

RESOLUTION 2011- 23

ORIGINAL

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF SUNNYSIDE, WASHINGTON,
AUTHORIZING THE CITY MANAGER TO ENTER INTO A
LETTER OF ENGAGEMENT FOR TAX ADVICE

WHEREAS, the City of Sunnyside is required to prepare and submit to federal and state government agencies a variety of reports related to payroll; and

WHEREAS, during 2010 City of Sunnyside staff discovered a number of issues that required investigation, review and preparation of reports to correct previous filings that were made in error; and

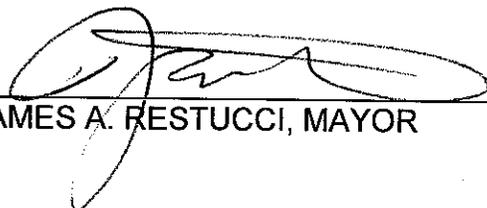
WHEREAS, the City of Sunnyside needs outside expertise to review work performed by staff and to assist in discussions and negotiations with various federal and state government agencies;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUNNYSIDE, WASHINGTON, as follows:

SECTION 1. That the City Council of the City of Sunnyside authorizes the City Manager to execute the attached Letter of Engagement with Alegria & Company, P.S. attached as Exhibit "A" to this resolution in an amount not to exceed \$25,000 for 2011.

SECTION 2. This Resolution shall be effective upon passage, approval and signatures hereon in accordance with law.

PASSED this 11th day of April, 2011.



JAMES A. RESTUCCI, MAYOR

ATTEST:



DEBORAH A. ESTRADA, CITY CLERK

APPROVED AS TO FORM:



MENKE JACKSON BEYER EHLIS & HARPER, LLP
Attorneys for the City of Sunnyside



Certified Public Accountants

April 7, 2011

Mr. Mark J. Gervasi
City Manager
City of Sunnyside
Sunnyside, Washington

This letter sets forth our understanding for applying agreed-upon procedures to investigate and research payroll issues for the City of Sunnyside for the years from 2003 through 2011.

This engagement is solely to assist the City of Sunnyside in becoming compliant with federal and state payroll tax reporting requirements for the period of 2003 through 2011 and to address penalties assessed by the Internal Revenue Service and attempt to have those penalties abated. We will apply various procedures to investigate and research the payroll issues present in the City of Sunnyside for the years 2003 through 2011 with an emphasis on issues present in the years 2007 through 2010.

This agreed upon procedures engagement will be performed in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation as to the sufficiency of the procedures for the City of Sunnyside's purposes or for any other purpose.

The agreed-upon procedures to be performed do not constitute an examination. Accordingly, we will not express an opinion on whether the procedures are in conformity with AICPA presentation guidelines. If we do perform additional procedures, other matters might come to our attention that would be reported to you.

Our report will list the procedures performed and our findings. Should we have any reservations with respect to the results of the report, we will discuss them with you before the report is issued.

We have no responsibility to update our report for events and circumstances occurring after the date of our report.

Our report is intended solely for the use of the City of Sunnyside. The report should not be used by anyone else.

At the conclusion of the engagement, management agrees to supply us with a representation letter that, among other things, will confirm management's responsibility

EXHIBIT 'A'

To Byron Olson
City of Sunnyside
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for the underlying assumptions and appropriateness of the payroll tax report and presentation to the City Council or other body.

John Rothenbueler is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We have obtained a power of attorney to represent the City of Sunnyside in addressing issues involving payroll tax penalties assessed to the current date. We will make our best effort to have the penalties assessed abated; however, we make no warranties or representations regarding successful abatement of penalties assessed or termination of matters involving the City of Sunnyside's payroll tax filings, financial obligations or past compliance or continued compliance with payroll tax laws and filing requirements.

Fees for the individuals working on this project range from \$120 to \$285 per hour. These fees may increase as of September 16, 2011. We agree not to provide services or present invoices under this agreement in excess of \$25,000 (twenty-five thousand dollars) in any calendar year without written authorization mutually signed and agreed to. Our invoices presented totalled \$7,350 in the year ended December 31, 2010. Our invoices to date for the year ended December 31, 2011 total \$11,424. Our bills are due within thirty days of receipt. Interest accrues at an annual rate of 18% on the outstanding balance. If payments are more than thirty days past due, we reserve the right to cease work.

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.

Sincerely,



John K. Rothenbueler
Certified Public Accountant

RESPONSE: This letter correctly sets forth the understanding of the City of Sunnyside.

Mark J. Gervasi, City Manager

Date