

**VILLAGE OF DOWNERS GROVE**  
**REPORT FOR THE VILLAGE COUNCIL MEETING**  
**NOVEMBER 2, 2010 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Selecting an Independent Auditor for Annual Financial Statements (2010-2014)	✓ Resolution Ordinance Motion Discussion Only	Judy Buttny, Finance Director

**SYNOPSIS**

A resolution has been prepared to authorize approval of a five year contract with Baker Tilly Virchow Krause for performing the independent audit of the Village's annual financial statements for an amount not to exceed \$166,920.

**STRATEGIC PLAN ALIGNMENT**

The 2010 Strategic Plan identified an *Exceptional Municipal Organization*. A supporting objective of this statement is to provide *Financially Sound and Sustainable Village Government*.

**FISCAL IMPACT**

The FY11 Proposed Budget includes \$30,000 in the General Fund for auditing services. The cost to the General Fund for the audit in FY11 is \$29,050.

**RECOMMENDATION**

Staff recommends approval on the November 9, 2010 consent agenda to sign a five-year agreement with Baker Tilly Virchow Krause to complete the Village's independent audit.

**BACKGROUND**

The Village of Downers Grove is required by State statute to have an annual independent audit of its financial statements. Fiscal year 2009 was the last year of a five-year contract with Sikich LLP. In September, the Village sent out a Request for Proposal to eight accounting firms with a response date in October. Six firms responded with proposals to the Village.

The six responding firms included:

- Baker Tilly Virchow Krause
- Crowe Horwath
- Lauterbach & Amen
- McGladrey & Pullen
- Sikich
- Wolf & Company

The following table summarizes the evaluation of the six responding auditing firms:

	<b>Baker Tilly</b>	<b>Crowe Horwath</b>	<b>Lauterbach &amp; Amen</b>	<b>McGladrey &amp; Pullen</b>	<b>Sikich</b>	<b>Wolf &amp; Company</b>
Financial Audits	\$151,175	\$161,350	\$187,200	\$165,500	\$172,050	\$162,250
Single Audits	\$15,745	\$21,580	\$16,000	\$37,000	\$18,525	\$15,000
5 Year Total w/ Single Audits	\$166,920	\$182,930	\$203,200	\$202,500	\$190,575	\$177,250
Current DuPage County clients	Wheaton	Bensenville, Glendale Heights	Lombard, Woodridge	Oak Brook, Water Commission	Carol Stream, Elmhurst	Bloomington Glen Ellyn

A Single Audit is required each year if the Village receives in excess of \$500,000 in federal assistance.

Staff recommends approval of the contract with Baker Tilly Virchow Krause for the following reasons:

- Lowest cost for the Village
- Provides a fresh perspective and is consistent with past Village policy of switching audit firms every five years
- Positive references
- Experience in governmental audits

**ATTACHMENTS**

Resolution

Request for Proposal

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION AUTHORIZING EXECUTION OF AN  
AGREEMENT BETWEEN THE VILLAGE OF DOWNERS GROVE  
AND BAKER TILLY VIRCHOW KRAUSE, LLC**

BE IT RESOLVED by the Village Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

1. That the form and substance of a certain Agreement (the “Agreement”), between the Village of Downers Grove (the “Village”) and Baker Tilly Virchow Krause, LLC (the “Auditor”), for 2010-2014 independent auditing services, as set forth in the form of the Agreement submitted to this meeting with the recommendation of the Village Manager, is hereby approved.

2. That the Village Manager and Village Clerk are hereby respectively authorized and directed for and on behalf of the Village to execute, attest, seal and deliver the Agreement, substantially in the form approved in the foregoing paragraph of this Resolution, together with such changes as the Manager shall deem necessary.

3. That the proper officials, agents and employees of the Village are hereby authorized and directed to take such further action as they may deem necessary or appropriate to perform all obligations and commitments of the Village in accordance with the provisions of the Agreement.

4. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

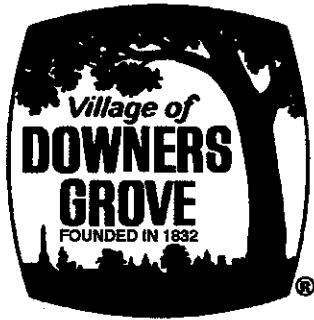
5. That this Resolution shall be in full force and effect from and after its passage as provided by law.

\_\_\_\_\_  
Mayor

Passed:

Attest: \_\_\_\_\_

Village Clerk



## REQUEST FOR PROPOSAL (Professional Services)

Name of Proposing Company: Baker Tilly Virchow Krause, LLP

Project Name: AUDITING SERVICE 2010-2014  
Proposal No.: 001-2010  
Proposal Due: October 1, 2010.5:00 p.m.  
Pre-Proposal Conference: None

Required of Awarded Contractor:  
Certificate of Insurance: No

Legal Advertisement Published: September 10, 2010  
Date Issued: September 10, 2010

This document consists of 34 pages.

Return **original** and **two duplicate copies** of proposal in a **sealed envelope** marked with the Proposal Number as noted above to:

THERESA H. TARKA  
PURCHASING ASSISTANT  
VILLAGE OF DOWNERS GROVE  
801 BURLINGTON AVENUE  
DOWNERS GROVE, IL 60515  
PHONE: 630/434-5530  
FAX: 630/434-5571  
[www.downers.us](http://www.downers.us)

The VILLAGE OF DOWNERS GROVE will receive proposals Monday thru Friday, 8:00 A.M. to 5:00 P.M. at the Village Hall, 801 Burlington Avenue, Downers Grove, IL 60510.

**SPECIFICATIONS MUST BE MET AT THE TIME THE PROPOSAL IS DUE.**

The Village Council reserves the right to accept or reject any and all proposals, to waive technicalities and to accept or reject any item of any proposal.

The documents constituting component parts of this contract are the following:

- I. REQUEST FOR PROPOSALS
- II. TERMS & CONDITIONS
- III. DETAILED SPECIFICATIONS
- IV. PROPOSAL/CONTRACT FORM

**DO NOT DETACH ANY PORTION OF THIS DOCUMENT. INVALIDATION COULD RESULT.** Proposers MUST submit an original, and 2 additional paper copies of the total proposal. Upon formal award of the proposal this RFP document shall become the contract, the successful Proposer will receive a copy of the executed contract.

# **I. REQUEST FOR PROPOSALS**

## **1. GENERAL**

- 1.1 Notice is hereby given that Village of Downers Grove will receive sealed proposals up to **October 1, 2010, 5:00 p.m** .
- 1.2 Proposals must be received at the Village of Downers Grove by the time and date specified. Proposals received after the specified time and date will not be accepted and will be returned unopened to the Proposer.
- 1.3 Proposal forms shall be sent to the Village of Downers Grove, ATTN: **Theresa Tarka**, in a sealed envelope marked "SEALED PROPOSAL". The envelope shall be marked with the name of the project, date, and time set for receipt of proposals.
- 1.4 All proposals must be submitted on the forms supplied by the Village and signed by a proper official of the company submitting proposal. Telephone, email and fax proposals will not be accepted.
- 1.5 By submitting this proposal, the proposer certifies under penalty of perjury that they have not acted in collusion with any other proposer or potential Proposer.

## **2. PREPARATION OF PROPOSAL**

- 2.1 It is the responsibility of the proposer to carefully examine the specifications and proposal documents and to be familiar with all of the requirements, stipulations, provisions, and conditions surrounding the proposed services. **DO NOT SUBMIT A PROPOSED CONTRACT. UPON ACCEPTANCE BY THE VILLAGE, THIS RFP DOCUMENT SHALL BECOME A BINDING CONTRACT.**
- 2.2 No oral or telephone interpretations of specifications shall be binding upon the Village. All requests for interpretations or clarifications shall be made in writing and received by the Village at least five (5) business days prior to the date set for receipt of proposals. All changes or interpretations of the specifications shall be made by the Village in a written addendum to our proposer's of record.
- 2.3 In case of error in the extension of prices in the proposal, the hourly rate or unit price will govern. In case of discrepancy in the price between the written and numerical amounts, the written amount will govern.
- 2.4 All costs incurred in the preparation, submission, and/or presentation of any proposal including any proposer's travel or personal expenses shall be the sole responsibility of the proposer and will not be reimbursed by the Village.
- 2.5 The proposer hereby affirms and states that the prices quoted herein constitute the total cost to the Village for all work involved in the respective items and that this cost also includes all insurance, royalties, transportation charges, use of all tools and equipment,

superintendence, overhead expense, all profits and all other work, services and conditions necessarily involved in the work to be done and materials to be furnished in accordance with the requirements of the Contract Documents considered severally and collectively.

**3. MODIFICATION OR WITHDRAWAL OF PROPOSALS**

3.1 A Proposal that is in the possession of the Village may be altered by a letter bearing the signature or name of person authorized for submitting a proposal, provided that it is received prior to the time and date set for the bid opening. Telephone, email or verbal alterations of a proposal will not be accepted.

3.2 A Proposal that is in the possession of the Village may be withdrawn by the proposer, up to the time set for the proposal opening, by a letter bearing the signature or name of person authorized for submitting proposals. Proposals may not be withdrawn after the proposal opening and shall remain valid for a period of ninety (90) days from the date set for the proposal opening, unless otherwise specified.

**4. RESERVED RIGHTS**

4.1 The Village of Downers Grove reserves the exclusive right to waive sections, technicalities, irregularities and informalities and to accept or reject any and all proposals and to disapprove of any and all subcontractors as may be in the best interest of the Village. Time and date requirements for receipt of proposal will not be waived.

**II. TERMS AND CONDITIONS**

**5. VILLAGE ORDINANCES**

5.1 The successful proposer will strictly comply with all ordinances of the Village of Downers Grove and laws of the State of Illinois.

**6. USE OF VILLAGE'S NAME**

6.1 The proposer is specifically denied the right of using in any form or medium the name of the Village for public advertising unless express permission is granted by the Village.

**7. INDEMNITY AND HOLD HARMLESS AGREEMENT**

7.1 To the fullest extent permitted by law, the Proposer shall indemnify, keep and save harmless the Village and its agents, officers, and employees, against all injuries, deaths, losses, damages, claims, suits, liabilities, judgments, costs and expenses, which may arise directly or indirectly from any negligence or from the reckless or willful misconduct of the Proposer, its employees, or its subcontractors, and the Proposer, its employees, or its subcontractors, and the Proposer shall at its own expense, appear, defend and pay all charges of attorneys and all costs and other expenses arising therefrom or incurred in connection therewith, and, if any judgment shall be rendered against the Village in any such action, the Proposer shall, at its own expense, satisfy and discharge the same. This

Agreement shall not be construed as requiring the Proposer to indemnify the Village for its own negligence. The Proposer shall indemnify, keep and save harmless the Village only where a loss was caused by the negligent, willful or reckless acts or omissions of the Proposer, its employees, or its Subcontractors.

## **8. NONDISCRIMINATION**

8.1 Proposer shall, as a party to a public contract:

- (a) Refrain from unlawful discrimination in employment and undertake affirmative action to assure equality of employment opportunity and eliminate the effects of past discrimination;
- (b) By submission of this proposal, the Proposer certifies that he is an "equal opportunity employer" as defined by Section 2000(e) of Chapter 21, Title 42, U.S. Code Annotated and Executive Orders #11136 and #11375, which are incorporated herein by reference. The Equal Opportunity clause, Section 6.1 of the Rules and Regulations of the Department of Human Rights of the State of Illinois, is a material part of any contract awarded on the basis of this proposal.

8.2 It is unlawful to discriminate on the basis of race, color, sex, national origin, ancestry, age, marital status, physical or mental handicap or unfavorable discharge for military service. Proposer shall comply with standards set forth in Title VII of the Civil Rights Act of 1264, 42 U.S.C. Secs. 2000 et seq., The Human Rights Act of the State of Illinois, 775 ILCS 5/1-101et. seq., and The Americans With Disabilities Act, 42 U.S.C. Secs. 12101 et. seq.

## **9. SEXUAL HARASSMENT POLICY**

9.1 The proposer, as a party to a public contract, shall have a written sexual harassment policy that:

- 9.1.1 Notes the illegality of sexual harassment;
- 9.1.2 Sets forth the State law definition of sexual harassment;
- 9.1.3 Describes sexual harassment utilizing examples;
- 9.1.4 Describes the Proposer's internal complaint process including penalties;
- 9.1.5 Describes the legal recourse, investigative and complaint process available through the Illinois Department of Human Rights and the Human Rights Commission and how to contact these entities; and
- 9.1.6 Describes the protection against retaliation afforded under the Illinois Human Rights Act.

## **10. EQUAL EMPLOYMENT OPPORTUNITY**

10.1 In the event of the Proposer's non-compliance with the provisions of this Equal Employment Opportunity Clause, the Illinois Human Rights Act or the Rules and Regulations of the Illinois Department of Human Rights ("Department"), the Proposer



may be declared ineligible for future contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations, and the contract may be canceled or voided in whole or in part, and such other sanctions or penalties may be imposed or remedies invoked as provided by statute or regulation. During the performance of this contract, the Proposer agrees as follows:

- 10.1.1 That it will not discriminate against any employee or applicant for employment because of race, color, religion, sex, marital status, national origin or ancestry, age, physical or mental handicap unrelated to ability, sexual orientation, sexual identity or an unfavorable discharge from military service; and further that it will examine all job classifications to determine if minority persons or women are underutilized and will take appropriate affirmative action to rectify any such underutilization.
- 10.1.2 That, if it hires additional employees in order to perform this contract or any portion thereof, it will determine the availability (in accordance with the Department's Rules and Regulations) of minorities and women in the area(s) from which it may reasonably recruit and it will hire for each job classification for which employees are hired in such a way that minorities and women are not underutilized.
- 10.1.3 That, in all solicitations or advertisements for employees placed by it or on its behalf, it will state that all applicants will be afforded equal opportunity without discrimination because of race, color, religion, sex, marital status, national origin or ancestry, age, physical or mental handicap unrelated to ability, or an unfavorable discharge from military services.
- 10.1.4 That it will send to each labor organization or representative of workers with which it has or is bound by a collective bargaining or other agreement or understanding, a notice advising such labor organization or representative of the Proposer's obligations under the Illinois Human Rights Act and the Department's Rules and Regulations. If any such labor organization or representative fails or refuses to cooperate with the Proposer in its efforts to comply with such Act and Rules and Regulations, the Proposer will promptly so notify the Department and the contracting agency and will recruit employees from other sources when necessary to fulfill its obligations thereunder.
- 10.1.5 That it will submit reports as required by the Department's Rules and Regulations, furnish all relevant information as may from time to time be requested by the Department or the contracting agency, and in all respects comply with the Illinois Human Rights Act and the Department's Rules and Regulations.
- 10.1.6 That it will permit access to all relevant books, records, accounts and work sites by personnel of the contracting agency and the Department for purpose of investigation to ascertain compliance with the Illinois Human Rights Act and the

Department's Rules and Regulations.

10.1.7 That it will include verbatim or by reference the provisions of this clause in every subcontract it awards under which any portion of the contract obligations are undertaken or assumed, so that such provisions will be binding upon such subcontractor. In the same manner as with other provisions of this contract, the Proposer will be liable for compliance with applicable provisions of this clause by such subcontractors; and further it will promptly notify the contracting agency and the Department in the event any subcontractor fails or refuses to comply therewith. In addition, the Proposer will not utilize any subcontractor declared by the Illinois Human Rights Commission to be ineligible for contracts or subcontracts with the State of Illinois or any of its political subdivision or municipal corporations.

**11. DRUG FREE WORK PLACE**

Proposer, as a party to a public contract, certifies and agrees that it will provide a drug free workplace by:

- 11.1 Publishing a statement: (1) Notifying employees that the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance, including cannabis, is prohibited in the Village's or proposer's workplace. (2) Specifying the actions that will be taken against employees for violations of such prohibition. (3) Notifying the employee that, as a condition of employment on such contract or grant, the employee will: (A) abide by the terms of the statement; and (B) notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction.
- 11.2 Establishing a drug free awareness program to inform employee's about: (1) the dangers of drug abuse in the workplace; (2) the Village's or proposer's policy of maintaining a drug free workplace; (3) any available drug counseling, rehabilitation and employee assistance programs; (4) the penalties that may be imposed upon employees for drug violations.
- 11.3 Providing a copy of the statement required above to each employee engaged in the performance of the contract or grant and to post the statement in a prominent place in the workplace.
- 11.4 Notifying the contracting or granting agency within ten (10) days after receiving notice of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction from an employee or otherwise receiving actual notice of such conviction.
- 11.5 Imposing a sanction on, or requiring the satisfactory participation in a drug abuse assistance or rehabilitation program by any employee who is so convicted as required by section 5 of the Drug Free Workplace Act.

