



Certified Public Accountants

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Members of:  
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Tennessee Society of Certified Public Accountants  
Center for Public Company Audit Firms  
Employee Benefit Plan Audit Quality Center – AICPA

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March 17, 2009

Honorable Harold Perrin, Mayor  
City of Jonesboro  
515 West Washington Avenue  
Jonesboro, Arkansas 74201

It was a pleasure meeting with you last night to discuss the accounting and consulting needs of the City of Jonesboro (City). During our meeting, you requested that we submit an engagement letter for providing details of the work to be performed. This engagement letter sets forth the engagement's objectives, documents the procedures for conducting this engagement, identifies your responsibilities, and provides our estimated fees.

#### **ENGAGEMENT OBJECTIVE**

The engagement's objective is to assist in reconciling and correcting accounting records; preparation of adjusting journal entries to get the city's records to the modified accrual basis of accounting; identify deficiencies in the city's internal control and provide consultation as necessary regarding improvements in the city's in the system of controls over financial reporting.

#### **SCOPE OF SERVICES**

1. We will assist in reconciling all cash and investment accounts from December 31, 2007 up to a current date and propose the adjustments necessary to correct the recorded balances.
2. We will assist in preparing schedules of accrued revenue and expenses as of 12/31/07 and 12/31/08 in order to provide a basis to convert the city's financial reporting to the modified accrual basis of accounting for the fiscal 2008 year.
3. We will assist in preparing an analysis of reserved and designated fund balances.
4. We will assist in preparing a list of the city's commitments as of December 31, 2008 for inclusion in the 2008 financial statements.
5. We will assist as necessary in analyzing and reconciling revenue and expenditure accounts for the 2008 fiscal year and will propose adjustments to correct errors found in those accounts.
6. We will assist in preparation of the December 31, 2008 financial statements.
7. As the above work is performed, we will provide recommendations on correcting noted deficiencies in internal control.
8. We will analyze other areas of internal control as approved by management and provide recommendations for improvement in controls.

Dyersburg, TN  
Henderson, TN  
Martin, TN  
Milan, TN  
Trenton, TN

Fulton, KY  
Jackson, TN  
McKenzie, TN  
Paris, TN  
Union City, TN

We will provide progress reports of the status of our work every Friday to the Mayor. The City of Jonesboro has the right to terminate or change the scope of our work at any time.

All work will be performed by Alexander Thompson Arnold professional staff. We may also use professionals from outside our firm to assist on a contract basis. Any use of outside professionals will be cleared with the Mayor and Finance Director of the City first.

## **YOUR RESPONSIBILITIES**

The engagement's nature will require significant involvement by your accounting personnel. They will need to be available to answer questions and provide records as requested.

## **PROFESSIONAL FEES**

Our fees will be billed at our standard rates from \$75 to \$250 per hour plus out-of-pocket costs. We will submit a bill on monthly basis to the city for the work performed for that month. The status of the engagement and the related fees will be reviewed monthly with city officials and the terms of the engagement may be renegotiated at any time.

We appreciate the opportunity to provide these services. Please indicate your approval by signing below and return a copy of this letter to us.

Very truly yours,

Alexander Thompson Arnold PLLC

By   
Michael Hewitt, CPA

Response:

This letter correctly sets forth the understanding of .

Signature \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_