

RESOLUTION NO. 15-07

A RESOLUTION OF THE VILLAGE OF VILLA PARK, ILLINOIS APPROVING A PROPOSAL FOR AUDITING SERVICES FROM SIKICH, LLP

WHEREAS, the Village of Villa Park (the "Village") is a duly organized and validly existing non home-rule municipality created in accordance with the constitution of the State of Illinois of 1970 and the laws of the State of Illinois; and,

WHEREAS, the Village has received and reviewed multiple proposals for auditing services for the Village; and,

WHEREAS, the auditing firm of Sikich LLP provided the best proposal by a responsible and highly regarded firm to provide auditing services to the Village of Villa Park for fiscal years 2015 through 2019 at the lowest price; and,

WHEREAS, the President and Board of Trustees find that it is in the best interests of the Village and its residents, to contract with Sikich LLP to conduct the annual audit for the next five fiscal years.

NOW THEREFORE, BE IT RESOLVED by the President and Board of Trustees of the Village of Villa Park, DuPage County, Illinois, as follows:

Section 1: The Proposal entitled *PROPOSAL TO PROVIDE PROFESSIONAL AUDITING SERVICES for the Fiscal Years Ending April 30, 2015 through April 30, 2019* dated January 9, 2015 and audit services letter dated January 21, 2015 attached hereto and made a part hereof as Exhibit 1 be and is hereby approved and the Village Manager is hereby authorized to execute of behalf of the Village.

Section 2: This resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

PASSED this 26th day of January, 2015, pursuant to a roll call vote as follows:


AYES: 4

NAYS: 0

ABSENT: 2

APPROVED this 26th day of January, 2015

Attest:


Village Clerk




Village President



1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

630.566.8400 // www.sikich.com

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

January 21, 2015

Honorable Village President
Members of the Board of Trustees
Village of Villa Park
20 South Ardmore Avenue
Villa Park, Illinois 60181-2696

Ladies and Gentlemen:

We are pleased to confirm our understanding of the services we are to provide the Village of Villa Park (the Village) for the year ended April 30, 2015. We will audit the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, which collectively comprise the basic financial statements, of the Village of Villa Park as of and for the year ended April 30, 2015. We will not audit the Police Pension or the Firefighters' Pension Fund but reference the separate reports issued by their auditors.

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 supplement the Village of Villa Park's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Village of Villa Park's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.
2. Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, for the General Fund and any major special revenue funds.
3. Schedule of Funding Progress and Schedule of Employer Contributions for the Illinois Municipal Retirement Fund, Police Pension Fund, Firefighters' Pension Fund and Other Postemployment Benefit Plan.
4. Notes to Required Supplementary Information.

We have also been engaged to report on supplementary information other than RSI that accompanies the Village of Villa Park's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1. Combining and Individual Fund Financial Statements and Schedules
2. Supplemental Schedules
3. Schedule of Expenditures of Federal Awards

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. Introductory Section
2. Statistical Section

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

The Government Auditing Standards report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance and (2) that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. The OMB Circular A-133 report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133 and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133 and other procedures we consider necessary to enable us to express such opinions and to render the required reports. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the financial statements, schedule of expenditures of federal awards and all accompanying information as well as all representations contained therein. Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards and related notes. These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes and any other non-audit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

The nonattest services expected to be performed during our audit of the financial statements as of and for the year ended April 30, 2015 in our proposal dated January 9, 2015:

1. Prepare twenty-five (25) copies and one electronic copy (.pdf) of the comprehensive annual financial report (CAFR) of the Village (report covers, binders, dividers, introductory section, Management's Discussion and Analysis, and certain statistical information to be provided by the Village).
2. Prepare twenty-five (25) copies and one electronic copy (.pdf) of the management letter.
3. Prepare three (3) copies and electronic filing of the Illinois Comptroller Annual Financial Report.

