

**AGENDA
VILLAGE OF ROCKTON
BUDGET & FINANCE COMMITTEE
Rockton Village Hall
Tuesday, June 20, 2017
6:00 PM**

- I. 6:00pm - Review of Warrants**
- II. 6:30pm - Roll Call – Christina Stewart, Village Clerk**
- III. Approval of June 6, 2017 Budget & Finance Minutes**
- IV. Public Comment**
- V. Special Warrant Considerations**
- VI. Recommendation of Payment**
- VII. Mayor Adams**
- VIII. Committee Members**
 - A. Jaye Quimby, Treasurer**
 - B. John Peterson, Trustee/Chairman**
 - 1. Audit Company Proposal (Wipfli)**
 - C. Dave Winters, Trustee**
 - D. Scott Fridly, Trustee**
 - E. Corine Hughes, Village Collector**
- IX. Any Other Business Allowed by Law**
- X. Adjourn**

BUDGET & FINANCE COMMITTEE MINUTES

June 6, 2017

Chairman Peterson called the regular meeting of the Budget & Finance Committee to order at 6:30 pm.

Members present: Mayor Adams, Scott Fridly, Corine Hughes, John Peterson, Jaye Quimby and Dave Winters

Staff present: Dan Barber, Chief Dickson, Arianne Honkamp (6:42 pm) and Jodi May

Motion by Mr. Fridly, second by Mr. Winters, to waive the reading of and approve the minutes of May 16, 2017. All ayes. Motion approved 3-0.

PUBLIC COMMENT

None.

SPECIAL WARRANT CONSIDERATIONS

None.

RECOMMENDATION OF PAYMENT

Bills were reviewed and recommended for approval in the amount of \$166,257.00

MAYOR ADAMS

Mayor Adams stated that the budget was tweaked last night and this morning. The Committee reviewed the current numbers of the budget and everyone was good with it. Mayor Adams explained that the budget will be approved later in the evening and the appropriations ordinance will be approved at the Village Board meeting on June 20, 2017.

JAYE QUIMBY, TREASURER

Ms. Quimby stated that she doesn't have any cash for the general fund. Ms. Quimby advised that the Village received \$62,000 in property tax, but she used that to pay back the sewer fund. Ms. Quimby said that she expects to receive \$103,000 for income tax and another \$103,000 for sales tax, but is unsure when that will come. Ms. Quimby stated that she is \$110,000 short to cover the bills and payroll. Mr. Fridly stated that she will have to borrow the money from the sewer fund. Mr. Winters inquired when the Village will receive property tax money and Ms. Quimby advised that will come at the end of the month.

Ms. Quimby discussed going out for bid on the audit and that they sent information to five companies and only one company responded, which is the current company that the Village has been using. Ms. Hughes stated that she has a copy of the proposal if anyone would like to see it. Mr. Winters inquired if the Village needs to switch companies and Atty. Szeto stated that the Village should switch companies every three years as good practice. Ms. Quimby stated that the current company has been doing the audits for the Village for a while and the cost for three years would be \$12,250 for the first year, \$12,500 for the second year and \$12,750 for the third year. Mayor Adams stated that \$14,000 was budgeted for the audit for this year so he recommended giving Ms. Quimby an increase in her salary (\$1,750) since she hasn't received a pay increase for quite some time. Mayor Adams stated the change in the budget for the Treasurer expense would go from \$34,000 to \$35,750. The Committee was okay with this. Ms. Hughes inquired if the Committee would like to approve the audit company at the next meeting and they agreed to do so.

JOHN PETERSON, CHAIRMAN

None.

DAVE WINTERS, TRUSTEE

None.

SCOTT FRIDLIDY, TRUSTEE

Mr. Fridly discussed the water system maintenance fee with the Committee. Mr. Fridly stated that he would like to have the proposed fee start June 1, 2018. Mr. Fridly explained that the payments on the water loan won't start until 2019 when the full amount of the loan has been dispersed. Mr. Fridly added that he would like to change from quarterly billing to monthly billing once the new meters are installed and all of the bugs are worked out of the system. Mr. Peterson stated that this is too much of an increase for many people that are on a fixed income and that the fee will never go away. Mr. Fridly stated that once the 20-year loan is paid off then the fee can be removed with a sunset clause added. Mr. Fridly stated that the only way not to propose a water system maintenance fee is to not do anything to maintain the water system and let everything fall apart. Mr. Winters said that surrounding communities are a lot higher than the Village when it comes to water billing. Mr. Winters stated that the Village has kept the rates low for so long because they haven't maintained the system, therefore, the capital is low and there isn't enough funds to complete the necessary maintenance. Mr. Peterson said that this is too dramatic of a hit for people to take all at once. Mrs. May explained that the gradual increase was discussed in the Public Works Committee and that they didn't choose to do a gradual increase because they felt like residents would feel like they were perpetually getting hit with increases and that it would be easier to do a one-time increase. Mayor Adams said that he doesn't like this either, but the Village needs to approve this in order to obtain the water loan. Mr. Fridly stated that there is no other creative way to do this and when the money is borrowed it needs to get paid back and the EPA won't approve the loan without a funding source. Mr. Fridly advised the Committee that the water system maintenance fee will be presented later in the evening at the Village Board meeting.

VILLAGE COLLECTOR, CORINE HUGHES

None.

ANY OTHER BUSINESS ALLOWED BY LAW

None.

ADJOURN

Motion by Mr. Fridly, second by Mr. Winters, to adjourn at 7:00 pm.

Respectfully submitted,

Christina Stewart
Village Clerk



Wipfli LLP
4949 Harrison Ave Suite 300
Rockford IL 61108
Ph: 815.399.7700
Fx: 815.399.7644
www.wipfli.com

COVER LETTER AND LETTER OF TRANSMITTAL

June 5, 2017

Ms. Christina Stewart, Village Clerk
Village of Rockton
110 East Main Street
Rockton, Illinois 61072

Dear Ms. Stewart:

Wipfli LLP ("Wipfli") is pleased to present this proposal to provide audit services to Village of Rockton ("Village") and to continue a relationship with the Village that will contribute to the success and growth of your organization.

