

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

FINANCIAL STATEMENTS

DECEMBER 31, 2020

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FINANCIAL SECTION	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	3
BASIC FINANCIAL STATEMENTS	
Statement of Net Position and Governmental Fund Balance Sheet	6
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance	7
Notes to the Financial Statements	8
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule, Budget and Actual, General Fund	15
Note to the Required Supplementary Information	16
ADDITIONAL REPORTS	
Minnesota Legal Compliance	17
Report on Internal Control	18

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board
Jordan, Minnesota

Report on the Financial Statements

We have audited the accompanying 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, 2020, 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 as listed in the table of contents.

Management's Responsibility 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 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 material 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 Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 15 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 October 15, 2021, on our consideration of the 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 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
Certified Public Accountants
Waconia, Minnesota

October 15, 2021

**MANAGEMENT'S DISCUSSION AND ANALYSIS
METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
DECEMBER 31, 2020**

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 District Technical Service Area Joint Powers Board discussion and analysis report provides an overview of the MCD's financial activities for the fiscal year ended December 31, 2020. 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

The 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 funds. Since MCD's are single-purpose special purpose government units, the MCD combines the government-wide and fund financial statements into this 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 accrual basis of accounting, which is similar to the accounting used by the 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 and liabilities—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 nonfinancial factors, 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 MCDs basic services are reported here. Appropriations from the 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 funds – 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 changes in net position of the MCD's governmental activities.

Net Position:

	Governmental Activities	
	2020	2019
Current Assets	\$ 810,792	\$ 936,665
Capital Assets, net of depreciation	229,336	227,346
Total Assets	<u>\$ 1,040,128</u>	<u>\$ 1,164,011</u>
Current Liabilities	\$ 761,863	\$ 886,403
Total Liabilities	<u>\$ 761,863</u>	<u>\$ 886,403</u>
Investment in Capital Assets	\$ 229,336	\$ 227,346
Unrestricted	48,929	50,262
Total Net Position	<u>\$ 278,265</u>	<u>\$ 277,608</u>

Net position of the MCD's governmental activities increased by \$657. 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 \$50,262 at December 31, 2019 to \$48,929 at December 31, 2020.

Change in Net Position:

	Governmental Activities	
	2020	2019
<u>Revenues</u>		
Intergovernmental	\$ 398,594	\$ 615,356
Interest Earnings	3,240	5,361
Miscellaneous	153	306
Total Revenues	<u>\$ 401,987</u>	<u>\$ 621,023</u>
<u>Expenses</u>		
Conservation	\$ 401,330	\$ 548,984
Total Expenses	<u>\$ 401,330</u>	<u>\$ 548,984</u>
Increase in Net Position	<u>\$ 657</u>	<u>\$ 72,039</u>

The MCD's total revenues decreased by \$219,036. The total cost of programs and services decreased by \$147,654.

THE MCD'S FUNDS

As the MCD completed the year, its general fund as presented in the balance sheet reported a fund balance of \$48,929 which is below last year's total of \$50,262.

General Fund Budgetary Highlights

The actual charges to appropriations (expenditures) were \$119,680 below the final budgeted amounts. The most significant negative variance of \$89,035 occurred in State Revenue. The most significant positive variance of \$142,870 occurred in State Project Expenditures.

Capital Asset

At the end of 2020, the MCD had \$229,336 invested in capital assets. This amount represents a net increase (including additions and deletions) of \$1,990 from last year.

CONTACTING THE METRO CONSERVATION DISTRICTS

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
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2020**

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	\$ 803,800	\$ -	\$ 803,800
Accounts Receivables	6,992	-	6,992
Capital Assets:			
Equipment (net of accumulated depreciation)	-	229,336	229,336
Total Assets	<u>\$ 810,792</u>	<u>\$ 229,336</u>	<u>\$ 1,040,128</u>
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 59,370	\$ -	\$ 59,370
Unearned Revenue	702,493	-	702,493
Total Liabilities	<u>\$ 761,863</u>	<u>\$ -</u>	<u>\$ 761,863</u>
Fund Balance/Net Position			
Fund Balance:			
Unassigned	\$ 48,929	\$ (48,929)	\$ -
Total Fund Balance	<u>\$ 48,929</u>	<u>\$ (48,929)</u>	<u>\$ -</u>
Net Position			
Investments in Capital Assets		\$ 229,336	\$ 229,336
Unrestricted		48,929	48,929
Total Net Position		<u>\$ 278,265</u>	<u>\$ 278,265</u>

Notes are an integral part of the basic financial statements.

