

**WAUKEGAN**  
**PORT DISTRICT**  
**AIRPORT . MARINA . PORT**

**REQUEST FOR PROPOSALS**

**Professional Auditing Services**

**For The Fiscal Year Ending December 31, 2020  
(With Potential Extensions for Fiscal Years 2021 and 2022)**

**PROPOSALS MUST BE RECEIVED BY**

**1:00 p.m. on Monday, December 21, 2020**

**Waukegan Port District  
55 S. Harbor Place  
Waukegan IL 60085**

**WAUKEGAN PORT DISTRICT  
REQUEST FOR PROPOSALS**

**I. INFORMATION FOR BIDDERS**

A. General Information

The Waukegan Port District (“District”) is soliciting the services of qualified firms of certified public accountants to perform auditing services as described in the Scope of Services attached to this RFP as Exhibit A (“Services”).

B. Term of Engagement

The District anticipates awarding an annual contract for the Services for the 2020 Fiscal Year, with the option for the District to renew the contract for up to two additional one-year renewal terms for FY2021 and FY2022. Factors the District will consider in evaluating potential renewal terms include, without limitation, performance review, the satisfactory negotiation of renewal terms (including a price acceptable to both the District and the selected firm), and the approval of the District’s Board of Directors.

C. Subcontracting

No subcontracting of any Services will be permitted.

D. No Proposal Reimbursement

The District will not be responsible to pay or otherwise reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

E. Additional Information.

The District reserves the right to make clarifications, corrections, or changes in this Request for Proposals at any time prior to the time proposals are opened. All bidders or prospective bidders will be informed of said clarifications, corrections, or changes. At the discretion of the District, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

F. Exhibits

This RFP incorporates the attached Exhibits A through C.

G. Agreement Format

Upon direction by the District’s Board, the District’s counsel will prepare an agreement for execution by the successful bidder that will govern the provision of the Services.

**II. RFP TIME REQUIREMENTS**

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

- Request for proposal issued.....December 1, 2020
- RFP Notice Published in Paper & Website.....December 1, 2020
- Due date for proposals.....December 21, 2020 at 1:00 p.m.
- Board Committee review of proposals ..... December 22, 2020 – January 6, 2020
- Board of Directors identification of successful bidder, if any.....January 16, 2020
- Anticipated Board Action on Award and Agreement.....January 16, 2021

B. Notification and Contract Dates

Selected firm notified after official Board of Directors action.

C. Commencement of Services

The District anticipates having all records ready for review in performing the Services no later than the first Monday of February (except when the first Monday is February 1) and all District management personnel will be made available to meet with the auditor’s personnel in any of the following four weeks.

**III. PROPOSAL REQUIREMENTS**

A. Your proposal must be prepared simply and economically in accordance with the format and instructional requirements of this RFP. Your proposal should provide a concise delineation of your organization's capabilities to provide the Services and satisfy the requirements of this RFP, with emphasis on completeness and clarity of content. Elaborate bindings, displays, and promotional materials are neither required nor desired. All organizations are required to present proposals using the same headings and categories as outlined in this RFP. The District reserves the right to reject any or all proposals that fail to conform to the RFP requirements and to request additional information from any firm submitting a proposal.

B. Questions and Inquiries

Questions and inquiries concerning this RFP and the subject of the Request for Proposals must be made to:

Phil Cook, Manager of Finance and Operations  
Marina Division, Founders 3  
(414) 249-2126  
[pcook@f3marina.com](mailto:pcook@f3marina.com)

with copies to:

Mary McCarthy, Staff Accountant  
Waukegan Port District  
55 S. Harbor Place  
Waukegan, IL 60085  
(847) 244-3133  
[mmccarthy@waukeganport.com](mailto:mmccarthy@waukeganport.com)

and

Mary Louise Schram  
Governmental Affairs & Board Liaison  
Waukegan Port District  
2601 Plane Rest Drive  
Waukegan, IL 60087  
(224) 637-3403  
[mlschram@waukeganport.com](mailto:mlschram@waukeganport.com)

