

**SE MN TECHNICAL SUPPORT
NPEA JOINT POWERS BOARD AREA 11**

FINANCIAL STATEMENTS

June 30, 2009

TABLE OF CONTENTS

FINANCIAL SECTION	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-5
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets and Governmental Fund Balance Sheet	6
Statement of Activities and Governmental Fund Revenues, Expenditures And Changes In Fund Balance	7
Budgetary Comparison Statement, Budget and Actual, General Fund	8
Notes to Financial Statements	9-12
ADDITIONAL REPORTS	
Report on Legal Compliance	13
Report on Internal Control Over Financial Reporting and on Compliance and other matters based on an Audit of Financial Statements Performed in accordance with <i>Government Auditing Standards</i>	14-15

JAMES MAISER
CERTIFIED PUBLIC ACCOUNTANT & CONSULTANT

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

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
SE MN Technical Support NPEA Joint Powers Board Area 11
Goodhue, Minnesota

I have audited the accompanying financial statements of the governmental activities and the General fund of the SE MN Technical Support NPEA Joint Powers Board Area 11 Goodhue, Minnesota as of and for the year ended June 30, 2009 which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Board management. My responsibility is to express opinions on these financial statements based on the audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General fund of the SE MN Technical Support NPEA Joint Powers Board Area 11 Goodhue, Minnesota of June 30, 2009, and the results of operations and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, I have also issued a report dated November 22, 2009 on my consideration of the Board's internal control over financial

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



JAMES MAISER
Certified Public Accountant and Consultant

November 22, 2009
Waconia, Minnesota

SE MN TECHNICAL SUPPORT NPEA JOINT POWERS BOARD AREA 11

June 30th, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The SE MN Technical Support NPEA Joint Powers Board Area 11 was organized under provisions of MN Stat. Ch. 103C. The Joint Powers Board 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 Dodge, Goodhue, Fillmore, Freeborn, Olmsted, Rice, Root River, Steele, Winona, Wabasha and Mower .

Use of this Report

The Statement of Net Assets and the Statement of Activities provide information about the activities of the Board as a whole and present a longer-term view of the Board's finances. The fund financial statement is specifically designed for governmental activities. This statement tells how the Board's services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Board's operations in more detail than the government-wide statements by providing information about the most significant funds. Since this Board is a single-purpose special purpose government, it is able to combine the government-wide and fund financial statements into this single presentation.

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the Board's finances is, "Is the Board as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Board as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using accrual basis of accounting, 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 Board's net assets and changes in them. You can think of the Board's net assets — the difference between assets and liabilities—as one way to measure the Board's financial health, or financial position. Over time, increases or decreases in the Board's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the Board.

In the Statement of Net Assets and the Statement of Activities, the Board presents Governmental activities. All of the Boards basic services are reported here. Appropriations from the state finance most activities.

THE JOINT POWERS BOARD AS A WHOLE

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

Net Assets

	Governmental Activities	
	<u>6/30/09</u>	<u>6/30/08</u>
Current Assets	\$236,936	\$210,998
Capital Assets, net of depreciation	<u>16,877</u>	<u>27,621</u>
Total Assets	<u>\$253,813</u>	<u>\$238,619</u>
Current liabilities	\$ 0	\$ 0
Long term liabilities	<u>28,048</u>	<u>24,761</u>
Total Liabilities	<u>\$ 28,048</u>	<u>\$24,761</u>
Total Net Assets	<u>\$225,765</u>	<u>\$213,858</u>

Net assets of the governmental activities increased by \$11,907. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements changed from \$186,237 at June 30, 2008 to \$208,888 at the end of this year.

The Board's Statement of Activities and changes in Net Assets

	Governmental Activities	
	<u>6/30/09</u>	<u>6/30/08</u>
Revenues		
Intergovernmental	\$542,658	\$405,134
Charges for services	0	0
Investment earnings	1,632	1,649
Miscellaneous	<u>20,655</u>	<u>26,843</u>
Total Revenues	<u>\$564,945</u>	<u>\$433,626</u>
Expenses		
Conservation	<u>\$553,038</u>	<u>\$377,603</u>
Increase (decrease) in net assets	<u>\$ 11,907</u>	<u>\$56,022</u>

The Board's total revenues increased by \$131,319. The total cost of programs and services increased by \$175,435.

