

# 2014 ANNUAL REPORT

Agriculture Best Management Practice Loan Programs (LGU\_ID:1041)

NOTE: ANNUAL REPORT and APPLICATION must be postmarked or received by February 7, 2014

Please verify the following data. Make corrections to any YELLOW highlighted field as necessary.

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Table 1. Contact Information

## I. Local Government Unit

Local Government Unit Name: **Kittson County**

a. Authorized Representative (person or position authorized to sign legal documents for the LGU to implement the

AgBMP Program) : **Eric Christensen**

b. Address: **410 5th St Suite 214**

c. City: **Hallock** State: **MN** Zip: **56728-4141**

d. Phone: **(218) 843-2655** Extension: **123** FAX: **(218) 843-2020**

e. E-mail address: **echristensen@co.kittson.mn.us**

(separate with ; or , )

f. Federal Tax ID # **41-6005819** State Tax ID # **8026799**

g. How many counties are you applying for? **1**

## II. Contact Person

Person responsible for day-to-day operation of the program:

Contact Organization: **Kittson Soil and Water Conservation District**

a. Contact Person: **Jamie Osowski**

b. Address: **410 5th St S Ste 106**

c. City: **Hallock** State: **MN** Zip: **56728-4140**

d. Phone: Extension: FAX: **(218) 843-2772**

e. E-mail address: **jamie.osowski@mn.nacdnet.net**

(separate with ; or , )

f. Other E-mail addresses to receive notices:

### III. Annual Report

**Table 2. Current Allocation Summary - Kittson County**

This shows only funds disbursed by MDA by 12/31/2013 under your CURRENT AMENDMENT.

Practice Category	Current Budget	Completed	Remaining Budget
1 - Ag Waste Management	\$ 116,000.00	\$ 33,820.00	\$ 82,180.00
2 - Structural Erosion Control	\$ 0.00	\$ 0.00	\$ 0.00
3 - Conservation Till. Equip	\$ 189,000.00	\$ 100,000.00	\$ 89,000.00
4 - Septic Systems	\$ 30,000.00	\$ 0.00	\$ 30,000.00
5 - Other Practices	\$ 0.00	\$ 0.00	\$ 0.00
<b>TOTAL</b>	<b>\$ 335,000.00</b>	<b>\$ 133,820.00</b>	<b>\$ 201,180.00</b>

(You do not need to change this table. If you disagree, please contact us.)

**Table 3. Calculation of Carryover and Amount Rescinded.** The amount carried over should include all projects that will be funded with any NEW money from the MDA. It does not include any REVOLVING funds.

a. Amount Remaining as of 12/31/2013		<b>\$201,180.00</b>
b. Requested amount to CARRYOVER into the next year. (include at least <b>\$0.00</b> for current Unpaid Requests) <i>See Section IV for a list of pending transactions not yet paid. Evaluate potential projects, available funds, predicted revenue, economic conditions, staff capacity, and estimated requirement for your sustained program. You may keep all your funds, even if not committed to projects.</i>		<b>\$201,180.00</b> <b>↑ CARRYOVER ↑</b> (increase as appropriate)
c. Amount RESCINDED - You will lose these funds	<b>=</b>	<b>\$0.00</b>
d. Recent Repayments to your account:	<b>+</b>	<b>\$435,119.29</b>
e. Your Currently Available Resources	<b>=</b>	<b>\$636,299.29</b>
When requesting Pending Projects and Additional Funds below, please consider the funds available in your locally held revolving account.		
f. Request for identified Pending Projects: <i>These are existing, unfunded projects that will start within 3 months after funds are made available. You must identify the landowner and estimate the total cost of the project in table below to be eligible for an allocation to fund Pending Projects.</i>	<b>+</b>	<b>\$0.00</b>
g. Request for Additional Funds <i>These are additional funds that are needed to meet your work plan goals. You do NOT need to identify specific projects for these funds. Do not exceed \$300,000/county.</i>	<b>+</b>	<b>\$0.00</b>
h. Work plan for next year:	<b>=</b>	<b>\$636,299.29</b>

## IV. Audit Documents

*Don't forget your audit documents!*

Attach a copy of your **"Independent Auditor's Report"** cover letter from your most recent audit plus any other pertinent sections, tables or schedules related to this program.