- 11.6 Assisting employees in selecting a course of action in the event drug counseling, treatment and rehabilitation is required and indicating that a trained referral team is in place.
- 11.7 Making a good faith effort to continue to maintain a drug free workplace through implementation of the Drug Free Workplace Act.

**12. PATRIOT ACT COMPLIANCE**

The Proposer represents and warrants to the Village that neither it nor any of its principals, shareholders, members, partners, or affiliates, as applicable, is a person or entity named as a Specially Designated National and Blocked Person (as defined in Presidential Executive Order 13224) and that it is not acting, directly or indirectly, for or on behalf of a Specially Designated National and Blocked Person. The Proposer further represents and warrants to the Village that the Proposer and its principals, shareholders, members, partners, or affiliates, as applicable are not, directly or indirectly, engaged in, and are not facilitating, the transactions contemplated by this Agreement on behalf of any person or entity named as a Specially Designated National and Blocked Person. The Proposer hereby agrees to defend, indemnify and hold harmless the Village, and its elected or appointed officers, employees, agents, representatives, engineers and attorneys, from and against any and all claims, damages, losses, risks, liabilities and expenses (including reasonable attorney's fees and costs) arising from or related to any breach of the foregoing representations and warranties.

**13. INSURANCE REQUIREMENTS/INDEMNIFICATION**

- 13.1 The Proposer shall be required to obtain, from a company or companies lawfully authorized to do business in the jurisdiction in which the project is located, such general liability insurance which, at a minimum, will protect the Proposer from the types of claims set forth below which may arise out of or result from the Proposer's operations under this agreement and for which the Proposer may legally liable:
  - 13.1.1 Claims under workers compensation, disability benefit and other similar employee benefit acts which are applicable to the operation to be performed;
  - 13.1.2 Claims for damages resulting from bodily injury, occupational sickness or disease, or death of the Proposer's employees;
  - 13.1.3 Claims for damages resulting from bodily injury, sickness or disease, or death of any person other than the Proposer's employees;
  - 13.1.4 Claims for damages insured by the usual personal injury liability coverage which are sustained: (1) by a person as a result of an offense directly or indirectly related to employment of such person by the Proposer, or (2) by

another person;

- 13.1.5 Claims for damages, other than to the work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom;
  - 13.1.6 Claims for damages because of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle;
  - 13.1.7 Claims for damages as a result of professional or any other type of negligent action by the Proposer or failure to properly perform services under the scope of the agreement between the Proposer and the Village.
- 13.2 The Proposer shall demonstrate having insurance coverage for a minimum of \$2 million for professional liability (errors and omissions).
- 13.3 As evidence of said coverages, Proposer shall provide the Village with certificates of insurance naming the Village of Downers Grove as an additional insured and include a provision for cancellation only upon at least 30 days prior notice to the Village.
- 13.4 In addition to required insurance coverages, the Proposer shall indemnify and hold harmless the Village and its officers, employees and agents from any and all liability, losses or damages the Village may suffer as a result of claims, demands, suits, actions or proceedings of any kind or nature in any way resulting from or arising out of negligent action on the part of the Proposer or any sub-Proposer to the Proposer under the Proposer's agreement with the Village.
- 14. CAMPAIGN DISCLOSURE**
- 14.1 Any contractor, proposer, Proposer or vendor who responds by submitting a bid or proposal to the Village of Downers Grove shall be required to submit with its bid submission, an executed Campaign Disclosure Certificate, attached hereto.
- 14.2 The Campaign Disclosure Certificate is required pursuant to the Village of Downers Grove Council Policy on Ethical Standards and is applicable to those campaign contributions made to any member of the Village Council.
- 14.3 Said Campaign Disclosure Certificate requires any individual or entity bidding to disclose campaign contributions, as defined in Section 9-1.4 of the Election Code (10 ILCS 5/9-1.4), made to current members of the Village Council within the five (5) year period preceding the date of the bid or proposal release.
- 14.4 By signing the bid documents, contractor/proposer/Proposer/vendor agrees to refrain from making any campaign contributions as defined in Section 9-1.4 of the Election Code (10 ILCS 5/9-1.4) to any Village Council member and any challengers seeking to serve as a member of the Downers Grove Village Council.

**15. SUBLETTING OF CONTRACT**

- 15.1 No contract awarded by the Village shall be assigned or any part sub-contracted without the written consent of the Village Manager. In no case shall such consent relieve the Awarded Proposer from their obligation or change the terms of the contract.

All approved sub-contracts shall contain language which incorporates the terms and conditions of this contract.

**16. TERM OF CONTRACT**

- 16.1 The term of this contract shall be as set forth in the Detail Specifications set forth in Section III below. This contract is subject to the Village purchasing policy with regard to any extensions hereof.

**17. TERMINATION OF CONTRACT**

- 17.1 In the event of the Proposer's nonperformance, breach of the terms of the Agreement, or for any other reason, the Agreement may be canceled, in whole or in part, upon the Village's written notice to the Proposer. The Village will pay the Proposer's costs actually incurred as of the date of receipt of notice of default. Upon termination, the Proposer will deliver all documents and products of whatever kind, and their reproducible originals related to the project, which have been produced to the date of the notice of default.

**18. BILLING & PAYMENT PROCEDURES**

- 18.1 Payment will be made upon receipt of an invoice referencing Village purchase order number. Once an invoice and receipt of materials or service have been verified, the invoice will be processed for payment in accordance with the Village payment schedule. The Village will comply with the Local Government Prompt Payment Act, 50 ILCS 505/1 et seq., in that any bill approved for payment must be paid or the payment issued to the Proposer within 60 days of receipt of a proper bill or invoice. If payment is not issued to the Proposer within this 60 day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month or fraction thereof after the end of this 60 day period, until final payment is made.
- 18.2 The Village shall review in a timely manner each bill or invoice after its receipt. If the Village determines that the bill or invoice contains a defect making it unable to process the payment request, the Village shall notify the Proposer requesting payment as soon as possible after discovering the defect pursuant to rules promulgated under 50 ILCS 505/1 et seq. The notice shall identify the defect and any additional information necessary to correct the defect.
- 18.4 Please send all invoices to the attention of Village of Downers Grove, Accounts Payable, 801 Burlington, Downers Grove, IL 60510.

**19. RELATIONSHIP BETWEEN THE PROPOSER AND THE VILLAGE**

19.1 The relationship between the Village and the Proposer is that of a buyer and seller of professional services and it is understood that the parties have not entered into any joint venture or partnership with the other.

**20. STANDARD OF CARE**

20.1. Services performed by Proposer under this Agreement will be conducted in a manner consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions. No other representations express or implied, and no warranty or guarantee is included or intended in this Agreement, or in any report, opinions, and documents or otherwise.

20.2 If the Proposer fails to meet the foregoing standard, Proposer will perform at its own cost, and without reimbursement from the Village, the professional services necessary to correct errors and omissions caused by Proposer's failure to comply with the above standard and reported to Proposer within one (1) year from the completion of Proposer's services for the Project.

20.3 For Professional Service Agreements (i.e. Engineer, Proposer): Project site visits by Proposer during construction or equipment installation or the furnishing of Project representatives shall not make Proposer responsible for: (i) construction means, methods, techniques, sequences or procedures; (ii) for construction safety precautions or programs; or (iii) for any construction contractor(s') failure to perform its work in accordance with contract documents.

**21. GOVERNING LAW**

21.1 This Agreement will be governed by and construed in accordance with the laws of the State of Illinois without regard for the conflict of laws provisions. Venue is proper only in the County of DuPage and the Northern District of Illinois.

**22. SUCCESSORS AND ASSIGNS**

22.1 The terms of this Agreement will be binding upon and inure to the benefit of the parties and their respective successors and assigns; provided, however, that neither party will assign this Agreement in whole or in part without the prior written approval of the other. The Proposer will provide a list of key staff, titles, responsibilities, and contact information to include all expected sub Proposers.

**23. WAIVER OF CONTRACT BREACH**

23.1 The waiver by one party of any breach of this Agreement or the failure of one party to enforce at any time, or for any period of time, any of the provisions hereof will be limited to the particular instance and will not operate or be deemed to waive any future breaches of this Agreement and will not be construed to be a waiver of any provision except for the particular instance.

**24. AMENDMENT**

24.1 This Agreement will not be subject to amendment unless made in writing and signed by

all parties.

**25. CHANGE ORDERS**

25.1 The contract price is a “not-to-exceed” cost. At any time additional work is necessary or requested, and the not-to-exceed price is increased thereby, any change, addition or price increase must be agreed to in writing by all parties.

**26. SEVERABILITY OF INVALID PROVISIONS**

26.1 If any provisions of this Agreement are held to contravene or be invalid under the laws of any state, country or jurisdiction, contravention will not invalidate the entire Agreement, but it will be construed as if not containing the invalid provision and the rights or obligations of the parties will be construed and enforced accordingly.

**27. NOTICE**

27.1 Any notice will be in writing and will be deemed to be effectively served when deposited in the mail with sufficient first class postage affixed, and addressed to the party at the party's place of business. Notices shall be addressed to the Village as follows:

**Village Manager  
Village of Downers Grove  
801 Burlington Ave.  
Downers Grove, IL 60515**

And to the Proposer as designated in the Contract Form.

**28. COOPERATION WITH FOIA COMPLIANCE**

Contractor acknowledges that the Freedom of Information Act may apply to public records in possession of the Contractor or a subcontractor. Contractor and all of its subcontractors shall cooperate with the Village in its efforts to comply with the Freedom of Information Act . 5 ILCS 140/1 et.seq.

### **III. DETAIL SPECIFICATIONS**

#### **REQUEST FOR PROPOSAL, AUDITING SERVICES VILLAGE OF DOWNERS GROVE**

##### **I. INTRODUCTION**

###### **A. General Information**

The Village of Downers Grove is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending December 31, 2010, with the option of auditing its financial statements for each of the four subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards* (1994), the provisions of the federal Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Any special compliance and reporting requirements of the State of Illinois for Tax Increment Financing Districts shall be followed.

###### **B. Background Information**

Please visit [www.downers.us](http://www.downers.us) the Village of Downers Grove's 2010 Annual Budget and the 2009 CAFR (along with reports from previous years). These documents provide general information about the Village and its finances.

###### **C. Fund Structure**

The Village of Downers Grove uses the following fund types in its Comprehensive Annual Financial Report (CAFR):

###### **Governmental Fund Types**

General Fund

Special Revenue Funds

Motor Fuel Tax Fund

Downtown Tax Increment Financing Fund

2% Foreign Fire Fund

Odgen Tax Increment Financing Fund

Tax Rebate Fund



Transportation Fund

Debt Service Funds – Three Funds for Eleven (11) Issues

Capital Projects Funds

- Capital Improvements Fund
- Municipal Buildings Fund
- Real Estate Fund
- Stormwater Improvements Fund

Proprietary Fund Types

Enterprise Funds

- Waterworks Fund
- Parking System

Internal Service Funds

- Health Insurance Fund
- Equipment Replacement Fund
- Fleet Maintenance Fund
- Risk Management Fund

Fiduciary Fund Types

Pension Trust Fund

- Police Pension Fund
- Firefighter's Pension Fund

Agency Funds

- Construction Bond Deposit Fund

Discretely Presented Component Unit

Downers Grove Public Library

**D. Pension Plans**

The Village of Downers Grove participates in the following pension plans:

1. Police Pension Fund
2. Firefighter's Pension Fund
3. Illinois Municipal Retirement Fund

Timothy W. Sharpe provides actuarial services for the Police and Firefighters' Pension Funds.

**E. Component Units**

The Village of Downers Grove is defined, for financial reporting purposes, in conformity with the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. The Village of Downers Grove has one component unit, the Downers Grove Library.

**F. Budgetary Basis of Accounting**

The Village of Downers Grove prepares its budgets on a modified accrual basis.

**G. Federal and State Financial Assistance**

The following grants have been or are expected to be received by the Village of Downers Grove during the fiscal year ending December 31, 2009:

<b>FUND</b>	<b>GRANT DESCRIPTION</b>	<b>FEDERAL OR STATE</b>	<b>ESTIMATED AMOUNT 2009</b>
Capital Projects	Street Lights	Federal	\$129,088
General	Bullet Proof Vest	Federal	5,284
General	Comm Develop Block Grant	Federal	14,667
Capital Projects	Street Construction	Federal	136,378
Capital Projects	Bikeway Project	Federal	20,183
General	Railroad Safety	Federal	16,624
General	Justice Assistance	Federal	7,500
General	Money Laundering/Forfeiture	Federal	22,387
General	Tobacco Enforcement	State	4,180
Capital Projects	Efficiency Lighting	State	3,150
Parking	Lighting	State	73,572
General	ILEAS	Federal	19,842
Equipment Repl	Alternate Fuel Rebate	State	27,796
<b>TOTAL</b>			<b>\$476,695</b>

The Village had a Single Audit in 2008

**H. Other**

The Village of Downers Grove will send its CAFR to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. The Village strongly

endorses the program and has been awarded the Certificate in the past. It is the intent of the Village of Downers Grove to continue its participation in the program.

The Village (along with the library) uses Eden software.

Sikich LLP was the Village's auditors for the years 2005-2009. For the 2009 audit, the auditors were on-site for 1 day of preliminary field work in December and 7 days of field work in April. Three comments were provided in the 2009 management letter.

Village staff prepares the Comprehensive Annual Financial Report, DOI reports for its pension plans as well as the AFR for the State.

## **II. NATURE OF SERVICES REQUIRED**

### **Scope of Work to be Performed**

The Village of Downers Grove desires the auditor to express an opinion on the fair presentation of its basic financial statements in conformity with generally accepted accounting principles.

The Village of Downers Grove also desires the auditor to express an 'in relation to' opinion on the fair presentation of its combining and individual fund financial statements and schedules in conformity with generally accepted accounting principles. The auditor is not required to audit the introductory section of the report or the statistical section of the report.

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

Following the completion of the audit of the fiscal year's financial statements, the auditor may be required to issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards the audited financial statements.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements.
3. A report on compliance and internal control over compliance applicable to each major federal program.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of

continuing accounting significance.

### **Reports to be Issued**

The independent auditor shall prepare and reproduce the following reports:

1. One (1) copy of the opinion on the Comprehensive Annual Financial Report,
2. Five (5) copies of the Single Audit Report,
3. Five (5) copies of the Downtown Redevelopment Tax Increment Report,
4. Five (5) copies of the Odgen Tax Increment Report,
5. Five (5) copies in each report of the opinion on management's assertion that the Village of Downers Grove, Illinois, complied with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142).
6. One (1) copy of the auditors' Management Letter and Statement on Auditing Standards #61 Letter.

### **Internal Controls**

During the course of the examination of the Village's Financial Statements the auditor may find weaknesses in internal controls. The auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Nonreportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to as the Management Letter. The independent auditor shall bring such matters to the attention of the Village before issuance of the report for discussion.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

Dave Fieldman, Village Manager

Judy Buttny, Finance Director

**D. Reporting to the Village Council**

To assist the Council in overseeing the financial reporting and disclosure process, for which management is responsible, Statement on Auditing Standards No. 61 requires auditors to ensure that certain matters are communicated to the Council. The following are the matters to be communicated:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

**E. Working Paper Retention and Access to Working Papers**

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the Village of Downers Grove of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the Village of Downers Grove.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

**F. Other**

1. In the event of a merger of the audit firm with another firm of certified public accountants or the change of partners to the audit firm, this contract will be

transferable to the successor firm with the prior written approval of the Village.

2. The Village of Downers Grove includes in the CAFR Additional Disclosures Required by SEC Rule 15c2-12. It will be the responsibility of the Village of Downers Grove to provide the auditors with the additional disclosures.

### **III. VILLAGE RESPONSIBILITIES**

The Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations.

It will be the responsibility of the Village to provide the independent auditor with a fully adjusted trial balance of all funds and other supporting documentation necessary to conduct the audit. The Village will also prepare the audit confirmations.

The auditor's principal contact with the Village of Downers Grove will be Doug Haywood, Assistant Finance Director, or a designated representative, who will coordinate the assistance to be provided by the Village of Downers Grove to the auditor.

The Village of Downers Grove will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to a telephone line, photocopying facilities and FAX machines subject to restrictions.

