



VILLAGE OF RIVER FOREST FINANCE & ADMINISTRATION COMMITTEE

Monday, February 27, 2017 – 6:30 PM
Village Hall – Community Room, 400 Park Ave., River Forest, IL

AGENDA

1. Call to Order/Roll Call
2. Public Comment
3. Approval of Minutes
4. Review Staff Recommendation to approve an agreement with BKD, LLP for professional auditing services
5. Adjournment



MEMORANDUM

Date: February 22, 2017

To: Eric Palm, Village Administrator

From: Joan Rock, Finance Director
Cheryl Scott, Assistant Finance Director

Subject: Approval of an Agreement with BKD, LLP for Professional Auditing Services

A Request for Proposal (RFP) for Professional Auditing services for the fiscal year ending April 30, 2017, with the option of also auditing the four subsequent fiscal years, was issued to eight (8) accounting firms and posted on the Village's website. The RFP requested information on the firms' qualifications and experience, and the fee for auditing the Village's financial statements for the fiscal years ending April 30, 2017 through 2021. The accounting firms were selected based on their association with the Illinois Government Finance Officers Association (IGFOA).

The Village received eight proposals in response to the RFP. These proposals were evaluated based on the qualifications of the firms and the cost. The following is a list of the cost proposals for the Village from these eight firms:

Firm	Fiscal Year					Total
	2017	2018	2019	2020	2021	
Klein Hall CPAs	\$31,150	\$31,935	\$32,730	\$33,545	\$34,380	\$163,740
BKD, LLP	\$32,750	\$33,600	\$34,550	\$35,550	\$36,650	\$173,100
Plante Moran	\$33,500	\$34,500	\$35,500	\$37,275	\$38,350	\$179,125
Miller Cooper	\$34,500	\$35,400	\$36,300	\$37,250	\$38,150	\$181,600
Crowe Horwath	\$36,690	\$37,800	\$38,900	\$40,000	\$41,200	\$194,590
Baker Tilly	\$36,485	\$37,580	\$38,710	\$39,870	\$41,060	\$193,705
Sikich	\$38,000	\$38,760	\$39,730	\$40,725	\$41,950	\$199,165
RSM	\$38,500	\$40,040	\$41,640	\$43,310	\$45,045	\$208,535

Klein Hall was eliminated during the review of the proposals due to its limited municipal experience. We were only able to confirm one municipal client and the village did not prepare a Comprehensive Annual Financial Report and submit their report for the GFOA Certificate of Achievement for Excellence in Financial Reporting Program.

Based upon the evaluation of the proposals and the fees proposed, staff recommends the Village Board approve an agreement with BKD, LLP for the audit of the Village's financial statements for the fiscal year ending April 30, 2017, with the option of auditing the four subsequent fiscal years.

BKD performed the audit of the Village's financial statements for FY 2015 and FY 2016. On Nov. 1, 2014, the Village's previous auditing firm, Wolf and Company, was acquired by BKD. The auditing procedures and approach changed after the acquisition. The audit has been conducted in a professional manner and within applicable time deadlines. BKD, LLP offers the governmental experience and technical expertise desired by the Village. In its proposal, BKD also changed the partner, manager and staff assigned to the Village's audit to provide a fresh perspective from a new audit team.

The Village anticipates a five-year engagement with BKD, LLP, subject to the annual review and recommendation by management.

Requested Board Action: The Finance Committee will discuss this item at a 6:30 p.m. meeting on February 27th, just prior to the Village Board meeting. Assuming the Finance Committee concurs with our recommendation, staff requests *Approval of an Agreement with BKD, LLP for Professional Auditing Services for the fiscal year ending April 30, 2017 with the option of auditing the four subsequent fiscal years.*



REQUEST FOR PROPOSALS FOR PROFESSIONAL AUDITING SERVICES

VILLAGE OF RIVER FOREST

BKD, LLP

1901 South Meyers Road // Suite 500
Oakbrook Terrace, IL 60181
Scott C. Termine, CPA // Partner
Phone: 630.282.9500
January 30, 2017

BKD^{LLP}
CPAs & Advisors

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TRANSMITTAL LETTER

January 30, 2017

Ms. Joan Rock

Finance Director
Village of River Forest
400 Park Avenue
River Forest, IL 60305

DEAR MS. ROCK:

Village of River Forest (the Village) is mindful of the thousands of residents who live, work and raise families in your community. As you respond to a rebounding economy, you want to continue delivering effective services while keeping pace with evolving regulatory requirements. Therefore, you need the resources, guidance and expertise of a reliable CPA and advisory firm that can continue helping you have confidence in your financial statements and demonstrate your effectiveness at providing public services. With our depth of experience providing professional services to the Village and other municipalities nationwide, **BKD, LLP** can provide you with the staff rotation necessary to deliver a fresh perspective on your financial statements.

BKD is properly licensed to practice public accounting in the state of Illinois and has been providing services in the state since 2001.

On January 2, 1923, five years after World War I, Baird, Kurtz and Dobson opened offices in Kansas City and Joplin, Missouri, with \$1,700 in the bank. Since then, BKD has expanded to 34 offices in 15 states and is one of the largest CPA and advisory firms in the United States. Our approximately 2,500 CPAs, advisors and dedicated staff serve clients in all 50 states and internationally.

We understand the work to be performed includes a Financial Statement Audit in Accordance with *Government Auditing Standards* and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) for the fiscal years ending April 20, 2017 through 2021. We are committed to performing the requested services within your established timelines.