4. Prepare twenty-five (25) copies and one electronic copy (.pdf) of the report on compliance with provisions of 65 ILCS 5/11-74 of the Illinois Tax Increment Redevelopment Allocation Act.
5. Preparation of twenty-five (25) copies and an electronic copy (.pdf) of the Single Audit Report, if applicable.
6. Assist the Village in submitting its comprehensive annual financial report (CAFR) to the Certificate of Achievement for Excellence in Financial Reporting Program, including preparation of the GFOA Certificate Responses and review of the application materials.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation in the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review.

You are responsible for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions and recommendations, as well as your planned corrective actions, for the report and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your 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.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors and financial institutions. We will request written representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal awards programs; compliance with laws, regulations, contracts and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Controls

Our 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. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a

direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards* and OMB Circular A-133.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Village of Villa Park's compliance with provisions of applicable laws, regulations, contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Village of Villa Park's major programs. The purpose of these procedures will be to express an opinion on the Village of Villa Park's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Examination of Management's Assertion of Compliance

We will also examine management's assertion that the Village of Villa Park complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2015. Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include tests of your records and other procedures we consider necessary to enable us to express an opinion as to whether management's assertion that the Village of Villa Park complied with the aforementioned requirements is fairly stated, in all material respects. If, for any reason, we are unable to complete the examination, we will not issue a report as a result of this engagement. The

management of the Village of Villa Park is responsible for its assertion and for its compliance with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act.

Our engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, fraud, or other illegal acts, that may exist. However, we will inform you of any material errors or fraud that comes to our attention. We will also inform you of any other illegal acts that come to our attention, unless clearly inconsequential.

At the end of the examination engagement, we will require additional representations from management which can be included with the representations made in relation to the audit of the financial statements.

Engagement Administration, Fees and Other

In accordance with professional standards, any discussions during the period of the engagement between your Village and a member of the Sikich engagement team regarding potential employment or association with the Village creates an impairment of independence for the Sikich employee and possibly the firm. Such a situation could require us to temporarily or permanently remove that person from your engagement or to perform additional procedures or re-perform procedures, which would increase our fees. Should we not become aware of the impairment until after the conclusion of the engagement, the firm's independence would be deemed to have been impaired.

The assistance to be supplied by Village personnel is described in the client assisted workpaper request list which outlines the specific schedules and analyses of accounts we are requesting for this engagement. The request list will be discussed with and coordinated with Kevin Wachtel, Finance Director. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report. This engagement letter assumes that all records, documentation and information we requested in connection with our audit (and outlined in the client assisted work-paper request list) are complete and available at the beginning of final fieldwork. It also assumes that key personnel are available to us during the duration of the audit. The accuracy of these assumptions will allow us to conduct our audit without any delays or inefficiencies. The fee noted in our engagement letter is based on the accuracy of these assumptions. If the assumptions are not accurate and you fail to provide the records, documentation, information and key personnel required, there may be additional fees to cover our cost for the delays and possible rescheduling of the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We understand that your employees will prepare all cash, accounts receivable and other confirmations we request and will locate any documents selected by us for testing.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit and examination documentation for this engagement is the property of Sikich LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to U.S. Government Accountability Office or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Sikich LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

As a result of our prior or future services to you, we might be requested or required to provide information or documents to you or a third party in a legal, administrative, regulatory inquiry (other than that mentioned in the previous paragraph) or arbitration or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request. For all requests we will observe the confidentiality requirements of our profession and will notify you promptly of the request.

