

WHITEWATER JOINT POWERS BOARD

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

**WHITEWATER JOINT POWERS BOARD
WINONA, MINNESOTA
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DECEMBER 31, 2023**

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**WHITEWATER JOINT POWERS BOARD
WINONA, MINNESOTA
ORGANIZATION
DECEMBER 31, 2023**

| <u>TITLE</u> | <u>NAME</u> | <u>COUNTY</u> |
|-------------------------|--------------------|----------------------|
| Chair | Josh Elsing | Winona |
| Vice-Chair | Lynn Zabel | Wabasha |
| Secretary/Treasurer | Bob Walkes | Wabasha |
| Alt Secretary/Treasurer | James Rentz | Olmsted |

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Whitewater Joint Powers Board
Winona, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and the General Fund of Whitewater Joint Powers Board, as of and for the year ended December 31, 2023, 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.

In our opinion, the accompanying financial statements 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, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Whitewater Joint Powers Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Whitewater Joint Powers Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives 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 GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Whitewater Joint Powers Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Whitewater Joint Powers Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 statements in an appropriate operational, economic, or historical context. Our opinion on 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 schedule on page 11 and the note to the required supplementary information on page 12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Management is responsible for the other information. The other information comprises the district's organizational information under the introductory section but does not include the financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2024, on our consideration of 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 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 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
Waconia, Minnesota

April 22, 2024

WHITEWATER JOINT POWERS BOARD
WINONA, MINNESOTA
GENERAL FUND BALANCE SHEET AND GOVERNMENTAL ACTIVITIES -
STATEMENT OF NET POSITION
DECEMBER 31, 2023

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Governmental Activities</u> |
|----------------------------------|-------------------------|---------------------|------------------------------------|
| ASSETS | | | |
| Cash | \$ 143,626 | \$ - | \$ 143,626 |
| Total Assets | <u>\$ 143,626</u> | <u>\$ -</u> | <u>\$ 143,626</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Due to Other Governments | \$ 2,503 | \$ - | \$ 2,503 |
| Unearned Revenue | 35,917 | - | 35,917 |
| Total Liabilities | <u>\$ 38,420</u> | <u>\$ -</u> | <u>\$ 38,420</u> |
| FUND BALANCE/NET POSITION | | | |
| Fund Balance: | | | |
| Unassigned | \$ 105,206 | \$ (105,206) | \$ - |
| Total Fund Balance | <u>\$ 105,206</u> | <u>\$ (105,206)</u> | <u>\$ -</u> |
| Net Position: | | | |
| Unrestricted | | <u>\$ 105,206</u> | <u>\$ 105,206</u> |
| Total Net Position | | <u>\$ 105,206</u> | <u>\$ 105,206</u> |

See accompanying Notes to the Financial Statements.

**WHITEWATER JOINT POWERS BOARD
WINONA, MINNESOTA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE AND GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Governmental Activities</u> |
|-------------------------------------------------------|------------------------------|------------------------|------------------------------------|
| REVENUES | | | |
| Intergovernmental | \$ 88,047 | \$ - | \$ 88,047 |
| Interest Earnings | 1,343 | - | 1,343 |
| Total Revenues | <u>89,390</u> | <u>-</u> | <u>89,390</u> |
| EXPENDITURES/EXPENSES | | | |
| Conservation: | | | |
| Current | <u>79,898</u> | <u>-</u> | <u>79,898</u> |
| Total Expenditures/Expenses | <u>79,898</u> | <u>-</u> | <u>79,898</u> |
| EXCESS OF REVENUES OVER/UNDER EXPENDITURES | 9,492 | - | 9,492 |
| Fund Balance/Net Position - Beginning of Year | <u>95,714</u> | <u>-</u> | <u>95,714</u> |
| FUND BALANCE/NET POSITION - END OF YEAR | <u><u>\$ 105,206</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 105,206</u></u> |

See accompanying Notes to the Financial Statements.

**WHITEWATER JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Whitewater Joint Powers Board (the Board) have been prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2023. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The significant accounting policies used by the Board are discussed below.

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 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.

The Board provides technical and financial assistant to individuals, groups, Boards, and governments in reducing costly waste of soil and water resulting from soil erosion, sedimentation, pollution and improper land use.

As required by generally accepted accounting principles, consideration has been given to other organizations that should be included in the Board's financial statements for which the nature and significance of their relationship with the Board are such that exclusion would cause the Board's financial statements to be misleading or incomplete. There are no organizations that should be presented with the Board.

