

**NOBLES SOIL AND WATER
CONSERVATION DISTRICT
AUDITED FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2014**

NOBLES SOIL AND WATER CONSERVATION DISTRICT

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NOBLES SOIL AND WATER CONSERVATION DISTRICT

SCHEDULE OF BOARD MEMBERS AND OFFICIALS

DECEMBER 31, 2014

		<u>Term Expires</u>
Ken Wolf	Chairman	12-31-16
Jim Knips	Vice Chairman	12-31-16
Paul Langseth	Secretary	12-31-14
Rick Nelsen	Treasurer	12-31-14
Lynn Darling	Public Relations	12-31-16
Sabrina Raddle	Financial/Contacting Officer	Indefinite
Ed Lenz	District Manager	Indefinite
John Shea	District Technician	Indefinite
Chessa Frahm	MOB Watershed Coord	Indefinite

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INDEPENDENT AUDITOR'S REPORT

Nobles Soil & Water Conservation District
1567 McMillan Street Suite 3
Worthington, MN 56187

We have audited the accompanying financial statements of the governmental activities and the major fund, the general fund, of the Nobles Soil and Water Conservation District, as of and for the year ended December 31, 2014, 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 and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Minnesota Legal Compliance Audit Guide for Local Governments, promulgated by the Legal Compliance Task Force pursuant to Minnesota Statute 6.65. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund, the general fund, of the Nobles Soil and Water Conservation District, as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 thru 8 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 21, 2015, on our consideration of the Nobles Soil and Water Conservation District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of the internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


Richard W. Holmberg, Ltd.
Certified Public Accountant

October 21, 2015

**NOBLES SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

This section of the annual financial report of the Nobles Soil and Water Conservation District presents the Management Discussion and Analysis. The discussion and analysis provides an overview of the District's financial activities for the fiscal year ended December, 31, 2014. 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 District's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The District's net position on the Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balance decreased due to the increases in project expenses and payroll expenses. The some of the increase in payroll expenses was due to the duplication of some duties during the transition period from the retirement of the finance/contracting officer.
- The District's net position exceeded the liabilities on the Statement of Net Position and Governmental Fund Balance Sheet but it was a significant decrease form 2013.
- The total revenues increase from 2013 due to more charges for services and an increase in funding from Nobles County.
- The unearned revenue on the Statement of Net Assets and Governmental Fund Balance Sheet had a decrease in 2014 due to a carry-over of State Grant funding that was recognized for completed projects.

USING THIS ANNUAL REPORT

This annual report consists of four main topics: 1) Management's Discussion and Analysis (MD&A); 2) Financial Statements; 3) Reconciliation Statements; and 4) Notes to the Financial Statement. Since SWCDs are single-purpose special purpose governments they are generally able to combine the government-wide and fund financial statements into single presentations. Nobles SWCD has elected to present in this format. These topics are further explained as follows:

- Management's Discussion and Analysis (MD&A-this section). This section relates mostly to the changes in the District's finances and explains the Governmental Wide-Financial Statements in detail. The MD&A is on pages 4-8;
- Financial Statements – pages 9 and 11:
 - The Governmental Wide-Financial Statement includes a series of financial statements that 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; and
 - The Fund Financial Statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. Fund financial statements also report the District's operations.
- Reconciliation Statements – pages10 and 12:
 - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position explains the differences in these two statements. The Statement of Net Position under the "Adjustments" column shows the differences in the two statements.
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities explains the differences in the two statements. The Statement of Activities under the "Adjustments" column shows the differences in the two statements.

**NOBLES SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

- Notes to the Financial Statement provides information that is essential to a full understanding of the data provided in the government-wide and fund financial statements, which can be found on pages 13-20.
- Required Supplementary Information, found on pages 21 and 22, includes the Budgetary Comparison Schedule and Notes to the Required Supplementary Information.

Statement of Net Position and Statement of Activities

Our analysis of the Nobles Soil and Water Conservation District begins with the Statement of Net Position and the Statement of Activities of which can be found on pages 9 and 11 of this report. 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 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 deferred outflows from future resources and liabilities and deferred inflows from future resources - 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. You will need to consider other non-financial factors to assess the overall health of the District.

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 also finance activities.

FUND FINANCIAL STATEMENTS

The Nobles Soil and Water Conservation 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 those funds and the balances left at year-end that are available for spending. The fund 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Activities and the Statement of Net Position) and governmental funds through the Reconciliation's of these statements, which are on pages 10 and 12 (after the Fund Financial Statements). The basic governmental financial reports can be found on pages 9 and 11 of this report.