BKD National Governmental Group works with hundreds of governmental clients nationwide. We believe BKD is the right choice to serve the Village because our industry experience, as well as our involvement with national and state associations, including the American Institute of CPAs (AICPA) Governmental Audit Quality Center, Government Finance Officers Association, National League of Cities and Association of Government Accountants, allows us to understand the specific issues the public sector faces. In addition to providing quality audit services, we can leverage our industry experience to share best practice recommendations and provide practical solutions to help you navigate your complex regulatory environment and prepare for upcoming pronouncements.

Furthermore, auditor independence and objectivity are critical elements to a successful audit. Changing individual auditors can be beneficial in providing a fresh look at your financial statements. BKD appreciates the value of a new perspective and, because of our depth of resources, can accommodate partner and manager rotations if such requests are made by our clients.

To accommodate the Village's desire for a fresh perspective, Scott Termine will transition into the role of lead engagement partner. The proposed engagement team also includes a new senior manager and manager. That way, you can receive a fresh perspective while still maintaining your working relationship with a firm that is familiar with your operations and understands the challenges you face. We believe audit quality is maintained in long-term working relationships, and you can be confident independence will not be compromised.

The Village is an important client, and we place great value on continuing our working relationship while continuing to maintain our independence. We believe we have responded to your request with a proposal that will allow our experienced professionals to continue providing timely, efficient and objective services. The proposal is a firm and irrevocable offer for 90 days. I will call you soon to answer questions you may have about this proposal, or you may reach me at 630.282.9500 or by email at stermine@bkd.com.

Sincerely,

A handwritten signature in black ink that reads "Scott C. Termine". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Scott C. Termine, CPA
Partner

TECHNICAL PROPOSAL

For your convenience, **BKD, LLP** has structured our proposal according to the questions in Village of River Forest's (the Village) Request for Proposal (RFP). We believe our proposal will demonstrate our qualifications to serve the Village.

INDEPENDENCE

The firm should provide an affirmative statement that it is independent of the Village of River Forest as defined by the generally accepted auditing standards/the U.S. Government Accountability Office's Generally Accepted Government Auditing Standards.

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*. We are not aware of any relationship that would impair our independence.

The firm shall also list and describe the company's professional relationships involving the Village or any of 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 firm shall give the Village written notice of any professional relationships entered into during the period of this agreement should it be thought to cause a conflict of interest.

For the past nine years, BKD has been the auditor for the Village. However, we believe no relationship exists that would constitute a conflict of interest relative to performing the proposed audit. BKD will provide written notice to the Village's Finance Committee if any professional relationships are entered into that would compromise our independence.

LICENSE TO PRACTICE IN ILLINOIS

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Illinois.

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

The statement should also include the length of time the firm has been in business in the State of Illinois.

BKD's first Illinois office location was established in 2001.

experience guidance

"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

FIRM QUALIFICATIONS & EXPERIENCE

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office which the work on this engagement is to be performed and the number of the professional staff to be employed in this engagement on a full-time basis and on a part-time basis.

FIRM SIZE

BKD is one of the largest CPA and advisory firms in the United States. Our approximately 2,500 CPAs, advisors and dedicated staff serve clients in all 50 states and clients with operations in more than 40 countries.

GOVERNMENT AUDIT STAFF SIZE

BKD has approximately 130 professionals who spend more than 50 percent of their billable hours providing audit services to governmental entities.

LOCATION

If BKD is engaged, the Village's requested services will be primarily provided by our Chicagoland office.

BKD, LLP

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

NUMBER & NATURE OF STAFF

We anticipate providing a partner, senior manager, manager and associates on a full-time basis and a partner (concurring reviewer) on a part-time basis to complete the Village's audit.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

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 that our process works.

Our most recent AICPA peer review included, among others, engagements performed under *Government Auditing Standards*. A copy of our most recent peer review report is included in the Appendix.

The proposal should identify and describe any pending or pervious litigation the firm was involved in over the past three (3) years which dealt with the quality of audit work or the 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. However, 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.

2500

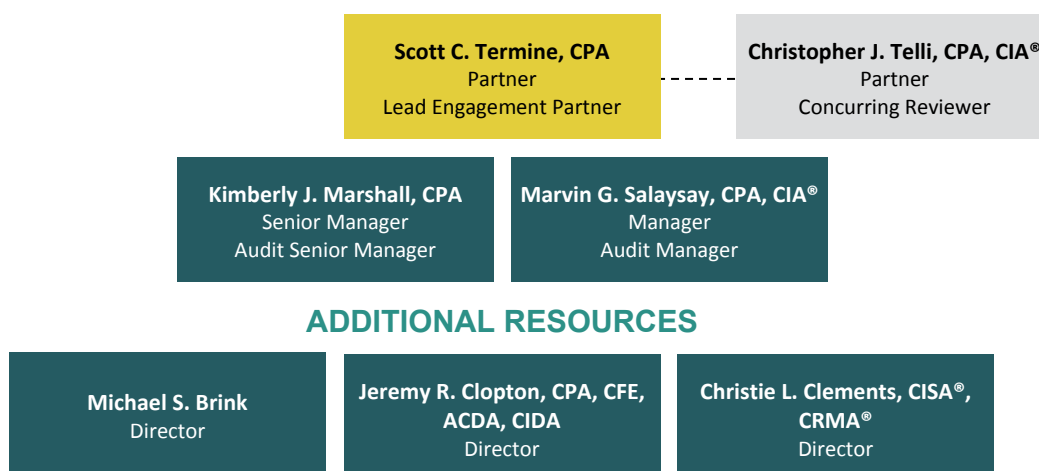
Experience perspective
from a firm with
approximately 2,500 CPAs,
advisors & dedicated staff
committed to providing
unmatched client service.

