

CITY OF TUSCOLA

REQUEST FOR PROPOSALS FOR PROFESSIONAL INDEPENDENT AUDIT SERVICES

Section I - Introduction

The purpose of this Request for Qualifications & Proposals (RFP) is to obtain written proposals and competitive quotations of services and prices from qualified firms of certified public accountants to audit the financial statements of the City for fiscal year ending April 30, 2017, 2018 and 2019, with a mutual option of adding two additional years. The audit is to be performed in accordance with generally accepted auditing standards. Responsive firms are requested to provide a proposal on the work to be performed and reports to be provided as outlined in Sections II through XI.

Questions regarding this proposal should be directed in writing to:

Alta Long, City Treasurer
City of Tuscola
214 N. Main Street
Tuscola, IL 61953
(217) 253-2112
along@tuscola.org

Interested proposers may submit an e-mail address to along@tuscola.org in order to receive clarification, information and/or answers to questions posed by other proposers.

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

Proposals submitted will be evaluated by the City Treasurer, City Administrator, Finance and Administration Committee, Mayor and City Council. To be considered, the proposal must be received by the Treasurer at Tuscola City Hall no later than 4:00 p.m. on **March 14, 2017**. The City reserves the right to reject any or all proposals submitted.

Section II - Description of Entity and Records to be Audited

The City of Tuscola is a home rule community incorporated under the laws of the State of Illinois. The City is located 25 miles south of Champaign, 40 miles east of Decatur and 20 miles north of Mattoon and has a population of 4,480 as certified by the 2010 census. The City (including the Library) has 27 full time employees, 7 part time, several seasonal, and 29 paid-on-call firefighters and annual budgeted revenues in the amount of \$7,021,500. The City's financial statements include the Tuscola Public Library. The City uses the full accrual basis of accounting and is in compliance with GASB statement 34, and thus has infrastructure assets inventory and provides a management discussion and analysis portion of the audit.

The City's annual working budget is adopted in April of each year, effective May 1 of the upcoming fiscal year. The City adopts the appropriation ordinance prior to the end of the first quarter of each fiscal year. The appropriation ordinance specifically sets legal spending limits and is based on the working budget. Copies of management letters, financial statements, annual audits, and budgets are available for review at City Hall or on the City's website at <http://tuscola.org/content/freedom-of-information-open-government/> .

Funds

Fund Name	Fund Type	FY 2017 Budgeted Revenues	Brief Description
General	Governmental-General	\$3,193,327	Primary Operating Fund
Water	Proprietary-Enterprise	\$1,094,474	Accounts for Water utility operation
Sewer	Proprietary-Enterprise	\$ 715,000	Accounts for Sewer utility operation
TIF	Governmental-Special Revenue	\$1,525,715	Accounts for Tax Increment Financing District operations
Motor Fuel	Governmental-Special Revenue	\$ 116,332	Accounts for Motor Fuel Tax Funds
Tourism	Governmental-Special Revenue	\$ 213,700	Accounts for Hotel/Motel Tax funds and purposes
Public Library	Governmental-Special Revenue	\$ 162,991	Accounts for library property tax levy revenue and library operations
Garbage	Fiduciary-Agency		Accounts for garbage service fees and payments to garbage contractor
Section 125	Fiduciary-Agency		Accounts for amounts withheld from employees salaries and reimbursements in accordance with IRS regulations

Cash and Investments

The City maintains eight specific purpose or comingled funds checking accounts and pooled investment accounts. City funds are invested in compliance with the adopted investment policies and State Statutes. Usual investments consist of Certificates of Deposit, either collateralized or not exceeding FDIC limits at any one institution, pooled government investment funds and U.S. Treasury/Government Agency instruments.

Financial Personnel

The financial personnel of the City consists of the City Treasurer, the assistant City Clerk, collection clerk and the billing clerk. The City processes accounts payable, accounts receivable, cash receipts, payroll and general ledger internally on the City's computerized fund accounting system.

