

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**



**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA  
TABLE OF CONTENTS**

	<b>PAGE</b>
<b>INTRODUCTORY SECTION</b>	
Elected and Appointed Officials	i
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Governmental Funds Balance Sheet and Statement of Net Position of Government	7
Activities Reconciliation of the Net Position in the District-Wide Financial	
Statements and Fund Balance in the Fund Basis Financial	
Statements	8
Governmental Funds Revenues, Expenditures and Changes in Fund Balance	
and Statement of Activities of Governmental Activities	9
Reconciliation of the Statement of Revenues, Expenditures,	
and Changes in Fund Balances of Governmental Funds to the	
Statement of Activities	10
Statement of Revenues, Expenditures, and Changes in	
Fund Balances - Budget and Actual - General Fund	11
Statement of Revenues, Expenditures, and Changes in	
Fund Balances - Budget and Actual - Root River Watershed One Watershed, One Plan	12
Notes to Financial Statements	13
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of District's Contributions - GERF Retirement Funds	27
Schedule of District's Non-employer Proportionate Share of Net Pension Liability - PERA	28
<b>OTHER REPORT SECTION</b>	
Independent Auditor's Report on Minnesota Legal Compliance	29

**(This Page is Left Blank Intentionally)**

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**INTRODUCTORY SECTION**

**DECEMBER 31, 2019**

**(This Page is Left Blank Intentionally)**

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA  
ELECTED AND APPOINTED OFFICIALS  
DECEMBER 31, 2019**

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
Board of Supervisors		
Chair	Leo Speltz	2022
Vice Chair	Jerry Mueller	2022
Treasurer	Josh Elsing	2020
Secretary	Andy Kronebusch	2020
Member	Bill Rowekamp	2020
Appointed		
District Manager	Daryl Buck	Indefinite

**(This Page is Left Blank Intentionally)**



**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**FINANCIAL SECTION**

**DECEMBER 31, 2019**

**(This Page is Left Blank Intentionally)**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Winona County Soil and Water Conservation District  
Lewiston, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Winona County Soil and Water Conservation District (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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. 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 each major fund of the District as of December 31, 2019, and the respective changes in financial position and budgetary comparison for the General Fund and the special revenue fund, Root River Watershed One Watershed, One Plan (1W1P), 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 management's discussion and analysis and the required supplementary information as listed in the table of contents 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 the District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic 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.

*Smith, Schafu and Associates, Ltd.*

Red Wing, Minnesota  
October 22, 2020

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Winona County Soil and Water Conservation District's (the District's) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on December 31, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**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 of Governmental Activities and the Statement of Activities of Governmental Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 7. For the General Fund, these statements tell how these services were financed in the short term as well as what remains for future spending. The General Fund statements also report the District's operations in more detail than the government-wide statements by providing information about the District's fund. Since soil and water conservation districts are single-purpose, special-purpose governments, they are generally able to combine the government-wide and fund financial statements into single presentations. The District has elected to present in this format.

**DISTRICT-WIDE STATEMENTS**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating.

In the district-wide financial statements the District's activities are shown in one category titled Governmental Activities. All of the District's basic services are included here.

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide detailed information about the District's funds, not the District as a whole. The District presents a General Fund and a Special Revenue Fund for Root River Watershed One Watershed, One Plan Fund (1W1P), which are governmental funds. All of the District's basic services are reported in the General Fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. The Root River Watershed One Watershed, One Plan Fund accounts for the resources related to the watershed based implementation funding grants received from the state of Minnesota. These governmental funds are 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 governmental funds statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District's net position from Governmental activities was \$58,346 on December 31, 2019. This was a decrease of \$8,909 from the prior year.

	Total	
	2019	2018
<b>Assets</b>		
Current and other assets	\$ 775,802	\$ 1,030,947
Capital assets	49,267	19,888
Total assets	825,069	1,050,835
<b>Deferred Outflows of Resources</b>	35,238	69,750
<b>Liabilities</b>		
Current liabilities	502,896	748,676
Long-Term liabilities	218,436	262,000
Total liabilities	721,332	1,010,676
<b>Deferred Inflows of Resources</b>	80,629	60,472
<b>Net Position</b>		
Investment in capital assets	49,267	19,888
Unrestricted	9,079	29,549
Total net position	\$ 58,346	\$ 49,437

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

**District's Revenue.** The District's total revenues were \$784,382 for the year ended December 31, 2019, compared to \$632,426 for the year ended December 31, 2018. This increase of \$151,956 is primarily due to additional grant funding received during 2019 and the spending of Intergovernmental 1W1P funds received and unearned in the prior year.

