

# The City of Dixon: How Rita Crundwell Stole over 53 Million Dollars and How Most of It Was Retrieved



**Devon Bruce, Partner**

*Attorney, Power Rogers & Smith, LLP*

January 30, 2019

# DIXON, ILLINOIS



# CITY HALL, DIXON, ILLINOIS



## Rita's Horses

HORSES BRED BY RITA HAVE EARNED  
52 World Championships

Eight Years in Row AQHA's 'Leading Owner' and one of their Leading Breeders.



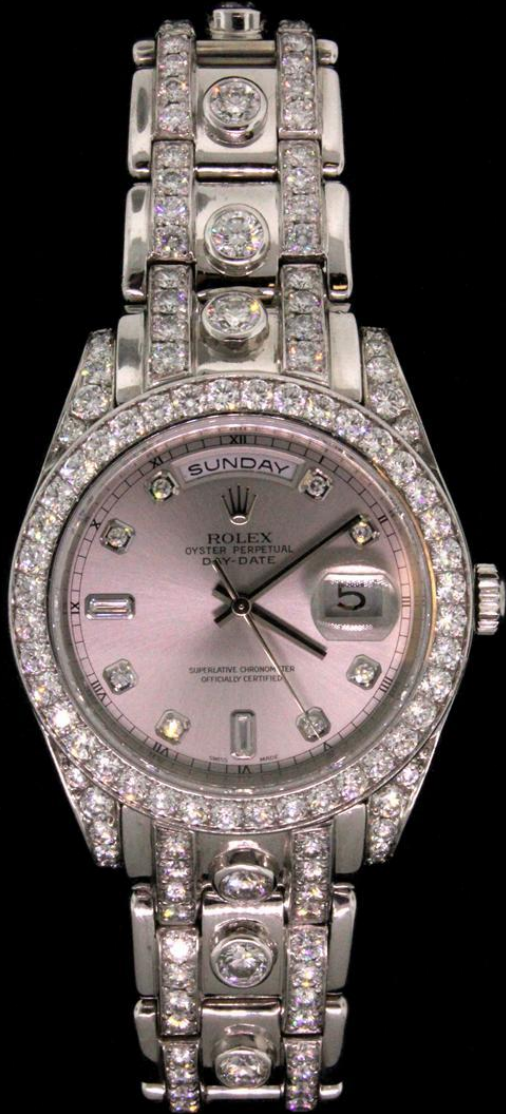
# HORSE TRAILERS



# \$4,000,000.00 MOBILE HOME



# RITA'S JEWELRY





**Illinois Department  
of Transportation**

Invoice

City of Dixon  
121 W 2nd  
City Clerk  
Dixon, IL 61021

INVOICE NO. 101492  
RESP. CODE 8040  
INVOICE DATE 06/22/2007  
REVENUE CODE 6305  
AUDIT NUMBER  
PAYER NUMBER 06614

EXPLANATION OF CHARGES	PAY FROM THIS INVOICE	
	AMOUNT	
LOCATION: IL 26 & Bloody Gulch Road		
LOCAL SECTION:		
ROUTE: FAP 316		
SECTION: 101TS		
COUNTY: Lee		
JOB NO.: C-92-110-06		
PROJECT NO.: HS-0316/031/		
CONTRACT NO.: 64C26		
DISTRICT: 2		
The Agreement executed 5/19/2006 between City of Dixon, and the State of Illinois provides that the city will reimburse the State for part of the construction costs.		
<b>FINAL CITY SHARE:</b>		
LS30L01 @ 5%	\$146,139.04	\$7,306.95
Plus engineering @ 15%	\$7,306.95	\$1,096.04
City of Dixon share	\$8,402.99	
Payment Due Date 07/06/2007	<b>TOTAL DUE</b>	<b>\$8,402.99</b>

PLEASE MAKE CHECK PAYABLE TO TREASURER, STATE OF ILLINOIS

MAIL TO: Illinois Department of Transportation  
Room 322, Harry R. Hanley Building  
2300 So. Dirksen Parkway  
Springfield, IL 62764

INQUIRIES CONTACT: Sunday Odele at 217/785-4617.

