

NOBLES SOIL AND WATER  
CONSERVATION DISTRICT

WORTHINGTON, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2024

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**INTRODUCTORY SECTION**

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
ORGANIZATIONAL INFORMATION  
DECEMBER 31, 2024

BOARD MEMBERS

MEMBER	POSITION	TERM EXPIRES
Nathan Their	Chairman	12-31-24
Lynn Darling	Vice Chairman	12-31-24
Jess DeKam	Secretary	12-31-26
Paul Langseth	Treasurer	12-31-26
Rick Nelsen	Public Relations	12-31-26

EMPLOYEES

Scott Runck	District Manager	Appointed
Tiffini Etsinger	Accountant/Administrative Assistant	Appointed
Nathan Schuck	Resource Specialist	Appointed

**FINANCIAL SECTION**

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# KATIE M. JACOBSON, CPA

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Katie M. Jacobson, CPA  
Kimberly Eisfeld - Snr. Mgr.  
Brandon Winter - Staff Acct.  
Christine Thompson - Staff Acct.  
Melanie Steinle - Staff Acct.

*Licensed CPA Firm*

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## INDEPENDENT AUDITOR'S REPORT

To the District Board  
Nobles Soil and Water Conservation District  
Worthington, Minnesota

### Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Nobles Soil and Water Conservation District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Nobles Soil and Water Conservation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Nobles Soil and Water Conservation District as of December 31, 2024, 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.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Nobles Soil and Water Conservation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Nobles Soil and Water Conservation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amount and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nobles Soil and Water Conservation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Nobles Soil and Water Conservation District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 inquires 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nobles Soil and Water Conservation District's basic financial statements. The supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises of the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions of the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

  
Katie M. Jacobson, CPA  
Slayton, MN

September 15, 2025

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2024

(Unaudited)

This section of Nobles Soil and Water Conservation District's annual financial report represents our discussion and analysis of the District's performance during the year ended December 31, 2024. 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 financial statements.

### **USING THE FINANCIAL STATEMENTS**

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the required supplementary information, and the supplementary information. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, financial statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's general fund. Since Districts are single-purpose governmental units, the District combines the government-wide and fund financial statements into a single presentation. Nobles Soil and Water Conservation District has elected to present in this format.

### **THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES**

One of the most important questions asked about the District's finances is, "Is the District as a whole better or worse off as a result of the year's activities?". The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by 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 plus deferred outflows of resources and liabilities plus deferred inflows of 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 nonfinancial factors, however, such as changes in the state or local governmental funding, 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 finance most activities.

### **REPORTING THE DISTRICT'S GENERAL FUND**

Our analysis of the District's general fund is part of this report. The fund financial statements provide detailed information about the general fund - not the District as a whole. The District presents only a general fund, which is a governmental fund. All of the District's basic services are reported in the general fund, which focuses on how money flows into and out of the fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting. This method measures cash and other financial assets that can be readily converted to cash. The general fund statements provide a detail 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 Net Position and the Statement of Activities) and governmental funds in a reconciliation used with the financial statements.

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2024

(Unaudited)

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

Net Position. The District's combined net position was \$1,259,436 on December 31, 2024 (see detail in Table A-1). This is up from \$1,032,434 at December 31, 2023.

Table A-1  
Summary of Net Position

	<u>2024</u>	<u>2023</u>	<u>Change</u>
<b>Assets</b>			
Current Assets	\$ 1,964,323	\$ 1,363,004	44.1%
Capital Assets, Net of Depreciation	128,478	164,288	-21.8%
Total Assets	<u>\$ 2,092,801</u>	<u>\$ 1,527,292</u>	37.0%
Deferred Outflow of Resources	<u>\$ 24,680</u>	<u>\$ 32,284</u>	-23.6%
<b>Liabilities</b>			
Current Liabilities	\$ 687,395	\$ 332,890	106.5%
Long-Term Liabilities	106,558	131,024	-18.7%
Total Liabilities	<u>\$ 793,953</u>	<u>\$ 463,914</u>	71.1%
Deferred Inflows of Resources	<u>\$ 64,092</u>	<u>\$ 63,228</u>	1.4%
<b>Net Position:</b>			
Invested in Capital Assets	\$ 128,478	\$ 164,288	-21.8%
Unrestricted	1,130,958	868,146	30.3%
Total Net Position	<u>\$ 1,259,436</u>	<u>\$ 1,032,434</u>	22.0%

Net position of the District's governmental activities increased by \$227,002. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements changed from \$868,146 at December 31, 2023 to \$1,130,958 at December 31, 2024.

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2024

(Unaudited)

Changes in net position: The District's total revenues increased by \$389,459 or 23.6% from 2023. The total cost of all programs and services increased by \$425,335 or 30.6% with existing programs, primarily due to increased project costs. The net position for governmental activities increased by \$227,002 compared to an increase of \$281,878 in 2023.

