



**RAHBAN CPA & CONSULTING, INC.**

August 31, 2018

City of Rialto  
150 S. Palm Avenue  
Rialto, CA 92376

Dear Ms. Wells:

This letter confirms our engagement to provide to the City of Rialto, CA (the "City") the following services as described below. Work product for this engagement is intended for client's use only.

**Nature, Purpose, and Objective**

You have requested that we perform bookkeeping services, for the City. You have also requested bank reconciliation assistance, financial report preparation as needed, grant reporting, journal entry review, and audit preparation services as needed. We are pleased to confirm our acceptance and our understanding of the accounting and additional services engagement by means of this letter.

The bookkeeping services will include:

- Review, analyze and reconcile general ledger accounts for accuracy and confer with you regarding any items not fully understood.
- Prepare all necessary journal entries to reflect correct accounting records.
- Prepare financial reports as needed.
- Review and reconcile bank records to the general ledger

A bookkeeping engagement differs significantly from a review or an audit engagement. A bookkeeping engagement does not contemplate performing inquiry, analytical procedures, or other procedures performed in a review engagement. Additionally, a bookkeeping engagement does not contemplate obtaining an understanding of the entity's internal control; 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 engagement. Accordingly, we will not express an opinion or provide any assurance regarding the financial reports being compiled.

Our engagement cannot be relied upon to disclose errors, fraud, or noncompliance with laws and regulations. However, we will report to you any evidence or information that comes to our attention during the performance of our bookkeeping procedures regarding noncompliance with laws and regulations that may have occurred, unless they are not material.

### **Our Responsibilities, Representations, and Limitations**

Our engagement is limited to the period and the accounting services indicated in the agreement.

This engagement does not include business management. We will not review the payment of any invoices or bills. If an amount appears unusual or out of the ordinary, we will call it to your attention, but we do not take any responsibility in the discovery of any errors, irregularities, or fraud.

This engagement will not audit or review your financial statements, or any other accounting documents and information you provide, in accordance with generally accepted auditing standards. Accordingly, we ask that you not in any manner refer to this as an audit or review.

We will not verify the data you submit for accuracy or completeness. Rather, we will rely on the accuracy and completeness of the documents and information you provide to us. Accordingly, our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However, it may be necessary to ask you for clarification of some of the information you provide, and we will inform you of any material errors, fraud or other illegal acts that come to our attention, unless they are clearly inconsequential.

We have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal controls as part of this engagement, and our engagement cannot, therefore be relied upon to make disclosure of such matters.

Our responsibilities do not include preparation of any tax returns that may be due to any taxing authority. If you need us to prepare other returns, please let us know, and we can enter into a separate agreement using a separate engagement letter for those returns.

### **Client Responsibilities and Representations**

The City of Rialto is:

1. Responsible for adopting sound accounting policies, for maintaining an adequate and efficient accounting system, for safeguarding assets, for authorizing transactions, for retaining supporting documentation for those transactions, and for devising a system of internal controls that will, among other things, help assure the preparation of proper financial statements. Furthermore, you are responsible for management decisions and

functions, for designating a competent employee to oversee any of the services we provide, and for evaluating the adequacy and results of those services.

2. Responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving (a) management (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements.
3. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, regulators, or others.
4. In addition, you are responsible for identifying and ensuring that the City complies with applicable laws and regulations.
5. Responsible to provide us the following documents or access to the following documents:
  - a) Cash receipt reports and deposit slip copies.
  - b) Cash disbursements copies, invoices, check registers, bank statements copies.
  - c) Grant agreements, grant financial records, invoices for grant expenditures
  - d) Chart of accounts and org chart
  - e) Detailed list of City assets, liabilities and equity, as well as supporting documentation for proposing journal entries to record transactions making up those accounts
  - f) Other documents necessary for correct account reporting.
6. In order for us to complete this engagement, and to do so efficiently, we require unrestricted access to the following documents and information concerning your company:
  - a) Copies of basic documents reflecting your financial transactions, including check stubs/copies, summaries of cash receipts and sales (cash, check, and credit), bank statements and canceled checks, listings of accounts receivable and accounts payable, and documentary support of property and equipment transactions-purchases, trades, sales, and other dispositions;
  - b) Information concerning any mortgage or pledge of business assets on business debts, any personal guarantees or debt, leases, or other information that effects or may effect the results of operations of the business;
  - c) Any other financial information necessary for purpose of reflection on your accounting records, trial balance and financial statements;
  - d) Identification of all cash receipts as to source (i.e., loans, sales, etc.), and information concerning all transactions that are consummated with cash.

