

**WHITEWATER JOINT POWERS BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**WHITEWATER JOINT POWERS BOARD  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>FINANCIAL SECTION</b>	<b>Page</b>
Independent Auditor's Report	1
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position and Governmental Fund Balance Sheet	3
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance	4
Notes to the Financial Statements	5
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Statement, Budget and Actual, General Fund	10
<b>ADDITIONAL REPORTS</b>	
Minnesota Legal Compliance	11
Report on Internal Control	12
Schedule of Findings and Responses	14

## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Whitewater Joint Powers Board  
Lewiston, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Whitewater Joint Powers Board, Lewiston, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Whitewater Joint Powers Board's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our 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 Whitewater Joint Powers Board as of December 31, 2018, and the respective changes in financial position for the governmental activities and the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinion of the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison statement on page 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2019, on our consideration of the Whitewater Joint Powers Board's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Whitewater Joint Powers Board's internal control over financial reporting and compliance.

*Peterson Company Ltd*

PETERSON COMPANY LTD  
Certified Public Accountants  
Waconia, Minnesota

August 8, 2019

**WHITEWATER JOINT POWERS BOARD  
LEWISTON, MINNESOTA  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUND BALANCE SHEET  
DECEMBER 31, 2018**

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash	\$ 63,218	\$ -	\$ 63,218
Total Assets	<u>\$ 63,218</u>	<u>\$ -</u>	<u>\$ 63,218</u>
<b>Liabilities</b>			
Current Liabilities:			
Unearned Revenue	\$ 18,242	\$ -	\$ 18,242
Total Liabilities	<u>\$ 18,242</u>	<u>\$ -</u>	<u>\$ 18,242</u>
<b>Fund Balance/Net Position</b>			
Fund Balance			
Unassigned	\$ 44,976	\$ (44,976)	\$ -
Total Fund Balance	<u>\$ 44,976</u>	<u>\$ (44,976)</u>	<u>\$ -</u>
Net Position			
Unrestricted		\$ 44,976	\$ 44,976
Total Net Position		<u>\$ 44,976</u>	<u>\$ 44,976</u>

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, 2018**

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Intergovernmental	\$ 113,046	\$ -	\$ 113,046
Interest Earnings	69	-	69
Miscellaneous	475	-	475
Total Revenues	<u>\$ 113,590</u>	<u>\$ -</u>	<u>\$ 113,590</u>
<b>Expenditures/Expenses</b>			
Conservation			
Current	\$ 119,228	\$ -	\$ 119,228
Total Expenditures/Expenses	<u>\$ 119,228</u>	<u>\$ -</u>	<u>\$ 119,228</u>
Excess of Revenues Over (Under) Expenditures/Expenses	\$ (5,638)	\$ -	\$ (5,638)
Fund Balance/Net Position January 1	<u>\$ 50,614</u>	<u>\$ -</u>	<u>\$ 50,614</u>
Fund Balance/Net Position December 31	<u>\$ 44,976</u>	<u>\$ -</u>	<u>\$ 44,976</u>

Notes are an integral part of the basic financial statements.

**WHITEWATER JOINT POWERS BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**Note 1 – Summary of Significant Accounting Policies**

The financial reporting policies of the Whitewater Joint Powers Board conform to generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

**Financial Reporting Entity**

The Whitewater Joint Powers Board was organized June 6, 1989, under the provisions of Minnesota Statutes Chapter 471.59. The Board was established to initiate projects for soil and water conservations in portions of Winona, Wabasha, and Olmsted counties. The 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 districts. The Board conforms to generally accepted accounting principles.

The purpose of the 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 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 Board does not have any component units.

**Government-Wide Financial Statements**

The government-wide financial statements (i.e. The Statement of Net Position and The Statement of Activities) report information on all of the nonfiduciary activities of the 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.

**WHITEWATER JOINT POWERS BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period.

Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures are recorded when a liability is incurred under accrual accounting.

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

Interest earnings are recognized when earned. Other revenues are recognized when they are received in cash because they usually are not measurable until then.

State project expenditures consist of grants to participants of state programs.

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 Board adopts an estimated revenues and expenditures 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 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 which affect: the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Assets, Liabilities and Net Position

Assets

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

Unearned Revenue

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned.



**WHITEWATER JOINT POWERS BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

Classification of Net Position

Net position in the government-wide financial statements is classified in the following categories:

Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments; and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – the amount of net position that does not meet the definition of restricted or investment in capital assets.

Classifications of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources in the General Fund. The classifications are as follows:

Nonspendable – the non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or are imposed by law through constitutional provisions or enabling legislation.

Committed – the committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purposes unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned – amounts in the assigned fund balance classification the Board intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board or the Board Administrator who has been delegated that authority by Board resolution.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other fund balance classifications.

The Board applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the restricted fund balance classifications could be used.

**WHITEWATER JOINT POWERS BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

Subsequent Events

In preparing these financial statements, the Board has evaluated events and transactions for potential recognition or disclosure through August 8, 2019, the date the financial statements were available to be issued.

Risk Management

The 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; workers' compensation claims; and natural disasters. Property and casualty liabilities and workers' compensation are insured through Minnesota Counties Intergovernmental Trust. The Board retains risk for the deductible portion of the insurance. The amounts of these deductibles are considered immaterial to the financial statements.

The Minnesota Counties Intergovernmental Trust is a public entity risk pool currently operated as a common risk management and insurance program for its members. The 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**

Unearned Revenue

Unearned revenue represents unearned advances from the Minnesota Board of Water and Soil Resources (BWSR) for administrative service grants and for the cost-share program. Revenues will be recognized when the related program expenditures are recorded. Unearned revenue for the year ended December 31, 2018, consists of the following: Forest Action Plan Grant \$4,370; Mississippi River Accelerated Implementation Grant \$11,614; MAWQCP Grant \$2,258; Total \$18,242.

