

Administrative-Finance Committee
February 2, 2015
6:00 p.m. – City Hall Conference Room

1. **Call to Order**
2. **Public Comment**
3. **New Business**
 - a. **Resolution** – Approving a Proposal From Speer Financial, Dated January 12, 2015, to Provide Financial Advisory Services for the Advance Refunding of the G.O. Bond, Series 2007B and G.O. Bond, Series 2008
 - b. **Motion** – Approving the Acceptance of a Proposal for Auditing Services from Sikich
 - c. **Minutes** – November 3, 2014
4. **Other Business**
5. **Next Meeting – Monday, March 2, 2015**
6. **Adjournment**

AGENDA MEMO
Administrative/Finance Committee
February 2, 2015

ISSUE STATEMENT

Resolution approving a proposal from Speer Financial, dated January 12, 2015, to provide financial advisory services for the advance refunding of the G.O. Bond, Series 2007B and G.O. Bond, Series 2008.

BACKGROUND/HISTORY

SPEER FINANCIAL, INC has previously provided financial related professional services for the City and Darien Park District. SPEER assisted the City with the issuance of the G.O. Bond, Series 2007B and G.O. Bond, Series 2008. The City has received an unsolicited proposal from BERNARDI SECURITIES for the advance refunding of these bonds. Expected savings, net of all costs of issuance, which are paid by the bond issue, is likely to be in the \$75,000 range. Savings is dependent upon interest rate movement. The professional advisory fee to SPEER would be a total of \$8,100 if both bonds are refinanced and be payable only if the bond closes.

STAFF/COMMITTEE RECOMMENDATION

Staff recommends approving a proposal from Speer Financial, dated January 12, 2015, to provide financial advisory services for the advance refunding of the G.O. Bond, Series 2007B and G.O. Bond, Series 2008.

ALTERNATE CONSIDERATION

As directed.

DECISION MODE

This will be placed on the February 17, 2015 City Council Agenda for formal approval.

Peggy Patino

From: Bryon Vana
Sent: Wednesday, January 28, 2015 11:57 AM
To: Peggy Patino
Subject: FW: Potential refunding candidates
Attachments: DARSer 2015 to Ref 2007B Brenda.xls; DARSeries 2015 to Ref 2008 Brenda.xls; Hypothetical Savings Analysis_City of Darien 2007B and 2008 Bonds.pdf; 2-2-15 AGENDA MEMO speer refi.doc

Here you go
thx

Bryon D. Vana

Bryon D. Vana
City Administrator
City of Darien
Office phone – 630-353-8114

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From: Bryon Vana
Sent: Tuesday, January 27, 2015 2:13 PM
To: Bryon Vana
Subject: FW: Potential refunding candidates

Attachments and email below are included in packet.

Bryon D. Vana

Bryon D. Vana
City Administrator
City of Darien
Office phone – 630-353-8114

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From: Kevin McCanna [<mailto:kmccanna@speerfinancial.com>]
Sent: Tuesday, January 27, 2015 8:32 AM
To: Bryon Vana
Cc: Brenda Houston; Michael J. Coren; Paul Nosek
Subject: RE: Potential refunding candidates

Good morning

In 2010 the Congress adopted the Dodd Frank Act to protect bond sellers like the City. Part of the rules became effective July 1, 2014. As a result, underwriters can no longer just show you where the market is and what the savings is. They either must show a range, as this one does, or just show “typical” rates as some others do. So, sorry it is confusing, but thank the Feds for protecting you.

I have attached the schedules that Brenda ran, clearly showing the savings. Today, it would be a bit better as rates have continued downward. Also, each was run as a stand along issue—put together the fees will decrease. There will only be

one rating fee, not two; our fee and bond counsel will each be less than if there were two sales. Bank registrar fees will also be just one issue instead of two.

Our fee is unchanged over the past decade at \$4500 plus \$2000 for each \$1,000,000 after the first \$1,000,000. So, on a \$1.4 M issue, the fee is approximately \$5300. Two issues of the same size would be \$10,600. But a combined issue would be about \$8100.

I plan on being at your committee meeting on Monday night to answer any questions.

Kevin

Kevin W. McCanna
President
Speer Financial, Inc.
One N. LaSalle St., Suite 4100
Chicago, IL 60602

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Speer Financial, Inc.

A federally registered municipal advisor and charter member of the National Association of Independent Public Financial Advisors "NAIPFA"

From: Bryon Vana [<mailto:bvana@darienil.gov>]
Sent: Monday, January 26, 2015 4:52 PM
To: Kevin McCanna
Cc: Brenda Houston; Michael J. Coren; Paul Nosek
Subject: RE: Potential refunding candidates

Kevin

I read the attached and have a few questions:

- I can't determine the savings estimate as it shows 2 different scenarios for each refi. PLs clarify.
- You mention that the City could save some \$75,000 net of costs. What additional costs are there and do they double because it is 2 refi deals?
- What is the dollar amount for your fee based on this issue? Your proposal works on a formula and I wanted to be clear on the actual dollar amount.

You can email me and I will give you a call if I have any questions.

thx

Bryon D. Vana
Bryon D. Vana

City Administrator
City of Darien
Office phone – 630-353-8114

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From: Kevin McCanna [<mailto:kmccanna@speerfinancial.com>]

Sent: Monday, January 12, 2015 9:01 AM

To: Bryon Vana

Cc: Brenda Houston

Subject: FW: Potential refunding candidates

Good morning

We received this unsolicited refunding run form Bernardi Securities. Not a lot of savings but if rates stay low, the City could save some \$75,000 net of costs. Both issues are short and small, so there will never be much savings but this is probably worthwhile if rates stay low.

Please review and let us know if you would like to pursue this.

Kevin

Kevin W. McCanna

President

Speer Financial, Inc.

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The information provided is presented as an aid in decision making. Current and future market conditions and interest rates are subject to change and any information based on such market conditions and interest rates is not guaranteed.

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Speer Financial, Inc.

A federally registered municipal advisor and charter member of the National Association of Independent Public Financial Advisors "NAIPFA".

From: John Balzano [<mailto:JBalzano@BernardiSecurities.com>]

Sent: Thursday, January 08, 2015 11:05 AM

To: Kevin McCanna

Cc: Robert Vail

Subject: Potential refunding candidates

Kevin,

Happy New Year! Hope you enjoyed the holidays.

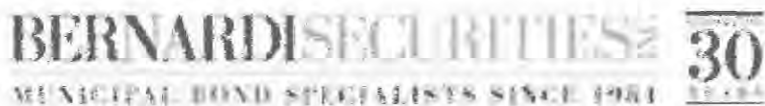
Bob and I came across some potential refunding candidates for a few Speer Financial, Inc. clients. Attached, please find hypothetical savings numbers for the Forest Preserve District of Kane County, City of Darien, Waukegan Park District,

Glenside Public Library District, Matteson SD No. 162 and Kendall County. I know we discussed Glenside Public Library District and the City of Darien in the past, so any updates would help on those. When you get a chance on the others, please let us know if there are any opportunities to negotiate these potential issues or any other information you can provide.

If you have any questions please feel free to contact us.

Regards,

John E. Balzano
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Municipal bonds not FDIC insured * May lose principal * Not appropriate for all investors

City of Darien, DuPage County, Illinois

Tax-Exempt General Obligation Bonds, Series 2015

1.12.15 for Current Refunding of Series 2007B

Sources & Uses

Dated 03/15/2015 | Delivered 03/15/2015

Sources Of Funds

Par Amount of Bonds \$1,445,000.00

Total Sources **\$1,445,000.00**

Uses Of Funds

Total Underwriter's Discount (1.000%) 14,450.00

Costs of Issuance 25,000.00

Deposit to Current Refunding Fund 1,402,464.75

Rounding Amount 3,085.25

Total Uses **\$1,445,000.00**

City of Darien, DuPage County, Illinois
General Obligation Bonds, Series 2015
At 1.12.15 for Advance Refunding of 2008

Sources & Uses

Dated 03/15/2015 | Delivered 03/15/2015

Sources Of Funds

Par Amount of Bonds	\$1,405,000.00
Total Sources	\$1,405,000.00

Uses Of Funds

Total Underwriter's Discount (1.000%)	14,050.00
Costs of Issuance	25,000.00
Deposit to Net Cash Escrow Fund	1,364,965.38
Rounding Amount	984.62
Total Uses	\$1,405,000.00

Series 2015 to Ref 2008 B | SINGLE PURPOSE | 1/27/2015 | 8:19 AM

PRESENTED TO:
CITY OF DARIEN
DUPAGE COUNTY, ILLINOIS



Presented by:
Robert P. Vail, Vice President
John E. Balzano, Investment Banking Representative

January 8, 2015

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HYPOTHETICAL INTEREST RATES

HYPOTHETICAL INTEREST RATE SCALE RANGE BASED ON CURRENT MARKET CONDITIONS:

Below is a hypothetical range of interest rate scales based on current municipal market conditions for each corresponding credit rating.

Hypothetical Range of Interest Rates			
<i>(As of January 5, 2015)</i>			
Year	Non-Rated Bonds	"A" Rated Bonds	"AA" Rated Bonds
2016	0.75 - 0.95 %	0.60 - 0.80 %	0.50 - 0.70 %
2017	1.10 - 1.30 %	1.00 - 1.20 %	0.90 - 1.10 %
2018	1.50 - 1.70 %	1.35 - 1.55 %	1.25 - 1.45 %
2019	1.90 - 2.10 %	1.75 - 1.95 %	1.55 - 1.75 %
2020	2.20 - 2.40 %	2.00 - 2.20 %	1.80 - 2.00 %
2021	2.40 - 2.60 %	2.20 - 2.40 %	2.00 - 2.20 %
2022	2.55 - 2.75 %	2.35 - 2.55 %	2.15 - 2.35 %
2023	2.90 - 3.10 %	2.60 - 2.80 %	2.40 - 2.60 %
2024	2.95 - 3.15 %	2.65 - 2.85 %	2.45 - 2.65 %
2025	3.05 - 3.25 %	2.75 - 2.95 %	2.55 - 2.75 %
2026	3.20 - 3.40 %	2.90 - 3.10 %	2.70 - 2.90 %
2027	3.25 - 3.45 %	2.95 - 3.15 %	2.75 - 2.95 %
2028	3.30 - 3.50 %	3.00 - 3.20 %	2.80 - 3.00 %
2029	3.35 - 3.55 %	3.05 - 3.25 %	2.85 - 3.05 %
2030	3.55 - 3.75 %	3.25 - 3.45 %	3.05 - 3.25 %
2031	3.60 - 3.80 %	3.30 - 3.50 %	3.10 - 3.30 %
2032	3.70 - 3.90 %	3.35 - 3.55 %	3.15 - 3.35 %
2033	3.75 - 3.95 %	3.50 - 3.70 %	3.30 - 3.50 %
2034	3.80 - 4.00 %	3.55 - 3.75 %	3.35 - 3.55 %
2035	3.85 - 4.05 %	3.60 - 3.80 %	3.40 - 3.60 %
2036	3.95 - 4.15 %	3.65 - 3.85 %	3.45 - 3.65 %
2037	4.00 - 4.20 %	3.65 - 3.85 %	3.45 - 3.65 %
2038	4.05 - 4.25 %	3.70 - 3.90 %	3.50 - 3.70 %
2039	4.10 - 4.30 %	3.75 - 3.95 %	3.55 - 3.75 %
2040	4.10 - 4.30 %	3.75 - 3.95 %	3.55 - 3.75 %
2041	4.15 - 4.35 %	3.80 - 4.00 %	3.60 - 3.80 %