Notes to the Financial Statement

The Notes to the Financial Statement provides information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes provide information such as: 1) Summary of significant accounting policies; 2) Stewardship, compliance and accountability; 3) Deposits and Investments; 4) Changes in General Fixed Assets; 5) Deferred Revenue; 6) Compensated Absences Payable; 7) Risk Management; 8) Pension Plan; and 9) Operating Leases. The Notes to the Financial Statement are on pages 13-20.

**NOBLES SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

Statement of Net Assets

The Nobles Soil and Water Conservation District's net position decreased from one year ago. Our analysis below focuses on the net position (Table 1) of the District's governmental activities.

Table 1	Statement of Net Position	Governmental Activities	
		December 31, 2014	December 31, 2013
	Current Assets	\$ 391,052	\$ 507,535
	Capital Assets Net of Depreciation	33,482	35,115
	Total Assets	<u>\$ 424,534</u>	<u>\$ 542,650</u>
	Current and Other Liabilities	259,126	286,047
	Net Position:		
	Invested in Capital Assets	33,482	35,115
	Unrestricted	131,926	221,488
	Total Net Assets	<u>165,408</u>	<u>256,603</u>
	Total Liabilities and Net Position	<u>\$ 424,534</u>	<u>\$ 542,650</u>

The District had more expenses than revenue in 2014. Unrestricted net position are 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 – which was \$221,488 in 2013 and \$131,926 in 2014, a decrease of \$89,562.

STATEMENT OF ACTIVITIES

Table 2 reflects changes in Governmental activities of the District. It also reflects some of the actual District's Charges for Services - District program changes from 2013 to 2014. Table 2 is on the next page.

Table 2	Changes in Net Position	Governmental Activities	
		December 31, 2014	December 31, 2013
	Revenues		
	County	\$ 118,486	\$ 77,170
	State	225,471	235,279
	Federal	-	10,800
	Local	45,000	45,000
	Charges for Services	64,695	53,387
	Interest Earnings	146	350
	Other	6,626	5,979
	Total Revenues	<u>460,424</u>	<u>427,965</u>
	Expenses		
	Conservation-All Other	343,793	273,928
	Depreciation	12,291	12,905
	Projects - District	64,537	51,384
	Projects - State	130,998	96,162
	Total Expenses	<u>\$ 551,619</u>	<u>\$ 434,379</u>

**NOBLES SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

The revenues from charges for services and County funding increased but there was a much larger increase in project expenses and payroll. This resulted in a decrease in net assets, after depreciation, of \$91,195 or 35.56%.

THE DISTRICT'S FUNDS

As the District completed the year, under the general fund column as presented in the Statement of Net Position on page 9, reported a combined fund balance of \$146,687. This amount plus the capital assets net of accumulated depreciation (\$33,482) and minus the Compensated Absences \$14,761, gives a total of \$165,408 under the "Adjustments" column for the Statement of Net Position. This amount was below last year's total of \$239,543.

GENERAL FUND BUDGETARY HIGHLIGHT

Over the course of the year, the District did not adjust the budget. Total revenues were \$285,837 lower than budgeted and expenditures were \$192,981 lower resulting in a negative variance of \$92,856.

CAPITAL ASSETS

The District uses a threshold of \$5,000 for its asset capitalization policy. At the end of 2014, the District had \$131,678 invested in a broad range of capital assets, including Vehicles, Buildings, Equipment and Machinery (see Table 3). This amount represents a net decrease of total capital assets (including additions and deductions) of \$1,633.

Table 3 Capital Assets at Year-end
(Net of Depreciation)

Assets	Governmental Activities	
	December 31, 2014	December 31, 2013
Equipment/Machinery	\$ 118,703	\$ 95,970
Buildings	12,975	12,975
Total Assets	131,678	108,945
Net of Depreciation	\$ 33,482	\$ 35,115

This year's major additions included 4 laptop computers, a server and a laser level with tripod. Two laptop computers were disposed.

LONG-TERM LIABILITIES

Long-term liability obligations include paid time off pay for which employees are paid upon termination from the District by retirement, illness or death. Detailed information about the District's long-term liabilities is presented in the Notes to the Financial Statement under Section I. Summary of Significant Accounting Policies- G. Paid Time Off on page 17; and under II.C. Compensated Absences Payable on page 17.

