

CEDAR RIVER WATERSHED DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

**CEDAR RIVER WATERSHED DISTRICT
TABLE OF CONTENTS
DECEMBER 31, 2012**

INTRODUCTORY SECTION

BOARD OF MANAGERS

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	3
STATEMENT OF ACTIVITIES	4
BALANCE SHEET	5
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	6
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES	7
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - GENERAL FUND	8
NOTES TO FINANCIAL STATEMENTS	9
COMPLIANCE LETTER	
INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE	14
SCHEDULE OF FINDINGS AND RESPONSES	15

CEDAR RIVER WATERSHED DISTRICT

BOARD OF MANAGERS

Mr. Mike Merten	Chairman	Austin, MN
Mr. Kevin Kiser	Vice Chairman	Blooming Prairie, MN
Mr. Susan Olson	Secretary	Austin, MN
Mr. Mike Jones	Treasurer	Blooming Prairie, MN
Mr. Jason Weis	Manager	Rose Creek, MN
Mr. Jim Gebhardt	Manager	Waltham, MN
Mr. Steve Kraushaar	Manager	Glenville, MN



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INDEPENDENT AUDITORS' REPORT

Board of Managers
Cedar River Watershed District
Austin, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Cedar River Watershed District, State of Minnesota, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Board of Managers
Cedar River Watershed District


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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Cedar River Watershed District, State of Minnesota, as of December 31, 2012, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.



CliftonLarsonAllen LLP

Austin, Minnesota
June 17, 2013

FINANCIAL STATEMENTS

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**CEDAR RIVER WATERSHED DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2012**

	2012
	Governmental Activities
ASSETS	
Cash	\$ 573,067
Taxes Receivable	
Delinquent	9,142
Due from Other Governments	1,505
Other Receivables	2,555
Capital Assets, Net of Depreciation	1,875
Total Assets	588,144
LIABILITIES	
Unearned Grant Revenue	170,494
NET POSITION	
Net Investment in Capital Assets	1,875
Unrestricted	415,775
Total Net Position	\$ 417,650

See accompanying Notes to Financial Statements.

**CEDAR RIVER WATERSHED DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

2012					Net (Expense) Revenue and Changes in Net Position
Functions	Expenses	Program Revenues			Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 239,023	\$ -	\$ 39,617	\$ -	\$ (199,406)
Total	\$ 239,023	\$ -	\$ 39,617	\$ -	(199,406)
General Revenues:					
Property Taxes Levied for:					
General Purposes					224,378
State Aid Not Restricted to Specific Purposes					2,251
Earnings on Investments					1,422
Other					4,063
Total General Revenues					232,114
Change in Net Position					32,708
Net Position - Beginning					384,942
Net Position - Ending					\$ 417,650

See accompanying Notes to Financial Statements.

**CEDAR RIVER WATERSHED DISTRICT
BALANCE SHEET
DECEMBER 31, 2012**

	<u>General Fund</u>
ASSETS	
Cash	\$ 573,067
Taxes Receivable	
Delinquent	9,142
Due from Other Governments	1,505
Other Receivables	2,555
Total Assets	<u>\$ 586,269</u>
 LIABILITIES	
Deferred Revenue	\$ 175,950
Total Liabilities	<u>175,950</u>
 FUND BALANCE	
Unassigned	<u>410,319</u>
 Total Liabilities and Fund Balance	<u>\$ 586,269</u>
 Total Fund Balance	\$ 410,319
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:	
Equipment, Net of Accumulated Depreciation	1,875
Some of the District's property taxes will be collected subsequent to year-end but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred in the governmental funds.	<u>5,456</u>
Net Position of Governmental Activities	<u>\$ 417,650</u>

See accompanying Notes to Financial Statements.

