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**THE CITY OF BLUE ISLAND  
COOK COUNTY, ILLINOIS**

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**RESOLUTION  
NUMBER 2020-011**

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**A RESOLUTION APPROVING AN AGREEMENT WITH JOHN  
KASPEREK CO., INC. FOR AUDIT SERVICES FOR THE CITY OF  
BLUE ISLAND FOR FISCAL YEARS 2019 AND 2020**

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**DOMINGO F. VARGAS, Mayor  
Randy Heuser, City Clerk**

**DEXTER JOHNSON  
FRED BILOTTO  
NANCY RITA  
TOM HAWLEY  
MICHAEL MECH  
CANDACE CARR  
ALECIA SLATTERY**

**ANNETTE ALEXANDER  
WILLIAM CAZARES  
KEVIN DONAHUE  
BILL FAHRENWALD  
JOHNNY RINGO HILL  
RAEANN CANTELO-ZYLMAN  
JAMES KLINKER**

**Aldermen**

**RESOLUTION NO. 2020-011**

**A RESOLUTION APPROVING AN AGREEMENT WITH  
JOHN KASPEREK CO., INC. FOR AUDIT SERVICES  
FOR THE CITY OF BLUE ISLAND FOR FISCAL YEARS 2019 AND 2020**

**WHEREAS**, the City of Blue Island has the authority to contract and be contracted with pursuant to 65 ILCS 5/2-2-12;

**WHEREAS**, the City is authorized pursuant to 65 ILCS 5/8-1-7 to enter into an agreement for municipal accounting services;

**WHEREAS**, the City plans to enter into an agreement with John Kasperek Co., Inc. for audit services for the fiscal years ending December 31, 2019, and December 31, 2020, respectively;

**WHEREAS**, the appropriate city officials have considered and reviewed the agreement attached as Exhibit A and find the same to be in the best interests of the City;

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Blue Island, Cook County, Illinois, as follows:

**SECTION 1: AGREEMENT FORM AND TERMS AUTHORIZED.** The terms and conditions as shown in the Agreement attached as Exhibit A to this Resolution are hereby approved.

**SECTION 2: AUTHORIZATION OF AGENT TO EXECUTE AND ACT IN ACCORDANCE WITH AGREEMENT.** The City Council further authorizes the Mayor or his designee to execute the Agreement attached hereto as Exhibit A and any and all documentation that may be necessary to carry out the intent of this Resolution. The officers, employees, and/or agents of the City shall take all action necessary or reasonably required by the City to carry out, give effect to, and consummate the intent of this Resolution.

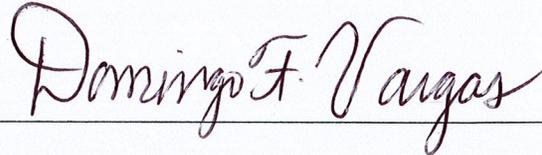
**SECTION 3: EFFECTIVE DATE.** This resolution shall be in full force and effect upon its passage, approval and publication as required by law.

*Intentionally left blank*

ADOPTED this 14<sup>th</sup> day of April, 2020, pursuant to roll call as follows:

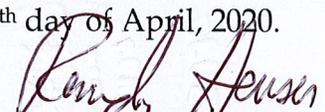
	YES	NO	ABSENT	PRESENT	ABSTAIN
Alderman JOHNSON		X			
Alderman ALEXANDER	X				
Alderman BILOTTO	X				
Alderman CAZARES	X				
Alderman RITA	X				
Alderman DONAHUE	X				
Alderman HAWLEY	X				
Alderman FAHRENWALD	X				
Alderman MECH	X				
Alderman HILL	X				
Alderman CANTELO-ZYLMAN	X				
Alderman CARR	X				
Alderman					
Alderman KLINKER	X				
Mayor DOMINGO F. VARGAS					
	12	1			

APPROVED: this 14<sup>th</sup> day of April, 2020.



MAYOR OF THE CITY OF BLUE ISLAND,  
COUNTY OF COOK AND STATE OF ILLINOIS

ATTESTED and Filed in my office this  
14<sup>th</sup> day of April, 2020.



CITY CLERK

**EXHIBIT A**

**AGREEMENT WITH JOHN KASPEREK CO., INC. FOR  
AUDIT SERVICES FOR THE CITY OF BLUE ISLAND  
FOR FISCAL YEARS 2019 AND 2020**

# **K** John Kasperek Co.

**CERTIFIED PUBLIC ACCOUNTANTS**

1471 Ring Road · Calumet City, IL 60409 · 708.862.2262

February 27, 2020

Mayor Domingo Vargas  
City Council  
City of Blue Island  
13051 Greenwood Avenue  
Blue Island, IL 60406

Dear Mayor Vargas:

We are pleased to confirm our understanding of the services we are to provide City of Blue Island (the City) for the years ended December 31, 2019 and 2020.

