



December 16, 2024

To the City Council
City of Dodgeville Tax Incremental District No. 3
Dodgeville, Wisconsin

We are pleased to confirm our understanding of the services we are providing to the City of Dodgeville, Wisconsin Tax Incremental District No. 3 for the period from the date of creation through December 31, 2023. Please read this letter carefully because it is important to both Johnson Block & Company, Inc. and the City of Dodgeville, Wisconsin Tax Incremental District No. 3 that you understand and accept the terms under which we have agreed to perform our services as well as management's responsibilities under this agreement.

Financial Statement Services

We will prepare and audit the Historical Summary of Project Costs, Project Revenues and Net Cost to be recovered through Tax Increments and the related Historical Summary of Sources, Uses and Status of Funds, and the disclosures, from the date of creation through December 31, 2023.

The objective of our audit is the expression of opinion about whether your TIF District financial statements are fairly presented, in all material respects, in conformity with the financial reporting provisions of the Wisconsin Department of Revenue.

Our audit will be conducted in accordance with GAAS. Our professional standards as defined by GAAS require that we plan and perform the audit to obtain reasonable assurance about whether the TIF District financial statements, and the related financial statement disclosures, are free from material misstatement and are fairly presented, in all material respects, in conformity with the financial reporting provisions of the Wisconsin Department of Revenue. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the TIF District financial statements.

Financial Statement Services (Continued)

Our audit will involve performing procedures to obtain audit evidence about the amounts and disclosures in the TIF District financial statements and will include tests of the accounting records of the City of Dodgeville, Wisconsin Tax Incremental District No. 3 and other procedures we consider necessary. The procedures we determine necessary will depend on our professional judgment as auditors and will be based, in part, on our assessment of the risks of material misstatement of the TIF District financial statements and disclosures, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. 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 TIF District financial statements. If we deem it appropriate, our procedures will also include tests of documentary evidence supporting the transactions recorded in the accounts. As part of our audit process, we may request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representation from you about the TIF District financial statements and related matters. These representations will include acknowledging our assistance with the preparation of your TIF District financial statements, the supplementary information, and notes accompanying these documents, and that you have reviewed and approved these documents, approved their release, and that you have accepted responsibility for them.

Because of the inherent limitation of an audit, together with the inherent limitations of a system of internal control, an unavoidable risk exists that some material misstatements may not be detected by our firm, even though the audit is properly planned and performed in accordance with GAAS. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of controls. An audit is not designed to provide an opinion on a system of internal control nor to identify internal control deficiencies.

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 TIF District financial statements or disclosures. However, we will inform you of any material errors that come to our attention, and we will inform you, or the appropriate level of management, of any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential.

In making our risk assessments, we will gain an understanding of your system of internal control relevant to the preparation and fair presentation of the City of Dodgeville, Wisconsin's TIF District financial statements in order to design audit procedures that are appropriate in the circumstances.

However, our audit procedures are not designed for the purpose of expressing an opinion on the effectiveness of your system of internal control, and accordingly, we will express no such opinion. We will communicate in writing to the appropriate level of management and those charged with governance matters concerning any significant deficiencies or material weaknesses in the system of internal control relevant to your TIF District financial statements that we identify during the audit.



Financial Statement Services (Continued)

As part of obtaining reasonable assurance about whether the TIF District financial statements are free of material misstatement, we will also perform tests of the City of Dodgeville, Wisconsin Tax Incremental District No. 3's compliance with applicable laws and regulations and the provisions of 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. Management maintains the responsibility for identifying and ensuring that the City of Dodgeville, Wisconsin Tax Incremental District No. 3 complies with applicable laws, regulations, contracts, and other agreements.

We identified the following significant risks of material misstatements as part of our audit planning: 1) Presumed risk of management override of controls. 2) Limited segregation of duties. 3) Material audit adjustments in prior years.

Also, based on the audit evidence we obtain, we will conclude whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

As this engagement is not designed to be a fraud audit, management understands and accepts the inherent limitations of the audit services described in this agreement.

Neither our audit nor our identification and communication of the above-detailed significant risks relieve you of any of your management or governance responsibilities.

Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

Shawn Roelli is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Johnson Block & Company, Inc's services performed as a part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Responsibilities of Management and Those Charged with Governance

- The selection of the financial reporting framework to be applied in the preparation of the TIF District financial statements.
- The preparation and fair presentation of TIF District financial statements in accordance with the selected financial reporting framework and the inclusion of all informative disclosures that are appropriate for the specified reporting framework.
- The design, implementation, and maintenance of a system of internal control relevant to the preparation and fair presentation of the TIF District financial statements that are free from material misstatement whether due to fraud or error.
- The prevention and detection of fraud.
- Ensuring that the entity complies with the laws and regulations applicable to its activities.
- The accuracy and completeness of the records, documents, explanations, and other information including significant judgments management provides for the preparation of the TIF District financial statements.
- Providing the firm with documentation, and other related information of which management is aware that is relevant to the preparation and fair presentation of the TIF District financial statements; as well as additional information that may be requested for the purpose of the preparation and presentation of the TIF District financial statements; and allowing unrestricted access to persons within the City with whom the firm determines it necessary to communicate.
- To provide the firm, at the conclusion of the engagement, with a letter that confirms certain representations made during the audit.

By your signature below, you acknowledge that management understands and agrees to assume all of the responsibilities stipulated in this section. As part of our engagement, we may advise you about appropriate accounting principles and their application; however, the management of the City of Dodgeville, Wisconsin TIF District No. 3 acknowledges and understands that the final responsibility for the preparation and fair presentation of the TIF District financial statements in accordance with the financial reporting provisions of the Wisconsin Department of Revenue remains with you. This responsibility includes the TIF District financial statements, all accompanying information, and the representations that accompany them. As such, the management of the City of Dodgeville, Wisconsin TIF District No. 3, is responsible for adjusting the TIF District financial statements to correct material misstatements, including inadequate, incomplete or omitted disclosures, and for confirming to us in the 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 TIF District financial statements taken as a whole. Other management responsibilities include maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.