A condensed version of the Statement of Activities follows:

	Total	
	2019	2018
<b>Revenue</b>		
Intergovernmental	\$ 529,571	\$ 577,165
Intergovernmental 1W1P	215,575	\$ 19,415
Charges for services	8,040	22,541
Investment earnings	7,116	4,661
Rental income	5,096	5,096
Miscellaneous	18,984	3,548
Total revenues	784,382	632,426
 <b>Expenses</b>		
Conservation	775,473	586,519
Change in net position	8,909	45,907
Net position, beginning of year	49,437	3,530
Net position, end of year	\$ 58,346	\$ 49,437

The cost of all governmental activities was \$775,473 for the year ended December 31, 2019, compared to \$586,519 for the year ended December 31, 2018. This increase of \$188,954 is primarily due to an increase in state project expenditures as allowed by the additional funding noted above.

**FINANCIAL ANALYSIS OF THE GENERAL FUND**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$272,906, a decrease of \$9,365 from last year's ending fund balance of \$282,271.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The actual revenue was \$112,397 greater than budgeted due to grant funding being greater than anticipated. The actual charges to appropriations (expenditures) were \$104,103 above the final budgeted amounts primarily due to revenues being more than anticipated allowing for additional budgeted project expenditures.

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2019, the District had \$49,267 of capital assets, net of accumulated depreciation. Total depreciation expense for the year was \$8,091.

	Total	
	2019	2018
Equipment	\$ 114,681	\$ 101,889
Less accumulated depreciation	65,414	82,001
Total	<u>\$ 49,267</u>	<u>\$ 19,888</u>

**Long-Term Liabilities**

As of December 31, 2019, the District had \$35,986 in accrued compensated absences and \$182,450 in net pension liability. This compares to \$29,001 as of December 31, 2018 for accrued compensated absences and \$232,999 in net pension liability.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Winona County Soil and Water Conservation District at 400 Wilson St., Lewiston, MN 55952. The phone number is 507-523-2171.



**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**BASIC FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**(This Page is Left Blank Intentionally)**

**WNONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA  
GOVERNMENTAL FUNDS BALANCE SHEET AND  
STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES  
December 31, 2019**

	General	Root River Watershed 1W1P	Total Governmental Funds	Reconciliation	Governmental Activities
<b>Assets</b>					
Cash and cash equivalents	\$ 565,331	\$ 190,661	\$ 755,992	\$	\$ 755,992
Due from other governmental units	12,399		12,399		12,399
Prepaid expenditures	7,411				7,411
Capital assets					
Equipment (net of accumulated depreciation)				49,267	49,267
<b>Total Assets</b>	<b>585,141</b>	<b>190,661</b>	<b>775,802</b>	<b>49,267</b>	<b>825,069</b>
<b>Deferred Outflows of Resources</b>					
Deferred pension outflows				35,238	35,238
<b>Liabilities</b>					
Other accrued liabilities	15,757		15,757		15,757
Deposit on tree orders	1,088		1,088		1,088
Unearned revenue	295,390	190,661	486,051		486,051
Noncurrent liabilities:					
Net pension liability				182,450	182,450
Compensated absences				35,986	35,986
<b>Total Liabilities</b>	<b>312,235</b>	<b>190,661</b>	<b>502,896</b>	<b>218,436</b>	<b>721,332</b>
<b>Deferred Inflows of Resources</b>					
Deferred pension inflows				80,629	80,629
<b>Fund Balance / Net Position</b>					
<b>Fund Balance</b>					
Nonspendable	7,411		7,411	(7,411)	
Assigned:					
Operating reserve	108,236		108,236	(108,236)	
Compensated absences	35,986		35,986	(35,986)	
Scholarship	1,078		1,078	(1,078)	
Unassigned	120,195		120,195	(120,195)	
<b>Total Fund Balance</b>	<b>272,906</b>		<b>272,906</b>	<b>(272,906)</b>	
<b>Net Position</b>					
Investment in capital assets				49,267	49,267
Unrestricted				9,079	9,079
<b>Total Net Position</b>				<b>58,346</b>	<b>58,346</b>
<b>Total Fund Balance / Net Position</b>	<b>\$ 272,906</b>	<b>\$</b>	<b>\$ 272,906</b>	<b>\$ (214,560)</b>	<b>\$ 58,346</b>