CDixon000081

INVOICE

INVOICE NO. 101388  
RESP. CODE 8040  
INVOICE DATE 3/31/07  
REVENUE CODE 6305  
AUDIT NUMBER  
PAYER NUMBER 06614

DIXON, CITY OF  
C/O City Clerk  
City Hall  
Dixon  
IL 61021

EXPLANATION OF CHARGES

PAY FROM THIS INVOICE

LOCATION: Route 26 & South Galena Avenue  
LOCAL SECTION: Toll Booth Demoliton/Relocation  
ROUTE : FA316  
SECTON : 101RS-3  
COUNTY : Lee  
JOB NO. : H-92-425-06  
PROJECT NO.: FAS-06-15-03/011  
CONTRACT NO.: 993693

*4/2/07  
✓ # 461*

The Agreement executed between DIXON,  
CITY OF, and the State of Illinois provides that  
the city will reimburse the state for part of the  
construction costs and engineering costs.

*7205,37*

CITY SHARE: \$2,500,000.00

City Share	\$2,500,000.00	
Less Previous Payments	(\$1,204,000.00)	
Balance Due		\$1,296,000.00

Payment Due Date: 4/15/07      NOW DUE      \$290,000.00

*1,006,000 (bal)*

PLEASE MAKE CHECK PAYABLE TO TREASURER, STATE OF ILLINOIS  
AND MAIL TO: Illinois Department of Transportation  
Room 322, Harry R. Hanley Building  
2300 So. Dirksen Parkway  
Springfield, IL 62764

CITY OF DIXON  
CAPITAL DEVELOPMENT FUND

70-598/719  
4003597503

414

DATE 4/13/05

PAY TO THE ORDER OF Treasurer, State of IL \$ 91,435.27\*\*\*

BUREAU OF CONSTRUCTION  
Ninety-one thousand four hundred thirty-five & 27/100 DOLLARS

MEMO Rita Lundwell

2005 APR 15 A 11:20

⑆071905985⑆ 4003597503⑆ 0414 ⑆0009143527⑆

CITY OF DIXON  
CAPITAL DEVELOPMENT FUND

70-598/719  
4003597503

401

DATE 3/4/04

PAY TO THE ORDER OF Treasurer, State of IL \$ 275,000.00\*\*

Two hundred seventy-five thousand & no/100 DOLLARS

MEMO Rita Lundwell

⑆071905985⑆ 4003597503⑆ 0401 ⑆0027500000⑆

CITY OF DIXON  
CAPITAL DEVELOPMENT FUND

70-598/719  
4003597503

373

DATE 12/14/01

PAY TO THE ORDER OF Treasurer \$ 275,000.00\*\*\*

Two hundred seventy-five & no/100 DOLLARS

MEMO Rita Lundwell

⑆071905985⑆ 4003597503⑆ 0373 ⑆0027500000⑆



**STANDARD FORM TO CONFIRM ACCOUNT  
BALANCE INFORMATION WITH FINANCIAL INSTITUTIONS**

**ORIGINAL**  
To be mailed to accountant

CITY OF DIXON, ILLINOIS  
CUSTOMER NAME

Financial Institution's Name and Address

We have provided to our accountants the following information as of the close of business on APRIL 30, 2009 regarding our deposit and loan balances. Please confirm the accuracy of the information, noting any exceptions to the information provided. If the balances have been left blank, please complete this form by furnishing the balance in the appropriate space below. Although we do not request nor expect you to conduct a comprehensive, detailed search of your records, if during the process of completing this confirmation additional information about other deposit and loan accounts we may have with you comes to your attention, please include such information below. Please use the enclosed envelope to return the form directly to our accountants.

