

February 6, 2024

Mayor Michael J. Vanni  
City of Willowick, Ohio  
30435 Lakeshore Boulevard  
Willowick, OH 44095

We are pleased to confirm our acceptance and understanding of the services we are to provide for the City of Willowick, Ohio (the “City”) for the year ended December 31, 2023.

You have requested that we prepare the financial statements of 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, 2023, 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.

### **Our Responsibilities**

The objective of our engagement is to prepare financial statements in accordance with 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 City 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 the preparation of the 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:

- 1) The selection of 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.
- 2) 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.
- 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 to prepare financial statements.
- 6) To provide us with:
  - Documentation, and other related information that is relevant to the preparation and presentation of the financial statements,
  - Additional information that may be requested for the purpose of the preparation of the financial statements, and
  - Unrestricted access to persons within the City with whom we determine it 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.

## **Other Relevant Information**

Frank A. Eich is responsible for supervising the engagement.

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential to you.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

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 of the City to the accrual basis in order to conform to U.S. GAAP	\$ 22,715
Preparation of the financial statements to comply with the reporting model required by GASB Statement No. 34	\$ 7,250
Preparation of GASB 87 schedules and related notes based on actual hours incurred and billed at our standard hourly rates. A range is provided in case some work is necessary because it is determined at a later date that there is a new lease or a modifications to an existing lease.	\$ 250 - \$1,500

These fees are 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.

In addition, Ciuni & Panichi, Inc. will assist the City with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our fee will be based upon actual hours incurred and will be billed at our standard hourly rates, not to exceed \$4,000. If the implementation of GASB Statement No. 96 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 utilize a third-party software, LeaseCrunch, to assist with the required calculations while also populating data necessary for journal entries and disclosures. If LeaseCrunch is used, an additional technology fee of \$80 per lease/subscription will be included and will be based on the number of leases/subscriptions that are tracked in the software. We will work with the City to determine if LeaseCrunch should be used and to identify which leases/subscriptions are deemed significant and should be tracked in the software. Insignificant and short-term subscriptions will be excluded to reduce this fee.

If we determine that GASB Statement No 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* or GASB Statement No 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 AND No. 84, and a Supersession of GASB Statement No. 32* are applicable to the City we will discuss the implementation of these standards and discuss a fee at that time.

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.

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.

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 agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



CIUNI & PANICHI, INC.

This letter correctly sets forth the understanding of the City of Willowick, Ohio:

---

Signature

---

Title