

VILLAGE OF VERNON HILLS

ORDINANCE NO. 2021-049

AN ORDINANCE AUTHORIZING A NOT TO EXCEED EXPENDITURE OF \$40,800 FOR
THE ENGAGEMENT OF SELDEN FOX FOR AUDIT SERVICES TO BE PERFORMED
DURING FISCAL YEAR 2021/2022 FOR FISCAL YEAR ENDED APRIL 30, 2021

THE 7th DAY OF APRIL 2021

Published in pamphlet form by the Authority of the
President and Board of Trustees of the Village of
Vernon Hills, Lake County, Illinois, this
7th Day of April, 2021

VILLAGE OF VERNON HILLS
ORDINANCE 2021-049

AN ORDINANCE AUTHORIZING A NOT TO EXCEED EXPENDITURE OF \$40,800 FOR THE
ENGAGEMENT OF SELDEN FOX FOR AUDIT SERVICES TO BE PERFORMED DURING
FISCAL YEAR 2021/2022 FOR FISCAL YEAR ENDED APRIL 30, 2021

WHEREAS, the Village of Vernon Hills, County of Lake, State of Illinois (*"the Village"*) is a duly organized and existing municipality and unit of local government created under the provisions of the laws of the State of Illinois, and is operating under the provisions of the Illinois Municipal Code; and

WHEREAS, the Village has issued a Request for Proposals to contract for professional auditing services for Fiscal Years 2021 through 2025; and

WHEREAS, the Village staff has reviewed the four proposals received and has determined that Selden Fox is providing the best Proposal in terms of value, price, and quality of experience for Fiscal Years 2021 through 2025; and

WHEREAS, Selden Fox is a consulting firm specializing in municipal government and has provided a competitive proposal through this process in an amount not to exceed \$40,800 for Fiscal Year 2020-21; and

WHEREAS, the Village Board is required to approve all professional service purchases over \$25,000.

NOW THEREFORE BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF VERNON HILLS, LAKE COUNTY, ILLINOIS, as follows:

SECTION ONE: AUTHORIZATION TO APPROVE PROPOSAL AND ENGAGEMENT LETTER. The Engagement Letter and Proposal by and between the Village and Selden Fox shall be, approved in final form.

SECTION TWO: EXECUTION OF ENGAGEMENT LETTER. The Village Manager shall be, and is hereby, authorized and directed to execute and attest, on behalf of the Village, the Engagement Letter.

SECTION THREE: EFFECTIVE DATE. This Ordinance shall be in full force and effect upon its passage and approval by a majority of the members of the Village Board.

Dated the 7th day of April, 2021

Adopted by roll call votes as follows:

AYES: 7 – Byrne, Marquardt, Forster, Oppenheim, Koch, Takaoka, Schultz

NAYS: 0 - None

ABSENT AND NOT VOTING: 0 - None


Roger L. Byrne, Village President

PASSED: 04/07/2021
APPROVED: 04/07/2021
ATTEST: 04/07/2021

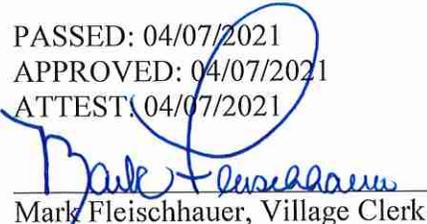

Mark Fleischhauer, Village Clerk



Exhibit A

Village of Vernon Hills Audit Fee Proposal Form

**VILLAGE OF VERNON HILLS AUDIT FEE
PROPOSAL FORM**

Charge for examination and reporting of the Village of Vernon Hills Financial Statements and all tasks outlined in the proposed Scope of Services.

Fiscal Year	Audit Fees	TIF Reports	State AFR	Single Audit	Annual Total
FY2021	\$31,500	\$1,000	\$800	\$7,500	\$40,800
FY2022	\$31,900	\$1,000	\$850	\$7,750	\$41,500
FY2023	\$32,200	\$1,100	\$900	\$7,800	\$42,000
FY2024	\$32,500	\$1,100	\$950	\$8,000	\$42,550
FY2025	\$33,000	\$1,200	\$1,000	\$8,200	\$43,400

Hourly Rates for Extra Services

	2021	2022	2023	2024	2025
Partner	\$330	\$335	\$340	\$345	\$350
QC Standards	\$285	\$290	\$295	\$300	\$305
Manager	\$220	\$225	\$230	\$235	\$240
Supervisor	\$175	\$180	\$185	\$190	\$190
Associate	\$135	\$140	\$145	\$150	\$150

The above Audit and Single Audit (if necessary) fees represent the annual maximum "not to exceed" fees, inclusive of all direct and indirect costs including all out of pocket expenses.

