

**COUNTY OF KENDALL, ILLINOIS
BUDGET & FINANCE COMMITTEE
COUNTY OFFICE BUILDING
County Board Room 210
111 W. Fox Road, Yorkville IL**



**SPECIAL MEETING AGENDA
Friday, October 6, 2017 – 9:00a.m.**

- 1. Call to Order**
- 2. Roll Call:** Matt Kellogg, Matthew Prochaska, John Purcell, Bob Davidson, Lynn Cullick
- 3. Approval of Agenda**
- 4. Items of Business**
 - *Discussion and Recommendations to the County Board regarding Auditor Disclosed Items Recommendations*
 - *Fiscal Year 2018 Budget Discussions*
- 5. Public Comment**
- 6. Questions from the Media**
- 7. Action Items for County Board**
- 8. Items for Committee of the Whole**
- 9. Executive Session**
- 10. Adjournment**

If special accommodations or arrangements are needed to attend this County meeting, please contact the Administration Office at 630-553-4171, a minimum of 24-hours prior to the meeting time

**COUNTY OF KENDALL, ILLINOIS
REQUEST FOR PROPOSALS
FOR PROFESSIONAL AUDIT SERVICES**

I. INTRODUCTION

A. General Information

You may view this RFP and the Fiscal Year 2013 annual financial statements on the Kendall County website at the <http://www.co.kendall.il.us/call-for-bids/> .

The County of Kendall, Illinois is accepting request for proposals from qualified firms of certified public accountants to audit the financial records and financial processes of and to create the annual financial statements for:

1. Kendall County, hereafter known as *the County*,
2. Kendall County Circuit Clerk, hereafter known as *the Circuit Clerk*,
3. Kendall County Forest Preserve District, hereafter known as *the Forest Preserve*,
4. Kendall County Emergency Telephone Systems Board, hereafter known as *KenCom ETSB*,
5. Kendall County Public Building Commission, hereafter known as *the PBC*,
6. Section 5311 Grant Award for Kendall Area Transit Program and,
7. Illinois Downstate Operating Assistance Program Grant for Kendall Area Transit Program

for fiscal years 2014, 2015 and 2016. The County's fiscal year begins December 1 and ends November 30. This Request For Proposal offers the option of extending the contract two (2) additional one (1) year terms. An extension of the contract is solely at the discretion of the County.

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

To be considered, twelve (12) copies of a proposal must be received by 4pm on June 3, 2014 and sent to:

Latreese Caldwell
Kendall County Budget and Research Coordinator
111 W. Fox Street
Yorkville, IL 60560

Questions can be directed to Latreese Caldwell at 630-553-4839.

The County reserves the right to reject any or all proposals submitted. Proposals submitted will be evaluated by a Review Committee consisting of staff, elected officials and County Board members. The County Board will make the final selection for all areas, except the KenCom ESTB will determine professional auditor for the KenCom ESTB.

During the evaluation process, the County reserves the right to request additional information or clarifications, or to allow corrections of errors or omissions. Firms may be requested to make oral presentations to a Review Committee as part of the evaluation process.

The County reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically

noted in the proposal submitted and confirmed in the contract between the County and the firm selected.

It is anticipated the selection of a firm will be completed by August 19, 2014.

B. Term of Engagement

A three (3) year contract is contemplated, subject to annual review by the County, the satisfactory negotiation of terms (including a price acceptable to both the County and the selected firm) and the annual availability of appropriations. The contract would also have an option to extend the contract for two (2) additional one (1) year terms. An extension of the contract is solely at the discretion of the County.

Cancellation of services for no cause by either party must be made in writing and received by certified mail prior to April 1 each year.

C. Subcontracting

In the event of a merger of the audit firm with another firm or certified public accountants or the change of partners to the audit firm, this contract will be transferable to the successor firm with the approval of the County.

This retainer agreement shall not be assigned or transferred without the approval of the County.

D. Request for Proposal as Part of Contract

This Request for Proposals shall be incorporated into the contract for services.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

To meet the requirements of this request for proposal, the audit, reports and financial statements shall be performed in accordance with Generally Accepted Auditing Standards as set forth by the American Institute of Certified Public Accountants, and performed in accordance with the provisions in this request for proposal. The County desires the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with Generally Accepted Accounting Principles.

