



Item 4D.
BCWMC 7-21-22

PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
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Kalen T. Karnowski, CPA

June 13, 2022

To the Board of Commissioners and Management
of the Bassett Creek Watershed Management Commission
16145 Hillcrest Lane
Eden Prairie, MN 55346

Dear Board of Commissioners and Management:

We are engaged to audit the financial statements of the governmental activities and each major fund, which collectively comprise the basic financial statements of the Bassett Creek Watershed Management Commission (the Commission) as of and for the year ended January 31, 2022. Professional standards require that we provide you with certain information related to our audit. We have communicated such information in our audit engagement letter prior to the start of the audit. However, recent changes to audit standards require additional communication with those charged with governance of the Commission during audit planning, which will be communicated to you verbally and in this letter.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND GOVERNMENT AUDITING STANDARDS

As stated in our engagement letter dated January 6, 2022, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

We have not been engaged to report on the introductory section, which accompanies the financial statements, but is not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

We expect the Commission to provide the final version of all documents comprising the annual report, including other information, prior to the date of the auditor's report so that required audit procedures can be completed prior to the issuance of the auditor's report. If obtaining the final version of these documents is not possible prior to the date of the auditor's report, we expect that the documents will be provided as soon as practicable, and that the Commission will not issue the annual report prior to providing them to us. If we become aware that the final version of all documents determined to be part of the annual report were not provided to us prior to the issuance of those documents to third parties, we will be required to take additional action, which may include: obtaining those documents from Commission management and performing the required audit procedures on them as soon as practical; communicating the matter to those charged with governance of the Commission, if applicable; and other actions deemed appropriate in the circumstance.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

If we conclude that a that a material misstatement exists in other information obtained after the date of the auditor's report, we will be required to perform procedures to determine that the misstatement has been corrected, and reviewing the steps taken by management to communicate with those in receipt of the other information, if previously issued, to inform them of the revision. If the Commission's management and those charged with governance do not agree to revise the other information, we may take action to have the uncorrected misstatement appropriately brought to the attention of anyone in receipt of the financial statements and auditor's report, if considered appropriate based on our professional judgement and relevant law or regulations. In addition, we may provide a new or amended auditor's report to management, and request that management provide this new or amended auditor's report to anyone in receipt of the financial statements and auditor's report.

We will also assist in preparing the financial statements and related notes of the Commission in conformity with accounting principles generally accepted in the United States of America based on information provided by you. 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 gave significant consideration to these nonaudit services we expect to provide, which may reasonably be thought to bear on independence, in reaching the conclusion that independence has not been impaired.

As part of our audit, we will consider the internal control of the Commission. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the Commission's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

PLANNED SCOPE, TIMING OF THE AUDIT, SIGNIFICANT RISKS, AND OTHER

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.

Our audit will include obtaining an understanding of the Commission 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. Material misstatements may result 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. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

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

- 1) Management override of controls, which is a risk presumed to be applicable to every audit.

Areas identified during the planning process as having higher risks of material misstatement generally impact the planned amount or precision of substantive audit evidence to be gathered in those areas, and/or the relative experience of the audit staff assigned to perform or review the audit procedures for those areas. The risk identified above was addressed through the application of safeguards or specific procedures to reduce audit risk to an acceptable level.

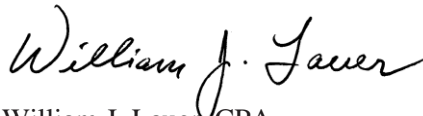
During the course of the audit, if modifications are made to significant risks of material misstatement, we will communicate them to you in writing.

We began our audit in March 2022, and expect to issue our report prior to June 30, 2022. William J. Lauer, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Board of Commissioners and management of the Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

MALLOY, MONTAGUE, KARNOWSKI, RADOSEVICH & CO., P.A.

A handwritten signature in black ink that reads "William J. Lauer". The signature is written in a cursive style with a large initial "W".

William J. Lauer, CPA
Principal

WJL:wls