Our experience with our clients has proven that our approach leads to an efficient and effective delivery of professional services. However, we believe our relationship provides more than just audit and compliance services. We will take the initiative in understanding Village's operations and offer insight and advice on issues affecting governmental industries. We will provide feedback on the insights we gain through the audit process and information on relevant topics within the industry. We accomplish this through the exit conference at the conclusion of the audit, the annual conferences with the finance committee and the elected officials, the annual management letter, and other educational touch points through seminars, webinars, and phone calls throughout the year.

Our mission is to be your most trusted business advisor, and we believe we have a history of success with this type of relationship. We take pride in the fact that we have a valued relationship with our clients. Furthermore, we hope you take note that we do not bill for services related to ongoing communications throughout the year. We strive to keep our fees competitive while continuing to serve you at a high level.

We believe our relationship will be mutually beneficial, and it is our wish to continue to develop that relationship with you. Just a few of the benefits you will receive are:

- A firm that is large enough to have the resources to meet the ever-changing needs of your organization and assist you with the issues facing the governmental and nonprofit industries.
- Personnel dedicated to the government industry with the expertise that comes with serving these types of clients full-time.
- A firm that will be proactive in monitoring government and nonprofit industry developments, identifying key issues, and communicating those key items to you as they develop.
- A firm that has a proven history and established record of leadership within the nonprofit industry in the areas of education and attestation.

Key ways we will demonstrate our commitment to you include:

- Training our people and utilizing resources throughout our firm to offer the expertise and experience to meet the ongoing and special needs of the Village.

June 5, 2017

- Retaining our staff. Turnover in our government services area has been below industry averages. This allows us to provide you with experienced industry-knowledgeable professionals.
- Using a proven audit approach for planning and executing the engagement. Our approach ensures you a high-quality audit at reasonable fees and minimal disruption to your staff.
- Coordinating with your management team. This will avoid unnecessary disruption, eliminate duplication of work, and maximize the return from our combined efforts.
- Providing your staff and Board members with opportunities to attend training courses and receive literature specifically geared to the latest developments in the government industry.
- Staying in touch with you throughout the year in person, by phone calls, and by e-mail. This means your management team will always be kept informed of current developments, and last-minute surprises will be avoided.

The proposal has a quotation for professional accounting services for the years ending May 31, 2017, 2018 and 2019. Our fee estimate is based on our understanding of your current operations, our hourly rates for the various levels of personnel involved in the engagement, and the significant participation in the audit process by your staff. If there are changes in these assumptions, unexpected circumstances arise or there are changes in your operations, we will discuss revisions in the scope of the engagement and obtain your approval before proceeding. Any additional work outside of these estimates would be discussed with management before it is performed and billed.

We are committed to performing the work as outlined in our Approach to Engagement section and are also committed to meeting any and all the time commitments of this engagement. This proposal is a firm and irrevocable offer for ninety {90} days.

We appreciate the opportunity to serve the Village and look forward to our continued relationship with you. Please call myself at 815.399.5630 or e-mail mschueler@wipfli.com or Jerry Funk at 815.484.5675 or e-mail at jfunk@wipfli.com.

Sincerely,

Matt Schueler, CPA
Partner

Jerry Funk, CPA
Senior Manager



**Proposal to Provide Professional Services for
Village of Rockton
June 5, 2017**

**Matt Schueler, Partner
4949 Harrison Ave, Suite 300
Rockford, IL 61125
815-626-1277**

WIPFL^{LLP}
CPAs and Consultants

Table of Contents

Meeting Your Needs	1
Governmental Experience	5
Value-Added Services Beyond the Audit	9
Firm Qualifications and Structure	13
Engagement Team	16
Audit Approach to Engagement	19
Pricing Information	25

Appendixes

References	A
Peer Review Letter	B

Meeting Your Needs

Why Work With Wipfli?

At Wipfli LLP ("Wipfli") our primary objective is to help our clients achieve their organizational goals. This is achieved by providing customized solutions and working hands-on to understand our clients' needs, develop a plan for action or corrective action, and implement the solution.

Wipfli understands that audits of any kind can be stressful for you, your organization, and your employees. Our team is dedicated to the governmental industry full-time. Rest assured; we understand your industry, your organization, and your day-to-day practices. We pride ourselves on efficient and effective work during on-site visits, and it is our promise to treat you as any Wipfli team member. After all, our clients are our partners.

Our Experience

We know governments!

- Our Nonprofit and Government Practice (NGP) audits government and nonprofit organizations all over the country.
- We have experience with Village audits.
- We are a nationally recognized accounting firm.
- Wipfli's Illinois offices conduct over 200 government & nonprofit audits annually.
- We work with organizations with multiple entities.
- We offer a full range of services to both government & nonprofit organizations.
- We are dedicated to providing a quality product with outstanding client service.

Industry-Specific Firm Facts

Perform more than 700 nonprofit audits annually, over half of which are for federally funded nonprofit organizations.

Perform more than 400 governmental audits annually.

Work more than 2,000 man-hours each governmental client annually.

Audit experience in over 25 states.

Local, national & international experience in all 50 states.

Over the past 15 years, we have provided over 50,000 nonprofit and federally funded nonprofit staff and leaders a total of over 2,500 engagements.

35 years of experience working with nonprofit and federally funded organizations.

Our partners and over 26 professional staff dedicated to serving nonprofit and governmental clients.

For more information on Wipfli, please visit us at www.wipfli.com/ngp.

satisfied associates, we regularly monitor and work to improve the engagement level of all associates.

The Best of Both Worlds

Since 1930, Wipfli has been creating value and securing the future of our clients, their businesses, and the community at large. As we look to the future, we continue to strive to be the firm of choice, fueling the success of clients across multiple industries. With Wipfli, you gain the significant resources of a large accounting and consulting firm while enjoying the personal service of a small local firm.

Commitment to the Community

On our annual Community Day each September, we close all our offices allowing hundreds of associates and partners to volunteer in local communities. In 2015, this resulted in approximately 4,600 hours of service to 80 organizations across the Wipfli communities, thanks to Wipfli's commitment and support. We challenge other firms to follow our lead in the quest to make our communities a better place to live and work.