Fund Balance

As the completed the year, its general fund reported a combined fund balance of \$236,936, which is a increase from last year's total of \$210,998. Included is this year's total change in fund balance, is a increase of \$25,938 in the general fund.

CONTACTING SE MN TECHNICAL SUPPORT NPEA JOINT POWERS BOARD AREA 11

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Joint Powers Board finances and to show the accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Goodhue Soil and Water Conservation District, 104 East Third Avenue, Goodhue, Minnesota 55027, Phone 651-923-5286.

SE MN TECHNICAL SUPPORT
NPEA JOINT POWERS BOARD AREA 11
GOODHUE, MINNESOTA

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET
June 30, 2009

	General Fund	Adjustments	Statement of Net Assets
<u>Assets</u>			
Cash and investments	\$ 236,936	\$ -	\$ 236,936
Capital Assets:			
Equipment (net of accumulated depreciation)	-	16,877	16,877
Total Assets	\$ 236,936	\$ 16,877	\$ 253,813
<u>Liabilities</u>			
Current liabilities:			
Long-term liabilities:			
Due within one year	-	-	-
Due after one year	-	28,048	28,048
Total Liabilities	\$ -	\$ 28,048	\$ 28,048
<u>Fund Balance/Net Assets</u>			
Fund Balance/Net Assets			
Unreserved			
Undesignated	236,936	(236,936)	-
Total Fund Balance	\$ 236,936	\$ (236,936)	\$ -
Net Assets			
Invested in capital assets		\$ 16,877	\$ 16,877
Unrestricted		208,888	208,888
Total Net Assets		\$ 225,765	\$ 225,765

Notes are an integral part of the basic financial statements.

SE MN TECHNICAL SUPPORT
 NPEA JOINT POWERS BOARD AREA 11
 GOODHUE, MINNESOTA

STATEMENT OF ACTIVITIES AND
 GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Adjustments	Statement of Activities
Revenues			
Intergovernmental	\$ 542,658	\$ -	\$ 542,658
Charges for services	-	-	-
Investment earnings	1,632	-	1,632
Miscellaneous	20,655	-	20,655
Total Revenues	<u>\$ 564,945</u>	<u>\$ -</u>	<u>\$ 564,945</u>
Expenditures/Expenses			
Conservation			
Current	\$ 539,007	\$ 14,031	\$ 553,038
Capital outlay	-	-	-
Total Expenditures/Expenses	<u>\$ 539,007</u>	<u>\$ 14,031</u>	<u>\$ 553,038</u>
Excess of Revenues Over (Under) Expenditures/Expenses	<u>\$ 25,938</u>	<u>\$ (14,031)</u>	<u>\$ 11,907</u>
Fund Balance/Net Assets 7/1/08	<u>\$ 210,998</u>	<u>\$ 2,860</u>	<u>\$ 213,858</u>
Fund Balance/Net Assets 6/30/09	<u><u>\$ 236,936</u></u>	<u><u>\$ (11,171)</u></u>	<u><u>\$ 225,765</u></u>

Notes are an integral part of the basic financial statements.

