

Resolution No. 11-18

**A RESOLUTION OF THE VILLAGE OF EAST DUNDEE
ACCEPTING A PROPOSAL FROM EDER, CASELLA & CO. FOR
PAYROLL PROCESSING SERVICES**

NOW, THEREFORE, BE IT RESOLVED by the President and Board of Trustees of the Village of East Dundee, Cook and Kane Counties, Illinois, as follows:

Section 1. The Proposal from Eder, Casella & Co. for payroll processing services attached hereto as ATTACHMENT A, shall be and hereby is approved in substantially the form attached, subject to changes which may be made by the Village Administrator.

Section 2. The Village President and Village Clerk shall be and are hereby authorized to execute EXHIBIT A on behalf of the Village.

Section 3. This resolution shall take full force and effect upon its passage and approval as provided by law.


Passed by the President and the Village Board of Trustees of the Village of East Dundee, Illinois, this 18th day of June, 2018.

AYES: Trustees Lynam, Selep, Wood, Hall, Mahony and
Andresen

NAYS: Ø

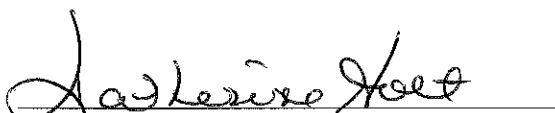
ABSENT: Ø

APPROVED:

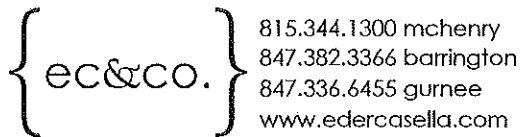


Village President

Attest:



Village Clerk



May 24, 2018

Zaida Torres
Village of East Dundee
120 Barrington Avenue
East Dundee, IL 60118

Eder, Casella & Co. is pleased to provide Village of East Dundee with services as described below. This letter, and the attached Terms and Conditions Addendum and any other attachments incorporated herein, (collectively, "Agreement"), confirms our understanding of the scope and objectives of the 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.

Scope and Objectives of Engagement

Eder, Casella & Co. will provide the following services via remote connection at our facility using the Village's software program:

- Process biweekly payroll, including direct deposit from Village of East Dundee's bank account
- Prepare quarterly payroll tax returns
- Prepare year-end W-2's
- Monthly IMRF reporting
- Employee changes

We will not perform management functions or make management decisions for you. However, we may provide advice, research materials and recommendations to assist your management in performing its functions and making decisions.

Any other services, such as preparation of sales tax returns, forms 1099 and 1096, and tax projections, will be provided upon request.

You agree that you are not and will not be entitled to rely on any advice given to you by us unless it is requested and provided in writing.

Client Responsibilities

You authorize Eder, Casella & Co. to accept instructions from your representative for this engagement.

The Village will be responsible for providing the following biweekly payroll information:

- Summary report of payroll hours to be paid for each employee.
- Direct deposit bank account credentials to process biweekly payroll
- Federal and state taxing agency credentials to process biweekly federal and state payroll tax payments.
- IMRF credentials to process monthly wage reporting and contribution reporting.
- Retirement website(s) credentials to process biweekly or monthly contribution reporting

NOTE: The Village of East Dundee will provide check stock and W-2 forms required to process payroll, payroll taxes and W-2's.

eder, casella & co.

As a condition of our performing the services described above, you agree to:

- approve all payroll time records that you provide to us;
- maintain adequate funds in any accounts from which you authorize us to pay salary and wage expenses and payroll taxes, and provide us with the information necessary to access such accounts;
- design, establish and maintain internal controls over the payroll processes, including but not limited to, controls related to accuracy, privacy and security of employee information, social security numbers, salary and wage records, including related time records; accuracy of updates to salary and wage records pertaining to employee status or salary changes; reconciliation of payroll bank accounts; and monitoring of ongoing payroll-related activities;
- determine if your workers are employees or independent contractors for tax purposes and consult with an employment law attorney to determine the classification of each person as an employee or independent contractor for purposes of reporting payroll taxes;
- prevent and detect fraud; and
- identify and ensure that the Village complies with the laws and regulations applicable to its activities.

You agree that your management is solely responsible for the proper classification of each person as an employee or independent contractor, and that your management and employees are responsible for the proper recording of transactions in your records, the safekeeping of assets, and the accuracy of your financial statements.

You are responsible for providing us with your salary and wage data and information. If you fail to adhere to the timing schedule provided, you will be responsible for any penalties and interest assessed by tax authorities for the late filing of returns or deposit of taxes. You are responsible for retaining all necessary written support and documentation should it be required for a potential examination by any government or regulatory authority at a later date.

