

**April 11, 2022**

**CITY OF BLUE ISLAND, ILLINOIS**

**REQUEST FOR PROPOSALS – AUDIT SERVICES FOR FISCAL YEARS 2021 THROUGH 2024**

## **I. INTRODUCTION**

### **A. General Information**

The City of Blue Island is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending December 31, 2021, with the option of auditing its financial statements for each of the three subsequent fiscal years.

There is no expressed or implied obligation for the City of Blue Island to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, two (2) hard copies and one (1) pdf electronic copy of a proposal must be received by City Administrator Thomas Wogan by 10:00AM on May 13<sup>th</sup>, 2022. The City of Blue Island reserves the right to reject any or all proposals submitted. City Council will evaluate proposals submitted.

During the evaluation process, the City reserves the right to request additional information or clarifications from proposers. Firms may be requested to make oral presentation as part of the final evaluation process.

The City's previous auditing firm was John Kasperek Inc., Co. As John Kasperek Co. Inc. has taken on an active role in the Finance Department of the City, they will not be proposing on the City's audit as part of the RFP.

The City of Blue Island 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 engagement letter between the City of Blue Island and the firm selected.

It is anticipated the selection of a firm will be completed by May 31, 2022. Following the notification of the selected firm, an engagement letter will be executed between both parties at the following meeting of the Blue Island City Council.

### **B. Term of Engagement**

A four-year initial engagement is contemplated, subject to the annual review and recommendation of the Administration, the satisfactory negotiation of terms (including a price acceptable to both the City of Blue Island and the selected firm), and the concurrence of the City Council of the City of Blue Island.

### **C. Subcontracting**

No subcontracting will be permitted.

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

### **A. Entity**

The City of Blue Island comprises most functions and activities of municipal operations. The City's financial statements include all funds, departments, agencies, boards, commissions and other organizations over which the City of Blue Island officials exercise oversight responsibility.

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

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

The auditor is responsible for expressing an opinion on management's assertion that the City of Blue Island conformed to any compliance and reporting requirements of the State of Illinois for the City's Tax Increment Financing Districts.

The auditor is responsible for expressing an opinion on the management's assertion that the City of Blue Island complied with the requirements described in the U.S. Office of Management and Budget (OMB) Circular Uniform Guidance Report to each of its major federal programs.

The auditor is responsible for the compilation of the Illinois Comptroller's Annual Financial Report for the City. The responsibility also includes preparation of the Annual Financial Report and electronically filing the report with the Comptroller's office.

The auditor shall provide to the City all audit adjustments including appropriate backup documentation, and will meet with staff to discuss these final adjustments.

The Police and Fire Pension Funds have their own Boards which contract separately for their audits; however the Police and Fire Pension has historically used the same auditors as the City. It is anticipated that they will continue to do so, but no guarantee can be made by the City. Pension funds are reported in the City's financial statement as fiduciary funds. Fees for the audits of both the Police and Fire Pension Funds should be detailed separately and will require separate engagement letters or professional services agreements.

The City of Blue Island Public Library represents a discretely presented component unit. The Library statements are audited by other auditors whose report will be furnished for inclusion with the City's Annual Financial Report. The City auditor's opinion will be based upon the report of the Library's auditors.

The auditor in the person of a partner or manager shall be available not only during the audit preparation period, but also on an as needed basis to answer questions in a timely manner and provide guidance on any particular issue that may arise throughout the contract period.

### **C. Auditing Standards to Be Followed**

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepting auditing standards, the standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the Government Accountability Office's (GAO) *Government Auditing Standards* (2018), U.S. Office of Management and Budget (OMB) Circular Uniform Guidance, *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.

### **D. Reports to be issued**

The auditor will provide copies of all sections of the report and will be required to punch, collate and bind documents. The auditor shall prepare the following reports including typing, reproducing and assembling, at the completion of the audit:

1. Fifteen (15) copies of the Annual Financial Report (AFR). An electronic format of the whole AFR will be provided to the City in PDF format. The auditor will prepare all financial statements and notes to the financial statements. The auditor shall make the AFR available in Excel files as requested.
2. One (1) copies and one (1) pdf electronic file of the opinion and financials on the compliance with provisions of 65 ILCS 5/11-74 of the Illinois Tax Increment Redevelopment Allocation Act.
3. One (1) copy and one (1) pdf electronic file of the Illinois Comptroller's Annual Financial Report for the City of Blue Island.

### **E. Other/Miscellaneous Services**

1. Two (2) copies of the management letter communicating any reportable conditions found during the audit with the appropriate recommendations for improvement. The City Administrator shall review the letter before finalizing. The letter should contain management's response for the fiscal year being audited, status of comments of the previous fiscal year, and GASB pronouncement(s) to be implemented in the following fiscal year.
2. Auditor shall be required to make an immediate written report of all irregularities and illegal acts of which they become aware and present such report to the City Administrator.
3. Prepare the Representation Letter.
4. Review and mail confirmation letters.

Failure to deliver the reports and other/miscellaneous information by the appropriate deadlines may result in a 10% reduction of the audit fee and termination of future audit engagements.

#### **F. Special Considerations**

The auditor will be required to inform and assist the City in implementing future accounting pronouncements issued by the Government Accounting Standards Board that might impact the City. Such assistance shall be included as part of the proposed fee for that year.

#### **G. 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 four (4) years, unless the firm is notified in writing by the City of Blue Island of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the City of Blue Island.

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.

### **III. DESCRIPTION OF THE CITY**

#### **A. Name and Telephone Number of Contact Person**

The auditor's principal contact with the City of Blue Island will be City Administrator Thomas Wogan, or a designated representative, who will coordinate the assistance to be provided by the City to the auditor. Following are the names and telephone numbers of key Finance Department personnel:

Thomas Wogan, City Administrator 708-396-7030

Mark Patoska, Deputy City Administrator 708-396-7066

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

Blue Island (population 23,706) is located just outside the City of Chicago's corporate limits and forms part of the south suburban area. From a regional perspective, Blue Island is strategically positioned in the heart of the region's transportation infrastructure. The City is home to an extensive network of freight and commuter railroads, waterways, Interstate highways, and is accessible from Midway International Airport and O'Hare International Airport. The City of Blue Island was settled in 1835, making it one of the oldest communities in Chicagoland. Today, the City of Blue Island is known for its historic neighborhood charm, blended business and recreational downtown district, and diverse and growing population.

The City government is comprised of approximately 130 employees across ten departments and has an annual budget of approximately \$34 million. For more information, visit [blueisland.org](http://blueisland.org).

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

The City of Blue Island Fund Structure is as follows:

- General Fund
- Water Fund
- Business District Fund
- Golf Course
- Motor Fuel Tax
- Police Pension
- Fire Pension
- Community Development
- Tax Increment Financing (5)
- Debt Service
- Forfeiture Funds
- Foreign Fire Fund