WIPFLI VOLUNTEER



"I am proud that Wipfli feels a sense of responsibility to the community that sustains our business," said Kate Atkins, Wipfli associate. "I enjoy the days we volunteer together, like Community Day, because we can accomplish so much working together for various nonprofit organizations."

Below is a collage of images of recent Community Day activities.





Quotes from the community . . .

"The volunteers were cheerful, bright additions to our day. They were wonderful help while working with other volunteers to sort and price the clothing!"

"We are very pleased with the Wipfli group. (They are) hard workers."

"With the facility working with over 60 children each day, there are so many tasks that we just don't have the time to do. The volunteers cleaned all the walls in the facility – wow, what a difference! We are very appreciative – the place looks great! Thank you so much!"

"Thank you so very much! Your team was BEYOND unbelievable!!! We estimated they completed at least six times the amount of work we thought they would. Their enthusiasm, hard work, fun attitude and plenty of smiles sure made my day. Thanks for picking us again this year - we really are lucky to have you as a partner!"

"What a beautiful job your team did for us! It's an incredible blessing when corporations like Wipfli invest in us like this. Your work on our behalf exemplifies Wipfli's commitment to the community and to nonprofits like Trinity Equestrian Center. Thanks you so much!"

"Our garden is a space for people with limited mobility to enjoy relaxing. Making it a nice space to visit is almost impossible without a volunteer group. So we'd like to thank the Wipfli team for being such hard workers!"

"Most groups come in here and cook. Wipfli helped do more than that and helped outside. Having a company like Wipfli come in was incredibly helpful."

"With the help of Wipfli's associates, we got a lot done in a short time. Having these volunteers gave us a huge jump start to our daily distribution. What we accomplished together was significant."

Governmental Experience

Wipfli is organized along specialized industry and business unit practices. Our practice group includes CPAs, dedicated information technology specialists, human resource specialists, tax experts, and other specialists. Our philosophy is to provide clients with quality, overall service tailored to meet their special needs. Our firm does not consider an audit engagement to consist of simply analyzing the records and submitting the report. We believe that identification and follow-up on problem areas, as well as maintaining a positive relationship with our clients, can be more important than the audit report itself. We believe that our continuing long-term relationships with organizations listed throughout this proposal are evidence of our service commitment.

Government Specialty

As a firm, Wipfli has been providing governmental audit services for over 50 years. That wealth of experience gives us the opportunity to provide a multitude of services to a variety of different governmental entities.

Wipfli's experience with state and local government assignments encompasses a variety of types of engagements such as financial and compliance audits, internal control studies, organizational studies, financial management training, and program eligibility audits. These assignments have presented us with the opportunity to encounter and learn a variety of state and local government accounting systems, which span the spectrum from manual accounting systems to the largest computerized systems.

We understand the appropriate General Accounting Office and other pronouncements regarding the audits of government grants and nonprofit organizations and related publications. In order to maintain our position as a leader in governmental programs, Wipfli is continuously committed to ongoing education for our staff so they can serve as both technical advisers and providers of quality services.

Our dedicated governmental staff must meet the continuing education requirements of the *Government Auditing Standards*. In addition, they are encouraged to gain a broad range of experience in various government entities. We believe this provides them with a better understanding of how governments work and how they are interrelated.

Wipfli is a member of the American Institute of Certified Public Accountants' (AICPA) Governmental Audit Quality Center (the "Center") for CPA firms. The Center is a national community of CPA firms that demonstrates a commitment to governmental audit quality and raises awareness of the importance of governmental audits.

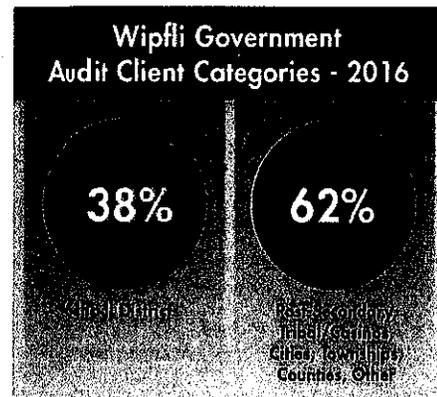
The Center provides members with best practices, guidelines, and tools CPAs need to perform quality governmental audits and better serve their clients.

Members of the Center demonstrate their commitment by voluntarily agreeing to adhere to the Center's membership requirements, including designing a partner responsible for its governmental audit practice, establishing quality control programs, performing annual internal inspection procedures, and making the firm's peer review report findings publicly available.

We also have had people involved with various state CPA societies' government-related committees. Service on those committees has included leading the committee, developing model financial statements, and being discussion leaders at state-sponsored seminars.

Prior Experience Auditing Government Entities

Our auditing experience related to governmental agencies ranges from school districts to municipalities. We have also performed other types of federal audits of a number of state agencies in Wisconsin and other states. We have also provided training sessions on the Comprehensive Employment and Training Act (CETA), Job Training Partnership Act (JTPA), and Workforce Investment Act (WIA), as well as other federal programs, to state agencies.



We also work with a large number of Housing and Urban Development (HUD) projects and private real estate partnerships with complex partner issues and reporting requirements. We are familiar with the reporting deadlines imposed by limited partners. We have consistently met deadlines for the entities above. Wipfli has worked with several limited partnerships including, among others, National Equity Fund, US Bancorp CDC, Enterprise Community Investment, Raymond James, and Great Lakes Capital Fund for Limited Partnerships, as well as local banks.

Our firm presently audits or recently has audited villages, park districts, conservation districts, counties, cities, school districts, technical colleges, Indian tribes, cooperative education service areas, and other government entities. We have also performed other types of federal audits of a number of state agencies in Illinois and other states. In Illinois, we have performed audits, pre-funding reviews, and other assignments. We have also provided training sessions to the state agencies in Minnesota, Wisconsin, Illinois, Indiana, and Kansas on specific compliance issues such as the Davis-Bacon requirements.

