="mailto:mayerr@naperville.il.us">mayerr@naperville.il.us</a></td>
<td></td>
</tr>
<tr>
<td>City of St. Charles</td>
<td>Mr. Chris Minick</td>
</tr>
<tr>
<td>2 E. Main Street</td>
<td>Director of Finance</td>
</tr>
<tr>
<td>St. Charles, Illinois</td>
<td>630.762.7002</td>
</tr>
<tr>
<td><a href="mailto:cminick@stcharlesil.gov">cminick@stcharlesil.gov</a></td>
<td></td>
</tr>
<tr>
<td>City of Batavia</td>
<td>Ms. Peggy Colby</td>
</tr>
<tr>
<td>100 N. Island Ave</td>
<td>Finance Director</td>
</tr>
<tr>
<td>Batavia, Illinois</td>
<td>630.454.2030</td>
</tr>
<tr>
<td><a href="mailto:pcolby@cityofbatavia.net">pcolby@cityofbatavia.net</a></td>
<td></td>
</tr>
<tr>
<td>City of Elgin</td>
<td>Ms. Debra Nawrocki</td>
</tr>
<tr>
<td>150 Dexter Ct</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Elgin, Illinois</td>
<td>847.931.5625</td>
</tr>
<tr>
<td><a href="mailto:nawrocki_d@cityofelgin.org">nawrocki_d@cityofelgin.org</a></td>
<td></td>
</tr>
<tr>
<td>Village of North Aurora</td>
<td>Mr. William Hannah</td>
</tr>
<tr>
<td>25 E. State St</td>
<td>Finance Director</td>
</tr>
<tr>
<td>North Aurora, Illinois</td>
<td>630.897.8228, ext. 225</td>
</tr>
<tr>
<td><a href="mailto:bhannah@northaurora.org">bhannah@northaurora.org</a></td>
<td></td>
</tr>
<tr>
<td>DeKalb County</td>
<td>Mr. Peter Stefan</td>
</tr>
<tr>
<td>200 N. Main St</td>
<td>Finance Director</td>
</tr>
<tr>
<td>Sycamore, Illinois</td>
<td>815.895.7350</td>
</tr>
<tr>
<td><a href="mailto:pstefan@dekalbcounty.org">pstefan@dekalbcounty.org</a></td>
<td></td>
</tr>
</tbody>
</table>

*These governments participate in GFOA’s Certificate of Achievement for Excellence in Financial Reporting Program (we assisted 18 governments in receiving their first Certificate awarded). Sikich has more than 50 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 Aurora, Naperville, St. Charles, Elgin, DeKalb County and many others.*
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 City of DeKalb, 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 City of DeKalb’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 City of DeKalb’s governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information that collectively comprise the City of DeKalb’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 OMB Circular A-133. 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 financial statements or to the 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 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 statistical or introductory sections of the comprehensive annual financial report and accordingly, will not express an opinion on the information contained in these sections.
Wherever possible, we will utilize your schedules to maximize efficiencies and contain audit costs. We request that the City of DeKalb 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 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 City of DeKalb
- 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 City of DeKalb 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 City of DeKalb 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 City of DeKalb 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 City of DeKalb will remain abreast of regulatory changes and best organizational practices as Sikich’s team receives ongoing continuing education they will directly apply to the City of DeKalb’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. 67, *Financial Reporting for Pension Plans*
- GASB Statements No. 72 and 79 Webinar
- 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:

- AICPA Government Audit Quality Center
- AICPA State and Local Government Expert Panel
- American Institute of Certified Public Accountants (AICPA)
- GFOA Special Review Committee (SRC)
- Government Finance Officers Association of the United States and Canada (GFOA)
- ICPAS Governmental Report Review Committees
- IGFOA Technical Accounting Review Committee
- 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 City of DeKalb 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 City of DeKalb 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 a Smooth Transition
Your transition to Sikich will be a non-disruptive one. Brian LeFevre and Anthony Cervini have directed the transition of many new clients and will bring this experience to the City of DeKalb engagement team. Your engagement team will have continuous, hands-on involvement in what we consider an important relationship with the City of DeKalb. We have many ways of achieving this transitions such as:

› Developing an agreed-upon timetable for deliverables and follow up regularly on their progress
› Utilizing concise audit programs, eliminating unnecessary audit steps and preparing audit schedules and workpapers
› Using existing client materials to the greatest extent possible, such as internal control memos and client assistance letters

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.

After a more thorough review of your operations and audit-specific matters, we may uncover other opportunities. As part of our ongoing service and commitment to the City of DeKalb, we keep you abreast of regulatory changes and best business practices to ensure we identify crucial opportunities that will benefit the City of DeKalb.