### C. Submission of Proposals

Proposals must include the following information for a proposing firm to be considered:

1. Title Page  
Identify this RFP by name, i.e. “Waukegan Port District – Response to Request for Proposals – Professional Auditing Services”
2. Table of Contents  
Clearly identify the material by section and page number.
3. Letter of Transmittal (limited to three pages)  
Briefly outline and summarize the key elements of the proposal as to experience, qualifications, references, technical expertise, audit standards, understanding of the Services to be performed, timing, and fee.
4. Profile of the Proposer
  - a. Describe the types of services provided.
  - b. State the location of the office and the total number of Partners and professional staff from that office.
  - c. Identify the Partners, Managers/Supervisors or In-Charge Accountants who will perform the audit. Include resumes for each person listed detailing educational background, years of experience and client names for audits similar to the proposed examination.
  - d. Describe firm audit experience in providing services relevant to the Services required pursuant to this RFP. (Multi-office firms should discuss experience for only the office of the firm from which the personnel will be assigned.) Provide client names, contact persons and telephone numbers of all Port district / applicable local government audit clients who have been served in the last two years – at least five references shall be provided. Also provide a recent Annual Financial Report prepared by your firm.

- e. Discuss governmental industry experience in terms of years of service, training, organizational involvement, etc.
- f. Generally describe the firm's expertise in municipal auditing, consulting, budgeting and financing.

5. Audit Process

- a. Describe your approach in performing the Services.
- b. Detail (in percentage) the amount of time required by specific personnel in providing the Services, identified by the following categories:

|                                 | <b>Percent</b> |
|---------------------------------|----------------|
| Partner/Manager                 |                |
| In-Charge Accountants (Seniors) |                |
| Staff Accountants (Junior)      |                |
|                                 |                |
|                                 | <b>100%</b>    |

6. Fees and Billings

- a. Provide a maximum "not-to-exceed" fee proposal providing the complete cost for performance of the Services using the Audit Proposal Form attached as Exhibit B.

List, by Partner and staff level, hourly billing rates to be charged should the District request additional work beyond the Services

**IV. SUBMISSION OF PROPOSALS**

A. All proposals should be addressed to:

Mary Louise Schram  
 Governmental Affairs & Board Liaison  
 Waukegan Port District  
 2601 Plane Rest Drive  
 Waukegan, IL 60087

Office (224) 637-3403  
 Mobile (847) 921-7450  
[mlschram@waukeganport.com](mailto:mlschram@waukeganport.com)

You must submit six (6) hard copies of your proposal, one of which must be unbound to facilitate copying, marked "FY2020 AUDIT RFP". Place your Audit proposal Fee Forms in a separate sealed envelope and clearly mark it as "Fee Proposal" You must also submit one electronic copy of your proposal, not including the Fee Proposal, via electronic mail to Mary Louise Schram at [mlschram@waukeganport.com](mailto:mlschram@waukeganport.com).

- B. Proposals are due no later than 1:00 p.m. on Monday, December 21, 2020. Proposals received after 1:00 p.m. on December 21, 2020 will be returned unopened.**
- C. No proposal shall be withdrawn for a period of 60 days after the opening of any proposal.
- D. Proposals that are not submitted in accordance with this RFP may be rejected. If not rejected, the District may demand correction of any deficiency and accept the deficiently prepared proposal upon compliance with this RFP.

## **V. EVALUATION OF PROPOSALS**

- A. Proposals will be evaluated based on which proposer best meets the District's requirements. Proposals submitted are offers only and the decision to accept or reject is a function of quality, reliability, capability, reputation, and expertise of the bidders.
- B. Oral Interviews
  - The District reserves the right to interview proposing firms, if the District deems necessary.
- C. The District's Board of Directors will consider final acceptance of the proposal under the Board Finance Committee's recommendation.
- D. The District reserves the right to accept the proposal that is, in its judgment, the best and most favorable to the interests of the District and to the public; to reject the low price proposal; to accept any item of any proposal; to reject any and all proposals; and to waive irregularities and informalities in any proposal submitted or in the request for proposal process; provided, however, the waiver of any prior defect or informality shall not be considered a waiver of any future or similar defect or informality. Proposers should not rely upon, or anticipate, such waivers in submitting their proposal.