The auditor shall also be responsible for preparing the supplementary information required by the Government Accounting Standards Board as mandated by Generally Accepted Auditing Standards.

The auditors shall provide to the County all audit adjustments including the appropriate backup documentation and will meet with staff, if requested, to discuss these final adjustments.

The County also desires the auditor to provide an "in-relation-to" opinion on the supplementary information based on the auditing procedures applied during the audit of the basic financial statements. The auditor shall also be responsible for performing certain limited procedures involving the required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards. Also, the auditor is to provide an "in-relation-to" report on the County's schedule of expenditures of federal awards based on the auditing procedures applied during the audit of the financial statements.

The County is required to have an audit performed on the major federal programs of the County in accordance with OMB Circular A-133. The auditor will be required to test internal controls and compliance for major federal award programs administered by the County. It is anticipated the County will require a Single Audit for each of the three years covered by this request.

The County is required to have an audit performed of the Kendall Area Transit Program specifically for the 5311 federal grant award and Illinois Downstate Operating Assistance Program grant award. The auditor will be required to test internal controls and compliance for the federal and state award programs administered by the County, and create annual financial statements for the two programs.

The County also desires the auditor to preparation of Supplementary Financial Information and the Statistical Section and to perform a review of the final annual budget appropriation document.

B. Time Requirements

The auditors must be able to meet the following essential dates for the fiscal year audit:

Preliminary work completed by November 20th.

Fieldwork completed by December 23rd.

Draft reports completed by January 15th.

Final printed and bound reports by January 30th.

Presentation to the Budget & Finance Committee before February 28th.

Presentation to the County Board, Forest Preserve Board, PBC and KenCom ESTB before February 28.

C. Auditing Standards to Be Followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits set forth in the General Accounting Office's (GAO) *Government Auditing Standards* (as amended), the provisions of the federal Single Audit Act Amendments of 1996 (as amended) and U.S. Office of Management and Budget (OMB) Circular A- 133, *Audits of States, Local Governments, and Non-Profit Organizations*.

D. Reports, Schedules and Forms to be Issued

The auditor shall prepare the following reports at the completion of the audit:

- The Independent auditor's reports on the basic financial statements.
- Independent auditor's report on internal controls over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Independent auditor's report on compliance based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Independent auditor's report on compliance pursuant to the *Illinois Legal Compliance Audit Guide for Local Government*.
- Independent auditor's report on internal control over compliance for major federal programs in accordance with OMB Circular A-133.

- Schedule of Expenditures of Federal Awards (SEFA), Form SF-SAC, Statement of Auditing Standards (SAS) 114 and 115.
- Independent auditor's report (opinion) on compliance with requirement applicable to each major federal program in accordance with OMB Circular A-133.
- A summary of auditor's results and a schedule of findings and questioned costs, if any, required by OMB Circular A-133.

E. Additional Services

In addition to the audit services described above, the County is requesting the following additional services:

- Preparation of all required basic financial statements
- Preparation of the notes to the financial statements
- Preparation of the following additional statements and schedules:
 - Government-wide and individual fund financial statements
 - Budgetary comparison schedules
 - General capital asset schedules
 - Schedule of cash and investments
 - Schedule of taxable valuations
 - Schedule of intergovernmental revenue
 - Schedule of expenditures of federal awards
 - Schedule of general long term debt
- Preparation of supporting schedules and trial balances for the financial statements. The County will decide the format and methodologies for these schedules and trial balances.
- Preparation of the Supplemental Financial and the Statistical Section of the Annual Financial Report:
 - Net Assets by Component
 - Assessed Value and actual value of taxable property
 - Property tax rates – direct and overlapping governments
 - Property tax levies and collections
 - Legal debt margin
 - County demographic information
 - Full Time and Part Time employees by fund
- Typing, copying and binding of annual financial report. The firm will provide the County with 25 bound copies and electronic (PDF) version of the County's Annual Financial Report and 15 bound copies and one electronic (PDF) version of each: the Forest Preserve's Annual Financial Report, the Circuit Clerk's Annual Financial Statements, the PBC's Annual Financial Report, Emergency Telephone Systems Board's Annual Financial Report, and Kendall Area Transit Program Annual Financial Report.
- The firm will provide the County with 25 copies of the County's report and 15 copies of each: the Forest Preserve's, the Circuit Clerk's, the PBC's and the Emergency Telephone Systems Board's, and Kendall Area Transit Program's reports on the internal control and

compliance in accordance with the audit guide and standards for compliance with the Single Audit Act, as may be required.