HYPOTHETICAL REFUNDING SCENARIOS

2008 BONDS

LOW END OF HYPOTHETICAL YIELD RANGE:

City of Darien
DuPage County, Illinois

General Obligation Bonds, Series 2008

<i>Current Amortization</i>			
Year	Principal (1/1)	Interest (1/1 & 7/1)	Total Debt Service
2016	145,000	57,006	202,006
2017	155,000	51,569	206,569
2018	160,000	45,563	205,563
2019	165,000	39,363	204,363
2020	170,000	32,969	202,969
2021	175,000	26,381	201,381
2022	185,000	19,600	204,600
2023	190,000	12,200	202,200
2024	115,000	4,600	119,600
	<u>\$ 1,460,000</u>	<u>\$ 289,250</u>	<u>\$ 1,749,250</u>

<i>After Hypothetical Refunding(1)</i>					
Year	Principal (1/1)	Interest (1/1 & 7/1)	Existing Prior Debt Service	Total Debt Service	Estimated Savings
2016	25,000	21,474	150,438	196,912	5,095
2017	175,000	24,733	-	199,733	6,836
2018	175,000	23,158	-	198,158	7,405
2019	180,000	20,970	-	200,970	3,393
2020	180,000	18,180	-	198,180	4,789
2021	180,000	14,940	-	194,940	6,441
2022	190,000	11,340	-	201,340	3,260
2023	190,000	7,255	-	197,255	4,945
2024	110,000	2,695	-	112,695	6,905
	<u>\$ 1,405,000</u>	<u>\$ 144,744</u>	<u>\$ 150,438</u>	<u>\$ 1,700,182</u>	<u>\$ 49,068</u>

Net Interest Cost..... 3.93%

Net Interest Cost..... 2.15%

Net Savings + Rounding Amount..... \$ 52,997

Present Value Savings..... 3.75%

(1) Based on a hypothetical interest rate.

HYPOTHETICAL REFUNDING SCENARIOS

2008 BONDS

HIGH END OF HYPOTHETICAL YIELD RANGE:

City of Darien
DuPage County, Illinois
General Obligation Bonds, Series 2008

<i>Current Amortization</i>			
Year	Principal (1/1)	Interest (1/1 & 7/1)	Total Debt Service
2016	145,000	57,006	202,006
2017	155,000	51,569	206,569
2018	160,000	45,563	205,563
2019	165,000	39,363	204,363
2020	170,000	32,969	202,969
2021	175,000	26,381	201,381
2022	185,000	19,600	204,600
2023	190,000	12,200	202,200
2024	115,000	4,600	119,600
	<u>\$ 1,460,000</u>	<u>\$ 289,250</u>	<u>\$ 1,749,250</u>

<i>After Hypothetical Refunding(1)</i>					
Year	Principal (1/1)	Interest (1/1 & 7/1)	Existing Prior Debt Service	Total Debt Service	Estimated Savings
2016	25,000	26,044	150,438	201,482	525
2017	175,000	29,948	-	204,948	1,621
2018	175,000	27,848	-	202,848	2,715
2019	175,000	25,135	-	200,135	4,228
2020	180,000	21,723	-	201,723	1,246
2021	180,000	17,763	-	197,763	3,619
2022	190,000	13,443	-	203,443	1,158
2023	190,000	8,598	-	198,598	3,603
2024	115,000	3,278	-	118,278	1,323
	<u>\$ 1,405,000</u>	<u>\$ 173,777</u>	<u>\$ 150,438</u>	<u>\$ 1,729,214</u>	<u>\$ 20,036</u>

Net Interest Cost..... 3.93%

Net Interest Cost..... 2.54%

Net Savings + Rounding Amount..... \$ 23,964

Present Value Savings..... 1.70%

(1) Based on a hypothetical interest rate.

HYPOTHETICAL REFUNDING SCENARIOS

2007B BONDS

LOW END OF HYPOTHETICAL YIELD RANGE:

**City of Darien
DuPage County, Illinois**

General Obligation Bonds, Series 2007B

Current Amortization				After Hypothetical Refunding(1)					
Year	Principal (12/15)	Interest (6/15 & 12/15)	Total Debt Service	Year	Principal (12/15)	Interest (6/15 & 12/15)	Existing Prior Debt Service	Total Debt Service	Estimated Savings
2015	440,000	55,000	495,000	2015	470,000	10,294	-	480,294	14,706
2016	460,000	37,400	497,400	2016	475,000	10,213	-	485,213	12,188
2017	475,000	19,000	494,000	2017	475,000	5,938	-	480,938	13,063
	\$ 1,375,000	\$ 111,400	\$ 1,486,400		\$ 1,420,000	\$ 26,444	\$ -	\$ 1,446,444	\$ 39,956
Net Interest Cost.....			4.00%	Net Interest Cost.....			1.46%		
Net Savings + Rounding Amount.....									\$ 44,082
Present Value Savings.....									3.17%

(1) Based on a hypothetical interest rate.

HYPOTHETICAL REFUNDING SCENARIOS

2007B BONDS

HIGH END OF HYPOTHETICAL YIELD RANGE:

**City of Darien
DuPage County, Illinois**

General Obligation Bonds, Series 2007B

Current Amortization				After Hypothetical Refunding(1)					
Year	Principal (12/15)	Interest (6/15 & 12/15)	Total Debt Service	Year	Principal (12/15)	Interest (6/15 & 12/15)	Existing Prior Debt Service	Total Debt Service	Estimated Savings
2015	440,000	55,000	495,000	2015	470,000	13,785	-	483,785	11,215
2016	460,000	37,400	497,400	2016	475,000	13,063	-	488,063	9,338
2017	475,000	19,000	494,000	2017	475,000	7,363	-	482,363	11,638
	<u>\$ 1,375,000</u>	<u>\$ 111,400</u>	<u>\$ 1,486,400</u>		<u>\$ 1,420,000</u>	<u>\$ 34,210</u>	<u>\$ -</u>	<u>\$ 1,454,210</u>	<u>\$ 32,190</u>
Net Interest Cost.....		4.00%		Net Interest Cost.....		1.76%			
								Net Savings + Rounding Amount.....	\$ 36,316
								Present Value Savings.....	2.60%

(1) Based on a hypothetical interest rate.

REGULATORY COMPLIANCE AND REQUIRED DISCLOSURES

Bernardi Securities, Inc. is committed to complying with securities industry rules and regulations. Please compare our exemplary compliance record with our competitors using the link below:

brokercheck.finra.org

There are no criminal investigations or pertinent litigation pending against our firm. There have not been any orders, judgments or decrees of any federal or state authority barring, suspending or otherwise limiting the right of the firm, its management, any subsidiary engaging as a counterparty in derivative agreements, or any principal in the firm's municipal bond or public finance operations to engage in any business activity. We are in complete compliance with MSRB rule G-37 concerning political contributions. There are no prohibitions on municipal securities business imposed on our firm.

MSRB RULE G-23 DISCLOSURE, G-17 DISCLOSURE and SEC MUNICIPAL ADVISOR RULE

In recent years, Congress has enacted legislation seeking to reform financial markets in the wake of the 2008-2009 financial crisis. One of the most prominent pieces of legislation is the Dodd-Frank Wall Street Reform and Consumer Protection Act. The implementation of Dodd-Frank has led to a series of regulatory changes governing municipal securities.

Until the passage of the Dodd-Frank Act, the activities of municipal advisors (commonly referred to as "financial advisors") were largely unregulated, and municipal advisors were generally not required to register with the Securities Exchange Commission (SEC) or any other federal, state, or self-regulatory entity with respect to their municipal advisory activities.

The Dodd-Frank Act amended the Exchange Act to require municipal advisors to register with the Commission. In addition, the Exchange Act, as amended by the Dodd-Frank Act, grants the MSRB regulatory authority over municipal advisors when advising municipal entities.

The SEC Municipal Advisor Rule, the 2011 amendments to Rule G-23, and the 2012 amendments to Rule G-17, of the Municipal Securities Rulemaking Board (MSRB) require Bernardi Securities, Inc. to define its role at the earliest stages of our relationship with the potential issuer.

Bernardi Securities, Inc. is seeking to serve only as an underwriter. As an underwriter, we will be acting as a principal in a commercial, arms' length transaction, and not as a municipal advisor, financial advisor, or fiduciary. As an underwriter, our purchase of securities will be with a view to distribute these securities to investors. It is important for you to understand that in this role Bernardi Securities, Inc. has financial and other interests that may differ from yours.

REGULATORY COMPLIANCE AND REQUIRED DISCLOSURES

MSRB Rule G-17 requires us to deal fairly at all times with both municipal issuers and investors. Our duty to purchase securities from an issuer at fair and reasonable prices must be balanced with the duty to sell securities to investors at fair and reasonable prices.

Section 975 of the Dodd-Frank Act created a new class of regulated persons, “municipal advisors,” and requires these advisors to register with the SEC. This new registration requirement, which became effective October 1, 2010, makes it unlawful for any municipal advisor to provide certain advice to or on behalf of, or to solicit, municipal entities or certain other persons without registering with the SEC. The new registration requirements and regulatory standards are intended to mitigate some of the problems observed with the conduct of some municipal advisors, including “pay to play” practices, undisclosed conflicts of interest, advice rendered by financial advisors without adequate training or qualifications, and failure to place the duty of loyalty to their clients ahead of their own interests.

Nothing in this document should be construed as advice, a suggestion to take action or a recommendation.