Payment will be made upon receipt of progress billings, with final payment made after receipt of the final Comprehensive Annual Financial Report.

The contract will be automatically extended each year unless the Village, prior to November 30th of each year, gives written notice to the auditor of the Village's termination of the contract. The Village shall have the right to cancel the contract for any reason.

The Auditor and the Village agree that an equitable adjustment in the contract price may be negotiated only if the cost or the time required for performance of the audit service is increased, pursuant to a change in scope requested by the Village.

Selden Fox

Accounting for your future

619 Enterprise Drive | Oak Brook, Illinois 60523 | www.seldenfox.com
p 630.954.1400 | f 630.954.1327 | email@seldenfox.com

April 1, 2021

The Honorable Mayor and
Members of the Board of Trustees
Village of Vernon Hills
290 Evergreen Drive
Vernon Hills, Illinois 60061

Attention: Mr. Kyle Cratty, Chief Financial Officer

Ladies and Gentlemen:

We are pleased to confirm our understanding of the services we are to provide for the **Village of Vernon Hills, Illinois**, for the year ending April 30, 2021.

We will audit the financial statements of the Village of Vernon Hills, Illinois, which comprise the financial statements of the governmental activities, business-type activities, fiduciary activities, each major fund, and aggregate remaining fund information, as of and for the year ending April 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements. We will also audit the Village's compliance with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Act (Illinois Public Act 85-1142) applicable to each of the Village's two TIF Districts.

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 Vernon Hills, Illinois', basic financial statements. Such information, although not 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 Vernon Hills, Illinois', RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response 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 U.S. 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 – General and Major Special Revenue Funds
3. Schedule of Employer Contributions – IMRF and Police Pension Plans
4. Schedule of Changes in Employer's Net Pension Liability and Related Ratios – IMRF and Police Pension Plans
5. Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios – Other Post-employment Benefit Plan
6. Schedule of Investment Returns – Police Pension Fund

Also, the following supplementary information will be subjected 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, in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole:

1. Combining Balance Sheet – by Subfund – General Fund
2. Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – by Subfund – General Fund
3. General Fund Schedule of Revenues – Budget and Actual
4. General Fund Schedule of Expenditures – Budget and Actual
5. Schedule of Expenditures – Budget and Actual – Vernon Hills Town Center Tax Increment Fund
6. Schedule of Expenditures – Budget and Actual – Milwaukee Avenue/Townline Road Tax Increment Fund
7. Combining Balance Sheet – Nonmajor Governmental Funds
8. Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds
9. Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Motor Fuel Tax Fund
10. Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Dispatch Center Fund
11. Schedule of Revenues, Expenses, and Changes in Net Position – Budgetary Basis – Golf Course Fund
12. Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual – Equipment Replacement Fund
13. Schedule of Long-Term Debt Requirements
14. TIF Financial and Compliance Reports
15. Schedule of expenditures of federal awards.

Audit Objectives

The objective of our audit is the expression of an opinion about whether your 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 above when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control over financial reporting and compliance with the provision 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 over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) 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) 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 Uniform Guidance 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 the Uniform Guidance. 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 the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Honorable President and Board of Trustees. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion 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 an opinion, we may decline to express an opinion or issue reports, or we 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 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 Organization or to acts by management or employees acting on behalf of the Organization. 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, an unavoidable risk exists that some 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 on major programs. 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, 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. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

We are also responsible to determine that certain other matters related to the conduct of the audit are communicated to those charged with governance, including a) the planned scope and timing of the audit, b) significant audit findings, c) disagreements with management and other serious difficulties encountered in performing the audit, d) various matters related to the entity's accounting policies and financial statements, e) management representations, and f) corrected and uncorrected misstatements.

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. 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 material 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 the Uniform Guidance, 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 pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. 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 the Uniform Guidance.

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 Vernon Hills, Illinois', 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*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Village of Vernon Hills, Illinois', major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the Village of Vernon Hills, Illinois', compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Management Responsibilities

Management is responsible for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards; and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provision of contracts and grant agreements (including award agreements).

