

**TODD SOIL AND WATER CONSERVATION DISTRICT
LONG PRAIRIE, MINNESOTA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

**TODD SOIL AND WATER CONSERVATION DISTRICT
LONG PRAIRIE, MINNESOTA
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DECEMBER 31, 2024**

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Todd Soil and Water Conservation District
Long Prairie, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of Todd Soil and Water Conservation District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the 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 Todd 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Todd 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.

Emphasis of Matter

Restatement

As described in Note 5 of the financial statements, the District restated beginning fund balance in the general fund and beginning net position of the governmental activities to correct an error in the previously issued financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Todd 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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Todd Soil and Water Conservation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Todd 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 budgetary comparison information 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 GAAS, 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.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2025, on our consideration of Todd Soil and Water Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Todd Soil and Water Conservation District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
February 24, 2025

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BASIC FINANCIAL STATEMENTS

**TODD SOIL AND WATER CONSERVATION DISTRICT
LONG PRAIRIE, MINNESOTA
GENERAL FUND BALANCE SHEET AND GOVERNMENTAL ACTIVITIES –
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	General Fund	Adjustments	Governmental Activities
ASSETS			
Cash and Pooled Investments	\$ 1,621,076	\$ -	\$ 1,621,076
Due From Other Governments	41,407	-	41,407
Total Assets	\$ 1,662,483	\$ -	\$ 1,662,483
LIABILITIES			
Current Liabilities:			
Due To Other Governments	\$ 10,836	\$ -	\$ 10,836
Unearned Revenue	871,764	-	871,764
Deposit on Sales	10,560	-	10,560
Total Liabilities	893,160	-	893,160
FUND BALANCE/NET POSITION			
Fund Balance			
Restricted for Conservation	276,721	(276,721)	-
Restricted for AIS Program	79,586	(79,586)	-
Restricted for Riparian Aid	136,849	(136,849)	-
Unassigned Fund Balance	276,167	(276,167)	-
Total Fund Balance	769,323	(769,323)	-
Total Liabilities and Fund Balance	\$ 1,662,483		
Net Position			
Restricted for Conservation		493,156	493,156
Unrestricted		276,167	276,167
Total Net Position		\$ 769,323	\$ 769,323

See accompanying Notes to Financial Statements.

**TODD SOIL AND WATER CONSERVATION DISTRICT
LONG PRAIRIE, MINNESOTA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE AND GOVERNMENTAL ACTIVITIES – STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

	General Fund	Adjustments	Governmental Activities
REVENUES			
Intergovernmental	\$ 1,207,205	\$ -	\$ 1,207,205
Charges for Services	44,384	-	44,384
Reimbursements	322,143	-	322,143
Total Revenues	<u>1,573,732</u>	<u>-</u>	<u>1,573,732</u>
EXPENDITURES/EXPENSES			
Current			
Conservation	<u>1,653,416</u>	<u>-</u>	<u>1,653,416</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(79,684)	-	(79,684)
Fund Balance/Net Position - Beginning of Year, As Originally Reported	685,972	-	685,972
Restatement	<u>163,035</u>	<u>-</u>	<u>163,035</u>
Fund Balance/Net Position - January 1 As Restated	<u>849,007</u>	<u>-</u>	<u>849,007</u>
FUND BALANCE/NET POSITION - END OF YEAR	<u><u>\$ 769,323</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 769,323</u></u>

See accompanying Notes to Financial Statements.

**TODD SOIL AND WATER CONSERVATION DISTRICT
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Todd Soil and Water Conservation District's (the District) financial statements are prepared in accordance with generally accepted accounting principles (GAAP) 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 is discussed below.

A. Financial Reporting Entity

Todd Soil and Water Conservation District was established on March 29, 1965, pursuant to the provisions of Minnesota Statutes Ch. 103C.

The District is governed by a five-member Board of Supervisors, nominated by, and elected to four-year terms by the voters of Todd County.

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

As required by generally accepted accounting principles, consideration has been given to other organizations that should be included in the District's financial statements for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. There are no organizations that should be presented with the District.

B. Basic Financial Statements

Basic financial statements include information on the District's activities as a whole and information on the individual fund of the District. These separate presentations are reported in different columns. Each of the statements starts with a column of information based on activities of the General Fund and reconciles it to a column that reports the "governmental activities" of the District as a whole.

C. Measurement Focus and Basis of Accounting

The governmental activities are reported using the economic resources measurement focus and the accrual basis of accounting, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District's net position is reported as restricted and unrestricted. The statement of activities demonstrates the degree to which the expenses of the district are offset by revenues.

**TODD SOIL AND WATER CONSERVATION DISTRICT
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Todd Soil and Water Conservation District considers all revenues to be available if they are collected within 60 days after the end of the current period. Charges for services and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and financing through leases are reported as other financing sources, when applicable.