Table A-2  
Changes in Net Position

	Total 2024	Total 2023	Percentage Change
<b>Revenues</b>			
County	\$ 126,984	\$ 123,778	2.6%
Federal	37,038		100.0%
State	1,668,925	1,371,662	21.7%
Local	79,875	78,000	2.4%
Charges for Service	112,396	63,895	75.9%
Interest Earnings	16,962	15,537	9.2%
Other	1,010	859	17.6%
<b>Total Revenues</b>	<u>\$ 2,043,190</u>	<u>\$ 1,653,731</u>	23.6%
<b>Expenses</b>			
Conservation	<u>\$ 1,816,188</u>	<u>\$ 1,390,853</u>	30.6%
<b>Total Expenses</b>	<u>\$ 1,816,188</u>	<u>\$ 1,390,853</u>	30.6%
<b>Increase (Decrease) in Net Position Before Other Financing Sources (Uses)</b>	<u>\$ 227,002</u>	<u>\$ 262,878</u>	-13.65%
<b>Proceeds from Sale of Capital Assets</b>	<u>-</u>	<u>19,000</u>	-100.0%
<b>Change in Net Position</b>	<u>\$ 227,002</u>	<u>\$ 281,878</u>	
<b>Beginning Net Position</b>	<u>1,032,434</u>	<u>750,556</u>	37.6%
<b>Ending Net Position</b>	<u>\$ 1,259,436</u>	<u>\$ 1,032,434</u>	22.0%

**GENERAL FUND**

As the District completed this year, its general fund reported a fund balance of \$1,276,928, which is an increase from last year's balance of \$1,030,114. General Fund revenues exceeded expenditures by \$246,814.

**General Fund Budgetary Highlights**

The actual charges to appropriations (expenditures) were \$88,468 over the final budgeted amounts. This was due to higher than budgeted project costs of \$105,436, however this is netted with district operations costs of \$16,968 less than budgeted.

Resources available for appropriation (revenues) were over budget by \$252,102. This is primarily due to intergovernmental revenues. The district did not spend down all of the revenues received, therefore a significant portion of the revenues received were classified as unearned. Interest revenue was significantly over budget amounts by \$13,462.

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDING DECEMBER 31, 2024

(Unaudited)

**CAPITAL ASSETS**

At the end of 2024, the District had \$128,478 invested in a broad range of capital assets, including a building, vehicles, and equipment and machinery. Depreciation expense totaled \$37,102. The District uses a threshold of \$1,000 for its capitalization policy.

**LONG TERM LIABILITIES**

The District's long-term liabilities include \$24,272 for compensated absences and a net pension liability of \$82,286. Detailed information about the District's long term liabilities is presented in the Notes to the Financial Statements in Note 8 and Note 9.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District's elected officials considered many factors when setting the fiscal year 2025 budget and fees. Such factors include agricultural and nonagricultural job growth, population growth, unemployment figures, inflation, and other indicators.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Nobles Soil and Water Conservation District's finances. Questions concerning any of the financial information provided in this report or requested for additional financial information should be addressed to the District Manager of the Nobles Soil and Water Conservation District, Scott Runck, 1567 McMillan Street, Suite 3, Worthington, MN 56187 or 507-376-9150, Ext. 113.

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
GENERAL FUND BALANCE SHEET AND  
GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION  
DECEMBER 31, 2024

	General Fund	Adjustments See Reconciliation	Governmental Activities
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>ASSETS</b>			
Current Assets			
Checking	\$ 22,141		\$ 22,141
Savings	1,174,178		1,174,178
Petty Cash	50		50
Accounts Receivable	22,461		22,461
Due from Other Governmental Units	739,229		739,229
Prepaid Expenses	6,264		6,264
Noncurrent Assets			
Capital Assets Depreciable, Net		\$ 128,478	128,478
Total Assets	<u>\$ 1,964,323</u>	<u>\$ 128,478</u>	<u>\$ 2,092,801</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Difference and Changes in Pension Liabilities		\$ 24,680	\$ 24,680
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 24,680</u>	<u>\$ 24,680</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 1,964,323</u></u>	<u><u>\$ 153,158</u></u>	<u><u>\$ 2,117,481</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION</b>			
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 126,560		\$ 126,560
Accrued Wages Payable	8,944		8,944
Sales Tax Payable	1,708		1,708
Unearned Revenues	550,183		550,183
Noncurrent Liabilities			
Compensated Absences		\$ 24,272	24,272
Net Pension Liability		82,286	82,286
Total Liabilities	<u>\$ 687,395</u>	<u>\$ 106,558</u>	<u>\$ 793,953</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Differences and Changes in Pension Liabilities		\$ 64,092	\$ 64,092
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 64,092</u>	<u>\$ 64,092</u>
<b>FUND BALANCE</b>			
Nonspendable	\$ 6,264	\$ (6,264)	
Unassigned	1,270,664	(1,270,664)	
Total Fund Balance	<u>\$ 1,276,928</u>	<u>\$ (1,276,928)</u>	
<b>NET POSITION</b>			
Net Investment in Capital Assets		\$ 128,478	\$ 128,478
Unrestricted		1,130,958	1,130,958
Total Net Position		<u>\$ 1,259,436</u>	<u>\$ 1,259,436</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION</b>	<u><u>\$ 1,964,323</u></u>	<u><u>\$ 153,158</u></u>	<u><u>\$ 2,117,481</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
RECONCILIATION OF THE GENERAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2024