You agree to defend, indemnify and hold our firm harmless for all claims (regardless of nature, including the negligence of either party), including but not limited to claims seeking recovery of salary, wages, payroll taxes, penalties or interest, arising from your failure to maintain adequate funds to allow timely remittance of wages and payroll taxes from any accounts which you authorize us to use to make such payments.

You have the final responsibility for the accuracy of payroll tax returns. You should check the returns carefully before an authorized officer signs them.

CPA Firm Responsibilities

We will perform our services in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants.

This engagement is limited to the payroll processing services outlined above. Eder, Casella & Co., in its sole professional judgment, reserves the right to refuse to take any action that may be construed as making management decisions or performing management functions, including determining account codings and approving journal entries.

The above payroll processing services will be performed based upon information you provide to us. We will not verify or audit the information you provide to us. Our engagement does not include any procedures designed to detect errors, fraud, or theft. Therefore, our engagement cannot be relied upon to disclose such matters. In addition, we have no responsibility to identify and communicate deficiencies or weaknesses in your internal control as part of this engagement.

We will perform our services under the assumption that all information you submit is true, complete and accurate according to documents and other information retained in your files.

Penalties and Interest Charges

Federal, state, and local taxing authorities impose various penalties and interest charges for non-compliance with tax law, including, failure to file or late filing of tax returns, and underpayment of taxes. You, as the taxpayer, remain responsible for the payment of all taxes, penalties, and interest charges imposed by taxing authorities.

We rely on the accuracy and completeness of the information you provide to us in connection with the preparation of your tax returns. Failure to disclose, or inadequate disclosure of income or tax positions, may result in the imposition of penalties and interest charges.

Professional Fees

The cost for processing the Village of East Dundee's biweekly payroll is \$320.00 per payroll based on the Village's estimate of 1/2 day per payroll run. Quarterly payroll tax returns will be \$150 per quarter and W-2s at year-end will be an additional fee of \$45 plus \$6 per W-2. Please note that any time above the initial four hours will be billed at our discounted hourly rate of \$80.00.

For any other services we provide, our fees will be based on time required at our regular rates for the type of services and personnel assigned plus out-of-pocket costs. We also give consideration to the difficulty and size of the assignment, the degree of skill required, time limitations imposed on us by others, the experience and ability of the personnel assigned, the nature of the project, the level of cooperation by the client's staff, and the value of the services to the client. Services will be billed monthly and are payable upon receipt.

We appreciate the opportunity to be of service to you. Please date and sign this Agreement and return it to us to acknowledge your agreement with its terms. In the event you provide us with some of the information necessary to perform these services, the commencement of our services constitutes your acceptance of the terms of this letter, even if this engagement agreement is not signed.

Sincerely,

Eder, Casella & Co.

Eder, Casella & Co.
Certified Public Accountants

Accepted by: _____

Date: 6/25/18

A large, stylized handwritten signature in black ink, written over the signature line and extending into the date field.

TERMS AND CONDITIONS ADDENDUM

Overview

This addendum to the engagement letter describes our standard terms and conditions ("Terms and Conditions") related to our provision of services to you. This addendum and the accompanying engagement letter comprise your agreement with us ("Agreement"). If there is any inconsistency between the engagement letter and this *Terms and Conditions Addendum*, the engagement letter will prevail to the extent of the inconsistency.

For the purposes of this *Terms and Conditions Addendum*, any reference to "firm," "we," "us," or "our" is a reference to [CPA Firm], and any reference to "you," or "your" is a reference to the party or parties that have engaged us to provide services. References to "Agreement" mean the engagement letter or other written document describing the scope of services, any other attachments incorporated therein, and this *Terms and Conditions Addendum*.

Billing and Payment Terms

Payment is due within the time allotted under the Local Government Prompt Payment Act, 50 ILCS 505/1, et seq., as amended from time to time, and interest shall accrue on amounts past due in accordance with the Act.

We reserve the right to suspend or terminate our work for non-payment of fees. If our work is suspended or terminated, you agree that we will not be responsible for your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, and lost profits, excluding punitive damages claimed by us against you) incurred as a result of the suspension or termination of our services.

Electronic Data Communication and Storage

In the interest of facilitating our services to you, we may send data over the Internet, or store electronic data via computer software applications hosted remotely on the Internet or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. We may use third party service providers to store or transmit this data, such as providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with our obligations under applicable laws, regulations, and professional standards. We require our third party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us or our third party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third party service providers during this engagement.