Some of our current government clients include:

Park and Conservation Districts

Illinois	Freeport Park District
	Boone County Conservation District
	Kendall County Forest Preserve
	Dixon Park District
	Flagg-Rochelle Community Park District
	Oregon Park District
	Sumner Park District

Colleges/Universities

Illinois	Blackhawk Technical College
	John Wood Community College
	Black Hawk College
	Highland Community College
	Carl Sandburg College
	Sauk Valley Community College

Counties

Illinois	Bureau County
	Knox County
	LaSalle County
	Stephenson County
	Warren County
	Carroll County
	Kendall County
	Adams County
	Whiteside County

Cities

Illinois	City of Byron
	City of Earlville
	City of Dixon
	City of Fulton
	City of Harvard
	City of Lanark
	City of Morrison
	City of Mount Carroll
	City of Oregon
	City of Peru
	City of Sterling
	City of Sycamore

Villages

Illinois	Village of Hanover
	Village of Capron
	Village of Cedarville
	Village of Davis Junction
	Village of Durand
	Village of Forreston
	Village of Franklin Grove
	Village of Hennepin
	Village of Kirkland
	Village of LaMoille
	Village of Leaf River
	Village of Leland
	Village of Malta
	Village of Monee
	Village of Mount Morris
	Village of Paw Paw
	Village of Rockton
Village of Steward	
Village of Tampico	
Village of Warren	

School Districts

Illinois	Rochelle Elementary School District
	Rochelle High School District
	Paw Paw School District
	East Moline Elementary School District
	Dixon Public School District
	Sterling Community Unit School District
	Ashton-Franklin Center School District
	Rock Falls Elementary School District
	Oregon Community Unit School District
	Dwight Elementary School District
	Dwight High School District
	Creston Community School District
	Dakota Community Unit School District
	Dimmick School District
	Forrestville Community Unit School District
	Freeport School District
	Lee County Special Education Association
	Meridian Community Unit School District
	Polo Community Unit School District
	Rockford Lutheran School District
Winnebago Community Unit School District	

Value-Added Services Beyond the Audit

Having a CPA who can be an advisor about your diverse needs is critical. Did you know Wipfli offers more than just financial services? Our audit clients have access to additional resources to help them achieve their organizational goals. These tools are invaluable assets, allowing for better workflow, regulation management, policies and procedures, and more. Below are listings of services that Wipfli provides to nonprofit and governmental clients all across the country.

Fiscal Consulting Services

With our comprehensive background in grant-funded nonprofits, along with our more than 85 years of audit experience, Wipfli is able to provide unparalleled financial consulting services. Wipfli provides fiscal consulting on:

- Software system implementation
- Policies and procedures manuals and processes
- Process improvement
- Cost allocation
- Indirect cost rates
- Evaluating financial condition
- Budgeting/agency-wide budgets
- Fiscal comprehension
- Procurement
- Monitoring

Information Technology Consulting Services

Wipfli approaches information technology from a different angle. First, we analyze your needs. Then, we use technology as a tool to address those needs for the long term. Our Information Technology Consulting Group specializes in planning, assessing, responding to and implementing services such as:

- Planning
- Assessing
- Responding
- Implementing

Operations Consulting: Process Improvement and Workflow Analysis

The interactions and connections between separate components of your operations impact the effectiveness of the whole organization. Wipfli can help close the gaps between where you are and where you want to be.

To help grow your organization and reduce costs, our operations consulting services are designed to:

- Help to understand how work gets completed currently
- Utilize industry best practices to advise on improvements
- Improve efficient use of people and money
- Redesign processes and workflows to support new technology
- Support mergers, acquisitions, and other growth strategies
- Collect data for decision making
- My Wipfli Membership Service:
 - Best-practice financial policy and procedures manual

Cybersecurity Services

Cyber threats are growing and your security efforts are a moving target—one that's getting easier to hit thanks to mobile devices, outsourcing, and cloud computing that come with new business risks. It's only a matter of time before thieves and hackers strike.

Ensure your security strategy and solutions are as fluid and agile as the evolving cyber landscape with expert assistance from Wipfli. Wipfli's comprehensive Cybersecurity Services help you proactively address mounting threats and effectively respond in the event of an incident.

Services include:

- Cybersecurity Assessments
- Penetration Testing
- Business Continuity and Disaster Recovery
- Incident Response and Digital Forensics
- Information Technology Audits
- Cybersecurity Training and Awareness

Register to access free tools and resources at www.wipfli.com/cybersecurity

Tax Consulting and Preparation

Wipfli helps organizations in training, consulting and tax preparatory services, including:

- Tax compliance
- IRS Form 990
- State and local tax

Human Resources

We help clients align their workforces with their goals, using our results-driven consulting process, tools, and programs with services such as:

- Strategic planning and visioning
- Organizational development

- Growth and change implementation
- Succession planning
- Professional coaching
- Employee handbooks
- Compensation design and benchmarking
- My Wipfli Membership Service:
 - Best-practice human resources policy and procedures manual

Retirement Plan Services

Wipfli assesses retirement plans to help reduce risk, comply with regulatory requirements and deliver more value to employees. In addition, we can serve as your plan administrator.

Sustainability Services

Sustainability is the balancing and continuous improvement of three elements: people, plant, and profit. Wipfli provides:

- Education on the value of sustainability
- Sustainability strategy
- Maximization of sustainable best practices

Training and Education

Wipfli prides itself on providing training and consulting services for government and nonprofit organizations. In fact, many other accounting and consulting firms send their associates to our seminars. In 2015, over 3,800 individuals attended Wipfli nonprofit and governmental training seminars and webinars.

Our 2015 annual conference had over 750 attendees and included over 70 different sessions, with more than half being new topics. More than 30 Wipfli professionals made presentations at our annual conference, which provides training in several core competencies. The topics presented include the following:

Competencies	2015 Seminar Topics
Financial/Accounting	Cost Allocation Best Practices, Financial Analysis, How to Hire an Auditor, 2 CFR Part 200, OMB's Uniform Guidance
Leadership	Board Governance, Creating a Strategy That Works, Rapid Improvement, Strategic Planning, Future Impact, Managing Like a Business
Human Resources	Compensation Plan: Design and Execution, Conducting a Human Resources Review, Creating an Effective Employee Handbook.
Technology	Social Network, Collaboration in the Cloud, AHA WIP Fund Accounting
Risk Management	Disaster Recovery Planning, Information Security, Security Awareness

Indirect Cost Consulting

Wipfli regularly conducts seminars that include sessions on indirect cost allocation. The sessions provide guidance on how to develop simple and straightforward cost allocations. We also frequently perform individualized consulting services on indirect costing.

