

VILLAGE OF BARRINGTON HILLS
FINANCE COMMITTEE MEETING
OCTOBER 23, 2014

RFP COMPARABLES

	Baker Tilly Virchow Krause	Eder Casella & Co.	Sikich	Wolf & Company
How many years in business:	83	25	86	36
How many governmental dedicated employees?	120	19	50+	25
How many similar municipal clients/references?	17	6	8	5
Last Peer Review date:	3/31/2012	7/31/2012	3/31/2011	8/31/2012
Proposed Cost:				
2014	\$24,000	\$19,500	\$19,950	\$27,100
2015	\$24,700	\$20,750	\$20,550	\$28,000
2016	\$25,500	\$21,575	\$21,170	\$28,900
GASB 67/68 Implementation Cost (additional):	Will discuss any additional cost if any, prior to implementing as AICPA has not offered guidelines	Included in proposal	\$1,000 GASB 67 background-color: orange;">\$1,700 GASB 68	Will discuss any additional cost if any, prior to implementing as AICPA has not offered guidelines

Audit proposal for the
Village of Barrington Hills

September 30, 2014



Candor. Insight. Results.



Baker Tilly Virchow Krause, LLP
1301 W 22nd St, Ste 400
Oak Brook, IL 60523-3389
tel 630 990 3131
fax 630 990 0039
bakertilly.com

September 30, 2014

Ms. Rosemary Ryba
Treasurer
Village of Barrington Hills
112 Algonquin Road
Barrington Hills, IL 60010

Dear Ms. Ryba:

Baker Tilly Virchow Krause, LLP (Baker Tilly) looks forward to continuing to assist the Village of Barrington Hills (the Village) with your audit needs. Based upon the Village's Request for Proposal (RFP) issued on August 19, 2014 and upon our extensive experience with Illinois municipal audits and single audits, we are confident we can continue to provide quality audit services for the fiscal years ending December 31, 2014 through 2016.

The Village's audit will be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the US Government Accountability Office's (GAO) *Government Auditing Standards* (1994), the provisions of the federal Single Audit Act of 1984 (as amended in 2011) and US Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, if required.

We believe Baker Tilly is best qualified to perform the engagement for these, among other, differentiating factors:

- > A team of 120 professionals dedicated to the state and local government industry; approximately 25 of these dedicated professional are locally located in our Oak Brook office
- > Attentive, Exceptional Client Service; we meet or exceed deadlines
- > Large firm resources with local client service; we are large enough to offer the professional capabilities you need; yet, we have a local-firm focus that ensures you receive responsive, personalized attention
- > Value-added services such as state and local government webinars and newsletters

Our proposal details Baker Tilly's tailored approach to working with you to accomplish your objectives as well as information we believe will help you make your decision. We also included testimonials to show how we provide knowledge and experience-based insights that create measurable value for our clients.

Ms. Rosemary Ryba
Village of Barrington Hills

September 30, 2014
Page 2

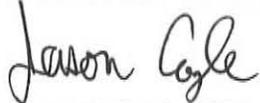
Baker Tilly is committed to the public sector. We believe that by selecting our firm, you will receive the best possible team to serve you. Our desire is to build long-term relationships with our clients and our goal is to continue to provide valuable service and contribute to your success by delivering solutions that are just right for you. We hope that our client service philosophy, expertise, and reputation for quality will be major factors you consider when evaluating our firm. We appreciate the opportunity to submit this proposal and welcome the opportunity to discuss any specific aspects.

Jason Coyle is authorized to make representations and execute engagements on behalf of the Partnership of Baker Tilly Virchow Krause, LLP. If you have questions regarding our proposal or if you need additional information, please feel free to connect with me by e-mail at jason.coyle@bakertilly.com or at by phone at 630 645 6205.

You are an important client of our firm, and we look forward to continuing our relationship as your Valued Business Advisor.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP



Jason K. Coyle, CPA
Partner

Contents

EXECUTIVE SUMMARY	5
INDEPENDENCE	8
QUALIFICATIONS AND EXPERIENCE	9
SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES	13
SPECIFIC AUDIT APPROACH	18
IDENTIFICATION OF POTENTIAL AUDIT PROBLEMS	29
DOLLAR COST	30
APPENDIX A: MORE ABOUT BAKER TILLY	33
APPENDIX B: RESUMES.....	35



BAKER TILLY

Candor. Insight. Results.



Executive summary

Understanding your needs; achieving your objectives

Why choose Baker Tilly?

We believe Baker Tilly is the right fit for serving the Village's audit needs for many reasons. As you evaluate professional service providers, we encourage you to consider the following factors that differentiate us in the marketplace and that we believe are most relevant to you.

A team dedicated to your industry

Baker Tilly organizes our firm by industry specialization rather than service discipline. Our professionals offer clients a deep understanding of their respective industries. Your industry-focused team will possess specialized knowledge to help you improve operational efficiencies, tighten processes, and address your unique needs.

Our Public Sector team consists of professionals who are dedicated to serving governmental organizations. Because of this specialized focus, the Village's engagement team will understand the unique financial accounting and reporting issues that governmental institutions face and will have the experience to conduct the engagement efficiently. Our familiarity with the critical risk areas in the financial statements which need to be addressed allows us to plan our audits to focus our time and energy on these areas.

Attentive, Exceptional Client Service; we meet or exceed deadlines

Baker Tilly is sensitive to our clients' busy schedules and deadlines. We start every engagement with a mutually agreed-upon timeline. Using that timeline, we develop and commit to a customized Client Service Plan to ensure there are no surprises along the way; and at every step, we let you know where things stand. Our goal is to have report drafts to you within a month after final fieldwork to allow you sufficient time to prepare your sections of the CAFR without the stress of impending deadlines.

We rely on our clients' definition of satisfaction—not our own—because your opinion matters most. Baker Tilly surveys clients regularly, makes changes based on feedback, and holds each member of our teams accountable for client satisfaction. To us, Exceptional Client Service means responding immediately to your feedback and questions, communicating frequently and openly, and proactively bringing new ideas to the table. Most important, it means making *your* top priorities *our* top priorities.



Executive summary

Large firm resources with local client service

Baker Tilly is the right fit for the Village. We are large enough to offer the professional capabilities you need; yet, we have a local-firm focus that ensures you receive responsive, personalized attention. Our service team will maintain close communication with you to address issues before they become problems, and we offer vast, firmwide resources and a high level of involvement from our partners. This all translates to a demonstrated ability to meet or beat deadlines and provide quality deliverables.

Value-added services such as webinars and newsletters

Our goal is to be your Valued Business Advisor. We translate active industry involvement into complimentary interactive webinars and timely newsletters with content highly relevant to our state and local government clients. New standards are now being issued on a regular basis by standard-setting bodies. To better prepare our clients for the changes resulting from these standards and to share best practices, we offer monthly client-training webinars. These webinars are free to our clients and qualify for continuing professional education (CPE).

Annually, we speak at numerous accounting, financial, and management seminars and workshops in Illinois and throughout the nation. We also regularly provide newsletters and industry alerts with updates and answers to your financial and governmental questions. Our clients receive the benefit of our industry involvement through our quarterly newsletter, *Government Connection*, where we communicate pertinent news and industry updates. Our Summer 2014 issue topics include financial policies, benchmarking, pension changes, and preventing and detecting fraud. As a client, you may choose to receive quarterly newsletters and alerts directly via e-mail. View our past newsletters and webinars on our website.

Additionally, your engagement partner and team members will be available to answer questions as they arise.



Executive summary

Provable results; our clients speak for us

Baker Tilly's director of client insights reaches out to clients with surveys and interviews to learn what we're doing right and/or how we can improve. Below are some recent comments we received:



"We truly appreciate our working relationship with Baker Tilly. We have been clients for a number of years and our audit teams have always been knowledgeable, dependable and service orientated. The audit process here is not a painful process due to their hard work and thorough preparation. Every time I call with a question, I'm immediately contacted with an answer. Thank you."

- Finance Director, Illinois village client

"The auditors are great to work with and always at the top of their game!"

- Village Finance Director



Independence

Baker Tilly and its partners and staff are independent with respect to the Village as defined by generally accepted auditing standards and the US General Accounting Office's *Government Auditing Standards*, and we will maintain an independent attitude and appearance through the full term of the engagement.

We have no knowledge of business, investment, or family relationships with the Village, its agencies, officials, department heads, or other employees and personnel of our firm that would impair our independence.



Qualifications and experience

Baker Tilly is one of the oldest and largest certified public accounting and consulting firms in the US. Baker Tilly originated in 1931 with one central objective: to use our expertise to help our clients improve their operations. Originally a certified public accounting firm, we have grown steadily over the years, broadening our service offerings and expanding our geographic presence to meet the evolving needs of our clients.

Below are some key facts about Baker Tilly:

- > Provides a wide range of accounting, tax, assurance, and consulting services by more than 1,700 total staff members, including 198 partners
- > Baker Tilly is ranked as the one of the top twenty largest certified public accounting firm in the United States, according to Accounting Today's 2014 "Top 100" list
- > Baker Tilly has more than 200 employees in Illinois



We will adopt a team approach to the Village's engagement, blending our government-focused professionals with experienced specialists in the service areas and departments of the Village. This combination of industry-specific expertise ensures you will be working with knowledgeable professionals who understand the Village and the challenges you face—and can create innovative solutions to help you overcome them. And, because the Village will be working with a single engagement team, you can expect to receive consistent, efficient, and exceptional service.

From the start, Baker Tilly has understood that our business demands absolute integrity, a belief in the value of trusted relationships, and a willingness to collaborate with—not dictate to—every client. We will deepen and enhance our partnership with the Village as, together, we work to help you realize your vision.

Baker Tilly has existed for 80 years—and local governments were some of our first clients.



Qualifications and experience

Our industry specialization approach

Baker Tilly formalized our public sector specialization more than 40 years ago. We recognized the complexity of this environment and organized the partners and staff into our public sector service group. This industry specialization approach allowed us to provide specialized training and continuing education to our staff, assuring you of an audit team with the necessary knowledge and skills you desire to identify the strength of internal controls and processes, and with the specialization of your industry to identify key indicators that are critical to your government.

Our industry-specific approach will ensure the Village is working with a team that is truly dedicated to state and local governments, translating into better service and greater value.

- > Our specialists keep abreast of the new developments and trends that may impact your industry and will regularly provide newsletters, trainings, and industry alerts with updates and answers to your financial and governmental questions.
- > Our specialists are active in national and state organizations, participate in ongoing continuing education to obtain industry certifications, and speak and author articles on industry trends.



Our devotion to government organizations is manifested in our public sector practice group, a group with a commitment spanning more than 40 years and a team of more than 120 professionals—including 15 partners—dedicated entirely to serving governmental clients. We understand the issues governments face, providing more than 225,000 hours, annually, to the public sector. Our extensive experience provides us with the specialized knowledge and insight to find effective solutions.

We are one of the few CPA firms with a state and local government group dedicated entirely to serving governmental clients.

Because the Village engagement team members specialize in the governmental industry, they are already familiar with many of the challenges and opportunities of governments. As a result, they are better equipped to address the unique issues you face. In addition, their success and experience working with the Village and other public sector clients enable them to apply strategies and techniques that have been successful with similar clients.

Our public sector clients rely on our expertise to meet their specific auditing, accounting, and operational needs. From helping you manage and optimize your resources to clearly and accurately reporting your funding sources and patterns, you can expect a practical approach, technical insight, and a thorough understanding of the governmental audit world to work on the Village's behalf, delivering the precise services you need, when you need them.



Qualifications and experience

Office location

We will perform the work on the Village's engagement with professionals from our Oak Brook, Illinois, office at 1301 W. 22nd Street, Suite 400. Below is a breakdown by level of our government team in Illinois as well as the team, by staff level, assigned to your engagement; we do not plan to use part-time staff on the Village's engagement.

Audit staff employee classification	Total number	Full-time staff assigned to the Village
Partners/principals	2	1
Senior managers	3	1
Manager	3	-
Senior accountants	10	1
Staff accountants	8	1

At any time, we are able to draw upon additional public sector team members located throughout the firm to provide solutions that are just right for you.

Team qualifications and experience

The following table introduces key Baker Tilly members who will serve the Village on this audit engagement. The specialized focus of our teams gives our staff the understanding of the issues your organization faces and gives them the experience to find effective solutions.

Team member	Name/Title	Role
	Jason Coyle, CPA, Partner	Role: Engagement partner Ensure audit is completed according to plans in the proposal, timelines and quality standards are met, and client expectations are exceeded.
	Jim White, CPA, Senior Manager	Role: Manager Serve as primary client contact, oversee all aspects of the audit, including audit planning, fieldwork, and reporting.

Resumes are located in Appendix B: Resumes.



Qualifications and experience

The people we have chosen to serve you are experienced personnel who routinely deal with complex client situations in the government environment. They have the knowledge and professional maturity to work with your office staff in a responsive and constructive manner, and they bring to the engagement the necessary balance of technical discipline, imagination, and common sense. As a team, they will conduct a highly coordinated, efficient, and cost-effective audit of the Village.

Our professionals are here because they want to be here. Because of our company's philosophy and environment, we do not turn over our entire audit staff every few years. We will keep the same people on the job for as long as possible. This allows us to be as efficient as possible and minimize the amount of time the Village's staff spends learning to work with new people. All team members are available to consult with the Village staff on a regular basis throughout the year.

Ensuring staff quality and continuity

Baker Tilly is aware of our clients' expectation for a stable project team. As a firm, we strive to maximize employee retention by providing a quality work environment. As a result, our firm and its offices have been consistently recognized by our industry peers and local communities as great places to work. Our workplace initiatives are evidenced by the many awards and rankings our offices receive, including:

- > We ranked in the top twenty on *Accounting Today's* 2014 "Top 100 Firms" (March) list as well as a "Best Accounting Firm to Work For" (October 2013)
- > *Workplace Dynamics* named Baker Tilly one of the "National Top 150 Workplaces" in 2013
- > Baker Tilly ranked as one of the "Top 100 Accounting Firms" by *Inside Public Accounting* in 2010, 2011, 2012, and 2013 (August)
- > *Placed ninth on the 2015 "Vault Accounting 50" list of best firms to work for; Baker Tilly has been on the list for five years in a row*



These awards and rankings speak to the respect with which employees and clients are treated by Baker Tilly and to the quality of our services, both of which foster growth and success and team continuity. We keep turnover low and engagement teams intact by striving to be an employer of choice for talented, committed individuals.