- Prepare and file the annual financial report and any applicable reports with appropriate state agencies and departments, including three (3) copies to be filed with the Office of the State Comptroller.
- A letter to management containing appropriate suggestions for improvement of accounting procedures and internal controls for the County's consideration. This letter should contain comments and recommendations for controlling any internal weaknesses discovered and shall be discussed with appropriate personnel before finalizing.
- A draft version of the Management Discussion and Analysis
- Prepare and submit the reporting package, required by the Single Audit Act Amendments of 1996, to the Federal Single Audit Clearing House. This package includes the annual financial report, the supplementary schedule of expenditures of federal awards, the required auditor's reports, including any current findings and questioned costs, a summary schedule of prior audit findings, and a corrective action plan.

F. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years after the report is issued, unless the firm is notified in writing by the County of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the County.

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

III. DESCRIPTION OF THE GOVERNMENT

A. Principal Accounting Records Contact

During the audit process, the selected audit firm's principal accounting records contact with the County will be Jill Ferko, Treasurer, at 630-553-4124 who will coordinate the assistance to be provided by the County to the auditor.

B. Background Information

The County

The County was established in 1841. The County serves an area of approximately 324 square miles, with a population of approximately 115,000. The County's fiscal year begins December 1 and ends November 30. The County is governed by a 10 member County Board representing separate townships within the county. The offices of Treasurer, State's Attorney, Circuit Court Clerk, Sheriff, Clerk & Recorder, Coroner and ROE Superintendent are elected on a county-wide basis.

The County offers a full range of services including courts, property tax administration, law enforcement and corrections, human services, public and community health, economic development, and general administration. The County employs approximately 320 full-time and 16 part-time employees.

The County is organized into 25 offices or departments. Most of the accounting and financial reporting functions of the County are centralized. However, certain accounting and grant reporting requirements are performed by accounting staff of the Health and Human Services department. Some departments collect fees for services, including Office of the County Clerk and Recorder, Office of the Circuit Clerk, Office of the Sheriff, Animal Control Department, and Planning, Building and Zoning Department.

The Forest Preserve

The Forest Preserve was established in April of 1964. The Forest Preserve owns open space throughout the County. The Forest Preserve's fiscal year begins December 1 and ends November 30. The Forest Preserve is governed by the Forest Preserve Commission, which is comprised of the 10 Kendall County Board members.

The Forest Preserve offers a range of educational and recreational programs for county residents that are compatible with District natural areas and open spaces.

The Circuit Clerk

The Circuit Clerk is an office within the County. The Circuit Clerk collects fees, fines and penalties and remits these amounts to the proper agencies or individuals.

The Kencom Emergency Telephone Systems Board

The Emergency Telephone Systems Board is a unit of local government organized pursuant to Illinois Compiled Statute 50 ILCS 750/15. The Emergency Telephone Board collects surcharge revenues as allowed under the ACT for wireless and wireline telephone services within the County. The Emergency Telephone Systems Board administers the funds generated from telephone surcharges for 9-1-1 service in the County. KenCom Public Safety Dispatch carries out the operation function of the enhanced 911 Project.

The Emergency Telephone Systems Board is governed by a 12 member Executive Board consisting of a County Board member, the Kendall County Sheriff, a citizen appointed by the County Board (Member-at-Large), four elected officials representing the Communities of Plano, Oswego, Newark and Yorkville and five elected or appointed officials representing the Fire Districts served by KenCom.

The PBC

The PBC was created on May 10, 1988 as a multi-purpose Commission, to provide financing to acquire the site, construct and equip a new jail facility to be leased by the County. The Commission has the authority to issue bonds or notes to finance the acquisition and construction of public building facilities for the County.

The PBC is governed by a 5 member Board of Commissioners consisting of County Board members and appointed citizens.

More detailed information on the County and its finances can be found in the Budget Document on the Kendall County website and in previous Annual Financial Reports.