1. At the close of business on the date listed above, our records indicated the following deposit balance(s):

ACCOUNT NAME	ACCOUNT NO.	INTEREST RATE	BALANCE*
SEE ATTACHED LIST			

2. We were directly liable to the financial institution for loans at the close of business on the date listed above as follows:

ACCOUNT NO./ DESCRIPTION	BALANCE*	DATE DUE	INTEREST RATE	DATE THROUGH WHICH INTEREST IS PAID	DESCRIPTION OF COLLATERAL

Rita Crundwell  
(Customer's Authorized Signature)  
RITA CRUNDWELL, COMP.TREAS.

4/22/09  
(Date)

The information presented above by the customer is in agreement with our records. Although we have not conducted a comprehensive, detailed search of our records, no other deposit or loan accounts have come to our attention except as noted below.

[Signature]  
(Financial Institution Authorized Signature)

5-2-09  
(Date)

(Title)

EXCEPTIONS AND/OR COMMENTS

Please return this form directly to our accountants:

Samuel S. Card, CPA P.C.  
501 E. 4th Street, PO Box 1093  
Sterling, IL 61081

\*Ordinarily, balances are intentionally left blank if they are not available at the time the form is prepared.

Approved 1990 by American Bankers Association, American Institute of Certified Public Accountants, and Bank Administration Institute. Additional forms available from: AICPA - Order Department, P.O. Box 1003, NY, NY 10108-1003

✓ - 1100.20

<u>TITLE OF ACCOUNT</u>		<u>ACCOUNT NO.</u>
12/1/08 CITY OF DIXON, LIBRARY WORKING CASH FUND	✓ 136,799.05	201400597 8560
12/1/08 CITY OF DIXON, LIBRARY FUND	✓ 14,064.78	400597 9611
12/1/08 CITY OF DIXON, OAKWOOD CEMETERY ENDOWMENT FUND	✓ 10,556.26	400598 3720
12/1/08 CITY OF DIXON, GENERAL ACCOUNT	✓ 673,266.00	400596 2563
12/1/08 CITY OF DIXON, SALES TAX FUND	✓ 34,466.89	400346 8373
12/1/08 CITY OF DIXON, DRUG FINE ACCOUNT	✓ 6,7620.28	400348 2524
12/1/08 CITY OF DIXON, CAPITAL DEVELOPMENT FUND	✓ 6,0601.16	40035-975-03
12/1/08 CITY OF DIXON, LANDFILL RESERVE FUND	✓ 29,72.48	400349 2679
CITY OF DIXON, OAKWOOD ENDOWMENT FUND	<del>6,459.95</del>	012-0561449561
CITY OF DIXON, OAKWOOD CEMETERY ENDOWMENT FUND		002-0561117663
12/1/08 CITY OF DIXON, NEXT GENERATION LIBRARY PROJECT	✓ 6,459.95	7514338842
CITY OF DIXON, WATER FUND DEPRECIATION	✓ 48,646.34	012-0561406836
CITY OF DIXON, CONSUMER DEPOSIT ACCOUNT	✓ 163,209.64	012-0561406844

matured  
6/2/08  
closed 9/2/08

interest rate on dda/savings  
is .2496%

**STANDARD FORM TO CONFIRM ACCOUNT  
BALANCE INFORMATION WITH FINANCIAL INSTITUTIONS**

**ORIGINAL**  
To be mailed to accountant

CITY OF DIXON, ILLINOIS  
CUSTOMER NAME

Financial Institution's Name and Address

We have provided to our accountants the following information as of the close of business on APRIL 30, 2010 regarding our deposit and loan balances. Please confirm the accuracy of the information, noting any exceptions to the information provided. If the balances have been left blank, please complete this form by furnishing the balance in the appropriate space below. \*Although we do not request nor expect you to conduct a comprehensive, detailed search of your records, if during the process of completing this confirmation additional information about other deposit and loan accounts we may have with you comes to your attention, please include such information below. Please use the enclosed envelope to return the form directly to our accountants.