We attract some of the best and brightest professionals from top colleges and universities, industry, and national accounting firms because of our unique corporate culture. They come to Baker Tilly to work in an environment that emphasizes the importance of relationships and a Valued Business Advisor approach.

Our high level of continuity translates into people who really understand the intricacies of your business, meaning they are in a position to offer meaningful opinions, advice, and insight to the Village. Our low turnover rate also means we can commit within reason to the continuity of the team members throughout the engagement.



Similar engagements with other government entities

We always are glad to provide references because we think it is important for you to talk with those organizations we serve. We encourage you to connect with the clients listed below to learn more about the value of their relationship with Baker Tilly. Each may have a different perspective that you may find valuable as you think about your needs.

Client:	Village of Schaumburg (GFOA award winner)
----------------	--

Partner:	Jason Coyle
Contact:	Ms. Lisa Happ, Director of Finance
Phone:	847 923 4530
Scope of work:	Financial, TIF compliance, and single audits
Service dates:	2010 - Current
Hours:	445

Client:	City of Prospect Heights (GFOA award winner)
----------------	---

Partner:	Jason Coyle
Contact:	Ms. Stephanie Hannon, Finance Director
Phone:	847 398 6070
Scope of work:	Financial and TIF compliance audits
Service dates:	2012 - Current
Hours:	325

Client:	City of Wheaton (GFOA award winner)
----------------	--

Partner:	Jason Coyle
Contact:	Mr. Robert Lehnhardt, Director of Finance
Phone:	630 260 2020
Scope of work:	Financial and TIF compliance audits
Service dates:	2010 - Current
Hours:	395



Similar engagements with other government entities

Client: Village of Downers Grove (GFOA award winner)

Partner: Jason Coyle
 Contact: Ms. Judy Bultny, Finance Director
 Phone: 630 434 5528
 Scope of work: Financial and TIF compliance audits
 Service dates: 2010 - Current
 Hours: 360

Client: Village of Park Forest (GFOA award winner)

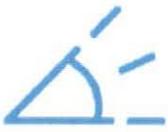
Partner: Jason Coyle
 Contact: Ms. Mary Dankowski, Deputy Village Manager / Finance Director
 Phone: 708 283 5607
 Scope of work: Financial, TIF compliance, and single audits
 Service dates: 2005 - Current
 Hours: 700

What our clients are saying:

The following are comments that our clients have provided in relation to service provided by Baker Tilly. These are obtained as a part of our comprehensive client service program.

Listen to our clients:

- "The staff is extremely responsive and insightful. They add value to the audit process [and] deliver useful suggestions for business enhancements."
- "I believe that we have found the value expected when we made the decision to select [Baker Tilly] Virchow Krause as our accountant / auditor. We appreciate the personal attention given to our account by our audit partner. The personal touch includes meetings during the course of the year to keep us on track and abreast of various accounting changes".
- "I have worked for many years with VK [Baker Tilly Virchow Krause] and this audit team. They exceed my expectations each time and have been pleased to recommend them to other organizations."
- "Baker Tilly has been very accommodating and helpful. Thank you."
- "Outstanding job! Great audit report! Very dedicated and knowledgeable staff. I would highly recommend Baker Tilly to any one."
- "The auditors from Baker Tilly are always very friendly and professional."



Specific audit approach

Audit approach

Our audits are divided into four main phases: planning, interim audit work, year-end audit work, and reporting. A description of each of the areas follows.

Audit Phases



Planning: This phase will commence with a joint meeting or phone conference between Baker Tilly and the Village. This meeting is important to ensure a coordinated audit and will cover our preliminary plan for conducting the audit to meet the Village's timing requirements and reporting issues.

Interim audit work: During this phase, we will document your systems and perform tests of controls to evaluate their effectiveness. We will also update certain documents for our permanent files. Confirmation requests will be selected, and we will work with the Village's personnel to determine the timing of the final audit fieldwork. We will also perform the risk assessments required to determine our audit approach and needed audit procedures. At the conclusion of interim work, we will provide the Village with a list of items needed for the year-end work and meet with management to provide a status update.

Year-end audit work: This phase will occur when the Village's accounting personnel has prepared a trial balance of its year-end general ledger accounts and completed the work papers agreed upon during planning. This phase includes substantive audit procedures that involve obtaining or examining evidence to verify the propriety of such balances. Throughout audit fieldwork, we will meet with members of the management team to discuss the results of the audit.

Reporting: The final phase involves the independent partner quality control review of your financial statements and completion of the report on internal control and other required reports. We will conclude with presenting findings to the Village Board. We will adhere to the report timelines you have outlined in your request for proposals as well as the printing and copying requirements stated.

Baker Tilly understands that your audit process should be a year-round effort. To best serve you, we will use a team approach that puts our technical and industry specialists at the disposal of the people who know your organization best—you and your employees. Knowing the Village's industry, we understand the critical details embedded in your financial statements and will focus considerable time and energy on these risk areas, while paying additional attention to items of the most concern to you.



Specific audit approach

Significant audit dates

	Dec/ Jan	Feb/ March	April/ May
Establishing engagement objectives	(2 days)	(8 days)	(2 days)
Hold kick-off meeting with management	X		
Confirm audit scope, objectives, and approach	X		
Plan meetings	X		
Understand the Village and establish strategy			
Develop understanding of significant processes and internal controls	X		
Identify applicable key processes for assessment related to the significant risks identified during the risk assessment	X		
Review the accounting and reporting of financial transactions and examine the means used to identify, measure, classify, and report on such information, while determining if any area has potential risks of financial mismanagement	X		
Review information technology system to determine if any area has potential risk of financial mismanagement	X		
Review current documentation, including current laws, guidelines, policies, and procedures presented by the Village	X		
Develop detailed audit plan based upon identified risks and scope of engagement	X		



Specific audit approach

Perform audit procedures	Dec/ Jan	Feb/ March	April/ May
Document results in the risk and control matrix and identify deficiencies		X	
Document and review findings, if any, with the Village		X	
Obtain data and perform detail testing		X	
Complete all necessary analysis		X	
Complete all necessary single audit procedures		X	
Prepare draft financial statements and other deliverables		X	
Conclude the audit	Dec/ Jan	Feb/ March	April/ May
Provide the Village with draft financial statements		X	
Provide the Village with draft report on internal control and management letter, if necessary		X	
Finalize financial statements and letters		X	
Engagement debrief meeting		X	
Issue reports			X
Meet with the Village			X
We are flexible with our fieldwork schedules and can make adjustments to fit the Village's needs.			



Specific audit approach

Segmentation of the engagement

We have a proven audit approach that is tailored to the Village and includes nine work segments of the audit. Those segments, along with the anticipated audit procedures for each segment, have been taken one step further and customized for the Village and are discussed below.

1. Engagement planning and administration

- > Prepare client information forms, obtain signed engagement letters, and complete company independence procedures
- > Review previous audit reports and internal control reports
- > Prepare memorandum regarding overall Village operations for permanent file records
- > Complete staffing and scheduling summary
- > Hold planning conference with engagement partner and in-charge auditors
- > Hold planning and progress conferences with the Village as needed
- > Obtain all documents and information required for permanent file
- > Read minutes of the Village Board meetings
- > Perform various testing of compliance with laws and regulations
- > Develop and approve audit programs
- > Accumulate points to be included in management letter and draft letter
- > Review working papers for completeness
- > Undergo partner-level working paper reviews
- > Hold exit conference with key Village personnel
- > Make presentation to the Village Board

2. Risk assessment and internal controls

- > Perform entity-wide risk assessment procedures
- > Conduct SAS 99 interviews
- > Determine major transaction cycles
- > Perform evaluations of internal controls over major transaction cycles
- > Complete information technology risk assessment
- > Test internal controls as applicable
- > Determine reliance on internal controls and resulting substantive audit procedures

3. Cash and investments

- > Review ledger account entries and compare cash account balances
- > Confirm year-end cash and investment balances with depositories
- > Obtain bank reconciliations and substantiate reconciling items
- > Substantiate cash cut-offs and interbank transfers
- > Test investment transactions and interest earned
- > Test market values of applicable investments
- > Audit financial statement disclosures



Specific audit approach

4. Revenue

- > Compare revenues to prior-year actual, current budget, or other expectations
- > Analyze accounts with significant variations
- > Confirm or otherwise validate accounts receivable and taxes receivable
- > Confirm and reconcile state aids
- > Reconcile other revenues to claims and invoices filed
- > Perform a search for unrecorded receivables
- > Review functional classifications of revenues for government-wide financial statements
- > Test capital contributions
- > Analyze allowances for uncollectibles

5. Expenditures

- > Compare expenditures to prior years, budgeted amounts, or other expectations
- > Analyze accounts with significant variations
- > Review accounts payable listings, determine proper cut-offs, and test for unrecorded liabilities
- > Validate prepaid items
- > Verify vested compensated absence liabilities
- > Determine appropriateness of other liability accounts, including accrued payrolls and related withholdings, retainages, and other liabilities
- > Test pension information and disclosures
- > Test other post-employment liabilities

6. Property

- > Obtain capitalization policy for capital assets and infrastructure
- > Obtain summary schedules of general capital assets and infrastructure, including additions, retirements, and accumulated depreciation
- > Test general capital assets and infrastructure additions and deletions
- > Test general capital assets and infrastructure depreciation/amortization calculations

7. Financing/equity

- > Verify bond and note balances owed
- > Obtain information on new issues, if any
- > Trace transactions to general ledger
- > Re-compute interest expense
- > Determine nature and appropriateness of net position and fund balance categories



Specific audit approach

8. Financial reporting

- > Ascertain that all items of audit significance contained in the minutes have been considered and cross-referenced to the working papers
- > Obtain a working trial balance
- > Propose adjusting entries and obtain adjusted trial balance
- > Draft the financial statements
- > Perform subsequent events review to date of completion of fieldwork
- > Obtain management and attorney representation letters
- > Finalize required reports

9. Single Audit (if applicable)

- > Obtain schedule of federal awards and review for accuracy and completeness
- > Obtain summary schedule of prior audit findings
- > Determine major federal grant programs
- > Review compliance requirements for major federal grants
- > Test the Village's internal control over compliance requirements that could have a direct and material effect on major programs
- > Test compliance with laws and regulations governing the Village's major federal grants
- > Draft required Single Audit reports
- > Draft schedule of findings and questioned costs
- > Obtain responses to findings and the corrective action plan from the Village, if needed
- > Prepare and sign Data Collection Form and file electronically after Village review



Specific audit approach

Sample sizes and statistical sampling

We may plan to use audit sampling throughout phases of our audit because we believe this allows us to perform an audit that is more cost beneficial to our clients. We have identified the following audit sampling tests that may be used on the Village's audit. They include:

- > Substantive tests of details of balance sheet accounts
- > Tests of controls
- > Tests of compliance with laws and regulations

After we have reviewed and evaluated the Village's internal controls, we will make decisions on the internal control procedures we intend to test. We will set parameters regarding the expected error rate, audit risk, and tolerable error rate in order to determine the sample size we will generate. We may perform these procedures in the following areas:

- > Cash receipts
- > Cash disbursements
- > Payroll
- > Journal entries

We also plan to use audit sampling to perform substantive tests of certain balance sheet accounts, including accounts receivable and recorded vouchers payable. Our firm has customized statistical sampling tools that are in full compliance with all professional standards.

We expect to use the following sample ranges; however, these may increase or decrease based on the results of our understanding of the Village's internal controls:

Tests of controls	Sample ranges
Cash disbursements/expenditures	25–60 documents
Payroll	25–60 documents



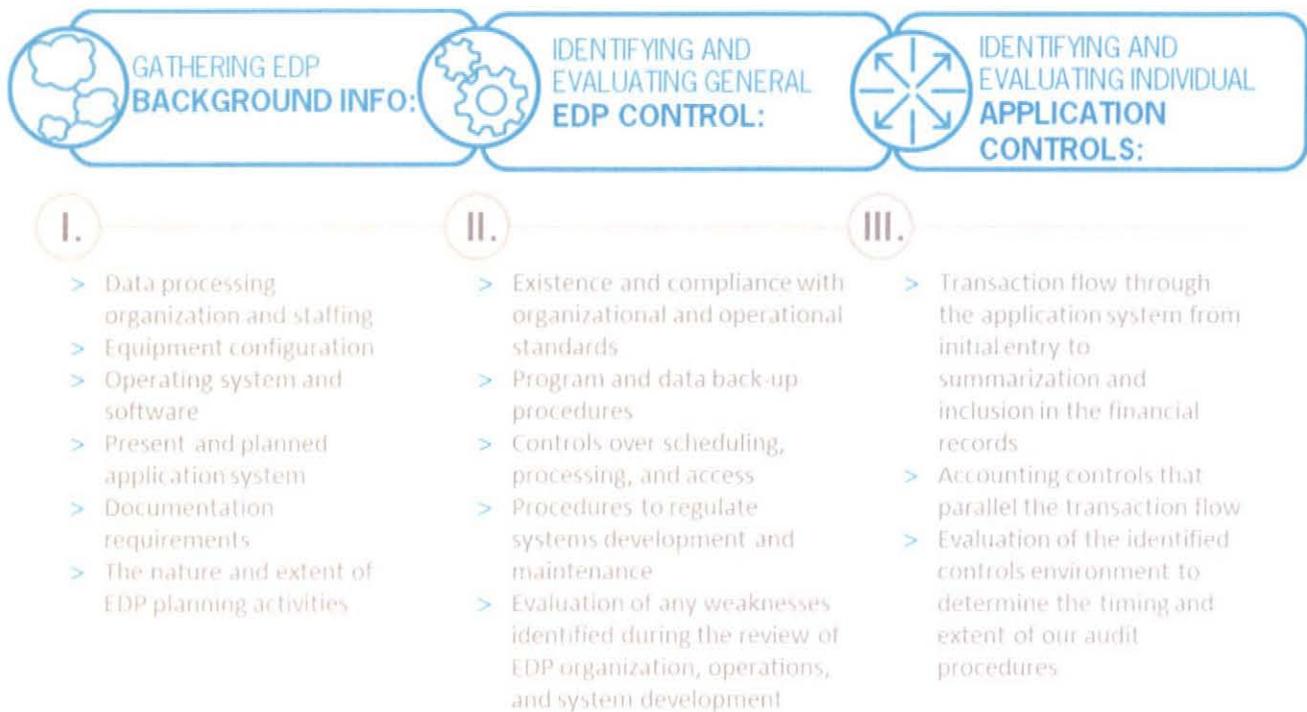
Specific audit approach

Use of electronic data processing (EDP) software

Our approach to computer auditing encompasses two distinct activities: the system review and computer-assisted audit procedures.