**See Notes to Financial Statements**

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA  
RECONCILIATION OF NET POSITION IN THE  
DISTRICT-WIDE FINANCIAL STATEMENTS AND FUND BALANCE  
IN THE FUND BASIS FINANCIAL STATEMENTS  
December 31, 2019**

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balances (page 7)		\$ 272,906
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	114,681	
Less: Accumulated depreciation	65,414	49,267
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liability and deferred pension inflows and outflows	(227,841)	
Compensated absences	(35,986)	(263,827)
Net position of governmental activities (page 7)		\$ 58,346

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA  
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND  
STATEMENT OF ACTIVITIES OF GOVERNMENTAL ACTIVITIES  
For the Year Ended December 31, 2019**

	General	Root River Watershed 1W1P	Total Governmental Funds	Reconciliation	Governmental Activities
<b>Revenues</b>					
Intergovernmental revenue	\$ 529,571	\$ 215,575	\$ 745,146	\$	\$ 745,146
Charges for services	8,040		8,040		8,040
Investment earnings	6,121	995	7,116		7,116
Rental income	5,096		5,096		5,096
Miscellaneous	11,484		11,484	7,500	18,984
<b>Total Revenues</b>	<b>560,312</b>	<b>216,570</b>	<b>776,882</b>	<b>7,500</b>	<b>784,382</b>
<b>Expenditures</b>					
Conservation:					
Current	539,707	216,570	756,277	19,196	775,473
Capital outlay	29,970		29,970	(29,970)	
<b>Total Expenditures</b>	<b>569,677</b>	<b>216,570</b>	<b>786,247</b>	<b>(10,774)</b>	<b>775,473</b>
<b>Net Change in Fund Balance / Net Position</b>	<b>(9,365)</b>		<b>(9,365)</b>	<b>18,274</b>	<b>8,909</b>
<b>FUND BALANCE / NET POSITION - BEGINNING</b>	<b>282,271</b>		<b>282,271</b>	<b>(232,834)</b>	<b>49,437</b>
<b>FUND BALANCE / NET POSITION - ENDING</b>	<b>\$ 272,906</b>	<b>\$</b>	<b>\$ 272,906</b>	<b>\$ (214,560)</b>	<b>\$ 58,346</b>

**See Notes to Financial Statements**

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT**  
**LEWISTON, MINNESOTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 9)		\$ (9,365)
<p>Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlays	29,970	
Depreciation expense	(8,091)	21,879
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		
		7,500
<p>In the statement of activities, certain operating expenses - net pension liability and compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>		
Net pension liability and deferred pension inflows and outflows	(4,120)	
Compensated absences	(6,985)	(11,105)
<p>Change in net position of governmental activities (page 9)</p>		
		\$ 8,909

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended December 31, 2019**

	Budgeted Amounts		2019 Actual	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental				
County	\$ 218,429	\$ 218,429	\$ 233,429	\$ 15,000
State	207,286	207,286	296,142	88,856
Total Intergovernmental	425,715	425,715	529,571	103,856
Charges for services	11,000	11,000	8,040	(2,960)
Miscellaneous				
Interest earnings	2,500	2,500	6,121	3,621
Rental income	5,200	5,200	5,096	(104)
Other	3,500	3,500	11,484	7,984
Total Miscellaneous	11,200	11,200	22,701	11,501
<b>TOTAL REVENUES</b>	447,915	447,915	560,312	112,397
<b>EXPENDITURES</b>				
District Operations				
Personnel services	350,977	350,977	340,629	(10,348)
Other services and charges	56,047	56,047	57,821	1,774
Supplies	2,250	2,250	1,483	(767)
Capital outlay	28,414	28,414	29,970	1,556
Total District Operations	437,688	437,688	429,903	(7,785)
Project Expenditures				
County	18,086	18,086	31,704	13,618
District	9,800	9,800	17,144	7,344
State			90,926	90,926
Total Project Expenditures	27,886	27,886	139,774	111,888
<b>TOTAL EXPENDITURES</b>	465,574	465,574	569,677	104,103
<b>NET CHANGE IN FUND BALANCE</b>	(17,659)	(17,659)	(9,365)	8,294
<b>FUND BALANCE - BEGINNING</b>	282,271	282,271	282,271	
<b>FUND BALANCE - ENDING</b>	\$ 264,612	\$ 264,612	\$ 272,906	\$ 8,294