### **IV. PROPOSAL REQUIREMENTS**

To conduct a fair evaluation of all proposals in an efficient manner, the following information is to be included in the proposal:

#### **A. General Requirements**

1. **Title Page**

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

2. **Table of Contents**

3. **Transmittal Letter**

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, and a statement that the firm is fully qualified to perform the engagement.

## **B. Audit Proposal**

### **1. General Requirements**

The purpose of the proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Village of Downers Grove in conformity with the requirements of this request for proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. The proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal requirements.

### **2. Independence**

The firm should provide an affirmative statement that it is independent of the Village of Downers Grove as defined by generally accepted auditing standards/the U.S. General Accounting Office's Government Auditing Standards.

### **3. 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.

### **4. Firm Qualifications and Experience**

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

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.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past

three (3) years with state regulatory bodies or professional organizations.

**5. Partner, Supervisory and Staff Qualifications and 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 registered or licensed to practice as a certified public accountant in Illinois. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit. Indicate how the quality of staff over the term of the agreement will be assured.

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 Downers Grove. However, in either case, the Village of Downers Grove retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the Village of Downers Grove, which 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.

**6. Fees**

Please use the bid contract form for the fee schedule. In addition, provide information on the estimated number of hours your firm expects to need to complete this engagement and your rates for any additional services.

**7. Similar Engagements With Other Government Entities**

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum – 5) performed in the last five years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.



## **8. Specific Audit Approach**

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed. Proposers will be required to provide the following information on their audit approach:

- a. Proposed timing of the engagement,
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement,
- c. Sample size and the extent to which statistical sampling is to be used in the engagement,
- d. Type and extent of analytical procedures to be used in the engagement, including use of IS software in the engagement.
- e. Approach to be taken to gain and document an understanding of the Village of Downers Grove's internal control structure and in determining laws and regulations that will be subject to audit test work.

## **9. 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 Downers Grove.

### **C. Time Requirements**

The Village will provide electronic fully-adjusted trial balances to the auditors on or before April 1<sup>st</sup>, staff will prepare a draft of the CAFR by the first week of April, and field work should be completed by the April 22<sup>nd</sup>. The auditor shall have the draft of the CAFR reviewed and recommendations to management available for review by the Finance Department by May 15th.

The Village will receive all copies of the opinion on management's assertion that the Village of Downers Grove, Illinois complied with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) no later than June 10th.

The Village will receive all copies of the Single Audit Report no later than June 30<sup>th</sup>.

### **D. Engagement and Fees**

The Village requests that you provide a maximum "not to exceed" fee for each year for a total of five years (See Bid Contract Form). These fees should include all expenses.

**E. Term**

The term of this contract shall be one (1) year from the date of its execution with four automatic one year renewal terms

## **V. SUBMISSION OF PROPOSALS**

### **A. Inquiries**

Inquiries concerning the request for proposals, the subject of the request for proposals, and those that are interested to review current financial records should contact Doug Haywood at 801 Burlington Avenue, Downers Grove, Illinois 60515, (630) 434-5503, [dhaywood@downers.us](mailto:dhaywood@downers.us). To facilitate the process, the Village's 2009 CAFR is posted on the Village website, [www.downers.us](http://www.downers.us).

### **B. Date and Time of Submissions**

Three (3) copies of the proposal are required and are to be sealed in envelopes addressed to the above and clearly marked "2010 Audit RFP". Proposals are due no later than 5:00 pm., Friday, October 1, 2010.

## **VI. EVALUATION PROCEDURES**

Proposals will be evaluated by the Finance Department to determine which proposal best meets the requirements of the Village. Evaluation factors include, but are not limited to technical expertise, qualifications, references, experience of the firm (and audit team), success in securing and maintaining the Certificate of Achievement in Excellence in Financial Reporting for their clients, staff knowledge of the auditors' professional reputation within the local government arena, as well as the fee. Favorable consideration will be given to participation in the AICPA new Governmental Audit Quality Center.

After all proposals are evaluated, the Finance Department will conduct interviews with a select number of firms whose proposal best meets the requirements of the Village.

During the evaluation process, the Finance Department reserves the right, where it may serve the Village of Downers Grove's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions.

The Village of Downers Grove reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Village of Downers Grove and the firm selected.

It is anticipated the selection of a firm will be completed by no later than October 15, 2010.

**IV. BID CONTRACT FORM**

**VILLAGE OF DOWNERS GROVE  
REQUEST FOR PROPOSAL  
AUDITING SERVICES FY 2010-2014**

**DUE: 5:00pm September 17, 2010**

**FEE STRUCTURE**

DESCRIPTION	COPIES NEEDED	2010				2011				2012				2013				2014			
<b>BASIC SERVICES TO BE PROVIDED</b>																					
OPINION ON CAPR - VILLAGE	10			26,050.00				26,570.00				27,100.00				27,650.00				28,195.00	
STATEMENT ON AUDITING STANDARDS No. 61 LETTER	10			Included				Included				Included				Included				Included	
PREPARATION OF THE MANAGEMENT LETTER	10			Included				Included				Included				Included				Included	
DOWNTOWN TAX INCREMENT FINANCING FINANCIAL AND COMPLIANCE REPORTS	10			1,500.00				1,530.00				1,560.00				1,590.00				1,625.00	
ODGEN TAX INCREMENT FINANCING FINANCIAL AND COMPLIANCE REPORTS	10			1,500.00				1,530.00				1,560.00				1,590.00				1,625.00	
SINGLE AUDIT REPORT (IF NECESSARY) *	5			3,000.00				3,060.00				3,125.00				3,185.00				3,375.00	
<b>TOTAL</b>				<u>\$32,050.00</u>				<u>\$32,690.00</u>				<u>\$33,345.00</u>				<u>\$34,015.00</u>				<u>\$34,820.00</u>	
<b>RATES FOR ADDITIONAL WORK**</b>																					

\* - Fee assumes one major program. If additional major programs are necessary, we will work with you to develop an appropriately discounted fee.

\*\* - See the fees section of our response to the RFP for discounted rates by staff level.

**IV. PROPOSAL/CONTRACT FORM**

**\*\*\*THIS PROPOSAL, WHEN ACCEPTED AND SIGNED BY AN AUTHORIZED SIGNATORY OF THE VILLAGE OF DOWNERS GROVE, SHALL BECOME A CONTRACT BINDING UPON BOTH PARTIES.**

**Entire Block Must Be Completed If A Submitted Bid Is To Be Considered For Award**

**PROPOSER:**

Baker Tilly Virchow Krause, LLP  
Company Name

Date: October 1, 2010

1301 W. 22<sup>nd</sup> Street, Suite  
Street Address of Company

Email Address: jason.coyle@bakertilly.com

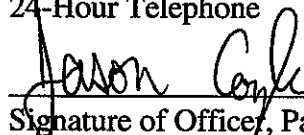
Oak Brook, IL 60523  
City, State, Zip

Jason Coyle  
Contact Name (Print)

630 645 6205  
Business Phone

312 771 0623  
24-Hour Telephone

630 645 6266  
Fax

  
Signature of Officer, Partner or  
Sole Proprietor

Jason Coyle, CPA, Partner  
Print Name & Title

ATTEST: If a Corporation

\_\_\_\_\_  
Signature of Corporation Secretary

**VILLAGE OF DOWNERS GROVE:**

\_\_\_\_\_  
Authorized Signature

ATTEST:

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature of Village Clerk

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

In compliance with the specifications, the undersigned offers and agrees, if this Proposal is accepted within 90 calendar days from the date of opening, to furnish any or all of the services upon which prices are quoted, at the price set opposite each item, delivered at the designated point within the time specified above.

**IV. PROPOSER'S RESPONSE TO RFP (Professional Services)**

**See the following pages for Baker Tilly's response to RFP (Professional Services)**

**Village of Downers Grove**  
**Proposal for Professional Auditing Services (Proposal No. 01-2010)**  
October 1, 2010

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Let's talk about an opportunity.



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Jason Coyle, CPA  
Partner  
1301 W. 22<sup>nd</sup> Street, Suite 400  
Oak Brook, IL 60523  
630 645 6205



Baker Tilly Virchow Krause, LLP  
1301 W 22nd St, Ste 400  
Oak Brook, IL 60523-3389  
tel 630 990 3131  
fax 630 990 0039  
bakertilly.com

October 1, 2010

Theresa H. Tarka  
Purchasing Assistant  
Village of Downers Grove  
801 Burlington Avenue  
Downers Grove, IL 60515

Dear Ms. Tarka:

Thank you very much for this opportunity. Baker Tilly Virchow Krause, LLP ("Baker Tilly", "we", or "our") is pleased to submit this proposal to provide audit services for the Village of Downers Grove (the "Village") for the fiscal year ending December 31, 2010 through 2014. Our proposal is based on our substantial experience with governmental entities throughout the Midwest. We want to serve the Village of Downers Grove as a valued client, and we will be diligent with meeting and exceeding your expectations.

#### Why Choose Baker Tilly?

##### **Our Commitment to Client Service**

We believe we have the necessary resources, experience, and commitment you require. Because of our depth and experience of our staff, we feel that our firm is the best qualified to perform an effective audit over all phases of the Village's operations. You will benefit from our:

- > **Governmental Services Specialization:** Baker Tilly partners and staff are organized along industry lines, taking an industry specialization approach to providing services. This approach allows us to provide specialized training and continuing education for our staff, providing our clients with an audit team possessing specialized knowledge and skills. Our Public Sector team consists of professionals who are dedicated to serving governmental and not-for-profit organizations. Because of this specialized focus and previous experience, the Village's engagement team will understand the unique financial accounting and reporting issues that governmental institutions face, and has the experience to conduct the engagement efficiently. Our familiarity with the critical risk areas in the financial statements which need to be addressed allows us to plan our audits to focus our time and energy on these areas.
- > **Commitment to Client Success:** Our goal is to help our clients succeed both today and in the future, and this is evidenced by our ability to not only provide you with exceptional financial reporting and valued advising, but also by our contribution to our clients' success with our excellent record of certificate of achievement award submissions and our ten audit clients that have received the AAA rating (Moody's or Standard and Poor's).
- > **Value Beyond the Audit:** The value of our service is based upon your assessments and expectations; therefore, going beyond the audit – beyond the necessary reports and opinions – to educate your staff and support your operations is the foundation of the relationship we would like to build with you. This value includes preparing the Village's staff for changes in accounting standards through formal communications, webinars (see our website at [www.bakertilly.com](http://www.bakertilly.com) for upcoming events), and hands on training. The webinars are free to our clients and qualify for continuing professional education (CPE). Our most recent webinar was on GASB Statement No. 54. All webinars are archived and therefore can be viewed at anytime. Additionally, Jason Coyle will be available to you as a resource to answer questions that should arise during the year.



October 1, 2010  
Page 2

- > **CAFR Experience:** You require a firm that excels in receiving the Certificate of Achievement from the GFOA, and we are that firm, providing you with an impeccable record of certificate submissions for our clients and an audit team of partners and managers who all serve as GFOA reviewers.
- > **Commitment to Deadlines and Communication:** We are committed to meeting your deadlines and maintaining constant and open communication with you, as we believe these are the essential components of any audit in order to eliminate the elements of surprise and to keep you informed on the progress throughout the audit to achieve your satisfaction. Final fieldwork commences shortly after the Village has completed the fully adjusted trial balances and agreed upon audit worksheets and schedules. We escalate high risk or unusual transactions to the beginning of our audit to ensure that you receive our CAFR review and recommendations along with our deliverables by your outlined deadline.
- > **Depth of Dedicated Industry Resources:** You deserve an audit service team that is highly experienced, knowledgeable about your industry, and able to perform to your expectations, and with our substantial history of public sector auditing and accounting, as well as a group of more than 120 full-time employees dedicated entirely to the public sector, you can be assured that we have the resources necessary to provide you with an efficient and effective audit.
- > **Pro-Active Industry Involvement:** As government organizations are challenged with constant changes in regulations and standards, our memberships in organizations such as the AICPA Government Audit Quality Center (GAQC) and our involvement as authors, speakers, trainers, and promoters of the advancement of government accounting and auditing, we can provide you with the information you need about current issues. On a local level, Mr. Jason Coyle, Partner-in-charge on this proposal, is currently a member of the Illinois CPA Society's government report review committee.

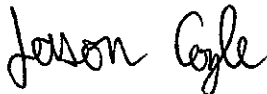
Baker Tilly's philosophy and desire is to build long-term relationships with our clients. Our goal is to provide valuable service and contribute to your success by delivering solutions that are just right for you. We hope that our client service philosophy, expertise, and reputation for quality will be major factors you consider when evaluating our firm. We appreciate the opportunity to submit this proposal and welcome the opportunity to discuss any specific aspects.

We believe that the selection of our firm will provide the Village with the best possible team to serve you. Our firm is large enough to assure you of top quality professional service, yet still offer personalized service responsive to your unique needs. This proposal is a firm and irrevocable offer for ninety (90) days.

We look forward to working with the Village on this engagement.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP



Jason Coyle, CPA, Partner

Enclosures

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## **Independence**

Baker Tilly and its partners and staff are independent with respect to the Village as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards, and we will maintain an independent attitude and appearance through the full term of the engagement.

We have no knowledge of any business, investment, or family relationships with the Village of Downers Grove, its agencies, officials, department heads, or other employees and personnel of our firm that would impair our independence.

## **License to Practice in Illinois**

Baker Tilly is licensed and in good standing with the State of Illinois. All key employees assigned to the Village's audit are properly licensed to practice.



an independent member of

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INTERNATIONAL**



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## **Firm Qualifications and Experience**

### **About Baker Tilly Virchow Krause, LLP**

Founded in 1931 with one central objective, to use our expertise to help our clients improve their businesses, Baker Tilly has grown steadily over the years, broadening our service offerings and expanding our geographic presence to meet the evolving needs of our clients. In 2010, Baker Tilly ranks as the 13<sup>th</sup> largest certified public accounting firm in the United States according to *Public Accounting Report's* "Top 100."

We currently have more than 1,400 total staff members including 170 partners and 412 CPAs, serving clients nationwide from offices throughout Illinois, Wisconsin, Michigan, Minnesota, Washington D.C., and New York. Strategic mergers and acquisitions continue to add breadth and depth to the firm.

### **Our Core Values**

Throughout our relationship with the Village, we will be guided by our firm's core values – a set of principles that guide our behaviors and choices and help us strive for excellence in everything we do.

#### ***Integrity***

We do the right thing, for the right reason, every day. We have extremely high expectations for our firm and its future, which can only be realized by taking the high road. Honesty, trust, and the fulfillment of promises are paramount to our success.

#### ***Passion***

Everything matters. We listen to our clients, display an enthusiastic attitude, experience genuine satisfaction from working together to serve clients, and take great pride from a job well-done. We put forth our best effort every day for the betterment of our people, our clients, and our firm.

#### ***Stewardship***

We invest for the future with the intention of leaving everything better. Our clients will be more successful, our people will be more fulfilled, our communities will be enriched, and our firm will leave a proud legacy.

**“ We strive for excellence  
in everything we do. ”**



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**Our Commitment to Client Service**

Our business is built on relationships – relationships that are built on trust. At Baker Tilly, our goal is to help clients succeed both today and in the future. Baker Tilly is a full-service accounting and advisory firm whose specialized professionals connect with you through refreshing candor and clear industry insight. We speak your language and identify with your goals to consistently deliver solutions that are just right for you. We have a long history of commitment to our clients and strive to ensure your complete satisfaction. Our staff responds to your needs by carefully listening and evaluating your particular situation.

**“ Our goal is to help you succeed  
both today and in the future. ”**

Our commitment to the Village extends across your entire business. In addition to our core services — accounting, audit, and tax — we are prepared to bring our full array of resources to bear on your behalf through such complimentary offerings as strategic resource alignment, consolidation and shared services, productivity enhancements, alternative revenues, economic development, and much more.

