

## **RESOLUTION 13-04**

### **APPROVING A PROFESSIONAL SERVICES AGREEMENT WITH GROSKREUTZ, SCHMIDT, ABRAHAM, ESHLEMAN & GERRETSE, KANKAKEE, IL, IN CONJUNCTION WITH MUNICIPAL AUDITING SERVICES FOR THE FISCAL YEAR ENDED APRIL 30, 2013.**

WHEREAS, the Village of Manteno, an Illinois municipal corporation and a unit of general local government is required to be performed an annual audit of the financial statements of the village following the close of each fiscal year; and

WHEREAS, the Finance Committee recommends that Groskreutz, Schmidt, Abraham, Eshleman & Gerretse, Kankakee, IL are certified public accountants skilled in the area of public finance and the preparation of municipal audits as well as such other reports and documents that are required by the State of Illinois; and

WHEREAS, it is necessary that a certified public accountant firm skilled in public finance and in the preparation of municipal public sector municipal audits be retained for the purpose of preparing an audit of the financial statements of the Village of Manteno, Kankakee County for the fiscal year ended April 30, 2013.

NOW THEREFORE BE IT RESOLVED by the President and Board of Trustees, Village of Manteno, Kankakee County, Illinois as follows:

SECTION 1: That a professional services agreement with Groskreutz, Schmidt, Abraham, Eshleman & Gerretse, Kankakee, IL with the preparation of an annual audit of the financial statements of the Village of Manteno for the fiscal year ended April 30, 2013 be in the same as hereby approved.

SECTION 2: That the Village President is hereby authorized, empowered and directed to execute said agreement for professional auditing services provided for in Section 1 of this Resolution in the form and content of "Exhibit A" which is attached hereto and made a part hereof.

SECTION 3: That said approval provided for in Section 2 of the is Resolution may be extended or renewed for a succeeding year(s) at the sole discretion of the Village Board upon satisfactory completion, review and acceptance of the audit of the financial statements of the Village of Manteno for the fiscal year ended April 30, 2013.

Passed by the Board of Trustees of the Village of Manteno, Kankakee County, Illinois at a regular meeting thereof held on the 3<sup>rd</sup> day of June, 2013 and approved by me as Village President on the same day.

RECORD OF THE VOTE	Yes	No	Abstain	Absent
President Timothy Nugent				
Trustee Timothy Boyce				X
Trustee Samuel Martin	X			
Trustee Diane Dole	X			
Trustee Todd Crockett	X			
Trustee Joel Gesky	X			
Trustee Wendell Phillips	X			
TOTAL VOTES <i>or</i>				
BY OMNIBUS VOTE	X			

  
 Timothy O. Nugent, Village President

ATTEST:

  
 Alisa Blanchette, Village Clerk Deputy



May 3, 2013

The Village Board and Mayor Tim Nugent  
Bernie Thompson, Village Administrator  
Village of Manteno  
98 East Third Street  
Manteno, IL 60950

We are pleased to confirm our understanding of the services we are to provide the Village of Manteno, Illinois (Village) for the year ended April 30, 2013. 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 as of and for the year ended April 30, 2013. 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'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'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) GASB Required Supplementary Pension Information.
- 3) Budgetary Comparison Schedules

We have also been engaged to report on supplementary information other than RSI that accompanies the Village'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, as applicable.
- 2) Schedule of Assessed Valuation, Rates, Extensions and Collections.
- 3) Other Budgetary Comparison Schedules.

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### **Audit Objective**

The objective of our audit is the expression of opinions as to whether the Village's basic 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. If our opinions on the financial statements are other than unqualified (unmodified), we will discuss the reasons with management 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 basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee our assistance with the preparation of the Village's financial statements and related notes and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

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 fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village and the respective changes in financial position and where applicable, cash flows, 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. Management is also responsible for providing us with (1) access to all information of which management is 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.

Management's 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.

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Management is 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 or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Management's responsibilities include informing us of its knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

Management is responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. Management agrees to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the representation letter that (1) management is responsible for presentation of the supplementary information in accordance with GAAP; (2) that management believes 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) management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

### **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 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 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. 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.

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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 Village attorneys as part of the engagement, and they may bill the Village for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

#### **Audit Procedures—Internal Control**

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. 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 the Village's compliance 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.

#### **Engagement Administration, Fees, and Other**

We understand that the Village employees will prepare any audit-significant schedules requested by us and locate any documents selected by us for testing. We expect to begin our audit on approximately May 3, 2013 and to issue our reports by September 30, 2013.

In addition to the audit services referred to in the first paragraph, we will also prepare the Annual Financial Report (AFR) required by the State of Illinois and annual financial statements for TIF reporting for the year ended April 30, 2013.

Dale L. Gerretse 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 be \$15,700 according to our proposal dated March 4, 2011. Our fee will be billed as work progresses and are based on the amount of time required at various levels of responsibility. Our fee is contingent upon the following conditions: (1) Village personnel will properly record all Village transactions in the general ledger, (2) the accounting records will be submitted in an auditable condition and require no reconciliation, and (3) the staff will provide assistance in locating invoices and other documents and in preparing audit-significant schedules requested by us. Should we encounter any unforeseen circumstances requiring additional time, management will be notified immediately. If it is determined our office will complete the work, such work will be billed at \$70 per hour for a staff auditor and \$100 per hour for a partner.

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We appreciate the opportunity to be of service to the Village of Manteno 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,

GROSKREUTZ, SCHMIDT, ABRAHAM,  
ESHLEMAN & GERRETSE



Dale L. Gerretse, Partner

DLG/rlp  
Enclosure

**RESPONSE:**

This letter correctly sets forth the understanding of the Village of Manteno.

By: Tom Nugent  
Tim Nugent, Mayor

Date: 6/3/13

By: Bernie Thompson  
Bernie Thompson, Village Administrator

Date: 06/04/13