



Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

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Kevin Kuchenbecker, Historic Preservation Officer
City of Deadwood
108 Sherman Street
Deadwood, SD 57732

Dear Kevin:

We are pleased to confirm our understanding of the terms of our engagement and the nature and limitations of the services we are to provide for the **City of Deadwood** (the City).

You will agree to the procedures described in the attachment to this letter and will acknowledge that the procedures to be performed are appropriate for the intended purpose of the engagement, which is provide oversight of the Historic Preservation Commission's Revolving Loan Fund. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain your written agreement to the procedures to be applied and your acknowledgment that those procedures are appropriate for the intended purpose of the engagement, as described in this letter. The agreement and acknowledgment are contained within this letter. A refusal to provide such agreement and acknowledgment will result in our withdrawal from the engagement. We make no representation that the procedures we will perform are appropriate for the intended purpose of the engagement or for any other purpose.

Because the agreed-upon procedures do not constitute an examination or review, we will not express an opinion or conclusion on the revolving loan fund. In addition, we have no obligation to perform any procedures beyond those to which you agree.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. Our report will be addressed to the City Council. If we encounter restrictions in performing our procedures, we will discuss the matter with you. If we determine the restrictions are appropriate, we will disclose the restrictions in our report. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you. You understand that the report is intended solely for the information and use of the City, and should not be used by anyone other than these specified parties.

There may exist circumstances that, in our professional judgment, will require we withdraw from the engagement. Such circumstances include the following:

- You refuse to provide written agreement to the procedures and acknowledge that they are appropriate for the intended purpose of the engagement.
- You fail to provide requested written representations, or we conclude that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or we conclude that the written representations provided are otherwise not reliable.
- We determine that the description of the procedures performed or the corresponding findings are misleading in the circumstances of the engagement.
- We determine that restrictions on the performance of procedures are not appropriate.

If circumstances occur relating to the condition of your records, the availability of evidence, or the existence of a significant risk of material misstatement of the subject matter caused by error or fraud, which in our professional judgment prevent us from completing the engagement or reporting findings on the subject matter, we retain the right to take any course of action permitted by professional standards including declining to report findings or issue a report, or withdrawing from the engagement.

An agreed upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations; however, should any such matters come to our attention, we will communicate them in accordance with professional standards and applicable law. In addition, if in connection with this engagement, matters come to our attention that contradict the revolving loan fund, we will communicate such matters to you.

You agree to the procedures to be performed and acknowledge that they are appropriate for the intended purpose of the engagement.

You are responsible for the revolving loan fund. In addition, you are responsible for providing us with (1) access to all information of which you or the appropriate party are aware that is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request from the appropriate party for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence relating to performing those procedures.

You agree to assume all management responsibilities relating to any non-attest 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. At the present time, no other non-attest services provided by Ketel Thorstenson, LLP and its affiliates are:

Jean Smith is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to perform our procedures in July or August 2021 and, unless unforeseeable problems are encountered, the engagement should be completed by September 15, 2021. This schedule can be modified for our mutual convenience. At the conclusion of our engagement, we will require certain written representations in the form of a representation letter from management that, among other things, will confirm management's responsibility for the revolving loan fund in accordance with the internal policies established.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

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, and 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.

In the interest of enhancing our availability to meet your professional service needs while maintaining service quality and timeliness, we may use a third-party service provider to assist us. This may include provision of your confidential information to the third-party service provider. We require our third-party service providers to have established procedures and controls designed to protect client confidentiality and maintain data security. As the paid provider of professional services, our firm remains responsible for exercising reasonable care in providing such services, and our work product will be subjected to our firm's customary quality control procedures. By accepting the terms and conditions of our engagement, you are providing your consent and authorization to disclose your confidential information to a third-party service provider, if such disclosure is necessary to deliver professional services or provide support services to our firm.

If you intend to publish or otherwise reproduce the report, it must be reproduced in its entirety. Inclusion of the report in any document should be done only with our prior approval of the document. You are responsible for providing us the opportunity to review such document before issuance. With regard to electronic dissemination of the report, including being published electronically on your website, you understand that electronic sites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

The attest documentation for this engagement will be retained for a minimum of seven years after the report release date.

Our professional fees for the services outlined above will be \$6,900, plus applicable sales tax. This fee is based upon the complexity of the work to be performed, and our professional time. In addition, this fee depends upon the timely delivery, availability, quality, and completeness of the information you provide to us. If significant additional time is necessary, we will keep you informed of any problems we encounter, and our fees will be adjusted accordingly. You agree that you will deliver all records requested and respond to all inquiries made by our staff to complete this engagement on a timely basis. You will also be billed for travel and other out-of-pocket costs such as postage. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed, even if we have not issued 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. At completion of the engagement, we will submit a final invoice which is due upon receipt.

If the need for additional procedures related to this engagement arises, or the procedures need to be modified, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter. If additional specified parties of the report are added, we will consider whether they need to acknowledge in writing their agreement with the procedures performed or to be performed and their acknowledgement that the procedures are appropriate for their purposes.

Our engagement ends on delivery of our report. You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you concerning the scope of the additional services and their estimated fees. We may also 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.

In the event we are requested pursuant to subpoena or other legal process to produce documents relating to current or prior engagements for the Organization in legal, administrative, arbitration, or similar proceedings to which we are not a party, the Organization shall reimburse us at our standard billing rates for our professional time and expenses, including reasonable attorney's fees, incurred by us in responding to such requests. In the event of a dispute, the courts of the state of South Dakota shall have jurisdiction, and all disputes will be submitted to the state of South Dakota, which is the proper and most convenient venue for resolution. We also agree that the law of the state of South Dakota shall govern all such disputes.

We are independent within the meaning of the AICPA *Code of Professional Conduct*.

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In the event you should desire to hire an accountant to have on staff, we may assist you in that process. We do require, however, that no such inquiry be made directly to our staff, but only to the engagement partner. To ensure our independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel. If you should choose to hire one of our employees, we may, at our discretion, charge you a recruiting fee of twenty percent of the annual salary offered to our employee to compensate us for the loss of our valued and extensively trained employee.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. Please sign one copy of this letter in the space provided to indicate your acknowledgement of, and agreement with, the arrangements for our engagement, and our respective responsibilities.

Sincerely,

KETEL THORSTENSON, LLP



Jean M. Smith, CPA
Partner

This letter correctly sets forth the understanding of our contract. I have read it and fully understand its terms and provisions.

Accepted by: _____

Title: _____

Date: _____