**EXHIBIT A  
WAUKEGAN PORT DISTRICT  
SCOPE OF SERVICES**

**I. SERVICES REQUIRED**

A. The proposer will provide professional auditing services as described in this Exhibit A (collectively the “Services”):

1. The District desires the auditor to express an opinion on the fair presentation of the financial position of the governmental activities and business type activities in conformity with accounting principles generally accepted in the United States of America. The District also desires the auditor to express an opinion on the fair presentation of the financial position of the Harbor and Airport independent operations.

The auditor will issue an "in relation to" opinion on the District's combining and individual fund statements and schedules.

The auditor will also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

It is the intent to have the auditor prepare, edit, and produce all sections of the Comprehensive Annual Financial Report (CAFR) of the District. This includes preparation of the statistical section as currently provided in the FY2019 District CAFR. The District will provide information specific to facility and full-time staff locations of F3 personnel assigned to the District.

2. Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue the following reports:

A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles and CAFR preparation. Auditor shall provide a completed INITIAL DRAFT to the District no later than the first Monday in April for each year of the agreement, giving the District time to review and prepare the Management Discussion & Analysis and Transmittal Letter and return to the audit firm.

The auditor shall provide a completed FINAL DRAFT to the District no later than the first Monday in June for each year of the agreement.

A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles and CAFR preparation. The auditor shall provide a PDF version of the report to the District no later than the first Tuesday in June for each year of the agreement.

The auditor will complete and transmit the Annual Financial Report utilizing the Comptroller Connect for the State of Illinois. The auditor will provide ten (10) bound paper copies and one PDF of the report as submitted to the State of Illinois and of the successful transmission of the report to the District.

3. In addition to reports above:

The auditor shall communicate in a letter to the District's Board of Directors any reportable conditions found during the audit. A reportable condition shall be defined as a significant

deficiency in the internal control structure, which could adversely affect the organization's ability to record, process, and report financial data consistent with the assertions of management in the financial statements. The Auditor shall identify reportable District conditions that are also material weaknesses shall be identified as such in the report.

Auditor shall be required to make an immediate written report of all irregularities and illegal acts they become aware of and present it to the Board.

Auditors shall inform the District Board of each of the following:

- A. The Auditors' responsibility under generally accepted auditing standards.
  - B. Significant accounting policies.
  - C. Management judgments and accounting estimates.
  - D. Significant audit adjustments.
  - E. Other information in documents containing audited financial statements.
  - F. Disagreements with management.
  - G. Management consultation with other accountants.
  - H. Major issues discussed with management prior to retention.
  - I. Difficulties encountered in performing the audit.
4. Annually, the auditor will submit a CAFR to the Government Finance Officers Association (GFOA) for review in its Certificate of Achievement for Excellence in Financial Reporting. In accordance with this award program, the Auditor shall assure that the District's CAFR conforms to the provisions of the programs and prepare the response to comments made by the award program on the preceding year's CAFR as reported by the program. All appropriate and reasonable changes that are required by the prior year's comments are to be incorporated into the current year's report.
5. Working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the District of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the District. The firm shall respond to the reasonable inquires of successor auditors and allow successor auditors to review working papers from prior years' audits.

In addition, the firm shall participate in the DRAFT overview and presentation of the audit to the Board to support management with the information required from questions of the Board regarding the audit at the Board meeting on the third Wednesday in May.