Deposits

Minnesota Statutes 118A.02 and 118A.04 authorize the Board to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statute 118A.03 requires that all Board deposits be protected by insurance, surety bond, or collateral. When not covered by insurance or surety bonds, 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.

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

Custodial credit risk is the risk that in the event of a financial institution failure, the Board's deposits may not be returned to it. The Board does not have a deposit policy for custodial credit risk. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. The Board has no additional deposit policies addressing custodial credit risk. As of December 31, 2018, the Board's deposits were not exposed to custodial credit risk.

**WHITEWATER JOINT POWERS BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**Note 3 – Operating Leases**

The Board leases office space on a yearly basis. Under the current agreement total costs for 2018 were \$2,548.

**Note 4 – Commitments and Contingencies**

The Board is not aware of any existing or pending lawsuits, claims or other actions in which the Board is a defendant.

**Note 5 – Reconciliation of Fund Balance to Net Position**

Governmental Fund Balance, January 1	\$	50,614
Less: Excess of Expenditures Over Revenues		(5,638)
Governmental Fund Balance, December 31	\$	<u>44,976</u>
 Net Position	 \$	 <u>44,976</u>

**Note 6 – Reconciliation of Change in Fund Balance to Change in Net Position**

Change in Fund Balance	\$	<u>(5,638)</u>
Change in Net Position	\$	<u>(5,638)</u>

**WHITEWATER JOINT POWERS BOARD  
LEWISTON, MINNESOTA  
BUDGETARY COMPARISON STATEMENT  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2018**

	Original/ Final Budget	Actual	Variance With Final Budget Positive (Neg)
<b>Revenues</b>			
Intergovernmental			
County	\$ 21,000	\$ 21,083	\$ 83
State Grant	189,000	91,963	(97,037)
Total Intergovernmental	<u>\$ 210,000</u>	<u>\$ 113,046</u>	<u>\$ (96,954)</u>
Miscellaneous			
Interest Earnings	\$ 10	\$ 69	\$ 59
Other	-	475	475
Total Miscellaneous	<u>\$ 10</u>	<u>\$ 544</u>	<u>\$ 534</u>
 Total Revenues	 <u>\$ 210,010</u>	 <u>\$ 113,590</u>	 <u>\$ (96,420)</u>
<b>Expenditures</b>			
District Operations			
Other Services and Charges	\$ 119,070	\$ 36,306	\$ 82,764
Supplies	700	23	677
Total District Operations	<u>\$ 119,770</u>	<u>\$ 36,329</u>	<u>\$ 83,441</u>
Project Expenditures			
State	\$ 85,500	\$ 82,899	\$ 2,601
Total Project Expenditures	<u>\$ 85,500</u>	<u>\$ 82,899</u>	<u>\$ 2,601</u>
 Total Expenditures	 <u>\$ 205,270</u>	 <u>\$ 119,228</u>	 <u>\$ 86,042</u>
Excess of Revenues Over (Under)			
Expenditures	\$ 4,740	\$ (5,638)	\$ (10,378)
Fund Balance - January 1	<u>\$ 50,614</u>	<u>\$ 50,614</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 55,354</u></u>	<u><u>\$ 44,976</u></u>	<u><u>\$ (10,378)</u></u>

Notes are an integral part of the basic financial statements.

## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Supervisors  
Whitewater Joint Powers Board  
Lewiston, Minnesota

We have audited, 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 the financial statements of the governmental activities and the general fund of Whitewater Joint Powers Board of Lewiston, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Whitewater Joint Powers Board's basic financial statements, and have issued our report thereon dated August 8, 2019.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statutes 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because the Board is not allowed to collect taxes.

In connection with our audit, nothing came to our attention that caused us to believe that the Whitewater Joint Powers Board failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining the knowledge of such noncompliance. Accordingly, had we performed additional procedures; other matters may have come to our attention regarding the Whitewater Joint Powers Board's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

*Peterson Company Ltd*

PETERSON COMPANY LTD  
Certified Public Accountants  
Waconia, Minnesota

August 8, 2019

**INDEPENDENT AUDITOR'S 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**

To the Board of Supervisors  
Whitewater Joint Powers Board  
Lewiston, Minnesota

We have audited, in accordance with the 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, the financial statements of the governmental activities and the general fund of Whitewater Joint Powers Board, Lewiston, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Whitewater Joint Powers Board's basic financial statements, and have issued our report thereon dated August 8, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Whitewater Joint Powers Board's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Whitewater Joint Powers Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Whitewater Joint Powers Board's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 over financial reporting 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.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control as described in the accompanying Schedule of Findings and Responses as item 2018-001 to be a significant deficiency.

Our 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Whitewater Joint Powers Board's financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Whitewater Joint Powers Board's Response to Findings**

Whitewater Joint Powers Board's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Whitewater Joint Powers Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Peterson Company Ltd*

PETERSON COMPANY LTD  
Certified Public Accountants  
Waconia, Minnesota

August 8, 2019

**WHITEWATER JOINT POWERS BOARD  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2018**

**2018-001 Segregation of Duties**

Criteria: Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, has physical access to the related assets, and has responsibility or authority to record the transaction.

Condition: Substantially all accounting procedures are performed by one person.

Cause: This condition is common to organizations of this size due to the limited number of staff.

Effect: The lack of an ideal segregation of duties subjects the Board to higher risk that errors or fraud could occur and not be detected in a timely manner.

Recommendation: Any modification of internal controls in this area must be viewed from a cost/benefit perspective.

Management Response: The Board has adequate policies and procedures in place to compensate for the lack of segregation of duties, including having all disbursements approved by the Board of Supervisors.