Client Portals

To enhance our services to you, we will use Client Portals, a collaborative, virtual workspace in a protected, online environment. Client Portals allow for real-time collaboration across geographic boundaries and time zones and allows Eder, Casella & Co. and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use Client Portals, you agree to be bound by the terms, conditions and limitations of the client portal agreement located on our website.

You agree that Eder, Casella & Co. has no responsibility for the activities of Client Portals. While Client Portals backs up your files to a third party server, we recommend that you also maintain your own backup files of these records.

If you decide to transmit your confidential information to us in a manner other than a secure portal, you accept responsibility for any and all unauthorized access to your confidential information. If you request that we transmit confidential information to you in a manner other than a secure portal, you agree that we are not responsible for (a) any loss or damage of any nature, whether direct or indirect, that may arise as a result of our sending confidential information in a manner other than a secure portal, and (b) any damages arising as a result of any virus being passed on or with, or arising from any alteration of, any email message.

Records Management

Record Retention and Ownership

We will return all your original records and documents provided to us at the conclusion of the engagement. Your records are the primary records for your operations and comprise the backup and support for your work product. Our copies of your records and documents are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations.

Workpapers and other documents created by us are our property and will remain in our control. Copies are not to be distributed without your written request and our prior written consent. Our workpapers will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements. A copy of our record retention policy is available upon request.

Our firm destroys workpaper files after a period of seven years. Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the retention period as stated in our record retention policy.

Working Paper Access Requests by Regulators and Others

State, federal and foreign regulators may request access to or copies of certain workpapers pursuant to applicable legal or regulatory requirements. Requests may arise with respect to peer review, an ethics investigation, or the sale of our accounting practice. If requested, access to such workpapers will be provided under the supervision of firm personnel. Regulators may request copies of selected workpapers to distribute the copies or information contained therein to others, including other governmental agencies.

If we receive a request for copies of selected workpapers, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such request as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit the disclosure of information. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests. This paragraph will survive termination of this Agreement.

Summons or Subpoenas

All information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis.

If we receive a summons or subpoena which our legal counsel determines, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such summons or subpoena as soon as practical. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit discovery. If you take no action within the time permitted for us to respond, or

if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses. This paragraph will survive termination of this Engagement letter.

Newsletters and Similar Communications

We may send newsletters, emails, explanations of technical developments or similar communications to you. These communications are of a general nature and should not be construed as professional advice. We may not send all such communications to you. These communications do not continue a client relationship with you, nor do they constitute advice or an undertaking on our part to monitor issues for you.

Disclaimer of Legal and Investment Advice

Our services under this Agreement do not constitute legal or investment advice unless specifically agreed to in the *Engagement Objective and Scope* section of this Agreement. We recommend that you retain legal counsel and investment advisors to provide such advice.

Referrals

In the course of providing services to you, you may request referrals to attorneys, brokers, investment advisors or other professionals. We may identify a professional or professionals for your consideration. However, you are responsible for evaluating, selecting, and retaining any professional and determining if the professional can meet your needs. You agree that we have no responsibility for and will not oversee the activities of any professional to whom we refer you.

Brokerage or Investment Advisory Statements

If you provide our firm with copies of brokerage (or investment advisory) statements and/or read-only access to your accounts, we will use the information solely for the purpose described in the *Engagement Objective and Scope* section of the engagement letter. We will rely on the accuracy of the information provided in the statements and will not undertake any action to verify this information. We will not monitor transactions, investment activity, provide investment advice, or supervise the actions of the entity or individuals entering into transactions or investment activities on your behalf. We recommend that you receive and carefully review all statements upon receipt, and direct any questions regarding account activity to your banker, broker or investment advisor.

Other Income, Losses and Expenses

If you realized income, loss or expense from a business or supplemental income or loss, the reporting requirements of federal and state income tax authorities apply to such income, loss or expense. You are responsible for complying with all applicable laws and regulations pertaining to such operations, including the classification of workers as employees or independent contractors and related payroll tax and withholding requirements.

Accountant – Client Privilege

Internal Revenue Code §7525, Confidentiality privileges related to taxpayer communication, provides a limited confidentiality privilege covering certain tax advice embodied in taxpayer communications with federally authorized tax practitioners in certain limited situations.

This privilege is limited in several important respects. For example, this privilege does not apply to your records, which you are required to retain in support of your tax return. In addition, the privilege does not apply to state tax issues, state tax proceedings, private civil litigation proceedings, or criminal proceedings.

