

RESOLUTION NO. 23-010
Riley-Purgatory-Bluff Creek Watershed District
Board of Managers

Authorizing execution of an extension of auditing services contract with
Abdo LLP

Manager _____ offered the following resolution and moved its adoption, seconded by
Manager _____:

WHEREAS Minnesota Statutes section 103D.355 requires watershed districts to annually have an audit of their books and accounts completed for submission, pursuant to Minnesota Rules 8410.0150, to the state auditor and Board of Water and Soil Resources;

WHEREAS pursuant to authorization of the board of managers, Riley-Purgatory-Bluff Creek Watershed District contracted with Abdo, Eick & Meyers for completion of the audit of RPBCWD's 2021 books and accounts, and Abdo, Eick & Meyers satisfactorily completed and submitted the audit as required, such that RPBCWD wishes to continue to utilize Abdo's, (formerly Abdo, Eick & Meyers') audit services; and

WHEREAS RPBCWD solicited letters of interest from auditing firms, pursuant to Minnesota Statutes section 103B.227, in February 2021 and therefore may renew its selection of Abdo for the 2022 audit.

NOW THEREFORE BE IT RESOLVED that the RPBCWD Board of Managers authorizes the administrator, on advice of counsel, to enter into the attached agreement with Abdo for the 2022 audit, at a cost not to exceed \$16,000, as finalized with such nonsubstantive changes as are necessary to implement the intent of the managers.

The question was on the adoption of the resolution and there were ____ yeas and ____ nays as follows:

Yea Nay Abstain Absent

CRAFTON
DUEVEL
KOCH
PEDERSEN
ZIEGLER

Upon vote, the president declared the resolution _____ on this 4th day of January, 2023.

* * * * *

I, Dorothy Pedersen, secretary of the Riley-Purgatory-Bluff Creek Watershed District, hereby certifies that I have compared the above resolution with the original thereof as the same appears of record and on file with RPBCWD and find the same to be a true and correct transcription thereof, and further that the resolution is in full force and effect on this date, and Resolution 23-010 has not been modified, amended or rescinded since its adoption.

IN TESTIMONY WHEREOF, I set my hand this ____ day of _____, 2023.

Dorothy Pedersen, Secretary

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**Exhibit A
Agreement**

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**Agreement Between
Riley-Purgatory-Bluff Creek Watershed District and
Abdo LLP**

Audit Services

Whereas by vote on January 4, 2023, the Riley-Purgatory-Bluff Creek Watershed District Board of Managers selected Abdo LLP to audit the 2022 books and accounts of the Riley-Purgatory-Bluff Creek Watershed District:

This agreement is entered into by Riley-Purgatory-Bluff Creek Watershed District, a public body with powers set forth at Minnesota Statutes chapters 103B and 103D (RPBCWD), and Abdo LLP, a private Minnesota corporation (Abdo). In consideration of the terms and conditions set forth herein and a mutual exchange of consideration, the sufficiency of which is hereby acknowledged, RPBCWD and Abdo agree as follows:

1. Scope of Work

Abdo will provide audit services for the year ended December 31, 2022, as described in the December 21, 2022, proposal for audit services, attached as Exhibit A (the Services). Exhibit A is incorporated into this agreement and its terms and schedules are binding on Abdo as terms hereof, except as explicitly modified by or contrary to the terms of this agreement. In the event of actual or apparent conflict or disparity between a term or terms of this agreement and Exhibit A, this agreement will prevail.

RPBCWD, at its discretion, in writing may at any time suspend work or amend the scope of the Services to delete any task or portion thereof. Authorized work by Abdo on a task deleted or modified by RPBCWD will be compensated in accordance with paragraphs 5 and 6 herein. Audit reporting is subject to a regulatory deadline and time is of the essence in the performance of the Services. Abdo agrees to complete and submit the 2022 audit to the RPBCWD Board of Managers no later than April 28, 2023, then to finalize and submit the audit to the State of Minnesota on or before June 30, 2023.

2. Independent Contractor

Abdo is an independent contractor under this agreement. Abdo will select the means, method and manner of performing the Services. Nothing herein contained is intended or should be construed to constitute Abdo as the agent, representative or employee of RPBCWD in any manner. Personnel performing the Services on behalf of Abdo or a subcontractor will not be considered employees of RPBCWD and will not be entitled to any compensation, rights or benefits of any kind from RPBCWD.