1. At the close of business on the date listed above, our records indicated the following deposit balance(s): M=THUNDANT

ACCOUNT NAME	ACCOUNT NO.	INTEREST RATE	BALANCE*
SEE ATTACHED LIST	8819 8560 8524 9611 2679 3720 7503 3681 9530 2563		8878-7.9M 2563-52.8M 2824-4.9M 8560-133.7M 2679-2.9M 9611-102M 7503-4.3M 3720-79.4M 9530-142.5M 3681-6.9M

2. We were directly liable to the financial institution for loans at the close of business on the date listed above as follows: NO LOANS

ACCOUNT NO./ DESCRIPTION	BALANCE*	DATE DUE	INTEREST RATE	DATE THROUGH WHICH INTEREST IS PAID	DESCRIPTION OF COLLATERAL

Rita Crundwell  
(Customer's Authorized Signature)  
RITA CRUNDWELL, COMP./TREAS.

4/7/10  
(Date)

The information presented above by the customer is in agreement with our records. Although we have not conducted a comprehensive, detailed search of our records, no other deposit or loan accounts have come to our attention except as noted below.

[Signature]  
(Financial Institution Authorized Signature)

11/2/10  
(Date)

Relationship Manager  
(Title)

EXCEPTIONS AND/OR COMMENTS  
Please let me know if you need further information. 312-704-6918

Please return this form directly to our accountants:

Samuel S. Card, CPA P.C.  
501 E. 4th Street, P. O. Box 1083  
Sterling, IL 61081

\*Initially, balances are intentionally left blank if they are not available at the time the form is prepared.

Approved 1999 by American Bankers Association, American Institute of Certified Public Accountants, and Bank Administration Institute. Additional forms available from: AICPA • Order Department, P.O. Box 1003, NY, NY 10108-1003

**STANDARD FORM TO CONFIRM ACCOUNT  
BALANCE INFORMATION WITH FINANCIAL INSTITUTIONS**

①

**ORIGINAL**  
To be mailed to accountant

CITY OF DIXON, ILLINOIS  
CUSTOMER NAME

Financial Institution's Name and Address [ ]  
[ ]

We have provided to our accountants the following information as of the close of business on APRIL 30, 2011 regarding our deposit and loan balances. Please confirm the accuracy of the information, noting any exceptions to the information provided. If the balances have been left blank, please complete this form by furnishing the balance in the appropriate space below. \*Although we do not request nor expect you to conduct a comprehensive, detailed search of your records, if during the process of completing this confirmation additional information about other deposit and loan accounts we may have with you comes to your attention, please include such information below. Please use the enclosed envelope to return the form directly to our accountants.

1. At the close of business on the date listed above, our records indicated the following deposit balance(s):

ACCOUNT NAME	ACCOUNT NO.	INTEREST RATE	BALANCE*
SEE ATTACHED LIST	Please see the sheet I have included		

2. We were directly liable to the financial institution for loans at the close of business on the date listed above as follows:

ACCOUNT NO./ DESCRIPTION	BALANCE*	DATE DUE	INTEREST RATE	DATE THROUGH WHICH INTEREST IS PAID	DESCRIPTION OF COLLATERAL
			NA		

Rita Crundwell 4/20/11  
(Customer's Authorized Signature) (Date)  
RITA CRUNDWELL, COMP./TREAS.

The information presented above by the customer is in agreement with our records. Although we have not conducted a comprehensive, detailed search of our records, no other deposit or loan accounts have come to our attention except as noted below.