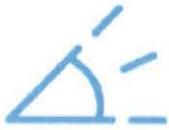
The first activity represents the basis for our evaluation of internal controls in a computer environment. Our understanding of your EDP organization and system can assist management in evaluating the effectiveness and efficiency of program operations. Our approach to computer auditing enables our auditors to identify information regarding the strengths and weaknesses of the various systems, which will be used to design our audit program.

Audit work activities associated with the system review include:



The second activity included in our computer audit approach permits us to use the information gathered during the system review to enhance our audit procedures.

Baker Tilly minimizes fees by conducting a virtually paperless audit, using proven processes and CaseWare, a comprehensive auditing software solution. In addition, we use IDEA, software that creates compatibility between your data and our systems in order to effectively convert and compile information. This investment in technology supports real-time communication—both internally at Baker Tilly and with the Village—and provides a seamless trail from initial planning through the final financial statement issuance.



Specific audit approach

We also use accounting software such as CaseWare to assist the auditor in determining the extent of detailed account analysis to perform. By entering data from your budget reports into our program, we are able to analyze account relationships which helps us concentrate our efforts on accounts that are most relevant to the audit.

Baker Tilly is alert to the part technology plays in almost every organizational operation, and we provide a full range of technology risk services. You can rely on your engagement team to combine their industry experience with technology expertise to deliver customized solutions tailored to your specific needs. Our dedicated team of technology professionals can provide high-level insights and solutions. These specialists hold top credentials, including Certified Public Accountant, Certified Internal Auditor, Certified Information Systems Auditor, Certified Information Systems Security Professional, Certified Financial Systems Auditor, and Certified Fraud Examiner. We can work with you to ensure your organization derives the appropriate level of value from its technology investments and effectively protects information assets from threats.

Analytical procedures

Analytical procedures may range from simple comparisons to complex models involving many relationships and elements of data. Generally accepted auditing standards require the use of analytical procedures in all audits of financial statements.

Our analytical procedures are done in three parts—planning, preliminary, and final. Planning analytical review is performed during our preliminary fieldwork to help us plan the audit and determine where we might need to focus additional attention. Preliminary procedures are performed using the Village's trial balance and budget report prior to audit entries. In-charge auditors review the current-year information and compare it to prior-year actual amounts, the current budget, and other expected results. These procedures are performed on the balance sheet and income statement.

Final analytical review takes place after all audit entries are posted. The partner-in-charge or manager reviews the financial statements, looking for variances to our expectations—figures that exceed a predetermined threshold level—both from a percentage and from a dollar amount perspective. Accounts that exceed the variance threshold are highlighted for further investigation. This investigation includes reviewing detail transactions, vouching a sample of transactions, discussions with management, and validation techniques. Explanations of variances are documented in our file, with the results used to determine the extent of any additional audit testing or financial statement disclosures.



Specific audit approach

Understanding the Village's internal controls

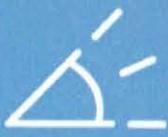
Our audit process stresses the importance of evaluating internal controls, especially under the risk assessment standards. Years ago, auditors understood the internal controls only to design audit procedures. Under the audit risk assessment standards, we perform a thorough evaluation of the effectiveness of these controls in order to perform risk assessments and design a risk-based audit program.

During our preliminary work, we will update our understanding of your internal control, and evaluate and test internal controls over the significant accounting and reporting systems of the Village. These evaluations will enable us to determine how much reliance we can place upon the systems for audit purposes and the amount of systems testing and account verification work that may be required.

In addition, all significant suggestions, questions, or other comments resulting from these evaluations will be discussed with appropriate personnel.

After we have evaluated the internal controls, we will test the flow of data through the systems to determine:

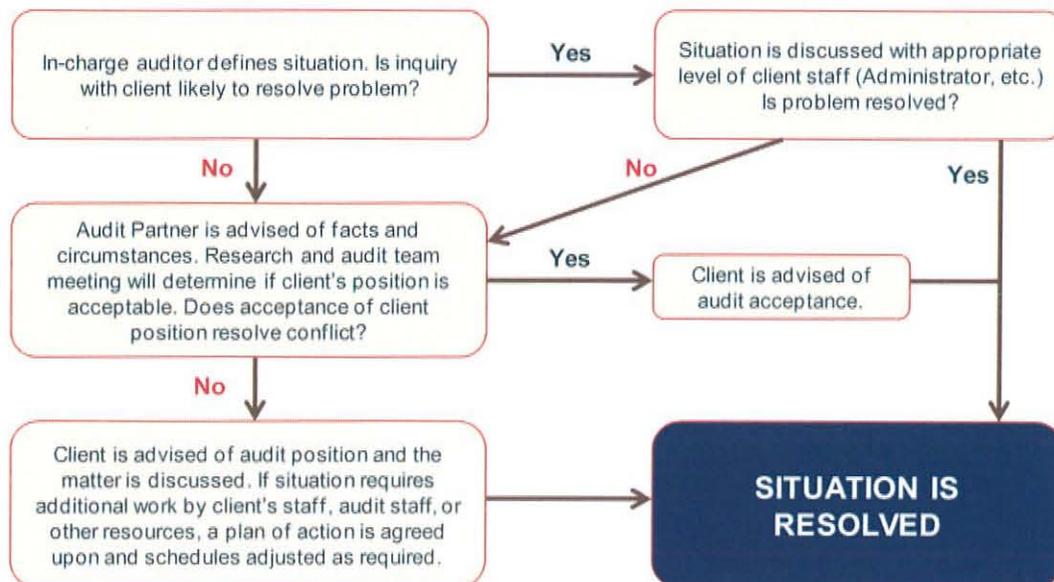
- > Whether the data actually follows the prescribed procedures and controls within the system
- > The degree of clerical accuracy achieved in recording and summarizing the data



Identification of anticipated audit problems

We will regularly communicate new developments in auditing and accounting standards throughout the year, not just at the time of the audit. Information needed to address your technical matters will be addressed promptly, typically at the time new accounting pronouncement rules are adopted, providing you with prompt responses to matters affecting you.

We do not anticipate any potential audit problems. However, should potential audit problems arise during the course of our work, this is the approach we generally take:





Dollar cost

Total all-inclusive maximum price

We have prepared a fee estimate for the Village based on the needs and objectives you have shared with us and our experience conducting similar audit engagements with clients in the state and local government industry. Our estimate allows for thorough and insightful advice and services from experienced professionals without unnecessary add-ons or start-up charges.

Please refer to Attachment A on the next page for a completed fee form.

We will not bill the Village for routine phone calls.

Fees for any service can vary due to factors such as hourly billing rates, mix of staff, and actual hours of performance. A low fee is not a bargain if adequate attention is not given to the client or the service is less than that which the professional should provide.

Partners, managers, or high-level seniors will perform a significant portion of the total audit hours. We believe this demonstrates our commitment to provide highly trained and experienced individuals to your engagement.

In the event a unique or complex issue arises, we will work with you to determine the level of assistance required and arrange an appropriate fee for our services. We always will tell you if the assistance you require is outside the scope of our agreed-upon engagement.

Assumptions

Our proposed fees are based on the assumption that there will be minimal client-initiated or audit-adjusting entries posted to the general ledger once fieldwork commences. Our fees do not include bookkeeping or accounting assistance for preparation of audit working papers. We understand the Village prepares all supporting working papers, and those are available to the audit team at the start of the audit. We are sensitive to cost control and work diligently to minimize our fees through adequate planning, detailed client audit or review preparation lists, and other means, all while maintaining high quality standards.



Dollar cost

ATTACHMENT A VILLAGE OF BARRINGTON HILLS REQUEST FOR PROPOSAL AUDITING SERVICES

Firm Submitting Proposal: Baker Tilly Virchow Krause, LLP

Fee Structure: AFR, Municipal Annual Supplemental Report, Management Letter, and Single Audit Report

2014 \$ 24,000 *^
2015 \$ 24,700 *^
2016 \$ 25,500 *^

Optional Two Years:

2015 \$ See above 2016 \$ See above

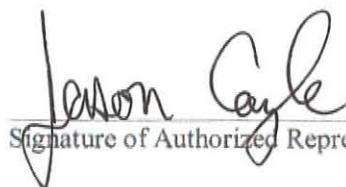
Optional Police Pension Fund:

2014 \$ N/A

Confirmation Letters \$ Included in base fee

* Amount represents base audit fee and does not include costs associated with the implementation of GASB 67 or GASB 68. Please see page 32 for further explanation.

^ Amount does not include fees related to a single audit. In the event the Village needs a single audit, that fee will be negotiated separately.


Signature of Authorized Representative

Jason Coyle
Name of Authorized Representative

Partner
Title

September 20, 2014
Date



Dollar cost

The hours and costs provided on page 31 include estimated time for all basic and additional services. The hours do not include additional time that may be required to audit the Village's pension plans under GASB 67 and 68. The AICPA is currently considering the establishment of an auditing standard that would specify the auditing procedures necessary under these standards. As this guidance is not available, additional audit time (if any) is not currently known. If additional audit procedures are required under GASB 67 and 68, we will discuss an appropriate fee adjustment with you at that time. The estimated time for the single audit included above assumes the testing of two major programs. Additional testing of major programs will require additional time. If required, we will discuss the additional cost associated with the expanded scope of work.

Rates by staff level and anticipated hours for each

Level	Financial Audit
Partner	22
Manager	45
Senior Accountant	115
Staff & Administrative	<u>60</u>
Total	242

Additional services

Level	Discounted Hourly Rates
Partner	\$240
Manager	\$180
Senior Accountant	\$110
Staff & Administrative	<u>\$90</u>

We do not bill the Village for routine phone calls. Should you require additional services beyond the scope of this engagement, we will be pleased to prepare a new estimate detailing the level of effort and resources required to complete the work. If a service is outside the scope of our bid, we will let you know and ask for your approval before we begin our work and/or bill you. We will utilize the discounted hourly rates noted above

Manner of payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with Baker Tilly's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month. Terms will be net/60 days from receipt of invoice. A finance charge of 1.0% per month will be added to invoices over 60 days past due.



Appendix A: More about Baker Tilly

Industry involvement

To help you respond to and prepare for change, we are actively involved in local and national associations, keeping us on the leading edge of what is happening in our industry. Our memberships in the following organizations and our involvement as authors, speakers, trainers, and promoters of governmental accounting and auditing help us actively assist you with the implementation of new regulations or the adoption of new standards. Because of this active involvement, we are able to provide the Village with timely and relevant industry information. It also allows us to be a sound resource to the Village as complex or routine accounting and auditing issues arise.

 AICPA	Purpose	Dates
Governmental Audit Quality Center (GAQC)	To promote the importance of quality governmental audits, serve as a resource to member firms, provide members with online tools for sharing ideas, and recognize CPA firms that demonstrate a commitment to governmental audit quality.	Since its inception
Technical Issues Committee (TIC)	TIC is a committee of CPA practitioner volunteers working to represent the views of local firms and their clients in the standards setting process.	2013–present
State and Local Government Expert Panel	This committee serves the needs of the AICPA members regarding financial and business reporting and audit and attest matters. The expert panel protects the public interest by bringing together knowledgeable parties in the state and local government industry to deliberate and come to agreement on key state and local government issues.	2012–present
GAQC Executive Committee	This committee governs the GAQC, develops the policies of the GAQC, and oversees its activities. The committee meets twice a year, held in conjunction with the Single Audit Roundtable (SART), which includes federal inspectors general, federal agencies, and CPA firms.	2012–present
Auditing Standards Board (ASB)	The ASB is the AICPA's senior committee for auditing, attestation, and quality control applicable to the performance and issuance of audit and attestation reports for non-issuers.	2010–2013

Baker Tilly Chairman and CEO Tim Christen was selected as the newest Vice Chair nominee of the AICPA. He will begin his one-year term as Vice Chair on October 1, 2014. Tim has also served on the Board of Directors of the AICPA and as chair of the organization's Major Firms Group. He is a former member of the AICPA National Council (governing body of the AICPA). Kim Tredinnick, partner and member of the firm's risk management group, serves on the AICPA's Auditing Standards Board, the National Association of State Boards of Accountancy, and the AICPA's Technical Standards Sub-Committee. In addition, Jeff Gendreau, partner and member of the firm's board of partners, serves on the AICPA's National Peer Review Committee. Several other Baker Tilly partners have served in various positions with the AICPA, as well.



Appendix A: More about Baker Tilly

Complimentary training webinars

New standards are now being issued on a regular basis by standard-setting bodies. To better prepare our clients for the changes resulting from these standards and to share best practices, we offer monthly client-training webinars. These webinars are free to our clients and qualify for continuing professional education (CPE).

Recently, we hosted webinars on:

- > Financial Policies 101
- > OMB Uniform Grant Guidance: Developing a successful implementation plan
- > Managing your ERP implementation project
- > Health care reform: Where are we now? An employer's guide to 2014-2016
- > Preventing procurement fraud in the public sector
- > Government combinations and disposals of operations: GASB 69 and practical applications
- > Effective IT budgeting
- > OMB Grant Reform: An overview of the recent changes and tips to help ensure your compliance
- > GASB 67 and 68: Accounting and reporting for pensions
- > Understanding your financial statements
- > Succession planning: Why it is still relevant
- > How human resource management can impact your bottom line
- > GASB changes on the horizon (update on GASB 51)
- > Auditing 101: Everything you need to know about the annual audit
- > Enhancing collection of your revenues
- > Understanding your financial statements

All webinars are archived and can be viewed at any time on our website, bakertilly.com.



Appendix B: Resumes



Jason K. Coyle, CPA

Partner

630 645 6205

jason.coyle@bakertilly.com

Jason Coyle, Partner with Baker Tilly Virchow Krause, LLP, has been in the accounting industry since 1997. Jason is a member of the public sector practice group. He specializes in providing financial and compliance audits, as well as accounting services. Jason has extensive experience with municipalities, special districts, and school districts.

Specific experience

- > Partner-in-charge of financial and compliance related audit engagements for local governmental entities.
- > Routinely assists local governments with the implementation of new accounting standards issued by the Governmental Accounting Standards Board.
- > Reviews and provides guidance for Comprehensive Annual Financial Reports, which have been awarded a "Certificate of Achievement for Excellence" in Financial Reporting.
- > Performs internal control reviews of municipalities and school districts, providing recommendations on policies and procedures to strengthen internal controls.
- > Provides Tax Incremental Financing (TIF) compliance audits.
- > Partner-in-charge of single audits in accordance with OMB Circular A-133 Audit Guidelines.
- > Presents annual audit and financial results to various client boards.
- > Leads operations reviews designed to improve the efficiency and effectiveness of business and finance operations.
- > Member of the Special Review Committee of the GFOA which reviews financial statements submitted to the CAFR program
- > Licensed CPA in Illinois.