We will audit the financial statements of the—

- Governmental activities
- Business-type activities
- Each major fund
- Discretely-presented component unit
- Aggregate remaining fund information

—including the related notes to the financial statements, which collectively comprise the basic financial statements, of the City as of and for the years ended December 31, 2019 and 2020.

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 City'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 City'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:

- Management's discussion and analysis
- Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Illinois Municipal Retirement Fund
- Schedule of Employer Contributions - Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Police Pension Fund

City of Blue Island  
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- Schedule of Employer Contributions - Police Pension Fund
- Schedule of Investment Returns - Police Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Fire Pension Fund
- Schedule of Employer Contributions - Fire Pension Fund
- Schedule of Investment Returns - Fire Pension Fund
- Schedule of Changes in the Employer's Total OPEB Liability and Related Ratios
- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund and Major Special Revenue Funds (if applicable)
- Notes to Required Supplementary Information

We have also been engaged to report on supplementary information other than RSI that accompanies the City'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 we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- Combining and 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:

- Schedule of Valuations, Rates and Extensions for Tax Levies
- Schedule of General Obligation Debt to Maturity
- Legal Debt Margin

#### **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 U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to above (if any) 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 City's financial statements. Our report will be addressed to City Council of the City of Blue Island. 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 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 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, fraudulent financial reporting, or misappropriation of assets that comes 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. 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.

**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 City'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.

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### **Other Services**

If indicated in the Engagement Administration, Fees, and Other section of this letter, we will also prepare or assist in preparing the financial statements of the City in conformity with U.S. generally accepted accounting principles based on information provided by you. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. 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.

### **Management Responsibilities**

Management is responsible for designing, implementing, 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 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 U.S. generally accepted accounting principles; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. generally accepted accounting principles; (3) the methods of measurement or presentation have not changed from

City of Blue Island  
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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.

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.

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

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.

We may from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

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

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

The audit documentation for this engagement is the property of John Kasperek Co., Inc. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to granting agencies or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of John Kasperek Co., Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. The

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parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

We expect to begin our audit approximately in April and to issue our reports no later than July. Stephanie Blanco is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

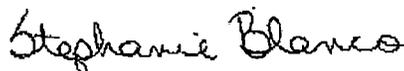
Our fee(s) for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, confirms, postage, travel, copies, etc.) except that we agree that our gross fee, excluding out-of-pocket cost, will not exceed the rates listed below. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit.

Service Description	Service Provided	Billed	Fee - Fiscal Year 2019	Fee - Fiscal Year 2020
Audit of the City's financial statements as outlined above	✓	Fixed Fee	\$51,250	\$52,220
Preparation of the financial statements	✓	Included in Total		
Prepare the annual financial report required by the Illinois State Comptroller	✓	Fixed Fee	\$2,000	\$2,000
Prepare the report on compliance with provisions of 65 ILCS 5/11-74 of the Illinois Tax Incremental Redevelopment Allocation Act. Fee is for each TIF district that requires a report.	✓	Fixed Fee	\$1,000	\$1,000
Perform the cash-to-accrual conversion	✓	Hourly		
Calculate and prepare the depreciation on capital assets	✓	Hourly		
Prepare continuing disclosure information for submission to the Municipal Securities Rulemaking Board	✓	Hourly		
Prepare audit work and financial statements related City of Blue Island Police Pension Fund	✓	Fixed Fee	\$8,650	\$8,800
Prepare audit work and financial statements related City of Blue Island Fire Pension Fund	✓	Fixed Fee	\$8,650	\$8,800

Services will be invoiced to you from time to time as work progresses. Any unpaid balance that is past due under this agreement shall bear interest at 1.5% per month. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. 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 appreciate the opportunity to be of service to the City of Blue Island 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,



Stephanie Blanco  
Partner, John Kasperek Co., Inc.

City of Blue Island  
February 27, 2020

ACCEPTED AND AGREED:

This letter correctly sets forth the understanding of City of Blue Island with respect to the services provided by John Kasperek Co., Inc.:

Signature: Domingo F. Vargas  
Print Name: DOMINGO F. VARGAS  
Title: Mayor  
Date: 4-14-20