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, including identification of all related parties and all related-party relationships and transactions; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant contractor relationships in which the contractor 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 for 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 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 entity 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 entity 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. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and

monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes on noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we 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 representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (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 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 that includes our report thereon or make the audited financial statements readily available for 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 U.S. GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP; (3) the methods and measurement or presentation have not changed from those used in the prior period; 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 and providing report copies of 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 the format for providing that information.

Engagement Administration, Fees, and Other

As required by *Government Auditing Standards* issued by the Comptroller General of the United States, a copy of our most recent external peer review report is enclosed for your files.

As part of our engagement for the year ending April 30, 2021, we will prepare the Illinois State Comptroller's Report, the response to the prior year GFOA comments, and the Financial and Compliance report for each TIF District. We will also provide other tax services as requested.

In the process of performing the audit, we may perform nonattest services, such as preparation of the financial statements and related notes, including Required Supplementary Information and other supplementary information, and performing certain computations, preparing proposed adjusting journal entries, preparation of the State Comptroller's report, preparation of the responses to the GFOA comments, and preparation of the Financial and Compliance report for each TIF District other tax services, and a report to meet the requirements of the Certificate of Achievement program as described above. We will provide you with a list of proposed adjusting journal entries when our procedures have been completed. 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*. We will perform the services in accordance with applicable professional standards. Our professional standards require us to document that you understand and accept your responsibilities for such nonaudit services:

- You are responsible to make all management decisions and make informed judgments on the results of the services.
- You have designated an individual with suitable skills, knowledge or experience to be accountable for overseeing such services. We understand that Kyle Cratty will have this responsibility.
- You will evaluate the adequacy of and accept responsibility for the results of such services and determine that they met management's objectives.
- You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Although not included in our estimated fee, we will be available during the year to consult with you on tax and accounting effects of any proposed transactions or contemplated changes in business policies subject to the terms of this engagement letter including the limitation on our liability as set forth below and the understanding of your responsibilities as set forth above.

Because this is our initial audit of the entity, inquiry of the predecessor auditor and review of the prior-period work papers are necessary procedures because they may provide us with information that will assist in the planning of the engagement. You will agree to authorize the predecessor auditor to respond fully to our inquiries and grant us access to the work papers. If the predecessor auditor requests that authorization in writing, you will comply with that request.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm (either in hard copy or electronically), you also agree to provide us with printers' proofs or masters for our review and approval before printing or publishing. You also agree to provide us with a copy of the final reproduced material for our approval before it is published. If you publish your financial statements electronically on the World Wide Web, you understand that electronic sites are a means of distributing 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.

We will have full cooperation and assistance of your personnel during the audit, including the preparation of schedules, analyses of accounts, retrieval of documentation and typing of confirmations and other correspondence. The receipt of such items on a piecemeal basis throughout the audit decreases audit efficiency and increases our time requirements and thus the audit costs.

Our professional fees for the foregoing services will be billed at rates determined by the nature of the services and the degree of skill required by our personnel. Our fees for this engagement, inclusive of all expenses, will be \$40,800.

Invoices will be rendered as work progresses and are payable upon presentation. Our initial fee estimate assumes we will receive the aforementioned assistance from your personnel, and unexpected circumstances will not be encountered. We will notify you of any circumstances we encounter that could significantly affect our initial estimate of total fees.

Any fees incurred from collection efforts of amounts payable to us shall be paid by the Village of Vernon Hills, Illinois. We reserve the right to terminate our services if payment is not made when due. In the event that work is discontinued, either temporarily or permanently, as a result of delinquent payment, we shall not be liable for any damages you may incur as a result of the work stoppage. If services are terminated, you agree to pay us for time expended to date. It is mutually understood and agreed that our liability, if any, arising from the services performed under the terms of this engagement letter will not exceed the fees we have received for this engagement.

The Village of Vernon Hills, Illinois, its Board of Trustees and management will indemnify Selden Fox, Ltd. and its shareholders, officers and employees or representatives and hold them harmless from any claims, liabilities, losses and costs arising in circumstances where there has been any knowing misrepresentation by a member of the Village of Vernon Hills, Illinois', management, employees or agents, regardless of whether such person was acting in the Village's interest.

