

August 31, 2021

City Council  
City of Monticello

This letter is to confirm our understanding of the terms and objective of our engagement as well as the nature and limitations of the services that we will provide.

**Our Responsibilities**

Beginning October 1, 2021, we will provide you with the following bookkeeping and advisory services:

- City of Monticello
  - Reconcile monetary accounts with bank statements each month for proper account balance and to identify any errors. We will make correcting entries directly to and identify the source of each adjustment. We will inform you of these adjustments and make you aware of any corrections.
  - Review, analyze and reconcile general ledger accounts for accuracy and confer with you regarding any items not fully understood.
  - Management investment accounts
  - Prepare and record all necessary journal entries to reflect correct accounting records.
  - Prepare and provide monthly financial reports.
  - Provide additional consultation when necessary to complete an accurate set of financial records.
- Police Pension
  - Record and process deposits and expenditures related to the pension board.
  - Record and maintain balance of individual participant's total contributions. This includes the coordination of monthly payments to both recipients and the city of Monticello.
  - Attend quarterly pension board meetings to report on monetary activity.
  - Prepare and provide annual reports to both the city council as well as the State of Illinois.

### **Scope and Limitation of Our Services**

1. Our engagement is limited to the period and the accounting services indicated above.
2. This engagement does not include business management. We will not review the payment of any invoices or bills. If an amount appears unusual or out of the ordinary, we will call it to your attention, but we do not take any responsibility in the discovery of any errors, irregularities, or fraud.
3. This engagement will not audit or review your financial statements, or any other accounting documents and information you provide, in accordance with generally accepted auditing standards. Accordingly, we ask that you not in any manner refer to this as an audit or review.
4. 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. Accordingly, our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However, it may be necessary to ask you for clarification of some of the information you provide, and we will inform you of any material errors, fraud or other illegal acts that come to our attention, unless they are clearly inconsequential.
5. We have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal controls as part of this engagement, and our engagement cannot, therefore be relied upon to make disclosure of such matters.

### **Company Responsibilities**

The City of Monticello, as well as the Council are:

1. Responsible for adopting sound accounting policies, for maintaining an adequate and efficient accounting system, for safeguarding assets, for authorizing transactions, for retaining supporting documentation for those transactions, and for devising a system of internal controls that will, among other things, help assure the preparation of proper financial statements. Furthermore, you are responsible for management decisions and functions, for designating a competent employee to oversee any of the services we provide, and for evaluating the adequacy and results of those services.

2. Responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Company involving (a) management (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements.
3. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, former employees, regulators, or others.
4. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.
5. Responsible to provide us the following documents:
  - Cash receipt reports and deposit slips.
  - Cash disbursements, bank statements.
  - Other documents necessary for correct account reporting.
6. For us to complete this engagement, and to do so efficiently, we require unrestricted access to the following documents and information concerning your company:
  - a) Copies of basic documents reflecting your financial transactions, including check stubs, summaries of cash receipts and sales (cash and credit), bank statements and canceled checks, listings of accounts receivable and accounts payable, and documentary support of property and equipment transactions (purchases, trades, sales, and other dispositions).
  - b) Any other financial information necessary for purpose of reflection on your accounting records and trial balance.
  - c) Identification of all cash receipts as to source (i.e., loans, sales, etc.), and information concerning all transactions that are consummated with cash.

Any failure to provide such documents and information will impede our services. You agree to accept responsibility for any effect on your accounting records and financial statements of basic financial information or transaction documents not submitted to us for processing and entry, or losses that may result from their absence.

For purposes of entry of the financial information from your basic transaction documents, classification according to the agreed-upon chart of accounts will be performed by you or

your employees. As business conditions change, we may mutually agree to change/modify this arrangement.

Client agrees that these documents should be forwarded to our office on a periodic basis, such as monthly, as this will enable us to provide you with a current, meaningful, and useful financial statement.

**Our Fee Policy**

Our fees for this bookkeeping service will be \$400-500 per month, not to exceed an annual amount of \$6,000.

If a dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered appropriate body.

If the foregoing is in accordance with your understanding, please sign the Engagement Letter in the space provided and return it to the undersigned.

Sincerely,



Kelly R. Finet  
Kelly's Accounting Service, Inc.

**Acknowledged:**

City of Monticello

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date