**See Notes to Financial Statements**

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA  
ROOT RIVER WATERSHED ONE WATERSHED, ONE PLAN FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended December 31, 2019**

	Budgeted Amounts		2019 Actual	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental State	\$ 830,871	\$ 830,871	\$ 215,575	\$ (615,296)
Miscellaneous Interest earnings			995	995
<b>TOTAL REVENUES</b>	830,871	830,871	216,570	(614,301)
<b>EXPENDITURES</b>				
Ag Practice Implementation (Cost-Share)	380,374	380,374	55,775	(324,599)
Grant Administration	65,828	65,828	31,318	(34,510)
Project Development	55,664	55,664	30,340	(25,324)
Technical Assistance	329,005	329,005	99,137	(229,868)
<b>TOTAL EXPENDITURES</b>	830,871	830,871	216,570	(614,301)
<b>NET CHANGE IN FUND BALANCE</b>				
<b>FUND BALANCE - BEGINNING</b>				
<b>FUND BALANCE - ENDING</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**See Notes to Financial Statements**



**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS**

---

**1. Summary of Significant Accounting Policies**

---

The financial statements of the Winona County Soil and Water Conservation District (the District) are prepared in accordance with generally accepted accounting principles (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 following is a summary of the more significant accounting policies:

*Financial Reporting Entity*

The District is organized under the provisions of Minnesota Statutes Chapter 103C. The District is governed by a Board of Supervisors composed of five members nominated by voters of the District and elected to four-year terms by the voters of the 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.

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

Each fiscal year the District 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 District's objectives.

The District is not considered a part of Winona County because, even though the County provides a significant amount of the District's revenues in the form of an appropriation, it does not retain any control over the operations of the District.

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 District does not have any component units.

*Government-Wide Financial Statements*

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District.

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.

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

*Fund Financial Statements*

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The major funds of the District are presented as follows:

The *general fund* is the District's primary operating fund. It accounts for all financial resources and transactions except those required to be accounted for in other funds.

The *special revenue fund* accounts for all activities associated with the One Watershed, One Plan (1W1P) for the Root River Watershed joint powers agreement for the management, restoration and protection of resources within the Root River Watershed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the District considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period.

Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures are recorded when a liability is incurred under accrual accounting.

Intergovernmental revenues are reported in conformity with the legal and contractual requirements of the individual programs. Generally, grant revenues are recognized when the corresponding expenditures are incurred.

Investment earnings are recognized when earned. Other revenues are recognized when they are received in cash because they usually are not measurable until then.

In accordance with GASB 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 District adopts an estimated revenues and expenditures budget for the General Fund and Root River Watershed One Watershed, One Plan 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. The District does not use encumbrance accounting.

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

*Use of Estimates*

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

*Cash and Investments*

Cash and investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

*Receivables*

Receivables are collectible within one year.

*Prepaid Expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

*Capital Assets*

Capital assets are reported on a net (depreciated) basis. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life greater than one year. General capital assets are valued at historical or estimated historical cost.

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. For the purpose of computing depreciation, the useful life for machinery and equipment is five to ten years.

*Deferred Outflows of Resources*

In addition to assets, the financial statements will sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The District has one type of item which occurs related to revenue recognition. The deferred outflow of resources is pension related.

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

Unearned Revenue

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned. Unearned revenue as of December 31, 2019 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.

Vacation and Sick Leave

Under the District's personnel policies, employees are granted annual leave and sick leave in varying amounts based on their length of service. Annual leave accrual varies from 8 to 17 hours per month. Sick leave accrual is 8 hours per month. The limit on the accumulation of annual leave is 175 hours and the limit on the accumulation of sick leave is 800 hours. Upon termination of employment from the District, employees are paid annual leave and up to 50% of unused sick leave.

The amount reported as compensated absences benefits consists of unpaid, accumulated vacation and sick balances. The liability has been calculated using the vested method, in which leave amounts are accrued for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination. The liability is reported in governmental funds only if they have mature and is accrued when incurred in the government-wide statements.

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate financial statement element, deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which occurs related to revenue recognition. The deferred inflow of resources is pension related.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

Classification of Net Position

Net position in the government-wide financial statements is classified in the following categories:

Investment in Capital Assets – the amount of net position representing capital assets net of accumulated depreciation.

Restricted Net Position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments; and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – the amount of net position that does not meet the definition of investment in capital assets or restricted

Classifications of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the General Fund. The classifications are as follows:

Nonspendable – the nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments; or are imposed by law through constitutional provisions or enabling legislation.