Basic Financial Statements

Basic financial statements include information on the Board's activities as a whole and information on the individual fund of the Board. These separate presentations are reported in different columns. Each of the statements starts with a column of information based on activities of the General Fund and reconciles it to a column that reports the "governmental activities" of the Board as a whole.

Measurement Focus and Basis of Accounting

The governmental activities are reported using the economic resources measurement focus and the accrual basis of accounting, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The Board's net position is reported as restricted and unrestricted. The statement of activities demonstrates the degree to which the expenses of the Board are offset by revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. The Board considers all revenues to be available if they are collected within 60 days after the end of the current period. Charges for services and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources, when applicable.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

**WHITEWATER JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Fund Balance

Cash

Cash consists of a checking account and savings account.

Unearned Revenue

Unearned revenue is recorded for amounts of state grants received prior to satisfying all eligibility requirements imposed by the providers.

Fund Balance

In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Non-spendable fund balance represents amounts that are inherently non-spendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties (statute, grantors, bond agreements, etc.). Committed fund balance represents constraints on spending that the government imposes upon itself by a high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or government body delegated to exercise such authority in accordance with the policy established by the Board. Unassigned fund balance is the residual classification for the Board's General Fund and includes all spendable amounts not contained in the other classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the Board's policy to use restricted first, then the unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned fund balance amounts are available, it is the Board's policy to use committed first, then assigned, and finally unassigned fund balance amounts.

Net Position

Net position represents the difference between assets and liabilities in the government-wide statement of net position. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Unrestricted net position is the residual classification for the Governmental Activities Fund and includes all spendable amounts not contained in the other classifications.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

Effective January 1, 2023, the Board adopted GASB 96, *Subscription-Based Technology Arrangements*. The new standard establishes a right of use subscription asset and a corresponding liability that amortizes over the subscription term for all arrangements with terms longer than 12 months. The Board only has short-term arrangements; therefore, this new standard will not affect them.

**WHITEWATER JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 – 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.

Custodial Credit Risk - Deposits

In the case of 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 and follows Minnesota Statutes for deposits.

Minnesota Statute §118A.03 requires that all Board deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of U.S. government agency; general obligations of a state or local government rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require 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.

As of December 31, 2023, the Board's deposits were not exposed to custodial credit risk.

NOTE 3 – 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, 2023, consisted of the following: Drinking Water Protection \$25,133; Whitewater Well Sealing \$10,784; Total \$35,917

NOTE 4 – RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; workers' compensation claims; or natural disasters. The Board has entered into an agreement with the Minnesota Counties Intergovernmental Trust (MCIT) to cover its liabilities for property and casualty. There were no significant reductions of insurance coverage from the prior year. There have been no settlements in excess of the Board's insurance coverage for any of the past three years.

NOTE 5 – COMMITMENTS AND CONTINGENT LIABILITIES

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

NOTE 6 – RECONCILIATION OF FUND BALANCE TO NET POSITION

| | | |
|--------------------------------------------|---------------|--------------------|
| Governmental Fund Balance, January 1 | \$ | 95,714 |
| Plus: Excess of Revenues Over Expenditures | | 9,492 |
| Governmental Fund Balance, December 31 | <u>\$</u> | <u>105,206</u> |
| Net Position | <u>\$</u> | <u>105,206</u> |

**WHITEWATER JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 – RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION

| | |
|------------------------|------------------------|
| Change in Fund Balance | <u>\$ 9,492</u> |
| Change in Net Position | <u><u>\$ 9,492</u></u> |

NOTE 8 – SUBSEQUENT EVENTS

The Board has evaluated events and transactions for potential recognition or disclosure through April 22, 2024, the date the financial statements were available to be issued.

