

## Communication with Those Charged with Governance at the Conclusion of the Audit

May 13, 2026

To the Honorable Mayor and City Council  
City of Rio Dell, California  
Rio Dell, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rio Dell, California (the "City"), for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 17, 2025. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 01 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the certain types of assets and liabilities.

Management's estimate of depreciable assets is based on the historical cost and estimated useful lives. We evaluated the methods, assumptions, and data used to develop the liability for such obligation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The misstatements identified and presented in Schedule 1, were detected as a result of audit procedures. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the City's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated May 13, 2026.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the budgetary comparison schedule-Major funds, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Restriction on Use**

This information is intended solely for the information and use of the Chapter's officials and management of City of Rio Dell and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Harshmal & Company LLP*

San Diego, California

May 13, 2026

Client Name: City of Rio Dell  
 Year End: June 30, 2025  
 Workpaper: Adjusting journal entries  
 Date: 7/1/2024 To 6/30/2025

Number	Date	Name	Account No	Reference	Debit	Credit
1	6/30/2025	Salaries and Benefits Payable	2120 00 000 0000 0000 000	CC-1		-7,008.66
	6/30/2025	Salaries and Benefits Payable	2120 00 020 0000 0000 020	CC-1		-372.33
	6/30/2025	Salaries and Benefits Payable	2120 00 021 0000 0000 021	CC-1		-204.63
	6/30/2025	Salaries and Benefits Payable	2120 00 024 0000 0000 024	CC-1		-275.43
	6/30/2025	Salaries and Benefits Payable	2120 00 026 0000 0000 026	CC-1		-83.12
	6/30/2025	Salaries and Benefits Payable	2120 00 039 0000 0000 039	CC-1		-7.36
	6/30/2025	Salaries and Benefits Payable	2120 00 040 0000 0000 040	CC-1		-1,815.63
	6/30/2025	Salaries and Benefits Payable	2120 00 044 0000 0000 044	CC-1		-491.41
	6/30/2025	Salaries and Benefits Payable	2120 00 050 0000 0000 050	CC-1		-3,339.80
	6/30/2025	Salaries and Benefits Payable	2120 00 060 0000 0000 060	CC-1		-3,616.52
	6/30/2025	Salaries and Benefits Payable	2120 00 063 0000 0000 063	CC-1		-81.67
	6/30/2025	Full Time Salaries	5000 00 044 0000 0000 044	CC-1	395.82	
	6/30/2025	Full Time Salaries	5000 02 000 0000 0000 000	CC-1	5,326.86	
	6/30/2025	Full Time Salaries	5000 02 020 0000 0000 020	CC-1	275.73	
	6/30/2025	Full Time Salaries	5000 02 024 0000 0000 024	CC-1	204.22	
	6/30/2025	Full Time Salaries	5000 02 050 0000 0000 050	CC-1	2,557.26	
	6/30/2025	Full Time Salaries	5000 02 060 0000 0000 060	CC-1	2,743.90	
	6/30/2025	Full Time Salaries	5000 06 039 0000 0000 039	CC-1	5.95	
	6/30/2025	Full Time Salaries	5000 07 040 0000 0000 040	CC-1	1,411.12	
	6/30/2025	Full Time Salaries - Metro Wells	5000 09 063 0000 0000 063	CC-1	58.62	
	6/30/2025	Full Time Salaries	5000 18 021 0000 0000 021	CC-1	149.51	
	6/30/2025	Full Time Salaries	5000 18 026 0000 0000 026	CC-1	59.80	
	6/30/2025	Benefit - MISSIONSQUARE 457B	5035 00 044 0000 0000 044	CC-1	55.15	
	6/30/2025	Benefit - MISSIONSQUARE 457B	5035 02 000 0000 0000 000	CC-1	843.98	
	6/30/2025	Benefit - MISSIONSQUARE 457B	5035 02 020 0000 0000 020	CC-1	36.77	
	6/30/2025	Benefit - MISSIONSQUARE 457B	5035 02 024 0000 0000 024	CC-1	27.32	
	6/30/2025	Benefit - MISSIONSQUARE 457B	5035 02 050 0000 0000 050	CC-1	344.43	
	6/30/2025	Benefit - MISSIONSQUARE 457B	5035 02 060 0000 0000 060	CC-1	373.66	
	6/30/2025	Benefit - MISSIONSQUARE 457B	5035 06 039 0000 0000 039	CC-1	0.84	
	6/30/2025	Benefit - MISSIONSQUARE 457B	5035 07 040 0000 0000 040	CC-1	191.26	
	6/30/2025	Benefit - MISSIONSQUARE 457B Metro Wells	5035 09 063 0000 0000 063	CC-1	7.51	
	6/30/2025	Benefit - MISSIONSQUARE 457B	5035 18 021 0000 0000 021	CC-1	19.46	
	6/30/2025	Benefit - MISSIONSQUARE 457B	5035 18 026 0000 0000 026	CC-1	7.78	
	6/30/2025	Benefit - Health Insurance	5040 00 000 0000 0000 000	CC-1	58.93	
	6/30/2025	Worker Compensation Insurance	5045 00 044 0000 0000 044	CC-1	6.24	
	6/30/2025	Worker Compensation Insurance	5045 02 000 0000 0000 000	CC-1	225.19	
	6/30/2025	Worker Compensation Insurance	5045 02 020 0000 0000 020	CC-1	36.25	
	6/30/2025	Worker Compensation Insurance	5045 02 024 0000 0000 024	CC-1	26.39	
	6/30/2025	Worker Compensation Insurance	5045 02 050 0000 0000 050	CC-1	220.32	
	6/30/2025	Worker Compensation Insurance	5045 02 060 0000 0000 060	CC-1	247.78	
	6/30/2025	Worker Compensation Insurance	5045 06 039 0000 0000 039	CC-1	0.03	
	6/30/2025	Worker Compensation Insurance	5045 07 040 0000 0000 040	CC-1	95.32	
	6/30/2025	Worker Compensation Insurance - Metro Wells	5045 09 063 0000 0000 063	CC-1	10.56	
	6/30/2025	Worker Compensation Insurance	5045 18 021 0000 0000 021	CC-1	26.29	
	6/30/2025	Worker Compensation Insurance	5045 18 026 0000 0000 026	CC-1	10.51	
	6/30/2025	FICA	5050 00 000 0000 0000 000	CC-1	456.87	
	6/30/2025	FICA	5050 00 044 0000 0000 044	CC-1	27.27	
	6/30/2025	FICA	5050 02 020 0000 0000 020	CC-1	23.58	
	6/30/2025	FICA	5050 02 024 0000 0000 024	CC-1	17.50	
	6/30/2025	FICA	5050 02 050 0000 0000 050	CC-1	215.32	
	6/30/2025	FICA	5050 02 060 0000 0000 060	CC-1	238.82	
	6/30/2025	FICA	5050 06 039 0000 0000 039	CC-1	0.54	
	6/30/2025	FICA	5050 07 040 0000 0000 040	CC-1	117.93	
	6/30/2025	FICA - Metro Wells	5050 09 063 0000 0000 063	CC-1	4.98	
	6/30/2025	FICA	5050 18 021 0000 0000 021	CC-1	9.37	
	6/30/2025	FICA	5050 18 026 0000 0000 026	CC-1	5.03	
	6/30/2025	Unemployment Insurance	5055 00 044 0000 0000 044	CC-1	6.63	
	6/30/2025	Unemployment Insurance	5055 02 000 0000 0000 000	CC-1	0.39	
	6/30/2025	Employment Training Tax	5056 00 000 0000 0000 000	CC-1	0.02	
	6/30/2025	Employment Training Tax	5056 00 044 0000 0000 044	CC-1	0.30	
	6/30/2025	Cell Phones	5120 00 000 0000 0000 000	CC-1	46.97	
	6/30/2025	Cell Phones	5120 02 050 0000 0000 050	CC-1	2.47	
	6/30/2025	Cell Phones	5120 02 060 0000 0000 060	CC-1	12.36	
	6/30/2025	Automobile - Transportation	5123 02 000 0000 0000 000	CC-1	49.45	
		To record the accrued payroll for the period 6/28/2025 to 6/30/2025.				