Initiative for Your Satisfaction
The City of DeKalb’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 City of DeKalb?
Scope of Services for the City of DeKalb

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 City of DeKalb as specified in the RFP:

- Audit of basic financial statements and discretely presented component units (DeKalb Public Library) of the City of DeKalb for the fiscal year ending June 30, 2016.
- Preparation of twenty (20) hard copies and an electronic copy (.pdf) of the comprehensive annual financial report (report covers, dividers, introductory section, MD&A and certain statistical data to be provided by the City of DeKalb);
- Preparation of twenty (20) hard copies and an electronic copy (.pdf) of the management letter for the City of DeKalb, 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 of the audit report on compliance with Public Act 85-1142 (TIF);
- Preparation of three (3) copies of the Annual Financial Report (AFR) filed with the County Clerk and State Comptroller (one electronic and two hard copies);
- Preparation of twenty (20) hard copies and electronic copy of the Single Audit Report, if applicable; including electronic filing of the data collection form;
- 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 five (5) years in accordance with firm standards;
- Reporting to the City Council in accordance with Illinois Compiled Statutes and generally accepted auditing standards; and
- Exit conference(s) with the City of DeKalb Officials to present the completed audit and related materials.
### Client Service Timeline

<table>
<thead>
<tr>
<th>Event</th>
<th>Timeframe</th>
<th>Person(s) Assigned</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Preliminary Planning</strong>&lt;br&gt;During this phase of the audit, we would meet with representatives of the City of DeKalb to discuss the approach we would take during the audit, focusing on areas of particular concern to the City of DeKalb as well as areas of high audit risk, and develop the time schedule for completing the subsequent phases of the audit.</td>
<td>April 2016</td>
<td>The meeting would be attended by the engagement partner and engagement manager, if necessary.</td>
</tr>
<tr>
<td><strong>II. Preliminary Fieldwork</strong>&lt;br&gt;During this phase of the audit, we would develop an understanding and documentation of the City of DeKalb’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 on an individual fund basis and complete a preliminary analytical review of the City of DeKalb’s financial position as a whole.&lt;br&gt;In addition, we would review all minutes from the meetings of the City Council and the Pension Boards and the Library; review all ordinances adopted by the City of DeKalb during the year; review any debt agreements entered into during the year and analyze any other unique transactions entered into by the City of DeKalb; and perform our fraud interviews in accordance with Statement on Auditing Standards (SAS) No. 99. Upon completion of this phase, we would finalize all necessary confirmations the City of DeKalb will prepare; review all proposed client assisted work papers and the timing of preparation by the City of DeKalb; develop our audit programs for the next phase of the audit and review and document any changes to the City of DeKalb’s CAFR; and prepare the schedule for the remainder of the audit.</td>
<td>June/July 2016</td>
<td>This phase would be completed by the engagement partner, engagement manager and one professional staff.</td>
</tr>
<tr>
<td><strong>III. Fieldwork</strong>&lt;br&gt;During this phase of the audit, we would complete all of our substantive testing of the account balances and prepare the draft of the City of DeKalb’s financial statements with a rough draft of the financial statements provided to the City of DeKalb at the conclusion of field work. We would also prepare the draft of the management report. In addition, an exit conference would be held with officials from the City of DeKalb 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.</td>
<td>September/October 2016</td>
<td>This phase would be completed by the engagement partner, engagement manager and one to two professional staff.</td>
</tr>
<tr>
<td>Event</td>
<td>Timeframe</td>
<td>Person(s) Assigned</td>
</tr>
<tr>
<td>-------</td>
<td>-----------</td>
<td>--------------------</td>
</tr>
<tr>
<td><strong>IV. Workpaper Review and Report Production</strong></td>
<td>October 2016</td>
<td>This phase would be completed by the engagement partner, resource partner and the quality control partner.</td>
</tr>
</tbody>
</table>

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 City of DeKalb’s staff after fieldwork has been completed.

| V. Drafts to the City of DeKalb | October 2016 | This phase would be completed by the engagement partner. |

We will deliver a preliminary draft of the CAFR at the end of fieldwork. A revised draft will be delivered by the engagement partner and reviewed in-depth with representatives of the City of DeKalb within three weeks of the preliminary draft. A revised draft, if necessary, will be delivered to the City of DeKalb no later than three business days after receiving all proposed changes.

| VI. Completion of the Audit | November 2016 | This phase would be completed by the engagement partner. |

Upon approval of the drafts by the City of DeKalb, 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 City of DeKalb including the City of DeKalb President, the City Council and management for formal presentations of the reports.

| VII. Support to the City of DeKalb | Continuous | This phase would be completed by the engagement partner. |

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 City of DeKalb. 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 City of DeKalb 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 City of DeKalb.