#### Annual Audit Timeline

- Audit fieldwork - Any of the weeks after the first Monday in February (except when the first Monday is February 1) for a period of four weeks.
- Initial audit draft to the District by the first Monday in April (*Initial audit draft will need to be provided to the District in time for District to review initial draft during an interactive meeting between the auditor and the District's Finance Committee, and prepare the Transmittal Letter and MD & A and return to auditor by the third Friday in May after Board presentation and comment.*)

- Auditor representative presentation - Board meeting the third Wednesday of May to review initial audit.
- Final audit draft to the District by the first Monday in June (*Final audit and responses to the Transmittal Letter and MD & A will need to be provided to the District in PDF format for inclusion in the Board packet in time for the June Board Meeting*)
- Auditor representative presentation- Board meeting the third Wednesday of June to review final audit and findings.
- Final printed District CAFRs to District by the fourth Wednesday in June for distribution to the Board and Founders 3 Management. Ten (10) printed and bound copies and 1 PDF copy as submitted to the State will be provided.
- The auditor will submit to the State of Illinois no later than June 30 annually.

The Audit Timeline Acknowledgement Form attached as Exhibit C to the RFP should be signed and returned with the proposal.

The final audit must be completed and a report received by the District no later than the first Monday in June of each year, unless the District has caused the audit period to be longer. Failure to deliver a final report on time may result in reducing the term of the engagement.

In the event that the auditor identifies any circumstances that may cause a delay in meeting any deadline, the auditor is responsible to promptly inform the District sufficiently in advance of the deadline to allow the District to take any steps necessary to facilitate compliance with the deadline.

## **II. DESCRIPTION OF THE WAUKEGAN PORT DISTRICT**

### **A. Background Information**

Formed in 1955 pursuant to the Waukegan Port District Act, 70 ILCS 1865/1 *et seq.*, the Waukegan Port District governs the Waukegan National Airport, the Waukegan Commercial Port, and the Waukegan Marina. The District has limited bonding authority within its boundary, which is generally the City of Waukegan. Since 1955, the District has been self-sufficient because user fees pay for its operating costs and capital improvements supplemented by Federal grants. The District has never levied a tax upon its district residents or businesses but does hold two Bonds, a Series 2015 and Series 2019 ARS Bonds. District Board Members are volunteers and not paid.

### **B. Pension Plans**

The District has no Pension Plan and no employees. The District has a management contract with Founder's 3 Real Estate, 252 E. Highland Ave., Milwaukee, WI, 53202 ("F3"). All employees who perform work on behalf of the District are employees of F3.

### **C. Joint Ventures**

The District does not have any joint ventures with other governments.

### **D. Unemployment**

The District does not have employees and has no obligation to provide unemployment insurance. F3 is responsible for compliance with the Illinois Unemployment Insurance Act.

E. Accounting Software

The District’s accounting software is QuickBooks (Harbor) and Yardi (Airport). The HR and timekeeping software used is Orbit.

F. Funds to be Audited

The District uses the following fund types in its financial reporting:

| Fund Type              | Number of Individual Funds | Number with Legally Adopted Annual Budgets |
|------------------------|----------------------------|--------------------------------------------|
| General Fund           | 1                          | 1                                          |
| Special Revenue Funds  | 0                          | 0                                          |
| Debt Service Funds     | 2                          | 2                                          |
| Capital Projects Funds | 0                          | 0                                          |
|                        |                            |                                            |
|                        |                            |                                            |

G. The District’s Finance Department is directed by Phil Cook, Manager of Finance and Operations for F3, and consists of 1 full time and 1 part time F3 employee. The principal functions performed, and the number of F3 employees assigned to each is as follows:

| Function                                                                                                                                                                                            | Number of F3 Employees |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Manager of Finance and Operations                                                                                                                                                                   | 1                      |
| Staff Accountant (Harbor and Airport)– Responsible for: Cash Receipts and related software (QuickBooks, Scribble), Accounts Payable/Receivable, Banking & Reconciliation, Monthly Financial Reports | 1                      |
| Administrative Director (Airport only) – Responsible for Accounts Payable/Receivable,                                                                                                               | 1                      |
| Information Technology – Third Party Contract                                                                                                                                                       | 0                      |
| Human Resource & Payroll Coordinator – provided through F3 Contract                                                                                                                                 | 0                      |
| Accounts Payable/Receivable Account Assistant (Part-time, Harbor)                                                                                                                                   | 1                      |

H. Federal and State Grants

The District has at times received grants for various projects.

