



PROFESSIONAL AUDIT SERVICES

FOR THE FISCAL YEARS ENDING
DECEMBER 31, 2018, 2019 & 2020 WITH
TWO OPTIONAL YEARS 2021 & 2022

VILLAGE OF OAK PARK

Submitted by **BKD, LLP**
1901 South Meyers Road // Suite 500
Oakbrook Terrace, IL 60181
Scott C. Termine, CPA // Partner
Phone: 630.282.9500
June 29, 2018

BKD^{LLP}
CPAs & Advisors

June 29, 2018

Mr. Steven Drazner
Chief Financial Officer
Village of Oak Park
123 Madison Street
Oak Park, IL 60302

DEAR MR. DRAZNER:

The public sector accounting environment is continually shifting, and with the Governmental Accounting Standards Board (GASB) expecting to release multiple new pronouncements in 2018 and beyond, your evaluation of CPA and advisory firms comes at a pivotal time. The next auditor for the Village of Oak Park (the Village) should possess significant experience serving the governmental sector, which includes helping similar entities interpret and apply new accounting rules. An open and proactive service approach—beginning in the initial transition and continuing during the audit and throughout the year—is another pertinent consideration, as continued communication goes hand in hand with a smooth change to a new firm and an efficient audit process. Perhaps most important, though, is familiarity with the specific nuances of public engagements as they relate to Illinois municipalities. As the firm of choice for municipalities nationwide, the Village can find the right blend of expertise and resources in **BKD, LLP**.

We believe BKD National Public Sector Group is the right choice to perform this engagement our extensive experience serving governmental clients in Illinois and across the country allows us to understand the specific issues the Village faces. We are actively involved with national and state associations, including the American Institute of CPAs Governmental Audit Quality Center, Government Finance Officers Association (GFOA), National League of Cities and Association of Government Accountants. In addition, several of our professionals serve on the Special Review Committee for the GFOA, which affords them specific knowledge of the governmental accounting and reporting standards affecting you. Through this hands-on industry involvement, the Village can be confident we are well equipped to serve you. We can leverage our industry experience to share best practices and provide practical solutions to help the Village with financial strategies, legislative changes, compliance responsibilities and risk management duties.

We understand the Village is seeking information and a fee quote for a Financial Statement Audit in accordance with *Government Auditing Standards* for the Village and the Oak Park Public Library and, if needed, a Compliance Audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) for the Village, for the years ending December 31, 2018, 2019 and 2020, with options for 2021 and 2022. We are committed to completing work according to agreed-upon time periods. This proposal is a firm and irrevocable offer for at least 90 days after the deadline of June 29, 2018.

We believe our proposal will help you select our firm for timely, efficient and objective services delivered by experienced professionals. We will call you soon to answer questions you may have about this proposal, or you may reach us at 630.282.9500 or by email as provided below.

Sincerely,



Scott C. Termine, CPA
Partner
stermine@bkd.com



John F. Cutrera, CPA
Director
jcutrera@bkd.com

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EXECUTIVE SUMMARY

For your convenience, we have structured our proposal according to the requirements in your Request for Proposal (RFP). We believe our proposal will demonstrate **BKD, LLP**'s qualifications to serve the Village of Oak Park (the Village).

B. FIRM PROFILE

Project Manager: Clearly identify the professional staff person(s) who would be the project manager for the services to be provided. The proposal should indicate the abilities, qualifications and experience of all persons who would be assigned to provide the required services.

The most critical factor in providing high-quality service is choosing your engagement team. We take team selection seriously and have the appropriate team of advisors to meet your needs.

ENGAGEMENT TEAM ORGANIZATIONAL CHART



ENGAGEMENT TEAM EXPERIENCE



Scott C. Termine, CPA
Partner

Scott has 23 years of public accounting experience, providing accounting, audit and consulting services to governmental and not-for-profit entities. This includes state agencies, municipalities, counties, park districts, transit agencies and other units of local government. As part of these engagements, he has assisted in preparing numerous comprehensive annual financial reports (CAFR).

He has managed audits of federal funds received from numerous agencies. He also has experience providing agreed-upon procedures relating to various areas, including internal control design for governmental agencies. In addition to providing audit and attest services to a variety of governmental entities, Scott also has worked with his clients on projects involving internal control documentation and review, cost allocation, chart of accounts redesign and accounting department restructuring/outourcing.

Scott is a member of the American Institute of CPAs and Illinois CPA Society (ICPAS). He also is a member of the Illinois Government Finance Officers Association (IGFOA) and serves on their Technical Accounting Review Committee (TARC). In addition, he is a member of the Special Review Committee (SRC) for the GFOA Certificate of Achievement for Excellence in Financial Reporting program.

He also is a frequent presenter at association conferences and seminars, as well as to boards. He serves as a trustee for Joliet Montessori School and is the treasurer/chair of the finance committee.

Scott is a graduate of University of Illinois at Chicago, with a B.S. degree in accounting.



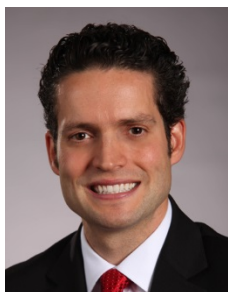
Dennis W. Yockey, CPA
Director, Retired Partner

Dennis has more than 30 years of experience in public accounting. Now a retired partner, he serves as a member of the quality control group for BKD's National Office. He has extensive experience auditing governmental, not-for-profit, casino and other for-profit organizations, and his specialty areas include airports, utilities, parking systems, wastewater systems and other enterprises. He also has consulted with clients on derivatives, bond refundings and complex revenue recognition transactions.

He has written articles published in **Business Planning and Management Accounting** and was awarded Certificate of Merit by Institute of Management Accountants (IMA) for his manuscript on forensic accounting. He has conducted a variety of seminars for firm and industry audiences.

Dennis has served on the board as treasurer of The Greater Colorado Springs Area Chamber of Commerce and is a member of the American Institute of CPAs, Colorado Society of CPAs (CSCPA) and IMA. He has served on the CSCPA Governmental Accounting Committee.

He is a graduate of The University of Kansas, Lawrence, with a B.S. degree in business and accounting.



John F. Cutrera, CPA
Director

John has more than 14 years of public accounting experience with governmental and not-for-profit entities, providing audit and consulting services such as financial statement audits and reviews. He has worked with a variety of entities, including counties, municipalities, villages, school districts, universities, water commission districts, foundations, food banks and social services organizations.

He has helped plan and manage Single Audits for various engagements, including housing, social services programs and highway planning and construction grants for governmental clients as well as agreed-upon procedures.

John is a member of the American Institute of CPAs, Illinois CPA Society (ICPAS) and Illinois Government Finance Officers Association (IGFOA). He serves on the ICPAS Governmental Report Review Committee. In addition, he is a member of the Special Review Committee (SRC) for the GFOA Certificate of Achievement for Excellence in Financial Reporting program.

He has presented a variety of topics for internal trainings and IGFOA.

John is a 2004 graduate of Dominican University, River Forest, Illinois, with a B.S. degree in accounting, and a 2009 graduate with an M.B.A. degree in general management.



Marvin G. Salaysay, CPA, CIA®
Senior Manager

Marvin has more than 10 years of public accounting experience with governmental, not-for-profit and private entities, providing audit and consulting services, such as financial statement audits and financial statement reviews. He has worked with a variety of entities, including state agencies, municipalities, colleges, foundations, not-for-profit organizations, associations, labor unions and pension and benefit plans.

He has helped plan, manage and execute Single Audits for various engagements, including United States Agency for International Development grants and social services programs for not-for-profit and governmental clients, as well as agreed-upon procedures.

Marvin is a 2003 graduate of Philippine School of Business Administration, Manila, with a B.S. degree in accounting and a 2006 graduate with an M.B.A. degree in general business management.



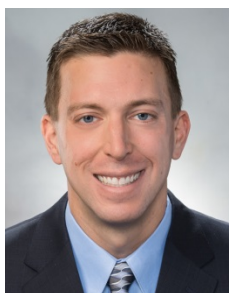
Britney L. Smart, CPA
Senior Associate

Britney has approximately three years of audit and accounting experience. She provides audit services for governmental and not-for-profit entities.

She is a member of the American Institute of CPAs and Illinois CPA Society.

Britney is a graduate of Northern Illinois University, DeKalb, with a B.S. degree in accounting.