Kendall Area Transit (KAT)

Since 2010, the County has operated Kendall Area Transit. The transportation program is a "demand response" or "dial a ride" system serving the entire County. Staff and service is provided by the Voluntary Action Center of DeKalb County. Funding is provided by local, state and federal sources, including Illinois Downstate Operating Assistance Program grant award and 5311 federal grant award. An annual audit and financial statement is required for the 5311 federal grant award and Illinois Downstate Operating Assistance Program grant award.

C. Fund Structure

The following fund types are used by each entity in its financial reporting:

The County

Governmental Funds: *General Fund, Special Revenue Funds, Capital Projects Funds*

Debt Service Funds

Fiduciary Funds: *Pension Funds, Trust & Agency Funds*

The Forest Preserve

Governmental Funds: *General Fund*

Capital Project Funds

Debt Service Funds

The Circuit Clerk

Fiduciary Funds: *Trust & Agency Funds*

The Emergency Telephone Systems Board

Proprietary Funds: *Enterprise Funds*

The PBC

Governmental Funds: *General Fund, Capital Projects*

Proprietary Funds: *Enterprise Fund*

Kendall Area Transit Fund

Governmental Fund

D. Budgetary Basis of Accounting

The County prepares its budgets on a cash basis which is a comprehensive basis of accounting other than accounting principles generally accepted.

The County includes the budgetary comparison presentations for the general and major special revenue funds as part of the basic financial statements.

E. Federal Financial Assistance

The County has received grants from the following sources. New awards may be added each year.

U. S. Department of Health and Human Services

U. S. Department of Justice

U. S. Office of National Drug Control Policy

U. S. Department of Agriculture

Environmental Protection Agency

U. S. Department of Transportation

F. Pension Plans

The County participates in the following pension plan administered by the Illinois Municipal Retirement Association (IMRF):

Illinois Municipal Retirement – Regular
Illinois Municipal Retirement – Sheriff’s Law Enforcement Personnel
Illinois Municipal Retirement – Elected County Officer

All of these funds are employer/employee cost-sharing defined benefit plans.

G. Provision of Finance Operations

The County and Circuit Clerk

The County’s Administrative Services Department provides the budgetary functions for the County. The County’s Treasurer’s Office provides all treasury, collections, accounting, auditing, accounts receivable and payroll functions. The County Clerk’s Office provides all accounts payable function. The Technology Department provides all information systems functions.

The Forest Preserve

The Director of the Forest Preserve provides the budgetary functions for the Forest Preserve. All other financial services are provided by the County.

The Emergency Telephone Systems Board

The Director of Communications of KenCom provides the budgetary functions for the Emergency Telephone Systems Board. All other financial services are provided by the County.

The PBC

All financial functions are provided by the County.

H. Computer Systems

The day-to-day transactions of the County and the Forest Preserve are conducted with the aid of a computerized governmental accounting system. The computer hardware is server based and the financial accounting software is supported by Comtek. The County and the Forest Preserve also uses personal computers on a Microsoft Windows network.

I. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years’ audit reports and management letters should contact Jill Ferko, Treasurer at 630-553-4124. The County will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposals.

IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Treasurer’s Office and Clerical Assistance

The Treasurer’s Office staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the County as directed by the auditor.

B. Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor.

V. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

Latreese Caldwell
Kendall County Budget and Research Coordinator
111 W. Fox Street
Yorkville, IL 60560

2. Submission of Proposals

The following material is required to be received by June 10, 2014 for a proposing firm to be considered:

a. A master copy (so marked) of the Proposal plus 11 copies to include the following:

i. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes it to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for 90 days.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section V. B.: Audit Proposal of this request for proposals.

b. Proposers should send the completed proposals to the following address:

Latreese Caldwell
Kendall County Budget and Research Coordinator
111 W. Fox Street
Yorkville, IL 60560

B. Audit Proposal

1. General Requirements

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the County in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

2. Independence

The firm should provide an affirmative statement that it is independent of the County as defined by the generally accepted auditing standards.

3. License to Practice in Illinois

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Illinois.

4. Firm Qualifications and Experience

The proposal should state the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and on a part-time basis.

The firm is also required to submit a copy of the report on its most recent external quality control review, including any letter of comments, with a statement whether that quality control review included a review of specific government engagements.

