



LOWER MINNESOTA RIVER WATERSHED DISTRICT

Executive Summary for Action

Lower Minnesota River Watershed District Board of Managers Meeting

Wednesday, January 19, 2022

Agenda Item

Item 7. B. – Audit and Financial Accounting Services Proposals

Prepared By

Linda Loomis, Administrator

Summary

At the December meeting, the Board accepted proposals for audit services from Global Portfolio Consulting, LLC and from CliftonLarsonAllen LLP (CLA) for accounting services and directed that the Administrator enter into contracts with the review and assistance of legal counsel. Contracts have been reviewed by legal counsel and executed by the Administrator. Contracts are attached for the Board's information.

Several conversations have been held with CLA to begin the transition. Initial tasks to complete are to determine which general ledger software to choose and to find a financial institution for LMRWD funds. We have discussed using Quickbooks or Intacct. Both are cloud based general ledger programs. CLA is preparing an analysis of the cost differential between the two. No financial institutions have been contacted yet.

The Letter of Engagement was just recently executed. The next step for the 2021 audit will be to have a meeting between all the parties – auditor, Carver County Finance and the LMRWD.

Attachments

Letter of Engagement between the LMRWD and Global Portfolio, LLC
Master Services Agreement from CliftonLarsonAllen LLP
Outsourcing Preparation Statement of Work from CliftonLarsonAllen LLP

Recommended Action

No action recommended



CPA Global Portfolio Consulting C.A., LLC.

To the appropriate representative of those charged with governance of

LOWER MINNESOTA RIVER WATERSHED DISTRICT (LMRWD)

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:

Linda Loomis, Administrator

Date:

1-12-2022



Master Services Agreement

Lower Minnesota River Watershed District
112 E 5th St #102, Chaska, MN 55318
MSA Date: December 21, 2021

This master service agreement (“MSA”) documents the terms, objectives, and the nature and limitations of the services CliftonLarsonAllen LLP (“CLA,” “we,” “us,” and “our”) will provide for Lower Minnesota River Watershed District (“you,” or “your”). The terms of this MSA will apply to the initial and each subsequent statement of work (“SOW”), unless the MSA is changed in a communication that you and CLA both sign or is terminated as permitted herein.

1. **Scope of Professional Services**

CLA will provide services as described in one or more SOW that will reference this MSA. The SOW will describe the scope of professional services; the nature, limitations, and responsibilities related to the specific services CLA will provide; and the fees for such services.

If modifications or changes are required during CLA’s performance of requested services, or if you request that we perform any additional services, we will provide you with a separate SOW for your signature. Such SOW will advise you of the additional fee and time required for such services to facilitate a clear understanding of the services.

Our services cannot be relied upon to disclose all errors, fraud, or noncompliance with laws and regulations. Except as described in the scope of professional services section of this MSA or any applicable SOW, we have no responsibility to identify and communicate deficiencies in your internal controls as part of any services.

2. **Management responsibilities**

You acknowledge and understand that our role is to provide the services identified in an SOW and that management, and any other parties engaging CLA, have responsibilities that are fundamental to our undertaking to perform the identified services.

3. **Fees and terms**

See the applicable SOW for the fees for the services.

Work may be suspended if your account becomes 90 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagements will be deemed to have been completed even if we have not completed the services. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Payments may be made utilizing checks, Bill.com, your online banking platform, CLA’s electronic payment platform, or any other client initiated payment method approved by

CLA. CLA's electronic online bill pay platform claconnect.com/billpay accepts credit card and Automated Clearing House (ACH) payments. Instructions for you to make direct bank to bank wire transfers or ACH payments will be provided upon request.

4. Other Fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

5. Finance charges and collection expenses

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

6. Dispute Resolution

Any disagreement, controversy, or claim ("Dispute") that may arise out of any aspect of our services or relationship with you shall be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties (i.e., you and CLA). The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

7. Limitation of remedies

These limitation of remedies provisions are not applicable for any audit or examination services provided to you.

Our role is strictly limited to the services described in an SOW, and we offer no assurance as to the results or ultimate outcomes of any services or of any decisions that you may make based on our communications with you. You agree that it is appropriate to limit the liability of CLA, its partners, principals, directors, officers, employees, and agents (each a "CLA party").