For more than seventy-five years, Baker Tilly has understood that our business demands absolute integrity, a belief in the value of trusted relationships, and a willingness to collaborate with — not dictate to — every client. We will deepen and enhance our partnership with the Village as, together, we work to help you realize your vision.



an independent member of

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INTERNATIONAL**



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## Public Sector Expertise

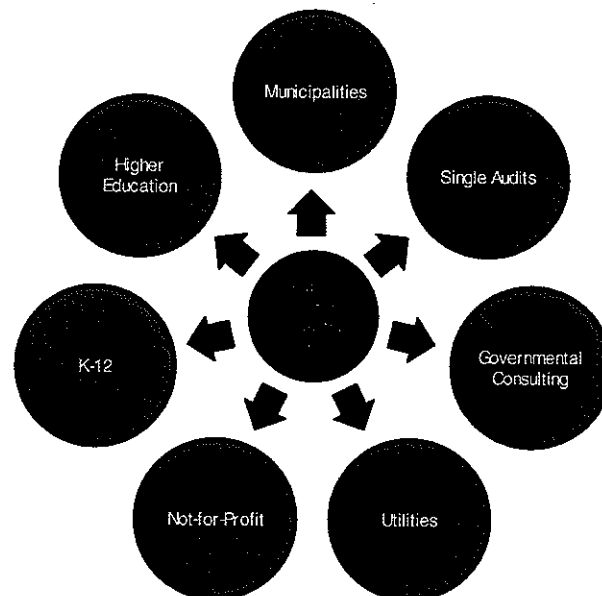
### Our Industry Specialization Approach

Baker Tilly has been providing services to the public sector for more than seventy-five years. We recognize the complexity of this environment and have organized the partners and staff of our Public Sector Service Group along specialty industry lines. This industry specialization approach allows us to provide specialized training and continuing education to our staff, assuring you of an audit team with the necessary knowledge and skills to not only find missing controls, common errors, or oversights, but also key indicators others may miss in performing an efficient and effective audit.

Our industry-specific approach will ensure the Village is working with a team that is truly dedicated to the public sector industry, translating into better service and greater value.

- > Our specialists keep abreast of the new developments and trends that may impact your industry and will regularly provide newsletters and industry alerts that contain updates and answers to your financial and business questions
- > Our specialists are active in government-specific organizations, participate in ongoing continuing education to obtain industry certifications, and speak and author articles on industry trends.

Because the Village's engagement team has chosen to specialize in the public sector industry, they are already familiar with many of the challenges and opportunities of your industry; as a result, they will be better equipped to address the unique issues you face. In addition, their success and experience working with other governmental clients will enable them to apply strategies and techniques that have been successful with clients similar to the Village.





**BAKER TILLY**

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### **Our Commitment to the Public Sector**

Our devotion to government organizations is manifested in our Public Sector Group, a group of more than 120 professionals dedicated entirely to serving governmental clients. We understand the issues governments face, providing more than 100,000 hours, annually, to the public sector. Our extensive experience provides us with the specialized knowledge and insight to find effective solutions.

### Public Sector Organizations Served



- > Municipalities – 511
- > Counties – 65
- > Schools – 122
- > Colleges and Universities – 93
- > Not-for-Profit – 804
- > Utilities - 360

Our public sector clients rely on our expertise to meet their specific auditing, accounting, and operational needs. From helping you manage and optimize your resources to clearly and accurately reporting your funding sources and patterns, you can expect a practical approach, technical insight, and a thorough understanding of the governmental audit world to work on the Village's behalf, delivering the precise services you need, when you need them.

With a deep understanding of the issues you face, and the compassion and humanity to thrive in the public sector world, these professionals will bring you reliable solutions that deliver measurable value to the communities you serve.



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### The Office Serving You

Primarily, we will serve the Village with professionals staffed from our Oak Brook, Illinois location. The Oak Brook office maintains a complement of twenty-six full-time professional and support staff, all solely dedicated to serving public sector clients; however, at any time, we are able to draw upon additional resources located throughout the firm to provide solutions that are just right for you. We successfully serve clients in thirty-eight states from our Midwest offices. Approximately four full time staff from this office would be assigned to your engagement.

Audit Staff Employee Classification	Total Number	Total Number of CPA's	Total Number Assigned to the Village
Partners	3	3	1
Directors	2	2	-
Managers	6	6	1
Senior Accountants	8	6	1
Staff Accountants	6	2	1
Senior Associate Accountant	1	-	-

The Village requires a dedicated engagement team with strong experience and a background in governmental auditing and accounting who can deliver proactive, creative ideas. The audit team we developed to serve you meets these requirements, offering loyal, knowledgeable, and experienced professionals who can overcome any challenges they may encounter during the engagement.





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### **Our Commitment to Your Success**

As we mentioned, our goal is to help our clients succeed both today and in the future, and this is evidenced by our ability to not only provide you with exceptional financial reporting and valued advising, but also by our contribution to our clients' success with our excellent record of certificate of achievement award submissions and our ten audit clients that have received the AAA rating (Moody's or Standard and Poor's).

With our depth of experience, industry-specific knowledge, and commitment to your success, you can count on our proven ability to deliver quality financial reporting that your constituents rely on.

### **Our Industry Involvement**

Our dedication to the public sector is illustrated by our commitment to inform and instruct our clients about important issues that affect them. Government organizations are challenged with constant changes in state and federal regulations and new accounting standards. Therefore, you need a team of knowledgeable and experienced auditors you can trust. We have chosen a qualified team with the Village's needs in mind.

We will regularly communicate any new developments in the auditing and accounting area throughout the year, not just at the time of the audit. Information needed to address your technical matters will be addressed promptly; typically at the time any new accounting pronouncement rules are adopted, providing you with prompt responses to any matters affecting you.

To help you respond to and prepare for change, we are actively involved in local and national associations, keeping us on the forefront of what's happening in the industry. Our memberships in the following organizations, and our involvement as authors, speakers, trainers, and promoters of governmental accounting and auditing can better assist you with implementing new regulations or adopting new standards.

The Village will benefit from our involvement in the following associations:

#### ***Illinois CPA Society***

Since its earliest days of existence, Baker Tilly has been involved in the Illinois CPA Society's government report review committee. Mr. Jason Coyle, Partner-in-charge on this proposal, is currently a member of this committee. Additionally, our partners in Illinois have served for many years as representatives for local government matters on the Illinois CPA Society's Ethics Committee and Peer Review Committee, both of which are senior technical committees of the Society (membership is by invitation only).



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***Governmental Audit Quality Center (GAQC)***

Designed to raise awareness of the importance of governmental audits, serve as a resource to member firms, provide members with on-line tools for sharing ideas, and recognize CPA firms that demonstrate a commitment to governmental audit quality, the AICPA has created a national voluntary group called the Governmental Audit Quality Center (the GAQC or "the Center"). We are an active member of the Center and are also represented on the Executive Committee and Expert Panel.

***AICPA State and Local Government Expert Panel***

The AICPA State and Local Government Expert Panel is a select group of CPAs with in-depth State and Local Government accounting and auditing expertise. The group meets semi-annually with the GASB board and provides input to GASB from a practitioner and user perspective. This committee is also responsible for publishing the AICPA's State and Local Government and Government Auditing Standards and Circular A-133 Audit Guides and related Audit Risk Alerts. We are currently represented on this expert panel and have been represented since 2006.

***GAQC Executive Committee***

This committee governs the GAQC, develops the policies of the GAQC, and oversees its activities. The committee meets twice a year, held in conjunction with the Single Audit Roundtable (SART). The SART is a meeting of the federal inspector general's, federal agencies, and CPA firms to discuss various single audit issues. The focus of the committee has been on single audits since the results of the National Single Audit Sampling Projects were released in June 2007. We are represented in the Executive Committee and the subcommittees studying sampling and materiality related to the fourteen compliance requirements.



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In addition to the previously mentioned associations, Baker Tilly has an active interest in many other governmental affiliations supporting local and national public sector organizations including:

- > American Institute of Certified Public Accountants (AICPA)
- > American Water Works Association
- > American Public Power Association
- > Association of Government Accountants
- > Government Finance Officers Association
- > Illinois Government Finance Officers Association
- > Illinois Municipal Treasurers' Association
- > Illinois Municipal League
- > Illinois Waterworks Association
- > Michigan Government Finance Officers Association
- > Michigan Municipal League
- > Michigan Rural Water Association
- > Michigan Townships Association
- > Wisconsin Clerks, Treasurers & Finance Officers Association
- > Wisconsin Counties Association
- > Wisconsin Institute of Certified Public Accountants (WICPA)
- > Wisconsin Government Finance Officers Association
- > Wisconsin League of Municipalities
- > Wisconsin Municipal Clerks Association
- > Wisconsin Municipal Treasurers Association
- > Wisconsin Public Service Commission
- > Wisconsin Urban and Rural Transit Association
- > Wisconsin Women in Government, Inc.

### **Value Beyond the Audit**

The value of our service is based upon your assessments and expectations; therefore, going beyond the audit – beyond the necessary reports and opinions – to educate your staff and support your operations is the foundation of the relationship we would like to build with you.

We respond to the challenges you face today and anticipate the opportunities of tomorrow. Working with you, we identify and provide solutions to the realities of fiscal crisis, increased accountability, and legislative mandates that create added pressure.

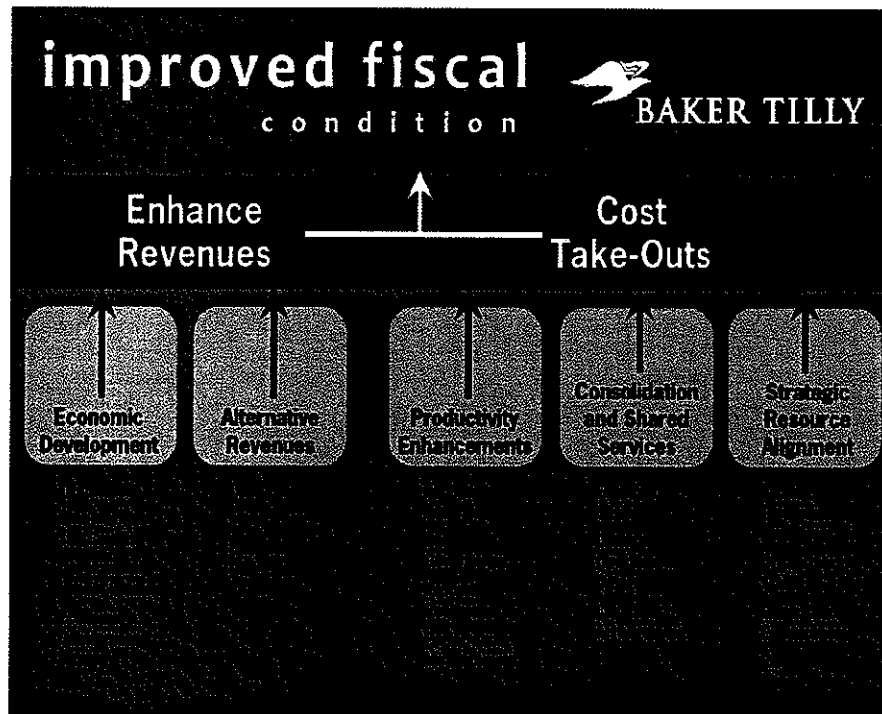
In today's challenging fiscal environment, government organizations are faced with increasing service expectations as available resources are constrained. Public Sector specialists at Baker Tilly provide a range of accounting and advisory services to assist you with uncovering new opportunities to improve your overall fiscal condition. Our consulting professionals can offer solutions to improve your unique fiscal position and leverage your scarce resources, transforming your organization's strategic priorities into sustainable outcomes.



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Our seasoned consultants can provide you with expertise in the services:



***Training Webinars***

New standards are now being issued on a regular basis by standard setting bodies. To better prepare our clients for the changes resulting from these standards, we offer client training webinars. These webinars are free to our clients and qualify for continuing professional education (CPE). Our most recent webinar was on GASB Statement No. 54. All webinars are archived and therefore can be viewed at anytime.



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### **GFOA Certificate of Achievement Program**

You require a firm that excels in receiving the Certificate of Achievement from the GFOA, and we are that firm, providing you with an impeccable record of certificate submissions for our clients. We continue to be heavily involved with the Government Finance Officers' Association (GFOA) award for excellence in financial reporting by volunteering staff time to serve as report reviewers for the GFOA, and we will be responsible for the final technical review of the Village's Comprehensive Annual Financial Report (CAFR). Below is a list of our current GFOA reviewers:

<b>Baker Tilly GFOA Reviewers</b>
Jason Coyle, Partner
Joseph Lightcap, Manager
Kay Nees, Manager
Heather Acker, Partner
Don Rahn, Quality Control Partner
John Andres, Partner
Amanda Blomberg, Manager
Jodi Dobson, Manager
John Knepel, Partner
Steve Henke, Senior Manager
Jim Murray, Partner



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Following is a list of Illinois and Wisconsin clients who received the GFOA certificate of achievement during the last three years that we have conducted their audit:

GFOA Recipients			
County	City	Village	Other Entity
Lake County, IL	City of Des Plaines, IL	Village of Bedford Park, IL	Lombard Park District, IL
McHenry County, IL	City of Evanston, IL	Village of Manhattan, IL	Green Bay Metropolitan Sewerage District, WI
Dane County, WI	City of Madison, WI	Village of Park Forest, IL	Madison Area Technical College, WI
Marathon County, WI	City of Janesville, WI	Village of Brown Deer, WI	Milwaukee Area Technical College, WI
Milwaukee County, WI	City of Beloit, WI	Village of Germantown, WI	Waukesha County Technical College, WI
Waukesha County, WI	City of Brookfield, WI	Village of Waunakee, WI	Oak Creek Water & Sewer Utilities, WI
	City of Eau Claire, WI		
	City of Franklin, WI		
	City of Neenah, WI		

### Implementation of GASB 54

The GASB has recently issued a new statement, GASB 54, which redefines the five governmental funds and classifications for the reporting of fund balances, provides detailed requirements for reporting fund balance, and re-defines the five governmental fund types. In order to ensure the smooth implementation of this standard, we recommend that the Village begin to plan for implementation well in advance of their implementation date. This is due to the need to evaluate the Village's revenue sources and determine, based upon the definitions outlined in GASB 54, if the revenue source and related expenditures should be classified in a fund other than the general fund. As your auditors, we will work with you to help you evaluate your revenue sources and their related funds and guide you through the necessary steps required to implement this change.

### Single Audit Expertise

Baker Tilly has recognized, since the passage of the Single Audit Act of 1984, the importance of specializing in this highly complex audit area. We currently perform more than 250 OMB Circular A-133 audits each year, ranking our firm in the top ten, nationally, based on number of audits.



Our firm serves on various AICPA committees studying single audit issues in order to continually stay on top of the changing requirements and to provide you with current information relative to your situation. Because of this experience and involvement, we have been selected as speakers for nationally sponsored training courses and actively participate in industry events.

Additionally, our firm is asked to review and comment on various single audit documents created by the AICPA, OMB, and HUD prior to their issuance. Below is a list of documents where we have been acknowledged for our contributions:

Document	Years	Organization
AICPA Audit Guide – GAS and A-133 Audits	2006, 2007, 2008, 2009, 2010	AICPA
AICPA Audit Risk Alert – GAS and A-133 Audits	2006, 2007, 2008, 2009, 2010	AICPA
AICPA Single Audit Video	2007	AICPA
Data Collection Form	2007	OMB
A-133 Compliance Supplement	2008	OMB
US HUD IPA Roster	2008	HUD

The experiences we gain at a national level is brought to our entire firm through annual A-133 single audit training and updates to our audit methodology and work programs. Mr. Jason Coyle, Partner-in-Charge in this proposal, assists in our efforts in coordinating our firmwide annual single audit training and implementing changes in our single audit methodology and audit programs.

Our annual training involves all parts of a single audit, including internal controls, compliance, financial reporting, the Data Collection Form, Yellow Book, and audit efficiencies. A significant portion of this training also includes discussion about single audit quality and current topics discussed in the AICPA Audit Guides and Audit Risk Alerts.

Each of the key team members has a close working relationship with each other as well as with the rest of the Public Sector practice team at Baker Tilly. New developments in single audit requirements are shared amongst the group in a timely manner and training of the entire team is completed at once to promote consistency across all team personnel. Staff members have immediate access to each of the key team members as well as other experienced personnel, who are available to provide guidance and instruction on a continuous basis.



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Since we perform a substantial amount of single audits annually, our single audit workpapers are routinely reviewed by federal and state agencies. We have not had any comments regarding substandard work and, in fact, have had many comments about the excellent quality of our files. Included in our external peer reviews are many single audit files which have not received any comments in this area for many years.

This extensive single audit expertise has recently led to the City of Chicago to select our firm as their single auditors. We have performed the City's single audit since December 31, 2007. We encourage you to contact the City of Chicago to learn more about their experience with their change from a Big 4 firm to Baker Tilly. We are proud to report that they were extremely pleased with the strong communication, flexibility, and effective project management skills we brought to their audit. In addition, both years' audits were also completed and filed in advance of the reporting deadline.

### **ARRA Experience**

We have been proactive in addressing the current year changes brought upon by the American Recovery and Reinvestment Act (ARRA), as these changes have resulted in a heightened focus, training, and preparation for our audit teams. We have been studying the impacts to our clients and changing audit requirements since the Act was signed into law, and have created training seminars for our clients and our staff to stay on top of these changes.