While we will cooperate with you with respect to the privilege, asserting the privilege is your responsibility. Inadvertent disclosure of otherwise privileged information may result in a waiver of the privilege. Please contact us immediately if you have any questions or need further information about this CPA-client privilege.

Limitations on Oral and Email Communications

We may discuss with you our views regarding the treatment of certain items or decisions you may encounter. We may also provide you with information in an email. Any advice or information delivered orally or in an email (rather than through a memorandum delivered as an email attachment) will be based upon limited research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts may affect our analysis and conclusions.

Due to these limitations and the related risks, it may or may not be appropriate to proceed with any decision solely on the basis of any oral or email communication. You accept all responsibility, except to the extent caused by our gross negligence or willful misconduct, for any loss, cost or expense resulting from your decision (i) not to have us perform the research and analysis necessary to reach a more definitive conclusion and (ii) to instead rely on an oral or email communication. The limitation in this paragraph will not apply to an item of written advice that is a deliverable of a separate engagement. If you wish to engage us to provide formal advice on a matter on which we have communicated orally or by email, we will confirm this service in a separate engagement letter.

Management Responsibilities

While Eder, Casella & Co. can provide assistance and recommendations, you are responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge and experience to oversee any services Eder, Casella & Co. provides. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. You are ultimately responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

Conflicts of Interest

If we, in our sole discretion, believe a conflict has arisen affecting our ability to deliver services to you in accordance with either the ethical standards of our firm or the ethical standards of our profession, we may be required to suspend or terminate our services without issuing our work product. You agree that we will not be responsible for your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, or lost profits, excluding punitive damages we claim against you) incurred as a result of the suspension or termination of our services.

Alternative Dispute Resolution

If a dispute arises out of or relates to this Engagement letter including the scope of services contained herein, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under the AAA *Professional Accounting and Related Services Dispute Resolution Rules* before resorting to arbitration, litigation, or some other dispute resolution procedure. The mediator will be selected by the mutual agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the AAA. The mediation will be conducted in Illinois.

The mediation will be treated as a settlement discussion and, therefore, all conversations during the mediation will be confidential. The mediator may not testify for either party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceedings. The costs of any mediation proceedings shall be shared equally by all parties. Any costs for legal representation shall be borne by the hiring party.

Indemnification

As a material inducement for you to enter into this engagement with us, we agree to defend, indemnify and hold harmless you and your elected officials, officers, agents, attorneys, and employees (but not for actions taken by your attorneys against us) from and against any and all claims, actions, suits, damages, costs, expenses and liabilities, including the reasonable fees and expenses of their attorney's expert witnesses and consultants, court costs and fines, asserted

against them or sought to be imposed upon them, individually, jointly or severally, and which arise directly or indirectly out of or in connection in any way with our work for you, except to the extent that those claims, actions, suits, damages, costs, expenses and liabilities arise from the sole negligence of you, your representatives, officers, trustees, agents, attorneys or employees. In the event of any claims, actions, suits, damages, costs, expenses and liabilities, you shall have the right to counsel of your choice and the right to direct your own defense.

Designation of Venue and Jurisdiction

In the event of a dispute, you and we agree that the courts in Kane County of the State of Illinois shall have jurisdiction over the parties. We also agree that the laws of the State of Illinois shall govern all such disputes.

Proprietary Information

You acknowledge that proprietary information, documents, materials, management techniques and other intellectual property are a material source of the services we perform and were developed prior to our association with you. Any new forms, software, documents or intellectual property we develop during this engagement for your use shall belong to us, and you shall have the limited right to use them solely within your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements and other documents which we make available to you are confidential and proprietary to us. Neither you, nor any of your agents, will copy, electronically store, reproduce or make available to anyone other than your personnel, any such documents. This provision will apply to all materials whether in digital, "hard copy" format or other medium.

Termination and Withdrawal

We reserve the right to withdraw from the engagement without completing services for any reason, including, but not limited to, your failure to comply with the terms of this engagement letter or as we determine professional standards require. You may withdraw from the engagement at any time, but you shall be responsible to us for payment of any amounts incurred under the engagement as of the date of withdrawal.

Assignment

All parties acknowledge and agree that the terms and conditions of this engagement letter shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.

Severability

If any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this engagement letter.

Entire Agreement

This engagement letter, including the Terms and Conditions Addendum and any other attachments, encompasses the entire agreement of the parties and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this engagement letter must be made in writing and signed by both parties.