**NOBLES SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014**

Table 3 presents the cost of each of the Nobles SWCD's four largest programs which are grouped under the conservation category: grass seed program, tree program, tree matting program, and drill program. The nest cost (total cost less revenues generated by the activities) shows \$0.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Conservation	42,754	38,571	0	0
Other	<u>22,675</u>	<u>12,812</u>	<u>0</u>	<u>0</u>
Totals	<u>\$65,429</u>	<u>\$51,383</u>	<u>0</u>	<u>0</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's elected officials considered many factors when setting the fiscal-year 2014 budget. Some of the economic factors taken into account for the 2014 budget include: sales of trees and tree matting, State funding and the County allocation. Expense factors include building expenses and employee salary increases.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report designed to provide our citizens, taxpayers, customers, and investors 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 the Nobles Soil and Water Conservation District, 1567 McMillan Street, Worthington, MN 56187 or call 507-376-9150, Ext. 3.

NOBLES SOIL AND WATER CONSERVATION DISTRICT
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2014

	<u>General Fund</u>	<u>Adjustments See Reconciliation</u>	<u>Statement of Net Position</u>
Assets			
Cash			
Checking Accounts	\$ 8,503		\$ 8,503
Treasury Savings Account	349,900		349,900
Petty Cash	50		50
Total Cash	<u>358,453</u>		<u>358,453</u>
Accounts Receivable	1,015		1,015
Due from Other Governments	31,584		31,584
Capital Assets, Net of Accumulated Depreciation		33,482	33,482
Total Assets	<u>\$ 391,052</u>	<u>\$ 33,482</u>	<u>\$ 424,534</u>
Liabilities			
Accrued Salaries Payable	\$ 3,562		\$ 3,562
Payroll Taxes Payable	924		924
Sales Tax Payable	19		19
Unearned Revenue	-	239,860	239,860
Compensated Absences		14,761	14,761
Total Liabilities	<u>4,505</u>	<u>254,621</u>	<u>259,126</u>
Deferred Inflows from Future Resources			
Deferred Inflows from Future Revenues	239,860	(239,860)	-
Total Deferred Inflows from Future Resources	<u>239,860</u>	<u>(239,860)</u>	<u>-</u>
Fund Balance			
Committed	14,761	(14,761)	-
Assigned	85,000	(85,000)	-
Unassigned	46,926	(46,926)	-
	<u>146,687</u>	<u>(146,687)</u>	<u>\$ -</u>
Net Position			
Invested in Capital Assets		33,482	33,482
Unrestricted		131,926	131,926
		<u>\$ 165,408</u>	<u>\$ 165,408</u>

See the notes to the financial statements.

NOBLES SOIL AND WATER CONSERVATION DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2014

Total Fund Balance - Total Governmental Funds	\$ 146,687
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds' balance sheet.	33,482
Compensated absences are not due and payable in the current period and are not reported in the general funds.	<u>(14,761)</u>
Net Position of Governmental Funds	<u>\$ 165,409</u>

See the notes to the financial statements.

NOBLES SOIL AND WATER CONSERVATION DISTRICT
Statement of Activities and Governmental Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended December 31, 2014

	General Fund	Adjustments See Reconciliation	Statement of Activities
Revenues			
Intergovernmental			
County	\$ 118,486	\$ -	\$ 118,486
State Grant	225,471		225,471
Local	45,000		45,000
Total Intergovernmental Revenues	<u>388,957</u>	<u>-</u>	<u>388,957</u>
Charges for Services	<u>64,695</u>	<u>-</u>	<u>64,695</u>
Miscellaneous			
Interest	146		146
Other	6,626		6,626
Total Miscellaneous	<u>6,772</u>	<u>-</u>	<u>6,772</u>
Total Revenues	<u>460,424</u>	<u>-</u>	<u>460,424</u>
Expenditures\Expenses			
District Operations			
Personal Services	285,128	(3,293)	281,835
Other Services and Charges	59,710		59,710
Supplies	1,125		1,125
Loss on Disposal of Assets		1,123	1,123
Capital Outlay	11,782	(11,782)	-
Depreciation		12,291	12,291
Total District Operations	<u>357,745</u>	<u>(1,661)</u>	<u>356,084</u>
Project Expenditures\Expenses			
District	64,537	-	64,537
State	130,998		130,998
Total Project Expenditures\Expenses	<u>195,535</u>	<u>-</u>	<u>195,535</u>
Total Expenditures\Expenses	<u>553,280</u>	<u>(1,661)</u>	<u>551,619</u>
Excess of Revenues Over(Under) Expenditures\Expenses	<u>(92,856)</u>	<u>1,661</u>	<u>(91,195)</u>
Fund Balance\Net Position - January 1	<u>239,543</u>	<u>17,060</u>	<u>256,603</u>
Fund Balance\Net Position - December 31	<u>\$ 146,687</u>	<u>\$ 18,721</u>	<u>\$ 165,408</u>

See the notes to the financial statements.