It is important for you to understand that under the new regulatory standards effective July 1, 2014 Bernardi Securities, Inc., once engaged as underwriter, is allowed to provide advice on these specific areas operating under the underwriter’s exemption section of the rule:

- Advice regarding the structure, timing, terms, and other similar matters concerning a particular issuance of municipal securities (except as otherwise provided herein with respect to advice on investment strategies, municipal derivatives, or other activities identified by the Commission as outside the scope of an underwriting)
- Preparation of rating strategies and presentations related to the issuance being underwritten
- Preparations for and assistance with investor “road shows” and investor discussions related to the issuance being underwritten
- Advice regarding retail order periods and institutional marketing if the municipal entity has determined to engage in a negotiated sale
- Assistance in the preparation of the preliminary and final official statements for the municipal securities
- Assistance with the closing of the issuance of municipal securities, including negotiation and discussion with respect to all documents, certificates, and opinions needed for such closing
- Coordination with respect to obtaining CUSIP numbers and the registration of the issue of municipal securities with the book-entry only system of the Depository Trust Company
- Preparation of post-sale reports for such municipal securities
- Structuring of refunding escrow cash flow requirements necessary to provide for the refunding and defeasance of an issue of municipal securities. Subject to independent escrow verification.

REGULATORY COMPLIANCE AND REQUIRED DISCLOSURES

It is important for you to understand that under rules effective July 1, 2014 all broker-dealers without exception are prohibited from providing issuers with: advice on investment strategies; advice on municipal derivatives (including derivative valuation services); advice on what method of sale (competitive sale or negotiated sale) a municipal entity should use for an issuance of municipal securities; advice on whether a governing body of a municipal entity or obligated person should approve or authorize an issuance of municipal securities; advice on a bond election campaign; advice that is not specific to a particular issuance of municipal securities on which a person is serving as underwriter and that involves analysis or strategic services with respect to overall financing options, debt capacity constraints, debt portfolio impacts, analysis of effects of debt or expenditures under various economic assumptions, or other impacts of funding or financing capital projects or working capital; assisting issuers with competitive sales, including bid verification, true interest cost (TIC) calculations and reconciliations, verifications of bidding platform calculations, and preparation of notices of sale; preparation of financial feasibility analyses with respect to new projects; budget planning and analyses and budget implementation issues with respect to debt issuance and collateral budgetary impacts; advice on an overall rating strategy that is not related to a particular issuance of municipal securities on which a person is serving as an underwriter, including advice and actions taken on behalf of a municipal entity or obligated person between financing transactions; advice on overall financial controls that are not related to a particular issuance of municipal securities on which a person is serving as an underwriter; or advice regarding the terms of requests for proposals or requests for qualification for the selection of underwriters or other professionals for a project financing and advice regarding review of responses to such requests, including matters regarding compensation of such underwriters or other professionals.

Bernardi Securities, Inc. seeks to serve as an underwriter on a future transaction and not as a financial advisor or municipal advisor. The information provided is for discussion purposes only in anticipation of being engaged to serve as underwriter. Bernardi Securities, Inc.'s primary role as an underwriter is to purchase securities with a view to distribution in an arm's-length commercial transaction, in which we: (i) are acting solely for our own financial and other interests that may differ from yours; (ii) are not acting as your municipal advisor or financial advisor, and have no fiduciary duty to you with respect to this transaction; and (iii) are not recommending that you take an action with respect to this transaction. Before acting on this information, it should be discussed with the financial and/or municipal, legal, accounting, tax and other advisors you deem appropriate. If you would like a municipal advisor in this transaction that has legal fiduciary duties to you, you are free to engage a municipal advisor to serve in that capacity.

If the Issuer engages Bernardi Securities, Inc., the designation of Bernardi Securities, Inc. as underwriter applies solely to this issue.

REGULATORY COMPLIANCE AND REQUIRED DISCLOSURES

Until Bernardi is engaged on a particular transaction, the discussions between the Issuer and Bernardi are based solely on general market issues, topics, and other publicly available information and are not to be construed as a recommendation or advice. Bernardi Securities, Inc. is not recommending an action to the municipal entity or obligated person. Bernardi Securities, Inc. is not acting as an advisor to the municipal entity or obligated person and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to the municipal entity or obligated person with respect to the information and material contained in this communication. Bernardi Securities, Inc. is acting for its own interests. The municipal entity or obligated person should discuss any information and material contained in this communication with any and all internal or external advisors and experts that the municipal entity or obligated person deems appropriate before acting on this information or material.

The SEC believes that a person could rely on the general information exclusion from advice under the Final Rules when providing a municipal entity or obligated person with information that does not involve a recommendation, such as factual information that does not contain subjective assumptions, opinions, or views. Examples of this type of general information include: (a) information regarding a person's professional qualifications and prior experience (e.g., lists, descriptions, terms, or other information regarding prior experience on completed transactions involving municipal financial products or issuances of municipal securities); (b) general market and financial information (e.g., market statistics regarding issuance activity for municipal securities or current market interest rates or index rates for different types of bonds or categories of credits); (c) information regarding a financial institution's currently-available investments (e.g., the terms, maturities, and interest rates at which the financial institution offers these investments) or price quotes for investments available for purchase or sale in the market that meet criteria specified by a municipal entity or obligated person; (d) factual information describing various types of debt financing structures (e.g., fixed rate debt, variable rate debt, general obligation debt, debt secured by various types of revenues, or insured debt), including a comparison of the general characteristics, risks, advantages, and disadvantages of these debt financing structures; and (e) factual and educational information regarding various government financing programs and incentives (e.g., programs that promote energy conservation and the use of renewable energy).

CONTACT INFORMATION

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Email: rvail@bernardisecurities.com

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AGENDA MEMO
Administrative/Finance Committee
February 2, 2015

ISSUE STATEMENT

A motion approving the acceptance of a proposal for auditing services from Sikich.

BACKGROUND/HISTORY

Each year the City has a financial statement audit done by independent auditors to give the users of the financial statements additional assurance that the City is following generally accepted accounting practices as well as following state laws for reporting. The City has been using Sikich as its auditing firm for the last eight years and has been satisfied with their services. During that time period, we have worked with two different partners and different staff, and we have sought proposals from other firms in 2011. It has been the City's practice to seek requests for proposals from other auditors after each agreed upon contract which was completed with the April 30, 2014 audit. The City has requested proposals for four-year contracts from seven (7) different firms in the area; the results are listed below.

Annual Audit Fees:					GASB 68 Implementation	Total
14-15	15-16	16-17	17-18			
Lauterbach & Amen, LLP *	\$ 21,000	\$ 21,600	\$ 22,200	\$ 22,800	N/A	\$ 87,600
GW & Associates, PC	\$ 22,500	\$ 23,500	\$ 24,000	\$ 24,500	N/A	\$ 94,500
Crowe Horwath	\$ 23,000	\$ 23,600	\$ 24,400	\$ 25,100	N/A	\$ 96,100
Sikich	\$ 22,350	\$ 22,574	\$ 23,025	\$ 23,716	(already included - see below)	\$ 91,665
Baker Tilly Virchow Krause	\$ 25,000	\$ 25,800	\$ 26,600	\$ 27,400	7,000	\$ 111,800
Miller Cooper	\$ 33,000	\$ 33,000	\$ 33,500	\$ 34,000	N/A	\$ 133,500
BKD LLP	\$ 34,300	\$ 35,500	\$ 36,700	\$ 37,000	N/A	\$ 143,500

* Lauterbach & Amen, LLP also does the accounting for our Police Pension Fund and as such may lack independence.

The City Treasurer has reviewed all of the proposals along with staff and—based on pricing, experience and reputation—has recommended staying with Sikich.

STAFF/COMMITTEE RECOMMENDATION

Staff recommends the approval of a motion approving an agreement with Sikich according to their proposal.

ALTERNATE CONSIDERATION

As directed.

DECISION MODE

This will be placed on the February 17, 2015 City Council Agenda for formal approval.

FEE PROPOSAL

PROPOSAL COST SUMMARY

	2015	2016	2017	2018
AFR, Management Letter and Annual Financial Report (AFR) ^{*#}	\$ 22,350	\$ 22,574	\$ 23,025	\$ 23,716
Fees for additional accounting related questions throughout the year	Included	\$ 2,400**	Included	Included

*In the event the City elects to issue a comprehensive annual financial report and apply for the GFOA Certificate of Achievement, a one-time additional fee of \$2,000 will apply for the first year of issuance. This assumes the City will provide report covers, dividers, introductory section, and the statistical section.

#In the event the City is required to have a single audit of federal expenditures in any year of the proposal, an additional fee of \$3,200 will apply.

**This fee is for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*.

These fees assume that the City will provide the auditors with electronic copies of adjusted trial balances by individual funds, a year-to-date general ledger with details of postings to all accounts, subsidiary ledgers that agree or are reconciled to the general ledger, and will prepare certain schedules of account analysis and confirmations of account balances.

We invoice our clients on a monthly basis as services are provided. In accordance with Illinois Compiled Statutes, payments for all services are due within sixty (60) days of receipt of an invoice. Invoices not paid within sixty days are assessed a finance charge of one (1) percent per month (12% annually).



CITY OF DARIEN, ILLINOIS

**PROPOSAL TO PROVIDE
PROFESSIONAL AUDITING SERVICES**

**For the Fiscal Years Ending
April 30, 2015 through April 30, 2018**



1415 W. Diehl Rd., Suite 400
Naperville, IL 60563
(630) 566-8400
www.sikich.com
December 26, 2014

Contact(s):

James R. Savio, CPA, MAS and Timothy J. Gavin, CPA

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December 26, 2014

Mr. Paul Nosek
Assistant City Administrator
City of Darien
1702 Plainfield Road
Darien, Illinois 60561

Dear Mr. Nosek,

Sikich LLP is pleased to be considered for re-appointment as independent auditors for the City of Darien. We believe that our qualifications, experience and expertise are clearly distinguishable as indicated in our proposal on the following pages and as noted by the following:

- > The quality of our professional staff, as noted by their advanced degrees and their active participation in numerous civic and professional organizations.
- > The expertise that we possess in the state and local government industry, as demonstrated by:
 - > Our clients' success in obtaining the coveted Certificate of Achievement for Excellence in Financial Reporting;
 - > Our staff's presentations at conferences, seminars and training courses for various state and local government organizations;
 - > Our leadership roles in the state CPA Society and the Illinois Government Finance Officers Association on implementing complex new pronouncements; and
 - > The fact that we provide professional services to fifteen of the thirty-one AAA rated municipalities in the State of Illinois
- > The benefits our clients receive from the audit planning and significant preliminary work we perform so that audit issues may be identified early and resolved on a timely basis.
- > The depth of our audit procedures, as depicted in our specific audit approach and as noted by our government clients.
- > The quality and timeliness of the information that we can provide to the City.
- > The experience we have providing professional services to more than 450 units of local government in Illinois annually; which assists us in identifying best practices in the industry that we share with our clients (more than twenty percent of our practice is devoted to serving local governmental entities).