Value-Added Services FOR YOU!

As a service to your organization, Wipfli would like to offer the additional tools and services below at no additional charge. We encourage clients to utilize these tools and services to the highest degree. Please consult with your Wipfli engagement partner for further details.

Added Value Product/Service for Nonprofit and Government Clients	Retail Value	Client Cost
Training:		
1 year (12) Webinars	\$400	\$0

Training:

Wipfli is a leader in providing training in the nonprofit and government industry. We believe in the method of making our clients self-sustaining, and the best way to do that is to provide the knowledge necessary to not only keep them in business, but allow them to thrive. Our trainings cover topics in regulations, accounting, audit, HR, IT, management, leadership, process, and much more. As an audit client, you will receive:

1. **Webinar Training:** Solve the training needs of your entire staff in the most efficient way possible. Watch the live event and earn CPE credits, or download the recording at a more convenient time. Wipfli has dozens of webinar topics available to meet your training needs.

Firm Qualifications and Structure

Firm experience: A national leader

For more than 85 years, government organizations throughout the United States have relied on the experienced professionals at Wipfli for advice. Wipfli is a multidiscipline, regional professional services firm.

We are the one of the largest accounting firms in the United States. At Wipfli, the Village will have access to the resources of a large regional firm and will receive the personal attention of a local firm.

Firm Facts

- Over 85 years of experience
- Over 1,200 Wipfli professionals
- Member of Alliant Global Alliance
- 37 offices in Wisconsin, Minnesota, Idaho, Illinois, Pennsylvania, Montana, Washington, and California

For more information on Wipfli, please visit us at www.wipfli.com/aggp

Our focus and dedication to industry segments provides our client's access to business experts in their industry. We offer training, webinars, products, services, and other proactive information that will help our clients shape their organizations, assist their communities, and stay in compliance.

Firm Structure

Wipfli LLP is a limited liability partnership, formed in 1930, with capital provided by the firm's 199 partners. The firm operates 37 offices in Wisconsin, Minnesota, Idaho, Illinois, Pennsylvania, Montana, Washington, and California. Its headquarters are located in Milwaukee, Wisconsin.

Results of Peer Review

The results of our peer review can be found in the attached supplemental document.

Minority-Owned Business

Wipfli does not qualify as a small business firm as defined by the Small Business Administration (13 CFR 121.201) because of having annual receipts for the last three fiscal years of more than \$6,000,000. Although 47 of Wipfli's 199 partners are women, we do not meet the definition of a minority or women business enterprise (51% ownership). We are above the AICPA's average for female/male partner ratios compared with other firms.

Independence

Wipfli is independent of the Village as defined by auditing standards generally accepted in the United States and the U.S. General Accounting Office's Government Auditing Standards. Our firm annually obtains certifications from the professional staff regarding independence concerns with any clients. Wipfli does not have any professional relationships involving the Village or any of its agencies or component units. If an independence issue would surface during the contract period, it will be promptly discussed with you.

License to Practice

Wipfli is a certified public accounting firm licensed to practice in the State of Illinois. Wipfli and key professional staff are properly licensed to practice in Illinois and have active licenses in good standing. Evidence of licensure is available upon request.

It is the policy of our firm that all professional personnel be familiar with and adhere to the independence, integrity, and objectivity rules, regulations, interpretations, and rulings of the AICPA, the Illinois Board of Accountancy, state statutes, and other regulatory agencies as applicable.

In order to maintain this level of quality and fulfill the trust our clients place in us, Wipfli provides ongoing training to all associates. This training is also provided to all new hires as they begin their service with the firm. Wipfli also conducts an independent, in-house inspection of a sample of assurance engagements for each partner to make sure that the firm's quality control standards are being met. In addition, we update our quality control document whenever new auditing requirements are enacted.

Wipfli utilizes three distinct levels of review on every engagement to ensure that different perspectives are considered and addressed. Resolution of any potential disputes regarding accounting, auditing, and financial reporting issues are ultimately resolved under the direction of the firm's partner of assurance services, who has the final approval on disposition of these issues. Engagement partners are not able to issue reports without the requisite levels of quality control review.

Quality Control and Assurance

Our professionals must meet rigorous standards. Only graduates with high academic achievement who exhibit qualities of leadership and exceptional communication skills are considered for employment at Wipfli. Wipfli is committed to training our professionals. To accomplish this, we maintain a continuing education program for our entire staff. We provide at least 120 hours or more of continuing professional education every three years to all our professional staff. Professionals who perform audits in accordance with Government Auditing Standards (Yellow Book) meet the annual education requirements in governmental continuing education. In addition, the firm complies with the Yellow Book independence standards as well. Our professionals regularly attend in-house education programs as well as programs conducted by the American Institute of Certified Public Accountants and a variety of professional organizations.

Because Wipfli LLP operates in a highly competitive environment, it is important to set and achieve the highest standards of quality. We believe this is good business. It helps ensure we have satisfied clients, and it gives us a positive basis for differentiating Wipfli from other firms. The effectiveness of our internal quality control program and procedures are independently evaluated every three years through our participation in the peer review program. Our firm has consistently received an unqualified opinion which means our system of quality control in the year of review met the objectives of quality control standards published by the AICPA and was being complied with. Our last quality control review was performed for the year ended June 30, 2016. A copy of our latest peer review report is included in the Appendix.

Our in-house inspection program covers all of our firm locations and our program encompasses all of the elements of quality control. In addition to our inspection program, our quality control review procedures provide for partner concurring reviews of selected engagements before

issuance of the financial statements, post-issuance of selected financial statements and obtaining independence statements from all of our personnel twice a year.