NOBLES SOIL AND WATER CONSERVATION DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2014

Net Change in Fund Balance - Total Governmental Funds **\$ (92,856)**

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.

11,782

Depreciation expense on capital assets is reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.

(12,291)

Loss on disposal of capital assets is reported in the government-wide statement of activities at the amount of the remaining basis, but it does not require the use of current financial resources and, therefore, it is not reported as an expenditure in the governmental funds.

(1,123)

Changes in compensated absences are also reflected in the government-wide statement of activities.

3,293

Changes in Net Position of Governmental Activities

\$ (91,195)

See the notes to the financial statements.

NOBLES SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Nobles Soil and Water Conservation District was organized under provisions of Minnesota Stat. Ch. 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 Nobles Soil and Water Conservation District, in cooperation with the U.S. Department of Agriculture's Natural Resources Conservation Service and other agencies, provides technical and financial assistance to individuals, groups, organizations, and governments in reducing costly waste of soil and water resulting from soil erosion, sedimentation, pollution and improper land use.

Each fiscal year the 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 financial reporting policies of the District conform to generally accepted accounting principles.

A. Financial Reporting Entity

In conformance with standards established by the Governmental Accounting Standards Board, the District includes all funds that are controlled by or dependent on the District Board. Control by and dependence on the District were determined on the basis of budget adoption, taxing authority, obligation of the District to finance any deficits that may occur, and any significant subsidy provided by the District.

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

B. Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all governmental activities, which normally are supported by taxes and intergovernmental revenues.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements included reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

NOBLES SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the district.

Net position should be reported as restricted when constraints placed on net position use are either externally imposed by grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Fund Financial Statements

The fund financial statements of the District include only one fund, the General Fund. The General Fund is accounted for by a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

C. Use of Estimates

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

D. Budget

The District adopts an estimated revenue and expense budget for the General Fund. Comparisons of estimated revenues and budgeted expenses to actual are presented in the financial statements in accordance with generally accepted accounting principles.

E. Cash Equivalents

Nobles Soil and Water Conservation District recognizes as cash currency on hand and demand deposits with banks or other financial institutions. It also includes other accounts that have the general characteristics of demand deposits in that the customer may deposit or withdraw funds at any time without prior notice or penalty such as certificates of deposit, which do not have penalties or terms with them that effectively restrict withdrawal of funds, money market accounts and repurchase agreements.

NOBLES SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Nobles Soil and Water Conservation District recognizes as cash equivalents short-term, highly liquid investments that (a) are readily convertible to known amounts of cash and (b) are so near to their maturity that they present an insignificant risk of changes in value because of changes in interest rates.

F. Assets, Liabilities, and Equity Accounts

1. Assets

Investments are 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.

Due from Other Governments includes amounts for shared projects and grants.

Capital assets are no longer reported on a gross basis. They are now reported on a net (depreciated) basis. Capital assets are still valued at historical or estimated historical cost.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Machinery and Equipment	5 – 10 years
Furniture and Fixtures	7 – 10 years
Buildings and Improvements	15 – 30 years
Vehicles	5 years

The Nobles Soil and Water Conservation District has set the capitalization threshold at \$1,000.

2. Liabilities

Current liabilities include Accounts Payable, Accrued Payroll and Related Taxes, Sales Tax Payable, Deposits on Sale, Compensated Absences, and Deferred Revenue.

