



DATE: June 6, 2022
MEMO TO: Julie Simpson, Chair
Finance Committee
FROM: Steve Neaman
Director of Finance

Agenda Item# 10.3

RECOMMENDATION: Recommend approval of a Resolution approving a one-year extension of the auditing services contract with Baker Tilly Virchow Krause, LLP for the District and Preservation Foundation for the FY2022 audit for the amount of \$64,410.00.

STRATEGIC DIRECTION SUPPORTED: Organizational Sustainability

FINANCIAL DATA: The FY2022 audit expense will be part of the FY2023 budget in the audit fund. The budget request will be for \$47,610.00 for the District and \$16,800.00 for the Foundation and budgeted in account 22104000-701000 Audit Fees in the Audit Fund.

BACKGROUND: Baker Tilly Virchow Krause, LLP was under contract to perform auditing services for the District and the Foundation for the fiscal years 2017 – 2021. There are several reasons for the request to extend the contract. The first is the implementation requirement of GASB 87 Lease Accounting for fiscal year 2022. GASB 87 will fundamentally change the way the District accounts for its leases and licenses. These will include both equipment that is leased by the District, such as District golf carts, and revenue-generating leases and licenses, such as those for farm land, horse stables, and concessions. As the lessee, the new guidelines will require the District to set up lease liabilities and intangible assets using net present value calculations and amortize the assets over the life of the lease. As the lessor/licensor, the District must calculate lease/license receivables and deferred inflows of resources and account for them over the term of the lease/license. The setup and process changes for this implementation will be very time consuming and must be completed this year. Staff has begun working on this process. Being with an audit firm that is familiar with the District and its leases and licenses will make the transition easier and help prevent any errors in the implementation.

Additionally, this past October the District's Finance Manager retired. The Finance Manager handled several key areas of the audit work, including fixed asset reporting which is similar in many ways to the new reporting requirements of GASB 87. The Finance Manager was also instrumental in preparing the annual budget and the budget process for 2023 is just getting underway. The Finance Manager position was reclassified to an Accountant but remains unfilled. While existing staff has stepped in to pick up the additional audit work and will do so with the budget, it is very time consuming to get familiar with the details of this work.

Whenever there is a change in audit firms, the first year of the contract requires a large amount of staff time to get the new firm familiar with District procedures and processes. This adds quite a lot of additional work for the Finance staff. Because the Finance department needs to implement GASB 87 and is short one staff member, we recommend contracting with Baker Tilly Virchow Krause, LLP for an

additional year to perform the FY2022 audit. We will then go out for an RFP for FY2023 through FY2028 next year.

Baker Tilly Virchow Krause, LLP has submitted a proposal for the FY2022 audit which is attached. The fee for the District audit will be \$47,610 and the fee for the Foundation will be \$16,800. This compares to \$44,495.00 for the District and \$15,760.00 for the Foundation for the FY2021 audit.

REVIEW BY OTHERS: Chief Operations Officer and Corporate Counsel

STATE OF ILLINOIS)
) SS
COUNTY OF LAKE)

**BOARD OF COMMISSIONERS
LAKE COUNTY FOREST PRESERVE DISTRICT
REGULAR JUNE MEETING
JUNE 14, 2022**

MISTER PRESIDENT AND MEMBERS OF THE BOARD OF COMMISSIONERS:

Your **FINANCE COMMITTEE** presents herewith "A Resolution Approving a One-Year Contract Extension with Baker Tilly Virchow Krause, LLP for Auditing Services for Fiscal Year 2022" and requests its approval.

FINANCE COMMITTEE:

Date: 6-6-2022 Roll Call Vote: Ayes: ___ Nays: ___
 Voice Vote Majority Ayes; Nays: 0

**LAKE COUNTY FOREST PRESERVE DISTRICT
LAKE COUNTY, ILLINOIS**

**A RESOLUTION APPROVING A ONE-YEAR CONTRACT EXTENSION TO
BAKER TILLY VIRCHOW KRAUSE, LLP FOR AUDITING SERVICES
FOR FISCAL YEAR 2022**