Members of our Public Sector practice have served as panel speakers for an ARRA national training session for CPA firms through the GAQC. While the specific procedures for testing the ARRA grants will vary based upon the grants selected for additional testing, you can rest assured that we are appropriately prepared to meet the additional audit requirements that accompany ARRA funding.





## Quality Control

Professionalism in the accounting industry means independence, integrity, and objectivity. This is accomplished through unwavering adherence to professional standards and the associated laws and regulations. This includes withstanding all pressures, competitive and other, which could compromise our principles, standards, and quality.

We have developed our own policies and procedures in order to provide reasonable assurance that every audit, tax, and accounting engagement will be completed in accordance with the highest standards the public and our clients expect us to meet. We have numerous stages of review before a finished product is issued.

As members of the AICPA, we are required to develop and maintain a quality control document which outlines the following major areas of quality control:

- > Independence, Integrity, and Objectivity
- > Personnel Management
  - Hiring
  - Assigning of Personnel
  - Professional Development
  - Advancement
- > Acceptance and Continuance of Clients and Engagements
- > Engagement Performance
  - Performance
  - Consultation
- > Monitoring

Our quality control document and our adherence to its provisions are subject to an independent outside review, which is required every three years. Our substantial governmental service practice requires that significant portions of our external quality control review be directed to governmental engagements. In the past, we had received a "clean" opinion, the highest level of assurance obtainable with respect to our audit practices, in all of our peer reviews. The peer review standards changed effective for all peer reviews conducted after January 1, 2009. Under the new peer review standards, a firm receives a peer review rating of Pass, Pass with Deficiencies, or Fail. Our most recent peer review report was completed in October 2009 and earned a rating of "pass," with no letter of comments. ***A copy of our 2009 Peer follows.***

In addition to the external peer review, we perform internal office inspections annually to ensure we are maintaining our audit quality at the highest possible standards.



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**Federal and State Reviews**

The significant amount of governmental work we perform, and the numerous single audits we perform each year, subjects our workpapers and procedures for frequent review by federal regulatory agencies, state departments, as well as the Committee on Governmental Standards of the State Institute of CPAs. There were no significant findings for any such reviews.

**Disciplinary Action**

We are pleased to report that we have never had a finding of substandard work or any disciplinary action against us by the State Board, AICPA, or any other agency.



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**System Review Report**

To the Partners of  
Baker Tilly Virchow Krause, LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Baker Tilly Virchow Krause, LLP (formerly known as Virchow, Krause & Company, LLP) (the firm) applicable to non-SEC issuers in effect for the year ended March 31, 2009. 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. 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](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*, audits of employee benefit plans, and audits performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of Baker Tilly Virchow Krause, LLP applicable to non-SEC issuers in effect for the year ended March 31, 2009, 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*. Baker Tilly Virchow Krause, LLP has received a peer review rating of *pass*.

*Cherry, Bekaert & Holland, LLP*

Cherry, Bekaert & Holland, L.L.P.  
October 13, 2009



### Partner, Supervisory, and Staff Qualifications and Experience

In developing our team to serve the Village, we have matched the capabilities of our personnel with your requirements. We propose to assign the following supervisory and management staff to the December 31, 2010 Village of Downers Grove audit engagement.

Project Staff		
Name	Title	Responsibilities
Jason Coyle	Partner	<b>Role: Partner-in-charge</b> <b>Responsibilities:</b> Ensure audit is completed according to plans in the proposal, timelines and quality standards are met, and client expectations are exceeded.
Joe Lightcap	Manager	<b>Role: Manager</b> <b>Responsibilities:</b> Serve as primary client contact, oversee all aspects of the audit, including audit planning, fieldwork, and reporting.

Combined with local knowledge and industry expertise, the audit team selected to serve you has the ability to provide you with the highest quality of service. The partner and manager assigned to the Village's audit team are licensed in the State of Illinois. All staff assigned to the Village team spend 100 percent of their time performing public sector audits for clients similar to the Village, and, as a team, they will provide you with more than twenty-five years of expertise in this area. Count on us to deliver quality financial reporting that your constituents rely on.



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### **Continuity of Staff**

Our unique corporate culture and our commitment to being an "Employer of Choice" has attracted some of the best and brightest professionals, providing us with a high staff retention rate and eliminating the training of auditors by Village staff. They come to Baker Tilly to serve clients in an environment which emphasizes quality over quantity, and where long-term relationships trump short-term profits.

**“Our commitment to staff continuity means lower-than-industry-average staff turnover.”**

While most firms in our industry have turnover rates in excess of twenty-five percent, our average rate for the past few years has been less than twenty percent. Our firm invests significantly in our employees, as we know that happy employees create and sustain satisfied clients. To retain our employees, we strive to build and maintain an organizational culture that encourages creativity, continuous learning, respect, employee appreciation, and above all — a positive attitude. Consequently, our turnover rate is below industry averages.

Our low turnover rate means that the Village is likely to have an engagement team that will serve you for many years to come. Our clients appreciate the fact that they get to know the Baker Tilly employees they work with year after year, and that they do not have to train a new team each year. A high level of continuity translates into people who really understand the intricacies of your community, and are able to offer more meaningful opinions, advice, and insight to the Village.



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**Senior Level of Commitment**

We would like to point out the senior level of commitment to this engagement:

Level	%
Partner/Manager	40%
Senior	30%
Staff	30%
<b>TOTAL</b>	<b>100%</b>

All team members are available to consult with Village staff on a daily basis throughout the year. In all engagements, our clients are welcome to consult with all levels of staff, as well as partners.

**CPE Training**

In order to ensure that our staff meets your expectations, we require all professional staff to obtain a minimum of 120 continuing professional education credits (CPE) every three years, with no less than twenty credits in any given year, allowing them to keep current with industry regulations. This requirement exceeds the professional education requirements of *Government Auditing Standards* which require twenty-four governmental CPE credits every two years.

In addition, we provide training to governmental associations such as the Illinois Government Finance Officers Association and National Association of Village Treasurers on various topics including new accounting standards and internal controls. Some of our clients use Baker Tilly to provide customized, local training to their staff. In addition, we have hosted seminars on governmental topics for more than twenty years. Some of our recent presentations include "SAS Regulations: Impact on Local Government" and "Basics of property taxes, including tax caps".

**“ Our staff CPE requirements exceed the professional education requirements of *Governmental Auditing Standards*. ”**



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All governmental audit staff attends courses in the accounting and auditing areas dealing with public sector topics, including the single audit area. Some of the recent courses attended include:

- > Accounting for Governmental Units Under GASB
- > Government Accounting and Auditing Update
- > Risk Assessment Standards Program
- > Satisfying Compliance Auditing Requirements of Financial Assistance Programs
- > National Government Accounting Conference
- > Advanced Governmental Accounting
- > Audits of State and Local Governmental Units
- > Yellow Book: Government Auditing Standards
- > In-house course – How to perform the single audit
- > In-house course – Analytical review and audit sampling for governmental units
- > In-house course – Governmental Accounting and Auditing Update
- > Issues under formation of Regional Transmission Organizations
- > Utility Board Governance
- > Advanced Utility Accounting
- > Financial Statement Analysis
- > Utility Benchmarking
- > Obtaining Value from Your Audit (Baker Tilly as instructors for the American Public Power Association)



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## Resumes



### **Jason K. Coyle, CPA**

*Partner*

**630 645 6205**

**jason.coyle@bakertilly.com**

Jason Coyle, a Partner with Baker Tilly Virchow Krause, LLP, has been in the accounting industry since 1997. Jason is a member of the Public Sector Practice Group. He specializes in providing financial and compliance audits, as well as accounting services. Jason has extensive experience with municipalities, special districts, and school districts.

### **Specific experience**

- > Partner-in-charge of financial and compliance related audit engagements for local governmental entities.
- > Routinely assists local governments with the implementation of new accounting standards issued by the Governmental Accounting Standards Board.
- > Reviews and provides guidance for Comprehensive Annual Financial Reports, which have been awarded a "Certificate of Achievement for Excellence" in Financial Reporting.
- > Performs internal control reviews of municipalities and school districts, providing recommendations on policies and procedures to strengthen internal controls.
- > Provides Tax Incremental Financing (TIF) compliance audits.
- > Partner-in-charge of single audits in accordance with OMB Circular A-133 Audit Guidelines.
- > Presents annual audit and financial results to various client boards.
- > Leads operations reviews designed to improve the efficiency and effectiveness of business and finance operations.
- > Member of the Special Review Committee of the GFOA which reviews financial statements submitted to the CAFR program
- > Licensed CPA in Illinois.



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**Jason K. Coyle, page 2**

**Industry involvement**

- > American Institute of Certified Public Accountants
- > Government Finance Officers Association – Special Review Committee
- > Illinois Governmental Finance Officers Association
- > Illinois CPA Society, Government Report Review Committee
- > Illinois Association of School Business Officials
- > Speaks at industry conferences

**Education**

University of Illinois - Urbana-Champaign  
Bachelor of Science in Accountancy



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**Joseph M. Lightcap, CPA**

*Manager*

630.645.6215

Joe.Lightcap@bakertilly.com

Joe Lightcap, a Manager at Baker Tilly Virchow Krause, LLP, has been with the firm since 2000. He is a member of the Public Sector Practice Group and specializes in providing accounting and auditing services to local governmental entities, including municipalities, school districts, and special education districts.

**Specific Experience**

- > Manages the day-to-day responsibilities of various accounting and auditing engagements.
- > Supervises the work performed by multiple associates during accounting and auditing engagements.
- > Prepares comprehensive annual financial reports, which have been awarded Certificates of Excellence in Financial Reporting from the Government Finance Officers Association and Association of School Business Officials.
- > Provides strategic planning and implementation services for government units, implementing Governmental Accounting Standards Board (GASB) pronouncements.
- > Analyzes clients' control systems to assist in implementing beneficial controls that are cost effective to clients.
- > Assists clients in developing account structures in order to comply with state reporting requirements.
- > Identifies client opportunities for efficiencies and cost savings.
- > Audits of TIF district results and efficiencies.
- > Develops "best practices" for municipalities.
- > Analyzes policies, procedures, and controls.
- > Conducts risks assessment standards.
- > Licensed CPA in Illinois.

**Industry Involvement**

- > Illinois Government Finance Officers Association
- > Illinois CPA Society

**Education**

University of Illinois - Urbana-Champaign  
Bachelor of Science in Accountancy

## Fees

Our proposed fees are based on the assumption that there will be minimal client initiated or audit adjusting entries posted to the general ledger once fieldwork commences. Our fees do not include bookkeeping or accounting assistance for preparation of audit workpapers. We are sensitive to cost control and have always worked diligently to minimize our fees through adequate planning, detailed client audit or review preparation lists, and other means; all while maintaining high quality standards.

Fees for any service can vary due to factors such as hourly billing rates, mix of staff and actual hours of performance. A low fee is not a bargain if adequate attention is not given to the client or the service is less than that which the professional should provide.

Partners, managers, or high-level seniors will perform a significant portion of the total audit hours. We believe this demonstrates our commitment to provide highly trained and experienced individuals to your engagement.

Please refer to the BID CONTRACT FORM for our proposed fees.

Total hours and hours by segment is presented on page 38 of the "Specific Audit Approach" section.

## Additional Work Outside the Scope of Work

Should the Village require additional services beyond the scope of this engagement, we will be pleased to prepare a new estimate, using our discounted rates noted below, detailing the level of effort and resources required to complete the work. Many of our clients desire accounting assistance in relation to the audit. As such, we have significant experience in this area and can provide the additional assistance in a very efficient manner

We encourage you to call and discuss your business concerns with us. We will always let you know if a service is outside of the scope of our bid and will ask for your approval before we begin our work or bill you.

	Discounted Rates				
	2010	2011	2012	2013	2014
Partner	\$210	\$215	\$215	\$220	\$225
Manager	\$160	\$160	\$165	\$170	\$175
Senior	\$105	\$105	\$110	\$110	\$115
Staff	\$80	\$80	\$80	\$85	\$85



## Similar Engagements with Other Government Entities

Our history with government entities provides you with the level of expertise necessary to perform an effective and efficient audit of the Village. Below is a list of references for which Baker Tilly has provided similar audit services. We provided audit services to each of these governmental entities last year and encourage you to contact them to learn more about us.

<b>Client:</b>	<b>Village of Hodgkins</b>
Partner:	Jason Coyle
Contact:	Ms. Melody Salerno, Comptroller
Phone:	708 579 6700
Scope of work:	Financial Audit
Dates:	More than 30 years
Total hours:	730

<b>Client:</b>	<b>Village of Park Forest</b>
Partner:	Jason Coyle
Contact:	Ms. Mary Dankowski, Deputy Village Manager / Finance Director
Phone:	708 283 5607
Scope of work:	Financial and Single Audits
Dates:	2005 – Current
Total hours:	480

<b>Client:</b>	<b>City of Des Plaines</b>
Partner:	Jason Coyle
Contact:	Ms. Dorothy Wisniewski, Finance Director
Phone:	847 391 5317
Scope of work:	Financial and Single Audits
Dates:	2006 – Current
Total hours:	560

<b>Client:</b>	<b>City of Wheaton</b>
Partner:	Jason Coyle
Contact:	Mr. Robert Lehnhardt, Director of Finance
Phone:	630 260 2020
Scope of work:	Financial Audit
Dates:	2010 – Current
Total hours:	400



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<b>Client:</b>	Village of Schaumburg
<b>Partner:</b>	Jason Coyle
<b>Contact:</b>	Mr. Douglas Ellsworth, Director of Finance
<b>Phone:</b>	847 923 4530
<b>Scope of work:</b>	Financial and Single Audits
<b>Dates:</b>	2010 – Current
<b>Total hours:</b>	450

### Client List

We provide services to over 500 municipal clients nationwide. We are including lists of some of our Midwest public sector clients from Illinois and Wisconsin, but would be happy to provide a comprehensive list of our clients, nationally, if desired.

The following list includes both audit and consulting clients in **Illinois**.

#### Illinois Utility Clients

Batavia Water & Sewer  
Glenbard Wastewater Authority  
Illinois Municipal Electric Agency  
Marshall Utilities  
Metropolitan Water Reclamation  
District of Greater Chicago (*awarded, to begin in 2010*)  
Naperville Utilities  
Oglesby Utilities

#### Illinois City Clients

Chicago  
Des Plaines  
Elgin  
Evanston  
Highland  
Highwood (*awarded, to begin in 2010*)  
Saint Charles  
Waukegan  
West Chicago  
Wheaton

#### Illinois Village Clients

Barrington Hills  
Bedford Park  
Broadview  
Carol Stream  
Carpentersville  
Chicago Ridge  
Elk Grove Village  
Hodgkins  
Indian Head Park  
Johnsburg  
Long Grove  
Maywood  
McCook  
Melrose Park  
Park Forest  
Riverside  
Schaumburg  
Summit  
Woodridge



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**Illinois County Clients**

Lake  
McHenry  
Peoria (*awarded, to begin in 2010*)  
Will (*awarded, to begin in 2010*)

**Illinois Township Clients**

Lyons  
Evanston

**Illinois Libraries Clients**

Bedford Park  
Des Plaines  
Evanston  
Hodgkins  
McCook  
Melrose Park  
Park Forest  
Waukegan

**Other Entities**

Chicago Metropolitan Agency  
for Planning  
Bedford Park Park District  
Bedford Park Library  
Hodgkins Park District  
Hodgkins Public Library  
Pleasantdale Park District  
Regional Transportation Authority



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The following list includes both audit and consulting clients in **Wisconsin**.