Mr. Dan Szidon is currently the quality control partner for our firm. It is his responsibility to administer our inspection program. Mr. Szidon has participated in the quality control peer review of another firm. Other partners in our firm have also participated in the peer review process of several other firms.

No disciplinary action has been taken against Wipfli LLP, or any member of our firm by the State Board of the AICPA or any other regulatory agency.

Conflict of Interest

We are not aware of any potential conflicts of interest.

Engagement Team

The Village is seeking a seasoned engagement team that will be proactive business advisors throughout the year. Your team has been selected based on each member's experience serving governmental entities.





Matthew J. Schueler, CPA, Partner

Matt Schueler is a partner in Wipfli LLP's nonprofit and government practice. His primary focus is on audit services working closely with members of management to improve their overall operations. Working closely with members of management to improve their overall operations, Matt provides value to his clients by ensuring that services are performed efficiently, effectively, and in a timely manner. Matt received his bachelor of science degree in accountancy from Northern Illinois University.

Governmental CPE includes:

- GFOA Governmental GAAP Update
- In-house Governmental Updates



Jerry Funk, CPA Senior Manager

Jerry has more than 25 years of auditing experience with governmental entities. His governmental audit experience includes various villages, school districts, cities, park districts, townships, and community colleges. Providing excellent client service and helping entities improve their processes is what Jerry takes pride in. Jerry graduated from Illinois Wesleyan University with a bachelor's degree in accounting. He is a Certified Public Accountant, a member of the AICPA, and a member of the Illinois CPA Society.



Brian Anderson, CPA Manager

Brian has worked with villages, school districts, townships, counties, cities, and other various governmental audits during his tenure with the firm. He started as an Intern and began working full-time as a Staff Accountant in June 2002.

Brian graduated from the University of Illinois with his Masters Degree in Accounting in May of 2002. Brian is a Certified Public Accountant and currently serves on the Illinois CPA Society's Government Report Review Task Force. Brian is a member of the AICPA and Illinois CPA Society.



Charlotte Severing, CPA Senior Accountant

Charlotte primarily works with audits in the governmental and non profit sector. She has more than two years of accounting experience primarily in government and non-profit industries. Charlotte graduated from Northern Illinois University with a Bachelor of Science degree in Accounting. She is based out of the Rockford office and has been with the firm since 2013.



George O. Persekian, Senior Government and Nonprofit Consultant

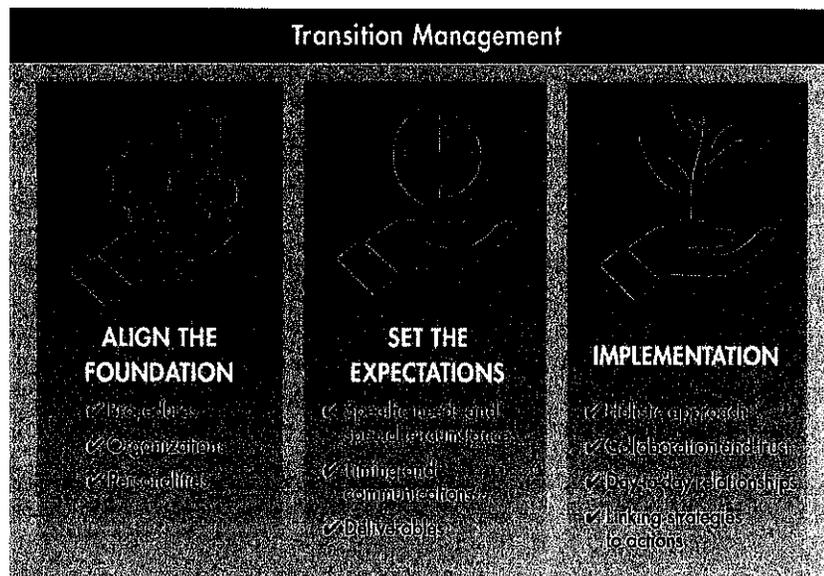
George Persekian is a senior consultant in Wipfli LLP's Nonprofit and Government Practice (NGP) and has over 10 years of experience in the industry as both an auditor and consultant. He enjoys working with clients to ensure they receive exceptional value for all services provided. George is always eager to help clients identify areas they can streamline for improvement to maximize their success. He is solutions-oriented and listens to clients to understand their whole organization, not just the financial side. George knows that for organizations to meet their mission, they need talented people, efficient processes, and exceptional technology. He works closely with the NGP consulting group to align client needs with value-added solutions.

Audit Approach to Engagement

Governmental entities are unique; therefore, no cookie-cutter audit would be appropriate for the results you expect. That's why Wipfli has developed state-of-the-art audit tools and methodologies that identify your risk areas and focus your audit accordingly. We further encourage our staff to exercise professional judgment so as to conduct an audit that's specific to your organization rather than simply completing an audit "checklist." Our staff is trained to develop practical suggestions for improvements or recommend alternatives where opportunities exist. This value-added advice is communicated formally in the management report.

Communication is an important factor when planning our audit engagement. Working closely together, we allocate sufficient meeting time with your management team to determine roles and discuss audit expectations. These meetings further help establish timelines, determine risk areas, and allow us to obtain a deeper understanding of your operations so that we may ensure an

effective, efficient audit. Throughout the process, we work closely with your staff, keeping them apprised of what actions are planned and why and discussing the timing of our work, as well as the roles your staff members play.



Maximizing efficiencies is another Wipfli audit objective. As such, we respect your valuable time and take measures to reduce the amount of time your organization spends producing information for audit procedures. We provide a detailed listing of the assistance we expect to prevent surprise requests and unnecessary demands of your staff. We use existing account reconciliations and analyses wherever possible, rather than duplicating work already performed at year-end closing. Likewise, we use electronic file downloads from your system and electronic workpapers when possible.

To further ensure efficiencies, it is important that your key financial management be available to answer questions and provide support during the engagement. This accessibility is critical to providing our services in the most cost-effective manner. At the conclusion of our audit, we will meet with your management team to communicate the audit results.