SE MN TECHNICAL SUPPORT
NPEA JOINT POWERS BOARD AREA 11
GOODHUE, MINNESOTA

BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Neg)</u>
Revenues			
Intergovernmental			
State Grant	\$ 236,236	\$ 542,658	\$ 306,422
Total intergovernmental	<u>\$ 236,236</u>	<u>\$ 542,658</u>	<u>\$ 306,422</u>
Miscellaneous			
Interest earnings	\$ 1,500	\$ 1,632	\$ 132
Other	7,500	20,655	13,155
Total miscellaneous	<u>\$ 9,000</u>	<u>\$ 22,287</u>	<u>\$ 13,287</u>
Total Revenues	<u>\$ 245,236</u>	<u>\$ 564,945</u>	<u>\$ 319,709</u>
Expenditures			
District operations			
Personnel Services	\$ 227,565	\$ 224,064	\$ 3,501
Other services and charges	14,171	25,769	(11,598)
Supplies	2,000	1,450	550
Capital outlay	1,500	-	1,500
Total District Operations	<u>\$ 245,236</u>	<u>\$ 251,283</u>	<u>\$ (6,047)</u>
Project Expenditures			
State	-	287,724	(287,724)
Total Expenditures	<u>\$ 245,236</u>	<u>\$ 539,007</u>	<u>\$ (293,771)</u>
Excess of Revenues Over (Under)			
Expenditures	<u>\$ -</u>	<u>\$ 25,938</u>	<u>\$ 25,938</u>
Fund Balance - 7/1/08	<u>\$ 210,998</u>	<u>\$ 210,998</u>	<u>\$ -</u>
Fund Balance - 6/30/09	<u>\$ 210,998</u>	<u>\$ 236,936</u>	<u>\$ 25,938</u>

Notes are an integral part of the basic financial statements.

**SE MN TECHNICAL SUPPORT
NPEA JOINT POWERS BOARD AREA 11
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009**

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The SE MN Technical Support NPEA Joint Powers Board Area 11 was organized under provisions of MN Stat. Ch. 103C. The Joint Powers Board 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 Dodge, Goodhue, Fillmore, Freeborn, Olmsted, Rice, Root River, Steele, Winona, Wabasha and Mower

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

The SE MN Technical Support NPEA Joint Powers Board Area 11, in cooperation with Soil and Water Conservation Districts and other agencies, provides technical and financial assistance to individuals, groups, organizations, and governments in reducing costly waste of soil and water resulting from soil erosion, sedimentation, pollution and improper land use.

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

**SE MN TECHNICAL SUPPORT
NPEA JOINT POWERS BOARD AREA 11
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009**

Intergovernmental revenues are reported in conformity with the legal and contractual requirements of the individual programs. Generally, grant revenues is recognized when the corresponding expenditures are incurred. Investment earnings are recognized when earned. Agricultural conservation fees and other revenue are recognized when they are received in cash because they usually are not measurable until then.

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

Budget Information

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

Use of Estimates

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

Assets, Liabilities and Fund Equity Accounts

Assets

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

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

Liabilities

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

Equity

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

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

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

Vacation and Sick Leave

Under the Board's personnel policies, employees are granted vacation leave in varying amounts based on their length of service. Vacation leave accrual varies from 4 to 7 hours per pay period. Sick leave accrual is 4 hours per pay period. The limit on the accumulation of annual leave is 200 hours and the limit on sick leave is 960 hours. Upon termination of employment from the board, employees are paid accumulated annual leave and accrued sick leave to be paid at the employee hourly rate not to exceed \$3,500.

**SE MN TECHNICAL SUPPORT
NPEA JOINT POWERS BOARD AREA 11
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009**

Risk Management

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

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

Note 2 – Detailed Notes

Capital Assets

Changes in Capital Assets, Asset Capitalization and Depreciation.

	Beginning	Addition	Deletion	Ending
Equipment	\$177,188	\$ 0	\$ 0	\$177,188
Less: Accumulated Depreciation	<u>149,567</u>	10,744	0	<u>160,311</u>
Net Capital Assets	<u>\$ 27,621</u>			<u>\$ 16,877</u>

The cost of property, plant and equipment is depreciated over the estimated useful lives of the related assets. Leasehold improvements are depreciated over the lesser of the term of the related lease or the estimated useful lives of the assets. Depreciation is computed on the straight-line method. The useful lives of property, plant and equipment for the purpose of computing depreciation are Machinery and equipment 5 to 10 years. Current year depreciation is \$10,744.