PARTNER, SUPERVISORY & STAFF QUALIFICATIONS & EXPERIENCE

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is licensed or certified to practice as a certified public accountant (CPA) in Illinois. Provide information on the government auditing experience of each person as well as their length of service with the firm. Please also include information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

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

ENGAGEMENT TEAM ORGANIZATIONAL CHART



ENGAGEMENT TEAM EXPERIENCE



Scott C. Termine, CPA
Partner

Scott has 20 years of public accounting experience, including eight years with BKD, 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 is a graduate of University of Illinois at Chicago with a B.S. degree in accounting.

As of January 2017, Scott has received approximately 218.5 hours of continuing professional education (CPE) over the last three years.



Christopher J. Telli, CPA, CIA®
Partner

Chris is a regional industry leader for BKD National Governmental Group and is a member of the firm's Not-for-Profit & Government Committee. He has more than 18 years of experience in accounting and auditing. Chris assists governmental entities with audit, compliance and general business consulting and works with a variety of governmental entities, including municipalities, state agencies, airports, school districts, higher education institutions and public authorities.

He routinely writes and speaks on a variety of governmental accounting, audit and compliance issues and has served as an instructor for BKD internal seminars and trainings. He serves on the

BKD Governmental Center of Excellence, an internal committee of governmental leaders from across the firm who deliberate a variety of issues important to governments, and has served on both peer review and internal inspection teams.

Chris is currently an advisor to the GFOA Committee on Accounting, Auditing, and Financial Reporting. He also is a member of the American Institute of CPAs, Colorado Society of CPAs (COCPA), Government Finance Officers Association of the United States and Canada (GFOA), Association of Government Accountants, The Institute of Internal Auditors and Association of Certified Fraud Examiners, Inc. Chris is a current board member of the COCPA, a former co-chair of the Governmental Issues Forum and previously served on the planning committee for the society's Governmental Conference.

He is active in the community and serves as board chair for the American Red Cross of Southeastern Colorado.

Chris is a *summa cum laude* graduate of Regis University, Colorado Springs, Colorado, with a B.S. degree in accounting, and the University of Colorado, Colorado Springs, with an M.B.A. degree in finance. He also holds the Certified Internal Auditor® (CIA®) designation.

As of January 2017, Chris has received approximately 249.5 hours of CPE over the last three years.



Kimberly J. Marshall, CPA
Senior Manager

Kimberly has more than 13 years of audit and accounting experience, including four years with BKD, focusing on the governmental and not-for-profit industries. She has worked with a variety of entities, including municipalities, community colleges, school districts, tollway authorities, water commission districts, foundations, food banks and social services organizations.

She has helped plan and manage Single Audits for student financial aid and other education department programs, social service programs and highway planning and construction grants for governmental clients as well as agreed-upon procedures. She also has provided accounting,

financial reporting, financial statement audit and Single Audit services for not-for-profits, including foundations, food banks and social services organizations.

Kimberly is a member of the American Institute of CPAs, Illinois CPA Society and Illinois Government Finance Officers Association.

She is a 2003 graduate of Benedictine University, Lisle, Illinois, with a B.B.A. degree in accounting.

As of January 2017, Kimberly has received approximately 186 hours of CPE over the last three years.



Marvin G. Salaysay, CPA, CIA®
Manager

Marvin has more than 10 years of public accounting experience with governmental, not-for-profit and private entities, including two years with BKD, 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.

As of January 2017, Marvin has received approximately 208.5 hours of CPE over the last three years.

ADDITIONAL RESOURCES



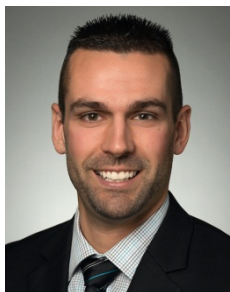
Michael S. Brink
Director

Mike is a member of BKD's Enterprise Risk Solutions division and focuses on operational excellence and data analytics in the public sector. He has approximately 20 years of experience working on public sector issues from positions within government, management consulting and the business process outsourcing industry. He has worked in a range of business transformation roles involving sales, quality, technology implementation, process re-engineering, managed competition, project management and sourcing.

Previously working as an analyst for a major city, Mike assisted with implementing and managing a number of the city's competitive government initiatives. In addition, he led management reviews of the city's largest services contracts, developed performance improvement plans and trained teams to conduct management audits.

Mike completed Six Sigma black belt training with a major international manufacturer and led sourcing, business process re-engineering and custom software development projects as a component of the company's Oracle enterprise resources planning (ERP) software implementation initiative. He also helped develop an e-commerce procurement strategy and manage the rollout to hundreds of suppliers. With a different international manufacturer, Mike led the capture team on one of the company's largest state and local industry wins and spearheaded the company's internal pay for performance, best management practices and at-home worker initiatives. As a consultant for six years prior to joining BKD, he has worked with numerous state and local clients, leading projects that have helped clients improve service quality while reducing service cost.

He is a graduate of Truman State University, Kirksville, Missouri, with a bachelor's degree, and a graduate of Indiana University's School of Public and Environmental Affairs, Bloomington, with an M.P.A. degree. He served for eight years in the U.S. Navy Reserve.



Jeremy R. Clopton, CPA, CFE, ACDA, CIDA
Director

As a member of BKD's Forensics & Valuation Services division, Jeremy leads the Big Data & Analytics and Digital Forensics practices. He specializes in data analytics with applications in fraud prevention and detection, risk assessment and business intelligence.

He has experience in using ACL, IDEA and Tableau software for analysis, data visualization, visual analytics and dashboard development. Working with both IT and finance/accounting, he frequently assists with data gathering and extraction from accounting systems.