When both restricted and unrestricted resources are available for use, it is Todd Soil and Water Conservation District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The cash balance is pooled with the Todd County Auditor-Treasurer for the purpose of increasing earnings through investment activities.

2. Receivables and Payables

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for receivables are recognized as bad debts at the time information becomes available that indicates the particular receivable is uncollectible. These amounts are not considered to be material in relation to the financial position or operations of the fund.

3. Unearned Revenues

The General Fund and the government-wide financial statements record unearned revenue for resources that have been received, but not yet earned.

4. Fund Balance

In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications.

**TODD SOIL AND WATER CONSERVATION DISTRICT
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

4. Fund Balance (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, and then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

5. Net Position

In the government-wide statement of net position, net position is reported in two parts: (1) restricted net position; and (2) unrestricted net position.

6. Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Board adopts a budget for the General Fund. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended or encumbered.

The General Fund's actual disbursements were \$514,056 over budget for the year ended December 31, 2024. The overage was funded by existing fund balance and current year receipts.

NOTE 3 DETAILED NOTES ON ALL FUNDS

Assets

A. Deposits and Investments

Cash transactions are administered by the Todd County Auditor-Treasurer, who is, according to Minnesota Statutes §§118A.02 and 118A.04, authorized to deposit cash in financial institutions designated by the County Board for the District.

Minnesota Statutes §§ 118A.02 and 118A.04 authorize the District to deposit its cash and to invest in certificates of deposit in financial institutions designated by the Todd County Board of Commissioners for the District.

**TODD SOIL AND WATER CONSERVATION DISTRICT
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Assets (Continued)

A. Deposits and Investments (Continued)

Custodial Credit Risk - Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letters of credit issue by a Federal Home Loan Bank; and time deposits insured by federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

As of December 31, 2024, all deposits of the District are in the pooled cash of Todd County. For further information related to the District's deposits, the user should view the Todd County deposits disclosure information.

B. Related Party Transactions

The District signed an agreement with Todd County, effective January 1, 2012, transferred all capital assets, employees, and long-term liabilities to Todd County. The District had no project costs payable to Todd County at December 31, 2024. The District received \$246,550 from the County in 2024, which was soil and water funding passed through the County by the State for the District.

NOTE 4 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. Due to the agreement with the County, the District relies on the County for risk management.

Todd County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance Trust (MCIT). For other risks, the County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

**TODD SOIL AND WATER CONSERVATION DISTRICT
LONG PRAIRIE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5 RESTATEMENT

In the current year, it was discovered that a revenue in the previous year was reported as unearned revenue instead of being recognized as revenues. Due to this error, beginning fund balance of the general fund and beginning net position of governmental activities are each understated by \$163,035 on the current year financial statements. The restatement is as follows:

	General Fund and Governmental Activities
Fund Balance/Net Position, as originally reported	\$ 685,972
Error Correction	163,035
Fund Balance/Net Position, as restated	<u>\$ 849,007</u>

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REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

**TODD SOIL AND WATER CONSERVATION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental				
County	\$ 568,536	\$ 568,536	\$ 398,044	\$ (170,492)
State Grants	134,436	134,436	809,161	674,725
Total Intergovernmental	<u>702,972</u>	<u>702,972</u>	<u>1,207,205</u>	<u>504,233</u>
Charges for Services	31,000	31,000	44,384	13,384
Reimbursements	405,388	405,388	322,143	(83,245)
Total Revenues	<u>1,139,360</u>	<u>1,139,360</u>	<u>1,573,732</u>	<u>434,372</u>
EXPENDITURES				
District Operations				
Personnel Services	12,500	12,500	12,625	(125)
Charges for Services	31,000	31,000	40,301	(9,301)
Other Services and Charges	21,500	21,500	60,823	(39,323)
Total District Operations	<u>65,000</u>	<u>65,000</u>	<u>113,749</u>	<u>(48,749)</u>
Project Expenditures				
District	557,359	557,359	489,163	68,196
State	517,001	517,001	1,050,504	(533,503)
Total Project Expenditures	<u>1,074,360</u>	<u>1,074,360</u>	<u>1,539,667</u>	<u>(465,307)</u>
Total Expenditures	<u>1,139,360</u>	<u>1,139,360</u>	<u>1,653,416</u>	<u>(514,056)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(79,684)	(79,684)
Fund Balance - Beginning of Year, as Originally Reported	685,972	685,972	685,972	-
Restatement	163,035	163,035	163,035	-
Fund Balance - Beginning of Year, as Restated	<u>849,007</u>	<u>849,007</u>	<u>849,007</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 849,007</u>	<u>\$ 849,007</u>	<u>\$ 769,323</u>	<u>\$ (79,684)</u>

See accompanying Notes to Required Supplementary Information.