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
JORDAN, MINNESOTA
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Fund	Adjustments	Statement of Activities
Revenues			
Intergovernmental	\$ 398,594	\$ -	\$ 398,594
Interest Earnings	3,240	-	3,240
Miscellaneous	153	-	153
Total Revenues	<u>\$ 401,987</u>	<u>\$ -</u>	<u>\$ 401,987</u>
Expenditures/Expenses			
Conservation			
Current	\$ 367,344	\$ 33,986	\$ 401,330
Capital Outlay	35,976	(35,976)	-
Total Expenditures/Expenses	<u>\$ 403,320</u>	<u>\$ (1,990)</u>	<u>\$ 401,330</u>
Excess of Revenues Over (Under) Expenditures/Expenses	\$ (1,333)	\$ 1,990	\$ 657
Fund Balance/Net Position January 1	<u>\$ 50,262</u>	<u>\$ 227,346</u>	<u>\$ 277,608</u>
Fund Balance/Net Position December 31	<u>\$ 48,929</u>	<u>\$ 229,336</u>	<u>\$ 278,265</u>

Notes are an integral part of the basic financial statements.

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board (the MCD) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

Financial Reporting Entity

The Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board 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 help member Districts improve their efficiency and capacity to deliver local conservation programs and services that promote conservation of soil, water, and related natural resources, as well as to assist with implementation of projects having mutual benefit. Improved efficiency and capacity are achieved by administering coordinated programs that provide economics of scale and shared technical expertise that Districts – operating independently – would not have.

GAAP requires that the MCD's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the MCD. In addition, the MCD's financial statements are to include all component units – entities for which the MCD is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burdens on, the organization. These financial statements include all funds of the MCD. There are no other entities for which the MCD is financially accountable.

Basic Financial Statements

The Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board meets the definition of a Special-Purpose government and is involved in only one program, i.e., conservation of soil and water resources. Accordingly, the MCD is allowed to combine its government-wide statements with the fund statements.

The government-wide financial statements (i.e. The Statement of Net Position and The Statement of Activities) display information about the reporting government as a whole. These statements include all financial activities of the MCD.

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements (Continued)

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 or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Certain items not properly included among program revenues are reported instead as miscellaneous revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, or fiduciary. Currently, the MCD has only governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. 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 the related cash flows. Charges for services revenue is recorded when earned. Grants and similar items are recognized as revenues when all eligibility requirements imposed by the provider have been met.

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 measurable and available. Revenues are considered measurable when the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. County and local grant revenue is generally considered available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Investment earnings are recorded when earned because they are measurable and available. Miscellaneous revenues (except investment earnings) are recorded as revenue when received because they are generally not measurable until then. A six-month availability period is generally used for other fund revenue. Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements in advance of the year in which the item is to be used.

The MCD reports the following major governmental funds:

General Fund – This is the MCD's primary operating fund. It accounts for all financial resources of the general government.

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash

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.

Accounts Receivables

Receivables are collectible within one year.

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 5 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.

Fund Balance

In the fund financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable portions of fund balance relate to prepaid expenditures or inventory amounts. Restricted fund balances are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balance represents constraints on spending that the MCD imposes upon itself by a high-level formal action prior to the close of the fiscal period. The MCD's Board of Supervisors authorizes all assigned fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts, usually in the General Fund, only.

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

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows in the government-wide financial statements. 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.

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 the Capital Assets Note.

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.

Subsequent Events

In preparing these financial statements, the MCD has evaluated events and transactions for potential recognition or disclosure through October 15, 2021, the date the financial statements were available to be issued.

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. Minnesota Statute 118A.03 requires that all MCD 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.

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 – DEPOSITS (CONTINUED)

Custodial Credit Risk 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. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. The MCD has no additional deposit policies addressing custodial credit risk. As of December 31, 2020, the MCD's deposits were not exposed to custodial credit risk.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020 was as follows:

	Beginning	Addition	Deletion	Ending
Equipment	\$ 444,683	\$ 35,617	\$ 118,071	\$ 362,229
Less: Accumulated Depreciation	217,337	33,627	118,071	132,893
Net Capital Assets	<u>\$ 227,346</u>			<u>\$ 229,336</u>

Current depreciation expense is \$33,627.