**WHITEWATER JOINT POWERS BOARD
WINONA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023**

| | Original/ Final Budget | Actual | Variance With Final Budget |
|---------------------------------------------------|------------------------------|-------------------|-------------------------------|
| REVENUES | | | |
| Intergovernmental: | | | |
| County | \$ 21,000 | \$ 21,013 | \$ 13 |
| State Grants | 96,000 | 67,034 | (28,966) |
| Total Intergovernmental | 117,000 | 88,047 | (28,953) |
| Interest Earnings | 35 | 1,343 | 1,308 |
| Total Revenues | 117,035 | 89,390 | (27,645) |
| EXPENDITURES | | | |
| District Operations: | | | |
| Other Services and Charges | 42,690 | 24,873 | 17,817 |
| Supplies | 300 | 10 | 290 |
| Total District Operations | 42,990 | 24,883 | 18,107 |
| Project Expenditures: | | | |
| State | 74,025 | 55,015 | 19,010 |
| Total Project Expenditures | 74,025 | 55,015 | 19,010 |
| Total Expenditures | 117,015 | 79,898 | 37,117 |
| EXCESS OF REVENUES OVER/UNDER EXPENDITURES | 20 | 9,492 | 9,472 |
| Fund Balance - Beginning of Year | 95,714 | 95,714 | - |
| FUND BALANCE - END OF YEAR | \$ 95,734 | \$ 105,206 | \$ 9,472 |

See accompanying Note to the Required Supplementary Information.

**WHITEWATER JOINT POWERS BOARD
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Each fall, the Board of Supervisors adopts an annual budget for the following year for the General Fund. Any modifications in the adopted budget can be made upon request of and approval by the Board of Supervisors. All annual appropriations lapse at fiscal year-end. Legal budgetary control is at the fund level.

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Supervisors
Whitewater Joint Powers Board
Winona, 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 as of and for the year ended December 31, 2023, 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 April 22, 2024.

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 contracting – bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statutes §6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining 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, insofar as they relate to accounting matters.

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
Waconia, Minnesota

April 22, 2024

**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
Winona, 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 as of and for the year ended December 31, 2023, 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 April 22, 2024.

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 as a basis for designing 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 the Whitewater Joint Powers Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2023-001, 2023-002, and 2023-003, that we consider to be significant deficiencies.

Report on 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 financial statements. 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 Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Board's responses to the internal control findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Whitewater Joint Powers Board's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

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
Waconia, Minnesota

April 22, 2024

**WHITEWATER JOINT POWERS BOARD
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023**

2023-001: 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 and Context: Substantially all accounting procedures are performed by one person.

Cause: The Board's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective matter.

Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud, including misappropriation of assets, could occur and not be detected within a timely basis.

Prior Year Finding: Yes, 2022-001.

Recommendation: Management and the board should consider a formal evaluation of their risks associated with this lack of duties segregation. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with lack of segregation of duties, such as providing increased management oversight and an independent reconciliation of accounts. 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 Managers.

**WHITEWATER JOINT POWERS BOARD
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
DECEMBER 31, 2023**

2023-002: Financial Statement Presentation

Criteria: The Board's management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with generally accepted accounting principles.

Condition and Context: As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. Management has accepted responsibility for the financial statements and reviewed them.

Cause: The Board has a limited number of personnel with financial reporting experience.

Effect: The design of the controls over the financial reporting process would affect the ability of the Board to report its financial data consistently with the assertions of the management in the financial statements.

Prior Year Finding: Yes, 2022-002.

Recommendation: We recommend that the Board be aware of the requirements for fair presentation of the financial statements in accordance with the generally accepted accounting principles. Should the Board elect, based upon an analysis of costs and benefits, to establish the full oversight of the financial statement preparation of an appropriate level, we suggest management establish effective review policies and procedures including but not limited to the following: reconciling general ledger amounts to the draft financial statements; review of all supporting documentation and explanations for journal entries proposed by us; complete the disclosure checklist; review and approval of schedules and calculations supporting the amounts included in the notes to the financial statements; apply analytic procedures to the draft financial statements; and perform other procedures considered necessary by management.

Management Response: The Board understands that this is required communications for the preparation of the financial statements.

**WHITEWATER JOINT POWERS BOARD
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
DECEMBER 31, 2023**

2023-003: Audit Adjustments

Criteria: The Board's management is responsible for establishing and maintaining internal controls for the proper recording of all the Board's accounting transactions, including account coding, reporting of accruals, and net position.

Condition and Context: As part of the audit, we proposed material adjustments and reclassified transactions to the proper accounts for preparing note disclosures. Management has reviewed and approved the audit adjustments.

Cause: The Board has a limited number of personnel with financial reporting experience.

Effect: The design of the internal controls over recording transactions and year-end accruals limits the ability of the Board to provide accurate accrual basis financial information.

Prior Year Finding: Yes, 2022-003.

Recommendation: We recommend that Board management be constantly aware of all procedures and processes involved in recording transactions, accruals, and reclassifications and develop internal control policies to ensure proper recording of these items.

Management Response: The Board will continue to work at eliminating the need for audit adjustments.