City Officials and City Council

Tuscola Mayor, Daniel J. Kleiss, was elected in December 27, 1988 and has served continuous 4 year terms since then, the most recent term expires in 2017. The City Council consists of 8 elected officials serving 4 year staggered terms. The City has an elected City Clerk, Elizabeth Leamon, whose term will expire in 2017. The City Treasurer, Alta Long (16

years of service) and City Administrator, Drew Hoel (20 years of service), are appointed annually as are all city personnel.

Debt Service

The City has four outstanding alternate revenue bond issues and three Illinois Environmental Protection Agency loans. Outstanding debt is detailed below:

Issue	Purpose	Fund	Year of payoff
\$500,000- Series 2010	Finance street improvements	Motor Fuel	2020
\$500,000- Series 2012	Finance resurfacing South Main	Motor Fuel	2022
\$1,545,000- Series 2011-WA	Refinance Water system upgrades	Water	2017
\$2,060,000-Series 2011- SW	Refinance Sewerage system upgrades	Sewer	2018
\$719,873- IEPA Loan	Water system upgrades to increase capacity	Water	2034
\$450,341- IEPA Loan	Water tower painting & maintenance	Water	2034
\$178,479- IEPA Loan	Wastewater supply system projects	Sewer	2034

Data Processing and Records

The City's technology infrastructure comprises a local area network of 12 desktop computers and two network servers. The desktop computers and servers are continuously upgraded on a rotating basis so that all equipment is newer than 6 years old and are under continuous monthly maintenance plan with Simplified Computers. The network operating system is Windows Small Business Server 2016 and workstation platform is Windows 7. The word processing, database, and spreadsheet application software is Microsoft Office Professional. Computerized processing of general ledger, water and sewer utility billing, budget preparation, cash receipts, payroll and accounts payable are maintained by the City using Casselle Clarity fund accounting software. All records are maintained by the City and destroyed when applicable, and under the guidelines and approval of the Illinois' Secretary of State's office.

Section III - Nature of Services Required

Scope of proposed audit

The independent auditor shall express an opinion on the financial statements of the governmental activities, the business-type activities, and each major fund, and accept "in relation to" responsibility for any supplemental data. If an unqualified opinion cannot be expressed, the independent auditor shall bring such matter to the attention of the City before finalization of the report to determine whether or not the problems leading to such qualification can be resolved.

The City's auditor shall determine whether the financial statements of the City present fairly its financial position and results of its financial operations in accordance with generally accepted accounting principles (GAAP).

The City's auditor shall perform the audit of the financial statements in accordance with all generally accepted auditing standards (GAAS), including, but not limited to, planning and performing the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The auditor shall provide an examination of evidence supporting the amounts and disclosures in the financial statements, assess the accounting principals used and significant estimates made by management, and evaluate the overall financial statement presentation.

The auditor is expected to provide support and advice to the City financial staff on issues that may arise throughout the audit period, as they relate to the presentation of financial information, procedures, practices and standards. It is the City's desire to update policies and procedures where the auditor and City leadership feels efficiencies, compliance, or security can be improved.

The auditor should assist the City staff with accrual entries and other adjusting entries as needed.

The successful proposer is expected to attend a City Council meeting to briefly present the results of the audit and management letter.

Reports Required

The City acknowledges its responsibility for the reliability, accuracy, and completeness of all financial statements. However, proposers should be aware that drafting, typing, and binding the annual financial report, including all financial statements, notes thereto and supporting exhibits will be the responsibility of the successful proposer.

The successful proposer shall issue the following reports:

- 20 copies of the Annual Financial Report; and one searchable .pdf file of the report
- 2 copies of TIF fund specific financial report and a letter to express an opinion of eligible TIF expenditures pursuant to subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act; and one searchable .pdf file of the report
- 2 copies of the Management Letter; and one searchable .pdf file of the report
- Prepare and file the State of Illinois Comptroller's Report.

Technical Standards

The examination shall be made in accordance with generally accepted auditing standards (GAAS), the pronouncements of the Governmental Accounting Standards Board of the Financial Accounting Foundation (GASB) and the requirements of the American Institute of Certified Public Accountants (AICPA) "Audit of State and Local Government Units". The audit report must contain a certification of compliance with the Illinois Tax Increment Financing Act.