Jeremy's project experience includes the development and implementation of continuous auditing programs for Fortune 500 companies, development of analytics for compliance with anti-bribery and corruption regulations and investigative experience working with criminal justice organizations. His industry experience includes working with higher education, banking, government, health care, retail, transportation and manufacturing organizations, as well as professional service firms.

He is a frequent speaker on the topics of data analytics, continuous auditing, data visualization and the value data can bring to an organization. He has spoken at global and national conferences, as well as regional and local conferences and in webinars. He also contributes to the Association of Certified Fraud Examiners' **Fraud Magazine** and a variety of blogs on the topic of data analytics.

Jeremy is a CPA, Certified Fraud Examiner (CFE), ACL Certified Data Analyst (ACDA), Certified IDEA Data Analyst (CIDA) and member of the American Institute of CPAs, Missouri Society of CPAs, Association of Certified Fraud Examiners and Institute of Internal Auditors. He is one of a small number of professionals worldwide certified in the use of both IDEA and ACL data analytics technologies.

He is a 2005 *summa cum laude* graduate of Drury University, Springfield, Missouri, with a B.A. degree in accounting.



Christie L. Clements, CISA®, CRMA®
Director

Christie is the East Region leader of BKD's Enterprise Risk Solutions division. She has approximately 20 years of internal audit and risk management experience, including eight years as an internal audit director at a Fortune 40 company. She is responsible for business development and engagement oversight, managing a team of professionals who deliver a variety of risk services across a number of industries, including manufacturing, distribution, retail, higher education, insurance, not-for-profit, municipalities, gaming and logistics.

She has experience working in dispersed and complex environments and is practiced in operational, regulatory, financial, IT and internal controls, often using a data mining and analytics methodology. Her internal control projects have encompassed many areas of operations and IT, including data integrity and warehousing, management reporting, revenue and expenditure cycles, inventory, call center operations, third-party vendor management and governance, contract compliance, IT general controls, enterprise risk governance and systems development life cycles. She is knowledgeable about health care payor and pharmacy operations, regulatory compliance for the *Payment Card Industry Data Security Standard*, *Health Insurance Portability and Accountability Act of 1996*, *Patient Protection and Affordable Care Act*, Medicaid and Medicare. She also has assisted on legal investigations.

Christie holds Certified Information Systems Auditor® (CISA®) and Certified Risk Management Assurance™ (CRMA®) designations. She is a member of The Institute of Internal Auditors (IIA) and ISACA® and is a former Board of Governors member for the IIA Indianapolis Chapter. In addition, she is certified through IIA as a Quality Assessment Review (QAR) assessor and has performed external QAR assessments of peer internal audit practices.

She is a graduate of the Kelley School of Business at Indiana University, Indianapolis, with a B.S. degree in accounting.

CONTINUING PROFESSIONAL EDUCATION

Our audit professionals are required to receive at least 120 hours of CPE every three years. For auditors involved with audits performed under *Government Auditing Standards*, this education includes the hours required to comply with *Government Auditing Standards Yellow Book* guidance. All individuals, including specialists involved in performing fieldwork on *Government Auditing Standards* audits, are required to obtain at least 24 hours of CPE every two years in subjects directly related to government auditing or the government environment. In addition, engagement team members responsible for planning, directing or reporting on *Government Auditing Standards* audits who spend more than 20 percent of their time performing *Government Auditing Standards* audits also are required to complete a minimum of 80 hours of CPE every two years that directly enhances their professional proficiency to perform audits.

BKD offers an internal industry update seminar for managers through partners, as well as a seminar for our in-charge level employees. These seminars include auditing and accounting issues that are specific to governmental clients, including *Government Auditing Standards*, Single Audits and accounting standards for government financial reporting. BKD professionals also receive additional training from external sources.

RECOGNIZED LEARNING & DEVELOPMENT

BKD's commitment to lifelong learning and professional development is highlighted by our recognition as a top-tier training organization. BKD has earned the distinction of **Training** magazine's Training Top 125 for the past four years. In 2016 and 2014, BKD also earned the *Chief Learning Officer* magazine's LearningElite award. These programs rank companies' excellence in employer-sponsored training and recognize outstanding outcomes in learning and development. This cultural dedication helps our professionals meet our clients' needs.



Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the Village of River Forest. However, in either case, the Village of River Forest retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

In the event we are required to make a change to any key personnel assigned to your engagement, we will discuss this with you to explain the circumstances and proposed change. Your lead engagement partner, Scott Termine, or office managing partner will be coordinating personnel changes. We generally do not remove key personnel from an audit once it has begun, but occasionally employee turnover or other events beyond our control require such a change. If a personnel change is required, we are confident we can provide a qualified replacement to complete your audit with limited interruption.

We understand engagement team members, consultants and firm specialists mentioned in our response to this RFP can only be changed with the prior expressed written permission of the Village, which retains the right to approve or reject replacements.

QUALITY ASSURANCE

Indicate how the quality of all assigned personnel and their work over the term of the engagement will be assured.