[Signature] 5/2/11  
(Financial Institution Authorized Signature) (Date)  
Relationship Manager  
(Title)

EXCEPTIONS AND/OR COMMENTS

Please return this form directly to our accountants:

[ Samuel S. Card, CPA P.C. ]  
[ 501 E. 4th Street, P. O. Box 1093 ]  
[ Sterling, IL 61081 ]

\*Ordinarily, balances are intentionally left blank if they are not available at the time the form is prepared.

Approved 1990 by American Bankers Association, American Institute of Certified Public Accountants, and Bank Administration Institute. Additional forms available from: AIDPA - Order Department, P.O. Box 1003, NY, NY 10108-1003

05/04/2011  
04:47:17 PM

CITY OF DIXON  
121 W 2ND ST PO BOX 386  
121 W 2ND STREET  
DIXON, IL, 61021

Account Type Description	Account Number	Open Date	Account Balance	Available Balance	
PF TOTAL NOW	xxxxxx8373	06/29/1988	\$2658.65	\$2658.65	1100.20
PF TOTAL NOW	xxxxxx2524	12/08/1988	\$33599.16	\$33599.16	1100.20
PF TOTAL NOW	xxxxxx2679	05/30/1989	\$2984.41	\$2984.41	1100.20
PF TOTAL NOW	xxxxxx7503	08/21/1990	\$4292.69	\$4292.69	1100.20
PF TOTAL NOW	xxxxxx9530	12/17/1990	\$10457.37	\$10457.37	①
PF TOTAL NOW	xxxxxx2563	01/18/1985	\$38558.62	\$-151823.38	②
PF TOTAL NOW	xxxxxx8560	08/28/1987	\$110545.27	\$110545.27	③
PF TOTAL NOW	xxxxxx9611	11/24/1987	\$22290.65	\$22290.65	④
PF TOTAL NOW	xxxxxx3720	05/27/1988	\$83543.03	\$83543.03	1100.20
PF TOTAL NOW	xxxxxx8581	02/17/2000	\$6973.83	\$6973.83	⑤
CERT OF DEPOST	xxxxxxxx6836	11/12/1997	\$49290.69	\$49290.69	1100.20
CERT OF DEPOST	xxxxxxxx6844	11/12/1997	\$104576.13	\$104576.13	1100.20
CERT OF DEPOST	xxxxxxxx5844	10/09/2009	\$14500.00	\$14500.00	⑥

- ① This is not a city fund. It is the Reagan statrk committee account. Per Rita, the account had a city ID for taxes.
- ② wings of Peace account, it's not a city account.
- ③ Liberty Board of Trustees CD, it's not the city's.

④ - These a/c's were incorrectly confirmed. Per phone call to 5/3 rd bank, the balances on the monthly stmts (see attached) are the correct balances.

Statement Period Date: 4/1/2007 - 4/30/2007  
 Account Type: Rnd Rnd 1004 Now  
 Account Number: 5003609530

Banking Center: Dixon  
 Banking Center: Provider BUS-381-3333  
 Commercial Check Services: 1-800-569-8355  
 www.53.com

CITY OF DIXON  
 PO BOX 286  
 R 5 BOX 4  
 DIXON IL 61021-0386

17210

**Account Summary: 4003609530**

Date	Description	Amount	Interest Earned	Number of Days in Period	Interest Earned YTD	Prior Year Interest
04/01	Beginning Balance	\$147,160.88	\$67.09			
43	Checks	(3,321,397.14)	30			
13	Withdrawals / Debits	(40,197.70)	\$2,622.18			
4	Deposits / Credits	\$477,842.08	\$10,954.29			
04/30	Ending Balance	\$269,208.13				

**Checks**

\* Indicated pay to check number    \*\* Electronic Image    % = % of Total Check    43 checks totaling \$3,321,397.14

