



# LOWER MINNESOTA RIVER WATERSHED DISTRICT

## Executive Summary for Action

Lower Minnesota River Watershed District Board of Managers Meeting  
Wednesday, August 17, 2022

### **Agenda Item**

#### **Item 7. B. – Audit and Financial Accounting Services**

#### **Prepared By**

Linda Loomis, Administrator

#### **Summary**

The LMRWD has not received its financial audit as of August 12, 2022. I have tried to contact the auditor but have not been able to connect with them and have not received any response to email messages.

I spoke with Chris Knopik, CLA, LMRWD accounting services provider, who suggested that the LMRWD consider advertising for a new auditor. Mr. Knopik suggested that the reason the LMRWD may have only received one proposal in 2021 when it went out for audit services was that audit firms may have been concerned that the LMRWD was changing auditors and accounting services at the same time. He said more audit firms may respond now that the LMRWD has an accounting service provider and has a year of stable financial accounting.

Mr. Knopik said he would contact some firms on behalf of the LMRWD, if the Board decides to seek a new auditor.

Things are running more smoothly every month with the new accounting service provider.

#### **Attachments**

Agreement with Global Portfolio, LLC

#### **Recommended Action**

The Board should consider whether it wants to seek a new auditor



CPA Global Portfolio Consulting C.A., LLC.

To the appropriate representative of those charged with governance of

**LOWER MINNESOTA RIVER WATERSHED DISTRICT (LMRWD)**

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**The objective and scope of the audit**

You have requested that we audit the financial statements of the governmental activities and each major fund of **LOWER MINNESOTA RIVER WATERSHED DISTRICT (LMRWD)** for the fiscal years ending on December 31, 2021, and 2022, and the related notes to the financial statements pursuant to Minnesota Statutes Section 103B.227, Subd.5. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 auditing standards generally accepted in the United States of America (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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**The responsibilities of the auditor**

We will conduct our audit in accordance with GAAS as set forth by the American Institute of Certified Public Accountants and the standards of financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

**The responsibilities of management and identification of the applicable financial reporting framework**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

- for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

- for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- to provide us with
  - access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters,
  - additional information that we may request from management for the purpose of the audit; and
  - unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

**Other relevant information (Fees and Payment)**

Our fee for this engagement will be Thirty-Five Thousand Six Hundred and Eighty-two dollars (\$35,682) and Twenty-Seven Thousand Five Hundred Forty-Eight dollars (\$27,548) for the fiscal year 2021 and 2022 audit respectively. Our fees are payable in two equal payments; the first payment at the beginning of the engagement for the year and the second payment when the final report is submitted.

**Reporting**

We will issue a written report upon completion of our audit of **LOWER MINNESOTA RIVER WATERSHED DISTRICT (LMRWD)** financial statements. Our report will be addressed to the Board of Managers of **LOWER MINNESOTA RIVER WATERSHED DISTRICT (LMRWD)**. 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 an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report, or if necessary, withdraw from the engagement.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

**LOWER MINNESOTA RIVER WATERSHED DISTRICT (LMRWD)**

Acknowledged and agreed on behalf of **LOWER MINNESOTA RIVER WATERSHED DISTRICT (LMRWD)** by:

Signed:

Name and Title: \_\_\_\_\_

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