Total Fund Balances for Governmental Funds		\$ 1,276,928
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.		
Governmental Funds - Capital Assets	\$ 343,677	
Less: Accumulated Depreciation	<u>215,199</u>	128,478
Deferred Outflows reported in the government-wide statement of net position are not current financial resources and therefore are not reported in the governmental fund balance sheet.		24,680
Compensated Absences are not due and payable in the current period and are not reported in the governmental fund balance sheet.		(24,272)
Net Pension Liability reported in the government-wide statement of net position are not current financial resources and therefore are not reported in the governmental fund balance sheet.		(82,286)
Deferred Inflows reported in the government-wide statement of net position are not current financial resources and therefore are not reported in the governmental fund balance sheet.		(64,092)
Total Net Position of Governmental Activities		<u>\$ 1,259,436</u>

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
 GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND  
 GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>General Fund</u>	<u>Adjustments See Reconciliation</u>	<u>Governmental Activities</u>
<b>REVENUES</b>			
<b>INTERGOVERNMENTAL</b>			
County	\$ 126,984		\$ 126,984
Federal	37,038		37,038
State	1,668,868	\$ 57	1,668,925
Local	79,875		79,875
Total Intergovernmental Revenues	<u>\$ 1,912,765</u>	<u>\$ 57</u>	<u>\$ 1,912,822</u>
<b>CHARGES FOR SERVICES</b>	<u>\$ 112,396</u>		<u>\$ 112,396</u>
Total Charges for Services	<u>\$ 112,396</u>	<u>\$ -</u>	<u>\$ 112,396</u>
<b>MISCELLANEOUS</b>			
Interest Revenue	\$ 16,962		\$ 16,962
Other	1,010		1,010
Total Miscellaneous Revenue	<u>\$ 17,972</u>	<u>\$ -</u>	<u>\$ 17,972</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,043,133</u>	<u>\$ 57</u>	<u>\$ 2,043,190</u>
<b>EXPENDITURES</b>			
<b>CONSERVATION</b>			
Current	\$ 1,795,027	\$ 21,161	\$ 1,816,188
Capital Outlay	1,292	(1,292)	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,796,319</u>	<u>\$ 19,869</u>	<u>\$ 1,816,188</u>
<b>NET CHANGE IN FUND BALANCE/NET POSITION</b>	\$ 246,814	\$ (19,812)	\$ 227,002
<b>FUND BALANCE/NET POSITION - January 1</b>	<u>1,030,114</u>	<u>2,320</u>	<u>1,032,434</u>
<b>FUND BALANCE/NET POSITION - December 31</b>	<u>\$ 1,276,928</u>	<u>\$ (17,492)</u>	<u>\$ 1,259,436</u>

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balance - Total Governmental Funds	\$ 246,814
<p>Governmental funds report capital outlay 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	1,292
Current year depreciation expense	(37,102)
<p>The Statement of Activities report compensated absences by the amount 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>	
Current year compensated absences adjustment	(5,086)
<p>The Statement of Activities report pension expense on the full accrual but they do not require the use of current financial resources. The expenses are not reported as an expenditure in the governmental funds.</p>	
Difference in pension expense related to changes in deferred outflows/inflows and pension liability	21,027
State aid recognized as state's contribution to PERA	57
	<hr/>
Change in Net Position of Governmental Activities	<u>\$ 227,002</u>

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with general accepted accounting principles (GAAP) as of and for the year ended December 31, 2024. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Financial Reporting Entity

The Nobles Soil and Water Conservation District was organized under provisions of Minnesota Statutes § 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 habits.

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.

General 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.

B. Basic Financial Statements

The governmental activities columns are reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in two parts: investment in capital assets and unrestricted net position. The Statement of Activities demonstrates the degree to which the expenses of the District are offset by revenues. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund are presented on the modified accrual basis and report current financial resources.

C. Fund Financial Statements

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

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

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Use of Estimates

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

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.

Accounts Receivable and Due from Other Governmental Units has been recorded for those items not paid before year end. All items recorded are considered collectible. Accordingly, no allowances for uncollectible accounts has been recorded.

Prepaid items include operating expenses that have been paid in advance of their due date.

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

Liabilities

Current liabilities of the District include accounts payable, accrued payroll and related taxes, and sales tax payable.

Long-Term liabilities consists of compensated absences and net pension liability.

Unearned Revenue

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

Compensated Absences

Under the District's personnel policies, employees are granted personal time off (PTO) in varying amounts bases on their length of service. Personal time off accrual varies from 10 to 24 hours per month. The limit on the accumulation of personal time off varies depending on years of service and full time versus part time. Employees who resign or whose employment is terminated shall be entitled to 100% pay for unused PTO at current wage at time of separation unless release from their job for a wrongful act. Upon voluntary termination from the District by retirement or death (retirement being defined as eligible for full benefits from Social Security or PERA) and at least 10-years continued service to the District, employees are paid 100% of any accrued paid time off at the employees current hourly rate of pay.

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. 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.

Classification of Net Position

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net position is displayed in three components:

*Net Investment in Capital Assets* - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

*Restricted* - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

*Unrestricted* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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 resources in the General Fund. The classifications are as follows:

*Nonspendable* - consists of amounts that cannot be spent because it is not in spendable form, such as prepaid items.

*Restricted* - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the District Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

*Assigned* - consists of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to Board Resolution, the District Board and/or Executive Secretary may be authorized to establish assignments of fund balance.

