

**Approval of the Agreement with Reilly,
Penner & Benton LLP for the 2019
Audit**

RESOLUTION 2019 – 38

WHEREAS, the Village of River Hills has entered into prior agreements with Reilly, Penner & Benton LLP for the annual audit; and

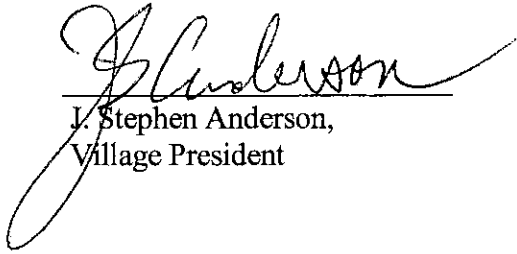
WHEREAS, on December 4, 2019, the Village received the proposed agreement for the 2019 audit; and

WHEREAS, the Village received pricing from Reilly, Penner & Benton LLP for the audit where they estimate that their fees will be \$16,680; and


WHEREAS, Staff recommends approval of the proposed agreement.

NOW, THEREFORE, BE IT RESOLVED by the Village Board of the Village of River Hills, to approve the proposed Agreement for audit services for 2019 and the Village President and the Village Clerk are authorized and directed to sign the Agreement.

PASSED AND ADOPTED by the Village Board of the Village of River Hills this 11th day of December, 2019.


I. Stephen Anderson,
Village President

Countersigned:


Tammy LaBorde,
Village Manager/Clerk/Treasurer

David A. Grotkin
Joel A. Joyce
Brian J. Mechenich
Carrie A. Gindt



Patrick G. Hoffert
Jason J. Wrasse
Joshua T. Bierbach

December 4, 2019

Ms. Tammy LaBorde
Village of River Hills
7650 North Pheasant Lane
River Hills, WI 53217

Dear Ms. LaBorde:

We are pleased to confirm our understanding of the services we are to provide the Village of River Hills ("Village") for the year ended December 31, 2019. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Village of River Hills as of and for the year ended December 31, 2019. Accounting standards generally accepted in the United States of America (U.S. GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Village of River Hills's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Village of River Hills's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedule – General Fund Revenues
- 3) Budgetary Comparison Schedule – General Fund Expenditures
- 4) Schedules of Proportionate Share of the Net Pension Asset (Liability) and Employer Contributions
- 5) Schedules of Proportionate Share of the Net OPEB Asset (Liability) and Employer Contributions

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We have also been engaged to report on supplementary information other than RSI that accompanies the Village of River Hills financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditors' report on the financial statements:

- 1) Balance Sheet – Nonmajor Governmental Funds – Capital Project Funds
- 2) Statement of Revenues, Expenditures, and Changes in fund Balances – Nonmajor Governmental Funds – Capital Projects Funds

Audit Objective

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Village of River Hills financial statements. Our report will be addressed to management and the Village Board of the Village of River Hills. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Village or to acts by management or employees acting on behalf of the Village.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention.

Audit Procedures—General (continued)

We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the Village and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Village of River Hills' compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also perform the following non-attest procedures and services:

- 1) Maintain a fixed asset and depreciation detail schedule, based on information provided by you
- 2) Prepare a draft of the financial statements and footnote disclosures in conformity with U.S. GAAP, based on information provided by you
- 3) Compile and submit to you the State of Wisconsin 2019 Financial Report Form C

The Other Services are limited to the financial statement services previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. GAAP.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the Village from whom we determine it necessary to obtain audit evidence.

Management Responsibilities (continued)

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are 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 Village involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Village received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Village complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. GAAP. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information. If you intend to reproduce and publish the financial statements and our report thereon, they must be reproduced in their entirety. Inclusion of the audited financial statements in any document should be done only with our prior written approval of the document. You are responsible for providing us the opportunity to review such document before issuance.

You agree to assume all management responsibilities for financial preparation services, preparation of the Financial Report Form C, recording of fixed asset activity, recording of fixed asset depreciation, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

You agree to indemnify, hold us harmless and defend us and our members, partners, employees and agents (collectively, the "RPB Group") from any and all claims, liabilities, damages, attorney's fees or expenses relating or in any way attributable to any intentional or knowing misrepresentations by you or your management to us or to any knowing or intentional withholding or concealment of information from us by you or your management.

Engagement Administration, Fees, and Other

We may from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Engagement Administration, Fees, and Other (continued)

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Reilly, Penner & Benton LLP and constitutes confidential information. However, subject to laws or regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Village's oversight agency or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Reilly, Penner & Benton LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties, or their designee, may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Carrie Gindt is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. To ensure that our independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

We expect to begin our audit on approximately February 24, 2020 and to issue our report thereafter. We estimate that our fees for these services will be \$16,680.

The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Alternative Dispute Resolution

If a dispute arises out of or relates to the Agreement including the scope of services contained herein, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association ("AAA") under the *AAA Professional Accounting and Related Services Dispute Resolution Rules* before resorting to arbitration, litigation, or some other dispute resolution procedure. The mediator will be selected by agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the AAA. Any mediator so designated must be acceptable to all parties. The mediation will be conducted in the State of Wisconsin.

The mediation will be treated as a settlement discussion and, therefore, will be confidential. The mediator may not testify for either party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceedings. The costs of any mediation proceedings shall be shared equally by all parties. Any costs for legal representation shall be borne by the hiring party.

Period of Limitations

You agree that any claim, lawsuit, arbitration or other similar proceeding you may file or make arising out of this Agreement or any of the work or services that are the subject of this Agreement shall be commenced and filed no later than one (1) year after the earlier of delivery of the work product to you or termination of this Agreement by either you or us, regardless of any longer period of time for filing or commencing such lawsuit, claim, arbitration or other similar proceeding that may be provided by statute or law.

Designation of Venue and Jurisdiction

You and we agree that any claim or lawsuit arising out of or related to this Agreement or the work or services that are the subject of this Agreement, whether based on tort, contract, statute or other legal theory or cause of action, shall be filed either in the Circuit Court for Waukesha County, Wisconsin or the federal district court in Milwaukee, Wisconsin and that Wisconsin law shall govern any and all such claims or lawsuit, and that Wisconsin law shall be applied without reference to conflicts of law rules.

Limitation of Liability

You agree that in connection with any claim or cause of action you may assert or file relating to or arising in whole or in part out of this Agreement (or any of the work or services that are the subject of this Agreement), RPB Group shall not be liable to you for any amount in excess of two times the amount of fees paid by you under this Agreement, regardless of the nature of the claim or claims that are or were asserted. In addition, in no event shall the RPB Group be liable for any punitive or exemplary damages relating to this Agreement or any of the work or services that are the subject of this Agreement.

If any portion of this Agreement is held to be void, invalid or otherwise unenforceable in whole or in part, such portion of the Agreement shall be amended to the minimum extent required to make the provision enforceable and the remaining portions of this Agreement shall remain in full force and effect.

This Agreement sets forth the entire agreement between the parties with respect to the subject matter herein, superseding all prior agreements, negotiations or understandings, whether oral or written, with respect to such subject matter. This Agreement may not be changed, modified or waived in whole or in part except by an instrument in writing signed by both parties.

We appreciate the opportunity to be of service to Village of River Hills and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Reilly, Penner & Benton LLP

RESPONSE:

This letter correctly sets forth the understanding of

Village of River Hills

Signature: *Tammy LaBorde*
Title: *Manager/Clerk/Treasurer*
Date: *December 12, 2019*