3. Equity

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net position – Consists of net assets with constraints placed on the use either by (1) external groups such as grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

NOBLES SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified in accordance with GASB 54. Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. The classifications are defined by GASB as the following:

- a. Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes but not limited to: prepaid expenses, accrued interest receivable, taxes receivable, inventory, fixed assets.
- b. 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 or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.
- c. Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes internally imposed by formal action of the Board of Directors. It requires formal action by the Board of Directors to remove or change the constraints placed on these resources. Including but not limited to: unemployment compensation and sinking fund.
- d. Assigned – Amounts in the assigned fund balance classification are intended to be used by the Board of Directors for specific purposes but do not meet the criteria to be classified as restricted or committed.
- e. Unassigned – Unassigned fund balance is the residual classification of the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

G. Revenues and Expenses

1. Revenues

a. Intergovernmental

Intergovernmental revenues are reported in conformity with the legal and contractual requirements of the individual programs. Generally, grant revenue is recognized when the corresponding expenses are incurred. The District also receives an annual appropriation from the county, which is recognized as revenue when received, unless it is received prior to the period to which it applies. In that case, revenue recognition is then deferred until the appropriate period. Nonexchange transactions, in which the District receives value without directly giving value in return, includes grants and donations. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

b. Other Revenue

Investment income (reported as Miscellaneous Revenue) and revenue from the sale of trees (reported as Charges for Services) are recognized when earned, since they are measurable and available. Other revenues generally are recognized when they are received in cash because they usually are not measurable until then.

2. Expenses

a. Project Expenses

Project expenses represent costs that are funded from Federal, State, or district revenues. State project expenses consist of grants to participants for the Cost-Share Program other state-authorized projects. District project expenses are costs of materials and supplies in the sale of trees, tree planting, and other District projects.

NOBLES SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

b. Paid Time Off (PTO)

Under the District's personnel policies, employees are granted Paid Time Off (PTO) in varying amounts based on their length of service. PTO accrual varies from 8 to 16 hours per month. The limit on the accumulation of PTO also varies based on full or part-time status ranging from 288 hours to 480 hours per year. Upon termination from the District by retirement, illness or death, employees are paid 100% of accrued PTO.

II. DETAILED NOTES ON ALL FUNDS

A. Capital Assets

Changes in Capital Assets:

	Buildings	Machinery & Equipment	Vehicles	Totals
Primary Government				
Balance, December 31, 2013	\$ 12,975	\$ 40,944	\$ 68,431	\$ 122,350
Increases	-	11,895	-	11,895
Decreases	-	(2,568)	-	(2,568)
Balance, December 31, 2014	<u>12,975</u>	<u>50,271</u>	<u>68,431</u>	<u>131,677</u>
Accumulated Depreciation				
Balance, December 31, 2013	12,975	30,415	44,134	87,524
Increases	-	4,282	8,009	12,291
Decreases	-	(1,620)	-	(1,620)
Balance, December 31, 2014	<u>12,975</u>	<u>33,077</u>	<u>52,143</u>	<u>98,195</u>
Capital Assets, Net	<u>\$ -</u>	<u>\$ 17,194</u>	<u>\$ 16,288</u>	<u>\$ 33,482</u>

B. Unearned Revenue

Unearned revenue represents advances from the Minnesota Board of Water and Soil Resources (BWSR) and Nobles County for various programs. Revenues will be recognized when the related program expenses are recorded. Unearned revenue for the year ended December 31, 2014, consists of the following:

Regular/Special State Cost-Share	\$ 239,860
Cost Share Flood Relief	-
Total	<u>\$ 239,860</u>

C. Compensated Absences

Changes in long-term debt for the period ended December 31, 2014, are:

Balance – January 1, 2014	\$18,054
Net change in compensated absences	(3,293)
Balance – December 31, 2014	<u>\$14,761</u>

There were no compensated absences payable to terminated employees as of December 31, 2014. Therefore, the balance at the end of the year is considered to be long-term in nature and no disclosure for a current portion is required.

NOBLES SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

C. Cash and Investments

Cash balances of District funds are invested to the extent available in various investments authorized by state statutes. For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized below:

Deposits

Minnesota Stat. 118A.02 and 118A.04 authorizes the District to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statute 118A.02 requires that all District deposits be covered by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institutions banking day, not covered by insurance or bonds. All deposits are in category 1, low risk type investments.

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 at a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

As of December 31, 2014, the carrying amount of the District's deposits with financial institutions was \$358,403, and the bank balance was \$389,068. The bank balance is categorized as follows:

Insured by FDIC Insurance	\$ 289,168
Covered by Collateral	99,900
Uninsured/Uncollateralized	<u>0</u>
Total	<u>\$ 389,068</u>

Investments

The District may also invest idle funds as authorized by Minnesota Statutes as follow: direct obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that received the highest credit rating, are in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better, general obligations of the Minnesota Housing Agency rated "A" or better; bankers' acceptance of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by corporations or their Canadian subsidiaries, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers. The District does not have any investments policies that would further limit investment choices.