Any failure to provide such documents and information, and to do so on a timely basis, will impede our services, and may require us to suspend our services or withdraw from the engagement. You agree to accept responsibility for any effect on your accounting records and financial statements of basic financial information or transaction documents not submitted to us for processing and entry, or losses that may result from their absence.

If needed, we will record cash receipts from client's daily cash receipt reports and deposit slip copies. We will use the City's accounting software to perform our bookkeeping and reporting work, unless an alternative is presented which is mutually beneficial to both parties. Therefore, we will need access to essential modules and features of the City's software to perform our work efficiently and effectively. Further, we cannot be responsible for the maintenance of the City's software. Our responsibility for this engagement in regards to the financial software owned by the City is only the following:

- To review financial data and to prepare financial reports,
- Review journal entries,
- Research financial data when needed, and
- Run financial reports when needed.

Client agrees that access to these documents will be provided in a timely manner, as this will enable us to provide you with current, meaningful and useful financial reports, prepare audit work papers, assist with the bank reconciliation, and make recommendations for recording financial transactions.

### **Conflicts**

We have undertaken a reasonable review of our records to determine our professional relationships with the persons or entities you identified. We are not aware of any conflicts of interest of relationships that would, in our sole discretion, preclude us from performing the above work for the City.

### **Indemnification and Hold Harmless**

The obligations of Rahban CPA & Consulting Inc. are solely obligations of Rahban CPA & Consulting Inc., and no officer, owner, director, employee, agent, contractor, shareholder or controlling person shall be subject to any personal liability whatsoever to any person nor will any such claim be asserted by, or on behalf of, any other party to this agreement or any person relying on this report.

You agree that we are not responsible for any consequential damages arising out of our work or this engagement. You also agree that all liability claims relating to this engagement in all circumstances including contract, malpractice, and negligence will be limited to the amount of our fee for this engagement.

## **Delivery and Timing**

Our ability to deliver services is dependent upon our timely receipt of the required information. We will use our best efforts to meet any reasonable deadlines, but we do not provide any absolute assurance on the ability to meet deadlines. To facilitate our best efforts, we ask that you keep us timely informed and coordinate our schedules for important dates.

## **Retention Policy:**

We suggest that you adopt a 10 years policy to keep all the accounting records and work papers related to the engagement. When records are returned, it is your responsibility to retain and protect them for future use, potential examination by any government or regulatory agency, prospective buyers of your business, acquiring business loans, etc.

We store information electronically and will communicate with you and others via email. We will take appropriate and customary measures to ensure data security and client confidentiality. However, as electronic information can be stolen and emails intercepted or otherwise disclosed by third parties, we cannot guarantee that information will be absolutely secure. In that regard, you agree that we shall have no liability for any claim, loss or damage arising from the disclosure of confidential or proprietary information.

## **Invoicing and fees**

Our fees will be billed monthly and are based on the amount of time required plus out-of-pocket expenses. Invoices are payable upon presentation. We will notify you immediately of any circumstances we encounter that could significantly affect our initial estimate of total fees.

On an as-needed basis, we may assign other professionals to work on this matter.

We will also charge you for any expenses we incur. These expenses may include (without limitation) postage, computer research, copying, long distance phone calls, faxes, parking, travel, lodging, and meals.

We will bill you at our standard hourly rates.

Sharon Rahban Navizadeh CPA Hourly fee	\$120/hour
Staff Accountant hourly fee	\$85/hour
Out-of-Pocket Expenses	At Cost, Receipts will be provided

We reserve the right to withdraw from the engagement. If we do withdraw from the engagement, we will send you a final progress billing, and we will then have no further obligation to complete the professional services. You agree to pay the entire outstanding balance, including the final progress billing. Additionally, if any part or provision of this agreement should be held void or invalid, the remaining provisions shall remain in full force and effect.

In no event shall Rahban CPA & Consulting Inc. be liable to the City, whether a claim be in tort, contract, or otherwise, for any consequential, indirect, lost profit or similar damages relating to Rahban CPA & Consulting Inc.'s services provided under this engagement letter, except to the extent finally determined to have resulted from the willful misconduct or fraudulent behavior of Rahban CPA & Consulting Inc. relating to such services.

We want to express our appreciation for this opportunity to work with you.

Very truly yours,



Sharon Rahban Navizadeh CPA

Acknowledged and agreed on behalf of City of Rialto:

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Signed

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Printed, Title

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Date