



Teresa D. Johnson CPA, Inc.

April 12, 2023

Jennifer Cox, Board Chair
South Whidbey Parks and Recreation District
5475 Maxwellton Road
Langley, WA 98260

Dear Jennifer:

Teresa D Johnson CPA, Inc (“firm,” “we,” “us,” or “our”) is pleased to provide the South Whidbey Parks and Recreation District (“you” or “your”) with the professional services described below. This letter, and the attached *Terms and Conditions Addendum* and any other attachments incorporated herein (collectively, “Agreement”), confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. The engagement between you and our firm will be governed by the terms of this Agreement.

Engagement Objective and Scope

Compilation Services

The objective of our engagement is to prepare from information you provide, the annual financial statements of South Whidbey Parks and Recreation District, which are comprised of the cash basis schedules required by the Washington State Auditor’s Office and the related notes to the financial statements. We will also import all schedules to the Washington State Auditors’ Office annual report filing portal.

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 or regulations. In addition, we are not responsible for identifying or communicating deficiencies in your internal controls.

Engagement Deliverable

We will issue a report upon completion of our compilation of your financial statements. Our report will state that we did not audit or review the financial statements and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

We are not independent with respect to South Whidbey Parks and Recreation. We will disclose that we are not independent in our compilation report. Circumstances may arise in which it is necessary for us to modify our report or withdraw from the engagement.

You agree to include our accountant's compilation report in any document containing financial statements that indicates that such financial statements have been compiled by us and, prior to inclusion of the report, to ask our permission to do so.

CPA Firm Responsibilities

We will conduct our engagement in accordance with the Statements on Standards for Accounting and Review Services ("SSARS") issued by the American Institute of Certified Public Accountants including the ethical principles of integrity, objectivity, professional competence, and due care.

Financial statement preparation differs significantly from an engagement to compile financial statements, or a review or audit of financial statements. Compilation procedures require the accountant to consider whether the financial statements appear to be appropriate in form and free from obvious material misstatements. A financial statement preparation does not include such procedures. In addition, a financial statement preparation also does not contemplate performing inquiry, analytical procedures, or other procedures ordinarily performed in a review. Finally, a financial statement preparation does not contemplate obtaining an understanding of the entity's internal controls, assessing fraud risk, testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents (for example, cancelled checks or bank images), or other procedures ordinarily performed in an audit.

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 or a conclusion or provide any assurance on the prepared financial statements.

If we become aware of records, documents, explanations, or other information, including significant judgments, used in preparation of the financial statement that are incomplete, inaccurate, or otherwise unsatisfactory, we will bring this information to the attention of management and request additional or corrected information.

Our responsibility under this engagement is limited to the period covered by our services and does not extend to matters that may arise during any later periods for which we are not engaged.

This engagement is limited to the professional services outlined above.

The supplementary information accompanying the financial statements is presented only for supplementary analysis purposes and will be compiled from information that is the representation of management.

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Client 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 the Washington State Auditor's Office Cash Basis of Accounting BARS Manual.

You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

- the selection of the financial reporting framework to be applied in the preparation of the financial statements;
- the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from misstatement whether due to fraud or error;
- the prevention and detection of fraud;
- identifying and ensuring that you comply with the laws and regulations applicable to your activities;
- providing us with:
 - Documentation and other information that is relevant to the preparation and presentation of the financial statements;
 - Additional information that we may request from you for the purpose of the engagement; and
 - Unrestricted access to persons with the entity of whom we determine it necessary to communicate.
- safeguarding your records and documentation;
- ensuring that your records, documentation, explanations and other information, including significant judgments, you provide to us are complete and accurate; and

During the course of the engagement, we may assist management with judgments regarding amounts or disclosures to be reflected in the financial statements. We will discuss any such judgments with you, and you accept responsibility of those judgments.

You have designated Carrie Monforte, Interim Director as our primary contact for this engagement.

You also acknowledge that independence is not required in order to provide financial statement preparation services in accordance with the SSARS. The performance of the preparation services may impair our independence unless safeguards are met. We are available to discuss these safeguards with you if you anticipate the need for services that require independence, such as an audit or review of financial statements.

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Timing of Engagement

We expect to begin services, as described in the *Engagement Objective and Scope*, on approximately April 10, 2023 and plan to provide the prepared financial statements to you on approximately May 28, 2023. The timing of our work is dependent on the timely receipt of the information we request from you. Our services will conclude upon the earlier of:

- completion of the 2022 audit by the Washington State Auditor's Office;
- as of the date of our closure letter; or
- written notification by either party that the engagement is terminated.

Professional Fee

We estimate that our fee for the services outlined above will not exceed \$14,365. This will be billed monthly at the standard billing rate of \$221 per hour. This fee is based upon the complexity of the work to be performed and our professional time, as well as out-of-pocket expenses. In addition, this fee is dependent on the timely delivery, availability, quality, and completeness of the information you provide to us. 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. If this estimate will be exceeded, we will obtain pre-approval prior to performing additional services.

Termination and Other Terms

We reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, non-payment of fees, your failure to comply with the terms of this Agreement, or as we determine professional standards require. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet governmental and other deadlines, or for any liability, including but not limited to, penalties or interest that may be assessed against you resulting from your failure to meet such deadlines. Further, either party may terminate with a 30-day written notice.

If this Agreement is terminated before services are completed, you agree to compensate us for the services performed and expenses incurred through the effective 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 and estimated cost of these additional services. Engagements for additional services may necessitate that we amend this letter or issue a separate engagement letter to reflect the obligations of both parties. In the absence of any other written communications from us documenting additional services, our services will be limited to and governed by the terms of this engagement letter.

Entire Agreement

This engagement letter, including any attachments, encompasses the entire agreement of the parties and supersedes all previous understandings and agreements between the parties, whether oral or written. Any

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modification to the terms of this engagement letter must be made in writing and signed by both parties. This Agreement has been entered into solely between South Whidbey Parks and Recreation District and Teresa D Johnson CPA, Inc and no third-party beneficiaries are created hereby.

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We appreciate the opportunity to be of service to South Whidbey Parks and Recreation District. Please date and execute the enclosed copy of this Agreement and return it to us to acknowledge your acceptance. We will not initiate services until we receive the executed Agreement.

Very truly yours,



Teresa D. Johnson

Approved:



Jennifer Cox, Board Chair

Date: 4-13-23

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