

**OLMSTED SOIL AND WATER
CONSERVATION DISTRICT**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

**OLMSTED SOIL AND WATER CONSERVATION DISTRICT
ROCHESTER, MINNESOTA
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DECEMBER 31, 2021**

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**OLMSTED SOIL AND WATER CONSERVATION DISTRICT
ROCHESTER, MINNESOTA
ORGANIZATION
DECEMBER 31, 2021**

<u>TITLE</u>	<u>NAME</u>	<u>TERM EXPIRES</u>
Chair	Cheryl Winters	12/31/2022
Vice-Chair	Paul Uecker	12/31/2022
Secretary/Treasurer	Andy Hart	12/31/2024
Member	James Rentz	12/31/2022
Member	Steve Connelly	12/31/2024

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Olmsted Soil and Water Conservation District
Rochester, 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 Olmsted Soil and Water Conservation District, 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 Olmsted Soil and Water Conservation District, 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 Olmsted Soil and Water Conservation District 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

Olmsted Soil and Water Conservation District'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 Olmsted Soil and Water Conservation District'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 Olmsted Soil and Water Conservation District'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 Olmsted Soil and Water Conservation District'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 page 5 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 Olmsted Soil and Water Conservation District'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 August 23, 2022, on our consideration of Olmsted Soil and Water Conservation District'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 Olmsted Soil and Water Conservation District's internal control over financial reporting and compliance.

Peterson Company Ltd

Peterson Company Ltd
Waconia, Minnesota

August 23, 2022

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OLMSTED SOIL AND WATER CONSERVATION DISTRICT
DECEMBER 31, 2021**

Olmsted Soil and Water Conservation District's discussion and analysis provides an overview of the District'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 (beginning on page 9).

FINANCIAL HIGHLIGHTS

As of December 31, 2021, Olmsted SWCD's assets exceeded liabilities by \$182,359 (total net position). Of the total assets \$182,359 represents unrestricted net position that may be used to meet Olmsted SWCD operations.

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 (on pages 9 and 10) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's general fund. Since Districts are single-purpose, special-purpose government units, the District combines the government-wide and fund financial statements into a single presentation.

THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

Analysis of the District as a whole begins on page 6. One of the most important questions asked about the District's finances is, "Is the District 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 District 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 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 District's net position and changes in them. You can think of the District's net position – the difference between assets and liabilities-as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

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

REPORTING THE DISTRICT'S GENERAL FUND

The fund financial statements provide detailed information about the general fund—not the District as a whole. The District presents only a general fund, which is a governmental fund. All of the District'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 District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

THE DISTRICT AS A WHOLE

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

Table 1
Net Position:

	Governmental Activities	
	2021	2020
Current Assets	\$ 385,393	\$ 473,979
Total Assets	\$ 385,393	\$ 473,979
Current Liabilities	\$ 203,034	\$ 230,224
Total Liabilities	\$ 203,034	\$ 230,224
Unrestricted	\$ 182,359	\$ 243,755
Total Net Position	\$ 182,359	\$ 243,755

Net position of the District's governmental activities decreased by \$61,396 or 25%. 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 \$243,755 at December 31, 2020 to \$182,359 at the December 31, 2021.

Table 2
Change in Net Position:

	Governmental Activities	
	2021	2020
Revenues		
Intergovernmental	\$ 820,486	\$ 866,274
Charges for Services	34,659	29,218
Interest Earnings	4,193	6,815
Miscellaneous	76	8,071
Total Revenues	<u>\$ 859,414</u>	<u>\$ 910,378</u>
Expenses		
Conservation	<u>\$ 920,810</u>	<u>\$ 853,541</u>
Total Expenses	<u>\$ 920,810</u>	<u>\$ 853,541</u>
Increase (decrease) in Net Position	<u>\$ (61,396)</u>	<u>\$ 56,837</u>

The District's total revenues decreased by \$50,964 or 5.60%. Intergovernmental Revenues decreased overall by \$45,788, or 5.29%. State Grant revenues decreased by \$83,252 in 2021 versus 2020, due to timing of project completion. County revenues increased by \$14,851, due to a cost-of-living adjustment from the County's General Fund to the SWCD. Other Governmental revenues increased by \$22,614. There were no Federal revenues in 2021. Charges for Services increased by \$5,441, interest earnings decreased by \$2,622 and Miscellaneous Revenue decreased by \$7,995.

The total cost of all programs and services increased by \$67,269, which is 7.88%. District operations expense increased in 2021 by \$10,421 or 6.51% due to increases in equipment and supplies and technology services. Contracted personnel services increased \$20,242 or 3.71% due to salary benefit increases for District personnel. District project expenses in 2020 were \$10,398; 2021 expenses were \$17,408, a 67% increase, due to an increase in trees purchased for resale at the annual tree sale event. State project expenses increased by \$29,596 or 21.58%. This reflects the usual increases and decreases based on projects in progress each year.

The District used \$61,396 in reserves in 2021, which was less than the \$78,563 budgeted.