Long-Term Liabilities - Compensated Absences Payable

Changes in long-term liabilities for the period ended June 30, 2009 are:

Balance July 1, 2008	\$24,761
Net Change in Compensated Absences	<u>3,287</u>
Balance June 30, 2009	<u>\$28,048</u>

Deposits

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

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

Custodial Credit Risk Deposits

At June 30, 2009, the Board's deposits totaled \$236,936 all of which were cash 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

**SE MN TECHNICAL SUPPORT
NPEA JOINT POWERS BOARD AREA 11
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009**

it. The Board does not have a deposit policy for custodial credit risk. As of June 30, 2009, the Board's deposits were not exposed to custodial credit risk.

Note 3 - Defined Benefit Pension Plans – Statewide

Plan Description - Public Employees Retirement Association

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

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The Board makes annual contributions to the pension plans equal to the amount required by state statutes. Coordinated Plan members were required to contribute 6.0% of their annual covered salary. The Board is required to contribute 6.5% of annual covered payroll. The Board's contributions to the Public Employees Retirement Fund for the years ending June 30, 2009, 2008 and 2007 were \$2,528, \$2,296, and \$2,078 respectively. The Board's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 4 - Stewardship, Compliance, and Accountability

Excess of expenditures over budget - The general fund had expenditures in excess of budget for the year as follows: Expenditures \$539,007; Budget \$245,236; Excess \$293,771.

Note 5- Reconciliation of Fund Balance to Net Assets

Governmental Fund Balance, 7/1/08	\$210,998
Plus: Excess of Revenue Over Expenditures	<u>25,938</u>
Governmental Fund Balance, 6/30/09	<u>\$ 236,936</u>
Adjustments from Fund Balance to Net Assets:	
Plus: Capital Assets	\$ 16,877
Less: Long-term Liabilities	<u>(28,048)</u>
Net Assets	<u>\$ 225,765</u>

Note 6 – Reconciliation of Change in Fund Balance to Change in Net Assets

Change in fund balance	\$25,938
The cost of capital assets are allocated over the capital asset's useful lives at the government-wide level.	<u>(10,744)</u>
In the statement of activities certain operating expenses including compensated absences are measured by the amounts earned.	<u>(3,287)</u>
Net change in net assets	<u>11,907</u>

JAMES MAISER
CERTIFIED PUBLIC ACCOUNTANT & CONSULTANT

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

REPORT ON LEGAL COMPLIANCE

Board of Supervisors
SE MN Technical Support NPEA Joint Powers Board Area 11
Goodhue, Minnesota

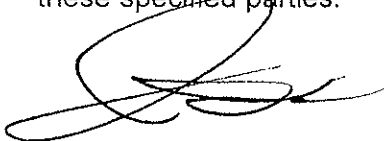
I have audited the accompanying financial statements of the governmental activities, and the General fund of the SE MN Technical Support NPEA Joint Powers Board Area 11, Goodhue, Minnesota as of and for the year ended June 30, 2009, which collectively comprise the Board's basic financial statements and have issued my report thereon dated November 22, 2009.

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

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

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

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



JAMES MAISER
Certified Public Accountant and Consultant

November 22, 2009
Waconia, Minnesota

**JAMES MAISER
CERTIFIED PUBLIC ACCOUNTANT & CONSULTANT**

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

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

Board of Supervisors
SE MN Technical Support NPEA Joint Powers Board Area 11
Goodhue, Minnesota

I have audited the financial statements of the governmental activities, and the General fund of the SE MN Technical Support NPEA Joint Powers Board Area 11, Goodhue, Minnesota, as of and for the year ended June 30, 2009, and have issued my report thereon dated November 22, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In planning and performing my audit of the financial statements of the governmental activities, and the General fund of the SE MN Technical Support NPEA Joint Powers Board Area 11, Goodhue, Minnesota, as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, I considered the Board's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

Internal Control

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material

weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SE MN Technical Support NPEA Joint Powers Board Area 11, Goodhue, Minnesota, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



JAMES MAISER
Certified Public Accountant and Consultant

November 22, 2009
Waconia, Minnesota