2	6/30/2025	Accum Depr - Mach & Equip	1710 00 052 0000 0000 052	F-4		
	6/30/2025	Accum Depr - Bldg & Imprv	1750 00 998 0000 0000 998	F-4	7,610.00	
	6/30/2025	Investment in Fixed Assets	3020 00 998 0000 0000 998	F-4		-7,610.00
	6/30/2025	Depreciation - Mach & Equip	5705 14 052 0000 0000 052	F-4		
		To reverse the depreciation on the addition for buildings and improvements.				
3	6/30/2025	Accounts Payable	2010 00 065 0000 0000 065	BB-2		-203,746.50
	6/30/2025	Infrastructure: SWRCB - Replace Water Lines In Dis	6500 14 065 1050 1029 065	BB-2	203,746.50	
		To record the adjustment for exception noted in Search for unrecorded liability TW.				
4	6/30/2025	Due From Other Funds	1300 00 000 0000 0000 000		57,312.11	
	6/30/2025	Claims on Cash	1430 00 000 0000 0000 000			-57,312.11
	6/30/2025	Claims on Cash - Administrative Fees	1430 00 008 0000 0000 008		57,312.11	
	6/30/2025	Deferred Inflow of Resources	2700 00 008 0000 0000 008			-57,312.11
		To correct negative cash balance.				
5	6/30/2025	Contract/Professional Services	5115 00 076 0000 9080 076	F-1-5		-53,460.50
	6/30/2025	Contract/Professional Services	5115 02 000 0000 0000 000	F-1-5		-1,940.22
	6/30/2025	Building and Improvements: DOG PARK	6525 14 000 0000 9071 000	F-1-5	1,940.22	
	6/30/2025	Building and Improvements: DOG PARK	6525 14 076 0000 9071 076	F-1-5	53,460.50	
		To correct the Capital Outlay.				
6	6/30/2025	Compensated Absences Payable	5081 00 GASB 0000 0000 GASB			-728.00
	6/30/2025	Net position	GASB 00 GASB 0000 0000 GASB		728.00	
		To record compensated absence for governmental activities.				
7	6/30/2025	Building and Improvements	1701 00 998 0000 0000 998			-2,800.00
	6/30/2025	Building and Improvements	1701 00 998 0000 0000 998		2,800.00	
	6/30/2025	Construction in Progress	1708 00 998 0000 0000 998			-2,800.00
	6/30/2025	Investment in Fixed Assets	3020 00 998 0000 0000 998		2,800.00	
		To correct the capital assets.				