Number	Date Paid	Amount	Number	Date Paid	Amount	Number	Date Paid	Amount
7580	04/06	3,300.00	7644	04/05	5,630.58	7658	04/16	1,725.00
7623	04/04	750.00	7645	04/16	880.00	7659	04/17	7,746.10
7630	04/04	3,300.00	7646	04/16	25.75	7660	04/27	3,330.40
7632	04/04	57,947.63	7647	04/08	1,418.00	7663	04/16	3,374.00
7633	04/06	16,000.00	7648	04/11	236.00	7664	04/20	452.80
7634	04/06	2,890.00	7649	04/10	4,671.23	7665	04/20	10,193.20
7635	04/09	5,519.00	7650	04/13	190.00	7666	04/24	669.50
7636	04/06	1,985.00	7651	04/13	17,043.00	7668	04/26	3,000.00
7637	04/05	62,219.55	7652	04/11	1,330.39	7669	04/23	10,000.00
7638	04/06	2,690.00	7653	04/10	1,576.00	7670	04/24	1,000.00
7639	04/12	178.00	7654	04/11	86.00	7671	04/16	32,400.00
7640	04/12	3,191.25	7655	04/18	1,310.00	7672	04/23	16,094.52
7641	04/06	300.92	7656	04/16	3,919.32	7674	04/21	960.00
7642	04/05	8,938.00	7657	04/17	2,930.00	7675	04/25	51,011.46
7643	04/25	55.00						

**Withdrawals / Debits**

13 items totaling \$46,197.70

Date	Amount	Description
04/02	2,000.00	WEB INITATED PAYMENT AT MACYS ONLINE PMT CXC38454089POS 040207
04/03	15,114.88	WEB INITATED PAYMENT AT CHASE EPAY 280575911 040307
04/04	80.80	TELEPHONE INITATED PAYMENT AT VZ WIRELESS VZW VZW WEBPAY 8258631 040407
04/04	32.56	WEB INITATED PAYMENT AT SINGULAR WIRELES PAYMENT 2942615711 040407
04/10	1,775.68	WEB INITATED PAYMENT AT SINK ONLINE PMT ONLINE PMT CXT86606828POS 041007
04/10	6,799.49	WEB INITATED PAYMENT AT CITI CLICK 2 PAY PAYMENT 8F8F42746279 041007
04/10	10,215.28	WEB INITATED PAYMENT AT MEGA ONLINE PMT ONLINE PMT CXT016151178POS 041007
04/11	111.80	DELUXE BILLING CHK ORDERS 05745 041107
04/15	114.91	TELEPHONE INITATED PAYMENT AT VZ WIRELESS VE VZW WEBPAY 0336125 041507
04/23	68.43	WEB INITATED PAYMENT AT SINGULAR WIRELES PAYMENT 28691288011 042307
04/23	382.05	WEB INITATED PAYMENT AT SPRINT 0635111 ACHILL BAY 49101518253162 042307
04/25	235.35	WEB INITATED PAYMENT AT SHEL ONLINE PMT 0009 042507
04/26	3,022.36	WEB INITATED PAYMENT AT AMERICAN EXPRESS ELEC REMIT 07042506322030 042607

**Deposits / Credits**

4 items totaling \$477,842.08

Date	Amount	Description
04/02	290,000.00	DEPOSIT
04/26	3,985.00	DEPOSIT
04/27	183,000.00	DEPOSIT
04/29	687.08	INTEREST

**Daily Balance Summary**

Date	Amount	Date	Amount
04/02	419,160.88	04/11	221,659.32
04/03	409,046.01	04/12	210,288.07
04/04	392,945.04	04/13	200,255.07
04/05	286,318.93	04/16	191,440.84
04/06	285,183.01	04/17	177,614.34
04/09	248,219.01	04/18	176,204.34
04/10	229,130.47	04/20	169,659.14

# Clifton Emails

**From:** Rita Crundwell <ritadch@grics.net>  
**Sent:** Wednesday, March 28, 2007 2:17 PM  
**To:** Shank, Megan <megan.shank@cliftoncpa.com>  
**Subject:** Re: Total Audit Fee

---

On 3/28/07 11:59 AM, 'Shank, Megan' <Megan.Shank@cliftoncpa.com> wrote:

Rita,

Here is the total fee for the April 30 2007 aud'l.

