

FRANKFORT SQUARE PARK
DISTRICT

**STATEMENT OF QUALIFICATIONS FOR
AUDIT SERVICES**

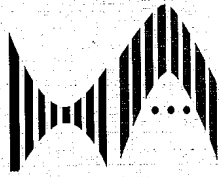
SUBMITTED BY
HEARNE & ASSOCIATES, P.C.,
CERTIFIED PUBLIC ACCOUNTANTS
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CONTACT PERSON – JOHN C. WILLIAMS, C.P.A.,
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SUBMISSION DATE: NOVEMBER 14, 2014

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Restrictions – Some of the information contained in this proposal is confidential and disclosed strictly on a confidential basis for the purposes of this proposal. Any disclosure of such information to parties other than authorized employees or the Commissioners of the Park District is not allowed without prior consent from Hearne & Associates, P.C.



HEARNE & ASSOCIATES, P.C.

Certified Public Accountants & Business Consultants

David J. Hearne, Jr., CPA (1928-2014) Founder
Phillip M. Hearne, CPA
Anthony M. Scott, CPA
John C. Williams, CPA, MST

Elizabeth R. Shields, CPA, MBA
Matthew R. Truschka
Ericka R. Wysocki

November 14, 2014

Mr. Jim Randall, Executive Director
Frankfort Square Park District
7540 W. Braemer Lane
Frankfort, IL 60423

Dear Mr. Randall:

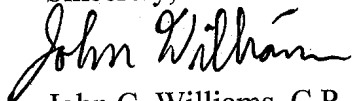
First, we would like to thank you for the opportunity to submit a statement of qualifications for professional audit services to the Frankfort Square Park District. Our understanding of the work to be completed for the Park District is to audit and issue the related opinion report for the Park District's fiscal years ending April 30, 2015 – 2019 financial statements. We will also prepare the Park District's Annual Financial Report to be filed with the Illinois Comptroller's Office for the year(s) then ended and submit the required filings with Will and Cook Counties. Our firm is committed to and will complete our work in agreed-upon time frames to be established.

Our firm, Hearne & Associates, P.C., Certified Public Accountants has the expertise and experience of working with local government organizations like yours. We have clients and experience with Park Districts, Public Library Districts, Townships, and Villages. We bring years of experience and objective knowledge to provide you a level of understanding and insight into the financial processes and reporting requirements of the Park District. This allows you to concentrate your efforts on the relevant critical issues of the Park District.

Hearne & Associates, P.C. is your firm specializing in local governmental audits. Our firm has been in the accounting business for over thirty five years and is based in Mokena, IL. We have a staff of ten professionals that are ready to serve the Park District's audit and accounting needs. We expect that we will staff your engagement with an Audit Manager and two professional staff. We are our client's trusted resource for information and developments in the accounting industry. We approach new developments in the industry with the mindset of keeping our client's aware of any impact that relevant standards will have on their organization. We do this by developing a partnership with our clients in sharing information and working to reach a solution.

Again, we appreciate the opportunity to submit the following proposal to the Frankfort Square Park District and look forward to providing these services to your organization. If you have any questions throughout the proposal process, please do not hesitate to contact me at the below number.

Sincerely,

A handwritten signature in cursive script that reads "John C. Williams". The signature is written in black ink and is positioned above the typed name.

John C. Williams, C.P.A

Hearne & Associates, P.C.

(708) 478-4650

General Auditor Requirements

The purpose of our technical proposal is to demonstrate the qualifications, competence and capacity Hearne & Associates, P.C. has to perform an independent audit for the Frankfort Square Park District. The following are several key auditor requirements and our statements of compliance with those requirements.

Independence

Hearne & Associates, P.C. and its employees are independent of the Frankfort Square Park District; its personnel; elected officials and agencies thereof as defined by generally accepted auditing standards.

