

RESOLUTION NUMBER 10 - 02

**RESOLUTION AUTHORIZING THE EXECUTION
OF AN AUDIT PROPOSAL LETTER FROM
SIKICH GROUP, L.L.P., DATED MARCH 6, 2002**

WHEREAS, the corporate authorities of the Village of East Dundee have determined that it is advisable, necessary and in the public interest that the Village enter into and authorize the execution of an Audit Proposal Letter from Sikich Group, L.L.P., dated March 6, 2002, a copy of which proposed Audit Letter is attached hereto as an exhibit.

NOW THEREFORE BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF EAST DUNDEE, COOK AND KANE COUNTIES, ILLINOIS, AS FOLLOWS:

Section One. That the Village of East Dundee adopts and approves and the President be and she is hereby authorized and directed to sign and the Village Clerk is directed to attest to the execution of an Audit Proposal Letter from Sikich Group, L.L.P., dated March 6, 2002, a copy of which proposed Audit Letter is attached hereto as an exhibit.

Section Two. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section Three. Repeal. All ordinances, resolutions, motions or parts thereof in conflict herewith shall be and the same are hereby repealed.

Section Four. Publication. This resolution shall be in full force and effect forthwith upon its adoption, approval and publication in pamphlet form as provided by law.

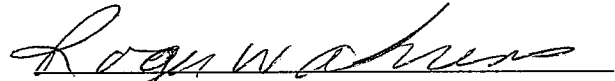
Adopted this 18th day of March, 2002, pursuant to a roll call vote as follows:

AYES: Scalla, Zaeske, Ruffalo, Bartels, Schock.

NAYES: None.

ABSENT: Arnone

Approved by me this 18th day of March, 2002.


ROGER AHRENS, President

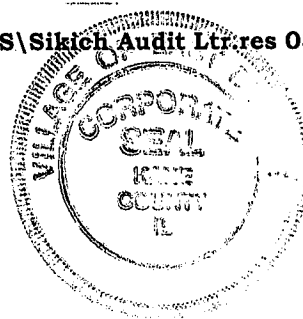
Published in pamphlet form this 19th day of March, 2002, under the authority of the President and Board of Trustees.

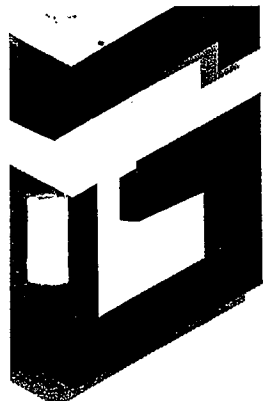
ATTEST:


JANE THEIS, Village Clerk

Recorded in the Village Records on March 19th, 2002.

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Sikich Gardner & Co, LLP

Accountants & Consultants

998 Corporate Boulevard
Aurora, IL 60504

A Member of Sikich Group, LLC

779
MEMBERS OF

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

ILLINOIS CPA SOCIETY

March 6, 2002

The Honorable Village President
Members of the Board of Trustees
Village of East Dundee
120 Barrington Avenue
East Dundee, Illinois 60118

Ladies and Gentleman:

This will confirm our understanding of the arrangements for our audit and the nature and extent of the services that we will provide to the Village of East Dundee.

We will audit the general purpose financial statements of the Village of East Dundee as of and for the year ended April 30, 2002, for the purpose of expressing an opinion on them. In addition, we will provide in-relation-to audit coverage on the combining, individual fund and account group financial statements and schedules. We will also apply certain limited procedures to the required supplementary information (pension trend information).

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting financial statement amounts and disclosures, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. If in the course of our audit we discover factors that would prevent us from expressing an unqualified opinion on the financial statements, we will discuss the reasons with you. 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 a report as a result of this engagement.

Our procedures, as deemed necessary, will include tests of documentary evidence supporting recorded transactions, 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, creditors, and banks. We will request written representations from your attorneys as part of the engagement. At the conclusion of our audit, we will also request certain written representations from the Village about the financial statements and related matters.

An audit of financial statements is based primarily on the selective testing of accounting records and related data; therefore our audit will involve judgment about the number of transactions to be examined and the areas to be tested. There is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us since we will not be examining all transactions. However, if our audit discloses such matters, we will discuss it with you to determine what course of action should be taken. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of internal control, sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed. An audit is not specifically designed and cannot be relied on to disclose all reportable conditions. Reportable conditions are significant deficiencies in the design or operation of the internal controls. However, during the audit, if we become aware of such reportable conditions or ways that we believe management practices can be improved, we will communicate them to you in a separate letter.

We understand that you will provide us with the basic information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application, and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with the Village. This responsibility includes the maintenance of adequate records and related controls, the selection and application of accounting principles, the safeguarding of assets, and the responsibility for adjusting the financial statements to correct material misstatements. We will ask you to confirm to us in the representation letter that the effects of any uncorrected misstatements aggregated to us during the current engagement and pertaining to the latest period are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. You are also responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

Management of the Village has the sole responsibility for maintaining appropriate documentation in support of its financial activities as dictated by its internal and external requirements, including those of regulatory bodies. In the course of our audit we accumulate and retain for limited periods in the form of working papers certain documentation supporting the procedures performed and findings in the course of those procedures. These working papers are solely our property and remain as such until disposed by us in accordance with our record retention policies. As an accommodation, we may, upon request by you or unauthorized representatives in appropriate circumstances, make information available to you, or your authorized representatives from our files. However, beyond the extent necessary to meet requirements imposed on us by professional standards and regulatory bodies, we assume no responsibility for maintenance of documentation supporting Village financial activities.

Assistance to be supplied by your personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with the Village Treasurer.

Village of East Dundee
March 6, 2002

Page 3

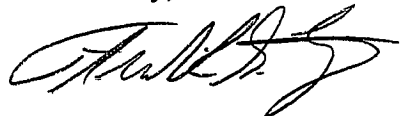
In addition to the audit, we will also perform the following in accordance with the Village's request for proposal:

- Prepare twenty (20) copies of the annual financial report (AFR) of the Village, twenty (20) copies of the management letter, two (2) copies of the Annual Report to the State Comptroller (and one electronic copy), and two (2) copies of the police pension Department of Insurance report and electronic filing of the statement.

We will expect to begin our audit in April 2002 with field work completed when the client assisted work papers are prepared by the Village's staff. Our fees for these services will not exceed \$14,200 as stated in our proposal dated February 15, 2002. The fee can be allocated as follows; \$12,318 for the financial audit of the Village, \$1,075 for the audit of the police pension, and \$807 for the police pension Department of Insurance report. These fees include out-of-pocket costs such as report production, reproduction, typing, postage, etc. This 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. Services will be invoiced to you from time to time as work progresses. Payments for all services are due upon receipt of invoice.

We appreciate the opportunity to be of service to the Village 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 this engagement as described above, please sign one copy of this letter in the space provided and return it to us.

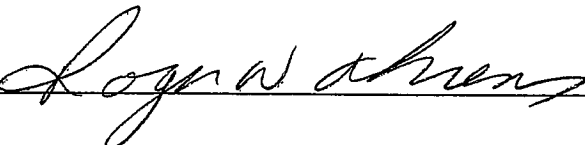
Sincerely,



Frederick G. Lantz, CPA
Partner, Director of Government Services

Response:

This letter correctly sets forth the understanding of the Village of East Dundee.

By: 

Title: MAYOR

Date: 3/18/02