You further agree that you will not hold CLA or any other CLA party liable for any claim, cost, or damage, whether based on warranty, tort, contract, or other law, arising from or related to this MSA, the services provided under an SOW, the work product, or for any plans, actions, or results of an SOW, except to the extent authorized by this MSA. In no event shall any CLA party be liable to you for any indirect, special, incidental, consequential, punitive, or exemplary damages, or for loss of profits or loss of goodwill, costs, or attorney fees.

The exclusive remedy available to you shall be the right to pursue claims for actual damages that are directly caused by acts or omissions that are breaches by a CLA party of

our duties owed under this MSA and the specific SOW thereunder, but any recovery on any such claims shall not exceed the fees actually paid by you to CLA pursuant to the SOW that gives rise to the claim.

8. Governing Laws, Jurisdiction, and Venue

The MSA is made under and shall be governed by the laws of the state of Minnesota, without giving effect to choice of law principles. This includes dispute resolution and limitation of remedies.

9. Time limitations

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between you and any CLA party. The parties (you and CLA) agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this MSA or the services performed under an SOW, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against any CLA party must be commenced as provided below, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery. An action to recover on a dispute shall be commenced within these periods (“Limitation Period”), which vary based on the services provided, and may be modified as described in the following paragraph:

Service	Time after the date we deliver the services or work product*
Tax Consulting Services	36 months
Tax Return Preparation	36 months
Examination, compilation, and preparation services related to prospective financial statements	12 months
Audit, review, examination, agreed-upon procedures, compilation, and preparation services other than those related to prospective financial information	24 months
All Other Services	12 months

* pursuant to the SOW on which the dispute is based

If the MSA is terminated or your ongoing relationship with CLA is terminated, then the applicable Limitation Period is the lesser of the above periods or 12 months after termination of MSA or your ongoing relationship with CLA. The applicable Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

10. Confidentiality

Except as permitted by the “Consent” section of this MSA, CLA will not disclose any of your confidential, proprietary, or privileged information to any person or party, unless you authorize us to do so, it is published or released by you, it becomes publicly known or available other than through disclosure by us, or disclosure is required by law, regulation or professional standard. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such

affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

The Internal Revenue Code contains a limited privilege for confidentiality of tax advice between you and our firm. In addition, the laws of some states likewise recognize a confidentiality privilege for some accountant-client communications. You understand that CLA makes no representation, warranty or promise, and offers no opinion with respect to the applicability of any confidentiality privilege to any information supplied or communications you have with us, and, to the extent that we follow instructions from you to withhold such information or communications in the face of a request from a third party (including a subpoena, summons or discovery demand in litigation), you agree to hold CLA harmless should the privilege be determined not to apply to particular information or communications.

The workpapers and files supporting the services we perform are the sole and exclusive property of CLA and constitute confidential and proprietary information. We do not provide access to our workpapers and files to you or anyone else in the normal course of business. Unless required by law or regulation to the contrary, we retain our workpapers and files in accordance with our record retention policy that typically provides for a retention period of seven years. After this period expires, our workpapers and files will be destroyed. Furthermore, physical deterioration or catastrophic events may shorten the time our records are available. The workpapers and files of our firm are not a substitute for your records.

Pursuant to authority given by law, regulation or professional standards we may be requested to make certain workpapers and files available to a regulator for its regulatory oversight purposes. We will notify you of any such request, if permitted by law. Access to the requested workpapers and files will be provided to the regulator under the supervision of CLA personnel and at a location designated by our firm. Furthermore, upon request, we may provide copies of selected workpapers and files to such regulator. The regulator may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

11. Other provisions

You agree that CLA will not be assuming any fiduciary responsibility on your behalf during the course of this MSA, except as may be assumed in an SOW.

CLA may, at times, utilize external web applications to receive and process information from our clients; however, any sensitive data, including protected health information and personally identifiable information, must be redacted by you to the maximum extent possible prior to uploading the document or file. In the event that you are unable to remove or obscure all sensitive data, please contact us to discuss other potential options for transmitting the document or file.

CLA and certain owners of CLA are licensed by the California State Board of Accountancy. However, CLA has owners not licensed by the California State Board of Accountancy who may provide services under this MSA. If you have any questions regarding licensure of the personnel performing services under this MSA, please do not hesitate to contact us.

During the course of the engagement, there may be communication via fax or email. You are responsible to ensure that communications received by you or your personnel are

secured and not shared with unauthorized individuals.

12. Consent to use financial information

We regularly aggregate anonymized client data and perform a variety of analyses using that aggregated data. Some of these analyses are published to clients or released publicly. However, we are always careful to preserve the confidentiality of the separate information that we obtain from each client, as required by the AICPA Code of Professional Conduct and various laws. Your acceptance of this MSA will serve as your consent to our use of Lower Minnesota River Watershed District anonymized data in performing and reporting on these cost comparison, performance indicator and/or benchmarking analyses.

Unless authorized by law or the client consents, we cannot use a client's tax return information for purposes other than the preparation and filing of the client's tax return. By signing and dating this MSA, you authorize CLA to use any and all information furnished to CLA for or in connection with the preparation of the tax returns under this MSA, for a period of up to six (6) years from the date of this MSA, in connection with CLA's preparation of the types of reports described in the foregoing paragraph.

13. Consent to send you publications and other materials

For your convenience, CLA produces a variety of publications, hard copy and electronic, to keep you informed about pertinent business and personal financial issues. This includes published articles, invitations to upcoming seminars, webinars and webcasts, newsletters, surveys, and press releases. To determine whether these materials may be of interest to you, CLA will need to use your tax return information. Such tax information includes your name and address as well as the business and financial information you provided to us.

By signing and dating this MSA, you authorize CLA to use the information that you provide to CLA during the preparation of your tax returns to determine whether to offer you relevant materials. Your consent is valid until further notice.

14. Subcontractors

CLA may, at times, use subcontractors to perform services under this MSA, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this MSA.

15. Technology

CLA may, at times, use third-party software applications to perform services under this MSA. You authorize CLA to sign on your behalf any vendor agreements applicable to such software applications. CLA can provide a copy of the application agreement at your request. You acknowledge the software vendor may have access to your data.

16. Termination of MSA

This MSA shall continue for five years from December 21, 2021, unless terminated earlier by giving appropriate notice. Either party may terminate this MSA at any time by giving 30 days written notice to the other party.

Upon termination of the MSA, the provisions of this MSA shall continue to apply to all services rendered prior to termination.

17. Agreement

We appreciate the opportunity to be of service to you and believe this MSA accurately summarizes the significant terms of our relationship. This MSA, along with the applicable addendum(s) and SOW(s), constitute the entire agreement regarding services to be performed and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. If you agree with the terms of our relationship as described in this MSA, please sign, date, and return.

CliftonLarsonAllen LLP

Christopher Knopik, CPA

Principal

612-397-3266

christopher.knopik@claconnect.com

Response:

This MSA correctly sets forth the understanding of Lower Minnesota River Watershed District

CLA

Client

CliftonLarsonAllen LLP

Lower Minnesota River Watershed District

Christopher G. Knopik

Linda R. Loomis

Christopher Knopik, CPA , Principal

Linda Loomis, Administrator

SIGNED 12/21/2021, 2:12:24 PM CST

SIGNED 12/31/2021, 1:26:58 PM CST

ADDENDUM - A

This addendum (“Addendum A”) to the Master Services Agreement dated December 21, 2021 (the “MSA”) is entered into by and between CliftonLarsonAllen LLP and Lower Minnesota River Watershed District and amends and modifies the MSA between the parties. Terms used herein and not defined shall have the meanings ascribed to such terms in the MSA. The parties agree to amend and modify the MSA effective as of the Effective Date as follows:

For the services described in Outsourcing SOW, you agree to indemnify and hold harmless CLA, its successors and affiliates, officers, employees, and agents from any claims brought or asserted by any other person, third party, or governmental body for any loss, damages, liabilities, remedies, or cause of action, and from any reasonable expenses incurred in defending against any such claims or actions (including attorney fees) arising from or relating to the services performed by any CLA party.

You agree that during the term and for a period of one year after the expiration or termination date of the MSA, you will not solicit, hire, contract with, or engage the services of any person providing services to you on behalf of CLA without the prior written consent of CLA. If you breach this non-solicitation provision, you shall pay \$100,000 to CLA as liquidated damages within two weeks of the date on which the former CLA employee or consultant begins his or her new employment with you.

CLA's relationship with you shall be solely that of an independent contractor and nothing in the MSA shall be construed to create or imply any relationship of employment, agency, partnership, or any relationship other than an independent contractor.

We will be responsible for our own property and casualty, general liability, and workers compensation insurance, taxes, professional training, and other personnel costs related to the operation of our business.

Certificate of completion

Master Services Agreement	Pages: 8	Status: Done
Parties: 2	Variables: 38	Secrets: 0
Certificate pages: 1	Audit log pages: 0	Attachments: 0
TimeZone: America/Chicago	Outlaw ID: -MrNS27zGeZWLIHFP-pL	

Client (Party)

Linda Loomis
naiadconsulting@gmail.com
User ID: OWjqH9UWAxd82gJBNT9Oej1ymNz1

Signature

IP Address: 24.118.81.89
Signing location: On platform

Linda R. Loomis

Timestamp

Viewed: 12/31/2021, 1:26:20 PM CST
Signed: 12/31/2021, 1:26:20 PM CST

Electronic record and signature disclosure**CLA (Party)**

Christopher Knopik, CPA
christopher.knopik@claconnect.com
User ID: XBStOTheBKTmVCBxFniU4Rg6iFz2

Signature

IP Address: 38.126.168.22
Signing location: On platform

Christopher G. Knopik

Timestamp

Viewed: 12/21/2021, 2:11:46 PM CST
Signed: 12/21/2021, 2:11:46 PM CST

Electronic record and signature disclosure



Outsourcing Preparation Statement of Work Copy

Date: December 21, 2021

This agreement constitutes a Statement of Work (“SOW”) to the Master Service Agreement (“MSA”) made by and between CliftonLarsonAllen LLP (“CLA,” “we,” “us,” and “our”) and Lower Minnesota River Watershed District (“you” and “your”) dated December 21, 2021. The purpose of this SOW is to outline certain services you wish us to perform in connection with that agreement.

Scope of professional services

Christopher Knopik, CPA is responsible for the performance of the preparation engagement and other services identified in this agreement. They may be assisted by one or more of our authorized signers in the performance of the preparation engagement.

Bill Conboy is responsible for the implementation activities of the engagement. He will determine the proper additional resources to include subsequent to implementation.

Initial project services:

- Anticipated time period of 1 to 3 months:
 - Set up QuickBooks Online Plus, chart of accounts and associated reports
 - Transition as much historical data from Carver County's general ledger system as possible
 - Set up and transition the District to an online payment platform (www.bill.com)
 - Planning meetings and transition of knowledge with Carver County staff
 - Set up accounting processes, procedures and communicate to constituents
 - Set up payment card processes and expense report management, as applicable
 - Assist as requested or required - ad hoc

Ongoing normal accounting services - Daily/Weekly/Monthly:

- Outsourced accounting functions - accountant
 - Monthly accounts payable and check processing
 - Reconciling and tracking credit cards

- Record receipts
- Bank account reconciliations, management and preparation of monthly schedule of cash position
- Record adjusting journal entries
- Provide cash flow projection as necessary
- Maintenance of accounting records
- Preparation, coordination and filing of annual budget and tax levy
- Assistance with grant reporting and tracking
- Outsourced accounting functions -principal/reviewer
 - Review and approve monthly reconciliations and journal entries prepared by staff
 - Prepare the monthly financial reports
 - Attendance at monthly committee/board/other meetings, as requested

Ongoing normal accounting services - Quarterly/Annual

- Complete annual reporting requirements
 - Financial reporting form to the Office of the State Auditor, Property Tax Levy Report to MN Department of Revenue, Sales tax returns, as applicable, Prepare outstanding indebtedness form with counties, Prepare Local Government Lobbying Report
- Assist with annual budget preparation
- Prepare annual 1099's
- Preparation of annual audit schedules
- Prepare sales tax return, as applicable

- Keep district informed of changes to accounting standards

CLA shall be authorized to the following cash access services:

- Prepare checks and/or electronic funds transfers (EFT, ACH, wire, etc.) to be drawn upon your bank account(s).
- Obtain administrator access to your bank accounts for purposes of performing the duties documented in our SOW identified above.

Preparation services - financial statements

You have requested that we prepare the monthly financial statements of Lower Minnesota River Watershed District, which comprise the financial statements identified below in accordance with Modified Cash (financial reporting framework).

Financial statements:

General Fund Financial Report
Budget to Actual Variance Report
Cash Balance Report

The financial statements will not include the related notes to the financial statements.

Management has requested the financial statements be prepared without substantially all disclosures, which is a departure from the financial reporting framework. The financial statements will identify these departures.

Any supplementary information accompanying the financial statements, if requested, will be prepared and presented for purposes of additional analysis and is not a required part of the basic financial statements.

Preparation services – prospective financial information (i.e., unexpired budget information)

You have requested that we prepare the financial forecast of Lower Minnesota River Watershed District which comprises the forecasted financial statements identified below.

Financial statements:

General Fund Financial Report
Budget to Actual Variance Report

A financial forecast presents, to the best of management’s knowledge and belief, the entity’s expected financial position, results of operations, and cash flows for the forecast period. It is based on management’s assumptions reflecting conditions it expects to exist and the course of action it expects to take during the forecast period.

The financial forecast will omit substantially all of the disclosures required by the guidelines for presentation of a financial forecast established by the American Institute of Certified Public

Accountants (AICPA presentation guidelines) other than those related to the significant assumptions. The financial forecast will identify this departure.

Management has requested the financial forecast be prepared without substantially all disclosures, which is a departure from the AICPA presentation guidelines. The financial forecast will identify these departures.

The supplementary information accompanying the financial forecast will be prepared and presented for purposes of additional analysis and is not a required part of the basic financial forecast.

References to financial statements in the remainder of this SOW are to be taken as a reference to also include the prospective financial information, where applicable.

Engagement objectives and our responsibilities

The objective of our engagement is to prepare financial statements in accordance with the financial reporting framework based on information provided by you and information generated through our outsourced accounting services.

The objective of our engagement is also to prepare a financial forecast in accordance with the guidelines for the presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA presentation guidelines) based on information provided by you.

We will conduct our preparation engagement in accordance with Statements on Standards for Accounting and Review Services (SSARSs) promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA) and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

Engagement limitations

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the financial statements and the supplementary information.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement. You agree that we shall not be responsible for any misstatements in the entity's financial statements that we may not identify as a result of misrepresentations made to us by you.

No assurance statement

The financial statements will not be accompanied by a report. However, management agrees that each page of the financial statements will include a statement clearly indicating that no

assurance is provided on them.

There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Management agrees that the introduction to the summary of the significant assumptions will include a caveat to that effect.

Our firm cannot be associated with any financial statements you file with the U.S. Securities and Exchange Commission (SEC) and accordingly, the name of our firm cannot be included in any of Lower Minnesota River Watershed District public filings.

Management responsibilities

The engagement to be performed is conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that our role is to prepare financial statements in accordance with the financial reporting framework.

We are required by professional standards to identify management's responsibilities in this agreement. Those standards require that you acknowledge and understand that management, and those charged with governance, as appropriate, have the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your financial statements in accordance with SSARs:

- a.** The selection of the financial reporting framework to be applied in the preparation of the financial statements and the use of the AICPA presentation guidelines in the preparation of the forecast.
- b.** 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 the development of assumptions that reflect your plans and expectations regarding events and circumstances for the forecast period.
- c.** The prevention and detection of fraud.
- d.** To ensure that the entity complies with the laws and regulations applicable to its activities.
- e.** The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements.
- f.** To provide us with the following:
 - i.** Access to all information relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - ii.** Additional information that may be requested for the purpose of the engagement.
 - iii.** Unrestricted access to persons within the entity with whom we determine it necessary to communicate.

We understand that you are engaging us to make recommendations and perform services to help you meet your responsibilities relevant to the preparation and fair presentation of the financial statements (items a and b).