Our firm's expertise will enable the City to correctly and cost effectively implement new statements and interpretations issued by the Governmental Accounting Standards Board. We believe this proposal demonstrates our capabilities to serve not only as independent auditors, but also as valued advisors and consultants to the City, the Mayor, the City Council, and management.

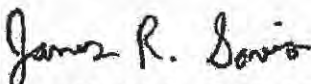
Our audit team is tailored to each client's specific needs drawing staff from our state and local government team. We emphasize:

- > Consistency and quality of staffing in multi-year engagements, including assigning staff from our state and local government team who focus on providing services to the local government industry year round and assigning staff who are familiar with the software MIP Fund Accounting used by the City;
- > A high degree of efficiency using the latest paperless audit technology available (including the use of IDEA data extraction and analysis software);
- > The identification of opportunities for improved financial or procedural performance; and
- > A focus on areas that present the greatest audit risk.


We have received the Request for Proposal (RFP) and are prepared to commit the resources necessary to provide services of the highest quality to the City of Darien. 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 work to be performed and the timing requirements as specified in the RFP and are committed to performing the specified services within the stipulated timeframe.

We appreciate the opportunity to present this proposal, which is a firm and irrevocable offer for sixty (60) days, and look forward to the possibility of continuing to serve the City.

Sincerely,
Sikich LLP


James R. Savio, CPA, MAS
Partner, Government Services

Sincerely,
Sikich LLP


Timothy J. Gavin, CPA
Manager, Government Services

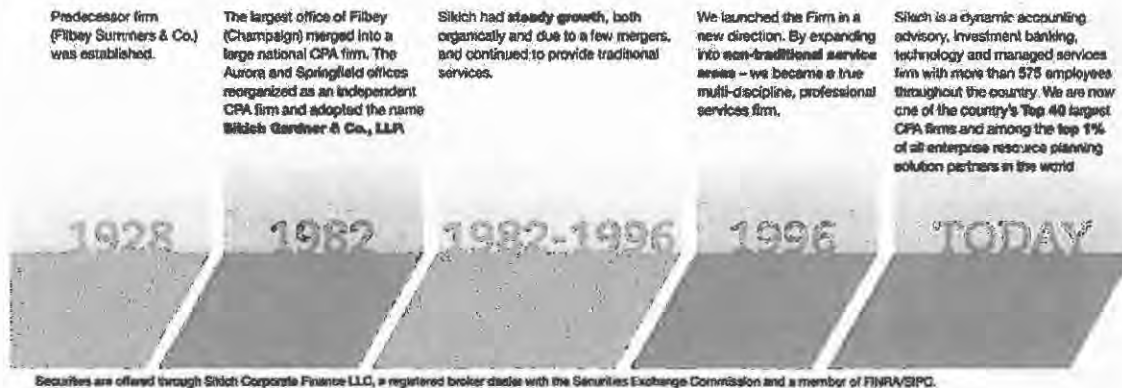
TECHNICAL PROPOSAL

FIRM QUALIFICATIONS AND TECHNICAL EXPERIENCE

Experience

The Firm of Sikich LLP traces its foundation to a predecessor firm founded in 1928. Today we are one of the fastest growing regional firms in the Midwest with five offices in Illinois located in Chicago, Decatur, Naperville, Rockford and Springfield and offices in Brookfield, WI; Indianapolis, Indiana; St. Louis, Missouri; Greenwood Village, Colorado; and Houston, TX. *Crain's Chicago Business 2013 Book of Lists* ranks Sikich as Chicago's 11th largest Accounting Firm and *Accounting Today Top 100 Firms 2014* ranks Sikich 34th nationally. In addition, we have been recognized as one of the Best Places to Work in Illinois (2013).

Historical Timeline



Through these offices, we provide a wide spectrum of services including audit, tax, accounting, and management consulting. In addition, through various other service areas of Sikich, we provide information technology products and services, investment banking, human resources consulting, employee benefit plan services, marketing and public relations, retirement plan services, and wealth management.

Client service needs are met promptly and professionally by our unique team philosophy, which allows each client to work with a team of specialists that focus on providing these services to a specific industry. Government and non-profit organizations, manufacturing and distribution, construction, and professional service firms are some of the more significant industries served by these teams.

Moreover, members of the Sikich government services team have served as expert speakers to these 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. Finally, 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.

The Illinois Government Finance Officers Association annually sponsors Basic, Intermediate and Advanced Governmental Accounting and Financial Reporting seminars that are developed and instructed by Sikich staff members. Moreover, our staff assisted IGFOA in developing responses to due process documents and in testifying before the Governmental Accounting Standards Board (GASB). In addition, we provide complimentary training seminars for our clients on a variety of accounting, financial reporting, and technology topics.

Quality Control

At Sikich, we are committed to providing the highest quality audits in the industry. The City of Darien 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 (PCPS) 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 (GAO), for more than thirty 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 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.

STATEMENT OF INDEPENDENCE

Sikich has evaluated its independence from the City of Darien 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 Darien, and is independent with respect to any non-attest services provided to the City of Darien, both in fact and in appearance to any knowledgeable third party.

LICENSE TO PRACTICE IN ILLINOIS

The Firm of Sikich LLP is a licensed Public Accountant Limited Liability Partnership in Illinois (license #66003284). All of the partners and managers 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 currently has 90 partners and more than 475 professional staff. Eight of these partners and more than fifty professional staff are devoted extensively to the Firm's local government services accounting team. We would staff the City of Darien engagement with professional staff from this industry team in our Naperville office. All work, including audit documentation and report reviews, will be conducted from this office. These staff all of whom meet or exceed the continuing professional education (CPE) requirements contained in the U.S. Government Accountability Office's, *Government Auditing Standards* (2011) would include:

James R. Savio, CPA, MAS – Engagement Partner



As engagement partner, Mr. Savio 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's annual financial report (AFR). Moreover, our firm's philosophy is to have the team leader on location during the completion of the majority of fieldwork. Therefore, Mr. Savio will be present at the City's offices during both our preliminary and final fieldwork. Mr. Savio has nineteen years of experience auditing governmental entities, including serving as partner or manager for the audits of the Cities of Aurora, Naperville, Elgin, Countryside, Woodstock and Lockport and the Villages of Oak Brook, Bartlett, Skokie and Plainfield, including preparation of the first ever CAFR for the Cities of Aurora and Lockport that were awarded a Certificate of Achievement for Excellence in Financial Reporting on their first submission. Mr. Savio, a licensed certified public accountant, is a graduate of Northern Illinois University with an undergraduate degree in Accounting and a Masters degree in Accounting.

Frederick G. Lantz, CPA – Resource Partner



accounting.

The resource partner is responsible for providing overall technical support for the engagement as well as serving as a backup for the engagement partner. Mr. Lantz has more than thirty-one years of experience in the state and local government industry and is a nationally recognized expert in the industry. Mr. Lantz, a licensed certified public accountant, is a graduate of Northern Illinois University with a degree in

Brian D. LeFevre, CPA – Resource Partner



Western Springs and Wheeling and the Park Districts of Buffalo Grove, DeKalb, Oswegoland and Woodridge and the preparation of numerous reports for submission to GFOA's Certificate of Achievement Program. Mr. LeFevre, a licensed certified public accountant, is a graduate of Valparaiso University with a degree in Accounting and Northern Illinois University with a Masters in Business Administration.

The resource partner is responsible for providing overall technical support for the engagement as well as serving as a backup for the engagement partner. Mr. LeFevre has more than twenty-one years of experience auditing governmental entities including serving as partner for the audits of the City of Naperville, the Villages of Carol Stream, East Dundee, Hawthorn Woods, Hinsdale, Lake in the Hills, Olympia Fields, Oswego,

Daniel A. Berg, CPA – Quality Control Partner



1982. Mr. Berg has served as the partner for the audits of the Cities of Elmhurst and Warrenville, the Villages of Oak Park, Palatine, Hanover Park, Deerfield, La Grange, Plainfield and Shorewood, and the Arlington Heights, Wheeling, and Bartlett Park Districts. Mr. Berg, a licensed certified public accountant, is a graduate of Benedictine University with a degree in Accounting.

The quality control partner will provide our second partner review of the audit work papers and the City's AFR. Mr. Berg has more than thirty-one years of experience in the state and local government industry, including performing audits, consulting, special projects, agreed-upon procedures, internal control studies, revenue audits and a variety of other engagements for municipalities and other local governmental units since

Timothy J. Gavin, CPA – Manager



As a manager, Mr. Gavin is responsible for the day-to-day execution of the audit programs and supervision of engagement staff. Mr. Gavin has nine years of experience auditing governmental entities, including serving as supervisor for the audits of the Cities of Highland Park, St. Charles, and Darien, the Villages of Oak Brook, Oak Park, Hinsdale, Hanover Park, Lake in the Hills and Flossmoor, Forest Preserve District of Will County, Yorkville-Bristol Sanitary District and Fox Valley Park District, as well as the preparation of numerous reports for submission to GFOA's Certificate of Achievement Program. Mr. Gavin, a licensed certified public accountant, is a graduate of North Central College with an undergraduate degree in Accounting and holds an MBA from Northern Illinois University.

Caroline A. Dittman, CPA – Manager



As engagement manager, Ms. Dittman is responsible for managing the day-to-day execution of the audit programs. Ms. Dittman has more than fifteen years of experience auditing governmental entities, including serving as manager on DeKalb County, the Cities of DeKalb and Sandwich, the Villages of Arlington Heights, Carol Stream, Deerfield, Flossmoor, Hawthorn Woods, Montgomery, Morton Grove, Oak Park, Oswego, Western Springs and Willowbrook and a variety of park districts, townships, libraries and other special districts. Ms. Dittman has also served as interim finance director for several local governments. Ms. Dittman, a licensed certified public accountant, is a graduate of Benedictine University with a degree in Accounting.

Anthony M. Cervini, CPA – Manager



As a manager, Mr. Cervini is responsible for the day-to-day execution of the audit programs and supervision of engagement staff. Mr. Cervini has more than nine years of experience auditing governmental entities, including serving as supervisor for the audits of DeKalb County, the Cities of Aurora, Oak Forest and Rochelle, the Villages of Lake Bluff, Lisle, Roselle, Shorewood and Wheeling, Lisle Park District and Waubensee Community College, as well as the preparation of numerous reports for submission to GFOA's Certificate of Achievement Program. Mr. Cervini, a licensed certified public accountant, is a graduate of The University of Iowa with an undergraduate degree in Accounting and Benedictine University with a Masters in Business Administration.