Industry involvement

- > American Institute of Certified Public Accountants
- > Government Finance Officers Association – Special Review Committee
- > Illinois Governmental Finance Officers Association – Technical Accounting Review Committee & Governmental Accounting Executive Committee
- > Illinois CPA Society, Government Report Review Committee
- > Illinois Association of School Business Officials
- > Speaks at industry conferences



Appendix B: Resumes

Education

University of Illinois - Urbana-Champaign
Bachelor of Science in Accountancy



Appendix B: Resumes



James S. White, CPA

Senior Manager

630 645 6247

james.white@bakertilly.com

Jim White, a Senior Manager in the Public Sector Practice Group of Baker Tilly Virchow Krause, LLP, has worked as a CPA since 1994. He has significant experience including positions with an international accounting firm and top Fortune 500 companies in both public accounting and internal audit roles. He develops engagement plans, identifies and evaluates significant internal control systems, determines reporting requirements, and assesses an organization's compliance with laws and regulations.

Specific experience

- > Manages the day-to-day responsibilities of various accounting and auditing engagements.
- > Supervises the work performed by multiple associates during accounting and auditing engagements.
- > Prepares comprehensive annual financial reports, which have been awarded Certificates of Excellence in Financial Reporting from the Government Finance Officers Association and Association of School Business Officials.
- > Provides strategic planning and implementation services for government units, implementing Governmental Accounting Standards Board (GASB) pronouncements.
- > Analyzes clients' control systems to assist in implementing beneficial controls that are cost effective to clients.
- > Assists clients in developing account structures in order to comply with state reporting requirements.
- > Identifies client opportunities for efficiencies and cost savings.
- > Specializes in risk assessment of client processes and identification of related internal controls.

Industry involvement

- > Illinois School of School Business Officials
- > Illinois CPA Society
- > Speaks at industry conferences

Education

Loyola University - Chicago, IL
Bachelor of Business Administration in Accounting



EDER, CASELLA & Co.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

cpas@edercasella.com
www.edercasella.com

5400 West Elm Street, Suite 203
McHenry, Illinois 60050
Telephone: (815) 344-1300
Fax: (815) 344-1320

509 West Old Northwest Highway, Suite 102
Barrington, Illinois 60010
Telephone: (847) 382-3366
Fax: (847) 382-0608

VILLAGE OF BARRINGTON HILLS

AUDIT PROPOSAL

FISCAL YEARS ENDING DECEMBER 31, 2014, 2015, and 2016

Proposal Date: September 15, 2014
Firm: Eder, Casella & Co.
Contact: Michele Casella-Dercole, Partner
Address: 509 West Old Northwest Highway, Suite 102
Barrington, IL 60010
Telephone: (847) 382-3366
Fax: (847) 382-0608

VILLAGE OF BARRINGTON HILLS

AUDIT PROPOSAL

TABLE OF CONTENTS

Transmittal Letter	1
Profile of the Firm	2
Summary of Proposer's Qualifications	3
Audit Process and Services to be Provided	4
Fees	4
Additional Requirements	5
Additional Information	
Quality Control Review Report	6
Resumes	7
Attachment A – Request of Proposal Audit Services	12
Attachment B – Schedule of Costs	13



EDER, CASELLA & CO.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

cpas@edercasella.com
www.edercasella.com

5400 West Elm Street, Suite 203
McHenry, Illinois 60050
Telephone: (815) 344-1300
Fax: (815) 344-1320

509 West Old Northwest Highway, Suite 102
Barrington, Illinois 60010
Telephone: (847) 382-3366
Fax: (847) 382-0608

September 15, 2014

Ms. Rosemary Ryba, Treasurer
Village of Barrington Hills
112 Algonquin Rd.
Barrington Hills, IL 60010

Ms. Ryba:

We are pleased to submit our proposal for conducting the professional auditing services of the Village of Barrington Hills (Village) for the fiscal years ending December 31, 2014, 2015, and 2016. Our firm believes that with the years of experience in performing municipal audits we are qualified to perform this audit. We will perform the work within the contract periods subject to the provisions, terms, and requirements of your request that are outlined in our proposal. The contact at our firm for this proposal is Michele Casella-Dercole, Partner, and she can be reached at the above Barrington address or telephone number. This proposal is a firm and irrevocable offer for sixty days.

Sincerely,

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

Enclosures



EDER, CASELLA & Co.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

cpas@edercasella.com
www.edercasella.com

5400 West Elm Street, Suite 203
McHenry, Illinois 60050
Telephone: (815) 344-1300
Fax: (815) 344-1320

509 West Old Northwest Highway, Suite 102
Barrington, Illinois 60010
Telephone: (847) 382-3366
Fax: (847) 382-0608

September 15, 2014

Ms. Rosemary Ryba, Treasurer
Village of Barrington Hills
112 Algonquin Rd.
Barrington Hills, IL 60010

Ms. Ryba:

We are pleased to submit our proposal for conducting the professional auditing services of the Village of Barrington Hills (Village) for the fiscal years ending December 31, 2015, 2016 and 2017.

PROFILE OF THE FIRM

We are licensed to practice public accounting in the State of Illinois. Our registration number is 060-004991. We meet the requirements of the *Government Auditing Standards* issued by the U.S. General Accounting Office. The firm is also a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center. The firm specializes in services to state and local governmental units, small businesses and individuals. Services provided include auditing, accounting, tax, payroll and other management and advisory services.

Eder, Casella & Co. is a certified public accounting firm located in McHenry and Barrington, Illinois. The firm provides services to over 75 governmental organizations, including villages, cities, libraries, townships, fire protection districts, school districts, special education districts, vocational systems, park districts, and other special taxing districts. The following is a list of some of the firm's current governmental clients:

CLIENT	CONTACT PERSON	TELEPHONE NUMBER	YEARS OF SERVICE
Village of Lakewood	Catherine Peterson – Village Administrator	(815) 459-3025	10+ years
Village of Lindenhurst	Vicki VanSlochteren – Deputy Village Clerk	(847) 356-8252	2 years
Village of Lake Villa	Lori Heitman – Treasurer	(847) 356-6100	1 year
Cary Community Consolidated School District No 26 *	Brian Coleman – Superintendent	(847) 639-7788	8 years
Village of Spring Grove	Judy Olson – Treasurer	(815) 675-2121	10+ years
Village of Round Lake Heights	Maribel Carrillo – Treasurer	(847) 546-1206	10+ years
City of McHenry	Carolyn Lynch – Finance Director/Treasurer	(815) 363-2100	10+ years

* This client has received the GFOA Certificate of Achievement.

SUMMARY OF PROPOSER'S QUALIFICATIONS

Our firm is staffed with nineteen certified public accountants, one accountant, and nine support staff. The professional staff includes four partners, eight managers, four supervisors, two senior accountants and two staff accountants. All professional staff are full-time employees, with the exception of one supervisor, and all work on governmental audits.

All of the partners are members of the American Institute of Certified Public Accountants and the Illinois CPA Society. In addition, John C. Eder is past chairman and member of the Illinois CPA Society Governmental Accounting Executive Committee. The responsibility of the Committee is to coordinate and plan the activities of all of the Society's governmental committees (Local Government, State Government, Federally Assisted Programs and Governmental Report Review), comment on proposed technical standards and guides including governmental issues for the Society, and to plan the state and local government annual conference.

Mr. Eder also served as past chairman and member and Mr. Albanese is a current member of the Illinois CPA Society Governmental Report Review Committee. The responsibility of the Committee is to review audit reports of local and state governmental units, including school districts, villages, and townships, which are prepared by auditing firms. The Program is one of the Society's self-regulatory activities to help practitioners improve governmental financial statements by encouraging compliance with generally accepted accounting principles by preparers of governmental financial statements and adherence to generally accepted auditing standards by auditors.

Mr. Eder also served as an appointed member of the Illinois CPA Society Government Audit Quality Task Force Committee. The objective of the Committee is to study and make recommendations on how the Society needs to address the impact of current substandard government audit work and the recommended changes in governmental accounting standards.

In addition, Cheryden Juergensen is a member of the Government Finance Officers Association's (GFOA) Special Review Committee for the Certificate of Achievement for Excellence in Financial Reporting (CAFR) Program. The GFOA certificate program has been promoting the preparation of high quality comprehensive annual financial reports prepared using generally accepted accounting principles since 1945. The Committee, along with GFOA staff members, is responsible for reviewing the reports submitted to the CAFR program.

Our firm policy is to assign only properly trained staff members to an audit engagement. The audit staff assigned to every engagement is headed by one of our firm's certified public accountants and will include a sufficient number of senior or staff accountants to complete the audit engagement. All of our certified public accountants are licensed or registered in the State of Illinois. The goal of our firm is to provide the same partner level personnel on the audit for a minimum of five years and the lead auditor for three years. While the lead auditor will rotate, the former lead auditor will work with the new lead auditor to ensure a smooth transition for you and your staff.

The following supervisory level personnel will be assigned to the audit:

Michele Casella-Dercole - Partner
Cheryden Juergensen - Partner
Kelly Swisher - Manager

The resumes for these individuals as well as the other partners are attached. If the personnel listed above need to be changed, a replacement will be at the same level and years of experience as the individual listed above.

The firm has an independent quality control review performed every three years. The most recent review report is dated November 28, 2012 and was an unmodified report. A copy of the firm's most recent quality control review report is enclosed. The peer review included a review of several of our governmental engagements and several of our OMB Circular A-133 single audits.

As a licensed auditor, our CPAs are required to attend 40 hours each year of continuing professional education courses in auditing and accounting. In addition, we affirm that we are independent of the Village as defined by generally accepted accounting principles.

AUDIT PROCESS AND SERVICES TO BE PROVIDED

It is our firm's policy to develop a custom audit approach for each entity we serve in order to recognize the uniqueness of a client's accounting system and internal control structure. Detailed checklists will be used to gain and document an understanding of the Village's internal control structure. This will be performed via discussions with and observation of the Village's employees. Analytical review procedures will be used whereby current year amounts are compared to the applicable prior year's amounts as well as the Village's current year budget.

Each audit area will be assessed for various types of risks and based on the results of the above procedures and risk assessment, the testing for each audit area will be determined. In addition, audit sampling may be performed with regards to cash receipts and expenditures. Additionally, through discussions with the Village's employees, review of the Village's materials and manuals and our knowledge of governmental requirements, all laws and regulations which apply to the Village will be considered in our testing approach.

Our audits and reports thereon will be made in accordance with generally accepted accounting principles; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with Circular A-133, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits will provide a reasonable basis for our opinion.

Upon completion of the audit examinations we will review the management letter and audit report with the Village's administration and/or Board prior to issuing any of the reports.

As part of the audit, we will update you on new accounting standards or legislation that will affect the Village. We also provide seminars at our office on new standards or other topics that are relevant to municipalities and local governments.

Our firm will meet the report deadlines for the audit as set forth in the "Request for Proposal", unless a later date is determined by mutual agreement. The preliminary schedule for fieldwork and the report delivery dates are listed in Attachment B.

FEES

Our fees, which are listed in Attachments A and B, are based on our projection of time requirements with the understanding the following conditions will be met:

1. The general ledger is in balance;
2. The cash and all other balance sheet accounts are reconciled, on a monthly basis, to the amounts shown on your general ledger;
3. Your staff will be available to answer questions, locate misplaced documents and resolve problems as needed;
4. Your filing system allows for easy retrieval of the documents we request; and
5. Your staff will prepare/provide the detailed fixed assets listing and related depreciation.

Audits of component units, if any, special projects and/or research not listed above would be billed separately at our standard hourly rates. We would inform you if we were experiencing any difficulty which would cause any increase in the base fee. We will progress bill for up to 75% of the contractual total upon completion of the fieldwork and the final bill will be issued at the time the final reports are delivered.

Our fees include implementation of all new Government Accounting Standard Board (GASB) statements that will become effective during the three years covered by this proposal. While additional fees are not expected, additional fees will be considered if the Federal Government, State or other agencies impose significant changes in reporting requirements from the prior year. Any additional fees will be discussed with you before the fees are incurred and an additional services engagement letter will be provided. Fees for such additional services would be billed at our standard hourly rates.

As a part of our audit fees, we are available for telephone consultations throughout the succeeding year covering routine matters. Any requests requiring research or additional services would be billed at our standard hourly rates.

ADDITIONAL REQUIREMENTS

The firm or its partners have not been subject to any enforcement or disciplinary action with state regulatory bodies or professional organizations during the past five years or during the current year. In addition, the firm has not had any federal or state desk reviews or field reviews in the past five years or during the current year. Finally, the firm has not been involved in any litigation over the past five years or during the current year related to the quality of audit work or of pricing of auditing services rendered.

Our firm acknowledges that we are an independent contractor of the Village and that the firm, its officials, employees, and agents are not representatives, agents, officials, employees, or partners of the Village. No other business conducted by the firm constitutes a conflict of interest with the audit. The firm shall not subcontract any portion of the audit.

We are available to meet with you to review this proposal, our qualifications, and to discuss matters of concern to the Village.

We thank you for this opportunity to submit our proposal.

Sincerely,

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

System Review Report

November 28, 2012

To the Shareholders of Eder, Casella & Co., PC
And the Peer Review Committee of the Illinois CPA Society

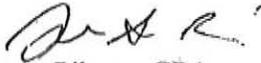
Ladies and Gentlemen:

We have reviewed the system of quality control for the accounting and auditing practice of Eder, Casella & Co., PC (the firm) in effect for the year ended July 31, 2012. 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. 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* and an audit of an employee benefit plan.

In our opinion, the system of quality control for the accounting and auditing practice of Eder, Casella & Co., PC in effect for the year ended July 31, 2012, 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 rating of *pass*, *pass with deficiency*, or *fail*. Eder, Casella & Co., PC has received a peer review rating of *pass*.

Mulcahy, Pauritsch, Salvador & Co., Ltd.



John A. Bibeau, CPA



Michele Casella-Dercole, CPA

Ringwood, Illinois

EDUCATION

- Certified Public Accountant
- Northern Illinois University - B.S. (Accounting)

WORK EXPERIENCE

- Eder, Casella & Co. (January 1998 - Present)
Ms. Casella-Dercole is a partner of the certified public accounting firm. She is in charge of audits of school districts, villages, cities, special education districts, park districts, townships, and other governmental and not-for-profit audits.
- KPMG, Peat Marwick LLP (May 1997 - January 1998)
Ms. Casella-Dercole was a staff accountant in the audit department.