ADDITIONAL RESOURCES



H. Bryan Callahan, CPA, CFF, CFE, CVA
Partner

Bryan is a member of BKD's Forensics & Valuation Services (FVS) division and leads BKD's Big Data & Analytics practice. He focuses on providing litigation consulting, fraud investigation and forensic accounting services and has extensive experience in litigation support and forensic services, including calculations of breach of contract damages, lost business value, intellectual property claims, securities litigation, shareholder disputes, post-acquisition disputes, construction claims, lost future earnings, misappropriation of assets, fidelity bond claims and fraudulent financial reporting.

He has performed litigation and investigation services for companies in a variety of industries, including multiple Fortune 500 companies. He has testified as an expert witness both in court and through depositions. Bryan has also served as a neutral party in numerous post-acquisition, business valuation, and business interruption disputes.

Bryan has experience with data analysis software for forensic data mining and continuous auditing. He also works with counsel on e-discovery and computer forensic engagements using a wide array of forensic imaging and analysis tools.

Prior to joining BKD, he worked in corporate forecasting, planning and analysis for a \$370 million private equity-owned biotechnology company, where he led the companywide annual operating plan, forecasting and reporting processes. He also was responsible for external and board financial materials, decision support and competitive analysis. Before that, he worked as an auditor at an international accounting firm.

In addition to being a CPA, Bryan holds the Certified in Financial Forensics (CFF) certification from the American Institute of CPAs (AICPA) and is a Certified Valuation Analyst (CVA) and Certified Fraud Examiner (CFE). He participates in more than 60 hours of continuing education each year and has attended numerous valuation, litigation services, damages and fraud courses offered by AICPA and Association of Certified Fraud Examiners.

Bryan is a *summa cum laude* graduate of Valparaiso University, Indiana, with a B.S. degree in accounting and management.



Stuart Berman, CFE, CAMS
Director

Stuart is a member of BKD's Forensics & Valuation Services (FVS) division and leads that practice in the Chicago office. He joins BKD from a long and successful career in federal law enforcement. As a special agent with the U.S. General Services Administration (GSA), Office of Inspector General (OIG) in Chicago, he planned, organized and conducted complex white-collar investigations concerning GSA contracts, personnel, contractors and contractor employees. These investigations involved a wide variety of fraud allegations, including bribery, kickbacks, inferior quality-product substitution, cost mischarging, anti-trust violations, credit card fraud, diversion of property and money laundering.

In 2008, he became the special agent in charge of the GSA OIG. In this position of increased responsibility, he supervised the regional criminal, civil and administrative investigative programs, which encompassed six states and twelve judicial districts. In addition to managing business operations and program functions, he provided technical advice, counsel and support to secondary management teams and support units. He retired from this position in April 2018.

Stuart began his career as a securities enforcement auditor with the Illinois Securities Department. As an auditor, he specialized in detecting promissory note Ponzi schemes and worked on several multimillion dollar cases.

He is a Certified Fraud Examiner (CFE) and Certified Anti-Money Laundering Specialist (CAMS).

Stuart is a *summa cum laude* graduate of DePaul University, Chicago, Illinois, where he earned a B.S. degree in liberal arts and sciences.



Jan S. Hertzberg, CIPT, CISA
Director

Jan has more than 30 years of experience in providing IT audit, risk, cybersecurity and privacy compliance services. This includes extensive experience in identifying and managing IT internal control risks and recommending solutions that apply cybersecurity and privacy frameworks, including COBIT, NIST, GAPP, ISO and AICPA Trust Principles, to implement leading practices and help clients meet compliance requirements.

Prior to joining BKD, he held positions with Fortune 100 companies and, most recently, led the cybersecurity/privacy practice for an international public accounting firm, providing services to clients that included national and international companies in the health care, financial services, professional services, not-for-profit, higher education, retail and manufacturing industries.

Jan is a frequent speaker and moderator on cybersecurity and privacy compliance topics and has written and lectured extensively on board-level awareness of cybersecurity risks and approaches to avoid, accept, mitigate and transfer them. He also serves as an adjunct professor of IT audit/cybersecurity at DePaul University.

He holds Certified Information Systems Auditor (CISA) and Certified Information Privacy Technologies (CIPT) credentials and is a member of The Institute of Internal Auditors, ISACA®, International Association of Privacy Professionals and Partners of the Americas Illinois-San Paulo Chapter.

Jan is a graduate of Northern Illinois University, DeKalb, with a B.A. degree in history, an M.A. degree in Latin American history and an M.S. degree in computer science.



Adam C. Rouse, CFE, CCA, CCP
Managing Consultant

Adam is a member of BKD Risk Advisory Services, where he focuses his efforts on providing construction internal audit services across a wide variety of industries. Adam works across various divisions within the firm and provides cohesive solutions for his clients to help them make informed financial decisions. Adam has worked on projects in excess of \$7 billion and has uncovered millions of dollars during the course of his construction internal audits.

Adam is a member of the Association of Certified Fraud Examiners (ACFE), National Association of Construction Auditors (NACA), The Institute of Internal Auditors (IIA), Association of Government Accountants (AGA) and Construction Financial Management Association (CFMA).

He is a Certified Fraud Examiner (CFE), Certified Construction Auditor (CCA) and Construction Control Professional (CCP). In addition, Adam is a board member with the National Association of Construction Auditors where he is responsible for reviewing professional guidance.

Adam is a 2010 graduate of Fontbonne University, St. Louis, Missouri, with a B.S. degree in business administration and a concentration in accounting.

Qualifications and Experience of Each Individual and/or Team: All responding firms shall describe other contracts under which services similar in scope, size or discipline to the required audit services were performed or undertaken within the past three (3) years.

BKD NATIONAL PUBLIC SECTOR GROUP

Approximately 500 governmental entities nationwide, including approximately 130 municipalities, depend on BKD as their CPA and advisory firm of choice. With dedicated advisors in BKD National Public Sector Group, we have the experience and commitment you require as you look for help identifying effective strategies to deliver services and meet fiduciary and regulatory requirements.

GOVERNMENTAL AUDIT ENGAGEMENT EXAMPLES

- ▶ A municipality faced significant personnel issues and no longer had the capacity to prepare its comprehensive annual financial report (CAFR). It selected BKD National Public Sector Group to help draft the CAFR. As a result, the municipality met its original deadline of presenting the CAFR to the city council.
- ▶ A midsize municipality that recently had hired a new director of finance wanted to issue its CAFR within six months of the year-end, which had not been accomplished for several years. The municipality selected BKD National Public Sector Group (because of our expertise, local presence and commitment to providing unmatched client service) to issue the financial statements within their desired timeline. Despite the client having several accounting issues and BKD having been engaged relatively close to the client's deadline, we met the deadline and management received accolades from the city council. During the audit, BKD also identified several internal control issues and corresponding ideas for improvement.
- ▶ A small municipality that had been underserved wanted a fresh start from a CPA and advisory firm with governmental industry expertise and hired BKD National Public Sector Group. Although the first year of the engagement included restatements, audit adjustments, weaknesses in internal controls and other accounting issues for the city, the client was pleased with BKD's level of attention and our willingness to help city staff understand the audit process, while delivering the audited financial statements on schedule. The city was able to strengthen controls during the audit because of BKD's proactive and frequent communication.
- ▶ A midsize governmental pension plan had not been audited in several years and the board of directors wanted a fresh look to help identify whether the proper internal controls were in place and provide confidence to the plan sponsor, since the pension plan was a component unit of the plan sponsor. The plan selected BKD National Public Sector Group because of our expertise, local presence and commitment to providing unmatched client service. We met the deadline and management received positive feedback from the board of directors and plan sponsor. During the audit, BKD also identified several internal control issues and corresponding ideas for improvement.

experience
clarity

"We have a policy that requires us to rotate independent auditors, so we put out an RFQ for our annual audit and ended up choosing BKD amongst five firms due to their cost and qualifications. Switching service providers can be a challenge because it creates a learning curve with our staff, however BKD made things easier with their proactive planning and spending extra time with our team. The interaction between our team and BKD was professional and easy. It was almost as if we worked on the same team. The audit service they provided was very helpful and we are going to implement their suggestions on how to improve our information reporting. BKD made the transition from the predecessor a very smooth process."