*Unassigned* - is the residual classification for the general fund.

Nobles Soil and Water Conservation District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or 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.

F. Explanation of Adjustments Column in Statements

Capital Assets - In the Statement of Net Position and Governmental Fund Balance Sheet, an adjustment is made if the District has capital assets. This adjustment equals the net book balance of capitalized assets as of the report date, and reconciles the amount reported in the Capital Assets note.

Depreciation - In the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance, the adjustment equals the total depreciation for the year reported. This number is supported by figures in the note on Capital Assets.

Compensated Absences - In the Statement of Net Position and Governmental Fund Balance Sheet, an adjustment is made for the compensated absences the employees are granted according to the District's personnel policies.

Deferred Outflows/Inflows of Resources - In the Statement of Net Position and Governmental Fund Balance Sheet, an adjustment is made for the deferred outflows and deferred inflows of resources that is associated with the PERA pension plan. Deferred outflows of resources represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The 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 or reduction of expense) until that time.

G. Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through September 15, 2025, the date the financial statements were available to be issued.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

The General Fund did not have a deficit fund balance at December 31, 2024.

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

3. CASH

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.03 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.

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.

Minnesota statutes require that all deposits with financial institutions must be collateralized in an amount equal to 110% of deposits in excess of FDIC insurance. As of December 31, 2024, the carrying amount of the District's deposits with financial institutions was \$1,196,319 and the bank balance was \$1,672,992. The bank balance is categorized as follows:

Insured by FDIC Insurance	\$ 500,000
Covered by collateral assigned to District and not redeposited in the financial institution furnishing the collateral	1,172,992
Total Bank Balance	<u>\$ 1,672,992</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of December 31, 2024, the District's deposits were not exposed to custodial credit risk.

Investments

The District may invest in the following types of investments authorized by Minn. Stat. § 118A.04 and § 118A.058:

1. Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118.04m subd. 6;
2. mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
3. general obligations of the state of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
4. bankers acceptances of United States banks;
5. commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
6. with certain restrictions, in repurchase agreements, securities lending agreements, joint power investment trusts, and guaranteed investment contracts.

The District had no investments at December 31, 2024.

4. RECEIVABLES

The District did not have any receivables scheduled to be collected beyond one year as of December 31, 2024. Receivables as of December 31, 2024, for the District's governmental activities are as follows:

Governmental Activities	<u>Receivables</u>
Accounts Receivable	\$ 22,461
Due from Other Governments	739,229
Total Receivables	<u>\$ 761,690</u>

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Changes in Capital Assets:

	Balance 1/1/2024	Additions	Deductions	Balance 12/31/2024
Buildings	\$ 12,975			\$ 12,975
Machinery & Equipment	211,119	\$ 1,292		212,411
Vehicles	118,291			118,291
Total	\$ 342,385	\$ 1,292	\$ -	\$ 343,677
Accumulated Depreciation	(178,097)	(37,102)		(215,199)
Governmental Activities, Net	<u>\$ 164,288</u>	<u>\$ (35,810)</u>	<u>\$ -</u>	<u>\$ 128,478</u>

The cost of property, plant, and equipment is depreciated over the estimated useful lives of related assets. Depreciation is computed using the straight-line method. The range of estimated useful lives by type of assets is as follows:

Buildings	5 years
Machinery and Equipment	3-7 years
Vehicles	5-7 years

Current year depreciation expense of \$37,102 was charged to the District for the year ended December 31, 2024.

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

6. PAYABLES

Payables at December 31, 2024, were as follows:

Governmental Activities	<u>Payables</u>
Accounts Payable	\$ 126,560
Accrued Wages Payable	8,944
Sales Tax Payable	1,708
Total Payables	<u>\$ 137,212</u>

7. 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, 2024, consist of the following:

Governmental Activities	<u>Unearned Revenue</u>
Buffer Grant (State)	\$ 35,000
Conservation Delivery (State)	18,512
Soil Health Cost Share (State)	68,628
Watershed Implementation (State)	428,043
Total	<u>\$ 550,183</u>

8. COMPENSATED ABSENCES

Changes in compensated absences for the period ended December 31, 2024, are:

Governmental Activities	<u>Compensated Absences</u>
Balance - January 1, 2024	\$ 19,186
Increase (Decrease) in compensated absences - net	5,086
Balance - December 31, 2024	<u>\$ 24,272</u>

The liability has been calculated using the vesting method, in which leave amounts are included 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 the General Fund only if they have matured. The liability is accrued when incurred in the government-wide statements.

There were no compensated absences payable to terminated employees as of December 31, 2024. 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 FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, and 356. Minnesota Statutes chapter defines each plan's financial reporting requirements. 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 Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

B. 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. When a member is "vested", they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is 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. The 2024 annual increase was 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. 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 prorated increase.

C. Contributions

*Minnesota Statutes* chapters 353 and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50 percent for General Plan members. The District contributions to the General Employees Fund for the year ended December 31, 2024 were \$14,549. The District contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2024, the District reported a liability of \$82,286 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. 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 \$2,128.

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN (Cont.)