5. Partner, Supervisory and Staff Qualifications and Experience

Attachment A must be completed and signed. Attachment A's information should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Illinois. Provide information on the number of years each person has been with the firm, the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the County. Other audit personnel may be changed at the discretion of the firm provided that replacements have substantially the same or better qualifications or experience.

6. Similar Engagements with Other Government Entities and References

Attachment B must be completed and signed for the firm's staff that will be assigned responsibility for the County audit. Attachment B's information should list the most significant engagements performed in the last three years that are similar to the County. Indicate the references name and telephone number of principal client contact.

7. Firm's Audit Methodology

Attachment C of the proposal should include the firm's narrative describing their audit methodology including:

Approach to understand and document the County's internal controls; and,

Approach to determine areas selected for audit testing; and,

Approach to reporting and resolving any identified problems and any special assistance that will be provided to County to address identified problems.

C. Dollar Cost

1. Total All-Inclusive Maximum Price

Attachment D must be completed and signed. Attachment D's price should specify all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price is to include all direct and indirect costs including all out-of-pocket expenses.

The County will not be responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

2. Rates by Partner, Manager, Supervisory, Staff and Specialist Level Times Hours Anticipated for Each

Attachment E must be completed and signed. Attachment E should include a schedule of professional rates broken into the above categories.

3. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's proposal. Interim billings shall cover a period of not less than one calendar month.

VI. RIGHT TO REJECT PROPOSALS

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the County and the firm selected.

The County reserves the right, without prejudice, to reject any or all proposals.

ATTACHMENT A

**PARTNER, SUPERVISORY AND STAFF
QUALIFICATIONS AND EXPERIENCE**

- List the principal supervisory and management staff, including partners, managers, other supervisors and specialists who are proposed to the County audit.
- Indicate whether each such person is registered or licensed to practice as a certified public accountant in Illinois.
- Indicate the number of years each person has been with your firm.
- Indicate the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit (include additional pages if needed)

Partners:

Managers:

Supervisory Staff:

Staff:

Staff:

Staff:

Other (Specify):

Signature of Authorized Representative

Title

Name of Authorized Representative

Date

ATTACHMENT B

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES AND REFERENCES

- List the most significant engagements performed by the proposed staff in the last three years that are similar to the County audit described in this request for proposal (include additional pages if needed).
- Indicate the contact name and telephone number of the client references for each reference listed.

List of references served by proposed staff:

Partners:

Managers:

Supervisory Staff:

Staff:

Staff:

Staff:

Other (Specify):

Signature of Authorized Representative

Title

Name of Authorized Representative

Date

ATTACHMENT C

Firm's Audit Methodology

Firms are to provide a narrative describing their audit methodology:

Approach to understand and document the County's internal controls; and,

Approach to determine areas selected or audit testing; and,

Approach to reporting and resolving any identified problems and any special assistance that will be provided to County to address identified problems

**ATTACHMENT D
TOTAL ALL-INCLUSIVE MAXIMUM PRICE**

	<u>Fiscal Year</u>		
	2014	2015	2016
Kendall County	\$ _____	\$ _____	\$ _____
Forest Preserve	\$ _____	\$ _____	\$ _____
Circuit Clerk	\$ _____	\$ _____	\$ _____
Emergency Tel. Sys. Board	\$ _____	\$ _____	\$ _____
PBC	\$ _____	\$ _____	\$ _____
Kendall Area Transit	\$ _____	\$ _____	\$ _____
TOTAL (Annual)	\$ _____	\$ _____	\$ _____

Additional Suggested Reports or services not currently provided in annual financial reports and audit:

Description:	2014	2015	2016
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____

FIRM SUBMITTING PROPOSAL: _____

Signature of Authorized Representative

Title

Name of Authorized Representative

Date

ATTACHMENT E

RATES BY PARTNER, MANAGER, SUPERVISORY, STAFF AND SPECIALIST

	<u>HOURLY RATE</u>	<u>ANTICIPATED HOURS</u>
PARTNERS	_____	_____
MANAGERS	_____	_____
SUPERVISORY STAFF	_____	_____
STAFF	_____	_____
STAFF	_____	_____
STAFF	_____	_____
STAFF	_____	_____
OTHER (SPECIFY)	_____	_____

Signature of Authorized Representative

Title

Name of Authorized Representative

Date