License to Practice in Illinois

The principal contact for your audit, John C. Williams, C.P.A. and engagement principal, Phillip M. Hearne, C.P.A are licensed Certified Public Accountants in the State of Illinois. Additionally, the firm Hearne & Associates, P.C. is properly licensed to practice auditing and accounting in the State of Illinois.

External Quality Control Review

Hearne & Associates, P.C. has received a pass ("clean") opinion of its system of quality control for our accounting and auditing practice during our most recently completed and all other peer reviews performed previously of the firm. This report has been accepted by the Illinois CPA Society's Peer Report Acceptance Committee.

This proposal for services is a firm and irrevocable offer from Hearne & Associates, P.C. to the Frankfort Square Park District for a 90 day period beginning November 14, 2014.

Understanding of Services to be Provided

We at Hearne & Associates, P.C., Certified Public Accountants provide a quality service and adhere to a standard of high professionalism that results in our providing audit services that are efficiently accomplished and results that will be effectively delivered to the Board of Commissioners.

The following chart exhibits several key service attributes that we will deliver to you during our audit of the Frankfort Square Park District.

Key Service Attributes	Hearne & Associates, P.C., CPA's
Consistent assignment of experienced engagement personnel.	Yes
Year-round consulting included to address relevant issues for audit and accounting questions.	Yes
Timely engagement performance in accordance with agreed-upon time frames.	Yes
Client pre-approval required for any additional services billed.	Yes
Render an opinion of the Park District's Financial Statements.	Yes

This proposal is for services that Hearne & Associates, P.C., Certified Public Accountants will provide to the Frankfort Square Park District for its fiscal years ending April 30, 2015 – 2019. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information which collectively comprise the entity's basic financial statements of the Frankfort Square Park District as of and for the above mentioned years ending. Additionally, we will subject the applicable required supplementary information accompanying the basic financial statements to audit procedures.

We will also prepare the Park District's Annual Financial Report to be filed with the Illinois Comptroller's Office for the years audited.

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with the modified cash basis of accounting and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records and other procedures we consider necessary to express such opinions. If our findings on the financial statements are other than unmodified, we will fully 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 to issue a report as a result of this engagement.

Management is responsible for establishing and maintaining effective internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with the modified cash basis of accounting. You are also responsible for all management decisions and functions; for designating an individual with suitable skill, knowledge, or experience to oversee our financial statement preparation services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

We know that the Frankfort Square Park District will benefit from our experienced staff that will work directly with management of the Park District and the Commissioners. We will provide you with a clearly written financial report and be available to present this information to the District's Commissioners.

Firm Background; Experience; and Expertise

Background

Hearne & Associates, P.C. is your audit and accounting firm specializing in local governmental and not-for-profit organizations. Hearne & Associates, P.C., Certified Public Accountants has been in the accounting business for over thirty five years and is based in Mokena, IL.

*Office location -
19250 Everett Lane
Mokena, IL 60448
Phone: 708-478-4650
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www: HearnePC.com*

Hearne & Associates, P.C. is structured with Phillip Hearne as its Managing Owner; John Williams – Audit Manager; Anthony Scott – Tax Manager; and supporting staff of four professionals. The firm's audit and accounting practice is focused on the local government sector. Your audit will be serviced by our expert staff and will not be subcontracted. We offer this depth of personnel and our focus on audits of local government entities so that we can provide the level of audit service that the Frankfort Square Park District deserves.

We offer an integrated approach to the delivery of expert auditing, accounting and consulting services and are committed to serve the needs of our clients by constantly seeking ways to improve the delivery of our services with a focus on cost and result efficiency. We believe that each professional in our firm must be knowledgeable and involved with their area of expertise. We succeed by sharing a clear perception of industry standards and promoting an

environment among our staff in which excellence is nurtured and achieved. Additionally, we have a broad range of experience and are ready, willing and able to serve your needs.

