

**WHITEWATER
JOINT POWERS BOARD
FINANCIAL STATEMENTS
December 31, 2010**

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JAMES MAISER
CERTIFIED PUBLIC ACCOUNTANT & CONSULTANT

44 West First Street, Waconia, MN 55387 Office: 952-442-4807 Fax: 952-442-6888

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Whitewater Joint Powers Board
Lewiston, Minnesota

I have audited the accompanying financial statements of the governmental activities and the General fund of the Whitewater Joint Powers Board, Lewiston, Minnesota as of and for the year ended December 31, 2010 which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Board management. My responsibility is to express opinions on these financial statements based on the audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General fund of the Whitewater Joint Powers Board, Lewiston, Minnesota as of December 31, 2010, and the results of operations and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis information is not a required part of the basic financial statements but it is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, I have also issued a report dated August 11, 2011 on my consideration of the Board's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations,

contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



JAMES MAISER
Certified Public Accountant and Consultant

August 11, 2011
Waconia, Minnesota

**WHITEWATER JOINT POWERS BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010**

The Whitewater Joint Powers Board discussion and analysis provides an overview of the Board's financial activities for the fiscal year ended December 31, 2010. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

Following the Management Discussion and Analysis are the complete financial breakdowns of the fiscal year ending December 31, 2010.

Including:

- Governmental Fund Balance Sheet
- Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance
- Budgetary Comparison Statement Budget and Actual General Fund

Each financial report works closely together with the Notes to the Financial Statements.

USING THIS ANNUAL REPORT

This annual report consists of two parts: management's discussion and analysis and the basic financial statements. The basic financial statements include a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Joint Powers Board as a whole and present a longer-term view of the Board's finances. Fund financial statements for governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the board's operations in more detail than the government-wide statements by providing information about the board's most significant funds. Since the Joint Powers Board is a single-purpose special purpose government they combine the government-wide and fund financial statements into single presentations. Whitewater Joint Powers Board has elected to present in this format.

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the board's finances is, "Is the Board better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Board as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Board's net assets and changes in them. You can think of the Joint Powers Board's net assets — the difference between assets and liabilities—as one way to measure the Board's financial health, or financial position. Over time, increases or decreases in the Board's net assets are one indicator of whether its financial health is improving or deteriorating. In the Statement of Net Assets and the Statement of Activities, the Joint Powers Board presents Governmental activities. All of the Board's basic services are reported here.

Fund Financial Statements

The Board presents only a general fund, which is a governmental fund. All of the Board's basic services are reported in the general fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. The fund is reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The general fund statements provide a detailed short-term view of the Board's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the financial statements.

THE JOINT POWERS BOARD AS A WHOLE

Our analysis focuses on the net assets and changes in net assets of the Board's governmental activities.

Net Assets

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Current Assets	\$176,889	\$81,024
Capital Assets	<u>0</u>	<u>0</u>
Total Assets	<u>\$176,889</u>	<u>\$81,024</u>
Current liabilities	\$98,924	\$ 0
Long term liabilities	<u>0</u>	<u>437</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 437</u>
Total Net Assets	<u>\$ 77,965</u>	<u>\$80,587</u>

Net assets of the Board's governmental activities decreased by \$2,622. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements changed from \$80,587 at December 31, 2009 to \$77,965 at the end of this year.

The Board's Statement of Activities and changes in Fund Balance

	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Revenues		
Intergovernmental	\$174,596	\$169,202
Investment earnings	418	449
Miscellaneous Other Revenue	<u>1,516</u>	<u>0</u>
Total Revenues	<u>\$176,530</u>	<u>\$169,651</u>
Expenses		
Conservation	<u>\$179,152</u>	<u>\$167,118</u>
Increase (decrease) in net assets	<u>(\$ 2,622)</u>	<u>\$ 2,533</u>

The Board's total revenues increased by \$6,879. The total cost of programs and services increased by \$12,034.

As the Joint Powers Board completed the year, its general fund reported a combined fund balance of \$77,965, compared to \$81,024 in 2009.

The Joint Powers Board does not own any capital assets.

CONTACTING THE JOINT POWERS BOARD FINANCIAL MANAGEMENT

This financial report is designed to provide the Whitewater Joint Powers Board and the State of Minnesota with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Whitewater Joint Powers Board at 507-523-2171. Address is PO Box 39, Lewiston, MN 55952.