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 meets and usually exceeds the CPE requirements contained in the U.S. Government Accountability Office, *Government Auditing Standards* (2011). Moreover, our government staff possesses a specific knowledge of local government accounting and reporting requirements and their application for Illinois governments. This is achieved by attending at least forty 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 the City that our professional staff would not need any “on the job accounting or financial reporting training” by the City’s staff. Moreover, we can assure the City of the quality of staffing for a multi-year engagement, even if a change in personnel is required, subject to the approval of the City.

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

Following is a list of significant engagements performed last year which are similar to the engagement proposed for the City of Darien.

Name	Contact
*Village of Clarendon Hills 1 North Prospect Avenue Clarendon Hills, Illinois	Ms. Peg Hartnett Finance Director (630) 323-3500
*Village of Western Springs 740 Hillgrove Avenue Western Springs, Illinois	Ms. Grace Turi Finance Director (708) 246-1800
*Village of Carol Stream 500 North Gary Avenue Carol Stream, Illinois	Mr. Jon Batek Finance Director (630) 665-7050
*City of Elgin 150 Dexter Court Elgin, Illinois	Mr. Sean Stegall City Manager (847) 931-5590
*City of Aurora 44 East Downer Place Aurora, Illinois	Mr. Brian Caputo Treasurer/Chief Financial Officer (630) 256-3501
*City of Naperville 400 South Eagle Street Naperville, Illinois	Mr. Doug Krieger City Manager (630) 420-6044

*These governments participate in GFOA's Certificate of Achievement for Excellence in Financial Reporting Program (we assisted eighteen governments in receiving their first Certificate awarded). Sikich has more than fifty (50) clients who have applied for and received the Certificate of Achievement for Excellence in Financial Reporting.

SPECIFIC AUDIT APPROACH

Audit Standards

The objective of our audit is to issue an unmodified opinion on the City's governmental activities, business-type activities, each major fund and the aggregate remaining fund information that collectively comprise the City'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 CAFR (if applicable), and accordingly, will not express an opinion on the information contained in these sections.

Scope of Services

We are proposing to provide the following services to the City as specified in the RFP:

- > Audit of all funds of the City for the fiscal year ending April 30, 2015.
- > Preparation of ten (10) hard copies and one (1) electronic copy (.pdf) of the annual financial report (MD&A to be provided by the City);
- > Preparation of ten (10) copies of the management letter for the City, communicating any material weaknesses and significant deficiencies found during the audit and our recommendations for improvement;
- > Preparation of five (5) hard copies and one (1) electronic copy (.pdf) of the Annual Financial Report (AFR) filed with the County Clerk and State Comptroller;
- > Preparation of ten (10) copies of the Single Audit Report, if applicable;
- > Retain workpapers for seven (7) years in accordance with Firm standards;
- > Reporting to the City Council in accordance with auditing standards regarding communications with those charged with governance; and
- > Exit conference(s) with City Officials to present the completed audit and related materials.

Audit Process and Schedule

Event	Timeframe	Person(s) Assigned
<p>I. Preliminary Planning During this phase of the audit, we would meet with representatives of the City to discuss the approach to be taken during the audit focusing on areas of particular concern to the City as well as areas of high audit risk, and develop the time schedule for completing the subsequent phases of the audit.</p>	<p>March 2015</p>	<p>The meeting would be attended by the engagement partner and engagement manager, if necessary.</p>
<p>II. Preliminary Fieldwork During this phase of the audit, we would develop an understanding and documentation of the City's accounting and administrative controls using the City's accounting procedures manual, EDP documentation and by interviewing staff of the City. 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's financial position as a whole.</p> <p>In addition, we would review all minutes from the meetings of the City Council and the Police Pension Board; review all ordinances adopted by the City during the year; review any debt agreements entered into during the year and analyze any other unique transactions entered into by the City; and perform our fraud interviews in accordance with auditing standards. Upon completion of this phase, we would finalize all necessary confirmations the City will prepare; review all proposed client assisted work papers and the timing of preparation by the City; develop our audit programs for the next phase of the audit and review and document any changes to the City's AFR; and prepare the schedule for the remainder of the audit.</p>	<p>April 2015</p>	<p>This phase would be completed by the engagement partner, engagement manager and one professional staff.</p>

Event	Timeframe	Person(s) Assigned
<p>III. Fieldwork 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's financial statements with a rough draft of the financial statements provided to the City 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 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.</p>	June 2015	This phase would be completed by the engagement partner, engagement manager and one to two professional staff.
<p>IV. Workpaper Review and Report Production 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's staff after fieldwork has been completed.</p>	July, August 2015	This phase would be completed by the engagement partner, resource partner and the quality control partner.
<p>V. Drafts to the City We will deliver a preliminary draft of the AFR at the end of fieldwork. A revised draft will be delivered by the engagement partner and reviewed in-depth with representatives of the City within three weeks of the preliminary draft or when the actuary's reports have been received. A revised draft, if necessary, will be delivered to the City no later than three business days after receiving all proposed changes.</p>	August 2015	This phase would be completed by the engagement partner.
<p>VI. Completion of the Audit Upon approval of the drafts by the City, we will present the signed, bound copies of the annual financial report, the management letter and any additional reports described in this proposal. The engagement partner will be available for meetings with representatives of the City including the Mayor, the City Council and management for formal presentations of the reports.</p>	September 2015	This phase would be completed by the engagement partner.

Event	Timeframe	Person(s) Assigned
<p>VII. Support to the City 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. 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 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.</p>	<p>Continuous</p>	<p>This phase would be completed by the engagement partner.</p>

In future years, we would develop a similar plan and timeframe with the assistance of the City to ensure the timely identification and resolution of any critical accounting and auditing issues prior to the issuance of our opinion and the annual financial report. These completion dates are well within the deadlines established by the City. 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 Assistant City Administrator. The timing of this discussion will provide the City with ample time to rectify any situations that may otherwise result in the issuance of a qualified audit opinion. Irregularities and illegal acts detected or of which we become aware of will be communicated in writing to the Mayor, City Administrator, Treasurer 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. The billings for the audit would not exceed this fee unless the City specifically requests that the scope of the engagement be expanded and the City 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.

WHY SIKICH IS THE BEST CHOICE

According to the AICPA Government Audit Quality Center, taking the following factors in account collectively when selecting an independent auditor will contribute to receiving a quality audit:

- > Demonstration of the audit organization's qualifications in response to your request for proposal;
- > Experienced, qualified staff with appropriate technical abilities, particularly with Yellow Book and single audits if applicable to your audit engagement;
- > Extent of the audit organization's practice with organizations like yours (for example, governments or not-for-profits);
- > Results of the audit organization's external peer review; and
- > Participation by the audit organization in quality improvement programs (for example, membership in the AICPA Governmental Audit Quality Center).

Now that you have read our proposal, you can see how Sikich exceeds all of the above criteria and is the most cost/beneficial solution for you to engage to provide professional services to your government. In addition, we believe that the following additional services further set us apart from other proposals you may receive.

GETTING THE MOST FROM YOUR AUDIT FIRM

Sikich goes beyond providing traditional accounting, auditing and tax services. While this proposal addresses the specifics of the audit engagement, Sikich offers the City of Darien additional value as part of our service. Beyond providing access to senior resources when issues arise, we commit to keeping you apprised of all matters affecting the City of Darien, such as new accounting pronouncements, employee benefit regulations, and other issues relevant to the government industry. We will keep you informed of these matters as they arise and take a proactive role to avoid last minute crises. We accomplish this goal 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.

Recent Sikich seminar topics include:

- > Governmental Accounting and Financial Reporting Update
- > Implementing Government Accounting Standards Board (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

ADDITIONAL SIKICH RESOURCES

Sikich is a full service accounting firm with various service areas providing a wide array of business and financial services for our clients. These services include:

- > Accounting and reporting services
- > Audit and compliance services
- > Tax services
- > Employee benefit plan consulting and audits
- > ERP selection, implementation and support
- > IT infrastructure services
- > Human resources consulting and outsourcing
- > Local government management and operations consulting
- > Strategic planning and performance measurement
- > Marketing and public relations
- > Forensic and fraud investigation
- > Investment management services for individuals and pension plans
- > Police and fire pension fund accounting and financial reporting services

Through these service areas, management advisory services in various specialized areas are available should the need for such assistance arise. Our additional services engagements are directed by partners, principals and other professionals who have experience in management consulting and in the specific areas we are requested to review. Independence standards may preclude us from performing some additional services for the City and we would need to review the standards and the types of services with the City before proposing on any additional engagements.

Our governmental clients often require services in special areas such as:

- > Budget development
- > Trend monitoring and forecasting
- > Rate settings
- > Bond issuances and refundings
- > Escrow verifications
- > Cash management
- > Employee benefits
- > EDP applications
- > Accounting policies and procedures documents
- > Staff training
- > Temporary staffing
- > Insurance and risk management analysis
- > Personnel policy development and implementation

We have a proven track record of assisting our governmental clients in these as well as other specialized areas. Areas that may be of interest to the City of Darien are technology; human resource consulting and employee benefits services; and local government management services.

Technology

Agencies at every level of government are being asked to do more with less—and to provide detailed; timely information about how every public dollar is spent. Constituent service and accountability have become popular catch phrases, but enhancing services and ensuring fiscal responsibility can be extremely challenging. Sikich works closely with our government clients to provide integrated, flexible, and affordable solutions and tools that help government agencies reduce service and delivery costs, improve operating efficiency, and satisfy citizen demands. Cloud solutions, IT security services, network support, strategic planning and ERP software are just a few of the services Sikich provides to our government clients. The right technology solutions can transform government effectiveness, efficiency, and accountability by giving you greater access to financial information and tighter control over spending priorities. Sikich provides governmental entities access to the best in government-focused financial and technology solutions. As technology constantly changes, so does the opportunity for you to increase the efficiencies of your governmental operations and services. Sikich is dedicated to improving your technology infrastructure by balancing your needs and resources to implement the most-suitable, cost-effective solution.