Edward G. Tracy is the engagement officer for the audit services specified in this letter and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

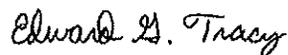
The work papers (including electronic files) for this engagement are the property of Selden Fox, Ltd. and constitute confidential information. However, we may be requested to make certain work papers available to a federal agency providing direct or indirect funding, or the US Government Accountability Office pursuant to authority given to it by law or regulation for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. If requested, access to such work papers will be provided under the supervision of Selden Fox, Ltd. personnel. Furthermore, we may provide photocopies of selected work papers to the aforementioned parties. These parties may intend, or decide, to distribute the photocopies of information contained therein to others, including governmental agencies.

We are not hosts for any client information. You are expected to retain all financial and non-financial information to include anything you upload to a portal and are responsible for downloading and retaining anything we upload in a timely manner. Portals are only meant as a method of transferring data, are not intended for the storage of client information, and may be deleted at any time. You are expected to maintain control over your accounting systems to include the licensing of applications and the hosting of said applications and data. We do not provide electronic security or back-up services for any of your data or records. Giving us access to your accounting system does not make us hosts of information contained within.

If the foregoing arrangements agree with your requirements, please indicate below by signing the approval statement and return this letter to us. A copy is enclosed for your records. We appreciate the opportunity to serve you and trust that our association will be a long and pleasant one.

Very truly yours,

SELDEN FOX, LTD.



Edward G. Tracy
Executive Vice President

EGT/cr

APPROVAL

The foregoing is approved by the Board of Trustees of the Village of Vernon Hills, Illinois.
You are hereby authorized to proceed with the services as described.

VILLAGE OF VERNON HILLS, ILLINOIS

By:

Paul Fusellain

Title:

Village Manager

STATE OF ILLINOIS)
)
COUNTY OF LAKE)

CERTIFICATE

I, MARK FLEISCHHAUER, CERTIFY THAT I AM THE DULY APPOINTED AND ACTING VILLAGE CLERK OF THE VILLAGE OF VERNON HILLS, LAKE COUNTY, ILLINOIS. I FURTHER CERTIFY THAT ON APRIL 7, 2021, THE CORPORATE AUTHORITIES OF SUCH MUNICIPALITY PASSED AND APPROVED ORDINANCE NO. 2021-049 AN ORDINANCE AUTHORIZING A NOT TO EXCEED EXPENDITURE OF \$40,800 FOR THE ENGAGEMENT OF SELDEN FOX FOR AUDIT SERVICES TO BE PERFORMED DURING FISCAL YEAR 2021/2022 FOR FISCAL YEAR ENDED APRIL 30, 2021

THE PAMPHLET FOR ORDINANCE NO. 2021-049 INCLUDING THE ORDINANCE AND A COVER SHEET THEREOF, WAS PREPARED, AND A COPY DATED APRIL 7, 2021 AND CONTINUING FOR AT LEAST TEN DAYS THEREAFTER. COPIES OF SUCH ORDINANCE WERE ALSO AVAILABLE FOR PUBLIC INSPECTION UPON REQUEST IN THE OFFICE OF THE VILLAGE CLERK.

DATED IN VERNON HILLS, ILLINOIS, THIS 14th DAY OF APRIL 2021.



Mark Fleischhauer
Village Clerk

SEAL

AFFIDAVIT OF SERVICE

STATE OF ILLINOIS)
)
COUNTY OF LAKE)

I, MARK FLEISCHHAUER, BEING FIRST DULY APPOINTED, DEPOSES AND SAYS ON OATH THAT AS VILLAGE CLERK OF THE VILLAGE OF VERNON HILLS, HE DID CAUSE THE FOREGOING CERTIFICATE FOR ORDINANCE NO. 2021-049 AN ORDINANCE AUTHORIZING A NOT TO EXCEED EXPENDITURE OF \$40,800 FOR THE ENGAGEMENT OF SELDEN FOX FOR AUDIT SERVICES TO BE PERFORMED DURING FISCAL YEAR 2021/2022 FOR FISCAL YEAR ENDED APRIL 30, 2021 TO BE POSTED IN THE VILLAGE HALL AS REQUIRED BY LAW FROM APRIL 7, 2021 TO APRIL 14, 2021.



Mark Fleischhauer
Village Clerk

SUBSCRIBED AND SWORN TO BEFORE
THIS 7th DAY OF APRIL 2021

Notary Public