WHITEWATER JOINT POWERS BOARD
LEWISTON, MINNESOTA

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2010

	General Fund	Adjustments	Statement of Net Assets
<u>Assets</u>			
Cash and investments	\$ 173,678	\$ -	\$ 173,678
Accounts Receivable	3,211	-	3,211
Total Assets	\$ 176,889	\$ -	\$ 176,889
<u>Liabilities</u>			
Current liabilities:			
Deferred Revenue	\$ 98,924	\$ -	\$ 98,924
Long-term liabilities:			
Due within one year	-	-	-
Due after one year	-	-	-
Total Liabilities	\$ 98,924	\$ -	\$ 98,924
<u>Fund Balance/Net Assets</u>			
Fund Balance/Net Assets			
Unreserved			
Undesignated	77,965	(77,965)	-
Total Fund Balance	\$ 77,965	\$ (77,965)	\$ -
Net Assets			
Unrestricted		77,965	77,965
Total Net Assets		\$ 77,965	\$ 77,965

Notes are an integral part of the basic financial statements.

WHITEWATER JOINT POWERS BOARD
LEWISTON, MINNESOTA

STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Adjustments	Statement of Activities
Revenues			
Intergovernmental	\$ 174,596	\$ -	\$ 174,596
Investment earnings	418	-	418
Miscellaneous	1,516	-	1,516
Total Revenues	<u>\$ 176,530</u>	<u>\$ -</u>	<u>\$ 176,530</u>
Expenditures/Expenses			
Conservation			
Current	\$ 179,589	\$ (437)	\$ 179,152
Total Expenditures/Expenses	<u>\$ 179,589</u>	<u>\$ (437)</u>	<u>\$ 179,152</u>
Excess of Revenues Over (Under) Expenditures/Expenses	<u>\$ (3,059)</u>	<u>\$ 437</u>	<u>\$ (2,622)</u>
Fund Balance/Net Assets January 1	<u>\$ 81,024</u>	<u>\$ (437)</u>	<u>\$ 80,587</u>
Fund Balance/Net Assets December 31	<u>\$ 77,965</u>	<u>\$ -</u>	<u>\$ 77,965</u>

Notes are an integral part of the basic financial statements.

WHITEWATER JOINT POWERS BOARD
LEWISTON, MINNESOTA

BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Neg)</u>
Revenues			
Intergovernmental			
County	\$ 19,000	\$ 19,721	\$ 721
State Grant	150,000	154,875	4,875
Total intergovernmental	<u>\$ 169,000</u>	<u>\$ 174,596</u>	<u>\$ 5,596</u>
Miscellaneous			
Interest earnings	\$ 1,000	\$ 418	\$ (582)
Other	-	1,516	1,516
Total miscellaneous	<u>\$ 1,000</u>	<u>\$ 1,934</u>	<u>\$ 934</u>
Total Revenues	<u>\$ 170,000</u>	<u>\$ 176,530</u>	<u>\$ 6,530</u>
Expenditures			
District operations			
Personnel services	\$ 70,000	\$ 71,741	\$ (1,741)
Other services and charges	9,000	8,356	644
Total district operations	<u>\$ 79,000</u>	<u>\$ 80,097</u>	<u>\$ (1,097)</u>
Project expenditures			
State	91,000	99,492	(8,492)
Total project expenditures	<u>\$ 91,000</u>	<u>\$ 99,492</u>	<u>\$ (8,492)</u>
Total Expenditures	<u>\$ 170,000</u>	<u>\$ 179,589</u>	<u>\$ (9,589)</u>
Excess of Revenues Over (Under)			
Expenditures	<u>\$ -</u>	<u>\$ (3,059)</u>	<u>\$ (3,059)</u>
Fund Balance - January 1	<u>\$ 81,024</u>	<u>\$ 81,024</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 81,024</u></u>	<u><u>\$ 77,965</u></u>	<u><u>\$ (3,059)</u></u>

Notes are an integral part of the basic financial statements.

**WHITEWATER JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010**

Note 1 - Summary of Significant Accounting Policies

The Whitewater Joint Powers Board was organized June 6, 1989 under provisions of MN Stat. Ch. 471.59. The Joint Powers Board was established to initiate projects for soil and water conservation in portions of Winona, Wabasha and Olmsted counties. The Joint Powers Board is comprised of one county commissioner from each of the three counties and one supervisor from each of the three soil and water conservation Joint Powers Boards. The Joint Powers Board exercises oversight responsibility including budget review. The financial reporting policies of the Joint Powers Board conform to generally accepted accounting principles.