Committed – the committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purposes unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned – amounts in the assigned fund balance classification the District intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board or the Board Administrator who has been delegated that authority by Board resolution.

Unassigned – unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

---

**2. Cash and Investments**

---

Deposits

Minnesota Statutes 118A.02 and 118A.04 authorize the District to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statute 118A.03 requires that all District 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 standards 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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2019, the District's deposits were not exposed to custodial credit risk.

Fair Value Measurement

Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access
- Level 2: Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical assets or liabilities in inactive markets
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

---

**2. Cash and Investments (Continued)**

---

If the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There were no assets measured at fair value on a recurring basis noted at the District.

---

**3. Capital Assets**

---

Capital asset activity for the year ended December 31, 2019 was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Capital assets, being depreciated:				
Equipment	\$ 101,889	\$ 37,470	\$ 24,678	\$ 114,681
Less accumulated depreciation for:				
Equipment	<u>82,001</u>	<u>8,091</u>	<u>24,678</u>	<u>65,414</u>
Governmental activities capital assets, net	<u>\$ 19,888</u>	<u>\$ 29,379</u>	<u>\$</u>	<u>\$ 49,267</u>

Depreciation for the year ended December 31, 2019 was \$8,091.



**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**4. Long-Term Liabilities**

The following is a summary of changes in long-term obligations for the year ended December 31, 2019.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 29,001	\$ 6,985	\$ -	\$ 35,986	\$

**5. Risk Management**

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

The Minnesota Counties Intergovernmental Trust is a public entity risk pool currently operated as a common risk management and insurance program for its members. The District 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.

**6. Operating Leases**

The District leases office space on a yearly basis. Under the current agreement total costs for the year ended December 31, 2019 were \$11,615.

**7. Commitments and Contingencies**

The District participates in a number of federal and state agency assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District does not anticipate any audit adjustments or disallowed program expenditures that would-be material in relation to the general purpose financial statements taken as a whole.

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

---

**8. Defined Benefit Pension Plans – Statewide**

---

Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes* Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund))

All full-time and certain part-time employees of the District are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. The rates are 2.2% and 2.7%, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members 1.7% for all years of service, and 2.7% for Basic members. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

---

**8. Defined Benefit Pension Plans – Statewide (Continued)**

---

Contributions

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019; the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended December 31, 2019 were \$18,617. The District's contributions were equal to the required contributions as set by the state statute.

Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2019, the District reported a liability of \$182,450 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$5,666. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the District's proportion was 0.0033 percent which was a decrease of 0.0009 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the District recognized pension expense of \$4,120 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$424 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**8. Defined Benefit Pension Plans – Statewide (Continued)**

*Pension Costs (continued)*

At December 31, 2019, the District reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 5,656	\$ 17,227
Changes in actuarial assumptions		17,227
Difference between projected and actual investment earnings		25,956
Changes in proportion	19,431	37,446
Contributions paid to PERA subsequent to the measurement date	<u>10,151</u>	
<b>Total</b>	<u><u>\$ 35,238</u></u>	<u><u>\$ 80,629</u></u>

The \$10,151 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31:</u>	<u>Pension Expense Amount</u>
2020	\$ (9,306)
2021	(29,352)
2022	(17,178)
2023	294.00

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

---

**8. Defined Benefit Pension Plans – Statewide (Continued)**

---

Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions:

<b>Assumptions</b>	<b>GERF</b>
Inflation	2.50% per year
Salary Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019.

The following changes in actuarial assumptions occurred in 2019:

- The mortality projection scale was changed from MP-2017 to MP-2019.
- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table on the following page

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**8. Defined Benefit Pension Plans – Statewide (Continued)**

Actuarial Assumptions (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	35.5%	5.10%
International Stocks	25.0%	5.90%
Bonds	20.0%	0.75%
Alternative Assets	17.5%	5.90%
Unallocated Cash	2.0%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates specified in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<b>Sensitivity Analysis</b>		
<u>Net Pension Liability at Different Discount Rates</u>		
	<u>General Employees Fund</u>	
1% Lower	6.50%	\$ 299,937
Current Discount Rate	7.50%	182,450
1% Higher	8.50%	85,440

Pension Plan Fiduciary Net Position

Detailed information about GERF's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

---

**9. Joint Powers Agreement**

---

In early 2014, the Winona County Soil and Water Conservation District joined together with other planning partners located in Root River Watershed area to submit a nomination to pilot a One Watershed, One Plan (1W1P). The six-county watershed planning area includes those portions of Dodge, Fillmore, Houston, Mower, Olmsted and Winona counties that drain to the Root River, the Minnesota portion of the Upper Iowa River Watershed and the Mississippi-Reno Watershed in Houston County.