3. Subcontract and Assignment

Abdo will not assign, subcontract or transfer any obligation or interest in this agreement or any of the Services without the written consent of RPBCWD and pursuant to any conditions included in that consent. RPBCWD consent to any subcontracting does not relieve Abdo of its responsibility to perform the Services or any part thereof, nor in any respect relieve Abdo of

obligations regarding its duty of care, insurance coverage, or duty to hold harmless, defend and indemnify under this agreement.

4. Duty of Care; Indemnification

Abdo will perform the Services with due care and in accordance with national standards of professional care. Abdo will indemnify, defend and hold harmless RPBCWD, its board members, employees and agents from any and all actions, costs, damages and liabilities of any nature arising from: (a) Abdo's negligent or otherwise wrongful act or omission, or breach of a specific contractual duty, including the duty of due professional care or (b) a subcontractor's negligent or otherwise wrongful act or omission, or breach of a specific contractual duty owed by Abdo to RPBCWD. For any claim subject to this paragraph by an employee of Abdo or a subcontractor, the indemnification obligation is not limited by a limitation on the amount or type of damages, compensation or benefits payable by or for Abdo or a subcontractor under workers' compensation acts, disability acts or other employee benefit acts.

5. Compensation

RPBCWD will compensate Abdo for the Services in accordance with Exhibit A, in an amount not to exceed \$16,000 for the 2022 audit. Payment for undisputed work and reimbursement of fees will be due within 45 days of receipt of invoice.

Abdo will maintain all records pertaining to fees or costs incurred in connection with the Services for six years from the date of completion of the Services. Abdo agrees that any authorized RPBCWD representative or the state auditor may have access to and the right to examine, audit and copy any such records during normal business hours.

6. Termination; Continuation of Obligations

This agreement is effective when fully executed by the parties and will remain in force until July 31, 2023, unless earlier terminated as set forth herein.

RPBCWD may terminate this agreement at its convenience, by a written termination notice stating specifically what prior authorized or additional tasks or services it requires Abdo to complete. Abdo will receive full compensation for all authorized work performed on an hourly and direct cost-reimbursement basis, subject to the not-to-exceed amount stated in paragraph 5 of this agreement. In the event Abdo does not complete performance of the Services, whether due to a party's breach or otherwise, the parties will have, in addition to any specific remedies stated in the agreement, remedies in accordance with ordinary contract law.

Insurance obligations; duty of care; obligations to defend, indemnify and hold harmless; and document-retention requirements will survive the completion of the Services and the term of this agreement and are included in Abdo's responsibilities for any subcontractors.

7. No Waiver

Notwithstanding any other term of this agreement, RPBCWD waives no immunity in tort. This agreement creates no right in and waives no immunity, defense or liability limit with respect to any third party.

8. Insurance

At all times during the term of this agreement, Abdo will have and keep in force the following insurance coverages:

- A. Professional liability: \$1.5 million each claim and aggregate; coverage may be on a claims-made basis, in which case Abdo must maintain the policy for, or obtain extended reporting period coverage extending, at least three years from completion of the Services.
- B. Workers' compensation: in accordance with legal requirements applicable to Abdo.

Abdo will not commence work until it has filed with RPBCWD a certificate of insurance clearly evidencing the required coverages, and also indicating automobile and general liability coverages held by Abdo.

9. Compliance With Laws

Abdo will comply with the laws and requirements of all federal, state, local and other governmental units in connection with performing the Services and will procure all licenses, permits and other approvals necessary to perform the Services.

In performing the Services, Abdo will ensure that no person is excluded from full employment rights or participation in or the benefits of any program, service or activity on the ground of race, color, creed, religion, age, sex, disability, marital status, sexual orientation, public assistance status or national origin; and no person who is protected by applicable federal or state laws, rules or regulations against discrimination otherwise will be subjected to discrimination.

10. Data Practices; Confidentiality

Abdo will conform to the Minnesota Data Practices Act, Minnesota Statutes chapter 13 (DPA) in performing the Services. If Abdo receives a request for data pursuant to the DPA, that may encompass data (as that term is defined in the DPA) Abdo possesses or has created as a result of this agreement, it will inform RPBCWD immediately and transmit a copy of the request. If the request is addressed to RPBCWD, Abdo will not provide any information or documents, but will direct the inquiry to RPBCWD. If the request is addressed to Abdo, Abdo will be responsible to determine whether it is legally required to respond to the request and otherwise what its legal obligations are, but will notify and consult with RPBCWD and its legal counsel before replying. Nothing in the preceding sentence supersedes Abdo's obligations under this agreement with respect to protection of RPBCWD data, property rights in data or confidentiality. Nothing in this section constitutes a determination that Abdo is performing a governmental function within the meaning of Minnesota Statutes section 13.05, subdivision 11, or otherwise expands the applicability of the DPA beyond its scope under governing law.