The purpose of the Joint Powers Board is to assist land occupiers in applying practices for the conservation of soil and water resources. These practices are intended to control wind and water erosion, pollution of lakes and streams, and damage to wetlands and wildlife habitats.

Each fiscal year the Joint Powers Board develops a work plan which is used as a guide in using resources effectively to provide maximum conservation of all lands within its boundaries. The work plan includes guidelines for employees and technicians to follow in order to achieve the Board's objectives.

Generally accepted accounting principles require that the financial reporting entity include the primary government and component units for which the primary government is financially accountable. Under these principles the Joint Powers Board does not have any component units.

Government-Wide Financial Statements

The government-wide financial statements (ie., the Statement of Net Assets and The Statement of Activities) report information on all of the nonfiduciary activities of the Joint Powers Board.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

The government reports the general fund as its only major governmental fund. The general fund accounts for all financial resources of the government.

The Board's financial statements (general fund) are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual, that is, both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue sources susceptible to accrual include intergovernmental revenues, charges, and interest. Expenditures are recorded when the corresponding liabilities are incurred.

Intergovernmental revenues are reported in conformity with the legal and contractual requirements of the individual programs. Generally, grant revenues is recognized when the corresponding expenditures are incurred.

Project expenditures represent costs that are funded from federal, state, or Joint Powers Board revenues. State project expenditures consist of grants to participants of the Cost-Share Program and other state

WHITEWATER JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

programs. Joint Powers Board project expenditures are costs of materials and supplies in Joint Powers Board projects.

In accordance with Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, revenues for nonexchange transactions are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs.

Budget Information

The Joint Powers Board adopts an estimated revenue and expenditure budget for the General Fund. Comparisons of estimated revenues and budgeted expenditures to actual are presented in the financial statements in accordance with generally accepted accounting principles. Amendments to the original budget require board approval. Appropriations lapse at year-end. The Joint Powers Board does not use encumbrance accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Assets, Liabilities and Fund Equity Accounts

Assets

Investments are stated at fair value, except for non-negotiable certificates of deposits, which are on a cost basis, and short-term money market investments, which are stated at amortized cost.

Capital assets are reported on a net (depreciated) basis. General capital assets are still valued at historical or estimated historical cost.

Liabilities

Long-term liabilities, such as compensated absences, are accounted for as an adjustment to Net Assets.

Equity

Reserved fund balance indicates the portion of fund equity, which has been legally segregated for specific purposes or is not appropriate for spending.

Unreserved, designated account indicates the portion of fund equity that the Joint Powers Board has set aside for planned future expenditures.

Unreserved, undesignated fund balance account indicates the portion of fund balance that is available for budgeting and spending in future periods.

Risk Management

The Joint Powers Board is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; worker's compensation claims; and natural disasters. Property and casualty liabilities and workers' compensation are insured through Minnesota Counties Insurance Trust. The Joint Powers Board retains risk for the deductible portion of the insurance. The amounts of these deductibles are considered immaterial to the financial statements.

WHITEWATER JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

The Minnesota Counties Insurance Trust is a public entity risk pool currently operated as a common risk management and insurance program for its members. The Joint Powers Board pays an annual premium based on its annual payroll. There were no significant increases or reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

Note 2 – Detailed Notes

Long-Term Liabilities - Compensated Absences Payable

Changes in long-term liabilities for the period ended December 31, 2010 are:

Balance January 1, 2010	\$437
Net Change in Compensated Absences	(437)
Balance December 31, 2010	<u>\$ 0</u>

Deposits

Minn. Statutes 118A.02 and 118A.04 authorize the Joint Powers Board to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statute 118A.03 requires that all Joint Powers Board deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk Deposits

At December 31, 2010, the Joint Powers Board's deposits totaled \$173,678, all of which were cash. Custodial credit risk is the risk that in the event of a financial institution failure, the Joint Powers Board's deposits may not be returned to it. The Joint Powers Board does not have a deposit policy for custodial credit risk. As of December 31, 2010, the Joint Powers Board's deposits were not exposed to custodial credit risk.

