



**RIVERBEND RESOLUTION NO. 20201028-01**

**AUTHORIZING THE EXECUTIVE DIRECTOR/CEO TO EXECUTE AN  
INTERLOCAL AGREEMENT/CONTRACT FOR SERVICES WITH WILF &  
HENDERSON, PC FOR ANNUAL AUDIT SERVICES**

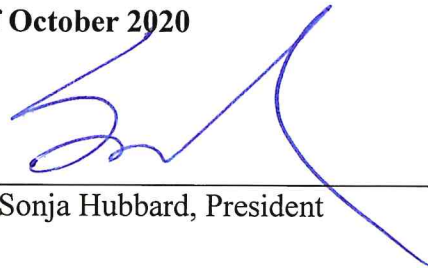
**WHEREAS**, Riverbend Water Resources District is a conservation and reclamation district created under and essential to accomplish the purposes of Section 59 Article XVI, Texas Constitution, existing pursuant to and having the powers set forth in Chapter 9601 of the Special District Local Laws Code of the State of Texas; and

**WHEREAS**, Riverbend Water Resources District has a need for annual year-end audit for FY 2019-2020, including the Administrative Member Funds at Texana Bank and the Wet Utilities' Funds at State Bank of DeKalb; and

**WHEREAS**, Wilf & Henderson, PC provides certain needed accounting and financial services and is fully qualified and certified to perform these services; and

**NOW, THEREFORE, BE IT RESOLVED** that the Executive Director/CEO shall be and is hereby authorized to enter into an interlocal agreement/contract for services with Wilf & Henderson, PC to provide annual year-end audit services for Riverbend Water Resources District on terms substantially the same as attached hereto and further reviewed by general counsel.

**PASSED and APPROVED this 28<sup>th</sup> day of October 2020**

A blue ink signature of Sonja Hubbard, consisting of a stylized 'S' and 'H' followed by a long horizontal stroke that extends to the right.

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Sonja Hubbard, President

ATTEST:

A black ink signature of Marshall Wood, written in a cursive style.

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Marshall Wood, Secretary

Attached: Engagement Letter with Wilf & Henderson.



**WILF & HENDERSON, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants  
Member of Private Company Practice Section  
Member of AICPA Governmental Audit Quality Center



September 25, 2020

*Kyle Dooley, P.E., Executive Director/CEO*  
*Riverbend Water Resources District*  
*228 Texas Avenue, Suite A*  
*New Boston, Texas 75570*

We are pleased to serve as independent accountants and auditors for the Riverbend Water Resources District for the year ended September 30, 2020. Our firm's philosophy is to perform quality professional services as requested by the District in an efficient and cost-effective manner which allows the District to maximize its financial resources yet obtaining an effective and informative audit. We intend to provide the District with our technical capabilities and personal attention that are our trademark in the governmental auditing field. Our clients are the most important part of our business. We appreciate your continuation with our firm, and pledge to serve your needs in a timely and courteous manner.

I enclose herewith an engagement letter as between our firm and the District which covers both the annual audit for the year ending September 30, 2020 and gives due consideration to any need which you may have for employing us to assist you in the various accounting and financial problems which may arise during 2020.

Please consider this engagement letter and return a signed copy.

Very truly yours,

Elizabeth Fawcett  
Certified Public Accountant

Enclosure



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September 25, 2020

*Kyle Dooley, P.E., Executive Director/CEO and  
Members of the Board of Directors  
Riverbend Water Resources District  
228 Texas Avenue, Suite A  
New Boston, Texas 75570*

We are pleased to confirm our understanding of the accounting and financial consultation services we are to provide Riverbend Water Resources District (the District) for the year ended September 30, 2020. The accounting and financial consultation services provided to the District will be provided by the various employees in our firm who are personally familiar with the accounting system and abilities of the District's personnel. Some of our staff has in excess of 40 years of experience in governmental financial and accounting matters.

Elizabeth Fawcett, partner and Kelly Birdwell, partner, will be in charge of all work we perform for you. We believe that frequent and timely communication throughout the year reduces the problems that are often associated with an annual audit. In addition, we have found that we can often assist clients on current problems as they arise. We hope you and your staff will call Elizabeth or Kelly whenever you feel that they can be of assistance.

We will audit the financial statements of the business-type activities, and the related notes to the financial statements, which collectively comprise the basic financial statements of Riverbend Water Resources District as of and for the year ended September 30, 2020. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Riverbend Water Resources 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 Riverbend Water Resources District'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.