Human Resources Consulting and Employee Benefits Services

Sikich helps clients meet the challenges of an ever-changing business environment, freeing them from the complexities of recruitment, employee retention, and compliance issues. Sikich partners with our clients to provide customized human resource services that meet their needs. Drawing from our experience in human resource management, Sikich's consulting staff is able to provide everything from a human resource compliance review to performance management to compensation reward systems. With Sikich's expertise and industry knowledge, we offer clients a winning combination of innovative human resource solutions. Of special interest may be Sikich's Human Resource Subscription Service. This service provides clients quarterly invitations to Sikich's HR update/trend webinars; access to a password protected section of our website; a monthly calendar of HR tools; flexible consulting hours that can be used as desired to help complete any of a variety of projects that HR departments typically face; and phone access to HR professionals.

Employee benefits continue to be one of the most important ways to attract and retain valued employees. Creating a plan that balances the goals of both the organization and the employees requires thorough analysis and review, as well as a great deal of time. No matter what the size of your organization, Sikich combines strategic planning, creative benefit design, and financial management to develop a unique package that will provide the best benefits at the lowest possible cost. Our services encompass total plan design, government and regulatory compliance, employee education, specialty compensation packages, cafeteria plans, and plan administration and auditing.

Marketing & Public Relations

Sikich has hands-on experience assisting state and local governments with the development and implementation of marketing strategy uniquely created for an organization's marketplace and needs. From eye-catching logos and print collateral to SEO-enhanced websites and videos, every marketing piece you have should work for its intended audience. Likewise, deliver the right stories to the right people at the right time with an integrated public relations strategy that amplifies your message and properly positions your organization in the marketplace. Achieve the brand recognition your organization deserves with the marketing and public relations experts at Sikich.

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; and
- > 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.

FEE PROPOSAL

PROPOSAL COST SUMMARY

	2015	2016	2017	2018
AFR, Management Letter and Annual Financial Report (AFR)*#	\$ 23,350	\$ 24,050	\$ 24,770	\$ 25,760
Fees for additional accounting related questions throughout the year	Included	\$ 2,400**	Included	Included

*In the event the City elects to issue a comprehensive annual financial report and apply for the GFOA Certificate of Achievement, a one-time additional fee of \$2,000 will apply for the first year of issuance. This assumes the City will provide report covers, dividers, introductory section, and the statistical section.

#In the event the City is required to have a single audit of federal expenditures in any year of the proposal, an additional fee of \$3,200 will apply.

**This fee is for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*.

These fees assume that the City will provide the auditors with electronic copies of adjusted trial balances by individual funds, a year-to-date general ledger with details of postings to all accounts, subsidiary ledgers that agree or are reconciled to the general ledger, and will prepare certain schedules of account analysis and confirmations of account balances.

We invoice our clients on a monthly basis as services are provided. In accordance with Illinois Compiled Statutes, payments for all services are due within sixty (60) days of receipt of an invoice. Invoices not paid within sixty days are assessed a finance charge of one (1) percent per month (12% annually).

EXHIBITS

Example Client Assisted Workpapers Listing - Preliminary Fieldwork

Example Client Assisted Workpapers Listing - Final Fieldwork

Engagement Team Biographies

- > James R. Savio, CPA, MAS
- > Frederick G. Lantz, CPA
- > Brian D. LeFevre, CPA
- > Daniel A. Berg, CPA
- > Timothy J. Gavin, CPA
- > Caroline A. Dittman, CPA
- > Anthony M. Cervini, CPA

Sikich Resources

State & Local Government Services

Firm Profile

Peer Review

CITY OF DARIEN
PRELIMINARY CLIENT ASSIST WORKPAPERS
PRELIMINARY FIELDWORK

APRIL 30, 2014

In order to prepare for the audit of the City for the fiscal year ending April 30, 2014, we have scheduled one day of preliminary fieldwork in your offices on May 2, 2014. The preliminary fieldwork will be conducted by Jim Savio, Partner and Tim Gavin, Manager, and one professional staff. The goal of our preliminary fieldwork is to:

Update our understanding of the City's system of internal controls;

Based on our documentation and understanding, determine any testing of the controls that may be performed to increase our reliance on those controls (the primary focus will be cash receipts, cash disbursements, purchasing, payroll and petty cash);

Review the confirmations that the City will prepare;

Determine and document the impact of new pronouncements issued by the Governmental Accounting Standards Board on the City's financial statements;

Determine any changes that may be made to the City's annual financial report (AFR);

Develop our audit programs and schedule for our final fieldwork;

Review and revise the client assist workpapers that will be prepared by the City for our final fieldwork.

To improve our efficiency and to assist us in maintaining our fees at a minimum we would appreciate the City preparing (or having available) the following information for our review.

Any items marked with a "*" are needed only if there have been changes during fiscal year 2014.

A. GENERAL

1. Access to the City's Municipal Code (ordinance book) - *We will access online*
2. Copies of (or access to) minutes of all council/board meetings (City and police pension) from April 1, 2013 (City) and (police pension) to the date of our preliminary field work. - *We will access online*

A. GENERAL (Continued)

3. List of (or access to) all ordinances and resolutions adopted by the City from May 1, 2013 through the date of our preliminary field work with copies of all ordinances and resolutions that are of a financial nature or that may have a financial impact on the City. - *We will access online*

*4. Copy of the City's accounting procedures manual.

*5. Copy of the City's EDP procedures manual/system documentation (both hardware and software).

*6. Copy of the City's purchasing manual.

*7. Copy of the City's employee handbook (benefit/policy manual).

*8. Listing of members of all boards (City, Police Pension).

9. Listing of all employees of the City as of April 30, 2014

*10. Copy of the current organization chart for the City and the detailed organization chart for the finance department, including job descriptions of finance department personnel.

11. Copy of list of funds, fund numbers, accounts and account numbers used by the City (i.e., chart of accounts). Please highlight any funds that were added or closed during the current fiscal year.

12. List of all attorneys used by the City and the Police Pension Board during the fiscal year (names and addresses) and a brief summary of any litigation that the attorney has worked on.

*13. Copy of the conflict of interest policy, if any, adopted by the City and copy of the gift ban act ordinance.

*14. Copy of all union contracts in effect for the year ended April 30, 2014.

15. Copy of any intergovernmental agreements entered into by the City during the year ended April 30, 2014.

16. Copies of any joint venture agreements or joint service agreements entered into by the City during the year ended April 30, 2014.

17. Copy of the FY14 Budget (or appropriation ordinance) and all transfers/resolutions adopted to date.

17. Copy of balance sheets and budget versus actual income statement reports, by fund, as of April 1, 2014. (unadjusted).

18. Copy of any updated cell tower lease agreements.

B. CASH AND INVESTMENTS

1. Listing of all financial institutions with account numbers and authorized signers for all depositories that the City used during the fiscal year ending April 30, 2014.

2. List of all brokers used by the City and the pension plan during the fiscal year ending April 30, 2014.

*3. Copies of the investment policies adopted for the City and the separate policies adopted by the pension plan.

*4. Copies of collateral agreements for all financial institutions that the City or its component units maintains deposits at.

*5. Copies of all custodial or safekeeping agreements with the brokers used by the City or the pension plan.

6. List of all petty cash funds used by the City including amount of petty cash fund and the person responsible for maintaining custody over the fund.

*7. Copy of any investment manager agreements for the City and the pension fund.

D. LONG-TERM DEBT

1. Copies of all ordinances and official statements for all long-term debt issued since at May 1, 2013, for general obligation bonds, installment contract certificates, notes payable and capital leases payable. *(not applicable for FY14)*

*2. List of all refunded bonds outstanding that are considered to be in-substance or legally defeased (include amount of bonds outstanding that are considered defeased, the name of the paying agent and the amount of investments held by the paying agent).

3. List of all Industrial Development, Industrial Revenue and/or Mortgage Revenue bonds outstanding (conduit or no commitment debt), if applicable.

E. GRANTS

1. Listing of all federal and state grants received identifying for federal funds the federal granting agency or the state or other pass-through agency, the CFDA number, and the amount of funds received.
2. Copy of grant agreements for all grants included in the above listing (new grants in FY14 only).

F. INSURANCE

1. Copies of all insurance policies in effect during the year ended April 30, 2014.

G. PRIOR YEAR INFORMATION

1. Updated confirmations prepared by the City for the current year.
2. Responses to the immediate prior year management letter noting corrective action taken or planned by the City, if applicable.
3. Copy of the ordinances creating any active special service areas.

We will develop the client assist workpaper request for final fieldwork at the end of our preliminary field work.

NOTE: Please make certain that the City has a detailed listing of individual water customers' account balances as of April 30, 2014, either in hard copy or saved in an electronic file.

H. OTHER (per discussion at planning meeting)

1. Write-up of internal controls over new payroll software, accounts receivable collections, gas pumps, public works purchasing.
2. Copy of updated Police Pension investment policy when available
3. Renewal documents for line of credit
4. Copy of IMRF employer contribution rate used for calendar year 2014
5. Copy of credit card usage policy

**CITY OF DARIEN
CLIENT ASSIST WORKPAPERS
APRIL 30, 2014**

Jim Savio, Partner, and Tim Gavin, Manager and one other staff member will conduct final fieldwork. The listing prepared below details specific workpapers we will need the City to prepare for final fieldwork beginning June 9, 2014. **Please provide schedules on electronically whenever possible.**

A. GENERAL

1. Copy of the April 30, 2014 balance sheets, trial balance, revenue and expenditure report (*should include original and final budget*) with an electronic copy emailed to alyon@sikich.com and tgavin@sikich.com by June 5, 2014.
2. Detailed general ledger for the twelve months ended April 30, 2014 emailed to alyon@sikich.com and tgavin@sikich.com by June 5, 2014.
3. Camera ready copy of GFOA certificate for inclusion in current year CAFR.
4. List of Principal Officials as of April 30, 2014 for inclusion in current year CAFR.
5. Police pension board minutes subsequent to 4/24/13 (*not available online*)
6. Police Pension investment policy

B. CASH

1. Copies of collateral agreements for all financial institutions that the City maintains deposits at and statements of pledge holdings from each financial institution as of April 30, 2014 for each institution.
2. Copies of bank reconciliations for all accounts as of April 30, 2014 tied out to the general ledger accounts. Please provide copies of all outstanding check registers and deposits in transit as listed on the reconciliations.
3. Access to all bank statements as of April 30, 2014, and all bank statements and media (e.g., canceled checks) as of May 31, 2014.
4. Listing of all petty cash accounts and their balances at April 30, 2014.