**Glenn Windsor, CPA,
CFE, CGFO**
Finance Director
City of Tomball, Texas

REPRESENTATIVE CLIENTS

BKD is proud to work with governmental clients in Illinois, including:

Bensenville Fire Protection District
 Bloom Township
 Brookfield-North Riverside Water Commission
 Chicago Heights Park District
 City of Hickory Hills, IL
 City of Highwood, IL
 City of Oakbrook Terrace, IL*
 City of Park Ridge, IL*
 Decatur Public Schools
 DuPage Mayors and Managers Conference
 DuPage Township
 Forest Preserve District of DuPage County*
 Glenside Public Library District
 Homewood-Flossmoor Park District*
 Illinois Gaming Board
 Illinois Park and Recreation Association
 Indian Trails Public Library District
 Metropolitan Mayors Caucus
 Morton College
 Mount Zion School District

Oakbrook Terrace, City Police Pension Fund
 State Universities Retirement System of the State of Illinois
 Teachers Retirement System of Illinois
 University of Illinois Chicago Dept of Athletics
 Village of Berkeley, IL*
 Village of Bloomingdale, IL*
 Village of Bolingbrook, IL
 Village of Bradley, IL
 Village of Burr Ridge, IL*
 Village of Chicago Ridge, IL
 Village of Downers Grove, IL*
 Village of Hainesville, IL
 Village of LaGrange Park, IL
 Village of Mundelein, IL*
 Village of New Lenox, IL*
 Village of River Forest, IL*
 Village of Steger, IL
 Village of Willowbrook, IL*
 Will County Governmental League*

**Denotes client who earned recognition under GFOA's Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program)*

Timetable: All respondents should include a complete timetable on how they will accomplish each major component of the project and indicate the number of hours that will be committed by each participating staff member on this project. This timetable should conform to the deadlines established by the Village for receipt of the report.

PROPOSED TIMELINE

BKD is prepared to meet the following deadlines.

Engagement Phase	Timing	Team Members
Planning & Interim Procedures, Including Predecessor Auditor Procedures	November/December 2018	Partner/Director/Manager/ Senior Associate/Associate
Testing Procedures (Fieldwork)	April 2019	Partner/Director/Manager/ Senior Associate/Associate
Presentation to the Village Board	June 2019	Partner/Director

GASB Compliance. Please discuss your firm's participation in regards to the review and comment of GASB's proposed pronouncements and the firm's method of informing clients of changes in accounting standards.

KNOWLEDGE OF GASB REQUIREMENTS

BKD offers a team of professionals who can bring expertise in the application of Governmental Accounting Standards Board (GASB) accounting and reporting requirements relevant to your industry. Your proposed engagement team will include professionals who routinely work with clients who follow GASB standards.

BKD has developed specific training to assist our clients in adopting new standards. BKD National Public Sector Group comprises professionals who are active in the governmental industry, so they are able to provide the Village with timely and proactive communication regarding new pronouncements or reforms specific to governmental entities through **BKD Thoughtware®**. In addition, when needed, our quality control personnel within the National Office are available for consultation for certain high-risk or technically complex matters.

As part of our commitment to providing year-round solutions for our clients, we frequently provide technical assistance on interpretations of new and existing pronouncements that may change financial disclosures or affect financial statements. The audit communication letter provided at the end of each audit routinely includes a section on applicable new accounting standards. It is our practice to keep our clients up to date on new accounting and auditing standards.

INDUSTRY INVOLVEMENT

BKD's governmental sector professionals have developed strong relationships with the individuals at GASB, GFOA, state regulatory authorities and various federal funding sources and agencies.

Over the years, BKD partners have served on the Emerging Issues Task Force (EITF), the Accounting Standards Executive Committee (AcSEC) and the Governmental Technical Standards Committee of the Professional Ethics Division of the American Institute of CPAs (AICPA).

Andy Richards, partner in our Little Rock office, was a member of GASB's Comprehensive Implementation Guide Advisory Committee from 2012 to 2014. The 11-member committee advises GASB on its Comprehensive Implementation Guide, which helps financial statement preparers apply a number of GASB pronouncements. Andy also was involved with the governmental accounting standards-setting process as a Practice Fellow with GASB in Norwalk, Connecticut.

Amy Shreck, a director in our Omaha office, recently completed a two-year term as a practice fellow at GASB's headquarters, where she helped to formulate standards and assisted with technical inquiries. BKD can now draw on Amy's firsthand experience at GASB to ultimately help clients better understand GASB standards and the thought process behind those standards.

Deborah Beams, a director on our Dallas office, spent three years as a practice fellow at the Governmental Accounting Standards Board. During that time, she worked on projects leading to the issuance of GASB Statements on nonexchange financial guarantees, fair value and external investments pools. She also originated and led the GASB project on leases, which involved collaboration with Financial Accounting Standards Board staff and presentations to the Federal Accounting Standards Advisory Board.

experience guidance

"The BKD audit approach brought a fresh perspective, and focused on realistic, reasonable and purposeful testing, looking at areas of importance. The engagement partner also provided assistance on new GASB pronouncements and assisted us with reporting requirements."

Kimberly Auchstetter

Finance Director/Treasurer
Village of New Lenox, Illinois

"Let's face it. The process of changing audit firms and going through that first audit is not something people look forward to. However, BKD, LLP made our transition go better than our expectations. Their approach to the audit was very professional and efficient and made the process very smooth. They were very thorough and knowledgeable and were of great assistance with our implementation of the new GASB requirements."

Todd Simoneaux, CPA

Chief Financial Officer
City of Beaumont, Texas

Public Sector Experience. Discuss governmental experience in terms of experience, training, organizational involvement, etc.

GOVERNMENTAL ACCOUNTING EXPERTISE

BKD National Public Sector Group works with hundreds of governmental clients nationwide, including municipalities, counties, federal and state agencies, public utilities, airports and transportation authorities. Our advisors can help the Village address the numerous financial considerations of governmental entities, including fiscal accountability and resource management, as well as performance management, budgeting and debt administration.

As part of our commitment to remaining at the forefront of the public sector, leaders across our national public sector practice created the BKD Center of Excellence for Government. This group of professionals meets regularly to discuss important developments, legislative updates and challenges affecting governmental entities similar to the Village.

In addition, our public sector involvement has enabled us to establish connections with numerous regulatory and auditing organizations, including:

- ▶▶ AICPA Governmental Audit Quality Center, as a member
- ▶▶ Government Finance Officers Association
- ▶▶ Governmental Accounting Standards Board
- ▶▶ Office of Management and Budget (OMB)
- ▶▶ U.S. Government Accountability Office

We look forward to communicating best practices and forward-looking strategies to help the Village thoughtfully consider the areas important to fulfilling your fiduciary responsibilities.

EXTENSIVE EXPERIENCE WITH THE CAFR PROGRAM

Receiving GFOA's CAFR Program helps enhance the credibility of a municipality's financial statements, particularly with rating agencies. This also is key to increasing constituent and user confidence in the Village's fiscal management practices and overall financial condition. Hundreds of our clients participate in this program annually, which means we have the practical knowledge and expertise necessary to guide you through the process. Numerous BKD professionals also serve on the GFOA's Special Review Committee, providing us with firsthand insight into what GFOA reviewers are looking for when assessing the required reports.

In addition, with the short window for completing annual audits to meet the GFOA's established deadlines, we understand timely and accurate professional services are critical in retaining your certificate. A core standard of BKD's unmatched client service philosophy is Responsive Reliability, which guides our service process from initial planning to issuing our final report. You can expect our reports and communication to be timely and in advance of GFOA's deadlines.

experience confidence

"Having financial statements completed by the Authority's statutory deadline is crucial for us. BKD has met or exceeded our scheduled completion date every year with audit reports that are timely and professionally done."

Justin Noll

Controller
Colorado Water Resources &
Power Development Authority
Denver, Colorado

"BKD just completed the first year audit engagement with the City. The transitional year went extremely smooth. BKD's staff did an excellent job working with our staff during the transition. During the engagement, BKD provided knowledgeable support and guidance. The audit was completed on schedule, and BKD always completed their deliverables on time."

Allen Herink

City Comptroller
City of Omaha, Nebraska

INDUSTRY INVOLVEMENT

To reinforce our commitment to the governmental sector, our advisors routinely attend conferences focused on industry issues and trends. They also receive continuing professional education (CPE) to stay informed of industry regulatory updates and other general accounting issues, averaging approximately 70 hours of formal training annually.

This dedication also extends to involvement on national industry committees, such as GASB and the AICPA.

Mike Wolfe, the firm's chief risk officer, has been appointed to the AICPA Governmental Audit Quality Center Executive Committee. He previously served as BKD's liaison to the center, which helps raise awareness about the importance of improving governmental audit quality for entities receiving federal funding.

Chief Operating Officer Eric Hansen recently was inaugurated as chair of the AICPA Board of Directors. He is currently serving a one-year term as board chair and will then serve another year as past chair, concluding his three-year rotation on October 31, 2019. The board acts as the executive committee for the AICPA's Governing Council, which includes elected and appointed members from all 50 states, the District of Columbia and other U.S. territories. Eric previously served on the Governing Council and was a member of the AICPA Task Force on the Future of Learning.

