

**METROPOLITAN SOIL AND
WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA
JOINT POWERS BOARD**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
JORDAN, MINNESOTA
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DECEMBER 31, 2021**

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**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
JORDAN, MINNESOTA
ORGANIZATION
DECEMBER 31, 2021**

<u>TITLE</u>	<u>NAME</u>	<u>TERM EXPIRES</u>
Chair	Mark Zabel	12/31/2021
Vice-Chair	Shelly Binsfeld	12/31/2021
Treasurer	Doug Schoenecker	12/31/2021
Secretary	Glenda Meixell	12/31/2021

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board
Jordan, 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 Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board, as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the General Fund of Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board, as of December 31, 2021, and the 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, 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 Metropolitan Soil and Water Conservation Districts Technical Service Area 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

Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board's 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 Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 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, 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 Metropolitan Soil and Water Conservation Districts Technical Service Area 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 Metropolitan Soil and Water Conservation Districts Technical Service Area 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-7 and the budgetary comparison schedule on page 16 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2022, on our consideration of Metropolitan Soil and Water Conservation Districts Technical Service Area 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 Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board's internal control over financial reporting and compliance.

Peterson Company Ltd

Peterson Company Ltd
Waconia, Minnesota

October 5, 2022

**MANAGEMENT'S DISCUSSION AND ANALYSIS
METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
DECEMBER 31, 2021**

The Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board (Metro Conservation Districts, or MCD) was organized under provisions of MN Stat. Ch. 103C. The MCD is governed by a Board of Supervisors composed of representatives from member Soil and Water Conservation Districts. The member Soil and Water Conservation Districts are Anoka, Carver, Chisago, Dakota, Isanti, Scott, Sherburne, Washington, Wright, Hennepin and Ramsey County.

The Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board's discussion and analysis provides an overview of the MCD's financial activities for the fiscal year ended December 31, 2021. 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.

USING THIS ANNUAL REPORT

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the MCD as a whole and present a longer-term view of the MCD's finances. For governmental activities, financial statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the MCD's operations in more detail than the government-wide statements by providing information about the MCD's general fund. Since MCD's are single-purpose, special-purpose government units, the MCD combines the government-wide and fund financial statements into a single presentation.

THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

One of the most important questions asked about the MCD's finances is, "Is the MCD as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the MCD as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. 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 MCD's net position and changes in them. You can think of the MCD's net position—the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources—as one way to measure the MCD's financial health, or financial position. Over time, increases or decreases in the MCD's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the state and local governmental funding, to assess the overall health of the MCD.

In the Statement of Net Position and the Statement of Activities, the MCD presents governmental activities. All of the MCD's basic services are reported here. Appropriations from the county and state finance most activities.

REPORTING THE MCD'S GENERAL FUND

Our analysis of the MCD's general fund is part of this report. The fund financial statements provide detailed information about the general fund—not the MCD as a whole. The MCD presents only a general fund, which is a governmental fund. All of the MCD's basic services are reported in the general fund, which focuses on how money flows into and out of the fund 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 MCD'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 MCD's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the financial statements.

THE MCD AS A WHOLE

Our analysis focuses on the net position and change in net position of the MCD's governmental activities.

Net Position:

	Governmental Activities	
	2021	2020
Current Assets	\$ 863,795	\$ 810,792
Capital Assets, net of accumulated depreciation	237,185	229,336
Total Assets	<u>\$ 1,100,980</u>	<u>\$ 1,040,128</u>
Current Liabilities	\$ 814,989	\$ 761,863
Total Liabilities	<u>\$ 814,989</u>	<u>\$ 761,863</u>
Investment in Capital Assets	\$ 237,185	\$ 229,336
Unrestricted	48,806	48,929
Total Net Position	<u>\$ 285,991</u>	<u>\$ 278,265</u>

Net position of the MCD's governmental activities increased by \$7,726. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements changed from \$48,929 at December 31, 2020 to \$48,806 at the December 31, 2021.

Change in Net Position:

	Governmental Activities	
	2021	2020
Revenues		
Intergovernmental	\$ 492,242	\$ 398,594
Interest Earnings	637	3,240
Miscellaneous	152	153
Total Revenues	<u>\$ 493,031</u>	<u>\$ 401,987</u>
Expenses		
Conservation	\$ 485,305	\$ 401,330
Total Expenses	<u>\$ 485,305</u>	<u>\$ 401,330</u>
Increase (decrease) in Net Position	<u>\$ 7,726</u>	<u>\$ 657</u>

The MCD's total revenues increased by \$91,044. The total cost of programs and services increased by \$83,975.

THE MCD'S FUNDS

As the MCD completed the year, its general fund as presented in the balance sheet reported a combined fund balance of \$48,806, which is less than last year's total of \$48,929.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual charges to appropriations (expenditures) were \$77,646 below the final budgeted amounts. The most significant negative variance of \$53,062 occurred in State Grants Revenue. The most significant positive variance of \$116,888 occurred in State Project Expenditures.

