



November 11, 2020

Finance Committee  
City of Manor  
P.O. Box 387  
Manor, Texas 78653

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the accounting assistance services we will provide for the City of Manor, Texas (the City) for the year ended September 30, 2020.

We will perform the following services:

1. We will instruct your accounting staff in the proper maintenance of the City's books and records.
2. We will assist your accounting staff at year end to prepare the GASB 34 entries and the related schedules.
3. We will assist your accounting staff at year end to prepare the GASB 68 entries and the related schedules.
4. We will assist your accounting staff at year end to prepare the GASB 75 entries and the related schedules.

We may advise you about appropriate accounting principles and their application, but the final responsibility for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America remains with you. Also, as part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. Management, however, has final responsibility for reviewing the proposed entries and understanding the nature and impact of the proposed entries to the financial statements. By your signature below, you acknowledge that you are responsible for management decisions and functions. That responsibility includes designating qualified individuals with the necessary expertise to be responsible and accountable for overseeing all the services we perform as part of this engagement, as well as evaluating the adequacy and results of the services performed. You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities. This includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements; as well as identifying and ensuring that the City complies with the laws and regulations applicable to its activities. We will have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

Our engagement cannot be relied upon to disclose errors, fraudulent financial reporting, misappropriation of assets, or illegal acts that may have occurred. However, we will inform the appropriate level of management of any material errors and of any evidence or information that comes to our attention during the performance of our engagement that fraud may have occurred. We will also report to the appropriate level of management any evidence or information that comes to our attention regarding illegal acts that may have occurred, unless they are clearly inconsequential. By your signature below, you understand and agree that you are responsible for preventing and detecting fraud.

Our fee for this work will be at our regular hourly rates for the individuals involved plus out-of-pocket expenses, estimated to be \$7,350. Payment for services is due when rendered and interim billings may be submitted as work progresses and expenses are incurred. The total fees and costs for your accounting services may exceed any estimates given to you. It is not possible to know in advance what the total fees and costs will be, because much of the work to be performed may be contingent on the activities of others and circumstances over which we have no control. From time to time, you may ask us to estimate what a specific portion, or the entirety, of the services will cost. To aid you in planning, we will attempt to assist you by providing estimates. You understand that all such estimates are approximations based on our experience as accountants, and they are not and should not be taken as promises or guarantees.

It is our policy to keep records related to this engagement for seven years. However, Atchley & Associates, LLP does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the seven-year period Atchley & Associates, LLP shall be free to destroy our records related to this engagement.

The City and the Firm agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by the Firm or the date of this arrangement letter if no report has been issued. The City waives any claim for punitive damages. The Firm's liability for all claims, damages and costs of the City arising from this engagement is limited to the amount of fees paid by the City to the Firm for the services rendered under this arrangement letter.

Indemnification is intended to protect the Firm and its principals and employees against being named in any lawsuit arising from this engagement as a result of having completed this engagement. You shall indemnify the Firm and its principals and employees and hold us harmless from all claims, liabilities, losses, and counsel fees and expenses unless it shall have been determined by a court of competent jurisdiction that we have acted negligently in the performance of the work covered by our engagement. In no event shall the Firm and its principals and employees be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if we have been advised of their possible existence.

If a dispute arises out of or relates to this contract or engagement letter, or the obligations of the parties therein, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation using the Commercial Mediation Rules of the American Arbitration Association (AAA) before resorting to arbitration, litigation, or some other dispute resolution procedure. Thereafter, any unresolved controversy or claim arising from or relating to this contract or the obligations of the parties hereunder shall be settled by arbitration administered using the American Arbitration Association or another mutually agreeable arbitration service using the AAA Arbitration Rules for Professional Accounting and Related Services Disputes and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

We appreciate your confidence in our firm by retaining us as your certified public accountants and shall be pleased to discuss this letter with you at any time.

If this letter correctly expresses your understanding, please sign a copy of this letter in the space provided, and return it to us.



Atchley & Associates, LLP

Confirmed on behalf of the City of Manor, Texas:

\_\_\_\_\_  
Thomas M. Bolt  
City Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Lydia Collins  
Finance Director

\_\_\_\_\_  
Date