Chris Telli, a partner in our Colorado Springs office, has been appointed as an advisor to the Government Finance Officers Association's Committee on Accounting, Auditing, and Financial Reporting (CAAFR). This committee works closely with GASB, the AICPA and other organizations and recommends best practices for effective governmental finance operations.

Jim Brown, retired BKD partner, was appointed January 12, 2012, to the seven-member GASB. He completed a five-year term on the board and was elected to a second and final term, which will conclude June 30, 2022. In this capacity, Jim is helping develop and improve the financial accounting and reporting standards used by state and local governments across the country. He specialized in governmental accounting and auditing for approximately 40 years and served as a BKD partner for more than 25 years before retiring in May 2011. He was responsible for quality control and training for BKD's government and not-for-profit practice and acted as the firm's principal contact with GASB. Since retirement, he has been serving as a CPE instructor for the AICPA. He also has been a member of AICPA's Auditing Standards Board and Board of Examiners.

Mike Engle, a partner in our Kansas City office, and Rebekuh Eley, a managing director in our Chicago office, have been appointed to the AICPA Exempt Organizations Taxation Technical Resource Panel. This panel identifies issues and develops policies by monitoring legislative activity, suggesting regulatory changes and developing products and services to assist members with their tax practices.

Mike also is one of three new members appointed in May 2017 to a three-year term on the IRS's Advisory Committee on Tax Exempt and Government Entities (ACT), which with its seven returning members will present reports and recommendations to IRS leadership regarding operational policy and procedural improvements affecting tax-exempt and governmental organizations. Specific topics ACT project teams will explore include replacement plan requirements of the Federal Insurance Contributions Act (FICA), changes to the ACT and expansion of online accounts.

BKD advisors also actively serve as participants, exhibitors, speakers and sponsors in regional and national associations for governmental organizations, including:

- ▶▶ Airports Council International – North America (ACI-NA)
- ▶▶ American Association of Airport Executives (AAAE)
- ▶▶ American Public Power Association (APPA)
- ▶▶ Association of Airport Internal Auditors (AAIA)
- ▶▶ Association of Government Accountants (AGA)
- ▶▶ Government Finance Officers Association
- ▶▶ National Council of State Housing Agencies (NCSHA)
- ▶▶ National League of Cities (NLC)

- ▶▶ National Tribal Gaming Commissioner/Regulators (NTGC/R)
- ▶▶ Native American Finance Officers Association (NAFOA)
- ▶▶ Rural Utilities Service (RUS)

Recent Presentations

Director Deborah Beams presented *Oh No, It's OPEB!* at the Government Finance Officers Association of Texas' (GFOAT) 2018 Spring Institute. The session focused on the implementation of GASB Statement No. 75 (GASB 75), including how to determine and classify OPEBs, questions to ask your actuary and recording the OPEB journal entry.

Partner Chris Telli co-presented *It's All About Trust: The GASB's New Guidance on Fiduciary Funds* at GFOA's 2017 Annual Conference. The session focused on GASB's new guidance on fiduciary funds set forth in GASB Statement No. 84 (GASB 84), *Fiduciary Activities*, and the likely effects on local governments.

Director Rand Gambrell also served as a panelist at the GFOA's 2017 Annual Conference. The session, *Getting to the Bottom of Things: Practical Tips on Discovering Fraud*, offered practical tips on how local governments can better uncover potential fraud. Tips included identifying early indicators, recognizing the importance of certain indicators and understanding what to do when one is found.

Partner Todd Burchett served as a speaker at the Government Finance Officers Association of Texas' 2017 Spring Institute. The session, *Fraud & Embezzlement – Is My City at Risk?*, shared insights from the 2016 Report to the Nations on Occupations Fraud and Abuse. This study, published by the Association of Certified Fraud Examiners, highlights the economic threats posed by fraud and just how prevalent it is in governmental entities. He presented examples of fraud investigated by his group and how data analytics can mitigate the risk of fraud through early detection.

In addition, we encourage you to discover the wide array of resources available on **bkd.com**.

M/WBE Status (if any). Completion of Village supplied E.E.O. and M/WBE forms. The Village also encourages, if applicable, outreach efforts to M/WBE firms that would assist the proposing firm in conducting portions of the Village audit.

BKD is not a small, minority-owned, women-owned or veteran-owned business. BKD is a private registered limited liability partnership under Missouri law. We do not anticipate employing any other firm, affiliate or association member in completing the work for the Village. Please see the Appendix for the completed Appendix B form.

experience direction

"BKD's personnel from staff to partner that I've worked with are very professional and consider the operations and timelines of the agency personnel in their planning. They are willing to discuss issues and accounting treatments in an open method while ensuring that the standards are met. The comments and recommendations are helpful and have assisted the city in making improvements."

Beth Machann

City Controller
City and County of Denver

"BKD has been a great resource for the City of Lincoln in accomplishing our financial reporting goals. They have provided us with prompt and sound technical and accounting guidance throughout our affiliation. The BKD audit teams have always been professional, friendly and accessible."

Peggy Tharnish

City Controller
City of Lincoln, Nebraska

C. AUDIT PROCESS

Responding firms shall provide a work plan, including an explanation of the audit methodology to be followed in performing the services required as outlined in this request for proposals.

FINANCIAL STATEMENT AUDIT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS APPROACH

What is an Audit?

Auditing standards set the technical requirements for our process, culminating the expression of our opinion on the presentation of your financial statements. Our audit will be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

What is an Audit Experience?

While auditor selection should start with evaluating technical competence, it also should extend to your expectations for a service experience. Your audit experience includes how your engagement is managed, how you and your team are treated, the quality and timeliness of communication you receive and your confidence in the results and guidance you receive. We want you to consider our philosophy around independence, integrity and quality, along with our commitment to unmatched client service and the strength of your proposed engagement team.

THE BKD DIFFERENCES THAT MATTER

People	Our people are key components of what differentiates a BKD audit. Through intentional training and our firm culture, our teams integrate a commitment to quality with an appreciation for client needs and expectations. We also bring relevant industry experience, which means you will not be required to train our staff.
Leadership	The engagement executive managing your audit will maintain a high level of involvement with the Village by delegating appropriate tasks to other audit team members as needed while remaining engaged with you and the audit team. Our engagement executives are on site and participate in the supervision and delivery of your audit.
Communication	Challenging matters or simple misunderstandings can arise, and they shouldn't be ignored. While our responsibility is to issue an appropriate opinion on your financial statements, it is important for us to help keep your team informed of issues as they occur and recommend the appropriate solution. Our philosophy is to be courteous and professional, communicate timely and make reasonable requests. We are committed to treating you and your team with openness, candor and respect.
Technology	Technology plays a growing role in our audit as we adopt new tools to enhance our effectiveness and efficiency. We have invested heavily in improving dynamic workflows and increasing our audit data analytics capabilities. Though we use traditional tools such as Excel, we also delve deeper into analytic tools with ACL, unstructured data with Kira and artificial intelligence and trend analysis with MindBridge. These technologies, combined with our secure portal, help improve our results, enhance your experience and increase the insight we can provide.

ONBOARDING & PROJECT MANAGEMENT

Your BKD audit experience starts as soon as you select us. Our priorities include building rapport with your team, developing a deeper understanding of your operations and collaborating with you on the design and expectations of our service relationship. These efforts are part of the BKD Smooth Transition™ approach. The proposal process has provided us with the basics of your organization, but learning more will help us serve you better.

If not already completed, we will finish the details of client acceptance to confirm what we have learned and verify confidential information not already obtained, such as litigation history or other sensitive matters.

We will address various elements of project management with you, including how you will use BKDconnect Client Sites, our secure portal, to exchange and track information, the key dates of our processes and refinements to the details discussed in this proposal. We will schedule the professionals outlined in this proposal and coordinate with your team on details, such as timing of visits to Village Hall and discussions with your leadership.

EXECUTING THE AUDIT

Once we have established our overall process and communication plans with you, the detailed work can begin. Key elements of that work include:

Risk Assessment

We will identify and assess risks of material misstatement in your financial statements, including those from potential fraud. Our work is supported by building a strong understanding of your business environment through documents you provide and by gathering information through interviews and tests for significant transaction cycles.

Audit Design

Based on risks identified, we will design an audit approach specific to your organization. This tailoring takes into consideration the uniqueness of your operations, the design of internal controls you have implemented and the nature of financial statement amounts and disclosures. We consider whether matters are truly important (materiality), as well as obtain input about concerns from management and the board of trustees to design the tests we will perform.