NOBLES SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

The District does not carry any investments on its financial statements as of December 31, 2014.

III. PENSION PLANS

Plan Description

All full-time and certain part-time employees of the Nobles Soil and Water Conservation District are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

PERF members belong to either the Coordinated Plan or the Basis Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement 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 PERF's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate 2.7 percent of average salary for Basis Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PERF members whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will reduce the monthly normal annuity amount, because the annuity is payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs, are current provisions and apply to active plan participants. 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF. That report may be obtained by writing to PERA, 514 St. Peter Street #200, St. Paul, Minnesota 55102 or by calling (651) 296-7460 or 1-800-652-9026.

NOBLES SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The District makes annual contributions to the pension plan equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 6.25%, respectively, of their annual covered salary. The Nobles Soil and Water Conservation District is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members 7.25% for Coordinated Plan PERF members. The District's contributions to the Public Employees Retirement Fund for the years ending December 31, 2014, 2013, and 2012 were \$14,410, \$12,293, and \$11,035, respectively. The District's contributions were equal to the contractually required contributions for each year as set by state statute.

Defined Contribution Plan: All of the District Supervisors are covered by the Public employees Defined Contribution Plan, (DCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association (PERA). The DCP is a tax-qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary, which is matched by the District.

Total contributions made by the SWCD during fiscal year 2014 were:

Amount		Percentage of Covered Payroll		Required
Employees	Employer	Employees	Employer	Rates
\$508	\$508	5.00%	5.00%	5.00%

IV. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, employee health, and natural disasters. To cover these risks, the District has purchased commercial insurance. Property and casualty liabilities, errors and omissions and workers' compensation are insured through Minnesota Counties Insurance Trust. The District retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the financial statements.

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

V. OPERATING LEASE

The District leases office space on a yearly basis. Under this agreement, the total costs for 2014 was \$11,764. The terms of the lease state that either party can terminate the agreement with written notice. The lease payment would be pro-rated based on the number of days the space was used. Therefore, no minimum lease requirement can be determined.

NOBLES SOIL AND WATER CONSERVATION DISTRICT

Budgetary Comparison Schedule - General Fund

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental				
County	\$ 109,980	\$ 109,980	\$ 118,486	\$ 8,506
State Grant	556,781	556,781	225,471	(331,310)
Local	45,000	45,000	45,000	-
Total Intergovernmental Revenues	<u>711,761</u>	<u>711,761</u>	<u>388,957</u>	<u>(322,804)</u>
Charges for Services	<u>31,500</u>	<u>31,500</u>	<u>64,695</u>	<u>33,195</u>
Miscellaneous				
Interest	1,500	1,500	146	(1,354)
Other	1,500	1,500	6,626	5,126
Total Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>6,772</u>	<u>3,772</u>
Total Revenues	<u>746,261</u>	<u>746,261</u>	<u>460,424</u>	<u>(285,837)</u>
Expenditures				
District Operations				
Personal Services	281,305	281,305	285,128	(3,823)
Other Services and Charges	54,166	54,166	59,710	(5,544)
Supplies			1,125	(1,125)
Capital Outlay	3,632	3,632	11,782	(8,150)
Total District Operations	<u>339,103</u>	<u>339,103</u>	<u>357,745</u>	<u>(18,642)</u>
Project Expenditures				
District	35,800	35,800	64,537	(28,737)
State	371,358	371,358	130,998	240,360
Total Project Expenditures	<u>407,158</u>	<u>407,158</u>	<u>195,535</u>	<u>211,623</u>
Total Expenditures	<u>746,261</u>	<u>746,261</u>	<u>553,280</u>	<u>192,981</u>
Excess of Revenues Over(Under) Expenditures	<u>-</u>	<u>-</u>	<u>(92,856)</u>	<u>(92,856)</u>
Fund Balance - January 1	<u>239,543</u>	<u>239,543</u>	<u>239,543</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 239,543</u>	<u>\$ 239,543</u>	<u>\$ 146,687</u>	<u>\$ (92,856)</u>

See the notes to the financial statements.

**NOBLES SOIL AND WATER CONSERVATION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014**

Basis of Presentation

The budgetary comparison schedule has been prepared on the modified accrual basis of accounting.