Audit -	\$31,500
Single Audit -	3,750
Pensions -	6,750
Water Dept -	10,500
Total -	\$52,500

Please call me with any questions.  
Thank you,  
Megan

---

Megan Shank, CPA  
Manager  
Clifton Gunderson LLP  
114 East Everett, P.O. Box 386  
Oxon, IL 61021  
815.284.2285 / FAX 815.284.9265  
Megan.Shank@cliftoncpa.com

[www.cliftoncpa.com](http://www.cliftoncpa.com/) <<http://www.cliftoncpa.com/>>  
COUNT ON INSIGHT®

**From:** Shank, Megan <megan.shank@cliftoncpa.com>  
**Sent:** Tuesday, April 1, 2008 4:02 PM  
**To:** ritadch@grics.net  
**Subject:** Audit Fee

---

Rita,  
Per our phone conversation here is a breakdown of the fee which will not be exceeded.

Water Dept -	\$10,000
Police Pension DOI report -	\$3,500
Fire Pension DOI report -	\$3,500
City Audit -	\$37,000

Please call myself or Todd with any questions,  
Thank you,  
Megan

---



Megan Shank, CPA  
Manager  
Clifton Gunderson LLP  
114 East Everett, P.O. Box 386  
Oxon, IL 61021  
815.284.2285 / FAX 815.284.9265  
Megan.Shank@cliftoncpa.com

[www.cliftoncpa.com](http://www.cliftoncpa.com)  
COUNT ON INSIGHT®

# Clifton Emails

**From:** Shank, Megan <megan.shank@cliftoncpa.com>  
**Sent:** Wednesday, April 23, 2008 10:22 AM  
**To:** ritadch@grics.net  
**Subject:** Audit Dates

---

Hi Rita,

I just wanted to set up some dates for us to come out and do fieldwork for the audit. I was thinking the weeks of May 19 and May 27th? Let me know what you think, I checked with Joan and she thought she would have your April monthly work done by then.

Thanks, Megan



**Megan Shank, CPA**  
Manager  
Clifton Gunderson LLP  
114 East Everett, P.O. Box 386  
Dixon, IL 61021  
815.284.2285 / FAX 815.284.9265  
Megan.Shank@cliftoncpa.com

www.cliftoncpa.com  
COUNT ON INSIGHT®

**From:** Shank, Megan <megan.shank@cliftoncpa.com>  
**Sent:** Thursday, February 19, 2009 7:38 PM  
**To:** ritadch@grics.net  
**Subject:** 4/30/09 Audit

---

Rita,

It's that time of year again!!! We are thinking about the April audits again and I was thinking I better check with you regarding the amount of federal awards which was received and expended in your fiscal year so far.

Let me know and we will proceed accordingly.  
Have a great day!  
Thanks.  
Megan



**Megan Shank, CPA**  
Manager  
Clifton Gunderson LLP  
114 East Everett, P.O. Box 386  
Dixon, IL 61021  
815.284.2285 / FAX 815.284.9265  
Megan.Shank@cliftoncpa.com

www.cliftoncpa.com  
COUNT ON INSIGHT®

# Clifton Emails

**From:** Shank, Megan <megan.shank@cliftoncpa.com>  
**Sent:** Wednesday, April 8, 2009 10:42 AM  
**To:** Rita Crundwell <rita.crundwell@discoverdixon.org>  
**Subject:** RE: Scanned document from Shank, Megan (Shan5867)

---

Thanks Rita, I haven't heard from Matt, but assume I will at some point.

I also, wanted to schedule the audit fieldwork, I talk to Joan and looks like they should have the year end information completed by 5/18/09, would the weeks of 5/18 and 5/26 work for us to come out?