All proposers shall be in compliance with all federal, state, and local laws.

Working Papers

Audit working papers shall be retained by the successful proposer for at least five years following the close of the fiscal year to which the papers pertain.

Audit working papers shall be made available for examination by authorized representatives of the cognizant federal audit agency, the U.S. General Accounting Office, the Comptroller of the State of Illinois, and by the City.

The successful proposer shall furnish the City with one copy of any working paper(s) upon request of the City with reasonable notice.

Progress Reports

The City may request written progress reports or informal meetings with the auditor or staff during the course of the audit and report preparation, if or when the need arises or progress needs to be discussed. The auditor shall promptly notify the City Treasurer and City Administrator of any suspicion of fraud, defalcation or misapplication of funds.

Section IV - Period of Audit and Term of Engagement

The initial audit period is for the three fiscal years starting May 1, 2016 and ending April 30, 2019. Additional terms may apply as mutually agreed.

Section V - City Responsibility

- Prepare confirmation letters for the auditor to send
- Prepare and make entries for annual accruals
- prepare trial balances for all funds
- Provide the updated reports/figures for any statistical sections
- Provide updates to the notes to the financial report sections
- Provide schedules of cash investments, including schedules of Restricted funds and pledged securities
- Provide Water loss schedules and Sewer plant processing annual report
- Provide TIF loan and grant reconciliation schedule
- Provide schedule of Tuscola's Equity in the Tuscola/Arcola Joint Water Line Agency
- Provide a copy of the annual budget and appropriation ordinance
- Provide copies of all TIF grant and mortgage documents and other contract documents as they pertain to the fiscal year
- Provide other reports and schedules as are reasonably necessary and requested by Auditor
- Provide access to necessary City records within a reasonable timeframe

Any other supporting work expected to be provided by the City should be described in the proposal.

The City Treasurer shall be responsible for coordinating the completion of the annual audit. The City will provide work space at Tuscola City Hall. However, calculators, computers, and other office equipment and supplies are to be furnished by the independent auditor.

Section VI - Time Requirements**A. Proposal Schedule (first audit year)**

RFP to Vendors	02/24/2017
Proposal Due Date	03/14/2017
Interviews with Selected Proposers	week of March 20, 2017
Auditor approved by City Council	04/10/2017

B. Audit Schedule

City complete Audit Confirmation Letters	05/19/2017
City audit information ready for Auditor field work	05/19/2017
Final Audit to the City (Mutually agreed upon, but NOT	09/30/2017

LATER THAN)

The dates for the in-house inspection of City records and final audit report due is to be determined and mutually agreed upon. The audit schedule due dates are subject to change upon agreement between the City and successful proposer.

Section VII - Agreement

As required in Section VIII below, proposers are to state separate, "not to exceed fees" for performing the services described herein for the City fiscal years ending April 30, 2017, 2018 and 2019. By acceptance of the proposal, the City will agree to engage the successful proposer for audit services for the fiscal years ending April 30, 2017, 2018 and 2019. The City may, at it's sole discretion, engage the successful proposer for audit services for any subsequent fiscal year upon acceptance of an updated proposal and "not to exceed fees". It is the City's desire and intention that the successful proposer will be retained for approximately 5 future years and that the audit fees will not increase significantly in that time unless major unforeseen issues arise.

Audit services performed for the audit period shall be paid by the City not more than 30 days following submission of an accurate invoice from the auditor. In no event, shall fees paid by the City exceed the "not to exceed" cost, for provision of all of the services described in the successful proposal.

In the event of a merger of the audit firm with another firm of certified public accountants or the change of partners to the audit firm, or a change of lead auditor on the services contemplated in this proposal, this agreement may be transferable to the successor firm or auditor, but only with the approval of the City Council. This agreement shall not be assigned or transferred without the written approval of the City.

Section VIII - Proposal Submission Information

To secure information which facilitates systematic application of evaluation criteria, vendors are required to submit proposals with the information and in the format described below.

Transmittal Letter: Proposals shall be transmitted by a letter which shall include at least the sections listed below and be signed by an authorized agent of the organization:

Affidavits: Proposers shall complete and submit Attachment 1, "Statements of Interest and Qualifications".