Capital Assets

At the end of 2021, the MCD had \$237,185 invested in capital assets. This amount represents a net increase (including additions and deletions) of \$7,849 from last year.

CONTACTING THE MCD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the MCD's finances and to show the MCD's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board's fiscal agent, Scott Soil and Water Conservation District at 7151 W 190TH St, Suite 125, Jordan, MN 55352. The phone number is 952-492-5425.

METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
JORDAN, MINNESOTA
GENERAL FUND BALANCE SHEET AND GOVERNMENTAL ACTIVITIES -
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	General Fund	Adjustments	Governmental Activities
ASSETS			
Cash	\$ 855,620	\$ -	\$ 855,620
Accounts Receivables	1,338	-	1,338
Due from Other Governments	6,837	-	6,837
Capital Assets:			
Equipment, net of accumulated depreciation	-	237,185	237,185
Total Assets	<u>\$ 863,795</u>	<u>\$ 237,185</u>	<u>\$ 1,100,980</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 157,705	\$ -	\$ 157,705
Unearned Revenue	657,284	-	657,284
Total Liabilities	<u>\$ 814,989</u>	<u>\$ -</u>	<u>\$ 814,989</u>
FUND BALANCE/NET POSITION			
Fund Balance:			
Unassigned	\$ 48,806	\$ (48,806)	\$ -
Total Fund Balance	<u>\$ 48,806</u>	<u>\$ (48,806)</u>	<u>\$ -</u>
Net Position:			
Investments in Capital Assets		\$ 237,185	\$ 237,185
Unrestricted		48,806	48,806
Total Net Position		<u>\$ 285,991</u>	<u>\$ 285,991</u>

See accompanying Notes to the Financial Statements.

METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
JORDAN, MINNESOTA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE AND GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	General Fund	Adjustments	Governmental Activities
REVENUES			
Intergovernmental	\$ 492,242	\$ -	\$ 492,242
Interest Earnings	637	-	637
Miscellaneous	152	-	152
Total Revenues	<u>493,031</u>	<u>-</u>	<u>493,031</u>
EXPENDITURES/EXPENSES			
Conservation:			
Current	447,815	37,490	485,305
Capital Outlay	45,339	(45,339)	-
Total Expenditures/Expenses	<u>493,154</u>	<u>(7,849)</u>	<u>485,305</u>
EXCESS OF REVENUES OVER/UNDER EXPENDITURES	(123)	7,849	7,726
Fund Balance/Net Position - Beginning of Year	<u>48,929</u>	<u>229,336</u>	<u>278,265</u>
FUND BALANCE/NET POSITION - END OF YEAR	<u><u>\$ 48,806</u></u>	<u><u>\$ 237,185</u></u>	<u><u>\$ 285,991</u></u>

See accompanying Notes to the Financial Statements.

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board (the MCD) have been prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2021. 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 MCD are discussed below.

Financial Reporting Entity

The Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers is organized under the provisions of Minnesota Statutes Chapter 103C. The MCD is governed by a Board of Supervisors, composed of one member from each of the participating Soil and Water Conservation Districts and Counties.

The purpose of the MCD 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.

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

Basic Financial Statements

Basic financial statements include information on the MCD's activities as a whole and information on the individual fund of the MCD. 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 MCD 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 MCD's net position is reported as restricted and unrestricted. The statement of activities demonstrates the degree to which the expenses of the MCD are offset by revenues.

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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 MCD 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 MCD's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, and Net Position or Fund Balance

Cash

Cash consists of two checking accounts.

Accounts Receivables and Due from Other Governments

Receivables are collectible within one year. The financial statements contain no allowance for uncollectible accounts. Uncollectible accounts due for receivables are recognized as bad debts at the time information becomes available that indicates the particular receivable is uncollectible. These amounts are not considered to be material in relation to the financial position or operations of the fund.

Due from other governments are recorded for state, county, and local grant amounts that were received after year-end and all eligibility requirements have been met.

Capital Assets

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method. For the purpose of computing depreciation, the useful life for Machinery and Equipment is 3 to 10 years. The MCD uses the threshold of \$2,500 for capitalizing assets purchased.

Unearned Revenue

Unearned revenue is recorded for amounts of state, county, and local grant amounts received prior to satisfying all eligibility requirements imposed by the providers.

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Fund Balance (Continued)

Fund Balance

In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable 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 MCD'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 MCD'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 MCD'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 investments in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. 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.

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Fund Balance (Continued)

Explanation of Adjustments Column in Statements

Capital Assets: In the Statement of Net Position and Governmental Fund Balance Sheet, an adjustment is made if the MCD has capital assets. This adjustment equals the net book balance of capitalized assets as of the report date and reconciles to the amount reported in Note 3 on Capital Assets.

Depreciation for the year: In the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance, the adjustment equals the total depreciation for the year reported.