PROFESSIONAL SERVICE

- Licensed in the State of Illinois
- Member, American Institute of Certified Public Accountants
- Member, Illinois CPA Society
- Member, American Institute of Certified Public Accountants - Tax Division
- Member, Illinois Association of School Business Officials

HONORS AND ACTIVITIES

- Treasurer - Village of Ringwood (2002 - present)
- High Honors - Northern Illinois University
- Student Accounting Society - Northern Illinois University
- President - Rotary Club of McHenry Sunrise (2012)
- Charter Member - Rotary Club of McHenry Sunrise (2010 - 2012)
- Member - McHenry Rotary Club (2004 - 2010)
- Assistant Secretary - McHenry Rotary Club (2005/2006)
- Secretary - McHenry Rotary Club (2006/2007)

RELEVANT CONTINUING PROFESSIONAL EDUCATION

- Advanced Governmental Report Review
- Yellow Book: Government Auditing Standards
- School Districts and Related Single Audit Report Review
- GAAP Basis Governmental Report Review
- Developed and instructed course on Governmental Accounting Standards Board Statement No. 34
- Developed and instructed course on Governmental Accounting Standards Board Statement No. 40
- Developed and instructed course on auditing school district activity funds
- Developed and instructed course on government auditing

Cheryden N. Juergensen, CPA

McHenry, Illinois

EDUCATION

- Certified Public Accountant
- Trinity International University - B.S. (Accounting/Management) - Cum Laude

WORK EXPERIENCE

- Eder, Casella & Co. (November 2002 - Present)
Ms. Juergensen is the partner of the certified public accounting firm. She is in charge of audits of school districts, villages, cities, special education districts, townships, and other governmental and not-for-profit audits.
- Capin, Crouse LLC (June 1998 - November 2002)
Ms. Juergensen was a senior accountant. She was in charge of audits of various types of non-profit organizations.

PROFESSIONAL SERVICE

- Licensed in the State of Illinois
- Member, American Institute of Certified Public Accountants
- Member, Illinois CPA Society
- Member, Government Finance Officers Association Special Review Committee for the Certificate of Achievement for Excellence in Financial Reporting Program

HONORS AND ACTIVITIES

- Treasurer - McHenry Rotary Club (2011 - present)
- Dean's List - Trinity International University
- National Honor Society - Colorado Springs Christian School

RELEVANT CONTINUING PROFESSIONAL EDUCATION

- Developed and instructed course on Governmental Accounting Standards Board Statement No. 63 and 65
- Developed and instructed course on Governmental Accounting Standards Board Statement No. 34
- Developed and instructed course on Governmental Accounting Standards Board Statement No. 54
- Developed and instructed course on government auditing basics
- Government Conference
- Risk Assessment Standards and GASB Statement 45
- GAAP Basis Governmental Report Review
- Quality Control Standards
- School District Auditing
- Single Audits
- Auditing Issues and Updates

Kelly Swisher, CPA

Palatine, Illinois

EDUCATION

- Certified Public Accountant
- Northern Illinois University – B.A. (Accounting)
- Northern Illinois University – Masters of Accounting Science

WORK EXPERIENCE

- Eder, Casella & Co. (January 2008 – Present)
Ms. Swisher is a senior accountant at the certified public accounting firm. She is in charge of audits of school districts, villages, cities, special education districts, townships, and other governmental and not-for-profit audits.
- Siepert & Co. (January 2007 – August 2007)
Ms. Swisher was a part-time staff accountant at the certified public accounting firm. She was responsible for completing individual, corporate and partnership tax returns as well as monthly compilations. She was also a member of the audit team for cities, business and farms.
- Amphenol Antel (May 2006 – January 2007)
Ms. Swisher was an accounting intern at the corporation. She assisted with accounts payable, accounts receivable, payroll, sales tax returns, journal entries, month end processing and accounting reports.

PROFESSIONAL SERVICE

- Member, Illinois CPA Society

HONORS AND ACTIVITIES

- Treasurer – Barrington Breakfast Rotary Club (2012)
- Treasurer – Young Professionals, McHenry Chamber of Commerce (2011)
- Student Accounting Society – Northern Illinois University
- Ida Koran Academic Scholarship
- 4 Year Soccer Scholarship
- National Honor Society – Guilford High School

RELEVANT CONTINUING PROFESSIONAL EDUCATION

- GASB Statement 54 Seminar
- Governmental Report Review
- Yellow Book: Government Auditing Standards
- SELF/CLIC Worker's Compensation Audits
- Illinois ASBO School District Auditing and Reporting Seminar
- Single Audit Standards
- Auditing Issues and Updates
- Quality Control Standards

John C. Eder, CPA

Spring Grove, Illinois

EDUCATION

- Certified Public Accountant
- Northern Illinois University - B.S. (Accounting)
- College of Lake County - A.S.

WORK EXPERIENCE

- Eder, Casella & Co. (January 1989 - Present)
Mr. Eder is the managing partner of the certified public accounting firm. He is in charge of audits of school districts, villages, cities, special education districts, park districts, townships, and other governmental and not-for-profit audits.
- Milburn Cain & Co. (May 1981 - December 1988)
Mr. Eder obtained 7 years experience in the public accounting field (1 year as a staff accountant, 5 years as a senior accountant, and 1 year as a partner). During the 7 years he participated in and supervised audits of school districts, villages, cities, special education districts, park districts, townships, and other governmental and not-for-profit audits.

PROFESSIONAL SERVICE

- Licensed in the State of Illinois
- Member, American Institute of Certified Public Accountants
- Member, Illinois CPA Society
- Member and Past Chairman, Illinois CPA Society Committee - Governmental Accounting Executive
- Member and Past Chairman, Illinois CPA Society Committee - Governmental Report Review Committee
- Member, Illinois CPA Society Committee - Governmental Audit Quality Task Force

HONORS AND ACTIVITIES

- President - McHenry Kiwanis Club (1996 - 1997)
- Treasurer - McHenry Kiwanis Club (1993 - 1994, 2009 - 2010)
- Member - McHenry Kiwanis Club (1991 - Present)
- Board Member - McHenry Country Club (2003 - 2005)
- Treasurer - McHenry Country Club (2004 - 2005)
- Scholarship in accounting received from Illinois CPA Society
- Student Accounting Society - Northern Illinois University
- Dean's List - College of Lake County
- National Honor Society - Antioch Community High School

RELEVANT CONTINUING PROFESSIONAL EDUCATION

- Government Report Review Committee
- Advanced Governmental Report Review
- Quality Control Standards
- Risk Assessment Standards and GASB Statement 45
- School District Auditing and Reporting
- Single Audits
- Code of Professional Conduct
- Auditing Issues and Updates
- IASBO School District Workshop
- ISBE Changes

John W. Albanese, CPA

McHenry, Illinois

EDUCATION

- Certified Public Accountant
- Trinity International University - B.A. (Accounting)

WORK EXPERIENCE

- Eder, Casella & Co. (June 1999 - Present)
Mr. Albanese is a partner of the certified public accounting firm. He is in charge of audits of school districts, villages, cities, special education districts, townships, and other governmental and not-for-profit audits.

PROFESSIONAL SERVICE

- Licensed in the State of Illinois
- Member, American Institute of Certified Public Accountants
- Member, Illinois CPA Society
- Member, Illinois CPA Society Committee - Governmental Report Review Committee

HONORS AND ACTIVITIES

- Member - Rotary Club of McHenry Sunrise (2012 - Present)
- Dean's List - Trinity International University
- Member - Who's Who Among Students in American Universities and Colleges
- National Honor Society - McHenry Community High School

RELEVANT CONTINUING PROFESSIONAL EDUCATION

- Advanced Governmental Report Review
- Governmental Report Review Committee
- Yellow Book: Government Auditing Standards
- SELF/CLIC Worker's Compensation Audits
- Risk Assessment Standards and GASB Statement 45
- Illinois ASBO School District Auditing and Reporting Seminar
- The New Risk Assessment Standards - Implementation Issues
- Single Audit Standards
- Quality Control Standards

**ATTACHMENT A
REQUEST OF PROPOSAL AUDIT SERVICES**

Firm Submitting Proposal: Eder, Casella & Co.

Fee Structure: AFR, Municipal Annual Supplemental Report, and Management Letter

2014 - \$19,500

Optional Two Years:

2015 - \$20,750

2016 - \$21,575

Optional Single Audit:

2014 - \$2,000

2015 - \$2,100

2016 - \$2,200

Includes implementation of FASB 67 + 68



Signature of Authorized Representative

Michele Casella-Dercole

Name of Authorized Representative

Partner

Title:

September 15, 2014

Date

ATTACHMENT B SCHEDULE OF COSTS

The following are our standard hourly rates for the current calendar year and the estimated standard hourly rates for the next two calendar years:

	2014	2015	2016
	<u>Hourly Rate</u>	<u>Hourly Rate</u>	<u>Hourly Rate</u>
Partner	\$155 - 305	\$160 - 310	\$165 - 315
Manager	\$110 - 145	\$115 - 150	\$120 - 155
Supervisor/Senior	\$80 - 100	\$85 - 105	\$90 - 110
Staff	\$65 - 75	\$70 - 80	\$75 - 85
Administrative	\$55 - 95	\$60 - 100	\$65 - 105

The following outlines our 2014 tentative audit schedule and estimated hours for the audits:

- ❖ November 20, 2014 - Preliminary Fieldwork (Partner - 1 hour, Manager - 8 hours; Senior/Staff - 8 hours)
- ❖ February 2 - 10, 2015 - Fieldwork (Partner - 10 hours; Manager - 56 hours; Senior/Staff - 56 hours)
- ❖ February 11 through 25, 2015 - Preparation, review and proofing of reports (Partner - 4 hours; Manager - 40 hours), assuming all information is received
- ❖ March 1, 2015 - draft available
- ❖ April 15, 2015 - final bound reports (assuming that draft copies have been approved)



VILLAGE OF BARRINGTON HILLS, ILLINOIS

**PROPOSAL TO PROVIDE
PROFESSIONAL AUDITING SERVICES**

**For the Fiscal Years Ending
December 31, 2014 through December 31, 2016**



1415 W. Diehl Rd., Suite 400
Naperville, IL 60563
(630) 566-8400
www.sikich.com
September 30, 2014

Contact(s): Frederick G. Lantz, CPA and Anthony M. Cervini, CPA

TABLE OF CONTENTS

	<u>Page(s)</u>
Title Page	1
Table of Contents	2
Transmittal Letter	3-4
Technical Proposal	5-16
Firm Qualifications and Technical Experience	
Statement of Independence	
License to Practice in Illinois	
Partner, Supervisory and Staff Qualifications and Experience	
Similar Engagements with Other Government Entities	
Specific Audit Approach	
Why Sikich is the Best Choice	17-21
Getting the Most from Your Audit Firm	
Additional Sikich Resources	
Fee Proposal	22
Proposal Cost Summary	
Exhibits	23
Attachment A	
Attachment B	
Engagement Team Biographies	
Sikich Resources	
State & Local Government Services	
Firm Profile	
Peer Review	

September 30, 2014

Ms. Karen Selman
Chair, Finance Committee
Village of Barrington Hills
112 Algonquin Road
Barrington Hills, Illinois 60010

Dear Ms. Selman

Sikich LLP is pleased to be considered for the appointment as independent auditors for the Village of Barrington Hills (the Village). 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, most notably the new pension 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 Village.
- > 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 thirty percent of our practice is devoted to serving state and local governmental entities).

Our firm's expertise will enable the Village 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 Village, the President, the Board of Trustees, 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 MSI used by the Village;
- > 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 Village of Barrington Hills. 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 serving the Village.

Sincerely,
Sikich LLP



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

Sincerely,
Sikich LLP



Anthony M. Cervini, CPA
Manager

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



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

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.

Qualifications and Technical Expertise

Sikich has an established reputation as one of the leading providers of professional services in the Midwest to governmental entities. Our team of professionals specializes in the management, operations, and financing of general purpose state and local governments, park districts, intergovernmental organizations, and special districts. This focus and our exemplary reputation assure the Village of Barrington Hills the highest quality work and the most cost effective delivery of services. Sikich's state and local government team provides services to more than 450 counties, cities, villages, towns and other Illinois governments, including the second, fifth and eighth largest cities and the second and third largest park districts. Many of these have been long-standing clients and are evidence of our dedication to the state and local government industry and our ability to provide high quality, timely services within this specialized industry. These clients and related work have enabled our firm to develop an extensive nationally recognized expertise in governmental accounting, auditing and financial reporting procedures and practices.

Senior members of our government services team presently hold memberships and are actively involved in numerous governmental organizations, including:

- > Government Finance Officers Association of the United States and Canada (GFOA)
- > Illinois Government Finance Officers Association (IGFOA)
- > Government Finance Officers Association of Missouri (GFOA-MO)
- > International City/County Manager's Association (ICMA)
- > Illinois City/County Management Association (ILCMA)
- > Illinois Municipal Treasurers Association (IMTA)
- > Illinois County Treasurers' Association (ICTA)
- > Illinois Tax Increment Association (ITIA)
- > American Institute of Certified Public Accountants (AICPA)
- > Illinois CPA Society (ICPAS)
- > AICPA Government Audit Quality Center
- > GFOA Special Review Committee (SRC)
- > IGFOA Technical Accounting Review Committee
- > ICPAS Governmental Report Review Committees

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 Village of Barrington Hills 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 2011, we received our eighth 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 Village of Barrington Hills 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 Village of Barrington Hills, and is independent with respect to any non-attest services provided to the Village of Barrington Hills, 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 Village of Barrington Hills 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:

Frederick G. Lantz, CPA - Engagement Partner



As engagement partner, Mr. Lantz 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 Village'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. Lantz will be present at the Village's offices during both our preliminary and final fieldwork. 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 accounting.

Brian D. LeFevre, CPA, MBA - Resource Partner



The resource partner is responsible for providing overall technical support for the engagement as well as serving as a backup for the engagement partner. 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, 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.

James R. Savio, CPA, MAS - Quality Control Partner



The quality control partner is responsible for providing our second partner review of the audit work papers and reports. 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.