Gathering Evidence

Once the plan is complete, we will execute the audit through a combination of on- and off-site work performed in accordance with the agreed-upon timeline.

Reviewing the Work

Critical to our process is a review of the team's work by our engagement executive, as well as a quality review by another executive who is independent from the detailed work. The quality review is designed to improve our deliverable by providing a fresh perspective and reinforcing quality.

Sharing Our Results

We base our audit opinion on the evidence gathered and then communicate our findings. Professional standards drive the content of our opinion and the required communication about any deficiencies and other items we may identify during the audit. Beyond these requirements, we share results formally through our letters and presentations to management and the board of trustees, as well as opportunities for improvement through conversations during the audit process.

BROAD AUDIT RISK CONSIDERATIONS

Some risk considerations apply across nearly all of our audits. We pay particular attention to the following items:

Significant Accounting Estimates

Nearly all financial statements have significant estimates in amounts and disclosures, even when not readily apparent. Estimates may include amounts ultimately collectible from third parties, expected losses or costs occurring at a specific amount and time, etc.

We will gather information supporting management's estimates and challenge key assumptions used to develop these amounts. We also will test estimates on available data and historical trends and document our conclusions on the reasonableness of recorded amounts.

Risk of Management Override of Controls

When considering fraud, auditing standards require evaluating the risk that management could override existing controls. We will perform interviews of selected individuals, apply an element of unpredictability in our testing and brainstorm as a team to evaluate risks and possible actions based on our observations. We also will perform journal entry testing, review estimates for bias and significant changes and consider the business rationale for significant unusual transactions.

Responding firms are required to provide the following information in describing their audit approach:

a. Proposed segmentation of the engagement

b. Internal seniority level of staff to be assigned to each proposed segment of the audit

Proposed Audit Segmentation	Estimated Hours	Staff Level
Risk assessment procedures, including meetings with officials & staff, preliminary analytics, review minutes & design of audit procedures based on assessed risks	40	All Professionals
Document & evaluate internal controls	30	Manager & Associate
Obtain financial policies & procedures, bond documents, leases & grants & other items for our permanent file	10	Manager & Associate
Substantive procedures & analytical review techniques	240	All Professionals
Prepare CAFR	60	All Professionals
Single Audit testing	40	All Professionals
Supervision, review & technical assistance	100	Partner & Director
Client conferences & meetings to review audit reports	4	Partner, Director & Manager
Reporting – Report to the Village Board of Trustees	2	Partner & Director

c. The extent to which statistical sampling will be used in the engagement

Although it is not possible to set absolute rules for identifying sample sizes, we apply our professional judgment in identifying the appropriate sample size. The objective is to test the population to obtain reasonable confidence that the test objectives have been met. Sample sizes are controlled by the following considerations:

- ▶▶ Tolerable error (precision) – as the expected monetary conclusion becomes more critical, sample size should increase to tighten the range of the extrapolated estimate
- ▶▶ Significance of the account to the financial statements – as the significance increases, sample size should increase
- ▶▶ Assessment of internal control risk – as assessed risk is reduced, sample size for substantive tests should decrease
- ▶▶ Extent of other substantive audit procedures related to same audit objective (tests of detail, as well as analytical review) – as the extent of other procedures increase, sample size should decrease
- ▶▶ Frequency and magnitude of expected errors – as the frequency and magnitude of expected errors increase, sample size should increase
- ▶▶ The size of the population to be sampled and whether a sample is appropriate

We anticipate using certain data extraction tools, such as ACL, in selecting and testing samples or complete populations, where appropriate. These effective tools allow us to efficiently test larger amounts of data.

d. Extent of use of software in the engagement and software description

Core software used by BKD includes ProSystem fx® Engagement (Pfx Engagement) to exchange workpapers and other documents. These allow engagement team members to share information and maintain paperless systems for audit, tax and many consulting services at no additional cost to the Village.

■ ENHANCING AN AUDIT WITH TECHNOLOGY

Technology should do more than just execute an audit, which is why BKD continues to invest in significant technological enhancements. Our aim is to make the service process smoother and improve the client experience. We're going beyond simply adapting to an electronic environment—we're deploying tools that harness data analytics, artificial intelligence and powerful benchmarking solutions, all while emphasizing the importance of security and confidentiality.

UNSTRUCTURED DATA ANALYSIS

Kira is a data analysis platform that can help accelerate data organization and improve our ability to identify issues when assessing a large volume of documents. Beyond optical character recognition, Kira allows us to quickly and effectively process contracts, leases, debt agreements and other documents to extract relevant information to address disclosures and risk areas sooner.

DATA ANALYTICS

Our data analytics capabilities continue to expand. While common platforms such as Excel provide some level of data query and investigation, we train our personnel on more advanced tools. ACL is one such tool that helps normalize various types of reports and perform sophisticated analysis on the resulting data. We are piloting the use of artificial intelligence through MindBridge, an even more advanced application that allows us to upload multiple years of general ledger data. Using MindBridge, we can run analytics on 100 percent of the Village's transaction detail to detect potential anomalies and patterns that indicate risk.

IMPROVING BUSINESS PROCESS WORKFLOWS

While our industry-tailored forms have been an important differentiator in our practice thus far, we're now moving to more sophisticated and dynamic checklists and workflows. We believe this new approach will increase efficiency and improve the data gathering experience for all parties. This evolution is enabling greater use of electronic signatures for contracts and will be integral to improved data sharing and transparency between BKD and our clients.

BKDCONNECT

We view project management as having multiple elements, with communication, timeliness and facilitating efficient exchanging of information among the most key. BKDconnect is an innovative client portal designed to help address the challenges financial engagements present and conveniently connect you with our advisors.

BKDconnect can make it easier to:

- ▶▶ View and manage information about your engagement or project
- ▶▶ Share documents and files with your BKD advisors and project teams
- ▶▶ Organize documents and files for retrieval
- ▶▶ Assign tasks to your team and receive requests for information from BKD
- ▶▶ Track the progress of tasks toward completion
- ▶▶ Access our award-winning, industry-specific articles, webinars, videos and more



In addition, we recently launched a new version of our secure client portal called BKDconnect Client Sites. This enhancement provides a more intuitive method to collect and manage the document requests you will receive during your engagement. The tool continues to expand its ability to report on and track due dates and manage task lists to help keep your project on schedule.

e. Type and extent of analytical procedures to be used in the engagement

Analytical procedures involve auditing a material assertion or account balance by investigating its relationship to an expectation such as other accounts, historical trends or other related measures. BKD recognizes that stronger analytical procedures can help reduce or eliminate other substantive procedures that are usually more time consuming. We would typically consider:

- ▶▶ Ratio analysis – comparing relationships among account balances, ratios, nonfinancial data, budgets or industry averages
- ▶▶ Reasonableness tests – using financial and/or nonfinancial data to develop an expectation of an account balance

Successfully using analytical procedures requires auditors to ask the questions:

- ▶▶ What is the risk of material misstatement?
- ▶▶ How would we find those misstatements?
- ▶▶ Have I gathered enough audit evidence?

When analytical procedures provide sufficient evidence, other substantive audit procedures should not be necessary. If analytical procedures are not sufficient, some combination of analytical and substantive procedures is likely to be the preferred approach.

f. Approach to be taken to document and gain an understanding of the Village's internal control structure

As a component of developing our audit approach, we will spend considerable time documenting and testing the internal control structure used by the Village and its related entities. This will include a multiphased approach as follows:

- ▶▶ We will work with the Village's staff to complete/update various industry-specific questionnaires designed to summarize your control structure. We will then scrutinize the changes in your current structure to identify what key controls you have developed for each material control objective. During this process, we will look for gaps in your control structure and summarize recommendations for management and your board's consideration.
- ▶▶ After identifying all key controls, we will perform walkthroughs of those controls as required by the audit standards. We will search for gaps in the operation of these controls and offer suggestions for improvement that we identify.