C. INVESTMENTS

1. Schedule of all investments, by fund, tied out to the general ledger. The schedule should identify each investment, purchase date, maturity date, interest rate, par value or face value, purchase price, cost or amortized cost at April 30, 2014, and market value as of the same date. Also, please provide amount of interest received on each investment for the year ended April 30, 2014.
2. For the City and Pension investments please provide an analysis of any realized gains and losses and the calculation of the change in unrealized gain/loss, by fund.
3. Schedule of interest receivable by investment/bank account by fund for the year ended April 30, 2014.
4. Copies of all amortization schedules, if applicable, for the year ended April 30, 2014.

D. INTERFUND TRANSACTIONS

Please provide all of the following schedules, where applicable, electronically as well as a hard copy.

1. Schedule of transfers in/out, by fund, for the current fiscal year. (Identify any transfers that management or the board intends to be repaid). For GASB 34, please provide explanation of any significant transfers (explanation should include amount, the funds involved and the reason the transaction was made).
2. Schedule of interfund receivables and payables, by fund, between funds at April 30, 2014. Identify on the schedule any balances not expected to be repaid by April 30, 2014. For GASB 34, please provide explanation of any significant transfers (explanation should include amount, the funds involved and the reason the transaction was made).
3. Schedule of interfund loans at April 30, 2014 with terms of repayment. If the City has an amortization schedule prepared for loans between funds, please provide a copy. For GASB 34, please provide explanation of any significant transfers (explanation should include amount, the funds involved and the reason the transaction was made).
4. Schedule of quasi-external transactions (internal service charges and/or administrative charges) between funds for the year, tied out to the general ledger. Please include support for the calculation and allocation of the costs.

E. CAPITAL ASSETS

GCAAG

1. Summary of General Capital Assets by asset class as of April 30, 2014. The summary should include beginning balances per prior year CAFR, current year additions, current year deletions and ending balances at April 30, 2014. A similar schedule should be prepared for accumulated depreciation.
2. Schedule of Changes in General Capital Assets – by Function and Activity for the year ended April 30, 2014. Schedule of General Capital Assets by Function and Activity at April 30, 2014. These schedules should tie into the schedules above.
3. For any general infrastructure assets (non water/sewer) acquired, constructed or accepted during the year (e.g., road reconstruction, accepted public improvements) we will need a schedule listing the asset, original cost (or market value if donated), depreciation expense and accumulated depreciation. Donated and/or accepted public improvements should be subtotaled separately as we will need to record contribution revenue for these capital assets at the entity-wide level.
4. For depreciation expense, please summarize the total depreciation expense by function and/or activity that you would like the depreciation expense charged to.
5. Schedule showing 2013-2014 capital asset additions by department and category code. Please provide support (vendor invoice/check copy) for any additions greater than \$50,000. Also, for additions purchased by the City we will need to know the fund and account # for each asset capitalized for converting from the fund level to the entity-wide level for governmental funds. Note that additions should include any infrastructure assets in progress or constructed as of April 30, 2014.
6. Please provide a detailed retirement schedule showing asset, original cost, accumulated depreciation, selling price and computation of gain/loss on disposal of asset, if applicable. If the City received money for the asset, please identify the amount on the retirement schedule. Any proceeds received should be factored into the gain or loss calculation.

Enterprise Funds

1. For the water fund, please provide a schedule of property and equipment by fund and by asset class with balance at the beginning of the year (per CAFR), current year additions, current year retirements and balances at the end of the year.
2. Please attach a detailed schedule for additions, identify any additions that were contributed (e.g., water lines installed by developers). Please provide support for all additions greater than \$50,000.

3. All retirements should be listed separately, by fund, with the following information: original cost, accumulated depreciation as of selling/disposal date, selling price and computation of gain/loss on sale/disposal of fixed assets. If the City received money for the asset, please identify the amount on the retirement schedule. Any proceeds received should be factored into the gain or loss calculation.
4. Depreciation schedule for the year ended April 30, 2014. This should also have a summary schedule showing beginning accumulated depreciation per prior year CAFR, current year provision, and current year retirements and balances at the end of the year.

Construction in Progress

1. For the schedules listed above, please identify separately any construction in progress. Please also list the construction contracts with the total commitment, amount expended, and balances remaining at April 30, 2014. For construction in progress, please identify any retainage payable as of April 30, 2014.

F. ACCOUNTS PAYABLE

1. Detail listing of accounts payable, by fund, which agrees to the general ledger.
2. Copies of all check registers, by fund, from May 1, 2014 to the beginning of final fieldwork. Please ensure this listing contains all cash disbursements made after year-end (checks, manual checks, wire transfers, etc). Additionally, we will need access to any open invoices that the City has not received but not yet paid as of fieldwork.
3. Schedule of retainage payable by contract for all funds as of April 30, 2014.

G. LONG TERM DEBT

1. Summary of changes in long term debt reported in the general long-term debt account group and enterprise fund, if applicable, by bond issue/type of debt. Schedule should show the following, balance at beginning of the year (per prior year CAFR), issuances (or accretion if applicable), principal re-payments/refunding, and balance at end of year. For balance at end of year, please include a total, which is then broken down between current (payable by April 30, 2014) and long-term (remainder).
2. Summary of interest paid and accrued interest payable at April 30, 2014, if any, by bond issue and by account for all debt outstanding.
3. Debt service to maturity schedules for all bond issues as of April 30, 2014.

H. OTHER ASSETS AND LIABILITIES

1. If applicable, copies of detailed schedule of inventories, by fund, reconciled to the general ledger as of April 30, 2014. The listing should show individual inventory items, the cost for each item, quantity of each item on hand at April 30, 2014 and a column extending the amount (cost x quantity). For price testing, we will select a sample of items to verify price, please have invoices substantiating price available.
2. Schedule of all prepaid expenditures/expenses, by fund, at April 30, 2014. Please include support (vendor invoice and check copy) for all prepaid amounts greater than \$10,000.
3. Schedule of any other material (>\$10,000) asset or liability account as of April 30, 2014 (i.e. **deposits payable**, deferred revenues [other than real estate taxes]).

I. INSURANCE

1. Copies of all insurance policies in effect during the year ended April 30, 2014.
2. Copies of all payments (check copy and invoice) to IRMA for the year ended April 30, 2014.
3. Please provide invoices for all premiums paid to IPBC during the current fiscal year (May 1, 2013 through April 30, 2014).

J. REVENUES/RECEIVABLES - GOVERNMENTAL FUNDS

1. Schedule of property tax revenue, receivable and deferred revenue by fund tied out to the general ledger, including TIF and Special Service Area property taxes, if applicable.
2. Schedule of intergovernmental *revenue and receivable* by fund for the year ended April 30, 2014 for the following revenue sources: *replacement taxes, state income tax, state sales tax, home rule sales tax, local use tax, simplified municipal telecommunication tax and hotel/motel occupancy tax*. These schedules should be tied out to the general ledger. Please note that replacement tax revenue should be recognized on the cash basis method of accounting, state income tax on the voucher month and the remaining revenues should be recognized on the liability month in accordance with GASB 33.
3. Schedule of circuit clerk court fine revenue and receivable tied out to the general ledger as of April 30, 2014.
4. Schedule of Motor Fuel Tax revenue and receivable tied out to the general ledger as of April 30, 2014. Please include support for any high-growth allotments received during the year.
5. Schedule of all building permits issued between May 1, 2013 to April 30, 2014 identifying permit # and fee. Attach copy of the ordinance setting the permit fees.

6. Schedule of franchise fee revenue, by franchisee, if applicable tied out to the general ledger as of April 30, 2014.
7. If applicable, calculation of all sales tax rebates paid during the year and total to date by the City, to whom, and the total dollar amount, by entity. Also, calculation of the accrual for amounts owed at April 30, 2014 based on sales tax revenue accrued by the City for the same period (liability month).
8. Schedule of cell tower lease revenue for the fiscal year ended April 30, 2014, by lessee tied out to the general ledger.

K. PAYROLL

1. Schedule of accrued payroll, by fund, at April 30, 2014 tied out to the general ledger. Please provide the payroll registers used to accrue the payroll.
2. Schedule of compensated absences liability by fund and account group at April 30, 2014. The schedule should show all employees, by fund, number of hours earned at April 30, 2014, the employee's pay rate that is in effect at April 30, 2014 and an extension of the liability (hours earned x pay rate). The calculation should include an accrual for FICA and Medicare. Please provide support from the payroll system for employee's pay rate and vacation hours earned at April 30, 2014. Per Interpretation #6, compensated absences for governmental funds should be recorded in the GLTDAG unless the individual has already retired/terminated at April 30, 2014, but was not yet paid. The liability for compensated absences should be broken out by function (general government, public safety, etc) for the current year and prior year to ease in conversion from the fund financial statements to the entity-wide financial statements.
3. Access to monthly IMRF filings from May 1, 2013 to April 30, 2014.
4. Access to quarterly 941 filings from May 1, 2013 to April 30, 2014.
5. If applicable, please provide a listing of all employees who receive post-employment health care benefits as of April 30, 2014 and a schedule showing the contribution to the Deferred Compensation Plan at April 30, 2014 and the employee and employer contribution percentages for each employee group (for note disclosure).

L. WATER REVENUE

1. Schedule of accounts receivable - billed and unbilled at April 30, 2014. Please provide the billing registers used to accrue the unbilled receivable and the accounts receivable subsidiary ledger that agrees to the billed accounts receivable at April 30, 2014. In fiscal year 2013, we received the billing records provided to the City from the DuPage County Dept. of Public Works.

2. Copy of the accounts receivable aging report at April 30, 2014.
3. Analysis of uncollectible accounts at April 30, 2014, if applicable.
4. Access to water cash receipts journals for May and June 2014.
5. Gallons pumped by month, for the fiscal year.
6. Gallons consumed/billed by month, for the fiscal year.
7. Copies or access to all billing registers for the fiscal year ending April 30, 2014.
8. Number of permit parking spaces and the monthly/yearly permit price, if applicable. Please attach support (ordinance establishing permit price or rate schedule). If possible, please provide number of each type of pass sold during the current fiscal year (May 1 through April 30).

M. POLICE PENSION PLAN

1. List of all refunds paid to employee's that terminated during the fiscal year, if applicable. Please attach support to this listing (check copies, etc) for any refunds greater than \$5,000.
2. Schedule of all active policemen detailing annual salary and amounts contributed to pension plan for the year ended April 30, 2014 reconciled to the general ledger for each pension fund.
3. Schedule of retirees and amount of benefit approved by the pension board. The schedule should list all employees and their monthly pension benefit with a total per employee for the year. This schedule should be reconciled to the general ledger at April 30, 2014.