Note 3 - Stewardship, Compliance, and Accountability

Excess of expenditures over budget - The general fund had expenditures in excess of budget for the year as follows: Expenditures \$179,589; Budget \$170,000; Excess \$9,589.

Note 4 - Defined Benefit Pension Plans – Statewide

Plan Description - Public Employees Retirement Association

The Board contributes to a cost-sharing multiple-employer defined pension plan administered by the Public Employee Retirement Association of Minnesota (PERA). The PERA provides retirement benefits as well as disability to members, and benefits to survivors upon death of eligible members. The plan and its benefits are established and administered in accordance with Minn. Statute Chapters 353 and 356. PERA issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employees Retirement Association, 60 Empire Drive, Suite 200, St. Paul, Minnesota, 55103-1855.

**WHITEWATER JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010**

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The Board makes annual contributions to the pension plans equal to the amount required by state statutes. Coordinated Plan members were required to contribute 6.0% of their annual covered salary. The Board is required to contribute 7.0% of annual covered payroll. The Board's contributions to the Public Employees Retirement Fund for the years ending December 31, 2010, 2009 and 2008 were \$3,985, 3,900 and \$3,876 respectively. The Board's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 5 – Operating Leases

The Joint Powers Board leases office space on a yearly basis. Under the current agreement, total costs for 2010 were \$2,588.

Note 6 – Reconciliation of Fund Balance to Net Assets

Governmental Fund Balance, January 1	\$81,024
Plus: Excess of Revenue Over Expenditures	<u>(3,059)</u>
Governmental Fund Balance, December 31	<u>\$77,965</u>
 Net Assets	 <u>\$ 77,965</u>

Note 7 – Reconciliation of Change in Fund Balance to Change in Net Assets

Change in fund balance	(\$3,059)
In the statement of activities certain operating expenses including compensated absences are measured by the amounts earned.	<u>437</u>
Net change in net assets	<u>(\$2,622)</u>

**JAMES MAISER
CERTIFIED PUBLIC ACCOUNTANT & CONSULTANT**

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REPORT ON LEGAL COMPLIANCE

Board of Supervisors
Whitewater Joint Powers Board
Lewiston, Minnesota

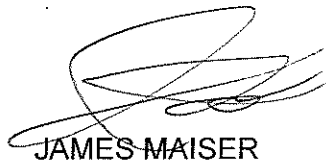
I have audited the accompanying financial statements of the governmental activities, and the General fund of the Whitewater Joint Powers Board, Lewiston, Minnesota, as of and for the year ended December 31, 2010, which collectively comprise the Joint Powers Board's basic financial statements and have issued my report thereon dated August 11, 2011.

My audit was made in accordance with auditing standards generally accepted in the United States of America and provisions of the Minnesota Legal Compliance Audit Guide for Local Government, promulgated by the State Auditor pursuant to Minnesota Statutes Sec. 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures, as I considered necessary in the circumstances.

The Legal Compliance Audit Guide for Local Government covers five main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, and claims and disbursements. My study included all of the listed categories except public indebtedness. The public indebtedness category was not tested because the Joint Powers Board is not allowed to issue debt.

The results of my test indicate that for the items tested, the Joint Powers Board complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of the Joint Powers Board, Board of Soil and Water Resources, State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



JAMES MAISER
Certified Public Accountant and Consultant

August 11, 2011
Waconia, Minnesota

**JAMES MAISER
CERTIFIED PUBLIC ACCOUNTANT & CONSULTANT**

44 West First Street, Waconia, MN 55387 Office: 952-442-4807 Fax: 952-442-6888

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Board of Supervisors
Whitewater Joint Powers Board
Lewiston, Minnesota

I have audited the financial statements of the governmental activities, and the General fund of the Whitewater Joint Powers Board as of and for the year ended December 31, 2010, and have issued my report thereon dated August 11, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control

In planning and performing my audit of the financial statements of the governmental activities, and the General fund of the Whitewater Joint Powers Board, Lewiston, Minnesota as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, I considered the Joint Powers Board's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Joint Powers Board's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Joint Powers Board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Whitewater Joint Powers Board's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and others within the organization and the Board of Supervisors, Board of Soil and Water Resources, State Auditor and is not intended to be and should not be used by anyone other than these specified parties.



JAMES MAISER
Certified Public Accountant and Consultant

August 11, 2011
Waconia, Minnesota