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## V. BASIC APPLICATION NARRATIVE: Kittson County

Please complete the following:

**1) Highlight your past performance and accomplishments:**

The allocations received by Kittson County from the past AgBMP loan programs have been extremely successful toward the objectives set forward in the Kittson County CLWP. Kittson Counties 2013 Ag BMP program saw a drop in loan applications due to low interest rates at equipment dealerships. Conservation tillage has been the highest priority loan practice in the past years, but 2013 saw an increase in Ag Waste Management practices.

**2) Describe next year's work plans, types of proposed activities, priorities, and targeted resources:**

In 2014 we hope to see an increase in applications for all practices. Types of proposed activities with available funding would be to fund Ag Waste practice and SSTS Loans immediately as they are our highest priority. We currently have no pending applications for these practices. Funding for Conservation tillage will be available for practice loans as well, there are no current pending applications for conservation tillage loans. No erosion loans are currently in our budget and there are no pending loans for any erosion practices.



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## VI. Loans Reported Last Year

Table 6. Summary of loans reported to the MDA by Kittson County during the last calendar year.

Please review the loans listed below.

There are NO Pending Transactions.

Borrower Name	Received Date	Paid Date	Category	Amount Issued from Current Budget	Amount Issued from Local Account	Pending Transactions	Loan ID
Dahl, B.	02/15/2013	02/27/2013	Con Till Equip	\$ 50,000.00	\$ 0.00	\$ 0.00	11966
Gillie, K.	02/26/2013	03/05/2013	Con Till Equip	\$ 50,000.00	\$ 0.00	\$ 0.00	11974
Przekwas, J.	10/16/2013	10/23/2013	Ag Waste Man	\$ 17,820.00	\$ 0.00	\$ 0.00	12165
Swenson, C.	08/27/2013	08/30/2013	Ag Waste Man	\$ 16,000.00	\$ 0.00	\$ 0.00	12073
TOTAL Loans				\$ 133,820.00	\$ 0.00	\$ 0.00	
GRAND TOTAL				\$ 133,820.00			

### Instructions for Review of Last Year's Reported Loans:

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1. Review the listed loans. Check the loan amounts. These are the loans REPORTED to the MDA during 2013.
2. Please attach the application form for any project with a loan that was issued last year but is not on the list.

**If any loans were issued during the past calendar year, but are not listed in the above table, you MUST submit the borrower's APPLICATION form with all sections completed, including the loan amount. You DO NOT need to add them to the above list; we will enter all newly submitted projects for you.**

If you wish to see a complete list of loans for other years, please contact Dwight Wilcox or Dave Miller, 651-201-6618

## VII. How to Submit the Annual Report and Application

Submit ONE copy of the Annual Report and Application information by mail, email, or fax to:

**Deadline: February 7, 2014**

#### By MAIL:

AgBMP Loan Program  
Minn. Dept. of Agriculture  
625 Robert St N  
St. Paul, MN 55155

#### By EMAIL:

Submit Report

#### By FAX:

651-201-6109

#### Ask a question:

AgBMP.Loans@state.mn.us

*Helping Producers Implement  
Best Management Practices  
For Conservation Purposes in  
Kittson County*



410 South 5<sup>th</sup> Street - Suite 106 - Hallock MN 56728 - Phone (218) 843 2619 - Fax (218) 843-2772 - [nwmnswcd.org](http://nwmnswcd.org)

**September 10, 2013**

Peterson Company Ltd.  
580 Cherry Drive  
Waconia, MN 55387

This representation letter is provided in connection with your audit of the financial statements of Kittson Soil & Water Conservation District, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows for the period then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 10, 2013, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 20, 2013.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of

noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements [or in the schedule of findings and questioned costs].

- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Kittson Soil & Water Conservation District is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

11) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- d) Minutes of the meetings of Kittson Soil & Water Conservation District or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

- a) Management,
- b) Employees who have significant roles in internal control, or
- c) Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

16) We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

#### **Government—specific**

19) We have made available to you all financial records and related data.

20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

22) The Kittson Soil & Water Conservation District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 25) As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 26) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 27) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 28) The financial statements properly classify all funds and activities.
- 29) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 30) Components of net assets (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified.
- 31) Provisions for uncollectible receivables have been properly identified and recorded.
- 32) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 33) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 34) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 35) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 36) We have appropriately disclosed the Kittson Soil & Water Conservation District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
- 37) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period.

Signature: Darren Carlson

Title: District Manager

**KITTSON SOIL AND WATER  
CONSERVATION DISTRICT**

**DRAFT**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**



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