Mark Wilson, CISSP, ITIL, CBCP, CCM - Director of Information Risk Management



As director of information risk management, Mr. Wilson will work closely with the engagement team to identify and mitigate risk issues that present current or long-term threats to the Village. He will ensure mission critical processes and the infrastructure on which those processes depend are documented, efficient, effective, resilient, secure and recoverable. Mr. Wilson has more than thirty-one years of technology-centric experience, specializing in IT strategy and management, advisory services, architecture, security, business continuity, disaster recovery and enterprise modeling. Mr. Wilson is a graduate of the University of Toledo with a degree in computer science, engineering.

Anthony M. Cervini, CPA, MBA - 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 manager 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.

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.

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 Village that our professional staff would not need any "on the job accounting or financial reporting training" by the Village's staff. Moreover, we can assure the Village of the quality of staffing for a multi-year engagement, even if a change in personnel is required, subject to the approval of the Village.

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 Village of Barrington Hills.

Name	Length of Service (Years)	Contact
*Village of Huntley 10987 Main Street Huntley, Illinois	14	Ms. Jennifer Chernak Director of Finance & Human Resources (847) 515-5200
*Village of East Dundee 120 Barrington Avenue East Dundee, Illinois	12	Ms. Linda Blackerby Finance Director (224) 293-1704
Village of Deer Park 23680 W Cuba Road Deer Park, Illinois	13	Ms. Beth McAndrews Treasurer (847) 726-1648
Village of Bannockburn 2275 Telegraph Road Bannockburn, Illinois	12	Ms. Linda McCulloch Finance Director (847) 945-6080
*Village of Lake Zurich 70 East Main Street Lake Zurich, Illinois	3	Ms. Jodie Hartman Finance Director/Village Treasurer (847) 438-5141
*City of Woodstock 121 West Calhoun Street Woodstock, Illinois	15	Mr. Roscoe C. Stelford III City Manager (815) 338-4301
*Village of Palatine 200 East Wood Street Palatine, Illinois	11	Mr. Paul Mehring Director of Finance and Operations (847) 359-9018
*City of Elgin 150 Dexter Court Elgin, Illinois	12	Mr. Sean R. Stegall City Manager (847) 931-5590

*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 Village's governmental activities, each major fund and the aggregate remaining fund information that collectively comprise the Village'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.

Scope of Services

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

- > Audit of all funds of the Village for the fiscal year ending December 31, 2014.
- > Preparation of two (2) hard copies and one (1) electronic copy (.pdf) of the annual financial report (MD&A to be provided by the Village);
- > Preparation of ten (10) copies of the management letter for the Village, communicating any material weaknesses and significant deficiencies found during the audit and our recommendations for improvement;
- > Preparation of two (2) hard copies and one (1) electronic copy 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 five (5) years in accordance with Firm standards;
- > Reporting to the Board of Trustees in accordance with Statement on Auditing Standards (SAS) No. 114, *Communications with Those Charged with Governance*; and
- > Exit conference(s) with Village 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 Village to discuss the approach to be taken during the audit focusing on areas of particular concern to the Village as well as areas of high audit risk, and develop the time schedule for completing the subsequent phases of the audit.</p>	<p>November/ December 2014</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 Village's accounting and administrative controls using the Village's accounting procedures manual, EDP documentation and by interviewing staff of the Village. 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 Village's financial position as a whole.</p> <p>In addition, we would review all minutes from the meetings of the Board of Trustees and the Police Pension Board; review all ordinances adopted by the Village during the year; review any debt agreements entered into during the year and analyze any other unique transactions entered into by the Village (i.e. VSP); and perform our fraud interviews in accordance with Statement on Auditing Standards (SAS) No. 99. Upon completion of this phase, we would finalize all necessary confirmations the Village will prepare; review all proposed client assisted work papers and the timing of preparation by the Village; develop our audit programs for the next phase of the audit and review and document any changes to the Village's AFR; and prepare the schedule for the remainder of the audit.</p>	<p>By January 31, 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 Village's financial statements with a rough draft of the financial statements provided to the Village 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 Village 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>	<p>February/ March 2015</p>	<p>This phase would be completed by the engagement partner, engagement manager and one professional staff.</p>
<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 Village's staff after fieldwork has been completed.</p>	<p>March 2015</p>	<p>This phase would be completed by the engagement partner, resource partner and the quality control partner.</p>
<p>V. Drafts to the Village 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 Village within three weeks of the preliminary draft. A revised draft, if necessary, will be delivered to the Village no later than three business days after receiving all proposed changes.</p>	<p>By April 15, 2015</p>	<p>This phase would be completed by the engagement partner.</p>
<p>VI. Completion of the Audit Upon approval of the drafts by the Village, we will present the signed, bound copies of the comprehensive annual financial report, the management letter and the additional reports described in this proposal. The engagement partner will be available for meetings with representatives of the Village including the Village President, the Board of Trustees and management for formal presentations of the reports.</p>	<p>By May 15, 2015</p>	<p>This phase would be completed by the engagement partner.</p>

Event	Timeframe	Person(s) Assigned
<p>VII. Support to the Village 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 Village. 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 Village 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 Village.</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 Village 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 Village. 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 Treasurer. The timing of this discussion will provide the Village 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 Village President 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 Village. The billings for the audit would not exceed this fee unless the Village specifically requests that the scope of the engagement be expanded and the Village 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 sets 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 Village of Barrington Hills 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 Village of Barrington Hills 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:

- > GASB Update: What Statements 67 & 68 Mean for You
- > Governmental Accounting and Financial Reporting Update
- > 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 Village and we would need to review the standards and the types of services with the Village 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 Village of Barrington Hills 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

These fees assume that the Village 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

Attachment A

Attachment B

Engagement Team Biographies

- > Frederick G. Lantz, CPA
- > Brian D. LeFevre, CPA, MBA
- > James R. Savio, CPA, MAS
- > Mark Wilson, CISSP, ITIL, CBCP, CCM
- > Anthony M. Cervini, CPA, MBA
- > Caroline A. Dittman, CPA

Sikich Resources

State & Local Government Services

Firm Profile

Peer Review

**ATTACHMENT A
VILLAGE OF BARRINGTON HILLS
REQUEST FOR PROPOSAL
AUDITING SERVICES**

Firm Submitting Proposal: Sikich LLP

Fee Structure: AFR, Municipal Annual Supplemental Report and Management Letter

2014	<u>\$19,950</u>
2015	<u>\$20,550</u>
2016	<u>\$21,170</u>

Optional Single Audit Report:

2014	<u>\$2,000</u>	2015	<u>\$2,100</u>	2016	<u>\$2,200</u>
------	----------------	------	----------------	------	----------------

Optional Police Pension Fund:

2014 \$ N/A

Confirmation Letters \$ N/A

**Additional Fees for the implementation of GASB Statement No. 67 will be \$1,000 for the fiscal year 2014 audit. Fees for the implementation of GASB Statement No. 68 will be \$1,700 for the fiscal year 2015.



Signature of Authorized Representative

Frederick G. Lantz, CPA

Name of Authorized Representative

Partner-in-Charge, Government Services

Title

September 30, 2014

Date

SIKICH RESOURCES



Frederick G. Lantz, CPA
Engagement Partner
630.566.8557
flantz@sikich.com



Gregory T. Kuhn, Ph.D.
Resource – Management Consulting
630.566.8522
gkuhn@sikich.com



Brian D. LeFevre, CPA, MBA
Resource Partner
630.566.8505
blefevre@sikich.com



Mark Wilson, CISSP, ITIL, CBCP, CCM
Resource - Technology Services & Products
630.210.3063
mwilson@sikich.com



James R. Savio, CPA, MAS
Quality Control Partner
630.566.8516
jsavio@sikich.com



Karen S. Sanchez, CPA, QPA
Resource - Employee Benefits
630.566.8519
ksanchez@sikich.com



Daniel A. Berg, CPA
Partner
630.566.8535
dberg@sikich.com



Julie Strahl
Resource - Human Resource Consulting
630.566.8453
jstrahl@sikich.com



Anthony M. Cervini, CPA, MBA
Manager
630.566.8574
acervini@sikich.com



Scott Kolbe
Resource - Graphic Design & Marketing
630.717.7515
skolbe@sikich.com



Caroline A. Dittman, CPA
Manager
630.566.8513
cdittman@sikich.com



Mary O'Connor, ASA
Resource - Fraud Investigation
T: 312.648.6652
M: 708.646.8737
moconnor@sikich.com

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.



1415 W. Diehl Road
Suite 400
Naperville, IL 60563

P: 630.566.8557
F: 630.499.7557
E: flantz@sikich.com

Service Areas

Governmental Audit, Accounting
Governmental Financial Reporting

Affiliations

American Institute of Certified Public Accountants
2013-2014 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.



1415 W. Diehl Rd
Suite 400
Naperville, IL 60563

P: 630.566.8505
F: 630.499.5885
E: blefevre@sikich.com

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

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.



1415 W. Diehl Road
Suite 400
Naperville, IL 60563

P: 630.566.8516
F: 630.499.5656
E: jsavio@sikich.com

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

Mark Wilson, CISSP, ITIL, CBCP, CCM

Director of Information Risk Management

Mark Wilson is the Director of the Information Risk Management team for Sikich. Mark comes to Sikich with more than 30 years of technology-centric business and senior management experience, specializing in IT strategy and management, advisory services, architecture, security, business continuity, disaster recovery and enterprise modeling.

Prior to joining Sikich, Mark owned a consulting firm focused on the development, implementation, testing and maintenance of business continuity and disaster recovery plans for clients nationwide. His business and technology experience allowed him to design mission critical production-level processes and systems for clients that reduced the cost and complexity of both the production and recovery environments.

Mark's history also includes multiple IT management assignments, including a CIO position in a systems and software company with significant emphasis on the higher education and government markets worldwide.

At Sikich, Mark works closely across all service lines and market segments to identify and mitigate risk issues that present current or long-term threats to our clients. Mark and his team will ensure mission critical business processes and the infrastructure on which those processes depend are documented, efficient, effective, resilient, secure and recoverable.



1415 W. Diehl Road
Suite 400
Naperville, IL 60563

P: 630.210.3063
F: 630.210.3105
E: mwilson@sikich.com

Certifications

Security (CISSP)
Business Continuity / Disaster Recovery Planning (CBCP, CCM)
IT Process (ITIL)

Education

Computer Science, Engineering, University of Toledo
Control Data Institute, Computer Electronics

Anthony M. Cervini, CPA, MBA

Manager

Anthony M. Cervini, CPA, MBA, is a manager at Sikich LLP. Anthony provides 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 Chamber of Commerce Leadership Academy,
Class of 2007
Greater Aurora Chamber of Commerce Leadership Academy,
2008 Steering Committee
Naperville Jaycees
Naperville Area Humane Society, Board Member

Education

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



1415 W. Diehl Road
Suite 400
Naperville, IL 60563

P: 630.566.8574

F: 630.499.8668

E: acervini@sikich.com

Caroline A. Dittman, CPA

Manager

Caroline A. Dittman, CPA, is a manager on Sikich's government team. She has more than 14 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.



1415 W. Diehl Rd
Suite 400
Naperville, IL 60563

P: 630.566.8513
F: 630.499.7733
E: cdittman@sikich.com

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

State and Local Government Services

WHAT CAN SIKICH DO?

- › Accounting & Reporting Services
- › Audit & Compliance Services
- › Recruiting, Compensation Studies & Employee Benefit Consulting
- › ERP Selection, Implementation & Support
- › IT Infrastructure Services
- › Security & Compliance
- › Local Government Management & Operations Consulting
- › Outsourced Management, Finance, HR & Technology Functions
- › Police & Fire Pension Plan Accounting & Consulting
- › Strategic Planning & Performance Measurement
- › Forensic & Fraud Investigation
- › Marketing & Public Relations



Elevate Performance

877.279.1900 | info@sikich.com
www.sikich.com

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:

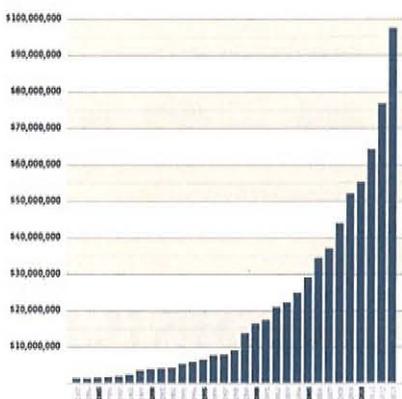
- ▶ Agriculture
- ▶ Construction
- ▶ Government
- ▶ Health Care
- ▶ Higher Education
- ▶ Manufacturing & Distribution
- ▶ Not-for-Profit
- ▶ Oilfield Services
- ▶ Professional Services
- ▶ Real Estate
- ▶ Retail

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

SERVICES

- ▶ Accounting & Assurance
- ▶ Business Valuation
- ▶ Dispute Advisory
- ▶ ERP & CRM Software
- ▶ Human Resources Consulting
- ▶ Insurance Services
- ▶ Investment Banking & Corporate Finance
- ▶ IT Services
- ▶ Marketing & Public Relations
- ▶ Retirement Planning
- ▶ Supply Chain
- ▶ Talent Acquisition
- ▶ Tax Planning
- ▶ Wealth Management



877.279.1900 | info@sikich.com
www.sikich.com

System Review Report

July 26, 2011

To the Partners of
Sikich LLP
and the Peer Review Committee of the Illinois CPA Society

We have reviewed the system of quality control for the accounting and auditing practice of Sikich LLP (the firm) in effect for the year ended March 31, 2011. 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. 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* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Sikich LLP in effect for the year ended March 31, 2011, 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.



Auditing Services Proposal

Proposal for

Village of Barrington Hills

_____ *Prepared by* _____

Wolf & Company LLP
Certified Public Accountants

Partner Contact:
John C. DeLand
jdeland@wolfcpa.com
630-545-4504

Table of Contents

	<u>Page</u>
Letter of Transmittal	
Firm Profile	
Independence	1
License to Practice in Illinois	1
Firm Qualifications and Experience	1-4
Engagement Team	
Partner, Supervisory and Staff Qualifications and Experience	5-10
Similar Engagements	
Similar Engagements with Other Government Entities	11
Audit Scope and Process	
Specific Audit Approach	12
The Audit Process	13-18
Addendum:	
Attachment A	
Attachment B	
Peer Review Report	
Peer Review Certificate of Recognition	

September 26, 2014

Ms. Rosemary N. Ryba
Treasurer
Village of Barrington Hills
112 Algonquin Road
Barrington Hills, Illinois 60010

Dear Ms. Ryba:

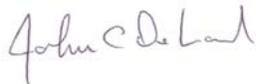
Wolf & Company LLP is pleased to submit this proposal to provide professional services for the Village of Barrington Hills, Illinois for the year ending December 31, 2014 with option years through the year ending December 31, 2016. We are confident that Wolf & Company will exceed your expectations in providing you with the technical expertise, quality service, and timely information you require.