Audit services are the centerpiece of BKD's assurance and compliance services. We work hard to maintain high standards of professional practice, including a strong system of quality control that emphasizes independence and objectivity. Our risk management program addresses a multitude of issues ranging from client acceptance to final working paper and financial statement review. Features of our quality control system include:

- ▶▶ All professional personnel are required to confirm their independence with respect to the firm's assurance clients annually.
- ▶▶ The director of accounting and auditing, a partner independent of any client duties, is responsible for overseeing this process and making judgments on application of the independence rules.
- ▶▶ We have rigid standards for acceptance of new engagements. Unusually large or complex new engagements require the approval of National Office personnel.
- ▶▶ All assurance engagements are reviewed by a second partner or manager who is not otherwise involved in providing services to the client.
- ▶▶ We require numerous consultations with accountants well versed in complex accounting or audit issues.
- ▶▶ We conduct our own internal peer reviews regularly.
- ▶▶ Our professionals average approximately 70 hours of training annually.

experience
attention

"BKD, LLP demonstrated excellent customer service in meeting our needs. Their technical knowledge was excellent and extremely valuable to our organization. I highly recommend them to any governmental entity."

Clint Mercer

Chief Accountant
City of Norman, Oklahoma

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last three years that are similar to the engagement described in this request for proposal. Please also indicate those municipalities that achieved the Certificate of Achievement for Excellence in Financial Reporting award while your firm was engaged as their auditors. Indicate the scope of work, date, engagement partners, total hours and the name and telephone number of the principal client contact. Specifically, identify those engagements at which the managers and other supervisors who will be assigned to the Village of River Forest engagement have worked.

REPRESENTATIVE LIST OF CLIENTS

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

Algonquin Area Public Library	Oakbrook Terrace, City Police Pension Fund
Bloom Township	Park District of Oak Park, IL*
Bloomington Township	University of Illinois at Chicago Dept. of Athletics
Brookfield-North Riverside Water Commission	Village of Berkeley, IL*
Chicago Heights Park District	Village of Bolingbrook, IL
City of Hickory Hills, IL	Village of Bradley, IL
City of Highwood, IL	Village of Burr Ridge, IL*
City of Oakbrook Terrace, IL*	Village of Grayslake, IL
City of Park Ridge, IL*	Village of Hainesville, IL
DuPage Township	Village of Mettawa, IL
Forest Preserve District of DuPage County*	Village of River Forest, IL*
Glenside Public Library District	Village of Villa Park, IL
Homewood-Flossmoor Park District*	Village of Volo, IL
Illinois Municipal Insurance Cooperative (IMIC)	Village of Willowbrook, IL*
Indian Trails Public Library District	Will County Governmental League
Mill Creek Water Reclamation District	

**Denotes client who received a Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting*

REFERENCES

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 Bloomingdale, Illinois

Scope of Work: Single Audit & CAFR Preparation
Date: 1993 to Present
Engagement Partner: Scott Termine
Total Hours: 320
Mr. Gary Szott
Finance Director
630.671.5637
Bloomingdale, IL

Village of LaGrange Park, Illinois

Scope of Work: Audit & Annual Financial Report (AFR) Preparation
Date: 2016 to Present
Engagement Partner: Scott Termine
Total Hours: 250
Mr. Larry Noller
Finance Director
708.354.0225
LaGrange Park, IL

Village of Mundelein, Illinois

Scope of Work: Audit
Date: 2014 to Present
Engagement Partner: Scott Termine
Total Hours: 320
Mr. Doug Haywood
Finance Director
847.949.3211
Mundelein, IL

SPECIFIC AUDIT APPROACH

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed.

FINANCIAL STATEMENT AUDIT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS & UNIFORM GUIDANCE

BKD's audit approach focuses on areas of higher risk—the unique characteristics of the Village's operating environment, the design effectiveness of your internal controls and your financial statement amounts and disclosures. The objective is to express an opinion on the conformity of your financial statements, in all material respects, with accounting principles generally accepted in the United States of America.

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.

These principles make up the foundation of BKD's audit approach:

- ▶▶ The staff working on your engagement have been trained in the governmental industry. You will not have to train our people on audit areas or risks specific to the industry.
- ▶▶ We provide a significant level of engagement executive involvement so you receive high-quality service with little interruption. We recognize we have to be flexible because not all audits go as planned. Because our partners and managers are in the field, we can adapt quickly to circumstances that arise.
- ▶▶ Communicating the results of our audit procedures and sharing ideas to help your accounting processes are integral parts of your engagement. In addition, you will find communication does not end when the audit is completed. We strive to keep in contact with your management team throughout the year. Continued communication means you can receive an efficient and effective audit.

Using our five-phase approach, we will work with you to develop an audit plan tailored to your specific circumstances and risks.

PHASE 1: PLANNING

As required by auditing standards, we will communicate with your board of trustees/finance committee/management team early in the audit process. Our communication with the board of trustees/finance committee/management team is a two-way process: we will be informing them of the scope and timing of the audit, but in return we will ask that your board of trustees/finance committee/management team let us know about any risk issues they have identified, any areas where they would like us to perform additional procedures or anything else material to the audit.

BKD also will work closely with your management team to develop an audit timeline that meets your requirements. For any audit to be successful, teamwork between the auditors and the management team is required. Both parties must set a realistic timeline to meet required deadlines.

OUR FIVE-PHASE APPROACH TO FINANCIAL STATEMENT AUDITS

1 » Planning

2 » Risk Assessment

3 » Fieldwork, Testing &
Further Audit Procedures

4 » Report &
Communications Delivery

5 » Presentation

As part of the planning meeting, we will identify information you have readily available for the audit and what additional information we will need. We recognize the importance of compliance with professional standards, but we also emphasize the need to be practical. When possible, during our testing of year-end account balances, we will want to use your internal reports and information.

Materiality

BKD has a defined methodology for governmental clients that does not simply consider net income, but focuses on other metrics, such as total assets, total revenue or other meaningful metrics to scope our audit approach, to evaluate actual or potential errors and to develop audit samples. In addition, we will seek the input of your board of trustees/finance committee/management team to further direct our testing procedures prior to finalizing our scope.