Experience/References

It is our desire to become your trusted resource. We have local government clients and experience that include Park Districts, Villages, Public Library Districts, Townships, and not-for-profit organizations. A list of several of those clients and our experience in these categories is as follows:

- Oak Forest Park District – Cindy Grannan, Director (708-687-7270)
- Olympia Fields Park District – Denise Will, Director (708-481-7313)
- Mokena Community Park District – Jim Romanek, Director (708-390-2406)
- Midlothian Park District – Evelyn Gleason, Director (708-371-6191)

We have experience with:

- State of Illinois Department of Natural Resources Open Space Lands Acquisition & Development (OSLAD) Grant Program Audits
- State and federal grant audits – (including performing audits in accordance with the Single Audit Act – A-133)
- Assisting local governments with their accounting processes.
- Internal controls development and implementation

Expertise

We have the expertise and will assist the Frankfort Square Park District with relevant Statements issued by the Government Accounting Standards Board (GASB). GASB is the governing body that issues generally accepted accounting principles for governmental entities.

Additionally, we will keep you current with audit and accounting standards that are relevant and will impact the Park District.

Again, our approach to new standards is to work with you by informing you of the requirements and to then adopt a solution based on the individual situation for that client. We can work with the Park District through these and other relevant financial issues.

We will provide you with:

- An audit in accordance with the modified cash basis of accounting.
- Experienced Staff to perform your audit engagement.
- Timely engagement updates and completion.
- Availability throughout the year to address audit and accounting issues.

Key Engagement Professionals

Leading the Project

It is critical to the success of the audit of the Park District that we provide the best team of professionals specializing in audit and accounting as possible. The foundation of the success is with our lead auditor and manager, John C. Williams, C.P.A.

History

Mr. Williams is committed to his profession with 25 years of experience in audit and accounting and is a licensed C.P.A in the State of Illinois. John is a member of the Government Finance Officer's Association (GFOA) and has ten years of experience in governmental auditing. His work can be seen in various local governments including park districts, municipalities, townships, library districts, and sewer and water districts. He also brings a small and mid-size corporate perspective specializing in audit and accounting.

He is a Certified Public Accountant licensed to practice in the State of Illinois and is an active member of the Illinois Certified Public Accountant's Society serving on the Government Report Review Committee for the Illinois CPA Society, and is an active member of the American Institute of Certified Public Accountants.

He has helped clients resolve problems focusing on the processes and procedures and enjoys building an easier and effective way of conducting and managing the finance operations. Those who have had an opportunity to work with John enjoy the consideration and diligence he takes to resolving issues.

He has worked with state and federal grant audits, implementation of GASB statements for financial reporting, local government referendums, bonding issues, as well as local government pension funds.

Local Involvement

Mr. Williams is active in the Mokena Chamber of Commerce as he has served as a member of the Board of Directors and as the Treasurer for the Chamber.

Education

Mr. Williams is a graduate of the University of Illinois at Chicago with a Bachelor of Science in Accounting and graduated as a member of the Beta Gamma Sigma Honor Society. He has also received a Masters of Science in Taxation from DePaul University of Chicago.

Phillip M. Hearne, C.P.A. – Phil is the Managing Owner of Hearne & Associates, P.C. He is a licensed Certified Public Accountant in the State of Illinois and has over twenty eight years of experience in the accounting and financial industry. Phil has had distinctive experience in auditing and is uniquely qualified to consult with local governments regarding their internal controls and accounting related matters as well as budgeting. Phil has diverse knowledge of organizations and is able to bring this keen ability to them so that they are able to achieve top performance in financial effectiveness and efficiency.

Phil is well established in the local business community and resides in Mokena. He has developed a network of contacts in many industries including law, banking, insurance and investing. He is an active member of the Mokena Chamber of Commerce; Illinois CPA Society and the American Institute of Certified Public Accountants.