With the development of the initial One Watershed, One Plan for the Root River Watershed almost completed in 2017, the Counties of Dodge, Fillmore, Houston, Mower, Olmsted and Winona by and through their respective County Boards of Commissioners; the Dodge, Fillmore, Root River, Mower, Olmsted and Winona County Soil and Water Conservation Districts (SWCDs), by and through their respective Soil and Water Conservation District Boards of Supervisors; and the Crooked Creek Watershed District, by and through its Board of Managers entered into a joint powers agreement pursuant to Minnesota Statutes Chapter 471.59.

This agreement does not establish a joint powers entity but sets out the terms and provisions by which the parties will continue the cooperative and collaborative work of the Counties, the Soil and Water Conservation Districts and the Crooked Creek Watershed District with the Board of Water and Soil Resources (BWSR) in an advisory capacity for the continued planning and implementation of the One Watershed, One Plan for the Root River Watershed in the future.

Winona County Soil and Water Conservation District has been designated, by the JPA Policy Committee, the Fiscal Agent for the Root River Watershed One Watershed, One Plan.

As Fiscal Agent they agreed to:

- a. Accept all fiscal responsibilities associated with grant agreements applied for and received by the One Watershed, One Plan.
- b. Perform financial transactions as part of contract implementation.
- c. Pursuant to Minn. Stat. Section 471.59, Subd. 3, provide for strict accountability of all funds and report of all receipts and disbursements and annually provide a full and complete audit report.
- d. Provide the Policy Committee and its members with such records as are necessary to describe the financial condition of the grant agreements the Policy Committee reviews.
- e. Responsible for fiscal records retention consistent with the Fiscal Agent's records retention schedule until termination of agreement. At that time, the fiscal records will be turned over to the Day-to-Day Contact.

**(This Page is Left Blank Intentionally)**



**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**REQUIRED SUPPLEMENTAL INFORMATION**

**DECEMBER 31, 2019**

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**Schedule of District's Contributions  
GERF Retirement Funds  
Last Ten Years**

Fiscal Year Ended December 31	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of District's Covered Payroll
2015	\$ 14,123	\$ 14,123	\$	\$ 188,307	7.50%
2016	17,432	17,432		232,426	7.50%
2017	20,310	20,310		270,795	7.50%
2018	19,846	19,846	-	264,613	7.50%
2019	18,617	18,617	-	248,227	7.50%
2020					
2021					
2022					
2023					
2024					

NOTE: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**Schedule of District's Proportionate Share of Net Pension Liability  
Public Employees PERA  
Last Ten Years (presented prospectively)**

Fiscal Year Ended June 30	District's Proportionate (Percentage) of Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability (b)	Share of Net Pension Liability and District's Share of Minnesota's Share of the Net Pension Liability (a+b)	District's Covered Payroll (c)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b)/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0033%	\$ 171,023	\$	\$ 171,023	\$ 195,726	87.38%	78.19%
2016	0.0033%	267,944	3,454	271,398	204,977	130.72%	68.90%
2017	0.0041%	261,741	3,267	265,008	262,212	99.82%	75.90%
2018	0.0042%	232,999	7,576	240,575	267,704	87.04%	79.50%
2019	0.0033%	182,450	5,666	188,116	256,420	71.15%	80.20%
2020							
2021							
2022							
2023							
2024							

NOTE: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**(This Page is Left Blank Intentionally)**

**WINONA COUNTY SOIL AND WATER CONSERVATION DISTRICT  
LEWISTON, MINNESOTA**

**OTHER REPORT SECTION**

**DECEMBER 31, 2019**

**(This Page is Left Blank Intentionally)**

## MINNESOTA LEGAL COMPLIANCE

### Independent Auditor's Report

To the Board of Supervisors  
Winona County Soil and Water Conservation District  
Lewiston, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Winona County Soil and Water Conservation District, Lewiston, Minnesota, as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 22, 2020.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interests, tax increment financing, claims and disbursements, and miscellaneous provisions. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because the District does not administer any tax increment financing districts.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. 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 District's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of those charged with governance and management of Winona County Soil and Water Conservation District and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Smith, Schafner and Associates, Ltd.*

Red Wing, Minnesota  
October 22, 2020