NOTE 4 – 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, 2020, consists of the following: Children's Water Festival \$55,054; NPEA/Clean Water Funds \$647,439; Total \$702,493.

NOTE 5 – RISK MANAGEMENT

The MCD 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. 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 previous year. There have been no settlements in excess of the MCD's insurance coverage for any of the past three years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contribution charges, so that the total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy the claims liabilities and other expenses. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the MCD in a method and amount to be determined by MCIT.

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 – RISK MANAGEMENT (CONTINUED)

The Property and Casualty Division of MCIT is self-sustaining and the MCD pays an annual premium to cover current and future losses. The MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the MCD in a method and amount to be determined by MCIT.

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, 2020.

NOTE 7 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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.

NOTE 8 – 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 9 – RISK AND UNCERTAINTY

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. The World Health Organization had declared the outbreak to constitute a "Public Health Emergency of International Concern." During 2020 the stock market was unpredictable and interest rates decreased. The economy is still managing, but future economic conditions are unknown. For fiscal year 2020, COVID-19 had little effect on the MCD, but the extent to which COVID-19 may impact the MCD's future financial condition or results of its operation is uncertain.

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 – RECONCILIATION OF FUND BALANCE TO NET POSITION

Governmental Fund Balance, January 1	\$ 50,262
Plus: Excess of Revenues Over Expenditures	(1,333)
Governmental Fund Balance, December 31	<u>\$ 48,929</u>
Adjustments from Fund Balance to Net Position:	
Plus: Capital Assets	\$ 229,336
Net Position	<u>\$ 278,265</u>

NOTE 11 – RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION

Change in Fund Balance	\$ (1,333)
Capital Outlay	35,617
The cost of capital assets are allocated over the capital assets' useful lives at the government-wide level.	<u>(33,627)</u>
Change in Net Position	<u>\$ 657</u>

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
JORDAN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

	Original/ Final Budget	Actual	Variance With Final Budget Positive (Neg)
Revenues			
Intergovernmental			
Local	\$ 43,650	\$ 14,629	(29,021)
State Grant	473,000	383,965	(89,035)
Total Intergovernmental	<u>\$ 516,650</u>	<u>\$ 398,594</u>	<u>\$ (118,056)</u>
Miscellaneous			
Interest Earnings	\$ 4,000	\$ 3,240	\$ (760)
Other	-	153	153
Total Miscellaneous	<u>\$ 4,000</u>	<u>\$ 3,393</u>	<u>\$ (607)</u>
Total Revenues	<u>\$ 520,650</u>	<u>\$ 401,987</u>	<u>\$ (118,663)</u>
Expenditures			
District Operations			
Other Services and Charges	\$ 19,000	\$ 35,235	\$ (16,235)
Capital Outlay	-	35,976	(35,976)
Total District Operations	<u>\$ 19,000</u>	<u>\$ 71,211</u>	<u>\$ (52,211)</u>
Project Expenditures			
Local	\$ 31,000	\$ 1,979	29,021
State	473,000	330,130	142,870
Total Project Expenditures	<u>\$ 504,000</u>	<u>\$ 332,109</u>	<u>\$ 171,891</u>
Total Expenditures	<u>\$ 523,000</u>	<u>\$ 403,320</u>	<u>\$ 119,680</u>
Excess of Revenues Over (Under)			
Expenditures	\$ (2,350)	\$ (1,333)	\$ 1,017
Fund Balance - January 1	<u>\$ 50,262</u>	<u>\$ 50,262</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 47,912</u></u>	<u><u>\$ 48,929</u></u>	<u><u>\$ 1,017</u></u>

The Notes to the Required Supplementary Information are an integral part of this schedule.

**METROPOLITAN SOIL AND WATER CONSERVATION DISTRICTS
TECHNICAL SERVICE AREA JOINT POWERS BOARD
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

NOTE 1 – BUDGETARY INFORMATION

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, 2020, 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 15, 2021.

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 and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing 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
Certified Public Accountants
Waconia, Minnesota

October 15, 2021

**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 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 Metropolitan Soil and Water Conservation Districts Technical Service Area Joint Powers Board as of and for the year ended December 31, 2020, 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 15, 2021.

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. 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.

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 determination of 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*.

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

October 15, 2021