Let me know, thanks.  
Megan



---

**Megan Shank, CPA**  
Manager  
Clifton Gunderson LLP  
114 East Everett, P.O. Box 386  
Dixon, IL 61021  
815.284.2285 / FAX 815.284.9265  
Megan.Shank@cliftoncpa.com

www.cliftoncpa.com  
COUNT ON INSIGHT®



April 1, 2010

Honorable Mayor and Commissioners  
City of Dixon, Illinois  
City Hall  
Dixon, IL 61021

Dear Sir or Madam:

We are pleased to serve you as your independent accountants. The purpose of this engagement letter and the accompanying Professional Services Agreement, which is attached and incorporated by reference, is to confirm the terms of our agreement. This letter and the attached Professional Services Agreement also clarify the nature, extent and limitations of the nonattest services to be provided.

Todd Etheridge will be the relationship partner responsible for the services provided to you. He will be assisted on this engagement by Megan Shank, manager. In addition to the services that we are to provide under this engagement letter, we would also be pleased to assist the Entity on issues as they arise throughout the year. Hence, we hope that you will contact either of these individuals when you believe the firm can be of assistance.

**Services to be Provided**

Our nonattest services will include:

- Compilation of the financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Dixon, Illinois as of and for the years ended April 30, 2010, 2011, and 2012.
- Assisting you with:
  - o Preparing your financial statements from the accounting records and related financial information made available to us
  - o Calculating depreciation
- Proposing adjusting journal entries
- Preparation of the State of Illinois Comptroller's Annual Financial Report
- Preparation of the Annual Statement of the Firefighters Pension Fund for the State of Illinois Department of Insurance
- Preparation of the Annual Statement of the Police Pension Fund for the State of Illinois Department of Insurance

Our compilation will be made in accordance with *Statements on Standards for Accounting and Review Services (SSARS)* issued by the American Institute of Certified Public Accountants.

114 East Everett  
P.O. Box 368  
Dixon, Illinois 61021  
tel: 815.284.2285  
fax: 815.284.9265

www.cliftoncpa.com

Offices in 17 states and Washington, DC



CGMISC00009417

**Our Fees and Payment Terms**

The charges for our work are to be based upon the time involved, degree of responsibility assumed and skills required, plus expenses including internal and administrative charges. Bills for services are due when submitted. Interim bills may be submitted at periodic dates to cover charges and expenses incurred. If a bill for services is not paid when due, we reserve the right to cease work and withdraw from the engagement.

We do not anticipate that we will encounter any substantial amount of accounting work to be completed or adjusted by us, or any defalcation or other significant problem or contingency. We will, of course, advise you before undertaking any work that would require an increase in the fee arrangement.

It is hereby agreed that our fee will not exceed the following:

	<u>April 30, 2010</u>	<u>April 30, 2011</u>	<u>April 30, 2012</u>
City Audit	\$ 33,500	\$ 34,750	\$ 37,000
Police and Fire Pensions	7,000	7,000	7,000
Water Department	<u>10,500</u>	<u>10,750</u>	<u>11,000</u>
<b>Total</b>	<b>\$ 51,000</b>	<b>\$ 52,500</b>	<b>\$ 55,000</b>

**Agreed and Accepted**

This engagement letter and the attached Professional Services Agreement constitute the entire agreement regarding services to be provided to you and supersedes all prior agreements, understandings, negotiations, and discussions between us relating to the scope of services described in this letter, whether oral or written. This agreement may be supplemented only by other written agreements.

If the above terms, and the terms and conditions of the accompanying Professional Services Agreement, are in accordance with your understanding and acceptable to you, please sign, date, and return the duplicate copy of this letter to us. This engagement letter should not be signed unless the Professional Services Agreement is attached and you have read and understand its terms.

We very much appreciate the opportunity to serve you and will be pleased to discuss any questions you may have.

Very truly yours,

*Clifton Gunderson LLP*

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