The audit and examination documentation for this engagement will be retained for a minimum of seven years after the report release or for any additional period requested by the Village. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation. Sikich LLP does not keep any original client records so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

We expect to begin our preliminary fieldwork in April 2015 with final fieldwork to begin in August 2015 or when the client assist workpapers are prepared and to issue our reports in preliminary form no later than September 15, 2015. Final reports will be issued upon your approval of the preliminary drafts. Brian D. LeFevre is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will not exceed \$19,400 for the Village; \$1,250 for the TIF compliance examination for TIF #1, \$1,250 for TIF #2, \$1,250 for TIF #3, \$1,250 for TIF #4; and \$3,500 for the single audit (if required), which includes out-of-pocket costs such as report reproduction, postage, etc. Services will be invoiced to you from time to time as work progresses. In accordance with Illinois Compiled Statutes, payments for all services are due within sixty days of receipt of an invoice. Invoices not paid within sixty days are subject to finance charges of 1% per month (12% annually).

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2014 peer review accompanies this letter.

We reserve the right to suspend or terminate services for reasonable cause, such as failure to pay our invoices on a timely basis or failure to provide the information or cooperation necessary for successful performance of our services. Our engagement will be deemed to be completed upon written notification of termination, even if we have not completed the audit. You will be obligated to compensate us for the time expended to that point and to reimburse us for all out-of-pocket expenditures through the date of termination.

You hereby agree to indemnify and hold harmless Sikich LLP and its partners, directors, employees, agents or subcontractors against all costs, expenses, losses, judgments, damages and liabilities (including reasonable attorneys' fees and expenses) associated with any third party claim, threat or proceeding relating to the performance of any services by Sikich LLP under this engagement, other than as determined through mediation to have been caused by our own gross negligence or willful misconduct.

You agree that our maximum liability to you for any negligent errors or omissions committed by us in the performance of the engagement will be limited to the amount of fees we receive from you for this engagement, except to the extent determined to result from our gross negligence or willful misconduct. You agree that this limitation applies to any and all liability or cause of action against us, however alleged or arising, unless otherwise prohibited by law or professional standards. Additionally, our liability as auditors shall be limited to the period covered by our audit and shall not extend to later periods for which we are not engaged as auditors or prior periods before we were engaged as auditors. In no event will Sikich be liable to you or any third party, whether a claim be in tort, contract or otherwise, for any amount in excess of the total professional fees paid pursuant to this agreement to which the claim relates, or for any consequential, indirect, lost profit, punitive or similar damages relating to Sikich's services provided under this agreement.

If any dispute, controversy or claim arises in connection with the performance or breach of the agreement, either party may, on written notice to the other party, request that the matter be mediated. Such mediation will be conducted by a mediator appointed by and pursuant to the Mediation Rules of the American Arbitration Association. Both parties will exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute or controversy.

Each party may disclose any facts to the other party or the mediator which it, in good faith, considers necessary to resolve the matter. All such discussions, however, will be for the purpose of assisting in settlement efforts and will not be admissible in any subsequent litigation against the disclosing party. Except as agreed by both parties, the mediator will keep confidential all information disclosed during negotiations.

The mediation proceedings will conclude within sixty days from receipt of the written notice unless extended or terminated sooner by mutual consent. Each party will be responsible for its own expenses. The fees and expenses of the mediator, if any, will be borne equally by the parties.

Acceptance

You acknowledge having read this agreement in its entirety, have had full opportunity to consider its terms in consultation with your attorney, have had full and satisfactory explanation of the same and fully understand and agree to be bound by the terms of this agreement.

Please indicate your understanding and acceptance of this agreement and your intention to be legally bound by executing this agreement in the space provided below where indicated and return it to our offices, indicating your authorization for us to proceed on the above terms and conditions.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

Very truly yours,



Sikich LLP
By: Brian D. LeFevre, CPA, MBA
Partner

RESPONSE:

This letter correctly sets forth the understanding of the Village of Villa Park.

By: 

Title: VILLAGE PRESIDENT

Date: _____



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System Review Report

July 17, 2014

To the Partners of
Sikich LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Sikich LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory agencies, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, and an examination of a service organization (Service Organizations Control [SOC] 1 engagement).

In our opinion, the system of quality control for the accounting and auditing practice of Sikich LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Sikich LLP has received a peer review rating of *pass*.

Heinold Banwart, Ltd