**TODD SOIL AND WATER CONSERVATION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

I. General Fund Policies

The Board of Supervisors adopts estimated revenue and expenditure budgets for the General Fund. Todd County enters the approved budget into the general ledger system.

The budget may be amended or modified at any time by the Board of Supervisors and communicated to Todd County for update on the general ledger system. Expenditures may not legally exceed budgeted revenues. Comparisons of final budgeted revenues and expenditures to actual are presented in the required supplementary information for the General Fund.

II. Budget Basis of Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles.

The overall budget is prepared by fund, function, and department. The legal level of budgetary control – the level at which expenditures may not legally exceed appropriations – is the fund level. Budgets may be amended during the year with proper approval.

III. Stewardship, Compliance, and Accountability

The Board adopts a budget for the General Fund. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended or encumbered.

The General Fund's actual disbursements were \$514,056 over budget for the year ended December 31, 2024. The overage was funded by existing fund balance and current year receipts.

REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS*



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

Board of Supervisors
Todd Soil and Water Conservation District
Long Prairie, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Todd Soil and Water Conservation District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 24, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Todd Soil and Water Conservation District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Todd Soil and Water Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Todd Soil and Water Conservation District's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as items 2024-001 and 2024-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Todd Soil and Water Conservation District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response's to the findings identified in our audit and described in the accompanying schedule of findings and recommendations. Todd Soil and Water Conservation District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Brainerd, Minnesota
February 24, 2025

**TODD SOIL AND WATER CONSERVATION DISTRICT
LONG PRAIRIE, MINNESOTA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2024**

Section I – Internal Control Over Financial Reporting

2024-001 Financial Statement Presentation

Type of Finding Material Weakness in Internal Control over Financial Reporting

Condition:

Management is responsible for establishing, maintaining, and monitoring internal controls over financial reporting, and for the fair presentation of the financial statements and related notes.

As part of the audit, management requested us to prepare the financial statements, including the related notes to the financial statements. The District does not have an internal policy in place over the preparation or review of the annual financial statements that would enable management to prepare the financial statements and the related note disclosures. Management has accepted responsibility for the financial statements and reviewed them.

Criteria or specific requirement:

Todd Soil and Water Conservation District (District) management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements in accordance with generally accepted accounting principles.

Cause:

The District has a limited number of personnel with financial reporting experience.

Effect:

The design of the controls over the financial reporting process would affect the ability of the District to report its financial data consistently with the assertions of the management in the financial statements.

Repeat Finding:

Yes, 2023-001

Recommendation:

We recommend that the District be aware of the requirements for fair presentation of the financial statements in accordance with the generally accepted accounting principles. Should the District elect, based upon an analysis of costs and benefits, to establish the full oversight of the financial statement preparation of an appropriate level, we suggest management establish effective review policies and procedures including but not limited to the following functions: reconciling general ledger amounts to the draft financial statements; review of all supporting documentation and explanations for journal entries proposed by us; complete the disclosure checklist; review and approval of schedules and calculations supporting the amounts included in the notes to the financial statements; apply analytic procedures to the draft financial statements; and perform other procedures considered necessary by management.

Management's Response:

The District understands that this is a required communication for the preparation of the financial statements.

**TODD SOIL AND WATER CONSERVATION DISTRICT
LONG PRAIRIE, MINNESOTA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2024**

Section I – Internal Control Over Financial Reporting (Continued)

2024-002 Material Audit Adjustment

Type of Finding Material Weakness in Internal Control over Financial Reporting

Condition:

As part of the audit, we proposed a material audit adjustment to properly state beginning fund balance and net position for revenue classification in the previous year. Management has reviewed and approved the audit adjustment.

Criteria or specific requirement:

Todd Soil and Water Conservation District (District) management is responsible for establishing and maintaining internal controls for the proper recording of all the District's accounting transactions, including account coding, reporting of revenues and unearned revenues, fund balance and net position.

Cause:

The District received a new type of funding and was unaware the requirements were met to recognize the funding as revenue.

Effect:

The design of the controls over recording transactions and year end unearned revenue adjustments limits the ability of the District to provide accurate accrual basis financial information.

Repeat Finding:

No.

Recommendation:

We recommend that District management be constantly aware of all procedures and processes involved in recording transactions and reclassifications and develop internal control policies to ensure proper recording of these items.

Management's Response:

The District will continue to work at eliminating the need for audit adjustments.

**TODD SOIL AND WATER CONSERVATION DISTRICT
LONG PRAIRIE, MINNESOTA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Section II – Other Item for Consideration - Minnesota Legal Compliance

None noted.

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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Supervisors
Todd Soil and Water Conservation District
Long Prairie, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities and the General Fund of Todd Soil and Water Conservation District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 24, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that Todd 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 Todd Soil and Water Conservation District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
February 24, 2025

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