PHASE 2: RISK ASSESSMENT

BKD will follow standards established by the Auditing Standards Board of the AICPA. These auditing standards affect the amount and type of information BKD will gather to perform your audit.

We will:

- ▶▶ Obtain an understanding of your business and business environment, significant risks you face and how you mitigate those risks. This will include examining how you measure and manage financial performance, as well as your internal controls over financial reporting.
- ▶▶ Evaluate where your financial statements might be susceptible to material misstatement due to error or fraud.
- ▶▶ Consider whether internal controls have been implemented and assess the general controls around your IT systems.
- ▶▶ Assess risks of material misstatement for the most significant financial statement amounts and disclosures.

To help facilitate the testing of internal controls, we use questionnaires specific to the governmental industry, which expedite gathering your control information. Based on the documentation of your controls, we will test the key controls of your organization.

We expect to interview your personnel and review prior board meeting minutes as part of our information-gathering process.

PHASE 3: FIELDWORK, TESTING & FURTHER AUDIT PROCEDURES

Based on our assessment of risks of material misstatements and determination of further audit procedures to be performed, we will design audit tests that take advantage of strengths in your internal control system.

During fieldwork, we will:

- ▶▶ Perform substantive tests on material account balances
- ▶▶ Evaluate significant unusual transactions
- ▶▶ Ask management to further explore and clarify any identified potential misstatements
- ▶▶ Evaluate the materiality of those misstatements, if applicable
- ▶▶ Conclude whether all identified risks of material misstatement have been addressed
- ▶▶ Hold a formal exit conference with management to share findings and preliminary deliverables

BKD also will perform some tests from the following alternatives:

- ▶▶ Test key items – Some items within an account may be large enough by themselves to involve significant risk of material misstatement. These key items can be audited individually.
- ▶▶ Sampling – A detailed audit of representative individual items (a sample) selected from a population.
- ▶▶ Analytical procedures – Taking a closer look at a grouping of information by examining it as it relates to other accounts, historical trends or other measures.
- ▶▶ Computer-assisted auditing techniques (CAAT) – BKD uses ACL as one of the primary tools to apply CAAT. The use of ACL allows us to analyze data electronically, handle large amounts of data and increase the effectiveness and efficiency of audit procedures.

As needed, our partners across the firm serve as technical resources with expertise to deal with particularly challenging or unique situations that may arise in the course of your audit.

We know a great deal of audit information often comes from third parties. Sometimes information from those parties is not received on time. To keep your report on schedule, we will keep you informed of the status of outstanding items.

PHASE 4: REPORT & COMMUNICATIONS DELIVERY

A cornerstone of the quality of our audits is the use of a concurring reviewer before the issuance of any reports. Another member of our assurance team, who has otherwise not been involved in the engagement, reviews the financial statements and workpapers before issuing the report.

Generally accepted auditing standards establish requirements and provide guidance on our communication with those charged with governance. In addition, if applicable, we will issue a report to management and those charged with governance of any significant deficiencies or material weaknesses identified during the audit.

Our commitment to a smooth engagement also includes the timely delivery of our audit report. A draft of the audit report, management letter and any other deliverables will be provided to you for your review and comments.

PHASE 5: PRESENTATION TO THOSE CHARGED WITH GOVERNANCE

You may want to formally share your audit results with your board of trustees/finance committee/management team. We can help make a presentation to your board of trustees/finance committee/management team and answer their questions.

TIMING & YOUR BKD TEAM

Overall, we plan to spend about twelve days in your village hall working, approximately two days on interim/planning/gathering information to design our audit approach and two weeks on final fieldwork at year-end. We will coordinate the scheduling of your audit to both accommodate your schedule and to allow for the timely completion of deliverables.

Your BKD team will include an experienced manager and associate, who will be on site performing further audit procedures and gathering the information we need to support our opinion. In addition, your team will be led by a partner and senior manager with experience in the governmental industry, who will direct our staff's audit approach, review their work and communicate audit results.

experience support

"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,
Colorado

COMPLIANCE AUDIT IN ACCORDANCE WITH UNIFORM GUIDANCE

BKD performs hundreds of Single Audits annually, focusing on two objectives: first, an audit of your financial statements and reporting on the Schedule of Expenditures of Federal Awards (SEFA) in accordance with *Government Auditing Standards*, and second, a compliance audit for federal awards expended during the fiscal year.

At least one-third of our not-for-profit and government clients receive federal funding. Our extensive experience with compliance testing in accordance with OMB requirements can help provide the Village with a Single Audit performed properly and submitted on time.

Our Uniform Guidance Audit Approach

During our audit procedures of federal award programs, we do not simply look for findings to report. We look for opportunities to advise you of more efficient ways to comply with federal regulations to reduce the risks of sanctions or reduced funding. BKD has developed contacts at federal agencies and has been able to work cooperatively with these agencies to help clients resolve or avoid issues.

Entities subject to the Uniform Guidance and *Government Auditing Standards* will benefit from BKD’s specially designed audit programs, checklists and database of federal audit programs.

Identification and testing of your federal programs will be performed primarily during interim fieldwork, which will typically be performed before your fiscal year-end. We have found this to be the most efficient manner in which to perform our audit services when the additional Uniform Guidance requirements are present.

Proposers will be required to provide the following information on their audit approach:

Proposed schedule of the audit engagement.

BKD is prepared to meet the deadlines outlined in your RFP.

Phase	Estimated Completion Date
Detailed Audit Plan	May 15
Fieldwork	July 18
Draft Reports	August 15
Final Reports	October 4

Level of staff and number of hours to be assigned to each proposed segment.