Audit Process

At Hearne & Associates, P.C., Certified Public Accountants, all of our audits are approached with the goal of integrating the audit process with the overall financial reporting of an organization. This allows the decision makers – the Executive Director and the Board of Commissioners - to make reliable and informed financial decisions.

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. 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 errors, fraudulent financial reporting, misappropriation of assets, or 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.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will communicate to the governing body or audit committee any matters involving internal control that we consider to be conditions to be communicated under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Although every audit project is unique our audit process is similar for most engagements and normally consists of four stages:

- 1) Preliminary (planning) review
- 2) Fieldwork
- 3) Audit report issued
- 4) Exit conference

We approach audits in a systematic method that is unique for each engagement. We consider the distinctive structure of the client organization and the resources that are available to that entity. For instance the following is our methodology in assessing an organization's internal controls over key financial cycles:

- We first obtain an understanding of an organization's internal controls over the key financial cycles of that organization.
- We then determine whether the controls are adequate to protect the organization's assets.

- For those controls that are deemed adequate, we test the controls for adherence.
- For those controls that are not adequate and may leave the assets of the organization susceptible, we will perform alternative procedures to test the applicable financial cycle.
- Where applicable, we will note and communicate our findings in accordance with auditing standards.
- Our communication will include suggestions of best practices or alternative processes to assist the organization in maximizing its internal controls while utilizing its available resources.

We will provide consistent staffing and a level of knowledge that will allow the audit process to be efficient and effective for the Frankfort Square Park District. We will utilize sampling methods and audit procedures (including analytical procedures) as we deem necessary under the circumstances of the Park District's financial reporting processes. Furthermore, we will discuss the internal control processes of the Park District with appropriate personnel and perform tests for compliance as we deem necessary.

Our unique approach to each engagement is to put a strong emphasis on early planning to determine how the Park District functions and determine the risk areas. This enables us to identify key audit components and tailor our procedures to the unique aspects of your organization. The benefit to you is an effective, cost efficient, independent audit, performed in a timely manner by experienced professionals.

Proposed Fees for Services

Our proposed fee for the annual audit and preparation of the Annual Financial Report (filing) for submission to the Illinois Comptroller will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.). Our proposed estimated fees are as follows:

<u>Year End</u>	<u>Amount</u>
April 30, 2015	\$ 12,500
April 30, 2016	\$ 12,750
April 30, 2017	\$ 13,000
April 30, 2018	\$ 13,275
April 30, 2019	\$ 13,550

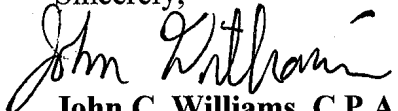
We will solidify the terms of our services in accordance with this proposal in an engagement letter to be signed by representatives of our firm and the Park District.

It is our expectation that the books and records of the Park District will be in a condition that are ready to be audited. If our work goes beyond that as described in our engagement letter (e.g., the Park District is required to have a INDR OSLAD audit or federal single audit); substantial capital projects or debt is obtained by the Park District; and/or there are substantial changes in the operations of the Park District; there is extensive work that needs to be performed to bring the books and records to a condition to be audited, or there are extensive updates in

auditing or accounting standards that are required to be implemented, we will discuss this situation with the organization before it is determined that additional charges over the above stated amounts will be assessed. These services will be charged at our standard hourly rates which vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Final acceptance of the engagement by our firm is subject to our discussion with the predecessor auditor as required by the AICPA Statement on Auditing Standards.

We appreciate the opportunity to be of service to the Frankfort Square Park District and for the opportunity to provide this audit proposal. At Hearne & Associates, P.C., Certified Public Accountants we are committed to serving the needs of our clients by providing a quality service with a focus on integrity and excellence. We look forward to the opportunity to work with the Frankfort Square Park District.

Sincerely,

A handwritten signature in black ink that reads "John C. Williams". The signature is written in a cursive style with a prominent initial "J" and a long, sweeping underline.

John C. Williams, C.P.A.

(708) 478-4650