**Wisconsin City Clients**

Appleton  
Ashland  
Baraboo  
Beaver Dam  
Beloit  
Blair  
Brookfield  
Columbus  
Cudahy  
Delavan  
Eau Claire  
Edgerton  
Fitchburg  
Fond du Lac  
Fort Atkinson  
Fox Lake  
Franklin  
Glendale  
Green Bay  
Greenfield  
Hartford  
Horicon  
Jackson  
Janesville  
Jefferson  
Juneau  
Kewaunee  
Kiel  
Madison  
Mayville  
Mequon  
Merrill  
Middleton  
Mondovi  
Muskego Lake District  
Muskego Sewer  
Muskego Water  
Muskego  
Neenah  
New Berlin  
New Holstein

New Richmond  
Oak Creek  
Omro  
Osseo  
Port Washington  
Prescott  
Racine  
Reedsburg  
River Falls  
Rosemount  
Saint Francis  
Schofield  
Seymour  
South Milwaukee  
Stanley  
Stevens Point  
Stoughton  
Sun Prairie  
Verona  
Waterloo  
Watertown  
Waupun  
Wausau  
Wauwatosa  
West Bend  
Whitehall

**Wisconsin County Clients**

Adams County  
Dane County  
Eau Claire County  
Green County  
Kenosha County  
Marathon County  
Marathon County - Special Ed.  
Marquette County  
Outagamie County  
Rock County  
Sauk County  
Trempealeau County  
Waukesha County  
Fillmore County  
Jackson County  
Waseca County  
Renville County  
LeSueur County

**Wisconsin Township Clients**

Algoma  
Black Wolf  
Blaine  
Brockway  
Chester  
Cottage Grove  
East Troy  
Fulton  
Hartford  
Ixonia  
Lodi  
Madison  
Menasha  
Merton  
Oconomowoc  
Oregon  
Oshkosh  
Pleasant Springs  
Polk  
Raymond  
Seymour  
Springfield  
Union  
Vernon  
Verona  
Washington  
Watertown



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**Wisconsin Village Clients**

Alma Center  
Bayside  
Belleville  
Black River Falls  
Brown Deer  
Brownsville  
Butler-Water  
Butler  
Cadott  
Caledonia  
Campbellsport  
Clayton  
Clinton  
Clyman  
Cottage Grove  
DeForest  
Eagle  
Eleva  
Elk Mound  
Elm Grove  
Fairwater  
Fox Point  
Fredonia  
Friendship  
Germantown  
Grafton  
Greendale  
Hartland  
Hawkins  
Hixton  
Hustisford  
Ironton  
Kewaskum  
Kohler  
Lac La Belle  
Lannon  
Little Chute  
Maple Bluff  
Marshall  
McFarland  
Mount Hope  
Mount Horeb  
Mount Pleasant

Mukwonago  
Necedah  
North Fond du Lac  
Oregon  
Pewaukee  
Pleasant Prairie  
Redgranite  
Sauk City  
Sherwood  
Shorewood Hills  
Shorewood  
Sturtevant  
Sullivan  
Sussex  
Theresa  
Thiensville  
Turtle Lake  
Union Grove  
Waterford  
Waunakee  
West Milwaukee  
Whitefish Bay  
Whiting

**Other Entities**

Badger Tobacco Asset Securitization Corp.  
Big Muskego Lake District  
Eau Claire City Housing Authority  
Eau Claire County Housing Authority  
Eau Claire Redevelopment Authority  
Focus on Energy Program  
Greendale Water  
Hartford Community Development  
Hartford, Downtown Business Improvement District  
Milwaukee County Department of Audit  
North Shore Fire Department  
State of Wisconsin Environmental Improvement Fund  
Stoughton Housing Authority  
Wisconsin Department of Justice



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## Specific Audit Approach

The Village is requesting audit proposals for December 31, 2010 through 2014. The scope of our audit includes a financial audit of the basic financial statements and other reports as identified in your RFP, and we are committed to meeting and exceeding all performance specifications listed in the RFP.

We provide high quality audit, accounting, tax, and advisory services to our clients. Using integrity, objectivity, competence, and due care, our personnel will conduct your engagement professionally and on time. With our depth of experience, industry-specific knowledge, and commitment to your success, you can count on our proven ability to deliver quality financial reporting that your stakeholders rely on.

### **Our objectives**

- > Provide exceptional service from the same team of individuals on a year-to-year basis.
- > Construct audit programs to streamline year-end procedures and improve value.
- > Issue audited financial statements within a timeframe that meets or exceeds management's expectations.
- > Utilize Baker Tilly resources to present a meaningful management letter.
- > Inform you of current and anticipated tax legislation that could affect you.
- > Provide services on a timely and cost effective basis.

Our audit will be made in accordance with Generally Accepted Auditing Standards (GAAS) as promulgated by the American Institute of Certified Public Accountants (AICPA); the AICPA audit guide, *Audits of State and Local Governmental Units*; *Government Auditing Standards* issued by the U.S. General Accounting Office; and *OMB Circular A-133*.

The primary purpose of the audit is to express separate opinions on the financial statements of the Village and other related entities subject to audit. Such an audit is subject to the inherent risk that errors or irregularities may not be detected. If conditions are discovered that lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, Baker Tilly will promptly advise an appropriate level of management.



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**Our understanding of your needs**

The following reports will be prepared and presented at the completion of the audits:

- > One (1) copy of the opinion on the Comprehensive Annual Financial Report.
- > Five (5) copies of the Single Audit Report.
- > Five (5) copies of the Downers Redevelopment Tax Increment Report.
- > Five (5) copies of the Odgen Tax Increment Report.
- > Five (5) copies in each report of the opinion on management's assertion that the Village of Downers Grove, Illinois, compiled with the requirements of subsection 11074.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142.)
- > One (1) copy of the auditors' Management Letter and Statement on Auditing Standards #114 Letter.

In the required reports on internal control (Management Letter), we will communicate any significant deficiencies found during the audit. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably, in accordance with generally accepted accounting principles, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Significant deficiencies that are also material weaknesses will be identified as such in the report. A material weakness is a significant deficiency, or combination of significant deficiencies, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

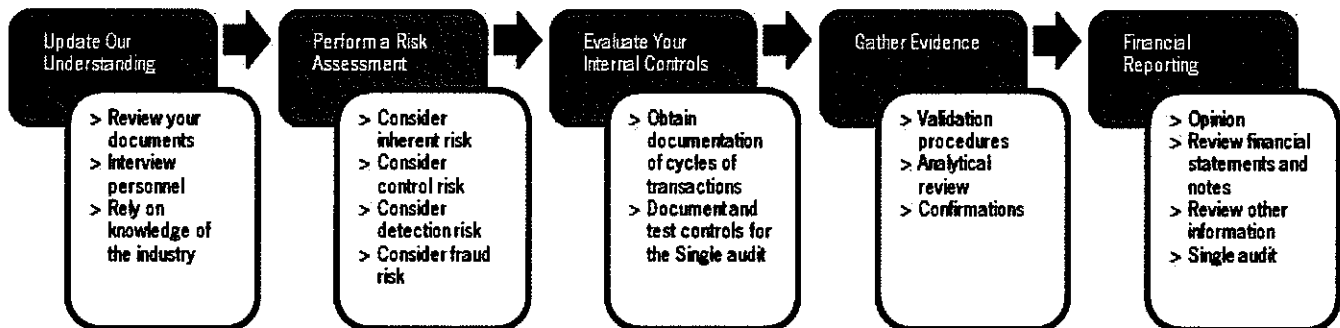


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Our approach to auditing the Village of Downers Grove will involve the following steps in the audit cycle:

### Steps in the Audit Cycle



### Segmentation of the Engagement

We have a proven audit approach, which we have tailored to meet your needs and includes nine work segments of the audit. These segments, along with the anticipated audit procedures for each segment, have been taken one step further and customized specifically for the Village, as discussed on the following pages, in order to deliver quality financial reporting that your constituents rely on. These segments include:

#### Engagement Planning and Administration

- > Prepare client information forms, obtain signed engagement letters, and complete company independence procedures.
- > Complete staffing and scheduling summary.
- > Hold planning conference among engagement partner and in-charge auditors.
- > Hold planning and progress conferences with the Village.
- > Obtain all documents and information required for permanent file.
- > Read minutes of the Village Board meetings.
- > Review and evaluate internal control (includes completion of internal control questionnaires, flowcharts, and other documentation and statistical testing of revenue, expenditure, and payroll systems, as necessary).
- > Perform various testing of compliance with laws and regulations.
- > Develop and approve audit programs.
- > Accumulate points to be included in management letter and draft letter.
- > Review workpapers for completeness.
- > Undergo partner level workpaper reviews.
- > Hold exit conference with key Village personnel.
- > Make presentation to the Board of Trustees.



**Cash and Investment**

- > Review ledger account entries, and compare cash account balances.
- > Confirm year-end cash and investment balances with depositories.
- > Obtain bank reconciliations and substantiate reconciling items.
- > Substantiate cash cutoffs and interbank transfers.
- > Test investment transactions and interest earned.

**Revenue**

- > Compare revenues to prior year actual and current budget.
- > Confirm or otherwise validate accounts receivable and taxes receivable.
- > Confirm and reconcile state aids.
- > Reconcile other revenues to claims and invoices filed.
- > Review functional classifications of revenues for GASB 34 required government-wide financial statements.

**Expenditure**

- > Compare expenditures to prior years and budgeted amounts.
- > Analyze accounts with significant variations.
- > Review vouchers payable listings, determine proper cutoffs, and review for unrecorded liabilities.
- > Verify vested vacation and sick pay liabilities.
- > Determine appropriateness of other liability accounts including accrued payrolls and related withholdings.
- > Test insurance-related accruals and IBNRs.

**Property**

- > Obtain capitalization policy for capital assets and infrastructure.
- > Obtain summary schedules of general capital assets and infrastructure including additions, retirements, and accumulated depreciation.
- > Test general capital assets and infrastructure additions and deletions.
- > Test general capital assets and infrastructure depreciation calculations.

**Financing/Equity**

- > Verify note balances owed.
- > Obtain information on new issues, if any.
- > Trace transactions to general ledger.
- > Re-compute interest expense.
- > Determine nature and appropriateness of net asset and fund balance categories.



**Financial Reporting**

- > Ascertain that all items of audit significance contained in the minutes have been considered and cross referenced to the working papers.
- > Obtain a working trial balance.
- > Propose adjusting entries and obtain adjusted trial balance.
- > Perform subsequent events review to date of completion of fieldwork.
- > Obtain management and attorney representation letters.
- > Review draft CAFR and provide recommendations to management.
- > Draft all other required reports.

**Single Audit (if applicable)**

- > Determine major federal grant programs.
- > Review compliance requirements for major federal grants.
- > Test the Village's internal control over federal grant expenditures.
- > Test compliance with laws and regulations governing the Village's major federal grants.
- > Obtain schedule of federal awards and review for accuracy and completeness.
- > Draft required single audit reports.
- > Draft schedule of findings and questioned costs.
- > Obtain corrective action plan from the Village, if needed.
- > Review and sign Data Collection Form.

### Proposed Timeline

The following represents our proposed timeline for the audit:

	November	April	May
<b>Establishing Engagement Objectives</b>			
Kick-off meeting with management	X		
Confirm audit scope, objectives, and approach	X		
Planning meetings	X		
<b>Understand the Village and Develop Audit Plan</b>			
Review predecessor auditor workpapers	X		
Develop understanding of significant processes and internal controls	X		
Identify applicable key processes for assessment related to the significant risks identified during the risk assessment	X		
Review the accounting and reporting of financial transactions and examine the means used to identify, measure, classify, and report on such information, while determining if any area has potential risks of financial mismanagement	X		
Review information technology system to determine if any area has potential risk of financial mismanagement	X		
Review current documentation, including current laws, guidelines, policies and procedures presented by the Village	X		
Develop detailed audit plan based upon identified risks and scope of engagement	X		
Provide Village with list of schedules to be prepared by Village for final field work	X		
<b>Perform Audit Procedures</b>			
Obtain data and perform detail testing		X	
Complete all necessary analysis		X	
Provide the Village with a final list of adjustment journal entries		X	
Review draft CAFR and provide recommendations to management			X
Provide the Village with the draft Report on Internal Control, Management letter, TIF Reports and Single Audit Report			X
<b>Conclude the Audit</b>			
Finalize opinion and letters			X
Provide final copies of CAFR opinion and other reports			X
Engagement debrief meeting			X



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### Hours by Staff Level

Estimates of the time requirements for the fiscal year to be provided by staff level are as follows:

	Partner	Manager	Senior	Staff	Totals
	4	4	2	2	12
	12	12	20	20	64
	20	60	78	78	236
	8	16	2	2	28
	<b>44</b>	<b>92</b>	<b>102</b>	<b>102</b>	<b>340*</b>

\* The hours above do not include time associated with the single audit report or estimated time necessary in the first year of the contract. We understand and anticipate increased hours will be required in the initial year, but do not pass those costs along to you.



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**Sample Sizes & Statistical Sampling**

We may plan to use audit sampling throughout many phases of our audit since we believe this allows us to perform an audit that is more cost beneficial to our clients. We have identified the following audit sampling tests that may be used on the Village's audit. They include:

- > Substantive tests of details of balance sheet accounts.
- > Tests of controls.
- > Tests of compliance with laws and regulations.

After we have reviewed and evaluated the Village's internal controls, we will make decisions on the internal control procedures we intend to test. We will set parameters regarding the expected error rate, audit risk, and tolerable error rate in order to determine the sample size we will generate. We may perform these procedures in the following areas:

- > Cash receipts
- > Cash disbursements
- > Payroll

We also may use audit sampling to perform substantive tests of certain balance sheet accounts, including the confirmation of receivables and recorded vouchers payable. Our firm plans to use the population proportionate to size (PPS) approach, which encompasses the concept of individually significant amounts.

Since auditing standards are continuously changing and programs tested annually may vary, we are not able to provide the exact sample sizes we will draw.

We also plan to use audit sampling to perform substantive tests of certain balance sheet accounts, including accounts receivable and recorded vouchers payable. Our firm plans to use the population proportionate to size (PPS) approach which encompasses the concept of individually significant amounts.

We expect to use the following sample ranges; however, these may increase or decrease based on the results of our understanding of the Village's internal controls:

Tests of Controls	Sample Ranges
Cash disbursements/expenditures	20 – 80 documents
Payroll	20 – 80 documents





### **Use of EDP Software**

This section of the proposal describes our approach to computer audit techniques and use of software in performing the audit. Our approach to computer auditing encompasses two distinct activities: the system review and computer assisted audit procedures (CAAPs). The first activity represents the basis for our evaluation of internal controls in a computer environment. Our understanding of the Village's EDP organization and system can assist management in evaluating the effectiveness and efficiency of program operations. Our approach to computer auditing will also enable our auditors to identify information regarding the strengths and weaknesses of the various systems. This information will be used to design our audit program.

Audit work activities associated with the system review include:

#### **Gather EDP background information**

- > Data processing organization and staffing.
- > Equipment configuration.
- > Operating system and software.
- > Present and planned application system.
- > Documentation requirements.
- > The nature and extent of EDP planning activities.

#### **Identify and evaluate general EDP controls**

- > Existence and compliance with organizational and operational standards.
- > Program and data backup procedures.
- > Controls over scheduling, processing, access.
- > Procedures to regulate systems development and maintenance.
- > Evaluation of any weaknesses identified during the review of EDP organization, operations, and system development.

#### **Identify and evaluation of individual application controls:**

- > Transaction flow through the application system from initial entry to summarization and inclusion in the financial records.
- > Accounting controls that parallel the transaction flow.
- > Evaluation of the identified controls environment to determine the timing and extent of our audit procedures.

The second activity included in our computer audit approach permits us to use the information gathered during the system review to enhance the efficiency and effectiveness of our audit procedures.



We use computerized random number generators to select a statistically proper sample from your transactions so that we may draw the proper conclusions from our testing efforts, as previously discussed in the sampling section of our proposal.

We also use accounting software such as Caseware to assist the auditor in determining the extent of detailed account analysis to perform. By entering data from your budget reports into our program, analytical analysis of account relationships helps us concentrate our efforts on those accounts which are most likely to be relevant to the audit.

Additionally, we have specialists within our firm who have extensive information technology consulting experience. We plan to utilize these specialists in evaluating your IT controls under the new audit risk standards.

### **Analytical Procedures**

These procedures may range from simple comparisons to more complex models involving many relationships and elements of data. Generally accepted auditing standards require the use of analytical procedures in all audits of financial statements.

Our analytical procedures are done in two parts - preliminary and final. Preliminary procedures are performed using the Village's trial balance and budget report prior to audit entries. In-charge auditors review the current year information and compare it to prior year actual. This is done for all balance sheet accounts. The in-charge is looking for variances between the figures that exceed a predetermined threshold level, both from a percentage and a dollar amount perspective.

Those accounts that exceed the variance threshold are highlighted for further investigation. This investigation includes reviewing detail transactions, vouching a sample of transactions, discussions with management, and validation techniques.

Final analytical review takes place after all audit entries are posted. The in-charge or manager reviews the financial statements looking for variances to prior year actual. Explanations of those variances are documented in our file, with the results used to determine the extent of any additional audit testing or financial statement disclosures. Our procedures are in full compliance with auditing standards.

