



August 24, 2022

Village of Ridgeway  
208 Jarvis Street, Suite A  
Ridgeway, WI 53582

We are pleased to confirm our understanding of the services we are to provide the Village of Ridgeway Tax Incremental Financing District No. 1.

**Audit Scope and Objectives**

We will audit the Historical Summary of Project Costs, Project Revenues and Net Costs 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, 2022.

The objectives of our audit are to obtain reasonable assurance as to whether the TIF District financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our 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. 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, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the TIF District financial statements.

**Auditor's Responsibilities for the Audit of the TIF District Financial Statements**

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the TIF District financial statements, including the disclosures, and determine whether the TIF District financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the TIF District 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 government or to acts by management or employees acting on behalf of the government.



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**Auditor’s Responsibilities for the Audit of the TIF District Financial Statements (Continued)**

Because of the inherent limitation 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 an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. 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. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. 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 will include documentation from previous Village audits. We may also request written representations from your attorneys as part of the engagement.

**Audit Procedures – Internal Control**

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the TIF District financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. 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 internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. 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.

We have identified the following significant risk of material misstatement as part of our audit planning:

- Possibility of management override of controls and limited segregation of duties.

**Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the TIF District financial statements are free of material misstatement, we will perform tests of the Village of Ridgeway Tax Incremental Financing District No. 1’s compliance with 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.



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**Other Services**

We will also assist in preparing the financial statements of the Village of Ridgeway Tax Incremental Financing District No. 1 in conformity with the financial reporting provisions of the Wisconsin Department of Revenue based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the TIF District financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for TIF District financial statement preparation services 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.

**Responsibilities of Management for the TIF District Financial Statements**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of TIF District financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the TIF District financial statements in conformity with the financial reporting provisions of the Wisconsin Department of Revenue with the oversight of those charged with governance.

Management is responsible for making drafts of TIF District financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). 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 TIF District financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the TIF District financial statements and related matters.

Your responsibilities include adjusting the TIF District 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 TIF District financial statements taken as a whole.



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**Responsibilities of Management for the TIF District Financial Statements (Continued)**

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 government 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 TIF District financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

With regard to publishing the TIF District financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the website with the original document.

**Engagement Administration, Fees and Other**

The audit documentation for this engagement is the property of Johnson Block & Company, Inc. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a regulator 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 Johnson Block & Company, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the regulator or its designee. The regulator or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Shawn Roelli is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fees for these services are based on the time spent at our regular hourly rates, plus travel and other out-of-pocket costs such as report production, typing, postage, etc. Our regular hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit, the difficulty of the assignment and the amount of risk and responsibility involved. 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.



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**Nonattest and Other Services**

Prior to or as part of our audit engagement, it may be necessary for us to perform certain nonattest services including, but not limited to, preparing drafts of your TIF District financial statements. We will not perform any management functions or make management decisions on your behalf with respect to any nonattest services we provide. In connection with our performance of any nonattest services, you agree that you will:

- Continue to make all management decisions and perform all management functions including approving all journal entries and general ledger classifications when they are submitted to you.
- Designate employee(s) with suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services we perform.
- Evaluate the adequacy and results of the nonattest services we perform.
- Accept responsibility for the results of our nonattest services.
- Establish and maintain internal controls, including monitoring ongoing activities related to the nonattest function.

**Reporting**

We will issue a written report upon completion of our audit of the Village of Ridgeway’s TIF District financial statements. Our report will be addressed to the President and Members of the Board of the Village of Ridgeway, Wisconsin. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor’s report, or if necessary withdraw from this engagement. If our opinion is 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 an opinion, we may decline to express an opinion or withdraw from this engagement.

We appreciate the opportunity to be of service to the Village of Ridgeway Tax Incremental Financing District No. 1 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 Village of Ridgeway Tax Incremental Financing District No. 1.

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_