Airport

At this time, the District has the following TIPS schedule with associated FAA grants. Airport Lighting (2021) and Master Drainage Study (2021)

Harbor

No pending grants at this time

I. Availability of Prior Audit Reports

Interested audit firms who wish to review various prior years' audit reports and management letters should contact Mary Louise Schram at [mlschram@waukeganport.com](mailto:mlschram@waukeganport.com) or at (224) 637-3403. The District will provide the FY2018 and FY2019 audit reports to proposers to aid in their response to this Request for Proposal. Additional CAFR years are available upon request.

**III. AUDITOR ASSISTANCE AND REPORT PREPARATION**

The District will make all records and management personnel available to meet with the firm's personnel any time after the award of contract. The District expects to have fully adjusted trial balances available no later than February 5th of each year. It is also expected that the auditor will be available during the year to provide informal advice and general discussion regarding local government finance.

Assistance to be provided to the auditor:

Finance Department staff and responsible management personnel will be available to assist the auditor in performing the Services by providing information, documentation, and explanations of the accounting controls and reporting structure. The preparation and mailing of the confirmation letters shall be the responsibility of the auditing firm.

The District will have personnel available to provide system documentation and explanations to assist the Auditor in performing the Services.

The District will provide the Auditor with reasonable temporary workspace at its facilities on an as-needed basis. The auditor will also be provided with Wi-Fi and photocopying capabilities when performing the Services at District facilities.

**EXHIBIT B  
WAUKEGAN PORT DISTRICT  
AUDIT PROPOSAL FEE FORM**

**"WAUKEGAN PORT DISTRICT"**

Maximum charge for provision of all Services, including, without limitation, examination and reporting of the District's Financial Statements (including Management Letter and Illinois Comptroller's Report) and CAFR preparation, is not to exceed the following amounts for the term of the Agreement (FY2020) and any renewal terms (FY2021 and FY2022):

|               | <u>Audit Fees</u> | <u>Renewal Terms (if any)</u> |
|---------------|-------------------|-------------------------------|
| <b>FY2020</b> | \$<br>_____       | _____                         |
| <b>FY2021</b> | \$<br>_____       | _____                         |
| <b>FY2022</b> | \$<br>_____       | _____                         |

The above Audit Fees represent the annual maximum "not to exceed" fee for provision of the Services during an initial term (FY2020) and two potential renewal terms (FY2021 and FY2022). These fees must include all costs and expenses related to the provision of the Services described in Exhibit A.

**EXHIBIT C**  
**Services Timeline Acknowledgement Form**

Proposer acknowledges and understands the District's timeline requirements described in the Request For Proposal for performance of the Services and acknowledges requesting and receiving any additional clarification from the District, if needed.

Proposer acknowledges and agrees that the following Services must be performed pursuant to the following timelines:

Annual Audit Timeline

- Audit fieldwork - Any of the weeks after the first Monday in February (except when the first Monday is February 1) for a period of four weeks.
- Initial audit draft to the District by the first Monday in April (*Initial audit draft will need to be provided to the District in time for District to review initial draft during an interactive meeting between the auditor and the District's Finance Committee, and prepare the Transmittal Letter and MD & A and return to auditor by the third Friday in May after Board presentation and comment.*)
- Auditor representative presentation- Board meeting the third Wednesday of May to review initial audit.
- Final audit draft to the District- By the first Monday in June (*Final audit and responses to the Transmittal Letter and MD & A will need to be provided to the District in PDF format for inclusion in the Board packet in time for the June Board Meeting*)
- Auditor representative presentation- Board meeting the third Wednesday of June to present final audit and findings.
- Final printed District CAFRs to District- fourth Wednesday in June for distribution to the Board and Founders 3 Management. Ten (10) printed and bound copies and 1 PDF copy as submitted to the State will be provided.
- The auditor will submit to the State of IL Comptroller's Office (GATA) and CAFR with County Clerk's Office no later than June 30 annually.

\_\_\_\_\_  
Proposer's Representative Name

\_\_\_\_\_  
Proposer's Representative Signature

\_\_\_\_\_  
Date: