

Mark D. Harrington, CPA  
Wayne A. Langer, CPA  
Nichole Fairbanks, CPA  
Jesse Fraley, CPA  
Anna Anderson, CPA



Gregory W. Heck, CPA, CVA  
Greg L. Emmerich, CPA  
Michael Belknap, CPA  
Benjamin J. Roff, CPA, CVA  
Steve Schurhamer, CPA

563 PHALEN BOULEVARD • ST. PAUL, MN 55130  
phone 651.481.1128 • fax 651.481.0982

## MANAGEMENT LETTER

To the Management and Board of Commissioners  
South Washington County Telecommunications Commission  
Cottage Grove, Minnesota

We have audited the financial statements of SWCTC for the year ended December 31, 2022 and have issued our report thereon dated May 17, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 23, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Commission changed accounting policies related to lease accounting by adopting Statement of Government Accounting Standards Board No. 87, *Leases* in 2022. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimate affecting the financial statements was the estimate of pension liability.

- Management's estimate of its pension liability is based on several factors, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases, and form of annuity payment upon retirement. The allocation of the pension liability is based on the Commission's proportionate share of employer contributions to the pension plans. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing the audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected such misstatements. We proposed audit adjustments to adjust the Commission's financial statements from the modified accrual basis of accounting to the full accrual basis of accounting based on information provided by management.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the Commission's financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated May 17, 2023.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Issues or Findings*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted 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 obtained during the audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

*Hamington Longen Associates*

May 17, 2023