WHEREAS, on June 28, 2017, the Lake County Forest Preserve District (the "District") approved a five-year contract with Baker Tilly Virchow Krause, LLP for auditing services for the District and the Preservation Foundation of the Lake County Forest Preserves (the "Foundation") for fiscal years 2017 through 2021 (the "Original Contract"); and

WHEREAS, the District desires to purchase auditing services for fiscal year 2022, including without limitation auditing service so that the District is compliant with GASB 87 (the "Services") for the District and for the Foundation; and

WHEREAS, the Director of Finance and the Purchasing Manager have determined that the Services require personal confidence; and

WHEREAS, it is in the District's best interest to amend the Original Contract by extending its term one additional year; and

WHEREAS, the Purchasing Manager has solicited a proposal from Baker Tilly Virchow Krause, LLP for the Services, which is attached to this Resolution (the "Proposal"); and

WHEREAS, the Purchasing Manager, the Director of Finance, and the Finance Committee have reviewed the proposal and recommend that the Board of Commissioners (i) find that the Proposal is the proposal that is most advantageous to the District; and (ii) approve an amendment to the Original Contract, pursuant to which Baker Tilly Virchow Krause, LLP would provide the Services (the "Contract Amendment") for the amount of \$64,410.00 (the "Additional Contract Price"); and

WHEREAS, the Board of Commissioner hereby finds that the Proposal for the Services submitted by Baker Tilly Virchow Krause, LLP is the proposal that is most advantageous to the District;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Lake County Forest Preserve District, Lake County, Illinois, THAT:

Section 1: Recitals. The recitals set forth above are incorporated as part of this Resolution by this reference.

Section 2: Negotiation of Contract Amendment. The Executive Director (or his designee) is hereby authorized and directed to negotiate the Contract Amendment with Baker Tilly Virchow Krause, LLP provided that (i) the Contract Amendment shall obligate Baker Tilly Virchow Krause, LLP to provide the Services in the same manner as provided in the Original Contract and (ii) the fees paid by the District pursuant to the Contract Amendment shall not exceed the Additional Contract Price.

Section 3: Execution of Contract. After the Contract Amendment is negotiated in accordance with Section 2, the Executive Director of the District is hereby authorized and directed to execute the Contract Amendment for the Services in the amount of the Additional Contract Price. The Contract Amendment is (i) germane to the Original Contract as signed and (ii) is in the best interests of the District.

Section 4: Placement in Contract File. This Resolution and the executed Contract Amendment shall be preserved in the permanent District file for the Original Contract. This Resolution shall constitute the written determination required by Section 33E-9 of the Illinois Criminal Code, 720 ILCS 5/33E-9.

Section 5: Payments. The Treasurer shall make payments under the Contract Amendment only pursuant to and in accordance with the Contract Amendment terms.

Section 6: Effective Date. This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

PASSED this _____ day of _____, 2022.

AYES:

NAYS:

APPROVED this _____ day of _____, 2022.

Angelo D. Kyle, President
Lake County Forest Preserve District

ATTEST:

Julie Gragnani, Board Secretary
Lake County Forest Preserve District

Exhibit No. _____



Baker Tilly US, LLP
1301 W 22nd St, Ste 400
Oak Brook, IL 60523-3389

T: +1 (630) 990 3131
F: +1 (630) 990 0039

bakertilly.com

May 17, 2022

Mr. Stephen Neaman
Lake County Forest Preserves
1899 West Winchester Road
Libertyville, Illinois 60048

Dear Mr. Neaman:

At your request I have included fees for fiscal year 2022 below. The fees only include an inflationary increase over the fiscal year 2021 fees. We have enjoyed working with the Forest Preserve and look forward to continuing our working relationship with an extension of our existing audit contract.

Forest Preserve ACFR audit – \$43,995
Single Audit, if needed - \$3,615
Foundation audit – \$13,250
Foundation tax work - \$3,550

The single audit fee assumes one major program and any additional fees related to GASB 87, *Leases*, will be separate. It is difficult to provide a fee quote on GASB 87 as this point as every client is in a different situation on leases.

Please let me know if you have any questions.

Sincerely,

BAKER TILLY US, LLP

A handwritten signature in black ink that reads "Jason Coyle".

Jason Coyle, CPA, Partner