Notwithstanding any term of Exhibit A, Abdo agrees that it will not disclose and will hold in confidence any and all proprietary materials owned or possessed by RPBCWD and so denominated by RPBCWD and will provide for any subcontractors to do the same, except as it may be legally required to do otherwise.

11. Whole Agreement

The entire agreement between RPBCWD and Abdo is contained herein and this agreement supersedes all oral agreements and negotiations relating to the subject matter hereof. Any modification of this agreement is valid only when reduced to writing as an amendment to the agreement and signed by the parties hereto. RPBCWD may amend this agreement only by action of the RPBCWD Board of Managers acting as a body, except to the extent the RPBCWD Board of Managers has delegated authority to the RPBCWD administrator to act on its behalf.

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto execute and deliver this agreement.

Abdo LLP

Date: _____

By _____

Its _____

Approved as to form and execution

RPBCWD attorney

Riley-Purgatory-Bluff Creek Watershed District

Date: _____

Terry Jeffery
Its administrator

Exhibit A

**December 21, 2022, proposal for audit services,
constituting the Scope of Services**

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December 21, 2022

Board of Directors
Riley-Purgatory-Bluff Creek Watershed District
Chanhassen, Minnesota

We are pleased to confirm our understanding of the services we are to provide the Riley-Purgatory-Bluff Creek Watershed District (the District) for the year ended December 31, 2022.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, each major fund and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2022. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to supplement the District’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 District’s RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP revised and will be subjected to certain limited procedures, but will not be audited:

- 1) Management’s Discussion and Analysis
- 2) Schedule of Funding Progress, Employer’s Share of Net Pension Liability and Employer’s Contributions

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. .

- 1) Introductory Section

The objectives of our audit are to obtain reasonable assurance as to whether the 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 financial statements are fairly presented in all material respects, in conformity with GAAP, and 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. 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 financial statements.

Edina Office

5201 Eden Avenue, Ste 250
Edina, MN 55436
P 952.835.9090

Mankato Office

100 Warren Street, Ste 600
Mankato, MN 56001
P 507.625.2727

Scottsdale Office

14500 N Northsight Blvd, Ste 233
Scottsdale, AZ 85260
P 480.864.5579

Auditor's Responsibilities for the Audit of the 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 opinions. 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 financial statements, including the disclosures, and determine whether the 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 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.

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 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 financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes 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.

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

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of certain assets, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

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.

Our audit of the financial statements does not relieve you of your responsibilities.



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 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 opinions. 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(s) of material misstatement as part of our audit planning, however, it should be noted that our planning procedures are not concluded and therefore additions or modifications may be made to the below significant risks:

- Management Override of Controls
- Improper Revenue Recognition
- Accrual Adjustments

Audit Procedures-Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's 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 prepare a general ledger trial balance for use during the audit. Our preparation of the trial balance will be limited to formatting information in the general ledger into a working trial balance. As part of the audit, we will assist with preparation of your financial statements of the District in conformity with U.S. generally accepted accounting principles based on information provided by you. We will accumulate capital asset information and calculate the depreciation based on lives and methods determined by management. We will also assist with entries for full accrual basis of accounting for long-term assets, long-term liabilities, and related deferred inflows of resources, deferred outflows of resources, revenues and expenses from information provided by management. We will also assist with year end accrual entries from information provided by management.

We will perform the above services in accordance with applicable professional standards. The other services are limited to the 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 the 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 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 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 financial statements in conformity with accounting principles generally accepted in the United States of America, with the oversight of those charged with governance.

Management is responsible for making drafts of 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 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 financial statements and related matters.

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 of each opinion unit 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 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 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 including the auditor's report in an exempt offering document, you agree that the aforementioned auditor's report, or reference to Abdo, will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent, will be a separate engagement.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America (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. 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) 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. With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.



Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, 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 Abdo 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 any 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 Abdo personnel. Furthermore, upon request, we may provide copies of selected audit documentation to any 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.

We expect to begin our audit in April, 2023 and to issue our reports no later than June 30, 2023. Andrew K. Berg, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be as follows:

Audit	\$ <u>14,000</u>
Leases – GASB 87 Implementation	\$ 2,000

There have been several new accounting standards issued in recent years which will begin taking effect in the current and following years. These new standards may require substantial changes to your financial statements. We will review with you during the planning stage and if changes are substantial and you would like our firm to complete this work we will agree at that time to a separate fee and engagement to complete that work.