Going Beyond the Ordinary

We recognize that customer service is the key to our ongoing success and growth. Associates at every level of the firm are dedicated to delivering timely and high-quality service to help ensure that satisfaction. Effective communication and personal attention are critical. We constantly ensure that clients are, and remain, satisfied with the quality of service they receive. More specifically, our staff will meet with you to discuss specific expectations and any special considerations to ensure both parties are satisfied with the timing, communication, and deliverables. Wipfli's engagement partner will spend time with your management staff, confirming your needs are being met and providing advisement on areas where you may require additional assistance.

Wipfli devotes considerable time to monitoring developments in a variety of industries. We identify key issues for our clients and ensure they are aware of those issues and their impact. Our professionals are recognized for their expertise, speaking at regional and national conferences and publishing informative articles in a variety of publications.

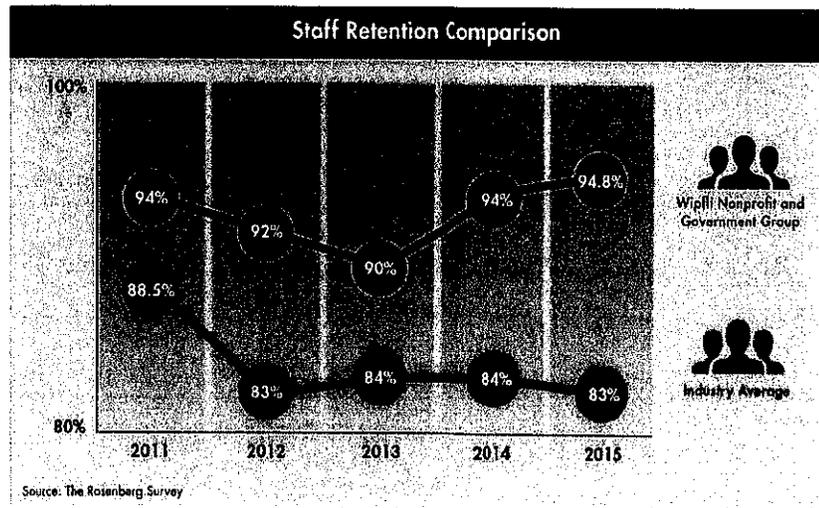
Key differentiators include:

- Integrating a holistic approach to service delivery.
- Creating a relationship with the client that is based on collaboration and trust.
- Committing to our clients, ensuring the day-to-day working relationship we maintain with our clients is as important as the result.
- Understanding how to drive ongoing performance by linking strategies to actions.

If any areas of dissatisfaction are found, we will do everything we can to work with you and find a solution to the issue. With extensive partner involvement, as partner, we will have the ability to fully discuss key issues that persist with on-site visits, in-person communication, and/or timely telephone conversations. Seldom do we have the problem of finding a mutually agreeable solution for our clients. The key is that Wipfli is made aware of any issue by the Village so that we can take the appropriate action.

Continuity of Your Service Team

Our goal is to provide continuity of staff on your service team. Our clients appreciate the experience and dedication of our people who work hard to build long-term relationships with them. Wipfli's professional staff retention rate for our 2015 fiscal year was 88%, which is above the industry average for a



CPA firm. Specifically, our nonprofit and governmental group had a staff retention rate of 94.8% for 2015, way ahead of industry averages. We owe our continuing high retention rate to a process of associate development and mentoring, unlike most of our peer firms.

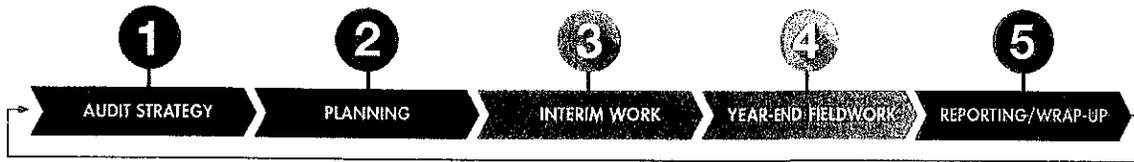
We strive to limit the rotation of personnel. As an important client of Wipfli, the Village will receive priority on the staffing of your engagement.

Our Understanding of Your Requirements and Expectations

In your request for proposal, you indicated the need for professional services in the following areas:

- Perform the audit of the financial statements for the year ended May 31, 2017, 2018 and 2019.
- Perform the audit in accordance with generally accepted auditing standards (GAAS).
- Provide reports in accordance with accounting principles generally accepted in the United States (GAAP).
- Provide an exit conference with management at the conclusion of fieldwork.
- Prepare and present to the Board of Trustees audited financial statements along with the management letter and required communications letter, if requested.
- Provide ongoing financial and compliance consulting.
- Prepare regulatory filings.

In order to meet your needs, Wipfli will utilize the five-step approach below.



Step 1: Audit Strategy

We will develop a comprehensive audit strategy for the Village. Our audit strategy will encompass the following:

Laws and regulations

Critical to any governmental audit and its applicable identifying laws and regulations is industry expertise. Wipfli's experience in your industry allows us the insight to understand the applicable laws and regulations and plan a thorough audit to address these efficiently.

Comprehensive understanding of the entity and its environment

Our knowledge of governments and federally funded programs gives us an excellent background to efficiently update our understanding after discussions with management. Our discussions will include areas of concern that management has as well as changes in operations and funding.

Assessment of risk of misstatement

We will review the nature of prior audit adjustments, management letter recommendations, and our initial assessment of the effectiveness of controls to assess financial statement and other risks.

Assessment of materiality

We assess planning and overall materiality based upon metrics such as assets, revenue, etc. This thoroughly tested methodology allows our audit team to maximize efficiency and audit detail.

Analytical procedures

Effective audit strategy includes carefully designed analytics performed at planning and final fieldwork. Our industry resources provide the audit team with a wealth of benchmarks and analytics to better identify issues that require further audit depth.

Step 2: Planning

During the preliminary phase of the audit, we will request a meeting with the management team to ensure we have a clear understanding of their preferred style of communication and their expectations of Wipfli as the Village's independent auditors.