- ▶▶ We help you update and complete detailed duties grids specifically designed for governmental entities and challenge your assignment of various duties for potential segregation conflicts. We will perform additional walkthrough procedures for areas where conflicts may exist but compensating controls have been developed. For unmitigated conflicts, we will summarize the conflict and resulting risk, report our findings to management and your board and help you design control changes that would remove the conflict in a cost-beneficial manner.
- ▶▶ We also will work with the Village's staff to complete/update questionnaires specific to your IT control structure. We will analyze the responses and identify what controls you have implemented to protect the confidentiality, integrity and availability of your critical information assets and whether the controls are operating as intended. This includes performing walkthrough tests of key controls of your IT system security controls, as well as assessing the effectiveness of these controls and security measures.

g. Approach to be taken in determining laws and regulations that will be subject to audit test work

Identification of applicable laws and regulations will begin with an inquiry of the Village as to your understanding of applicable laws and regulations. In addition, our reviews of various documents, indentures, agreements, etc., will be designed to further assess that all known laws and regulations are encompassed within the scope of the audit. We are experienced in auditing municipalities in the state of Illinois and are familiar with the laws and regulatory environment in which you operate.

h. Approach to be taken in drawing audit samples for tests of compliance

The sampling approach anticipated to be used in connection with the various areas of the audit is judgmental in nature. The size and nature of the population being tested, along with the assessed risk of the associated financial statement line item affected, will determine the size and approach for selecting a sample. All sample sizes will be sufficient to meet all requirements of the various state and federal laws and regulations. We anticipate using data extraction tools, such as ACL's data extraction and analysis software, in certain situations in selecting and testing samples or complete populations, where appropriate.

In addition to addressing the topics covered in this Request for Proposals with regards to scope of work and reports required, include any other pertinent information you feel will set your firm apart from other proposers.

■ WHY CHOOSE BKD

DELIVERING VALUE

It is important to monitor expenditures and receive exceptional value for your investments. However, informed consumers understand value is about more than just price. Value from a professional CPA and advisory firm is about the quality of the work and the merit of the advice. Expect BKD's work to be accurate and insightful. We stand behind it. Our Public Company Accounting Oversight Board (PCAOB) inspections and AICPA peer reviews demonstrate the firm's record of excellence.



As evidenced by our inclusion in the **INSIDE Public Accounting Best of the Best Firms** list for the last seven years, we also offer long-term consistency, exceptional performance and a national network of support and resources. BKD is large enough to help the Village address a variety of financial issues. At the same time, we pride ourselves on hard work and low overhead, which keep our fees competitive. With our reputation, size, service and experience, you can consider us a good value.

A SMOOTH TRANSITION

We understand the challenges that can occur with switching to a new firm. The Village should expect an efficient move to our firm, which is why we developed BKD Smooth Transition™. Our approach is organized around your specific needs and timeline. Your proposed engagement team is adept at working with incumbent firms and can transfer your important financial data quickly and securely. Our goal is for you to have confidence knowing BKD is committed to designing a plan that helps limit unnecessary interruptions and avoid duplicated effort while aiming to make effective use of your time and resources.

Please see the Appendix for more detailed information regarding our nine-step BKD Smooth Transition approach.

THOUGHT LEADERSHIP

BKD advisors are serious about reinforcing their positions as thought leaders in the industries they serve. To help keep you informed about emerging issues in your industry, as well as changes in regulations and accounting and tax methods, we provide **BKD Thoughtware®** webinars, seminars, tailored training sessions, podcasts and articles. Many of these are eligible for continuing professional education (CPE) credit. Recent topics include:

- ▶▶ Which Capital Construction Contract Is Right for You?
- ▶▶ GASB's New Leases Standard
- ▶▶ Protecting State & Local Governments from Cybersecurity Attacks
- ▶▶ IRS Focus on Governmental Employment Tax Issues Continues
- ▶▶ \$1.5 Trillion Infrastructure Plan Announced

We encourage you to view these and a wide array of other resources available on **bkd.com**.

UNMATCHED CLIENT SERVICE

You want trusted advisors who will deliver exceptional client service, focus on your needs and take the time to address your unique challenges. BKD understands. We take our commitment so seriously, we penned five standards of unmatched client service and supporting guidelines in **The BKD Experience: Unmatched Client Service**, a book that articulates the firm's philosophy and sets expectations for serving clients. Our five standards are:

Integrity First

We work hard to do what is right for you. You can rely on us to tell you what you need to hear.

True Expertise

From BKD, you can expect trained, capable staff and a high level of supervision by partners and experienced personnel.

Professional Demeanor

You can depend on prepared and attentive advisors to help meet your needs and provide new ideas.

Responsive Reliability

Accurate and thorough work combined with timely delivery is what you require. At BKD, we do not want it any other way.

Principled Innovation

We want you to succeed. For the Village, that means looking for new ideas to streamline a process, better document work, train your staff and improve your effectiveness.

You can count on BKD's commitment to our 5 standards of unmatched client service:



Integrity First



True Expertise



Professional Demeanor



Responsive Reliability



Principled Innovation

bkd.com/5

THINKING OF YOUR FUTURE

In addition to the Village’s requested service, BKD has an extensive range of service offerings that may be relevant to you now or in the future. If the need arises, the following services could benefit the Village:

- ▶▶ Construction Internal Audit Services
- ▶▶ Cybersecurity Risk Assessment
- ▶▶ BKD WhiteHat Services
- ▶▶ Data Analytics Consulting
- ▶▶ Forensics & Valuation Services

If you would like additional information about these options, please see the Appendix or contact Partner Scott Termine or Director John Cutrera at your convenience.

PEER REVIEW

BKD is committed to providing quality audit services to our clients. We submit our work to external reviewers who challenge our approach and findings. We are proud of the findings from these reviews, which indicate our process works. A copy of our most recent AICPA peer review report is included in the Appendix.

experience support

“While BKD maintains its independence, we can utilize their firmwide resources to help in other areas. For example, BKD helped advise us on establishing an ethics hotline, provided guidance on tax related issues and conducted single audit training for our project managers to give them a better understanding of the accounting requirements and how critical it is to provide accurate information.”

Cherie Sanchez

Accounting Manager
City of Westminster, Colorado

D. COST OF SERVICES – FEE PROPOSAL

The fee proposal shall contain all pricing information relative to performing the Village and Library audit engagement as described in this request for proposals on a “not to exceed” basis for the years ending December 31, 2018 through December 31, 2022.

BKD knows our clients do not like fee surprises. Neither do we. Our goal is to be candid and timely, and we want to answer your questions about fees upfront. We determine our fees by evaluating a number of variables: the complexity of the work, the project’s scope, the time we will spend and the level of professional staff needed.

PROPOSED FEES

APPENDIX A: PROPOSAL COST FORM

Schedule of Professional fees for the audit of the financial statements as of December 31 for the fiscal years listed below:


				Optional	Optional
<u>Audit Fees:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Village audit	\$50,500	\$52,015	\$53,575	\$55,175	\$56,850
TIF compliance reports	\$2,200	\$2,250	\$2,300	\$2,375	\$2,450
Single Audit (if necessary)	\$3,800	\$3,900	\$4,000	\$4,100	\$4,200
Library audit	\$7,000	\$7,100	\$7,200	\$7,300	\$7,400
Total	\$ 63,500	\$ 65,265	\$ 67,075	\$ 68,950	\$ 70,900
<u>Total Hours:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Village audit	360	360	360	360	360
Police Pension audit	20	20	20	20	20
Fire Pension audit	20	20	20	20	20
TIF	10	10	10	10	10
Single Audit (if necessary)	36	36	36	36	36
Library audit	80	80	80	80	80
Total	526	526	526	526	526

Detail in percentages and hours the amount of time to be put in on the audit by the following categories:

	<u>Percent</u>	<u>Hours</u>	<u>Hourly Rate</u>
Partner	10.46%	55	\$190
Manager	18.06%	95	\$145
In-Charge Accountants	24.71%	130	\$125
Staff Accountants	41.06%	216	\$95-\$110
Clerical	5.70%	30	\$80
Other	N/A	N/A	N/A
Total	100%	<u>526</u>	

Firm Name: BKD, LLP

Address: 1901 South Meyers Road // Suite 500
Oakbrook Terrace, IL 60181

Signature:  Date: June 29, 2018

Printed Name: Scott C. Termine, CPA

Title: Partner

Telephone Number: 630.282.9500

We will waive our standard administrative fee of 4 percent to cover items such as copies, postage and other delivery charges, supplies, technology-related costs, such as computer processing, software licensing, research and library databases, and similar expense items. Our fees may increase if our duties or responsibilities change because of new rules, regulations and accounting or auditing standards. We will consult with you should this happen.

Our estimate of fees does not include any time that may be required to address a restatement of the previously audited financial statements. Accordingly, any such work will be billed based on the quoted hourly rates.

YEAR-ROUND AVAILABILITY

We respond to questions quickly and do so without hidden fees. We do not bill for responses to your day-to-day questions that require no significant investment of research, time or other costs. Providing a high level of value for the fees you pay is an integral part of our basic engagement philosophy. If an issue is going to take more than one hour to research, we will inform you in advance of the estimated hours and fees it will require.