Phase	Staff Level	Hours
Phase 1: Planning		
	Partner	4
	Senior Manager	4
	Manager	4
	Associate	8
Phase 2: Risk Assessment		
	Partner	4
	Senior Manager	8
	Manager	8
	Associate/Senior Associate	8
Phase 3: Fieldwork, Testing & Further Audit Procedures		
	Partner	24
	Senior Manager	50
	Manager	70
	Associate/Senior Associate	90
Phase 4: Report & Communications Delivery		
	Partner	4
	Senior Manager	16
Phase 5: Presentation to the Finance Committee/Village Board		
	Partner	2
	Senior Manager	2

Sample size and the extent to which statistical sampling is to be used.

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 increases, 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.

Type and extent of analytical procedures to be used.

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.

Approach to be taken to gain and document an understanding of the Village of River Forest'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 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 the finance committee's/board of trustees' 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 will help you update and complete detailed duties grids specifically designed for government 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, the Village's finance committee and the Village boards 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 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.

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 governmental clients in the state of Illinois and are familiar with the laws and regulatory environment in which you operate.

IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from the Village of River Forest.

■ COMMUNICATION PROCESS

While we do not anticipate significant audit problems, we understand the importance of good channels of communication with key engagement team members to facilitate the discussion of issues that may arise. Once we commence final fieldwork, we would ask for management's participation in weekly progress meetings that would facilitate such communication and allow for timely identification and response to problems that may be encountered.

The lead engagement partner is responsible for communicating accounting and audit-related issues with management and is the primary decision maker on these issues. BKD has established requirements for consultation with quality control personnel on certain complex or highly subjective accounting and auditing matters.

■ OUR EXPECTATIONS OF YOUR STAFF

We have developed an efficient approach that helps avoid wasted effort. We plan our work to facilitate client participation to help control costs, reduce unnecessary disruptions and meet deadlines.

The Village plays a major role in timely completion of the audit. We need your staff to maintain records in good condition, provide the necessary schedules and cooperate with our audit team. Most organizations routinely prepare these records and schedules during their normal monthly or annual closing process.

Assistance from your personnel may include:

- ▶▶ Preparing a complete and accurate general ledger trial balance by account, to which very few adjustments are needed
- ▶▶ Preparing accurate audit schedules to support all significant balance sheet and certain other accounts
- ▶▶ Responding to auditor inquiries
- ▶▶ Preparing confirmation and other letters
- ▶▶ Pulling selected invoices and other documents from files
- ▶▶ Helping to resolve any differences or exceptions noted
- ▶▶ Completing documentation of internal controls
- ▶▶ Completing report and footnote information

We will provide a list of the needed schedules well in advance of any deadlines, as well as spreadsheet templates for many of these schedules. We also will meet with your staff, as needed, to help them clearly understand what we need.

FEE PROPOSAL

1. TOTAL ALL-INCLUSIVE MAXIMUM FEE

The fee proposal shall contain all pricing information relative to performing the audit engagement as described in this request for proposal on a "not to exceed" basis for the fiscal year ending April 30, 2017, through the fiscal year ending April 30, 2021. The total all-inclusive not to exceed maximum price is to include all direct and indirect costs including all out-of-pocket expenses. The proposed hourly billing rates shall include all expenses. The Village shall not separately reimburse the firm for any travel, per diem, meals, photocopying, telephone bills or any other expenses of the audit. Please indicate the cost for the following components of the total cost separately: financial audit, preparation and filing of the State Comptroller's Report, Single Audit, and TIF Compliance Report.

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.

EXHIBIT I: FEE PROPOSAL



Village of River Forest
400 Park Avenue
River Forest, IL 60305

Company Name: BKD, LLP
Address: 1901 South Meyers Road // Suite 500
Oakbrook Terrace, IL 60181

PROFESSIONAL AUDITING SERVICES PRICING FORM

Audit Services – Annual Amount NOT TO EXCEED

	FYE 4/30/17	FYE 4/30/18	FYE 4/30/19	FYE 4/30/20	FYE 4/30/21
Comprehensive Annual Financial Report	\$ 29,500	\$ 30,250	\$ 31,100	\$ 32,000	\$ 33,000
Single Audit	\$ 2,250	\$ 2,350	\$ 2,450	\$ 2,550	\$ 2,650
State Comptroller's Report	\$	\$	\$	\$	\$
TIF Compliance Report	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
TOTAL	\$ 32,750	\$ 33,600	\$ 34,550	\$ 35,550	\$ 36,650

Professional Fees Labor Rates for Additional Services:

	FYE 4/30/17	FYE 4/30/18	FYE 4/30/19	FYE 4/30/20	FYE 4/30/21
Partner	\$ 195	\$ 200	\$ 205	\$ 210	\$ 210
Manager	\$ 140	\$ 144	\$ 148	\$ 152	\$ 152
Supervisor	\$ 115	\$ 118	\$ 122	\$ 126	\$ 126
Staff	\$ 85	\$ 88	\$ 91	\$ 94	\$ 94
Other (Specify title: _____)	\$ 40	\$ 42	\$ 44	\$ 46	\$ 46
TOTAL	\$	\$	\$	\$	\$

Any and all exceptions to these specifications MUST be clearly and completely indicated on the proposal sheet. Attach additional pages, if necessary. **NOTE TO OFFERORS:** Please be advised that any exceptions to these specifications may cause your proposal to be disqualified.

Authorized Signature: Scott C. Termine

Company Name: BKD, LLP

Typed/Printed Name: Scott C. Termine, CPA

Date: January 30, 2017

The previously noted fees include travel costs, if any, and an 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.