We have also been engaged to report on supplementary information other than RSI that also accompanies the District's basic financial statements. We will apply certain limited procedures to Riverbend Water Resources District's other supplemental 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 other supplemental information will be subjected to certain limited procedures but will not be audited: Information Required by the Texas Commission on Environmental Quality.

The following other information identified as the introductory and statistical sections accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that information.

### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the third paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Riverbend Water Resources District and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our audit. The reports will be addressed to the District. 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 fully 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 to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Riverbend Water Resources District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

### **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 entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

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 U.S. generally accepted auditing standards and *Government Auditing Standards*. 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. 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, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to 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 your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures—Internal Controls**

Our audit will include obtaining an understanding of the entity 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. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. 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 and *Government Auditing 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 the District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

#### **Other Services**

We will also assist in preparing the financial statements and related notes of Riverbend Water Resources District in conformity with U.S. generally accepted accounting principles based on information provided by you. We will also assist with accrual basis journal entries. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial services previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedures 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 evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations, and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of the 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 government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements 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 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 entity complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. 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. Your responsibilities include acknowledging to us in the written 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.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

#### **Audit 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.

We understand that your employees will assist in preparing the financial statements and related notes and supplemental schedules. We understand they will locate any documents selected by us for testing.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Wilf & Henderson, P.C. 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 a federal agency providing direct or indirect funding or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Wilf & Henderson, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party (ies) contesting the audit finding for guidance prior to destroying the audit documentation.


We expect to begin our audit in November 2020 and to issue our reports no later than January 15, 2021. Elizabeth Fawcett is the engagement partner and is responsible for supervising the engagement and signing the report. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc). Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit.

In accordance with the rules of professional conduct of the State Board of Public Accountancy, a firm cannot make a competitive bid for professional services. However, a fee estimate may be given as long as it is understood that the firm will not have its independence impaired by being bound to the estimated amount if conditions change which require extensive additional services. We agree with the proposed fee amount of \$21,975. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

You have requested that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. We have successfully completed twelve "Peer Review Engagements" and received a *pass* report on four reports issued by the reviewers and an unqualified opinion in all other eight reports issued by the reviewers. The firm underwent a peer review engagement in August 2019. A copy of that peer review report is attached. A *pass* report was issued. For peer reviews commencing after January 1, 2009 the peer review captain on an engagement review can issue three types of peer review reports: Pass, Pass with deficiencies and fail. A report with a peer review rating of *pass* is issued when the review captain concludes that nothing came to his or her attention that caused him or her to believe that the engagements submitted for review were not performed and reported on in conformity with applicable professional standards in all material respects. There are no deficiencies or significant deficiencies that affect the nature of the report and, therefore, the report does not contain any deficiencies, significant deficiencies, or recommendations.

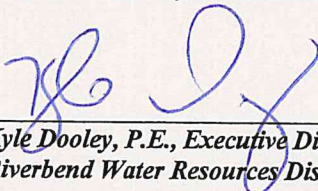
We appreciate the opportunity to be of service to Riverbend Water Resources District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please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

Very truly yours,

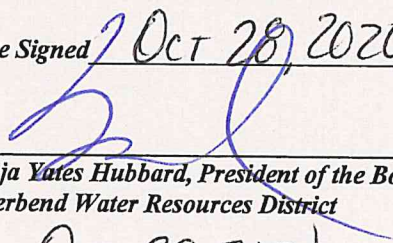
  
**WILF & HENDERSON, P.C.**  
*Certified Public Accountants*

RESPONSE:

This letter correctly sets forth the understanding of Riverbend Water Resource District.

  
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**Kyle Dooley, P.E., Executive Director/CEO**  
*Riverbend Water Resources District*

*Date Signed* Oct 28, 2020

  
\_\_\_\_\_  
**Sonja Yates Hubbard, President of the Board**  
*Riverbend Water Resources District*

*Date Signed* Oct 28, 2020





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## Report on the Firm's System of Quality Control

September 23, 2019

To the shareholders of Wilf & Henderson, P.C.  
and the Peer Review Committee of the Texas Society of Certified Public Accountants.

We have reviewed the system of quality control for the accounting and auditing practice of Wilf & Henderson, P.C. in effect for the year ending March 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, and audits of employee benefit plans.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Wilf & Henderson, P.C. in effect for the year ended March 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Wilf & Henderson, P.C. has received a peer review rating of *pass*.

*Condley and Company, L.L.P.*

Certified Public Accountants