D. Pension Costs (Cont.)

1. General Employees Fund Pension Costs (Cont.)

District's proportionate share of the net pension liability	\$ 82,286
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>2,128</u>
Total	<u>\$ 84,414</u>

The net pension liability was measured as of June 30, 2024, 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 proportionate share 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportion share was .0022 percent at the end of the measurement period and .0020 percent for the beginning of the period.

For the year ended December 31, 2024, the District recognized pension expense of (\$21,084) for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$57 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$3,786 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

At December 31, 2024, the District reported 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>
Differences between expected and actual economic experience	\$ 7,522	
Changes in actuarial assumptions	397	\$ 28,837
Net difference between projected and actual earnings on pension plan investments		25,199
Changes in proportion	9,470	10,056
Employer contributions subsequent to the measurement date	7,291	
TOTAL	<u>\$ 24,680</u>	<u>\$ 64,092</u>

The \$7,291 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, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2025	\$ (29,605)
2026	\$ (4,139)
2027	\$ (6,653)
2028	\$ (6,306)

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN (Cont.)

E. Long-Term Expected Return on Investment

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 following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

- Inflation is assumed to be 2.25% for the General Employees Plan.
- Benefit increase after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions:

- Rate of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Plan 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.

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN (Cont.)

H. 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:

Sensitivity Analysis Net Pension Liability (Asset) at Different Discount Rates		
	General Employee Fund	
1% Lower	6.00%	\$ 179,726
Current Discount Rate	7.00%	\$ 82,286
1% Higher	8.00%	\$ 2,133

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan'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).

10. PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN (DEFINED CONTRIBUTION PLAN)

Five District Supervisors are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan 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 and 356, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the District during fiscal year 2024 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$ 688	\$ 688	5%	5%	5%

11. 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 Intergovernmental 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 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 for any of the past three fiscal years.

12. OPERATING LEASE

The District leases office space on a month to month basis. Under this agreement, the total cost for 2024 was \$14,324. The terms of this 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>BUDGETED AMOUNTS</u>		<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL AND FINAL</u>	<u>2024 ACTUAL</u>	<u>POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>			
<b>INTERGOVERNMENTAL</b>			
County	\$ 129,778	\$ 126,984	\$ (2,794)
Federal		37,038	37,038
State	1,470,853	1,668,868	198,015
Local	78,000	79,875	1,875
Total Intergovernmental Revenues	<u>\$ 1,678,631</u>	<u>\$ 1,912,765</u>	<u>\$ 234,134</u>
<b>CHARGES FOR SERVICES</b>	<u>\$ 108,400</u>	<u>\$ 112,396</u>	<u>\$ 3,996</u>
Total Charges for Services	<u>\$ 108,400</u>	<u>\$ 112,396</u>	<u>\$ 3,996</u>
<b>MISCELLANEOUS</b>			
Interest Revenue	\$ 3,500	\$ 16,962	\$ 13,462
Other	500	1,010	510
Total Miscellaneous Revenue	<u>\$ 4,000</u>	<u>\$ 17,972</u>	<u>\$ 13,972</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,791,031</u>	<u>\$ 2,043,133</u>	<u>\$ 252,102</u>
<b>EXPENDITURES</b>			
<b>DISTRICT OPERATIONS</b>			
Personnel Services - Current	\$ 245,734	\$ 251,952	\$ (6,218)
Other Services and Charges - Current	84,500	60,022	24,478
Capital Outlay		1,292	(1,292)
Total District Operations	<u>\$ 330,234</u>	<u>\$ 313,266</u>	<u>\$ 16,968</u>
<b>PROJECT EXPENDITURES</b>			
District - Current	\$ 92,000	\$ 75,389	\$ 16,611
Federal - Current		37,038	(37,038)
State - Current	1,285,617	1,370,626	(85,009)
Total Project Expenditures	<u>\$ 1,377,617</u>	<u>\$ 1,483,053</u>	<u>\$ (105,436)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,707,851</u>	<u>\$ 1,796,319</u>	<u>\$ (88,468)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 83,180</u>	<u>\$ 246,814</u>	<u>\$ (163,634)</u>
<b>FUND BALANCE - January 1</b>	<u>1,030,114</u>	<u>1,030,114</u>	<u>-</u>
<b>FUND BALANCE - December 31</b>	<u>\$ 1,113,294</u>	<u>\$ 1,276,928</u>	<u>\$ (163,634)</u>

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS\*)  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 PERA GENERAL EMPLOYEES RETIREMENT FUND (GERF)  
 FOR THE YEAR ENDED DECEMBER 31, 2024

Fiscal Year Ending	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with District (b)	Total (a + b)	District's Covered Payroll** (c)	District's Proportionate Share 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
GERF							
June 30, 2024	0.0022%	\$ 82,286	\$ 2,128	\$ 84,414	\$ 188,381	44.81%	89.08%
June 30, 2023	0.0020%	\$ 111,838	\$ 3,000	\$ 114,838	\$ 156,754	73.26%	83.10%
June 30, 2022	0.0022%	\$ 174,241	\$ 5,188	\$ 179,429	\$ 166,529	107.75%	76.67%
June 30, 2021	0.0024%	\$ 102,491	\$ 3,164	\$ 105,655	\$ 186,243	56.73%	87.00%
June 30, 2020	0.0030%	\$ 179,864	\$ 5,560	\$ 185,424	\$ 213,293	86.93%	79.06%
June 30, 2019	0.0028%	\$ 154,806	\$ 4,833	\$ 159,639	\$ 207,686	76.87%	80.23%
June 30, 2018	0.0029%	\$ 160,880	\$ 5,286	\$ 166,166	\$ 196,268	84.66%	79.53%
June 30, 2017	0.0030%	\$ 191,518	\$ 2,425	\$ 193,943	\$ 195,716	99.09%	75.90%
June 30, 2016	0.0030%	\$ 243,585	\$ 3,887	\$ 247,472	\$ 184,325	134.26%	68.91%
June 30, 2015	0.0033%	\$ 171,023	\$ -	\$ 171,023	\$ 192,867	88.67%	78.19%