The newest standard that will have an effect on your District that is effective for this year's financial statement is GASB's Accounting Standards number 87 - Accounting for Leases. This new standard is effective for fiscal years starting after June 15, 2021. Given this new standard will have an effect on your financial statements, there will be additional time spent to adopt this standard in year one. We will assist management with the implementation of this standard and anticipate that our non-recurring implementation fee for these procedures is estimated to be \$2,000. In addition, Abdo has partnered with a lease accounting software known as "LeaseCrunch" to assist in the implementation of the new standard and to be utilized on an ongoing basis to ensure you are in compliance with the new standard post-implementation. The cost of this service is a discounted price of \$78 per lease that is in the "LeaseCrunch" system and is billed directly to Abdo from LeaseCrunch on an annual basis. Abdo will bill you the same amount charged from LeaseCrunch based on the number of leases in your account. Abdo plans to utilize this software as part of our procedures and Abdo can either enter information into the system for you to review or we can give you access to the system to input your own lease data for which we will review and ensure it is correct. We will discuss this with you as part of our planning procedures.

In an effort to reduce environmental impact, you will receive printable, downloadable PDFs of your report. To receive one (1) paper report, you will be charged \$150 for a set-up fee. Additional paper copies will be charged at the rate of \$50 per report.



You may also be billed for travel and other out-of-pocket costs such as report production, typing, postage, etc. if not included in the fee listed above. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Amounts not paid within 30 days from the invoice date will be subject to a late payment charge of .66 percent per month (8 percent per year). If for any reason the account is turned over to collections, additional fees will be added to cover collections cost. In accordance with our Firm policies, work may be suspended if your account becomes 60 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. 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.

Except in the event of your failure to make a payment when due, in the event of a dispute related in any way to our services, our Firm and you agree to discuss the dispute and, if necessary, to promptly mediate in a good faith effort to resolve. We will agree on a mediator, but if we cannot, either of us may apply to a court having personal jurisdiction over the parties for appointment of a mediator. We will share the mediator's fees and expenses equally, but otherwise will bear our own attorneys' fees and mediation cost. Participation in such mediation shall be a condition to either of us initiating litigation. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identify for purposes of the award of attorneys' fees. In the event you fail to make a payment for services or to reimburse for costs advanced by the Firm on your behalf, the Firm reserves the right to take all legally permissible action, including commencement of litigation in lieu of mediation, and shall have the right to collect its costs, including reasonable attorney's fees, incurred in any such collection or litigation activities.

Should the Riley-Purgatory-Bluff Creek Watershed District desire to employ the Firm's partner(s) or employee(s) involved in the performance of any audit, review or attest service for or relating to the District at any time during the then current fiscal year of the District up to and including the date of the audit report for that year, or in the twelve months preceding the audit report date for the immediately preceding year, it must have the written consent of the Firm to enter into an employment contract with the Firm partner or employee. Should the Firm agree to such arrangement, the agreement will include a payment equal to 200% of the partner or employee's current annual salary.

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the District in the performance of our services. The District shall not, during the term of this agreement and for the twelve months following its termination for any reason, without the prior written consent of the Firm, solicit for employment, or hire any current or former partner or professional employee of the Firm, or any affiliate thereof, if such partner or professional employee has been involved in the performance of any audit, review, or attest service for or relating to the District at any time during the then current fiscal year of the District up to and including the date of the audit report for that year, or in the twelve months preceding the audit report date for the immediately preceding year.

In connection with this engagement, we may communicate with you or others via email transmission. As emails 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 they are directed and only to such parties, we cannot guarantee or warrant that emails 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 of emails 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, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.



We have the right to withdraw from this engagement, at our discretion, if you do not provide us with any information we request in a timely manner; refuse to cooperate with our reasonable requests or misrepresent any facts; we have reason to believe you may have engaged, or may be planning to engage, in conduct that is unethical and/or unlawful; you engage in conduct directed toward or affecting firm personnel that is disrespectful, inappropriate, and/or potentially unlawful; or we determine that continuing the engagement is not in the best interests of the firm or threatens legal or reputational harm to the firm. In the event of withdrawal under any of these circumstances, such withdrawal will release us from any obligation to complete your report and will constitute completion of our engagement.

Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of the District. 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 opinions, 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 opinions 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 withdraw from this engagement.

We appreciate the opportunity to be of service to the District 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 electronically sign this letter.

Sincerely,



Abdo

RESPONSE:

This letter correctly sets forth the understanding of the **Riley-Purgatory-Bluff Creek Watershed District**.

By: _____

Title: _____