In future years, we would develop a similar plan and timeframe with the assistance of the City of DeKalb 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 City of DeKalb. 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 Director of Finance. The timing of this discussion will provide the City of DeKalb 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 Director of Finance 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 City of DeKalb. The billings for the audit would not exceed this fee unless the City of DeKalb specifically requests that the scope of the engagement be expanded and the City of DeKalb 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.

Staffing Hours

Our estimated hours by level are listed below:

<table>
<thead>
<tr>
<th></th>
<th>Estimated Hours</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partners/Manager</td>
<td>160</td>
<td>33%</td>
</tr>
<tr>
<td>In-Charge Accountants (Seniors)</td>
<td>200</td>
<td>42%</td>
</tr>
<tr>
<td>Staff Accountants (Juniors)</td>
<td>120</td>
<td>25%</td>
</tr>
<tr>
<td><strong>TOTAL FOR SERVICES DESCRIBED IN RFP</strong></td>
<td><strong>480</strong></td>
<td></td>
</tr>
</tbody>
</table>
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.

Executive Search & Staffing
Whether you have an immediate, full-time job vacancy to fill or are faced with an unexpected short-term staffing need, you need access to the best talent in all positions across a range of disciplines and industries. When you work with Sikich’s search and staffing team, you can find candidates for high-level positions that fit your personal, professional and cultural qualifications.

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.

Not-for-Profit Services
Funding challenges, increased demand from stakeholders and changing trends and policies can make it difficult for not-for-profit organizations to reach their goals. For those common challenges and others more specific to your organization, you need a professional services partner with an industry-dedicated team to deliver the accounting, advisory and technology services that will help you work toward your mission.
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

Proposal Cost Summary

SEE EXHIBIT A

These fees assume that the City of DeKalb 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. The fees proposed for the police and fire pension audits assume this work will be done concurrently with the City audit. If we are not engaged to perform the City audit, we would propose on the police and fire pension audits separately. These fees also include the cost to implement any new GASB pronouncements during the duration of the proposal, except for GASB Statements No 74 and 75. We would negotiate our fees separately for the implementation of these pronouncements.

We want to invest in what we hope will become a long-lasting relationship with the City of DeKalb, which is why we will absorb the costs of the orientation and nonrecurring procedures required in an initial engagement. We estimate these costs to be 25% of our first year fees.

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).
## EXHIBIT A

### FEE PROPOSAL

#### BASE PROPOSAL:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2016.5</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Preparation of the Comprehensive Annual Financial Report (15)</td>
<td>$27,530</td>
<td>$27,530</td>
<td>$28,080</td>
<td>$28,640</td>
<td>$29,210</td>
<td>$29,790</td>
</tr>
<tr>
<td>* Police/Fire Pension Audits</td>
<td>9,000</td>
<td>9,000</td>
<td>9,180</td>
<td>9,360</td>
<td>9,550</td>
<td>9,740</td>
</tr>
<tr>
<td>* TIF Assurance Letters (2)</td>
<td>8,000</td>
<td>8,000</td>
<td>8,160</td>
<td>8,320</td>
<td>8,490</td>
<td>8,660</td>
</tr>
<tr>
<td>* Single Audit Report</td>
<td>5,000</td>
<td>5,000</td>
<td>5,100</td>
<td>5,200</td>
<td>5,300</td>
<td>5,410</td>
</tr>
</tbody>
</table>

**Total Base Proposal Fee:** 49,530 excluding specific fees included in base proposal

#### ADDITIONAL SERVICE:

<table>
<thead>
<tr>
<th>Service Description</th>
<th>2016</th>
<th>2016.5</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation and filing of Annual Financial Report to State Comptroller</td>
<td>600</td>
<td>600</td>
<td>610</td>
<td>620</td>
<td>630</td>
<td>640</td>
</tr>
<tr>
<td>Preparation and filing of IDOI Fire and Police Pension Reports</td>
<td>6,000</td>
<td>6,000</td>
<td>6,120</td>
<td>6,240</td>
<td>6,360</td>
<td>6,490</td>
</tr>
</tbody>
</table>

**Total Fee:** $56,130

#### AUDIT HOURS SUMMARY

<table>
<thead>
<tr>
<th>Category</th>
<th>2016</th>
<th>2016.5</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Manager</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td>Staff</td>
<td>320</td>
<td>320</td>
<td>320</td>
<td>320</td>
<td>320</td>
<td>320</td>
</tr>
<tr>
<td>Clerical</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Total Hours</td>
<td>520</td>
<td>520</td>
<td>520</td>
<td>520</td>
<td>520</td>
<td>520</td>
</tr>
</tbody>
</table>

