

January 15, 2025

Mayor Michael J. Vanni  
City of Willowick, Ohio

You have requested that we prepare the financial statements of the City of Willowick, Ohio (the "City"), which comprise the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. You have also requested that we prepare the required supplementary information based on information provided by you. We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter.

### **Our Responsibilities**

The objective of our engagement is to prepare financial statements in accordance with the accounting principles generally accepted in the United States of America based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's *Code of Professional Conduct*, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

### **Management Responsibilities**

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America. Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your financial statements in accordance with SSARS:

- a. The selection of the accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
- b. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- c. The prevention and detection of fraud.
- d. To ensure that the entity complies with the laws and regulations applicable to its activities.
- e. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements.
- f. To provide us with:
  - i. Access to all information of which you are aware that is relevant to the preparation and presentation of the financial statements, such as records, documentation, and other matters;
  - ii. Additional information that may be requested for the purpose of the preparation of the financial statements; and
  - iii. Unrestricted access to persons within the City of whom we determine necessary to communicate.

The financial statements will not be accompanied by a report. However, you agree that the financial statements will clearly indicate that no assurance is provided on them.

### **Nonattest Services**

With respect to any nonattest services we perform:

- We will not assume management responsibilities on behalf of the City. However, we will provide advice and recommendations to assist management of the City in performing its responsibilities.
- The City's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.
- Our responsibilities and limitations of the engagement are as follows:
  - We will perform the services in accordance with applicable professional standards, including SSARS issued by the AICPA.
  - This engagement is limited to preparation services, previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise the City with regard to the financial statement preparation, but the City must make all decisions with regard to those matters.

### **Other Relevant Information**

In addition to fax and email, we may send data over the internet using other methods (such as portals) and may store electronic data via computer software applications hosted remotely on the Internet or allow access to data through third-party vendors' secured portals or clouds.

Our firm may transmit confidential information that you provided us to third parties in order to facilitate delivering our services to you. For example, such transmissions might include, but not be limited to maintaining your lease schedules with third-party software. We have obtained confidentiality agreements with all our service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the work provided by any third-party service providers used under this agreement. By your signature below, you consent to having confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

With regard to the electronic dissemination of financial statements, including financial statements published electronically on your Internet 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.

To ensure that Ciuni & Panichi, Inc.'s independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement principal before entering into any substantive employment discussions with any of our personnel.

During the term of this engagement and for a period of 12 months after an employee or contractor of Ciuni & Panichi, Inc. has completed performance of services under this engagement letter, the City will not directly or indirectly contract with, or solicit to employ (or cause to be solicited for the purpose of employment), the employees and contractors of Ciuni & Panichi, Inc. providing services hereunder. In the event the City fails to comply with its obligation(s) under this paragraph, Ciuni & Panichi, Inc. reserves the right to seek damages resulting from violation of this paragraph, including liquidated damages and, not as a penalty, the compensation paid by Ciuni & Panichi, Inc. to said employee or contractor during the three months preceding the City breach.

Our base fees will be as follows:

Conversion of the cash basis working trial balance to the accrual basis in order to conform to U.S. GAAP	\$ 23,500
Preparation of the financial statements to comply with the reporting model required by GASB Statement No. 34	\$ 7,500

The fee is based on anticipated cooperation from your personnel, specifically the completion of the required information outlined in the prepared by client list and the assumption that unexpected circumstances will not be encountered during the preparation. If significant additional time is necessary, we will discuss it with you and arrive at an estimate of additional fees before we incur the additional costs.

Ciuni & Panichi, Inc. will assist the City with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our fee will be based upon actual hours incurred and will be billed at our standard hourly rates, not to exceed \$2,500. If the implementation of GASB Statement No. 101 requires significant additional time, we will discuss it with you and arrive at an estimate of additional fees before we incur the additional costs.

If we determine that GASB Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62* is applicable to the City we will discuss the implementation of this standard and discuss a fee at that time.

Ciuni & Panichi, Inc. will also assist with tracking the City's leases/subsription-based information technology arrangements in accordance with GASB Statement Nos. 87 and 96. Our fee will be based upon actual hours incurred and will be billed at our standard hourly rates, not to exceed \$2,500. If the tracking of the City's leases/subsription-based information technology arrangements requires significant additional time, we will discuss it with you and arrive at an estimate of additional fees before we incur the additional costs. We may also bill an additional technology fee based on the number of existing leases and subsription agreements.

Billings will be rendered as work progresses so you may readily relate our charges to the work performed. Each invoice will be payable on receipt. 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 current status is reached. Amounts due after 60 days will become subject to a 1.5% monthly interest charge, which will be added to the existing outstanding balance.

The parties shall attempt in good faith to resolve any dispute arising out of or relating to the engagement, including any dispute over invoiced amounts, promptly by negotiations between executives who have authority to settle the controversy. Any party may give the other party written notice of any dispute not resolved in the normal course of business. Within 20 days of the delivery of said notice, executives of both parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved within 30 days of the disputing party's notice, or if the parties fail to meet within 20 days, either party may initiate mediation of the controversy or claim as provided herein.

If the dispute has not been resolved by negotiation as provided above, the parties shall endeavor to settle the dispute by mediation under the then current Center for Public Resources (CPR) Model Procedure for Mediation of Business Disputes. The neutral third party will be selected from the CPR panel of neutrals within 20 days of the initiation of the mediation process. If the parties encounter difficulty in agreeing on a neutral, they will seek the assistance of the CPR in the selection process. The mediation shall occur at the time and place selected by the mediator.

In the event mediation does not resolve the dispute, the parties may pursue their respective legal remedies.

Should you require financial statements for third-party use, we would be pleased to discuss with you the requested level of service. Such engagement would be considered separate and not deemed to be part of the services described in this engagement letter.

We will be pleased to discuss this letter with you at any time. If you request us to perform additional services not contemplated or described in this engagement letter, we will provide you with a separate agreement describing those additional services and fees. Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our engagement to prepare the financial statements described herein, and our respective responsibilities.

Respectfully,



CIUNI & PANICHI, INC.

RESPONSE:

This letter correctly sets forth our understanding.

City of Willowick, Ohio

Acknowledged and agreed on behalf of City of Willowick, Ohio by:

Signature: \_\_\_\_\_

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

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