Fee Schedule: A maximum "not to exceed" fee for providing the services as described in the proposal for the fiscal years ending 2017, 2018 and 2019.

Contact Person: The name, address and title of the individual to whom notices regarding this proposal should be sent.

Profile of the Proposer:

- Proposers shall briefly describe the organization and size of the organization, whether it is local, regional, national, or international in operations.
- The location of the office from which the work is to be done, and the number of professional staff (by staff level) employed at that office.
- A description of the range of activities performed by the office handling the engagement such as auditing, tax service, management services, etc.
- A complete listing of all government audits performed by the local office within the most recent 3 fiscal years, along with contact information for references.

Technical Approach: Proposer shall indicate the technical approach to providing the services outlined in Section III. This should include a rough estimate of hours to be performed by each level of staff during each significant segment of work, including the estimated amount of time the audit staff will be on site.

Qualifications of the Proposer: Proposers shall briefly describe their qualifications, which shall include at least a list of each professional staff member to be assigned to the project. It is expected that the person assigned to the audit would have considerable, current governmental experience and current continuing education focusing on governmental auditing standards, which should be listed.

While it is understood that there will be turnover on the audit staff, it is hoped that continuity of staff will be maintained, and will be a consideration if renewing this agreement for future years.

Peer Review: Proposers shall briefly describe the systems of peer review to which proposers are subject, including the nature (internal and/or external) and frequency of reviews. Proposers may be asked to provide copies of recent peer review for the city's information.

Insurance: Proposers shall submit proof of Professional Liability Insurance coverage for an amount of \$1,000,000 and proof of Worker's Compensation Insurance sufficient to meet statutory requirements.

Section IX - Selection Criteria

Proposers' qualifications to provide the services described in this request for proposal, (as determined by responses to this request, references, and oral interviews), shall be a factor in determining the successful proposer. However, criteria may include, but are not limited to: compliance of proposal with request for proposal, price, ability to do the work, the proposers' character and reputation, quality of other work performed, and any other criteria that the City, in its judgment, represents the best and most favorable to the interests of the City and the public.

Selected vendors may be invited to oral interviews following an initial evaluation of proposals submitted.

Section X - Proposal Period

Each proposal shall be submitted to the City Treasurer not later than **4:00 PM on March 14, 2017** to:

Alta L. Long
City Treasurer
214 North Main Street
Tuscola, IL 61953

Proposals submitted in accordance with this request for proposals shall be binding upon the proposers if accepted by the City not later than 90 days from the date of the proposal.

The City reserves the right to accept any proposal that is, in its judgment, the best and most favorable to the interests of the City and the public; to reject any or all proposals; to accept and incorporate corrections, clarifications, or modifications following the opening of the proposals, as it deems fit.

Section XI - Engagement

The successful proposer shall confirm in writing acceptance of the terms of this proposal within 15 days of notification of selection. This confirmation may be in the form of the standard Engagement Letter or may be in addition to the standard Engagement Letter. Proposers must specify any proposed modifications to the scope of the engagement in their proposal.

**REQUEST FOR STATEMENTS OF INTEREST AND QUALIFICATIONS
FOR THE CITY OF TUSCOLA**

TO:

Alta L. Long, City Treasurer City of Tuscola 214 North Main Street Tuscola, IL 61953 Phone: 217-253-2112 Fax: 217-253-5026

FROM:

Vendor:	
Address:	
City, State, Zip Code:	
Contact Person:	
Phone Number:	

In compliance with the **Request For Professional Independent Audit Services** , The undersigned hereby furnishes the information requested and certifies that all information and statements contained herein are true and correct.

It is understood and agreed that the City and/or consultants retained by the City may conduct such investigations as are necessary and appropriate to verify the undersigned's qualifications and proposal. The undersigned hereby authorizes references and any other parties listed herein to furnish the City with any information the City may request, including, but not limited to, performance of previous work. The undersigned hereby releases any and all such parties from any legal responsibility whatsoever of having furnished such information to the City.

Business Name:			
Signature:		Print or Type Name:	
Title:		Date:	