#### ADDITIONAL SERVICE RATES

<table>
<thead>
<tr>
<th>Category</th>
<th>2016</th>
<th>2016.5</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner</td>
<td>$395</td>
<td>$395</td>
<td>$410</td>
<td>$420</td>
<td>$430</td>
<td>$440</td>
</tr>
<tr>
<td>Manager</td>
<td>273</td>
<td>273</td>
<td>280</td>
<td>290</td>
<td>300</td>
<td>310</td>
</tr>
<tr>
<td>Staff</td>
<td>175</td>
<td>175</td>
<td>180</td>
<td>190</td>
<td>200</td>
<td>210</td>
</tr>
<tr>
<td>Clerical</td>
<td>130</td>
<td>130</td>
<td>130</td>
<td>130</td>
<td>130</td>
<td>130</td>
</tr>
</tbody>
</table>

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**Firm Name:** Sikich LLP  
**Address:** 1415 W. Diehl Road, Suite 400, Naperville, IL 60563  
**Web Page:** www.sikich.com  
**Signature:** [Signature Image]  
**Printed Name:** Brian D. LeFevre  
**Title:** Partner  
**Email:** blefevre@sikich.com  
**Date:** March 25, 2016
State and Local Government Services

As a government leader, you know how important it is to find a premier professional services partner that can strategize, plan and implement a variety of ideas that will help you meet the goals of your organization. Budgetary constraints, conflicting demands of multiple constituencies and new regulations make reaching those goals difficult. 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 government clients represent a wide range of industry sectors including:

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

Regardless of which type of government organization you represent, meet your goals and keep your many constituencies happy by seeking professional guidance in functions such as human resources, accounting, marketing, technology and more.

We’re involved...

- American Library Association
- Central Association of College and University Business Officers
- Community College Business Officers
- Friends of Illinois Parks
- Government Finance Officers Association
- Government Finance Officers Association of Missouri
- Government Management Information Sciences Illinois
- Illinois Association of County Board Members and Commissioners
- Illinois Association of Fire Protection Districts
- Illinois Association of Municipal Management Assistants
- Illinois Association of Park Districts
- Illinois Association of School Business Officials
- Illinois City/County Management Association
- Illinois County Treasurers’ Association
- Illinois Government Finance Officers Association
- Illinois Library Association
- Illinois Municipal Treasurers Association
- Illinois Public Pension Fund Association
- Illinois Tax Increment Association
- Indiana Library Federation
- International City/County Management Association
- National Association of College and University Business Officers
- Wisconsin Government Finance Officers Association
- Wisconsin Municipal Clerks Association
Sikich is a dynamic professional services firm specializing in accounting, technology, investment banking* and advisory services**. Founded in 1982, Sikich now ranks as one of the country's Top 35 Certified Public Accounting firms and is among the top 1 percent of all enterprise resource planning solution partners in the world. 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
- Construction & Real Estate
- Government
- Manufacturing & Distribution
- Not-for-Profit
- Oilfield Services

Statistics
2015 Revenues .................... $115.7M
Total Partners ........................ 94
Total Employees ....................... 598
Total Personnel ....................... 698
Personnel count as of January 25, 2016

Sikich Total Revenues

Awards
- WorkatWork Work-Life 2016 Seal of Distinction
- Milwaukee's Best and Brightest Companies to Work For®, 2015
- National Best & Brightest In Wellness®, 2015
- Accounting Today Top 100 Value Added Reseller: ranked 7th, 2015
- Bob Scott's Top 100 Value Added Reseller: ranked 9th, 2015
- Accounting Today Top 100 Firms: ranked 34th nationally, 2014
- Accounting Today Regional Leaders – Top Firms: Great Lakes: ranked 4th, 2014
- INSIDE Public Accounting Top 50 Largest Accounting Firms: ranked 32nd nationally, 2014
- Microsoft Dynamics Inner Circle and President’s Club, 2014
- Milwaukee Business Journal Largest Management Consulting Firms: ranked 12th, 2014
- Best Places to Work in Indiana, 2014
- Best Places to Work in Illinois, 2014
- Bob Scott’s Insights Value Added Reseller Stars, 2014

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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 1 percent of all Microsoft Dynamics partners worldwide; and carries the following certifications:

- 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.)

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

Sikich is proud to be part of 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.

Securities are offered through Sikich Corporate Finance LLC, a registered broker/dealer with the Securities and Exchange Commission and a member of FINRA and SIPC.

Advisory services offered through Sikich Financial, a Registered Investment Advisor. Securities offered through Triad Advisors, Member FINRA and SIPC. Triad Advisors and Sikich Financial are not affiliated.
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.

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