NOTE 2 – DEPOSITS

Minnesota Statutes §§118A.02 and 118A.04 authorize the MCD 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 MCD's deposits may not be returned to it. The MCD does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statute §118A.03 requires that all MCD 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, 2021, the MCD's deposits were not exposed to custodial credit risk.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2021, was as follows:

	Beginning	Addition	Deletion	Ending
Equipment	\$ 362,229	\$ 45,339	\$ -	\$ 407,568
Less: Accumulated Depreciation	132,893	37,490	-	170,383
Net Capital Assets	<u>\$ 229,336</u>			<u>\$ 237,185</u>

Current year depreciation is \$37,490.

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 – UNEARNED REVENUE

Unearned revenue represents unearned advances from the Minnesota Board of Water and Soil Resources (BWSR) and from Local Sources 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, 2021, consisted of the following: Children's Water Festival \$56,950; NPEA/Clean Water Funds \$600,334; Total \$657,284.

NOTE 5 – RISK MANAGEMENT

The MCD 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 MCD has entered into an agreement with the Minnesota Counties Intergovernmental Trust (MCIT) to cover its liabilities for workers compensation and property and casualty. For other risks, the MCD carries commercial insurance. There were no significant reductions of insurance coverage from the prior year. There have been no settlements in excess of the MCD's insurance coverage for any of the past three years.

NOTE 6 – FISCAL AGENT AND HOSTS

The Scott Soil and Water Conservation District is the fiscal agent for the MCD. The Dakota County Soil and Water Conservation District is the host for the Non-Point Engineering Assistance Program. The Anoka Conservation District is the host for the Campus Groundwater Conservation Planning Program. The Washington Conservation District is the host for the Sub-watershed Assistance Program through December 31, 2021.

NOTE 7 – COMMITMENTS AND CONTINGENT LIABILITIES

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

NOTE 8 – SUBSEQUENT EVENTS

The MCD has evaluated events and transactions for potential recognition or disclosure through October 5, 2022, the date the financial statements were available to be issued.

NOTE 9 – RECONCILIATION OF FUND BALANCE TO NET POSITION

Governmental Fund Balance, January 1	\$ 48,929
Less: Excess of Expenditures Over Revenues	(123)
Governmental Fund Balance, December 31	<u>\$ 48,806</u>
Adjustments from Fund Balance to Net Position:	
Plus: Capital Assets	<u>\$ 237,185</u>
Net Position	<u>\$ 285,991</u>

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 – RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION

Change in Fund Balance	\$	(123)
Capital Outlay		45,339
The cost of capital assets are allocated over the capital assets' useful life at the government-wide level.		<u>(37,490)</u>
Change in Net Position	\$	<u>7,726</u>

METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
JORDAN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

	Original/ Final Budget	Actual	Variance With Final Budget
REVENUES			
Intergovernmental:			
Local	\$ 45,850	\$ 26,304	(19,546)
State Grants	519,000	465,938	(53,062)
Total Intergovernmental	564,850	492,242	(72,608)
Interest Earnings	-	637	637
Miscellaneous	-	152	152
Total Revenues	564,850	493,031	(71,819)
EXPENDITURES			
District Operations:			
Other Services and Charges	20,800	34,249	(13,449)
Capital Outlay	-	45,339	(45,339)
Total District Operations	20,800	79,588	(58,788)
Project Expenditures:			
Local	31,000	11,454	19,546
State	519,000	402,112	116,888
Total Project Expenditures	550,000	413,566	136,434
Total Expenditures	570,800	493,154	77,646
EXCESS OF REVENUES OVER/UNDER EXPENDITURES	(5,950)	(123)	5,827
Fund Balance - Beginning of Year	48,929	48,929	-
FUND BALANCE - END OF YEAR	\$ 42,979	\$ 48,806	\$ 5,827

See accompanying Notes to the Required Supplementary Information.

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

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
Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board
Jordan, 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 Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board's basic financial statements, and have issued our report thereon dated October 5, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the Metropolitan Soil and Water Conservation Districts Technical Service Area 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 Metropolitan Soil and Water Conservation Districts Technical Service Area 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

October 5, 2022

**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
Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board
Jordan, 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 Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board's basic financial statements, and have issued our report thereon dated October 5, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metropolitan Soil and Water Conservation Districts Technical Service Area 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 Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Metropolitan Soil and Water Conservation Districts Technical Service Area 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 a certain deficiency in internal control, described in the accompanying Schedule of Finding and Recommendation as item 2021-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metropolitan Soil and Water Conservation Districts Technical Service Area 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*.

Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the MCD's response to the internal control finding identified in our audit and described in the accompanying Schedule of Finding and Response. The Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the response.

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

October 5, 2022

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
SCHEDULE OF FINDING AND RECOMMENDATION
DECEMBER 31, 2021**

2021-001: Financial Statement Presentation

Criteria: The MCD'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 MCD 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 MCD to report its financial data consistently with the assertions of the management in the financial statements.

Recommendation: We recommend that the MCD be aware of the requirements for fair presentation of the financial statements in accordance with the generally accepted accounting principles. Should the MCD 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 MCD understands that this is required communications for the preparation of the financial statements.