**Understanding of the Village of Downers Grove's Internal Controls**

Our audit process stresses the importance of evaluating internal controls, especially under the new risk assessment standards. In prior years, auditors understood the internal controls in order to design audit procedures. Under the new standards, we will be thoroughly evaluating the effectiveness and efficiency of these controls in order to perform risk assessments and design a risk-based audit program.

During our preliminary work, we will obtain your internal control documentation and evaluate and test internal controls over the significant accounting and reporting systems of the Village. These evaluations will enable us to determine how much reliance we can place upon the systems for audit purposes and the amount of systems testing and account verification work that may be required.

In addition, all significant suggestions, questions, or other comments resulting from these evaluations will be discussed with appropriate personnel.

After we have evaluated the internal controls, we will test the flow of data through the systems to determine:

- > Whether or not the data actually follows the prescribed procedures and controls within the system.
- > The degree of clerical accuracy achieved in recording and summarizing the data.

This testing allows us to determine the extent that we can place reliance on the systems and their inherent controls. This is the main factor that helps us to define the particular type of tests to be performed.

**Determining Laws and Regulations Subject to Audit Test Work**

Since the Village may be required to have a Single Audit, the audit scope regarding compliance with laws and regulations is substantially broader than a standard audit conducted according to generally accepted auditing standards. We have developed our own approach to satisfy both the Single Audit and GAAS requirements:

**Compliance Testing Approach**

The Single Audit Act requires that we test for compliance with laws and regulations that could have a material effect on the allowability of program expenditures. Therefore, we will test financial transactions as well as specific program requirements.



Once we have determined which federal programs are major, we will develop the approach to test a specific program. We know that certain programs incur costs which are administrative in nature; consisting primarily of salaries, wages, and fringe benefits. For these programs, we will randomly select a representative sample of payroll costs to test. Our sample will be derived from the personnel assigned to that particular program.

Other programs, however, do not have substantial personnel costs. Those programs involve the purchasing of goods or services from outside sources, including vendors and nonprofit agencies. Our approach to these types of programs would be to select a representative sample of charges to that program from the Village's transaction history reports.

For programs that involve both significant personnel costs and costs from outside sources, our approach would be a combination of the procedures identified above.

Since we are also testing for compliance with administrative laws and regulations, we will be testing representative samples from each major program. Most of our testing will involve the eligibility of persons assisted by that program. We will select case files to review from the Village's records of clients served during the period.

OMB's Compliance Supplement identifies fourteen significant areas that may apply to each federal award. We rely on Practitioners Publishing Company for general work program guidance and have developed our own work programs that are tailored to the Village of Downers Grove.

**Audit Conducted According to GAAS Requirements**

Over the years, we have gained substantial knowledge of various laws and regulations dealing with government accounting, budgeting, financing, and reporting. With this knowledge, we developed our own audit work program which we will use on the audit. The work program covers such areas as:

- > Authorization of depositories and types of allowable investments.
- > Arbitrage compliance and rebate requirements.
- > Budgeting procedures and reporting requirements.
- > Restrictions on expenditures and matching requirements.

In addition, we will obtain information from the management of the Village on any other significant laws and regulations that could materially affect the basic financial statements in the event of noncompliance.

**Audit Conducted According to Single Audit Requirements and GAO Standards**

These standards require that we perform additional tests in order to provide reasonable assurance that federal award programs are in compliance with laws and regulations governing those programs. We will test all major federal programs as well as any nonmajor program transactions selected for other audit purposes.

We will use the following documents for guidance in determining the laws and regulations applicable to the Village's federal and state award programs:

- > The Single Audit Act Amendments of 1996
- > GAO Government Auditing Standards
- > OMB Circular A-133 Audits of States, Local Governments and Not-For-Profit Organizations
- > OMB Circular A-133 Compliance Supplement
- > OMB Circular A-87 Cost Principles for State and Local Governments.
- > Code of Federal Regulations.
- > Catalog of Federal Domestic Assistance.

As a practical matter, most of the significant laws and regulations that affect the Village's single audit programs can be found in OMB's "Compliance Supplement".

For any major federal program not listed in the "Compliance Supplement," we will determine the significant compliance requirements by reading the applicable statutes, grant agreements and policy manuals. We will also contact the cognizant federal agencies for technical assistance.

**Audit Coverage (of Departments and Exposures)**

The specific audit coverage each year is driven by the risk assessment process required under SAS 104-111. Transaction cycles of the major financial process are evaluated each year to determine inherent and control risk. There are many factors that are included in this evaluation, such as materiality, number of transactions, experience of Village staff, prior audit findings, nature of activity during the year, etc.

Once the significant cycles are identified and this risk assessment process is complete, we will draft our audit work programs, which will detail the specific audit coverage.

A critical component of the risk assessment process is the information accumulated through communications with Village management. Based on these communications, along with other assessments, we may deem certain department activities to be of higher or lower risk in any given year.



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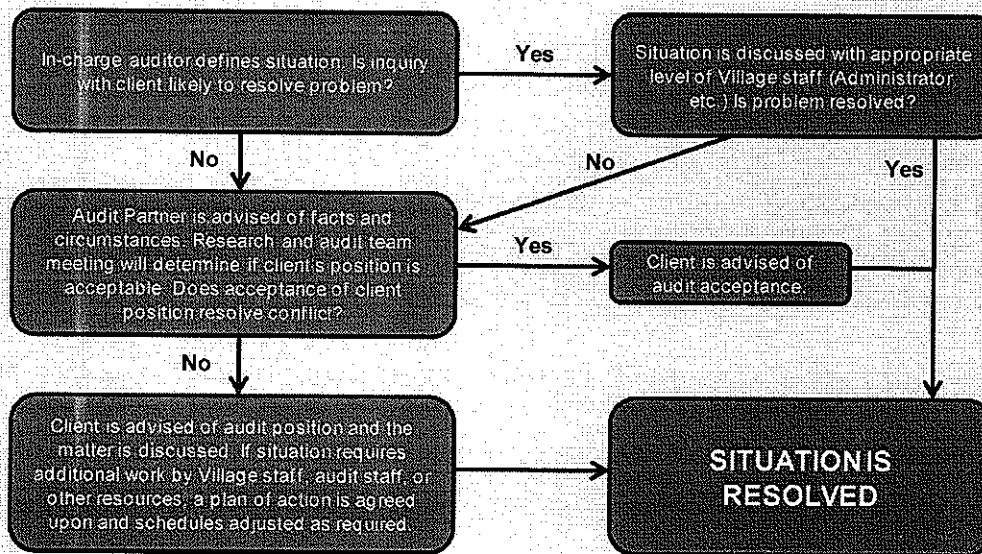
### **Ensuring Deadlines are Met**

We are committed to reaching an agreement on a timeline that meets the Village's needs. We usually find that a detailed workplan with key dates for all Baker Tilly and Village staff has been very effective in ensuring deadlines are met. We believe the most critical component to ensuring your satisfaction is regular and ongoing communication.

### Identification of Anticipated Potential Audit Problems

We will regularly communicate any new developments in the auditing and accounting area throughout the year, not just at the time of the audit. Information needed to address your technical matters will be addressed promptly; typically at the time any new accounting pronouncement rules are adopted, providing you with prompt responses to any matters affecting you.

We do not anticipate any potential audit problems, but should any potential audit problems arise during the course of our work, our approach to resolving these problems generally is as follows:



### Modifications to language in RFP No. 001-2010

RFP No. 001-2010 outlines the terms, conditions and detailed specifications required by the Village. We respectfully point out the following areas which we require modification relating to the terms of the contract. Modifications to language in RFP No. 001-2010

- > Section II, Paragraph 7.1 – Additional language is as follows:



Because of the importance of oral and written representation to an effective audit, the Village releases Vendor and its current, former or future partners, principals, employees and personnel from any and all claims, liabilities, costs and expenses attributable to any intentional misrepresentation by management.

- > Section II, Paragraph 13.4 - Language in this paragraph is revised as follows:  
  
In addition to required insurance coverages, the Proposer shall indemnify and hold harmless the Village as described in the revised Section 7.1 above.
- > Section II, Paragraph 17.1 – Delete last sentence, “ Upon termination, the Proposer will deliver all documents and products of whatever kind, and their reproducible originals related to the project, which have been produced to the date of the notice of default.”
- > Section III, Paragraph II. E. - is hereby stricken.
- > The AICPA states that the auditor should establish an understanding with the client regarding the services to be performed for each engagement. This understanding should be documented through a written communication with the client in the form of an engagement letter. The understanding should include the objectives of the engagement, the responsibilities of management and the auditor, and any limitations of the engagement.

#### **Services and Related Report**

We will audit the basic financial statements of the Village of Downers Grove as of and for the years ended December 31, 2010, December 31, 2011, December 31, 2012, December 31, 2013 and December 31, 2014. Upon completion of our audit, we will provide the Village of Downers Grove with our audit report on the financial statements referred to above. If, for any reasons caused by or relating to the affairs or management of the Village of Downers Grove, we are unable to complete the audit or are unable to or have not formed an opinion, or if we determine in our professional judgment the circumstances necessitate, we may withdraw and decline to issue a report as a result of this engagement.

Supplementary information also accompanies the Village of Downers Grove's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and will provide an opinion on it in relation to the basic financial statements.

- > Combining and Individual Fund Financial Statements and Schedules
- > Supplemental Data





Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany the Village of Downers Grove's basic financial statements. As part of our engagement, we will apply certain limited procedures to the Village of Downers Grove's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- > Management's Discussion and Analysis
- > General and Major Special Revenue Budget Comparison Schedules
- > Schedule of Employer's Contributions and Schedule of Funding Progress – Pensions
- > Schedule of Employer's Contributions and Schedule of Funding Progress – OPEB

The document will also include the following additional information that will not be subjected to the auditing procedures applied in our audit of the basic financial statements, and for which our auditor's report will disclaim an opinion:

- > Transmittal Letter
- > Statistical Schedules

#### **Our Responsibilities and Limitations**

The objective of a financial statement audit is the expression of an opinion on the financial statements. We will be responsible for conducting that audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management and the audit committee or equivalent group charged with governance of their responsibilities.



The audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and the audit committee or equivalent group charged with governance internal control matters that are required to be communicated under professional standards.

We will design our audit to obtain reasonable, but not absolute, assurance of detecting errors or fraud that would have a material effect on the financial statements as well as other illegal acts having a direct and material effect on financial statement amounts. An audit is not designed to detect errors or fraud that are immaterial to the financial statements. Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement of the financial statements. It is important to recognize that there are inherent limitations in the auditing process. Audits are based on the concept of selective testing of the data underlying the financial statements, which involves judgment regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. Our audit is not a guarantee of the accuracy of the financial statements and, therefore, is subject to the limitation that material errors or fraud or other illegal acts having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion, falsified documentation and management's ability to override controls, an audit designed and executed in accordance with auditing standards generally accepted in the United States of America may not detect a material fraud. Further, while effective internal control reduces the likelihood that errors, fraud or other illegal acts will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot ensure that errors, fraud or other illegal acts, if present, will be detected. However, we will communicate to the Village of Downers Grove, as appropriate, any such matters that we identify during our audit.

We are also responsible for determining that the audit committee or equivalent group charged with governance is informed about certain other matters related to the conduct of the audit, including (i) our responsibility under auditing standards generally accepted in the United States of America, (ii) an overview of the planned scope and timing of the audit, and (iii) significant findings from the audit, which include (a) our views about the qualitative aspects of the Village of Downers Grove's significant accounting practices, accounting estimates, and financial statement disclosures; (b) difficulties encountered in performing the audit; (c) uncorrected misstatements and material corrected misstatements that were brought to the attention of management as a result of auditing procedures;



and (d) other significant and relevant findings or issues (e.g., any disagreements with management about matters that could be significant to the Village of Downers Grove's financial statements or our report thereon, consultations with other independent accountants, issues discussed prior to our retention as independent auditors, fraud and illegal acts, and all significant deficiencies and material weaknesses identified during the audit). Lastly, we are responsible for ensuring that the audit committee or equivalent group charged with governance receives copies of certain written communications between us and management including written communications on accounting, auditing, internal control or operational matters and representations that we are requesting from management.

The audit will not be planned or conducted in contemplation of reliance by any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

#### **Management Responsibilities**

The Village of Downers Grove's management is responsible for the financial statements referred to above. In this regard, management is responsible for establishing policies and procedures that pertain to the maintenance of adequate accounting records and effective internal controls over financial reporting, the selection and application of accounting principles, the authorization of receipts and disbursements, the safeguarding of assets, the proper recording of transactions in the accounting records, and for reporting financial information in conformity with accounting principles generally accepted in the United States of America. Management is also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us in the management representation letter (i) about all known or suspected fraud affecting the entity involving: (a) management, (b) employees who have significant roles in internal control over financial reporting, and (c) others where the fraud could have a material effect on the financial statements; and (ii) of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for (i) adjusting the basic financial statements to correct material misstatements and for affirming to us in a management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period under audit are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole, and



(ii) notifying us of all material weaknesses, including other significant deficiencies, in the design or operation of your internal control over financial reporting that are reasonably likely to adversely affect your ability to record, process, summarize and report external financial data reliably in accordance with accounting principles generally accepted in the United States of America. Management also is responsible for identifying and ensuring that the Village of Downers Grove complies with the laws and regulations applicable to its activities.

As part of management's responsibility for the financial statements and the effectiveness of its system of internal control over financial reporting, management is responsible for making available to us, on a timely basis, all of your original accounting records and related information and for the completeness and accuracy of that information and your personnel to whom we may direct inquiries. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management and others about the representations embodied in the financial statements and the effectiveness of internal control over financial reporting. Auditing standards generally accepted in the United States of America also require that we obtain written representations covering audited financial statements from certain members of management. The results of our audit tests, the responses to our inquiries, and the written representations, comprise the evidential matter we intend to rely upon in forming our opinion on the financial statements.

#### **Non-Attest Services**

Prior to or as part of our audit engagement, it may be necessary for us to perform certain non-attest services including, but not limited to, proposing general, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements.

We will not perform any management functions or make management decisions on your behalf with respect to any non-attest services we provide.

In connection with our performance of any non-attest services, you agree that you will:

- > Continue to make all management decisions and perform all management functions including approving all journal entries and general ledger classifications when they are submitted to you.
- > Designate an employee with suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services we perform.
- > Evaluate the adequacy and results of the non-attest services we perform.
- > Accept responsibility for the results of our non-attest services.



- > Establish and maintain internal controls, including monitoring ongoing activities related to the non-attest function.

On a periodic basis, as needed, we will meet with you to discuss your accounting records and the management implications of your financial statements. We will notify you, in writing, of any matters that we believe you should be aware of and will meet with you upon request.

In addition to the audit services discussed above, we will compile the TIF and Single Audit Reports, which are an integral part of this contract.

To assist us in planning the audit of the financial statements, the Village of Downers Grove will authorize its previous auditors, Sikich LLP, to allow us to review their working papers and to respond fully to our inquiries.

#### **Other Documents**

Auditing standards generally accepted in the United States of America require that we read any annual report that contains our audit report. The purpose of this procedure is to consider whether other information in the annual report, including the manner of its presentation, is materially inconsistent with information appearing in the financial statements. We assume no obligation to perform procedures to corroborate such other information as part of our audit.

Any official statements issued by the Village of Downers Grove must contain a statement that indicates that Baker Tilly Virchow Krause, LLP is not associated with the official statement, unless you have asked us for a revised opinion or to review the official statement prior to issuance.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

The documentation for this engagement, including the workpapers, is the property of Baker Tilly Virchow Krause, LLP and constitutes confidential information. We may have a responsibility to retain the documentation for a period of time sufficient to satisfy any applicable legal or regulatory requirements for records retention. If we are required by law, regulation or professional standards to make certain documentation available to Regulators, the Village of Downers Grove hereby authorizes us to do so.



### Other Matters

Baker Tilly Virchow Krause, LLP is owned by professionals who hold CPA licenses as well as by professionals who are not licensed CPAs. Depending on the nature of the services we provide, non-CPA owners may be involved in providing services to you now or in the future.

Any additional services that may be requested and we agree to provide will be the subject of separate arrangements.

In the event we are requested or authorized by the Village of Downers Grove, or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for the Village of Downers Grove, the Village of Downers Grove will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such a request.

Neither this engagement letter, any claim, nor any rights or licenses granted hereunder may be assigned, delegated or subcontracted by either party without the written consent of the other party. Either party may assign and transfer this engagement letter to any successor that acquires all or substantially all of the business or assets of such party by way of merger, consolidation, other business reorganization, or the sale of interest or assets, provided that the party notifies the other party in writing of such assignment and the successor agrees in writing to be bound by the terms and conditions of this engagement letter.