E. INDEPENDENCE

Responding firms shall provide an affirmative statement that it is independent of the Village as defined by generally accepted auditing standards. The responding firm shall also list and describe the firm's professional relationships involving the Village of Oak Park or any of its agencies, its elected or appointed officials and employees for the past five (5) years, together with a statement explaining why such relationships, if any, do not constitute a conflict of interest relative to performing the proposed audit. In addition, the responding firm shall provide the Village written notice of any professional relationships that could potentially present a concern of conflict of interest.

BKD is independent with respect to the Village as defined by the Code of Professional Conduct of the AICPA and the United States Government Accountability Office's *Government Auditing Standards*. In addition, BKD has not had any professional relationship with the Village or related entities within the last five years. We are not aware of any relationship that would impair our independence or constitute a conflict of interest relative to performing the proposed audit.

F. LICENSE TO PRACTICE IN ILLINOIS & DISCLOSURES

The responding firm shall provide an affirmative statement indicating that the firm and all assigned key professional staff are properly licensed to practice in the State of Illinois.

BKD is properly licensed to practice public accounting in the state of Illinois. All key professionals who would be assigned to your engagement also are properly licensed to practice in the state of Illinois or are able to practice in the state due to mobility laws, without the requirement to obtain an individual Illinois state license.

The responding firm shall identify and describe any pending or previous litigation the firm was involved in over the past five (5) years which dealt with the quality of audit work or of pricing of auditing services rendered.

BKD's emphasis on quality has rewarded the firm with an excellent track record regarding claims related to professional services. Underwriters of professional liability insurance for accounting firms have informed us that we have one of the best litigation histories in the accounting profession. To avoid litigation, BKD maintains an extensive risk management program addressing a multitude of issues ranging from client acceptance to final working paper and financial statement review. Yet, as with any firm our size, the firm does experience litigation from time to time. Details of litigation cannot be disclosed pursuant to confidentiality agreements; however, the results of litigation have never been material to the firm. Currently, there is no substantial litigation outstanding.

G. REFERENCES

Please provide references from at least three municipalities for which you have performed similar services over the last three years. Please include a contact and telephone number for each reference.

Our clients are our best ambassadors, and we encourage you to contact them about their satisfaction with our services. The following clients have consented to discussing BKD's services and service delivery with you at your convenience.

Village of Downers Grove, Illinois

Scope of Work: Single Audit (including TIF Compliance)

Date: 2017 to Present

Ms. Judy Buttny

Finance Director

630.434.5528

City of Park Ridge, Illinois

Scope of Work: Financial Statement Audit (including TIF Compliance)

Date: 2012 to Present

Ms. Andrea Lamberg

Finance Director

847.318.5214

Village of Mundelein, Illinois

Scope of Work: Financial Statement Audit (including TIF Compliance)

Date: 2014 to Present

Mr. Doug Haywood

Finance Director

847.949.3211

Village of New Lenox, Illinois

Scope of Work: Financial Statement Audit

Date: 2017 to Present

Ms. Kim Auchstetter

Finance Director

815.462.6411

Village of La Grange Park, Illinois

Scope of Work: Financial Statement Audit

Date: 2016 to Present

Mr. Larry Noller

Finance Director

708.354.0225

In addition, provide one reference from a municipality for which you performed similar services but are no longer providing services, if applicable.

Village of Bloomingdale, Illinois

Scope of Work: Financial Statement Audit (including TIF Compliance)

Date: 1993 to 2017

Mr. Gary Szott

Finance Director

630.671.5637

experience
commitment

"Park Ridge experienced significant staffing change due to a unique combination of retirements and resignations. This departure also resulted in the loss of institutional knowledge as all accounting staff departed. The BKD team was a life-line – they helped guide us as we dug into and fine-tuned our procedures and internal controls. They are a valuable resource and have helped us improve the way Park Ridge approaches its operations. I can't speak highly enough of our engagement partner and his crew."

Andrea Lamberg

Finance Director

City of Park Ridge, Illinois

“Unmatched client service isn’t just a slogan at BKD; it’s the backbone of our culture.”

Theodore D. Dickman, CPA
Chief Executive Officer | BKD, LLP

APPENDIX



EXCEPTIONS TO TERMS & CONDITIONS

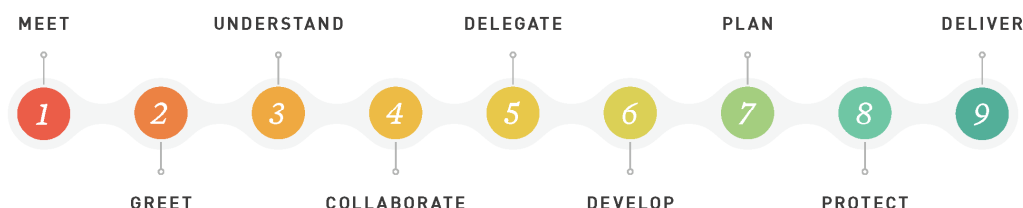
Upon being selected as the successful bidder, BKD may require modification to the terms and conditions, as referenced in the RFP, to comply with professional standards and/or BKD's policies. As BKD has successfully resolved similar terms and conditions with other municipalities, BKD is confident the parties can successfully negotiate a mutually acceptable agreement.

BKD SMOOTH TRANSITION APPROACH

BKD SMOOTH TRANSITION™

Change is good; changing to BKD is even better.

Switching to a new firm that lacks a transparent, well-defined transition process can be challenging. We understand. That's why we developed BKD Smooth Transition™, a clear framework designed to make your move to BKD easy and efficient. Our simple nine-step approach emphasizes collaboration and centers on a tailored transition plan with distinct deadlines. If it's time for a change, make sure it's a smooth transition with BKD.



1 MEET – Our team sits down with your leadership. We get to know each other further and learn more about your business objectives.

2 GREET – We introduce our team to your staff and address their questions about transitioning to BKD.

3 UNDERSTAND – We review prior work and seek out your opinions and observations to better grasp your challenges.

4 COLLABORATE – We meet with your management team to gather the right information from the right people.

5 DELEGATE – Your staff members can be a great asset in terms of efficiency, and we work with you to help determine how they can assist.

6 DEVELOP – Using the information we gather, we devise a tailored approach focused on the needs you identified and prioritized.

7 PLAN – Together, we build out a schedule and then communicate key dates tied to performance and delivery.

8 PROTECT – We train you on our secure systems to help safeguard your confidential information from start to finish.

9 DELIVER – We commit to provide **The BKD Experience** of unmatched client service.

BKD
CPAs & Advisors

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THINKING OF YOUR FUTURE

As mentioned, we believe the following services could be relevant to the Village. Please contact Partner Scott Termine or Director John Cutrera for additional information.

CONSTRUCTION INTERNAL AUDIT SERVICES

Our internal audit and consulting projects are performed in accordance with professional standards set forth by the Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF) promulgated by the AICPA and the National Association of Construction Auditors (NACA). The objective is to assist in monitoring and controlling the costs of construction projects effectively. We will work with the project team to consider whether costs are allowable and charged in accordance with the contract.

In our experience, each construction project is unique and can face different challenges. Our proven technique allows us to tailor our approach while prioritizing your financial interests. Our methodology is focused on identifying significant risk while not losing sight of your project's intricacies.

CYBERSECURITY RISK ASSESSMENT

BKD Cyber consultants can work with management to identify areas of business risk arising from potential disclosure, modification or loss of personally identifiable information (PII) or electronic protected health information (ePHI). In addition, we would identify the maturity level of the Village's current cybersecurity processes/controls and assign a high, medium or low risk rating. Risk severity would be identified by assessing the likelihood of a breach occurring as well as the potential downstream effects.

Finally, we would work with management to create a remediation road map and recommended timeline, based on the risk severity identified. This timeline would assist the Village's management in effectively allocating financial resources or personnel that may become necessary.

Throughout this process, BKD consultants maintain a high level of open and frequent communication with management to better understand your needs and constraints. The Village can expect questions and ideas that promote conversation.



experience ideas

BKD WHITEHAT SERVICES

Drawing on our extensive cybersecurity expertise, BKD WhiteHat Services can help the Village combat BlackHat threats and guide you through the necessary steps to address potential cyberthreats. With this monthly subscription, you can have access to these services:

- ▶▶ Annual on-site visit with BKD Cyber professionals, including a cybersecurity consulting strategy session and cyber awareness training with the board of directors
- ▶▶ 48 hours of discretionary cybersecurity consulting per year
- ▶▶ Penetration and social engineering testing, which includes quarterly employee testing, network testing and annual internal network testing
- ▶▶ A complimentary subscription to IntegraReport™, BKD's fraud hotline service that can be used to report cyber incidents
- ▶▶ Discounted rates for priority response to cyber incidents, as well as business resumption services

DATA ANALYTICS CONSULTING

Effective and efficient use of data in an organization can provide insights otherwise unattainable. However, with the vast amounts of data organizations generate every day, identifying relevant data and applying usable information appropriately can be a daunting task. BKD's data analytics thought leaders can help bring your organization's data into focus.