Budgetary Legal Requirements

Budgets are adopted on a basis consistent with generally accepted accounting principles. The budget is used during the fiscal year as a tool to monitor actual revenues and expenditures.

The budget is adopted through the passage of a resolution by the board of trustees. Any revision that alters the total expenditures of any fund must be approved by the board of trustees. Appropriations lapse at the end of each year.

RICHARD W. HOLMBERG, LTD

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Nobles Soil & Water Conservation District
1567 McMillan Street Suite 3
Worthington, MN 56187

We have audited the accompanying financial statements of the governmental activities and the major fund, the general fund, of the Nobles Soil and Water Conservation District, as of and for the year ended December 31, 2014, which collectively comprise the District's financial statements and have issued our report dated October 21, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nobles Soil and Water Conservation District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nobles Soil and Water Conservation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Nobles Soil and Water Conservation District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.


A *deficiency in internal control* 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 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as items 2014-2.

A *significant deficiency* is a *deficiency*, or combination of deficiencies, in internal control that is less severe than a material weakness, yet is important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency as item 2014-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nobles Soil and Water Conservation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Richard W. Holmberg, Ltd.
Certified Public Accountant

October 21, 2015

NOBLES SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Prior Audit:

The last year the entity was audited was 2012. The only finding was lack of segregation of duties. This finding is repeated as item 2014-1.

Current Audit:

Internal Controls:

Significant Deficiency – Not a Material Weakness

2014-1. FINDING – Segregation of Duties

Condition – Although we recognize that the District is not large enough to permit adequate segregation of duties in all respects, it is important that you are aware of this significant deficiency. This comment should not reflect negatively on the staff and is based solely on staff size.

Criteria – A good internal control contemplates adequate segregation of duties so that no one individual handles transactions from inception to completion. Internal controls should be in place to ensure that all financial transactions are reviewed and approved.

Effect – Without the proper segregation of duties, errors, fraud, or even theft in amounts material to the financial statements could occur and not be detected within a timely period.

Response/Corrective Plan of Action – Every effort will be made to ensure that all transactions are reviewed by other staff members or a member of the board. Training will be made available when deemed necessary.

Significant Deficiency – A Material Weakness

2014-2. FINDING – Financial Reporting Deficiencies

Condition – There were several known financial reporting deficiencies that were material to the financial statements. These included reporting errors that resulted in overstating both revenues and equity and understating assets.

Criteria – A good internal control requires members of management with knowledge of financial reporting be involved in the accounting functions. Internal controls should be in place to ensure that all financial transactions are reviewed and approved. Outside sources should be used if the accounting staff or management is unsure of the proper recording of special or infrequent transactions.

Effect – Without the proper management oversight, errors, fraud, or even theft in amounts material to the financial statements could occur and not be detected within a timely period.

**NOBLES SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Response/Corrective Plan of Action – Every effort will be made to ensure that all transactions are reviewed by other staff members or a member of the board. Training will be made available when deemed necessary. Outside sources will be contacted for special or infrequent transactions.

Compliance:

There were no findings regarding compliance.

RICHARD W. HOLMBERG, LTD

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON LEGAL COMPLIANCE

Nobles Soil and Water Conservation District
1567 McMillan Street Suite 3
Worthington, MN 56187

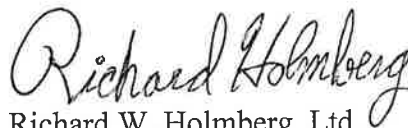
We have audited the governmental activities and the major fund, the general fund, of the Nobles Soil and Water Conservation District, as of and for the year ended December 31, 2014 and have issued our report thereon dated October 21, 2015.

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

The *Minnesota Legal Compliance Audit Guide for Local Government* covers six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories except public indebtedness which does not apply to the District.

The results of our tests indicate that for the items tested, the Nobles Soil and Water Conservation District complied with the material terms and conditions of applicable legal provisions. Further, for the items not tested, based on our audit and the procedures referred to above, nothing came to our attention to indicate that the Nobles Soil and Water Conservation District had not complied with such legal provisions.

This report is intended solely for the information and use of the District's Board of Trustees, Office of the State Auditor and other federal and state grantor or cognizant agencies, and is not intended to be, and should not be, used by anyone other than those specified parties.


Richard W. Holmberg, Ltd.
Certified Public Accountant

October 21, 2015