Enclosed is information about our firm, references that can elaborate on our performance and service, as well as an explanation of our scope of the engagement. We are committed to meeting and exceeding your expectations with regard to quality, technical expertise and the timing of these services. We confirm that our proposal and fees shown in the schedules will remain firm and irrevocable for 60 days beyond this date.

Wolf & Company is qualified to perform this engagement based on our extensive experience with similar villages and other governmental entities. At Wolf & Company service means taking the time to get to know our clients, anticipating and responding to their needs promptly and efficiently, and being perceived as a resource rather than just a cost of doing business.

We look forward to developing a professional relationship while providing excellent services to the Village of Barrington Hills. I would also like to thank you for the responses you furnished to give us an understanding of the audit process. If you have any questions regarding this proposal, please feel free to contact me.

Sincerely,



John C. DeLand
Partner

Independence

Wolf & Company LLP is independent of the Village of Barrington Hills as defined by generally accepted auditing standards, and by the U.S. General Accounting Office's Governmental Auditing Standards. We have had no professional relationships with the Village of Barrington Hills agencies or officials in the past five years.

License to Practice in Illinois

Wolf & Company LLP is registered to practice public accounting under registration number 066-003283. All key members of the audit team would be licensed public accountants in the State of Illinois. All partners are licensed to practice in the State of Illinois.

Firm Qualifications and Experience

Based in Oakbrook Terrace, Illinois, Wolf & Company LLP is one of the largest CPA firms in metropolitan Chicago. Originally part of a national firm, Wolf & Company was formed as an independent firm in 1978. We are an active member of both PKF North America, an association of legally independent firms throughout North America that share information and support one another as resources on select assignments; and PKF International Limited, a network of legally independent member firms with representation in 125 countries. PKF International is a member of the Forum of Firms, an organization dedicated to consistent and high quality standards of financial reporting and auditing practices worldwide.

Wolf & Company LLP provides a broad range of accounting, tax, and management consulting services. In addition, Wolf & Company and its affiliated members provide investment advisory, retirement plan administration and investment banking services.

Wolf & Company's professionals (over 135) and support personnel serve over 2,000 clients. The firm has 18 partners.

Equal Employment Opportunity Statement

Wolf & Company LLP recruits, hires and promotes for all job classifications without regard to race, religion, color, national origin, age or sex. Employment decisions are based on the qualifications of each individual. Wolf & Company LLP administers this policy of equal opportunity through its continuing program designed to meet the requirements of federal and state laws. (Excerpted from Wolf & Company LLP Staff Guide regarding Affirmative Action).

Peer Review and Comments of State or Federal Reviews

Wolf & Company's latest external quality control review was performed as of August 31, 2012. The review included governmental audit engagements. A copy of the report and a Certificate of Recognition are included in the Addendum to this proposal.

There have been no findings or comments of State or Federal desk or field reviews of engagements during the past three years. There have been no actions taken by state regulatory bodies or other professional organizations.

Summary of Wolf & Company Capabilities

We provide clients with the following benefits:

Experience – Wolf has extensive experience in providing audit and other services to organizations that are similar to the Village of Barrington Hills in terms of size and complexity.

Expertise – We have a core group of professionals with expertise in governmental units, who are available to address financial reporting, audit, and other business matters that arise. The Village of Barrington Hills would be an important client to Wolf & Company and would benefit from a strong team of professionals.

Firm Size – Our firm is large enough to be a resource to the Village of Barrington Hills, providing specialized services for local governmental organizations, yet small enough to be responsive and provide personal service. Partners play an active role in both planning and executing the engagement and are present at client meetings and presentations.

Commitment to Quality and Integrity – We have established a reputation in the business community for quality and integrity. Our goal is to provide excellent service to you and to become a valuable resource for your organization.

Quality Control Policies and Procedures – Wolf & Company LLP has a formal quality control committee and quality control manual. Our quality control manual incorporates the following basic elements of quality control:

- **Leadership Responsibilities for Quality within the Firm** – Ultimate responsibility for the firm's system of quality control
- **Relevant Ethical Requirements** – Assurance that the firm and its personnel comply with relevant ethical requirements
- **Human Resources** – Hiring, engagement staffing, and professional development practices

- **Acceptance and Continuance of Clients** – Criteria for new client acceptance and continuance of existing client relationship
- **Engagement Performance** – General engagement performance standards
- **Monitoring** – Guidelines for monitoring compliance with Quality Control policies

Continuity of Personnel – Continuity of personnel is a priority of ours because we understand that professional services are provided most efficiently and effectively when personnel do not need to repeat the learning curve each year. We will strive to maintain the same engagement team on your audit from year to year.

Licensing and Continuing Education – We maintain, for each employee required to obtain continuing education, a record of requirements and credits earned. Key personnel on your engagement will have specific CPE required by Government Audit Standards.

Governmental Industry Experience and Commitment

Wolf & Company LLP has extensive experience in the field of governmental accounting and auditing. We currently serve as auditors for a substantial number of municipalities, townships, library, park, and special districts. Many of our governmental and not-for-profit clientele require Single Audits of Federal Awards. We have also assisted numerous clients in applying for and receiving the GFOA Certificate of Achievement for Excellence in Financial Reporting. Our firm is a member of the AICPA Government Audit Quality Center.

We view each governmental engagement as an important commitment. Unlike most public accounting firms, both large and local, a major emphasis for Wolf & Company is governmental auditing and consulting. A significant percentage of our time is spent on governmental clients. We have a special industry group, the *Governmental Services Group* that provides training and service enhancements. This group includes four partners supported by a team of approximately 25 audit staff. Our audit staff members receive extensive training and relevant experience in performing governmental audit services. Accordingly, our partners, managers and staff, as outlined in later sections of this proposal, have acquired a wide range of experience in the governmental field in terms of both direct engagement responsibilities as well as in memberships on committees in various governmental organizations.

Our governmental sector audit training includes various programs covering a wide variety of industry-specific topics. These include the following:

- Illinois CPA Society Annual Governmental Conference
- Illinois CPA Society Government Report Review Sessions
- Government Finance Officers Association Annual GAAP Update
- Illinois Government Finance Officers Association annual conference and various programs
- Government Audit Quality Center Webcasts and programs
- Annual Wolf & Company Governmental Auditing and Reporting Program
- Annual Wolf & Company Single Audit Training
- Various PKF Audit Training Programs

Partner, Supervisory and Staff Qualifications and Experience

Resumes of key employees who may be assigned to the audit engagement follow on pages 6 to 10. It is anticipated that John DeLand (Partner) will lead the team. Other assignments would be made at the time the audit is scheduled. In an engagement of this size, we would assign a partner, manager, senior auditor and two staff level auditors. The senior and staff auditor assigned full-time during this engagement would be performing most of the fieldwork at the Village of Barrington Hills under the direction of the partner and manager. All personnel are based in our Oakbrook Terrace office.

All key employees will be licensed CPAs with continuing professional education which includes governmental auditing and reporting. This education includes memberships in organizations such as the Government Finance Officers Association (GFOA), the Illinois CPA Society, the American Institute of Certified Public Accountants, Government Audit Quality Center and the Illinois Government Finance Officers Association (IGFOA). We also have annual internal governmental/single audit training sessions, which all professional audit staff attend.

We do recognize the advantages, both to the firm and client, of audit staff continuity. We have been very successful in maintaining that continuity as staff personnel progress through their careers. We try to promote our people while keeping them involved with the same or similar clients, to best utilize their experience with certain industries. We are confident that our level of staff quality will remain high as normal progression occurs. We shall notify the Village of Barrington Hills for their approval, of any proposed change in personnel assigned to your engagement once a team has been assigned for the initial year. Recognizing that governmental accounting and auditing require specific skills, we have developed teams which participate in governmental training and ongoing education.

Our approach to staff retention is based on the belief that professionals are likely to remain with us and perform at a high level if they are challenged by and enjoy their work. Wolf strives to create an environment where accomplishments and effort are recognized, and initiatives that fail are viewed as a learning opportunity. Additionally, we provide the following:

- Ongoing training and development, both in-house and offered through PKF North America and other organizations.
- Regularly scheduled one-on-one evaluations.
- A formal **Development Advisor Program** where all employees have an advisor who serves as a mentor and provider of career guidance.
- Competitive salaries and ongoing compensation reviews.
- Open door policy access to all levels of firm management.

Education:

Bachelor of Business Administration in Accounting, Western Michigan University

John C. DeLand, CPA

Partner, Audit and Accounting Services

Professional Experience:

- Partner with Wolf & Company LLP and is the team leader of the firm's *Governmental Services Group* and has been in public accounting most of his professional career.
- Areas of expertise since 1985 are with governmental accounting and consulting engagements. Has worked on a variety of assignments including the Villages of Streamwood, Bloomingdale, Willowbrook, Lincolnwood, Mundelein and Nilas, DuPage County and the DuPage Airport Authority.

Professional Activities and Memberships:

- Is an active member of the Government Finance Officers Association (GFOA) and the Illinois Government Finance Officers Association (IGFOA), and has instructed at various IGFOA programs.
- In addition, he is a member of the American Institute of Certified Public Accountants and the Illinois CPA Society (formerly Chair and currently a member of the Government Report Review Committee) and for over twelve years has instructed at the ICPAS Annual Government Report Review Sessions.
- A frequent presenter to business and civic organizations, John has also authored articles on a wide range of topics and issues that are relevant for governmental, non-profit, and professional services entities.
- John also serves as a member of the Special Review Committee for the GFOA Certificate of Achievement for Excellence in Financial Reporting Program.
- Relevant CPE courses in the past three years include ICPAS Annual Government Conference, ICPAS Government Report Review (Instructor), GFOA Annual GAAP Update, IGFOA Conference, Governmental Audit Quality Center Updates and other programs.

Education:

Bachelor of Science, University of Illinois at Chicago

Scott C. Termine, CPA

Partner, Audit and Accounting Services

Professional Experience:

- Prior to joining Wolf & Company in 2008, worked for a major regional CPA firm. Has over eighteen years of experience in public accounting.
- Member of the firm's *Governmental Services Group and Not-for-Profit Group*.
- Areas of expertise include accounting, auditing, and consulting engagements with governmental and not-for-profit entities, including DuPage County, Bloom Township, the Cities of Wood Dale, Highwood and Hickory Hills, and Villages of Buffalo Grove, Willowbrook and Bolingbrook. Performed Agreed-upon Procedures engagements for various governmental agencies.
- On those engagements, he has managed audits of federal funds received from numerous agencies. Additionally, as part of these engagements, he has assisted in preparing numerous Comprehensive Annual Financial Reports.

Professional Activities and Memberships:

- Member of the American Institute of Certified Public Accountants and the Illinois CPA Society.
- Member of the Illinois Government Finance Officers Association (IGFOA), including service on the Technical Accounting Review Committee (TARC).
- Scott also serves as a member of the Special Review Committee for the GFOA Certificate of Achievement for Excellence in Financial Reporting Program.
- Relevant CPE courses in the past three years include ICPAS Government Conference, Governmental Audit Quality Center programs, IGFOA programs (Instructor), Wolf & Company internal training (Instructor), GFOA Annual GAAP Update and other programs.

Education:

Master of Business Administration in General Management, Dominican University

Bachelor of Science in Accounting, Dominican University

John F. Cutrera, CPA

Manager, Audit and Accounting Services

Professional Experience:

- Prior to joining Wolf & Company, worked for a major regional CPA firm. Has over ten years of experience in public accounting.
- Member of Wolf & Company's *Governmental Services Group*.
- Responsibilities include financial reporting and analysis, and planning and performing compliance audit procedures.
- Areas of expertise include accounting, auditing and consulting engagements with governmental and not-for-profit entities.
- Has participated in audit, review, and compilation engagements for a wide variety of clientele including governmental and not-for-profit entities. Also has experience working in agreed-upon procedures engagements.
- Relevant audit clients include DuPage County, Villages of River Forest, Bolingbrook, Willowbrook, and Bradley, and City of Park Ridge.

Professional Activities and Memberships:

- Member of the American Institute of Certified Public Accountants and the Illinois CPA Society.
- Member of the Illinois Government Finance Officers Association (IGFOA).
- Relevant CPE courses in the past three years include ICPAS Government Conference, GFOA Annual GAAP Update, ICPAS Government Report Review, Governmental Audit Quality Center Updates, Wolf & Company internal training (Instructor) and other similar programs.

Education:

Bachelor of Science in Accounting, University of Illinois, Champaign-Urbana

Cheri M. Graefen, CPA

Manager, Audit and Accounting Services

Professional Experience:

- Experienced in public accounting focusing on audits and reviews of annual financial statements for local government and not-for-profit clients.
- Areas of expertise include accounting, auditing, financial reporting and consulting for government and not-for-profit clients.
- Member of Wolf & Company's *Governmental Services Group*.
- Responsibilities include planning, review and completion of audit procedures, financial reporting and managing client communication.
- Has served clients in the local government, nonprofit, construction and manufacturing industries.
- Relevant audit clients include City of Hickory Hills, Villages of Berkeley and Burr Ridge, various Fire and Police Pension Funds, Homewood Flossmoor Park District, Central Lake County Joint Action Water Agency, and Illinois Sports Facilities Authority.

Professional Activities and Memberships:

- Member of the American Institute of Certified Public Accountants, and Illinois CPA Society.
- Member of the Illinois Government Finance Officers Association (IGFOA).
- Relevant CPE courses in the past three years include ICPAS Government Conference, GFOA Annual GAAP Update, Governmental Audit Quality Center programs, Wolf & Company internal training (Instructor) and other similar programs.

Education:

Bachelor of Business Administration in Accounting, Benedictine University

Kimberly J. Marshall, CPA

Manager, Audit and Accounting Services

Professional Experience:

- Joined Wolf & Company in 2012. Prior to joining Wolf & Company, worked for major regional CPA firm. Has over eleven years of accounting and auditing experience with governmental entities.
- Member of the firm's *Governmental Services Group*.
- Areas of expertise includes accounting, auditing, and consulting engagements with governmental entities, including community colleges, cities, villages, school districts, tollway authorities, and water commission districts. Also has experience with agreed-upon procedures.
- Relevant audits include DuPage County, City of Oakbrook Terrace, the Villages of Willowbrook and Palos Park and Benedictine University.
- For the type of entities listed above, Kimberly has planned and managed A-133 audits, including student financial aid, other department of education programs, social service programs and highway planning and construction grants.