BKD will provide data analytics consulting delivered by BKD Big Data & Analytics team members who have experience helping implement data analytics and continuous auditing programs in organizations from a variety of industries. These personnel are experienced in using ACL, IDEA, Arbutus, Tableau, i2, machine learning and other technologies to leverage data for risk management, fraud detection, operational insights and other uses. In addition, we can access firmwide industry thought leaders when necessary. Typical consulting activities include strategic planning, data acquisition, data cleansing procedures, procedure development and implementation assistance.

FORENSICS & VALUATION SERVICES

BKD's Forensics & Valuation Services (FVS) professionals help organizations and attorneys with fraud investigations, litigation support and damage calculations, as well as business valuations, digital forensics and electronic data discovery. Our FVS advisors have years of experience and hold various certifications, including:

- ▶▶ Accredited in Business Valuation (ABV)
- ▶▶ Accredited Senior Appraiser (ASA)
- ▶▶ ACL Certified Data Analyst (ACDA)
- ▶▶ Certified in Financial Forensics (CFF)
- ▶▶ Certified Fraud Examiner (CFE)
- ▶▶ Certified Public Accountant (CPA)
- ▶▶ Certified Valuation Analyst® (CVA®)
- ▶▶ EnCase® Certified Examiner (EnCE®)

AICPA PEER REVIEW LETTER



Peer Review Program

Administered by the National Peer Review Committee

American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

October 26, 2017

Theodore Dickman
BKD, LLP
201 N Illinois St Ste 700
Indianapolis, IN 46204 4224

Dear Theodore Dickman:

It is my pleasure to notify you that on October 26, 2017, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2020. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation and support of the profession's practice-monitoring programs.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Fawley".

Michael Fawley
Chair - National PRC
nprc@aicpa.org 919-402-4503
National Peer Review Committee

CC: Candace Wright, L Bennett

Firm Number: 900010002800

Review Number: 552103

T: 1.919.402.4502 | F: 1.919.402.4876 | nprc@aicpa.org

BKD PEER REVIEW REPORT



8550 United Plaza Blvd., Ste. 1001 – Baton Rouge, LA 70809
225-922-4600 Phone – 225-922-4611 Fax – pnpcpa.com

Postlethwaite & Netterville and Associates, L.L.C.

Report on the Firm's System of Quality Control

To the Partners of
BKD, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB inspection in effect for the year ended May 31, 2017. 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 (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

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. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, an audit of carrying broker-dealers, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB inspection in effect for the year ended May 31, 2017, 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*. BKD, LLP has received a peer review rating of *pass*.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 6, 2017

APPENDIX B: E.E.O. REPORT

APPENDIX B: E.E.O. REPORT

Please fill out this form completely. Failure to respond truthfully to any questions on this form, or failure to cooperate fully with any further inquiry by the Village of Oak Park will result in disqualification of this proposal. An incomplete form will disqualify your proposal. For assistance in completing this form, contact Steven Drazner at 708-358-5462.

An EEO-1 Report may be submitted in lieu of this report

1. Vendor Name: BKD, LLP

2. Check here if your firm is:

<input type="checkbox"/>	MBE
<input type="checkbox"/>	WBE
<input checked="" type="checkbox"/>	Non-MBE/WBE

3. What is the size of the firm's current stable work force?

<u>2,689</u> [^]	Number of full-time employees
<u>387</u> [^]	Number of part-time employees

4. Forms will be furnished to the lowest proposer (vendor) with the notice of contract award, and these forms must be completed and submitted to the Village before the execution of the contract by the Village.

[^]As of February 2018

BKD FIRM PROFILE

experience **insight** // BKD, LLP, a national CPA and advisory firm, can help individuals and businesses realize their goals. Our dedicated professionals offer audit, tax and consulting services to clients in all 50 states and internationally. BKD and its subsidiaries combine the insight and ideas of multiple disciplines to provide solutions in a wide range of industries.

ABOUT BKD



CLIENT SERVICE

The BKD Experience is a commitment to unmatched client service that is shared by CPAs, advisors and dedicated staff members who take your business personally. We are so dedicated to the idea that we wrote a book—**The BKD Experience: Unmatched Client Service**.



INTERNATIONAL SOLUTIONS

BKD is the largest North American member of Praxity, AISBL*, a global alliance of independent firms serving clients in approximately 100 countries. We offer multinational clients a gateway to the global marketplace with services delivered by alliance firms committed to the highest standards required in international business.



PROFESSIONAL AFFILIATIONS

BKD is a member of the American Institute of CPAs and its three quality centers: Center for Audit Quality, Employee Benefit Plan Audit Quality Center and Governmental Audit Quality Center.

BKD is registered with the Public Company Accounting Oversight Board, which is required to serve as an independent auditor of public companies. BKD audits approximately 80 U.S. Securities and Exchange Commission registrants, including approximately 30 benefit plans.



MISSION STATEMENT

The mission of BKD is to always strive for excellence in providing services to clients, create rewarding career opportunities and maintain sound professional, business and financial standards.



QUICK FACTS

- **Clients:** Individuals and private and publicly traded businesses in the health care, manufacturing, distribution, financial services, construction and real estate industries, as well as not-for-profit and governmental entities
- **Total Personnel:** Approximately 2,650
- **Partners & Principals:** Approximately 280
- **Net Revenues:** \$564 million
- **Fiscal Year-End:** May 31
- **Founded:** 1923
- **Locations:** 37 offices serving clients in all 50 states and internationally*

*Praxity, AISBL is a global alliance of independent firms. Organised as an international not-for-profit entity under Belgium law, Praxity has its executive office in Epsom. Praxity – Global Alliance Limited is a not-for-profit company registered in England and Wales, limited by guarantee, and has its registered office in England. As an Alliance, Praxity does not practice the profession of public accountancy or provide audit, tax, consulting or other professional services of any type to third parties. The Alliance does not constitute a joint venture, partnership or network between participating firms. Because the Alliance firms are independent, Praxity does not guarantee the services or the quality of services provided by participating firms.

*As of June 1, 2018

BKD SERVICES

Audit & Assurance

Tax

Business Succession Planning

Employee Benefit Plans

Forensics & Valuation Consulting

Information Technology

Risk Management

State, Local & International Tax

Wealth Management

And More

BKD PRIDE VALUES

WHAT'S IMPORTANT TO YOU? // A commitment to excellence? Independence and objectivity? A broad skill set? Exceeding expectations? At BKD, these are all essential. That's why every day you can see our partners and employees "living the PRIDE." These values—passion, respect, integrity, discipline and excellence—are the hallmarks of BKD and guide us as we provide solutions for your business and financial needs. Experience what BKD PRIDE values can mean for you.



P

PASSION

- For service to others
- For making tomorrow better than today

Experience how our dedication and enthusiasm for making tomorrow better than today can help you make informed decisions to help improve business and financial outcomes.

R

RESPECT

- For the differences that make our team strong
- For our legacy and the benefits of change

Experience how our respect for diversity can provide a variety of skills and talents to meet your needs. Respecting the lessons of our legacy and yours, we can help you capitalize on the opportunities change inevitably offers.

I

INTEGRITY

- To do the right thing
- To be objective and independent

Experience how our integrity and objectivity can help you make smart business decisions. You want an advisor to tell you what you need to know, not just what you want to hear.

D

DISCIPLINE

- In process and innovation
- To balance professional and personal commitments

Experience how our well-established protocols and low-risk approaches can help resolve issues and advance your goals.

E

EXCELLENCE

- In skills and competencies
- In our quest to be the best

Experience how our ambition, knowledge, commitment to lifelong learning and drive to improve technical and analytical skills can work to consistently surpass your expectations.

BKD

BKD THOUGHTWARE

BKD's expertise spans a wide variety of industries and subjects, and our professionals share their knowledge in print, online and in person to help advance your organization. Use the QR code below to sign up for **BKD Thoughtware®** emails.



// articles



// emails



// presentations



// videos



// webinars



BKD
LLP
CPAs & Advisors

bkd.com