Responsibilities of Management and Those Charged with Governance (Continued)

You also acknowledge that the management of the City of Dodgeville, Wisconsin TIF District No. 3, is responsible for the design, implementation, and maintenance of a system of internal control relevant to the preparation and fair presentation of TIF District financial statements and disclosures, and all accompanying information, that are free from material misstatement, including omissions, whether due to fraud or error. This responsibility includes the fair presentation in the TIF District financial statements of the City of Dodgeville, Wisconsin, in conformity with the financial reporting provisions of the Wisconsin Department of Revenue. In addition, management is also responsible for having appropriate programs and controls in place to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City that involves management, employees who have significant roles in the system of internal control, regulators, and others where fraud could have a material impact on the TIF District financial statements or disclosures. The management of the City of Dodgeville, Wisconsin TIF District No. 3 is also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the City of Dodgeville, Wisconsin TIF District No. 3 received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the City of Dodgeville, Wisconsin TIF District No. 3 complies with applicable laws and regulations and for taking timely and appropriate actions to remedy any fraud, noncompliance with laws and regulations, or violations of contracts and agreements. You agree that you will confirm your understanding of your responsibilities as defined in this letter to us in your representation letter.

Management's responsibilities also include designating qualified individuals with suitable skill, knowledge, and/or experience to be responsible and accountable for overseeing the preparation of your TIF District financial statements and disclosures and any other nonattest services we perform as part of this engagement, as well as evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for providing us with access to all information it is aware of that is relevant to the preparation and fair presentation of the TIF District financial statements and disclosures such as financial records, documentation and related information; for the accuracy and completeness of that information (including information from outside of general and subsidiary ledgers); and for informing us of events occurring or facts discovered subsequent to the date of the TIF District financial statements that may affect them. This responsibility also includes providing us with any additional information that we may request from management for the purpose of the audit; as well as allowing us unrestricted access to individuals within the organization from whom we may determine it necessary to obtain audit evidence.

Written Report

We expect to issue a written report upon completion of our audit of the City of Dodgeville, Wisconsin's TIF District financial statements. Our report will be addressed to the City Council of the City of Dodgeville, Wisconsin. We cannot provide assurance that an unmodified opinion will be expressed on the TIF District financial statements. Circumstances may arise in which it is necessary to modify our opinion, add a separate section, or add emphasis-of-matter or other-matter paragraphs, decline to express opinion, or withdraw from the engagement.

Other Matters

We expect to begin our audit in December of 2024 and to issue our report by January 31, 2024.

In accordance with the terms and conditions of this agreement, the City of Dodgeville, Wisconsin, shall be responsible for the accuracy and completeness of all data, information and representations provided to us for purposes of this engagement. Because of the importance of oral and written management representations to the effective performance of our services, the City of Dodgeville, Wisconsin, releases and indemnifies our firm and its personnel from any and all claims, liabilities, costs and expenses attributable to any misrepresentation by management and its representatives.

Our fee for these services will be at our standard hourly rates, plus out-of-pocket costs (such as travel). Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

These fees are 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 before incurring the additional costs.

Assistance to be supplied by your personnel, including the preparation of schedules and analysis of accounts, will be discussed and coordinated with them. Timely completion of this work will facilitate the best audit performance in the minimum time.

Should any litigation or adverse action (such as audits by outside organizations and/or threatened litigation, etc.) by third parties arise against the City of Dodgeville, Wisconsin or its officers subsequent to this engagement, which results in the subpoena of documents from Johnson Block & Company, Inc. and/or requires additional assistance from us to provide information, depositions or testimony, the City of Dodgeville, Wisconsin, hereby agrees to compensate Johnson Block & Company, Inc. (at our standard hourly rates then in effect) for additional time charges and other costs (copies, travel, etc.), and to indemnify us for any attorney's fees to represent Johnson Block & Company, Inc.

In connection with this engagement, we may communicate with you or others via email transmission. We take reasonable measures to secure your confidential information in our email transmissions. However, as email can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom it is directed and only to such parties, we cannot guarantee or warrant that email from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of email transmissions, or for the unauthorized use or failed delivery of email transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, or disclosure or communication of confidential or proprietary information.



Other Matters (Continued)

Professional standards require us to be independent with respect to the City. Any discussions with our personnel regarding employment could pose a threat to our independence. Therefore, you agree to inform the engagement partner before having any such discussions so that we can implement appropriate safeguards to maintain our independence.

It is our policy to keep records related to this engagement for 7 years. However, Johnson Block & Company, Inc. does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. It is your responsibility to retain and protect your records (which includes any work product we provide to you as well as any records that we return) for possible future use, including potential examination by any government or regulatory agencies. Johnson Block & Company, Inc. does not accept responsibility for hosting client information; therefore, you have the sole responsibility for ensuring you retain and maintain in your possession all your financial and non-financial information, data and records.

By your signature below, you acknowledge and agree that upon the expiration of the 7-year period, Johnson Block & Company, Inc. shall be free to destroy our records related to this engagement.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

We appreciate the opportunity to be of service to the City of Dodgeville, Wisconsin TIF District No. 3, 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 letter and return it to us.

Very truly yours,

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.

RESPONSE: This letter correctly sets forth the understanding of the City of Dodgeville, Wisconsin TIF District No. 3.

By: _____

Title: _____

Date: _____