Professional Activities and Memberships:

- Member of the American Institute of Certified Public Accountants, and Illinois CPA Society.
- Member of the Illinois Government Finance Officers Association (IGFOA).
- Relevant CPE courses in the past three years include ICPAS Government Conference, GFOA Annual GAAP Update, Governmental Audit Quality Center programs, Wolf & Company internal training (Instructor) and other similar programs.

Similar Engagements with Other Governmental Entities

We perform annual audits and financial consulting services for a substantial number of governmental entities. We believe that one of the most important and frequent questions directed to prospective auditing firms is... *Which local governmental units engage your services?* It is our viewpoint that our clients' opinions of our capabilities and performance provide the fairest evaluation of our firm.

We currently perform financial statement audits for approximately 60 governmental entities, 15 of which participate in the GFOA Certificate of Achievement Program.

Specific Audit Approach

Scope of the Engagement

We propose that Wolf & Company will perform an audit of the Village of Barrington Hills, Illinois in accordance with auditing standards generally accepted in the United States of America. The reporting entity will, as required by generally accepted accounting principles, include all funds of the Village of Barrington Hills. We would prepare and reproduce the following reports:

- Two copies of the Annual Financial Report and Municipal Annual Supplemental Report prepared for the Office of the State Comptroller.
- Ten copies of the Single Audit Report, if required.
- Ten copies of the Management Letter or Report on Internal Controls.

Our opinion will be expressed on the basic financial statements defined by the reporting model as promulgated by GASB Statement No. 34 and subsequent pronouncements. We will also provide an “in-relation-to” opinion on the non-major combining and individual fund statements and supplemental schedules included in the report.

We will not provide an opinion on Management’s Discussion and Analysis or Required Supplementary Information, but will provide the customary review of those documents. If our opinion on the basic financial statements is other than unqualified, we will meet to discuss those reasons before we issue the report.

We will prepare a Report on Internal Controls (or Management Letter) which will include our comments and recommendations on the policies, procedures and internal controls of the Village of Barrington Hills.

John DeLand, Partner, has been designated as team leader for this engagement and is authorized to make representations on behalf of Wolf & Company.

The Audit Process



Wolf & Company's approach to an audit is ever mindful of our professional responsibilities and that sufficient audit evidence has to be obtained before an opinion is rendered on any financial statements. We do recognize that our audits have to be accomplished efficiently and effectively especially since we realize that the cost of an audit should not exceed the benefits that can be derived. The primary benefit of an audit is that users of the financial statements are confident that the statements are fairly presented in accordance with generally accepted accounting principles for governmental entities.

A key element of our audit process is effective communication among audit team members, client staff, and representatives of the client governing body. In addition, we make a concerted effort to ensure that the impact of the auditing process on your organization is minimized. We will provide you with a comprehensive list of required audit information well in advance of our fieldwork so that you have ample time to prepare for the audit. We will also continually update this list during the audit to provide updated status.

Our audits are organized into three phases – planning, risk assessment, and internal control evaluation; fieldwork; and report preparation and review. On the following pages is a brief synopsis of each of these phases.

- Meet with Management and appropriate personnel to address questions or concerns regarding the audit and discuss changes in operations and accounting practices.
- Understand the entity's environment, including documenting internal controls.
- Risk assessment to determine anticipated reliance on internal controls and projected use of sampling methods, test of controls, and substantive tests.
- Establish audit timeline with management.
- Submit schedule of requested information.
- Determine proper staffing needs.
- Perform preliminary analytical review based on the most recent internal financial statements and obtain an understanding of significant variations from current year budgeted amounts and prior year actual results.

In the planning phase, significant emphasis is placed on obtaining an understanding of the entity and documenting its internal controls in order to assess audit risk. Our understanding of internal controls allows us to determine whether we can rely upon those controls to ensure that operations are conducted as authorized, transactions are recorded accurately, assets are properly safeguarded, and financial statements are free of material misstatement. This segment of the audit process includes obtaining and evaluating controls in each significant financial transaction class, such as payroll/HR, procurement and accounts payable, revenue/cash receipts, financial close and reporting, and other major processes. We will review documentation, complete checklists and interview personnel involved in processes.

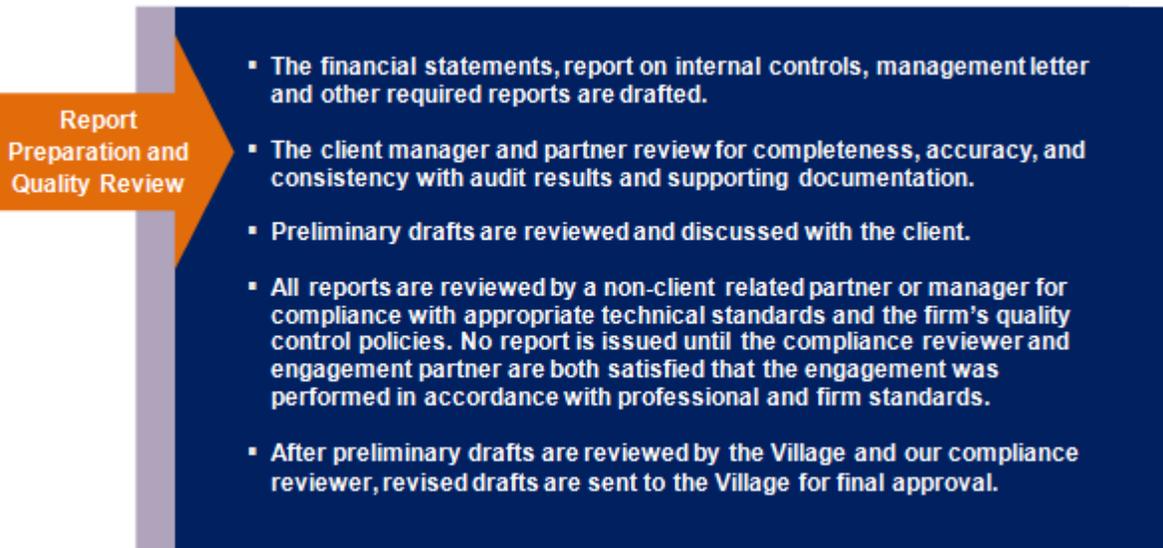
Based on our preliminary risk assessments, an audit work plan is developed and approved by the team partner.

Statement on Auditing Standards No. 99 – Consideration of Fraud in a Financial Statement Audit, expands the auditor's procedures to detect fraud and evaluate the auditee's efforts to prevent fraud. Our initial planning of the audit process will include procedures to identify and evaluate possible fraud risk factors. The standard requires expanded study, including additional inquiries of financial and non-financial personnel who may be in a position to affect financial controls and reporting.

Fieldwork

- Tests of internal controls are performed in selected areas to support our preliminary assessment of control risk.
- Substantive audit procedures are revised based on the results of our tests of internal controls.
- Detail audit testing and analytical procedures are performed and audit procedures and results are properly documented to provide assurance that financial statement assertions are adequately supported.
- Potential internal control related matters as well as management letter comments are noted.
- Audit evidence is reviewed by the engagement partner for accuracy, completeness, and proper documentation.

At the conclusion of audit fieldwork, the engagement partner and manager will meet with the Village of Barrington Hills' management to discuss the audit, including audit findings and potential internal control related matters and management letter comments.



Internal Control Reports and Management Letter Comments

Generally accepted auditing standards require that we communicate to those charged with governance any significant deficiencies or material weaknesses in internal control that we become aware of during the audit. It is also our practice to proactively seek to identify and communicate to client management areas where clients may be able to realize operating efficiencies or improve financial reporting even though these matters may not represent significant deficiencies in internal control.

During our audit engagement, we would be particularly sensitive to the opportunity to evaluate existing accounting and operational processes and identify and recommend possibilities for improvement. Of course, part of any discussion regarding potential changes to accounting and operational processes would include an evaluation of what the Village of Barrington Hills' experience has been with specific processes and the likely cost and benefits of changes to existing processes.

Key New Pronouncements

GASB Statement No. 67 – Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25 will require revisions to reporting of the Police and Firefighters Pension Funds. This statement will be effective with the Village of Barrington Hills' December 31, 2015 reporting.

GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 establishes new guidelines in recognizing and reporting pension liabilities. This statement will be effective with the Village of Barrington Hills' December 31, 2016 reporting.

Approach to Determining Applicable Laws and Regulations

Wolf has developed a checklist to use in the planning stage of each audit, which includes general legal requirements. We also review applicable local ordinances to identify pertinent information. This is updated regularly, and is discussed with management personnel to determine their understanding of additional requirements affecting financial reporting, etc.

Analytical Procedures

We will use comparisons of prior year information, and current year budgets, to actual results, and obtain explanations of significant variations from management. We will also perform predictive tests of certain accounts, such as investment returns to investment levels, numbers of licenses issued to revenue, headcounts to payroll costs, etc. These procedures are performed early in the engagement to assist in determining additional testing required.

Use of Software

We use a comprehensive audit software platform ProFx Engagement for all audit files and report preparation. This system provides linked trial balances, supporting work papers, and financial statements. We use PPC SMART Practice Aids to assist in evaluating clients' systems, control environment, and risk assessment. We also subscribe to online research tools to provide up-to-date guidance in technical audit and financial reporting issues.

Sample Sizes and Statistical Sampling

As allowed by auditing standards, we use sampling throughout the audit. Sample sizes are affected by audit risk, tolerable error rates and expected deviation rates. Therefore, we do not determine the sample sizes we would use in our testing, until completing preliminary risk assessment.

Identification of Anticipated Audit Issues

We recognize that the current economic environment has challenged local governments to work with limited resources, including staff changes. We would need to understand if these types of personnel situations might affect the Village of Barrington Hills internal controls and processes.

Implementation of GASB Statements No. 67 and No. 68 will require significant changes in Pension reporting. Final audit guidance relating to this new reporting has not been issued, but may require additional audit processes. Changes to audit fees resulting from this guidance will be discussed when applicable.

The Report on Internal Controls issued with the 2013 Annual Financial Report included comments regarding Internal Controls over Financial Reporting and Segregation of Duties in the Finance Department. These will be addressed in the Planning and Risk Assessment phase of our engagement.

Schedule of Events

The following is our planned schedule of events for the Village of Barrington Hills for the fiscal year ending December 31, 2014.

Event	2015	Person Assigned
Entrance conference with Village of Barrington Hills Management to discuss fieldwork and timetable, to complete internal control, risk assessment and planning preliminary checklists, supply list of required information.	January	Partner/Manager/Senior
Planning of engagement by Wolf & Company, including initial risk analysis and financial reporting issues and formats.	January	Partner/Manager/Senior
The Village of Barrington Hills closes and balances all accounts for all funds and prepares work papers, individual fund financials, schedules, etc.	Mid March	N/A
Begin fieldwork. Prepare audit work papers, tests, analyses, etc.	Late March	Manager/Senior/Staff
Completion of fieldwork – complete work papers, programs, etc. and hold exit conference with Village of Barrington Hills including approval of any audit adjusting entries.	Within two weeks of beginning fieldwork	Manager/Senior/Staff
Wolf prepares first draft of financial statements and disclosures and report on internal controls, as applicable. Submit to Village of Barrington Hills for review.	April 15	N/A
Village of Barrington Hills provides comments on review of AFR and prepares Management’s Discussion and Analysis.	April 30	Partner/Manager/Senior
Deliver final AFR and Report on Internal Controls, as applicable.	May 15	Partner/Manager
Submit Illinois Comptroller Annual Financial Report.	May 30	Manager
Presentation to Village Board of Trustees.	As requested	Partner

**ATTACHMENT A
VILLAGE OF BARRINGTON HILLS
REQUEST FOR PROPOSAL
AUDITING SERVICES**

Firm Submitting Proposal: Wolf & Company LLP

Fee Structure: AFR, Municipal Annual Supplemental Report, Management Letter, and Single Audit Report

2014 \$ 27,100

2015 \$ 28,000

2016 \$ 28,900

Optional Two Years:

Single Audit if required
\$3,000 per year for 2014-2016

2015 \$ _____ 2016 \$ _____

Optional Police Pension Fund:

2014 \$ N/A

Confirmation Letters \$ N/A



Signature of Authorized Representative

John C. DeLand
Name of Authorized Representative

Partner
Title

September 26, 2014
Date

**ATTACHMENT B
VILLAGE OF BARRINGTON HILLS
REQUEST FOR PROPOSAL AUDITING SERVICES
SCHEDULE OF COSTS**

Schedule of Hours by Level and Phase

Financial Audit	Risk Assessment & Planning	Fieldwork	Report & Review	Total
Partner	4	6	10	20
Manager	8	12	16	36
Senior	12	60	12	84
Staff	4	40	6	50
Administrative			8	8
Total Audit	28	118	52	198
Supplemental Report			6	6
Single Audit Report	2	14	6	22
Total Engagement	30	132	64	226

Rates for Additional Services

Level	Hours	Hourly Rate
Partner		\$200
Manager		\$160
Senior		\$135
Staff		\$95
Administrative		\$35
Total		



1707 N. Randall Rd., Suite 200 ■ Elgin, Illinois 60123
847.888.8600 Fax: 847.888.0635 ■ www.muellercpa.com

SYSTEM REVIEW REPORT

To the Partners
Wolf & Company LLP
and the Peer Review Committee of the Illinois CPA Society

We have reviewed the system of quality control for the accounting and auditing practice of Wolf & Company LLP (the firm) in effect for the year ended August 31, 2012. 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 a part of our peer review, we considered reviews by regulatory entities, 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 an engagement performed under the Government Auditing Standards and audits of an employee benefit plans.

In our opinion the system of quality control for the accounting and auditing practice of Wolf & Company LLP in effect for the year ended August 31, 2012, 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. Wolf & Company LLP has received a peer review rating of pass.

Mueller & Co., LLP

Elgin, Illinois
November 21, 2012

Certified Public Accountants ■ Business Advisors
Offices in Elgin, Oakbrook Terrace, and Chicago



PEER REVIEW PROGRAM

is proud to present this

Certificate of Recognition

to

WOLF AND COMPANY LLP

For having a system of quality control for its accounting and auditing practice in effect for the year ended August 31, 2012 that has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and that was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

A handwritten signature in black ink that reads "Tracey C. Golden". The signature is written in a cursive style and is positioned above a horizontal line.

Tracey C. Golden, Chair
AICPA Peer Review Board
2012