\*This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

\*\*For purposes of this schedule, covered payroll is defined as "pensionable wages".

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS\*)  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
PERA GENERAL EMPLOYEES RETIREMENT FUND (GERF)  
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered Payroll** (d)</u>	<u>Contributions as a Percentage of Covered Payroll (b/d)</u>
GERF					
December 31, 2024	\$14,549	\$14,549	\$0	\$193,986	7.50%
December 31, 2023	\$13,654	\$13,654	\$0	\$182,054	7.50%
December 31, 2022	\$11,024	\$11,024	\$0	\$146,991	7.50%
December 31, 2021	\$12,716	\$12,716	\$0	\$169,552	7.50%
December 31, 2020	\$14,861	\$14,861	\$0	\$198,144	7.50%
December 31, 2019	\$15,745	\$15,745	\$0	\$210,031	7.50%
December 31, 2018	\$14,928	\$14,928	\$0	\$196,268	7.61%
December 31, 2017	\$15,248	\$15,248	\$0	\$195,716	7.79%
December 31, 2016	\$14,667	\$14,667	\$0	\$184,325	7.96%
December 31, 2015	\$14,465	\$14,465	\$0	\$192,867	7.50%

\*This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

\*\*For purposes of this schedule, covered payroll is defined as "pensionable wages".

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

The District adopts an estimated revenue and expenditure budget for the general fund. The budget may be amended or modified at any time by the board of supervisors. Expenditures may not legally exceed budgeted revenues. The budget is prepared on a basis consistent with generally accepted accounting principles. Budget appropriations lapse at year-end. The District does not use encumbrance accounting.

**Excess of Expenditures Over Appropriations**

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$1,707,851	\$1,796,319	\$88,468

The over expenditures were approved by the board of supervisors and funded by excess revenues received during the current year.

**NOTE 2 – DEFINED BENEFIT PENSION PLAN – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS - GENERAL EMPLOYEES FUND**

**2024 Changes**

***Changes in Actuarial Assumptions***

The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023):

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

***Changes in Plan Provisions***

The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

**2023 Changes**

***Changes in Actuarial Assumptions***

The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

***Changes in Plan Provisions***

An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.

The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.

The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.

A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**2022 Changes**

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 2 – DEFINED BENEFIT PENSION PLAN – CHANGES IN SIGNIFICANT PLAN PROVISIONS,  
ACTUARIAL METHODS, AND ASSUMPTIONS - GENERAL EMPLOYEES FUND (Cont.)**

***Changes in Actuarial Assumptions***

The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

***Changes in Plan Provisions***

There were no changes in plan provisions since the previous valuation.

**2021 Changes**

***Changes in Actuarial Assumptions***

The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.

The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

***Changes in Plan Provisions***

There were no changes in plan provisions since the previous valuation.

**2020 Changes**

***Changes in Actuarial Assumptions***

The price inflation assumption was decreased from 2.50 percent to 2.25 percent.

The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.

Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.

Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.

Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

The assumed spouse age difference was changed from two years older for females to one year older.

The assumed number of married male new retirees electing the 100 percent Joint & Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint & Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

***Changes in Plan Provisions***

Augmentation for current privatized members was reduced to 2.0 percent for the period July 1, 2020, through December 31, 2023, and 0.0 percent after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 2 – DEFINED BENEFIT PENSION PLAN – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS - GENERAL EMPLOYEES FUND (Cont.)**

**2019 Changes**

***Changes in Actuarial Assumptions***

The mortality projection scale was changed from MP-2017 to MP-2018.

***Changes in Plan Provisions***

The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

**2018 Changes**

***Changes in Actuarial Assumptions***

The mortality projection scale was changed from MP-2015 to MP-2017.

The assumed benefit increase was changed from 1 percent per year through 2044 and 2.5 percent per year thereafter to 1.25 percent per year.

***Changes in Plan Provisions***

The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

Interest credited on member contributions decreased from 4 percent to 3 percent, beginning July 1, 2018.

Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Contribution stabilizer provisions were repealed.

Annual increases were changed from 1 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost-of Living Adjustment, not less than 1 percent and not more than 1.5 percent, beginning January 1, 2019.

For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.

Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes**

***Changes in Actuarial Assumptions***

The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA load are now 0 percent for active member liability, 15 percent for vested deferred member liability, and 3 percent for non-vested deferred member liability.

The assumed annual increase rate was changed for 1 percent per year for all years to 1 percent per year through 2044 and 2.50 percent per year thereafter.

***Changes in Plan Provisions***

The State's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018 and \$6.0 million thereafter.