The AICPA presentation guidelines require a summary of significant assumptions. We will assist management in the development of the assumptions for the financial forecast; however, management acknowledges that it is responsible for the assumptions (including review and approval of the assumptions) and for the preparation and fair presentation of a financial forecast that presents, to the best of management's knowledge and belief, the entity's expected financial position, results of operations, and cash flows for the financial forecast period, based on management's assumptions and reflecting conditions management expects to exist and the course of action management expects to take during the forecast period assuming the hypothetical assumptions.

For all accounting services we may provide to you, including the preparation of your financial statements, management agrees to assume all management responsibilities; oversee the services evaluate the adequacy and results of the services; and accept responsibility for the results of the services.

Management responsibilities relevant to CLA's access to your cash

Someone with management authority is responsible for the processes below. All approvals listed must be documented in writing, either electronically or manually:

- Approve all invoices and check payments.
- Approve all new vendors and customers added to the accounting system.
- Approve all electronic funds transfers (EFT, ACH, wire, etc.) to external parties.
- Review and approve (or delegate to the CLA consulting controller if applicable) all bank statements and affiliated monthly reconciliations.
- All requests or approvals received via email, text or IM will be confirmed via phone.

Fees, time estimates, and terms

The professional fees (guaranteed through December 31, 2024) for these services are attached at Exhibit A.

Included in the fixed fees are meetings and phone calls to discuss operations, business matters, and accounting matters of the entity. While the fixed fees entitle the entity to consultations with us, if organizational conditions change or the scope of the work requires substantial additional effort beyond what has been defined in this agreement, CLA agrees to perform the additional work at a mutually agreed upon price.

Out-of-pocket expenses such as out-of-town travel, meals, and lodging will be billed at cost and are not included in the fees quoted above. The fee estimates are based on anticipated cooperation from your personnel and their assistance with preparing requested schedules. If the requested items are not available on the dates required or are not accurate, the estimated fees will likely be higher. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee

estimate.

Use of financial statements

The financial statements we prepare are for management's use. If you intend to reproduce and publish the financial statements, they must be reproduced in their entirety.

Addendum A

The MSA Addendum A dated December 21, 2021 applies to services under this SOW.

Agreement

We appreciate the opportunity to provide the services described in this SOW related to the MSA. All terms and provisions of the MSA shall apply to these services. If you agree with the terms of this SOW, please sign below and return a signed copy to us by email or U.S. mail to indicate your acknowledgment and understanding of, and agreement with, this SOW.

CliftonLarsonAllen LLP

Christopher Knopik, CPA
Principal
(612) 397-3266
christopher.knopik@claconnect.com

Response

This SOW correctly sets forth the understanding of Lower Minnesota River Watershed District and is accepted by:

CLA

CliftonLarsonAllen LLP

Christopher G. Knopik

Christopher Knopik, CPA, Principal

SIGNED 12/21/2021, 2:13:55 PM CST

Client

Lower Minnesota River Watershed

District

Linda R. Loomis

Linda Loomis, Administrator

SIGNED 12/31/2021, 1:28:52 PM CST

Certificate of completion

Outsourcing Preparation Statement of Work Copy	Pages: 8	Status: Done
Parties: 2	Variables: 55	Secrets: 0
Certificate pages: 1	Audit log pages: 0	Attachments: 1
Certificate pages:	Outlaw ID: -MrNw1Ths2qvGjX7Zre7	
TimeZone: America/Chicago		

Client (Party)	Signature	Timestamp
Linda Loomis	IP Address: 24.118.81.89	Viewed: 12/30/2021, 1:56:37 PM CST
naiadconsulting@gmail.com	Signing location: On platform	Signed: 12/30/2021, 1:56:37 PM CST
User ID: OWJqH9UWAXd82gJBNT9Oej1ymNz1		

Linda R. Loomis

Electronic record and signature disclosure

CLA (Party)	Signature	Timestamp
Christopher Knopik, CPA	IP Address: 38.126.168.22	Viewed: 12/21/2021, 2:13:25 PM CST
christopher.knopik@claconnect.com	Signing location: On platform	Signed: 12/21/2021, 2:13:25 PM CST
User ID: XBSOtTheBKTmVCBxFniU4Rg6iFz2		

Christopher G. Knopik

Electronic record and signature disclosure