



Certified Public Accountants
& Trusted Advisors

January 5, 2016

To the Board of Trustees
Village of Homer Glen, Illinois
Homer Glen, Illinois

We are pleased to confirm our understanding of the services we are to provide the Village of Homer Glen, Illinois for the years ended April 30, 2016 - 2019. We will audit the financial statements of the governmental activities, each major fund, the fiduciary fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Village of Homer Glen, Illinois as of and for the years ended April 30, 2016 - 2018. 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 basic financial statements of the Village of Homer Glen, Illinois. 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 RSI of the Village of Homer Glen, Illinois 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 funding progress.

We have also been engaged to report on supplementary information other than RSI that accompanies the financial statements of Village of Homer Glen, Illinois. 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. Individual fund financial statements and schedules.

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 Objective

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with 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. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the financial statements of the Village of Homer Glen, Illinois. Our report will be addressed to the Board of Trustees of the Village of Homer Glen, Illinois. 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 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 may withdraw from this engagement.

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 government or to acts by management or employees acting on behalf of the government.

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 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. 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. However, we will inform the appropriate level of management of any material errors, 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. 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 and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government 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 those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of compliance of the Village of Homer Glen, Illinois with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also prepare the financial statements of the Village of Homer Glen, Illinois in conformity with U.S. generally accepted accounting principles based on information provided by you.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. 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 include adjusting the financial statements to correct material misstatements and confirming to us in the management 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, regulators, or others. In addition, you are

responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information 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 representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) 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.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Audit Administration, Fees, and Other

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

Edward T. McCormick is the engagement partner and is responsible for supervising the engagement and signing the report.

Our fees for the audit services are summarized as follows:

April 30, 2016	\$15,000
April 30, 2017	\$15,500
April 30, 2018	\$16,000
April 30, 2019	\$16,500

If a single audit is required, a separate fee will be determined at that time.

The fee estimates are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audits.

Examples of significant changes in your operations are as follows:

- Additional grant compliance and reporting requirements
- Issuance of new debt
- Change in fund structure and/or chart of accounts
- Significant increase in capital outlay expenditures

The above fee estimates do not include additional costs that may be incurred by MPS|CPA that result from accounting and auditing pronouncements that are implemented subsequent to the date of this engagement letter.

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. Our invoices for these fees will be rendered each month as work progresses and are payable within 30 days of the invoice date. Any invoice not paid within 30 days shall accrue interest at the rate of 1.5% per month. It is further agreed that should MPS|CPA (MPS) initiate legal action to collect sums due it by the Village of Homer Glen, Illinois, in addition to principal and interest and all other damages allowable by law, MPS shall also be entitled to recover costs and all reasonable attorney fees incurred by it in said action. It is also agreed by the parties that the laws of the state of Illinois shall govern any disputes between them, and that the place of jurisdiction for the resolution of such disputes shall be the 5th District of Cook County, Illinois.

The Village of Homer Glen, Illinois shall not institute a proceeding before any court to resolve any controversy or claim ("dispute") arising out of or relating to this engagement until the parties have sought to resolve the dispute through direct, good faith negotiation. The key principals of each party shall participate in such direct negotiations. If the dispute is not resolved within 30 days after a written demand for direct negotiations the parties shall attempt to resolve the dispute through non-binding mediation. If the parties do not promptly agree on a mediator, either party may request that a mediator be appointed. All mediation proceedings hereunder shall be held at 14300 Ravinia Avenue, Orland Park, Illinois. All matters raised or discussed in the course of the mediation will not be admissible as evidence in connection with any litigation that may be instituted by the parties if the dispute is not resolved. If the mediator is unable to facilitate a settlement of the dispute within a reasonable period of time, as determined by the mediator, the mediator shall issue a written statement to the parties to that effect and the aggrieved party may then seek any form of relief to which it may be entitled. Unless otherwise agreed the mediator's fees and expenses shall be paid by the party initiating the mediation.

We appreciate the opportunity to be of service to the Village of Homer Glen, Illinois and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

MPS|CPA

By: _____


Edward T. McCormick

RESPONSE:

This letter correctly sets forth the understanding of the Village of Homer Glen, Illinois.

By: _____

Date: 02/24/16

Title: MAYOR

Village of Homer Glen
RFP - Audit Services FY 2012 -and 2019

Mulcahy, Pauritsch, Salvador & Co., Ltd.

Fiscal Year Ending:

4/30/2012	\$11,000
4/30/2013	\$11,000
4/30/2014	\$11,400
4/30/2015	\$11,400
Proposed for:	
4/30/2016	\$15,000 (See note)
4/30/2017	\$15,500
4/30/2018	\$16,000
4/30/2019	\$16,500

Note: Significant events creating increased audit fee are; added four new funds (special event fund, environment fund, debt service fund and bond fund). With the proceeds of bond still on deposit, anticipating increase in capital expenditures. New GASB 27 pronouncement for pension cost accounting and disclosures. Additional required disclosures from bond issue. Acquired new 100 acre park and planned buildout for new office.