The Wipfli audit team will also discuss with management recent activities that will impact financial accounting and reporting. We want to identify early any significant accounting issues and develop with management an approach to resolve them. We want to work closely with management to ensure the year-end financial close process proceeds smoothly and on time. During the planning phase, we will discuss the timing for the interim work, audit fieldwork, and the schedules, as well as the records to be provided by the Village staff. We will also perform initial risk assessments.

Step 3: Interim Work

Wipfli will perform certain procedures prior to year-end, We will perform our study and evaluation of significant financial systems and prepare risk assessments through inquiries of management, analytical procedures, observation, inspections, and walk-throughs.

Internal control understanding constitutes a major element in preliminary fieldwork. At Wipfli, we have a process in identifying key controls, comparing those to similar organizations and assessing the effectiveness of those controls. In addition, testing of those controls is done using a process to maximize coverage. At the conclusion of our interim work, we will design our more detailed audit plan based upon a thorough understanding those internal controls.

Step 4: Year-End Fieldwork

Year-end fieldwork will encompass numerous procedures including testing of account balances, review of minutes, grant analysis, and review of financial statement supporting documents. Certain audit procedures we perform each year will vary, and some will be unpredictable.

Step 5: Reporting and Wrap-Up

After the completion of fieldwork, we will conduct an exit conference with appropriate personnel to discuss all significant issues. We will submit a draft copy of the Village's financial reports to the Village Administrator. Bound copies of the final audit report and an electronic PDF copy of the report will be presented to the Village Board at a meeting, if requested.

Workpapers

Upon request, Wipfli will provide a copy of the workpapers pertaining to any questioned costs determined in the audit. The workpapers must be concise and provide the basis for the questioned costs as well as an analysis of the problem. The workpapers will be retained for at least three years from the end of the audit period. The workpapers will be available for examination by authorized representatives of the cognizant federal or state audit agency, the GAO, and the Village.

Use of Technology

We make significant use of technology as part of our audit process. We prefer workpapers in an electronic format whenever possible.

We use IDEA software to analyze, manipulate, sample, and extract data files from almost any source, including reports printed to a file. We intend to use IDEA software to pull statistical

samples to test account transactions. We also use CaseWare as our audit file management system.

Audit Problems

Because of our approach using high-level associates such as partners and senior managers, we can identify issues on a more timely basis to alert your management team and effectively resolve and/or remediate the issue. This is a process that has proven to be very successful in almost every audit.

Pricing Information

While the process of conducting an audit can be very similar from accounting firm to accounting firm, the Wipfli difference includes the value you receive from our audit process. Our audit services approach is designed to deliver timely, cost-effective, high-quality professional services. It centers around service excellence, communication, and our continuing quest to be on the leading edge of industry changes. Right from the start of the audit engagement, you can expect Wipfli to understand your industry and provide expert assistance. Our well-planned approach ensures an efficient and effective audit experience.

Fees

Professional Services	2017	2018	2019
Annual Audit of the Village	\$12,250	\$12,500	\$12,750

Billing Rates

Personnel	Standard billing rates for the last three years
Partner	\$225 - \$400
Manager	150 - 300
Senior	105 - 225
Staff	75 - 175

Assumptions

The quote above is based on the following assumptions:

- Village staff will be cooperative participants in the process and will effectively communicate with the auditors.
- Village staff will perform a comprehensive financial close process, and there will be minimal adjusting journal entries.
- Requested information will be provided on a timely basis.
- There will be no significant changes in the operation of the Village. There will be no significant new accounting or audit requirement that will impact the Village.
- The Village will assist in the preparation, communication, and resolution of confirmation exceptions.

Out-of-Pocket Expenses

The cost of bound reports is included in expenses.

Cost Overruns

We work closely with management to contain the cost of professional services. We do this by:

- Making recommendations to improve efficiency and controls.
- Obtaining a comprehensive understanding of your year-end closing process. This avoids misunderstandings and inefficiencies for both you and our personnel.
- Preparing a comprehensive listing of client-prepared workpapers.
- Using technology efficiently in workpaper preparation and audit testing.

We will work with Village staff to agree on required schedules, informational needs, and due dates. It is also understood that any fee adjustments required if assumptions are not met will be discussed and agreed to by the Village and Wipfli before additional work is performed.

Going Forward

The information contained in this proposal document is for discussion purposes only and does not constitute a binding contract between you or your organization and Wipfli LLP. If the above services and information are acceptable and you wish to proceed, we will prepare a formal engagement letter for you to sign, which will address the specific scope, responsibilities, and criteria relative to our engagement. The engagement letter will constitute the entirety of the terms and conditions of our arrangement with you.

References

The following are some current governmental references for similar scope engagements. If the Village would like additional names and numbers of current clients, we can provide that information upon request.

City of Oregon

Engagement Partner: Matt Schueler

Scope: GASB 34

Date: April 30, 2016

Contact: Charlene Ruthe

Phone: 815.732.6321

City of Sterling

Engagement Partner: Matt Schueler

Scope: GASB 34/pension reports

Date: April 30, 2016

Contact: Cindy Van Holten

Phone: 815.632.6621

Village of Davis Junction

Engagement Partner: Matt Schueler

Scope: GASB 34/TIF reports

Date: April 30, 2016

Contact: Brenda Ognibene

Phone: 815.772.7657

City of Byron

Engagement Partner: Matt Schueler

Scope: GASB 34/TIF reports

Date: April 30, 2016

Contact: Kim Gouker

Phone: 815.234.2762

City of Mt. Carroll

Engagement Partner: Matt Schueler

Scope: GASB 34/TIF reports

Date: April 30, 2016

Contact: Julie Cuckler

Phone: 815.244.4424

Peer Review Letter



System Review Report

To the Partners of Wipfli LLP
and the National Peer Review Committee of the AICPA

We have reviewed the system of quality control for the accounting and auditing practice of Wipfli LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory 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 upon our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Wipfli LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2016, 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*. Wipfli LLP has received a peer review rating of *pass*.

Weaver and Tidwell, LLP

WEAVER AND TIDWELL, L.L.P.
Dallas, Texas
September 23, 2016