The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 2 – DEFINED BENEFIT PENSION PLAN – CHANGES IN SIGNIFICANT PLAN PROVISIONS,  
ACTUARIAL METHODS, AND ASSUMPTIONS - GENERAL EMPLOYEES FUND (Cont.)**

**2016 Changes:**

***Changes in Actuarial Assumptions***

The assumed annual increase rate was changed from 1 percent per year through 2035 and 2.50 percent per year thereafter to 1 percent per year for all years.

The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.

Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

***Changes in Plan Provisions***

There have been no changes since the prior valuation.

**2015 Changes:**

***Changes in Actuarial Assumptions***

The assumed annual increase rate was changed from 1 percent per year through 2030 and 2.5 percent per year thereafter to 1 percent per year through 2035 and 2.5 percent per year thereafter.

***Changes in Plan Provisions:***

On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015.

**SUPPLEMENTARY INFORMATION**

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	BUDGETED AMOUNTS <u>ORIGINAL AND FINAL</u>	2024 <u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2023 <u>ACTUAL</u>
<b>REVENUES</b>				
<b>INTERGOVERNMENTAL</b>				
County	\$ 129,778	\$ 126,984	\$ (2,794)	\$ 123,778
Federal	\$ -	\$ 37,038	\$ 37,038	\$ -
State:			-	
1W1P Mob	\$ 1,230,445	\$ 1,352,289	\$ 121,844	\$ 797,661
Buffer Law	35,000	35,000	-	30,000
BWSR Cons- Delivery Grant	18,512	18,512	-	18,512
BWSR State Cost- Share Projects	20,172	60,492	40,320	13,770
CREP Outreach			-	1,868
DNR- Observation Well Project	720	720	-	720
Easement Delivery		8,111	8,111	3,250
BWSR Local Capacity		3,528	3,528	323,438
RIM Reimbursement		2,197	2,197	
Soil Health		21,765	21,765	6,282
SWAG Grant Revenue		-	-	10,145
SWCD Aid	166,004	166,004	-	166,004
Walk-In Access		250	250	
Total State	<u>\$ 1,470,853</u>	<u>\$ 1,668,868</u>	<u>\$ 198,015</u>	<u>\$ 1,371,650</u>
Local:				
KLR Watershed Allocation	\$ 70,000	\$ 70,000	\$ -	\$ 70,000
Nobles County Pheasants Forever	3,000	3,000	-	3,000
O-O Watershed Allocation	5,000	5,000	-	5,000
Other		1,875	1,875	
Total Local	<u>\$ 78,000</u>	<u>\$ 79,875</u>	<u>\$ 1,875</u>	<u>\$ 78,000</u>
Total Intergovernmental Revenues	<u>\$ 1,678,631</u>	<u>\$ 1,912,765</u>	<u>\$ 234,134</u>	<u>\$ 1,573,428</u>
<b>CHARGES FOR SERVICE</b>				
Drill Rental	\$ 2,700	\$ 6,362	\$ 3,662	\$ 5,005
Grass Seed Sales	30,000	40,186	10,186	19,130
Tree Matting Program	5,000	14,614	9,614	5,798
Tree Sales and Tree Planting	15,000	51,184	36,184	33,905
Miscellaneous Sales		50	50	56
Other	55,700		(55,700)	
Total Charges for Service	<u>\$ 108,400</u>	<u>\$ 112,396</u>	<u>\$ 3,996</u>	<u>\$ 63,894</u>
<b>MISCELLANEOUS</b>				
Interest Revenue	\$ 3,500	\$ 16,962	\$ 13,462	\$ 15,537
Other	500	1,010	510	859
Total Miscellaneous Revenue	<u>\$ 4,000</u>	<u>\$ 17,972</u>	<u>\$ 13,972</u>	<u>\$ 16,396</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,791,031</u>	<u>\$ 2,043,133</u>	<u>\$ 252,102</u>	<u>\$ 1,653,718</u>
<b>EXPENDITURES</b>				
<b>DISTRICT OPERATIONS</b>				
<b>PERSONNEL SERVICES - CURRENT</b>				
Employee Salaries	\$ 195,165	\$ 195,884	\$ (719)	\$ 182,515