GOVERNMENTAL ACTIVITIES

Overall, the District's governmental program revenues decreased from \$866,274 in 2020 to \$820,486 in 2021. The cost of all governmental activities were \$853,541 in 2020 compared to \$920,810 in 2021. The District fell short in covering governmental program expenses with government program revenues by \$100,323; however, Other Revenues of \$38,927, offset this deficiency for a decrease to net position of \$61,396.

THE DISTRICT'S GENERAL FUND

As the District completed the year, its general fund as presented in the balance sheet reported a combined fund balance of \$182,359, which is a decrease from last year's total of \$243,755.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's Original and Final budgets are reflected in the statement on page 16.

The most significant change in 2021 budget projection was in the District's Intergovernmental revenues where the District received \$122,006 more in revenues than anticipated, and project expenses exceeded budget by \$106,462. State project revenues and the corresponding expenses are difficult to budget, because these projects are completed over a multi-year period and the revenues and expenses cannot be accurately budgeted in a specific year.

For 2021 total expenditures of \$920,810 were \$82,116 more than the budgeted projection of \$838,694. This was due to State and District Project expenditures exceeding the budgeted amount; however, revenue increases of \$20,720 over budgeted amounts helped to offset the increased expenditures and reduce the amount of planned reserve usage.

The District anticipated using up to \$78,563 in reserves in 2021. The actual reserves used were \$61,396 resulting in a decrease in unrestricted net position.

CAPITAL ASSETS

The District does not have Capital Assets.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2021 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Olmsted Soil and Water Conservation District at 2122 Campus Drive SE, Suite 200, Rochester, MN 55904 or call 507-328-7070.

**OLMSTED SOIL AND WATER CONSERVATION DISTRICT
ROCHESTER, MINNESOTA
GENERAL FUND BALANCE SHEET AND GOVERNMENTAL ACTIVITIES -
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	General Fund	Adjustments	Governmental Activities
ASSETS			
Cash	\$ 320,437	\$ -	\$ 320,437
Accounts Receivables	236	-	236
Due from Other Governments	63,316	-	63,316
Prepaid Expenses	1,404	-	1,404
Total Assets	<u>\$ 385,393</u>	<u>\$ -</u>	<u>\$ 385,393</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 1,576	\$ -	\$ 1,576
Due to Other Governments	4,558	-	4,558
Deposits on Sales	15,428	-	15,428
Unearned Revenue	181,472	-	181,472
Total Liabilities	<u>\$ 203,034</u>	<u>\$ -</u>	<u>\$ 203,034</u>
FUND BALANCE/NET POSITION			
Fund Balance:			
Nonspendable - Prepaid Expenses	\$ 1,404	\$ (1,404)	\$ -
Unassigned	180,955	(180,955)	-
Total Fund Balance	<u>\$ 182,359</u>	<u>\$ (182,359)</u>	<u>\$ -</u>
Net Position:			
Unrestricted		\$ 182,359	\$ 182,359
Total Net Position		<u>\$ 182,359</u>	<u>\$ 182,359</u>

See accompanying Notes to the Financial Statements.

**OLMSTED SOIL AND WATER CONSERVATION DISTRICT
ROCHESTER, 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	\$ 820,486	\$ -	\$ 820,486
Charges for Services	34,659	-	34,659
Interest Earnings	4,193	-	4,193
Miscellaneous	76	-	76
Total Revenues	<u>859,414</u>	<u>-</u>	<u>859,414</u>
EXPENDITURES/EXPENSES			
Conservation:			
Current	920,810	-	920,810
Total Expenditures/Expenses	<u>920,810</u>	<u>-</u>	<u>920,810</u>
EXCESS OF REVENUES OVER/UNDER EXPENDITURES	(61,396)	-	(61,396)
Fund Balance/Net Position - Beginning of Year	<u>243,755</u>	<u>-</u>	<u>243,755</u>
FUND BALANCE/NET POSITION - END OF YEAR	<u>\$ 182,359</u>	<u>\$ -</u>	<u>\$ 182,359</u>

See accompanying Notes to the Financial Statements.

**OLMSTEAD SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Olmstead Soil and Water Conservation District (the District) 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 District are discussed below.

Financial Reporting Entity

The Olmstead Soil and Water Conservation District is organized under the provisions of Minnesota Statutes Chapter 103C. The District is governed by a Board of Supervisors, nominated by, and elected to four-year terms by the voters of Olmstead County.

The purpose of the District 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 District's financial statements for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. There are no organizations that should be presented with the District.

Basic Financial Statements

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

**OLMSTEAD SOIL AND WATER CONSERVATION DISTRICT
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 District 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 District's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, and Net Position or Fund Balance

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 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.

Prepaid Expenses

Prepaid expenses are for items that will provide future benefit over the next twelve months.

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.

**OLMSTEAD SOIL AND WATER CONSERVATION DISTRICT
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 District'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 District'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 District's policy to use committed first, then assigned, and finally unassigned fund balance amounts.