2. DETAIL SCHEDULE OF RATES BY PARTNER, SPECIALIST, SUPERVISORY & STAFF LEVEL

Based on the all-inclusive costs identified, provide a schedule of hourly rates and number of estimated hours required by level of personnel. Firms should note that only actual hours spent on the audit may be billed to the Village.

Any work outside the scope of this engagement will be priced according to our hourly rates.

Staff Levels	Hours	Hourly Rates
Partner	40	\$195–\$210
Senior Manager, Director	104	\$140–\$155
Associate, Senior Associate, Senior Associate II, Manager	162	\$85–\$125

3. SPECIAL PROJECTS

If it should become necessary for the Village to request that the auditor render any additional services to either supplement the services in this request for proposal or to perform additional work as a result of the specific recommendations included in a report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the Village and the firm. Any such additional work agreed to shall be performed at the same rates as set forth in the schedule of fees and expenses included in the fee proposal. Work performed outside the scope of services outlined in this request for proposal is to be performed only at the written request of the Village.

BKD understands any additional work will be performed as detailed in an addendum to the contract and billed at the previously mentioned rates.

4. AUTHORITY TO CONTRACT

Provide certification that the person submitting the cost proposal has the authority to represent the firm and sign a contract.

As a partner of the firm, Scott C. Termine is authorized to contractually bind BKD.

5. MANNER OF PAYMENT

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's proposal. Interim billings shall cover a period of not less than one calendar month.

Our pricing for this engagement and our fee structure is based upon the expectation our invoices will be paid promptly. We will issue monthly progress billings during the course of our engagement and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 45 days at the rate of 10 percent per annum.

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“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 THE 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 the Village previously, BKD is confident the parties can successfully negotiate a mutually acceptable agreement.

AICPA PEER REVIEW LETTER



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

November 10, 2014

Theodore D Dickman, CPA
BKD, LLP
910 E Saint Louis St Ste 400
Springfield, MO 65806

Dear Sir/Madam:

It is my pleasure to notify you that on October 31, 2014 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is November 30, 2017. 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.

Sincerely,

A handwritten signature in black ink that reads "Larry Gray". The signature is written in a cursive style.

Larry Gray
Chair, National Peer Review Committee
nprc@aicpa.org 919 402.4502

cc: Candace E Wright; L Douglas Bennett

Firm Number: 10002800

Review Number 361333

Letter ID: 937515

BKD PEER REVIEW REPORT



A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

System Review Report

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 permanent inspection in effect for the year ended May 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations (SOC 1).

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014, 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*.

A handwritten signature in cursive script that reads 'Postlethwaite & Netterville'.

Baton Rouge, Louisiana
September 19, 2014

8550 United Plaza Blvd, Suite 1001 • Baton Rouge, LA 70809 • Tel: 225.922.4600 • Fax: 225.922.4611

UNMATCHED CLIENT SERVICE



WHAT DO YOU VALUE MOST IN YOUR CPA OR ADVISOR? // Ethics? Intelligence? Sound advice? Consistent results? You deserve deep industry knowledge delivered with a highly interactive and attentive style. That's why we penned our service standards in a book, **The BKD Experience: Unmatched Client Service**. Experience what our unmatched client service can mean for you.



INTEGRITY FIRST

- Be honest and truthful
- Protect privacy and respect rights

Experience how our trustworthiness, our commitment to protect your privacy and confidentiality and our unwavering ethical standards can benefit your business. For more than 90 years BKD has been doing what's right and advising our clients accordingly.



TRUE EXPERTISE

- Commit to lifelong learning
- Learn to listen so you can listen to learn

Experience how our business savvy, credentials and experience can help you meet your goals. You can count on BKD to provide a broad base of skills and knowledge to evaluate, advise and deliver solutions for you.



PROFESSIONAL DEMEANOR

- Practice exemplary work habits
- Choose your attitude

Experience how our attitude, character, communication skills, appearance and behaviors can inspire confidence and respect.



RESPONSIVE RELIABILITY

- Under promise, over deliver
- There's no penalty for early delivery

Experience how our consistent delivery of results, ability to handle difficult tasks and knowledge of your business affairs can help your business management.



PRINCIPLED INNOVATION

- Connect client needs with resources
- Initiate solutions

Experience how our creativity, valuable advice and sound practices can bring ideas and alternative approaches to your business. You can count on BKD to be proactive and resourceful, even when it appears there are no immediate solutions.

COMMITMENT TO PROFESSIONAL DEVELOPMENT

BKD is committed to creating rewarding careers and equipping our professionals with the tools they need to serve our clients. We take professional growth and development seriously and offer numerous programs and training so we are prepared to help meet your professional services needs.



AWARD-WINNING TRAINING

BKD's commitment to lifelong learning and professional development is highlighted by our recognition as a top-tier training organization. BKD has earned the distinction of **Training** magazine's Training Top 125 for the past four years. In 2016 and 2014, BKD also earned the **Chief Learning Officer** magazine's LearningElite award.



PROGRESSIVE PROGRAMS & INITIATIVES

BKD is dedicated to creating and implementing programs and initiatives to help our professionals achieve their full potential. Programs include SKY, a firmwide initiative to emphasize and strengthen diversity in our firm. SKY focuses on recruiting, retaining and developing women for the sustainable growth of BKD. Through the collaboration of men and women, BKD aims to foster a culture that recognizes and supports maximizing the potential of all.



REWARDING CAREERS

As part of a recent employee engagement survey, BKD employees ranked us within the 90th percentile of professional services companies, indicating they find BKD to be an exemplary platform from which to serve clients.

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