N. GRANTS

1. Listing of all federal and state grants received, expended or entered into during the current year. This should include total revenue, receivable and deferred revenue related to all grants tied out to the general ledger (Grant revenue should be recorded based on the underlying expenditure not when the funds are received. If funds are received in advance of the expenditure unearned revenue is recorded, if the expenditure is incurred before the funds are received a receivable is recorded). This should also identify for federal funds the federal granting agency or the state or other pass-through agency, the CFDA number, and the amount of funds received.
2. Copy of grant agreements for all grants included in the above listing.
3. Copies of the year to date general ledgers of all accounts affected by the grants: revenue, expenditure, receivables, payables, and deferred revenues.

James R. Savio, CPA, MAS*Partner*

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



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Service Areas

Governmental Audit, Accounting
Governmental Financial Reporting

Affiliations

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

Education

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

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

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



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Service Areas

Governmental Audit, Accounting
Governmental Financial Reporting

Affiliations

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

Education

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

Brian D. LeFevre, CPA, MBA*Partner*

Brian D. LeFevre, CPA, MBA, is responsible for providing technical services to Sikich's governmental clients in all areas of governmental accounting, auditing, financial reporting, budget development, revenue and expenditure forecasting, and cash and debt management. Brian has participated in hundreds of audits of municipalities and other governmental units since he began his career with Sikich in 1993. He has also been responsible in developing and serving as lead instructor for governmental accounting, auditing and financial reporting training courses internally for the firm and for the Illinois Government Finance Officers Association (IGFOA). Brian serves as Chair of the Government Report Review Committee of the Illinois CPA Society.



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Service Areas

Governmental Audit, Accounting
Governmental Financial Reporting
Police and Fire Pension Accounting Services

Affiliations

American Institute of Certified Public Accountants
Illinois CPA Society
 Chairman, Governmental Report Review Committee
Illinois Government Finance Officers Association
GFOA Special Review Committee
Illinois Association of Fire Protection Districts
Illinois Public Pension Fund Association
Aurora Downtown Kiwanis Club, Former Treasurer and Board Member
Greater Aurora Chamber of Commerce Leadership Academy, Class of 1996
Lord of Life Church, Former Executive Director and Treasurer

Education

Bachelor's Degree in Accounting, Valparaiso University
Master of Business Administration, Northern Illinois University

Daniel A. Berg, CPA*Partner*

Daniel A. Berg, CPA, is a partner on Sikich's governmental services team. With more than 31 years of experience in public accounting, Dan concentrates on all areas of accounting, auditing, financial reporting, budget development, revenue and expenditure forecasting, cash and debt management, and cable television franchise agreed-upon procedures. He has participated in more than 900 audits of municipalities and other governmental units. In addition to his client responsibilities, Dan has developed training materials and served as lead instructor for governmental accounting, auditing and financial reporting training courses for internal staff and external audiences, including the Illinois Government Finance Officers Association, Illinois Association of Park Districts, Illinois Municipal Treasurers Association, Illinois Institute of Technology, Northern Illinois University, the Park District Risk Management Agency and various library systems.



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Service Areas

Governmental Audit, Accounting
Governmental Financial Reporting

Affiliations

Illinois CPA Society
Government Finance Officers Association, Special Review Committee
Illinois Government Finance Officers Association
Wisconsin Government Finance Officers Association
Illinois Association of Park Districts
National Association of College and University Business Officers
Central Association of College and University Business Officers

Education

Bachelor's Degree in Accounting, Benedictine University

Timothy J. Gavin, CPA, MBA*Manager*

Timothy J. Gavin, CPA, is a manager at Sikich LLP. He has more than 8 years of experience providing audit and accounting services for a variety of municipalities, park districts and other special districts.

Service Areas

Governmental Audit, Accounting
Governmental Financial Reporting

Affiliations

Illinois CPA Society
Illinois Government Finance Officers Association
Greater Aurora Area Chamber of Commerce Leadership Academy,
Class of 2008

Education

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



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Caroline A. Dittman, CPA*Manager*

Caroline A. Dittman, CPA, is a manager on Sikich's government team. She has more than 15 years of experience providing auditing and accounting services to a variety of municipalities, park districts and other special districts. She has served as interim finance director and assistant finance director for several municipalities and oversees the performance of monthly accounting and special projects for a diverse group of governmental entities. Caroline is responsible for managing the government team's preparation and filing of its clients' Annual Financial Report for the Illinois Comptroller's Office and Police and Fire Pension annual filings with the Illinois Department of Financial and Professional Regulation, Division of Insurance. She serves as a mentor in Sikich's mentoring program, an instructor in various in-house courses, and assists in new staff training and development.



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Service Areas

Governmental Audit, Accounting
Governmental Financial Reporting

Affiliations

Illinois CPA Society
Illinois Government Finance Officers Association
Illinois CPA Society Youth Advisory Board, Past Committee Member
Farm Colony Homeowners Association, Past Treasurer
Greater Aurora Chamber of Commerce Leadership Academy, Class of 2001

Education

Bachelor's Degree in Accounting, Benedictine University, Summa Cum Laude

Anthony M. Cervini, CPA
Manager

Anthony M. Cervini, CPA, is a manager at Sikich LLP. Anthony has more than nine years of experience providing audit and accounting services for a variety of municipalities, park districts and other governmental entities. He also has been responsible for developing and serving as lead instructor for governmental accounting, auditing, financial reporting, cash management and internal control courses both internally and for the Illinois Government Finance Officers Association (IGFOA), Wisconsin Government Finance Officers Association (WGFOA) and Illinois CPA Society. Anthony serves on the GFOA Special Review Committee and the Illinois CPA Society Government Report Review Committee, is a contributor to the IGFOA Legislative Committee, and has served as a budget reviewer for the Government Finance Officers Association Distinguished Budget Presentation Award.



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Service Areas

Governmental Audit, Accounting
Governmental Financial Reporting

Affiliations

Illinois CPA Society
Illinois Government Finance Officers Association
Wisconsin Government Finance Officers Association
GFOA Special Review Committee
Naperville Area Humane Society, Treasurer
Greater Aurora Chamber of Commerce Leadership Academy,
Class of 2007
Greater Aurora Chamber of Commerce Leadership Academy,
2008 Steering Committee
Naperville Jaycees

Education

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

SIKICH RESOURCES



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State and Local Government Services

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- ▶ Outsourced Management, Finance, HR & Technology Functions
- ▶ Police & Fire Pension Plan Accounting & Consulting
- ▶ Strategic Planning & Performance Measurement
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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 Snapshot

Organization

Sikich is a dynamic professional services firm specializing in accounting, technology, investment banking and advisory services. Founded in 1982, we are now one of the country's Top 35 largest CPA firms and among the top 1 percent of all enterprise resource planning solution partners in the world.

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:

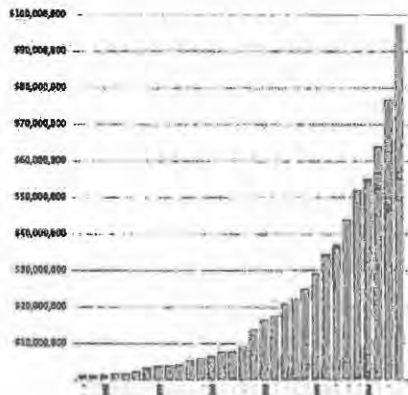
- Agriculture
- Construction
- Government
- Health Care
- Higher Education
- Manufacturing & Distribution
- Not-for-Profit
- Oilfield Services
- Professional Services
- Real Estate
- Retail

Statistics

2013 Revenues	\$99M
Total Partners	92
Total Employees	543
Total Personnel	635

Personnel count as of May 31, 2014

Sikich Total Revenues



Awards

- *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
- *Accounting Today* Top 100 Value Added Reseller: ranked 9th, 2014
- Bob Scott's Top 100 Value Added Reseller, 2014
- *Bob Scott's Insights* Value Added Reseller Stars, 2014
- *Inc. Magazine's* Inc. 500|5000: ranked 4,627th fastest-growing private company nationally, 2013
- *Crain's Chicago Business* Fast Fifty: ranked 49th, 2013
- Alfred P. Sloan Award for Excellence in Workplace Effectiveness & Flexibility, 2013
- *Daily Herald Business Ledger* Book of Lists: ranked 5th, "Accounting Firms;" Chicago Western Suburbs, 2013
- *Springfield Business Journal* Book of Lists: ranked 1st, "Accounting Firms;" Springfield, Illinois, 2013
- *Chicago Tribune's* Chicago's Top Workplaces, 2013
- *Crain's Chicago Business* Top 25 Firms: ranked 11th in Chicagoland, 2013

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System Review Report

July 17, 2014

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

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

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

City of Darien
Minutes of the Administrative/Finance Committee
November 3, 2014

The Meeting was called to order by Chairman/Alderman Ted Schauer at 6:00 pm. Committee members Aldermen Joe Kenny and Tina Beilke were present. Staff members present included City Administrator Bryon Vana, Treasurer Mike Coren, and Assistant City Administrator Paul Nosek.

Motion approving a recommendation to approve RULES FOR COMPLIANCE WITH PUBLIC COMMENT REQUIREMENTS OF THE ILLINOIS OPEN MEETINGS ACT

Staff advised that the Illinois Open Meetings Act authorizes public bodies to adopt rules regarding the public comment portion of a public meeting. City Attorney Murphey provided draft rules to be reviewed and approved by the City. Some sections of the rules are specifically required while others are subject to reasonable Council policy. The Administrative/Finance Committee unanimously recommended approval of the motion to approve **RULES FOR COMPLIANCE WITH PUBLIC COMMENT REQUIREMENTS OF THE ILLINOIS OPEN MEETINGS ACT.**

Motion- Approving the payment of the City's Net Pension Obligation of IMRF in the amount of \$54,356.00

Staff advised the City of Darien employees, excluding sworn Police Officer's, are members of the IMRF pension plan in accordance with state statutes. When the economy was in crisis in 2008, that fund experienced significant losses to its investments and as such suggested several options to replenish those funds. One option was to slightly increase the City's contribution rate and spread the payments out over time. The City chose that option knowing that it could repay the obligation back without prepayment penalties. As a result of our payment, the City would save \$3,986 in interest expense as well as reducing the rate that the City contributes in 2016. Currently the City has the funds available to pay that obligation back and save the interest cost. The Administrative/Finance Committee unanimously recommended approval the payment of the City's Net Pension Obligation of IMRF in the amount of \$54,356.00.

Minutes – September 2, 2014

The minutes of the October 6, 2014, minutes were approved 3-0.

Adjournment - The meeting adjourned at 6:47

Approved:

Ted Schauer, Chairman _____

Joseph Kenny, Member _____

Tina Beilke, Member _____