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	BUDGETED AMOUNTS		VARIANCE WITH FINAL BUDGET	
	ORIGINAL AND FINAL	2024 ACTUAL	POSITIVE (NEGATIVE)	2023 ACTUAL
EXPENDITURES (Cont.)				
DISTRICT OPERATIONS (Cont.)				
PERSONNEL SERVICES - CURRENT (Cont.)				
FICA/Medicare	14,930	15,039	(109)	14,116
Medical Insurance	11,002	10,769	233	5,501
Payroll Expense	1,000	1,274	(274)	137
PERA/DCP Expense	14,637	15,236	(599)	14,304
Supervisor Compensation	9,000	13,750	(4,750)	13,000
Total Personnel Services	<u>\$ 245,734</u>	<u>\$ 251,952</u>	<u>\$ (6,218)</u>	<u>\$ 229,573</u>
OTHER SERVICES AND CHARGES - CURRENT				
Advertising	\$ 2,000	\$ 679	\$ 1,321	\$ 242
Audits	5,000	4,724	276	4,835
Bank Charges		22	(22)	
Communications	1,000	1,805	(805)	289
Computer Expenses	6,000	4,637	1,363	6,806
Dues	7,000	8,099	(1,099)	7,195
Insurance	13,500	10,155	3,345	8,415
Field Supplies	1,500	72	1,428	547
Office Supplies	1,000	227	773	619
Other Supplies	2,500		2,500	
Office Equipment & Maintenance	2,000		2,000	
Office Rent	14,500	14,324	176	14,324
Payroll Processing	2,000	306	1,694	723
Postage	1,000	360	640	328
Sunshine Account	500	387	113	369
Supervisor's Expenses	6,000	7,285	(1,285)	7,233
Training Expenses	10,000	3,441	6,559	11,913
Miscellaneous		4	(4)	
Vehicle Expense	9,000	3,495	5,505	3,645
Total Other Services and Charges	<u>\$ 84,500</u>	<u>\$ 60,022</u>	<u>\$ 24,478</u>	<u>\$ 67,483</u>
CAPITAL OUTLAY				
Capital Assets		\$ 1,292	\$ (1,292)	\$ 156,528
Total Capital Outlay	<u>\$ -</u>	<u>\$ 1,292</u>	<u>\$ (1,292)</u>	<u>\$ 156,528</u>
Total District Operations	<u>\$ 330,234</u>	<u>\$ 313,266</u>	<u>\$ 16,968</u>	<u>\$ 453,584</u>
PROJECT EXPENDITURES				
DISTRICT - CURRENT				
Drill Program	\$ 5,000	\$ 2,021	\$ 2,979	\$ 3,698
Education Program	5,000	4,467	533	1,130
Grass Seed Program	30,000	20,593	9,407	23,897
Southwest Prairie TSA	4,000	3,364	636	3,365
Summit Lake Property	5,000	27	4,973	12,059
SWCD Local Cost Share	22,000	3,000	19,000	4,738
Tree Matting Program	3,500	2,731	769	6,490
Tree Sales and Tree Planting	15,000	32,471	(17,471)	20,197
Misc Project Expense	2,500	1,590	910	

NOBLES SOIL AND WATER CONSERVATION DISTRICT  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	BUDGETED AMOUNTS <u>ORIGINAL AND FINAL</u>	2024 <u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2023 <u>ACTUAL</u>
EXPENDITURES (Cont.)				
PROJECT EXPENDITURES (Cont.)				
DISTRICT - CURRENT (Cont.)				
Soil Health		1,875	(1,875)	
Bad Debt Expense			-	1,297
CREP & RIM		3,250	(3,250)	3,250
Total District	<u>\$ 92,000</u>	<u>\$ 75,389</u>	<u>\$ 16,611</u>	<u>\$ 80,121</u>
FEDERAL - CURRENT				
USDA NRCS		\$ 37,038	\$ (37,038)	
Total Federal	<u>\$ -</u>	<u>\$ 37,038</u>	<u>\$ (37,038)</u>	<u>\$ -</u>
STATE - CURRENT				
1W1P Mob	\$ 1,230,445	\$ 1,294,018	\$ (63,573)	\$ 741,002
Buffer Cost Share	35,000		35,000	
BWSR State Cost Share Projects	20,172	54,411	(34,239)	
CREP & RIM Reimbursement Expense		2,197	(2,197)	1,874
Local Capacity Expense			-	238,919
Soil Health		20,000	(20,000)	6,282
SWAG Grant Expense			-	3,244
Total State	<u>\$ 1,285,617</u>	<u>\$ 1,370,626</u>	<u>\$ (85,009)</u>	<u>\$ 991,321</u>
Total Project Expenditures	<u>\$ 1,377,617</u>	<u>\$ 1,483,053</u>	<u>\$ (105,436)</u>	<u>\$ 1,071,442</u>
TOTAL EXPENDITURES	<u>\$ 1,707,851</u>	<u>\$ 1,796,319</u>	<u>\$ (88,468)</u>	<u>\$ 1,525,026</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 83,180</u>	<u>\$ 246,814</u>	<u>\$ 163,634</u>	<u>\$ 128,692</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets			\$ -	\$ 19,000
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,000</u>
NET CHANGE IN FUND BALANCE	\$ 83,180	\$ 246,814	\$ (163,634)	\$ 147,692
FUND BALANCE - January 1	<u>1,030,114</u>	<u>1,030,114</u>	<u>-</u>	<u>882,422</u>
FUND BALANCE - December 31	<u>\$ 1,113,294</u>	<u>\$ 1,276,928</u>	<u>\$ (163,634)</u>	<u>\$ 1,030,114</u>

**MANAGEMENT AND COMPLIANCE SECTION**

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# KATIE M. JACOBSON, CPA

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## MINNESOTA LEGAL COMPLIANCE

### Independent Auditor's Report

To the District Board  
Nobles Soil and Water Conservation District  
Worthington, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and the general fund of Nobles Soil and Water Conservation District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Nobles Soil and Water Conservation District's basic financial statements, and have issued our report thereon dated September 15, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that Nobles Soil and Water Conservation District failed to comply with the provisions of the contracting-bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and management of Nobles 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.

September 15, 2025



Katie M. Jacobson, CPA  
Slayton, MN