Net Position

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

Use of Estimates

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

NOTE 2 – DEPOSITS

All District funds are on deposit with Olmsted County, per the service agreement between Olmsted County and Olmsted Soil and Water Conservation District dated December 5, 2002. Olmsted County shall serve as the fiscal agent for the District and maintain all funds in segregated accounts. Olmsted County's cash and investment policies are followed. Minnesota Statutes require that all County deposits be protected by insurance, surety bond, or collateral.

**OLMSTED SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 – UNEARNED REVENUE

Unearned revenue represents unearned advances from the Minnesota Board of Water and Soil Resources (BWSR) for administrative service grants and for the cost-share program. Revenues will be recognized when the related program expenditures are recorded. Unearned revenue for the year ended December 31, 2021, consisted of the following: BWSR Cost Share Program \$26,704; Local Capacity Grant \$111,661; Buffer Law \$43,107; Total \$181,472.

NOTE 4 – RISK MANAGEMENT

The District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; worker's compensation claims; and natural disasters. Property, automobile, casualty liabilities and workers' compensation are insured through Olmsted County. The District retains risk for the deductible portion of the insurance. The amounts of these deductibles are considered immaterial to the financial statements. 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 5 – DEFINED BENEFIT PENSION PLAN

The District does not employ staff, per the staff agreement between the County of Olmsted and the Olmsted Soil and Water Conservation District dated December 5, 2002, where District employees became employees of Olmsted County effective January 1, 2003. Olmsted County is responsible for pension plans for the District's contract staff.

NOTE 6 – OPERATING LEASES

The District leases office space from Olmsted County for contracted personnel. Under the current agreement total costs for 2021 were \$30,123.

NOTE 7 – COMMITMENTS AND CONTINGENT LIABILITIES

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

NOTE 8 – SUBSEQUENT EVENTS

The District has evaluated events and transactions for potential recognition or disclosure through August 23, 2022, the date the financial statements were available to be issued.

**OLMSTEAD SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 – RECONCILIATION OF FUND BALANCE TO NET POSITION

Governmental Fund Balance, January 1	\$	243,755
Less: Excess of Expenditures over Revenues		<u>(61,396)</u>
Governmental Fund Balance, December 31	\$	<u>182,359</u>
Net Position	\$	<u>182,359</u>

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

Change in Fund Balance	\$	<u>(61,396)</u>
Change in Net Position	\$	<u>(61,396)</u>

**OLMSTED SOIL AND WATER CONSERVATION DISTRICT
ROCHESTER, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021**

	Original/ Final Budget	Actual	Variance With Final Budget
REVENUES			
Intergovernmental:			
County	\$ 400,765	\$ 438,225	\$ 37,460
Local	119,962	121,706	1,744
State Grants	177,754	260,555	82,801
Total Intergovernmental	<u>698,481</u>	<u>820,486</u>	<u>122,005</u>
Charges for Services	48,650	34,659	(13,991)
Interest Earnings	5,000	4,193	(807)
Miscellaneous	<u>8,000</u>	<u>76</u>	<u>(7,924)</u>
Total Revenues	<u>760,131</u>	<u>859,414</u>	<u>99,283</u>
EXPENDITURES			
District Operations:			
Contracted Personnel Services	566,742	566,432	310
Other Services and Charges	167,272	169,574	(2,302)
Supplies	22,480	642	21,838
Total District Operations	<u>756,494</u>	<u>736,648</u>	<u>19,846</u>
Project Expenditures:			
District	12,700	17,408	(4,708)
State	69,500	166,754	(97,254)
Total Project Expenditures	<u>82,200</u>	<u>184,162</u>	<u>(101,962)</u>
Total Expenditures	<u>838,694</u>	<u>920,810</u>	<u>(82,116)</u>
EXCESS OF REVENUES OVER/UNDER EXPENDITURES	(78,563)	(61,396)	17,167
Fund Balance - Beginning of Year	<u>243,755</u>	<u>243,755</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 165,192</u>	<u>\$ 182,359</u>	<u>\$ 17,167</u>

See accompanying Notes to the Required Supplementary Information.

**OLMSTED SOIL AND WATER CONSERVATION DISTRICT
NOTES 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.

Excess of expenditures over budget – The General Fund had expenditures in excess of budget for the year as follows: Expenditures \$920,810; Budget \$838,694; Excess \$82,116.

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Supervisors
Olmsted Soil and Water Conservation District
Rochester, 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 Olmsted Soil and Water Conservation District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Olmsted Soil and Water Conservation District's basic financial statements, and have issued our report thereon dated August 23, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the Olmsted Soil and Water Conservation District 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 Olmsted Soil and Water Conservation District'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

August 23, 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
Olmsted Soil and Water Conservation District
Rochester, 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 Olmsted Soil and Water Conservation District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Olmsted Soil and Water Conservation District's basic financial statements, and have issued our report thereon dated August 23, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Olmsted Soil and Water Conservation District'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 Olmsted Soil and Water Conservation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Olmsted Soil and Water Conservation District'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Olmsted Soil and Water Conservation District'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*.

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

August 23, 2022