



June 4, 2024

Mayor, Council, and City Administrator  
City of Richland Center  
PO Box 230  
Richland Center, WI 53581

This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of services we will provide to the City of Richland Center (“City”). You have requested that we perform the following services:

- Assist the City in adjusting the books of accounts with the objective that they will be able to prepare a working trial balance from which financial statements can be prepared. Your clerk/treasurer will provide us with a detailed trial balance and any supporting schedules we require. Update the debt summary and propose correcting journal entries related to debt transactions.
- Assist in month or year-end adjustments and accruals as necessary.

Additionally, we will assist with the following as requested:

- Assist in identifying any bank account reconciling issues from information provided by management. We will not review the cancelled checks or electronic copies of the checks for payees or endorsements.
- Assist in updating capital asset depreciation records. Includes summarizing infrastructure and utility projects, allocating costs to the correct funds and accounts, and recording depreciation expense.
- Scan the general ledger for any obvious account reclassifications or adjustments in order for the financial statements to be in accordance with applicable standards.
- Assist in identifying any account receivable or accounts payable reconciling issues from information provided by management.
- Assist in identifying any payroll liability reconciling issues from information provided by management.

Our services will cover the year ending December 31, 2024.

### **Our Responsibilities**

This engagement is limited to the period and the accounting services indicated above. We will not audit or review your financial statements as part of this engagement, as those terms are defined in generally accepted auditing standards or any other accounting documents and information you provide. We will not verify the data you submit for accuracy or completeness. Rather, we will rely on the accuracy and completeness of the documents and information you provide to us.

Our engagement cannot be relied on to disclose errors, irregularities, or illegal acts, including fraud or embezzlements, that may exist. However, we will inform the appropriate level of management, specifically designated by you, of any material errors that come to our attention and any irregularities or illegal acts that come to our attention, unless they are clearly inconsequential.

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 since performing those procedures or taking such action would impair our independence.

### **Your Responsibilities**

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to provide the services outlined on the first page. You agree to the following responsibilities:

- 1) The design, implementation, and maintenance of internal control to prevent and detect fraud and informing us about all known or suspected fraud impacting the City.
- 2) The selection of accounting principles followed.
- 3) The prevention and detection of fraud.
- 4) To ensure that the City complies with the laws and regulations applicable to its activities.
- 5) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- 6) To provide us with—
  - access to all information of which you are aware is relevant to the services, such as records, documentation, and other matters.
  - additional information that we may request to be able to perform the requested services.
  - unrestricted access to persons within the City of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skill, knowledge, and experience to oversee our bookkeeping services. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

### **Other Relevant Information**

Kevin Krysinski, CPA, engagement partner, is responsible for supervising the engagement.

Our fees will be billed at our standard hourly rates for these types of services. You will also be billed for out-of-pocket costs such as postage, travel, etc. Accounts over 90 days will be subject to finance charges. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

You agree to hold us harmless and to release, indemnify, and defend us from any liability or costs, including attorney's fees, resulting from management's knowing misrepresentations to us or resulting from any actions against us by third parties relying on the financial statements described herein except for our own intentional wrongdoing.

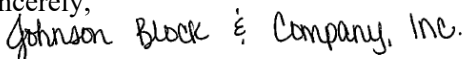
In the event of a dispute related in any way to our services, our firm and you agree to discuss the dispute and, if necessary, to promptly mediate in a good faith effort to resolve. We will agree on a mediator, but if we cannot, either of us may apply to a court having personal jurisdiction over the parties for appointment of a mediator. We will share the mediator's fees and expenses equally, but otherwise will bear your own attorneys' fees and mediation cost. Participation in such mediation shall be a condition to either of us initiating litigation. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of attorneys' fees.

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 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 expenditures through the date of termination.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fee. 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 have the right to withdraw from this engagement if you do not provide us with any information we request in a timely manner, refuse to cooperate with our reasonable requests, or misrepresent any facts. Our withdrawal will release us from any obligation to complete your financial statements or tax returns and will constitute completion of our engagement. You agree to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you acknowledge and agree with the terms of our engagement as described in this letter, please sign the letter and return it to us.

Sincerely,  


Johnson Block and Company, Inc.

Acknowledged: City of Richland Center

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_