Baker Tilly Virchow Krause, LLP is a member of Baker Tilly International Limited. Each member firm of Baker Tilly International Limited is a separate and independent legal entity. Baker Tilly International Limited and its other members are not responsible or liable for any acts or omissions of Baker Tilly Virchow Krause, LLP. Baker Tilly Virchow Krause, LLP and its subsidiaries are not responsible or liable for any acts or omissions of any other member of Baker Tilly International Limited. Baker Tilly International Limited does not render any professional services and does not have an ownership or partnership interest in Baker Tilly Virchow Krause, LLP.

Baker Tilly International Limited is an English Company. Neither Baker Tilly International Limited nor any other member firm has a right to exercise management control over any other member firm. Baker Tilly Virchow Krause, LLP is not Baker Tilly International Limited's agent and does not have authority to bind Baker Tilly International Limited or act on Baker Tilly International Limited's behalf.



**BAKER TILLY**

Candor. Insight. Results.

The agreement contained in this engagement letter shall survive the completion or termination of this engagement. If because of a change in the Village of Downers Grove's status or due to any other reason, any provision in this agreement would be prohibited by, or would impair our independence under, laws, regulations, or published interpretations by governmental bodies, commissions, or other regulatory agencies, such provision shall, to that extent, be of no further force and effect and this agreement shall consist of the remaining portions.



**VENDOR W-9 REQUEST FORM**

The law requires that we maintain accurate taxpayer identification numbers for all individuals and partnerships to whom we make payments, because we are required to report to the I.R.S all payments of \$600 or more annually. We also follow the I.R.S. recommendation that this information be maintained for all payees including corporations.

Please complete the following substitute W-9 letter to assist us in meeting our I.R.S. reporting requirements. The information below will be used to determine whether we are required to send you a Form 1099. Please respond as soon as possible, as failure to do so will delay our payments.

**BUSINESS (PLEASE PRINT OR TYPE):**

**NAME:** BAKER TILLY VIRCHOW KRAUSE, LLP

**ADDRESS:** 1301 W. 22<sup>nd</sup> Street, Suite 400

**CITY:** OAK BROOK

**STATE:** ILLINOIS

**ZIP:** 60523

**PHONE:** 630 645 6205      **FAX:** 630 645 6255

**TAX ID #(TIN):** FEIN # 39-0859910

(If you are supplying a social security number, please give your full name)

**REMIT TO ADDRESS (IF DIFFERENT FROM ABOVE):**

**NAME:** \_\_\_\_\_

**ADDRESS:** \_\_\_\_\_

**CITY:** \_\_\_\_\_

**STATE:** \_\_\_\_\_      **ZIP:** \_\_\_\_\_

**TYPE OF ENTITY (CIRCLE ONE):**

- |                      |   |
|----------------------|---|
| Individual           | Limited Liability Company –Individual/Sole Proprietor |
| Sole Proprietor      | <u>Limited Liability Company-Partnership</u>          |
| Partnership          | Limited Liability Company-Corporation                 |
| Medical              | Corporation   |
| Charitable/Nonprofit | Government Agency                                     |

**SIGNATURE:** *Jason Coyle*

**DATE:** October 1, 2010



**PROPOSER'S CERTIFICATION** (page 1 of 3)

With regard to Financial Audit Services, proposer Baker Tilly Virchow Krause, LLP hereby certifies the following:

1. Proposer is not barred from bidding this contract as a result of violations of Section 720 ILCS 5/33E-3 (Bid Rigging) or 720 ILCS 5/33E-4 (Bid-Rotating);
2. Proposer certifies that it has a written sexual harassment policy in place and is in full compliance with 775 ILCS §12-105(A)(4);
3. Proposer certifies that not less than the prevailing rate of wages as determined by the Village of Downers Grove, DuPage County or the Illinois Department of Labor shall be paid to all laborers, workers and mechanics performing work for the Village of Downers Grove. All bonds shall include a provision as will guarantee the faithful performance of such prevailing wage clause. Proposer agrees to comply with the Illinois Prevailing Wage Act, 820 ILCS 130/1 *et seq.*, for all work completed. Proposer agrees to pay the prevailing wage and require that all of its subcontractors pay prevailing wage to any laborers, workers or mechanics who perform work pursuant to this contract or related subcontract. Proposer and each subcontractor shall keep or cause to be kept an accurate record of names, occupations and actual wages paid to each laborer, workman and mechanic employed by the Proposer in connection with the contract. This record shall be sent to the Village on a monthly basis along with the invoice and shall be open to inspection at all reasonable hours by any representative of the Village or the Illinois Department of Labor and must be preserved for four (4) years following completion of the contract. Proposer certifies that proposer and any subcontractors working on the project are aware that filing false payroll records is a class B misdemeanor and that the monetary penalties for violations are to be paid pursuant to law by the proposer, contractor and subcontractor. The Village shall not be liable for any underpayments. If applicable: Since this is a contract for a fixed public works project, as defined in 820 ILCS 130/2, Contractor agrees to post at the job site in an easily accessible place, the prevailing wages for each craft or type of worker or mechanic needed to execute the contract or work to be performed.
4. Proposer certifies that it is in full compliance with the Federal Highway Administrative Rules on Controlled Substances and Alcohol Use and Testing, 49 C. F.R. Parts 40 and 382 and that all employee drivers are currently participating in a drug and alcohol testing program pursuant to the Rules.
5. Proposer further certifies that it is not delinquent in the payment of any tax administered by the Department of Revenue, or that Proposer is contesting its liability for the tax delinquency or the amount of a tax delinquency in accordance with the procedures established by the appropriate Revenue Act. Proposer further certifies that if it owes any tax payment(s) to the Department of Revenue, Proposer has entered into an agreement with the Department of

**PROPOSER'S CERTIFICATION (page 2 of 3)**

Revenue for the payment of all such taxes that are due, and Proposer is in compliance with the agreement.

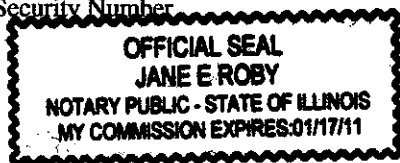
BY: Jason Coyle  
Proposer's Authorized Agent

3 9 - 0 8 5 5 9 1 0

**FEDERAL TAXPAYER IDENTIFICATION NUMBER**

or \_\_\_\_\_

Social Security Number



Subscribed and sworn to before me  
this 15<sup>th</sup> day of October, 2010

Jane E Roby  
Notary Public)

(Fill Out Applicable Paragraph Below)

**(a) Corporation**

The Proposer is a corporation organized and existing under the laws of the State of \_\_\_\_\_, which operates under the Legal name of \_\_\_\_\_, and the full names of its Officers are as follows:

President: \_\_\_\_\_

Secretary: \_\_\_\_\_

Treasurer: \_\_\_\_\_

and it does have a corporate seal. (In the event that this bid is executed by other than the President, attach hereto a certified copy of that section of Corporate By-Laws or other authorization by the Corporation which permits the person to execute the offer for the corporation.)

**(b) Partnership**

Signatures and Addresses of All Members of Partnership:

Please refer to the following pages at the end of the Proposer's Certification forms for a listing of all Baker Tilly partners and locations.

**PROPOSER'S CERTIFICATION (page 3 of 3)**

The partnership does business under the legal name of: Baker Tilly Virchow Krause, LLP  
which name is registered with the office of financial and professional regulation, division of  
professional regulation in the state of Illinois.

**(c) Sole Proprietor**

The Supplier is a Sole Proprietor whose full name is: \_\_\_\_\_  
and if operating under a trade name, said trade name is: \_\_\_\_\_  
which name is registered with the office of \_\_\_\_\_ in the state of  
\_\_\_\_\_.

- 5. Are you willing to comply with the Village's preceding insurance requirements within 13 days of the award of the contract?

Insurer's Name Travelers Indemnity Company

Agent Johnson Insurance

Street Address 525 Junction Road

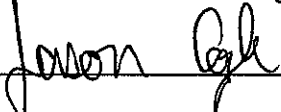
City, State, Zip Code Madison, Wisconsin, 53717

Telephone Number (608) 203-3880

**I/We affirm that the above certifications are true and accurate and that I/we have read and understand them.**

Print Name of Company: Baker Tilly Virchow Krause, LLP

Print Name and Title of Authorizing Signature: Jason Coyle, CPA, Partner

Signature: 

Date: October 1, 2010

## Baker Tilly Partners and Office Locations

<u>Partner Name</u>	<u>Office Location</u>
Acker, Heather	Madison
Andersen, Danny	Madison
Anderson, Carl	Milwaukee
Anderson, Christine	Madison
Andres, John	Madison
Andries, Brandon	Madison
Angell, Karen	Minneapolis
Bach, Ethan	Chicago
Bakko, Mark	Minneapolis
Barthell, Ronald	Minneapolis
Batchelor, Paul	Milwaukee
Bauer, David	Madison
Bernards, Donald	Madison
Berndt, Anthony	Milwaukee
Bittner, Lawrence	Appleton
Brasher, James	Chicago
Bulkley, Brian	Chicago
Butler, Benjamin	Madison
Carney, Mark	Detroit
Carpenter, Todd	Madison
Chapman, William	Chicago
Chemerow, Susanne	Madison
Christen, Timothy	Madison
Cole, Bruce	Madison
Coyle, Jason	Chicago Oak Brook
Dahlhauser, Christine	Madison
Dale, Gordon	Detroit
Daniel, Craig	Milwaukee
DeKam, Daryl	Minneapolis
DeNoyer, Brad	Madison
DeYoung, Jeffrey	Minneapolis
Dummer, Randy	Appleton
Ebert, Scott	Minneapolis
Edwards, Jayson	Detroit
Esser, Chuck	Detroit
Everhart, Larry	Janesville
Feder, Jeffrey	Milwaukee
Fenberg, Michael	Detroit
Fenske, Christine	Milwaukee
Fitzpatrick, Michael	Madison
Fleming, Russell	Detroit
French, Jeffrey	Appleton
Frohman, Richard	Madison
Gardinier, Lynn	Janesville
Gendreau, Jeffrey	Minneapolis
Gilman, Richard	Chicago

Gorecki, Daniel	Milwaukee
Grinde, Adam	Chicago
Hagedorn, Todd	Wausau
Haller, Matthew	Minneapolis
Harjes, Thomas	Minneapolis
Hastalis, Noel	Chicago
Hauser, Lisa	Minneapolis
Hellenbrand, Vicki	Madison
Heppner, Kevin	Madison
Herlitzka, Kimberly	Madison
Heroux, Mark	Chicago
Hissom, Russell	Madison
Holzhueter, Steven	Madison
Hooyman, Steve	Appleton
Horein, Jeffrey	Madison
Huggett, Laura	Madison
Huseth, Wade	Madison
Hutler, Bruce	Madison
Jarvi, Chad	Madison
Keebler, Robert	Appleton
Keller, Peter	Minneapolis
Kersten, Jeffrey	Janesville
Kieckhaefer, Glenn	Milwaukee
Killeen, Patrick	Detroit
Kleiman, Robert	Detroit
Knepel, John	Milwaukee
Kosiek, Timothy	Minneapolis
Krause, John	Appleton
Krueger, Michael	Minneapolis
Lefkowitz, Barry	Detroit
Levin, Stephen	Chicago
Lindell, John	Minneapolis
Loomans, Kevin	Appleton
Mader, A.	Appleton
Majewski, Bryan	Milwaukee
Malczewski, James	Appleton
Maniscalco, Ryan	Madison
Masek, Barry	Chicago
McKee, Michael	Minneapolis
Meguire, Judith	Chicago
Minielly, Thomas	Detroit
Miske, Mary	Milwaukee
Mohr, Lawrence	Minneapolis
Morgan, Brian	Chicago
Morgan, Wayne	Milwaukee
Munson, Ross	Minneapolis
Murphy, William	Janesville
Murray, James	Minneapolis
Nelson, Craig	Detroit

Nelson, Therese	Minneapolis
Newman, Lawrence	Detroit
Oberlander, Mark	New York
Oren, Kenton	Milwaukee
O'Rourke, Thomas	Madison
Pankop, Krista	Milwaukee
Parish, Steven	Madison
Poison, Rachel	Minneapolis
Prather, Kevin	Detroit
Preston-Koenig, Terri	Madison
Rahn, Donald	Madison
Ribbens, Tim	Minneapolis
Riser, Scott	Chicago
Rose, James	Madison
Rosenbaum, Jeffrey	Detroit
Ross, Michael	Madison
Rossi, John	Chicago Oak Brook
Runte, John	Milwaukee
Ryber, Kristine	Detroit
Scheidegger, Thomas	Madison
Schelske, John	Detroit
Schiesl, Thomas	Milwaukee
Schiferl, Wayne	Minneapolis
Schwingel, Julie	Chicago Oak Brook
Sheahan, Thomas	Madison
Sieber, Brenen	Milwaukee
Smith, Christine	Madison
Smith, Markalan	Appleton
Spritz, Keith	Appleton
Staudacher, Gina	Detroit
Steger, Laurie	Milwaukee
Stensrud, Steven	Minneapolis
Strobel, Michelle	Minneapolis
Szarzynski, Ronald	Minneapolis
Tredinnick, Kim	Madison
Unke, Thomas	Madison
Vilione, Donald	Milwaukee
Waal, Alan	Milwaukee
Walker, Thomas	Milwaukee
Walters, Jeffrey	Appleton
Wautlet, Peter	Janesville
Wertz, William	Milwaukee
Whitman, Alan	Detroit
Whitsitt, William	Minneapolis
Wicks, Jean	Minneapolis
Wolff, Russell	Madison
Wong, William	Milwaukee
Worthman, Aaron	Madison
Zemple, Robert	Appleton

**Suspension or Debarment Certificate**

Non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement for goods or services equal to or in excess of \$100,000.00 contractors receiving individual awards for \$100,000.00 or more and all sub-recipients must certify that the organization and its principals are not suspended or debarred.

By submitting this offer and signing this certificate, the Proposer certifies to the best of its knowledge and belief, that the company and its principals:

1. Are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any federal, state or local governmental entity, department or agency.
2. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction, or convicted of or had a civil judgment against them for a violation of Federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
3. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (2) of this certification: and
4. Have not within a three-year period preceding this application/proposal/contract had one or more public transactions (Federal, State or local) terminated for cause or default.

**If the Proposer is unable to certify to any of the statements in this certification, Proposer shall attach an explanation to this certification.**

Company Name: Baker Tilly Virchow Krause, LLP

Address: 1301 W. 22<sup>nd</sup> Street, Suite 400

City: Oak Brook

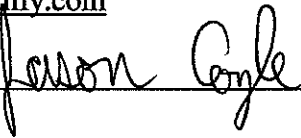
Zip Code: 60523

Telephone: ( 630 ) 645 6205

Fax Number: ( 630 ) 645 6255

E-mail Address: jason.coyle@bakertilly.com

Authorized Company Signature: \_\_\_\_\_



Print Signature Name: Jason Coyle

Title of Official: Partner

Date: October 1, 2010

**CAMPAIGN DISCLOSURE CERTIFICATE**

Any contractor, proposer, bidder or vendor who responds by submitting a bid or proposal to the Village of Downers Grove shall be required to submit with its bid submission, an executed Campaign Disclosure Certificate, attached hereto.

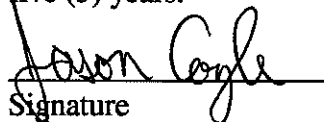
The Campaign Disclosure Certificate is required pursuant to the Village of Downers Grove Council Policy on Ethical Standards and is applicable to those campaign contributions made to any member of the Village Council.

Said Campaign Disclosure Certificate requires any individual or entity bidding to disclose campaign contributions, as defined in Section 9-1.4 of the Election Code (10 ILCS 5/9-1.4), made to current members of the Village Council within the five (5) year period preceding the date of the bid or proposal release.

By signing the bid documents, contractor/proposer/bidder/vendor agrees to refrain from making any campaign contributions as defined in Section 9-1.4 of the Election Code (10 ILCS 5/9-1.4) to any Village Council member and any challengers seeking to serve as a member of the Downers Grove Village Council.

Under penalty of perjury, I declare:

Bidder/vendor has not contributed to any elected Village position within the last five (5) years.

  
Signature

Jason Coyle  
Print Name

Bidder/vendor has contributed a campaign contribution to a current member of the Village Council within the last five (5) years.

Print the following information:

Name of Contributor: \_\_\_\_\_  
(company or individual)

To whom contribution was made: \_\_\_\_\_

Year contribution made: \_\_\_\_\_ Amount: \$ \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name