**CEDAR RIVER WATERSHED DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2012**

	<u>General Fund</u>
REVENUES	
Taxes	\$ 224,710
State Revenue	
Property Tax Credits	2,251
CWF Basin Pass Thru	23,788
CWF Basin T&A	4,875
CWF Runoff Reduction Grant	10,954
Miscellaneous	1,505
Interest Income	1,422
Permitting Revenue	1,250
Insurance Dividend	1,308
Total Revenues	<u>272,063</u>
EXPENDITURES	
SWCD- Admin Services	65,000
Water Monitoring	9,327
Manager Compensation	6,298
Legal Fees	1,907
Engineering - General	4,777
Engineering - Technical Services	22,500
Engineering - Permit Review	1,949
Engineering - H & H Model - CRWD	28,605
Watershed Projects	38,080
CRP Incentive Program	38,092
Manager Expenses	1,546
MAWD Sponsored Mtgs/Training	2,658
Audit Expense	2,715
Dues	3,086
Insurance and Bond	2,180
Equipment	3,050
Misc Expenses- Administrative	972
Newsletter	3,780
Office Supplies	673
Building Rent	600
Postage	400
Workers Compensation	679
Public Information and Education	326
Website	1,505
Copier Agreement	193
Total Expenditures	<u>240,898</u>
Net Change in Fund Balance	31,165
Fund Balances - Beginning	<u>379,154</u>
Fund Balance - Ending	<u><u>\$ 410,319</u></u>

See accompanying Notes to Financial Statements.

**CEDAR RIVER WATERSHED DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

Net Change in Fund Balance - Governmental Fund	\$	31,165
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital Outlays		2,500
Depreciation Expense		(625)
<p>Delinquent property tax receivable will be collected subsequent to year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds.</p>		
Deferred Revenue - December 31, 2011		(5,788)
Deferred Revenue - December 31, 2012		5,456
Changes in Net Position of Governmental Activities	\$	<u>32,708</u>

**CEDAR RIVER WATERSHED DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 225,000	\$ 225,000	\$ 224,710	\$ (290)
State Revenues	37,000	37,000	41,868	4,868
Miscellaneous	-	-	1,505	1,505
Interest Income	-	-	1,422	1,422
Permitting Revenue	-	-	1,250	1,250
Insurance Dividend	-	-	1,308	1,308
Total Revenues	<u>262,000</u>	<u>262,000</u>	<u>272,063</u>	<u>10,063</u>
EXPENDITURES				
SWCD- Admin Services	65,000	65,000	65,000	-
Water Monitoring	16,004	16,004	9,327	(6,677)
Manager Compensation	10,000	10,000	6,298	(3,702)
Legal Fees	5,500	5,500	1,907	(3,593)
Engineering - General	15,000	15,000	4,777	(10,223)
Engineering - Technical Services	22,500	22,500	22,500	-
Engineering - Permit Review	-	-	1,949	1,949
Engineering - Culvert Inventory	15,000	15,000	-	(15,000)
Engineering - H & H Model - CRWD	40,000	40,000	28,605	(11,395)
Watershed Projects	90,000	90,000	38,080	(51,920)
CRP Incentive Program	-	-	38,092	38,092
Engineering - H & H Model - MPCA	37,000	37,000	-	(37,000)
Manager Expenses	3,346	3,346	1,546	(1,800)
Professional Fees	3,000	3,000	-	(3,000)
MAWD Sponsored Mtgs/Training	3,000	3,000	2,658	(342)
Audit Expense	3,000	3,000	2,715	(285)
Dues	2,500	2,500	3,086	586
Insurance and Bond	2,500	2,500	2,180	(320)
Equipment	1,000	1,000	3,050	2,050
Misc Expenses- Administrative	750	750	972	222
Newsletter	5,000	5,000	3,780	(1,220)
Office Supplies	750	750	673	(77)
Building Rent	600	600	600	-
Postage	1,000	1,000	400	(600)
Workers Compensation	800	800	679	(121)
Training and Education	750	750	-	(750)
Public Information and Education	2,000	2,000	326	(1,674)
Advisory Committee Expenses	500	500	-	(500)
Website	-	-	1,505	1,505
Staff Expenses	500	500	-	(500)
Copier Agreement	-	-	193	193
Total Expenditures	<u>347,000</u>	<u>347,000</u>	<u>240,898</u>	<u>(106,102)</u>
Net Change in Fund Balances	<u>\$ (85,000)</u>	<u>\$ (85,000)</u>	31,165	<u>\$ 116,165</u>
Fund Balances - Beginning			<u>379,154</u>	
Fund Balance - Ending			<u>\$ 410,319</u>	

See accompanying Notes to Financial Statements.

**CEDAR RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Cedar River Watershed District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

Financial Reporting Entity

Cedar River Watershed District was formed on May 3, 2007 and operates pursuant to applicable Minnesota laws and regulations.

The governing body consists of a seven member Board. Four members are appointed by the Mower County Board of Commissioners, one member by the Steele County Board of Commissioners, one member by the Dodge County Board of Commissioners, and one member by the Freeborn County Board of Commissioners.

Accounting Principles Generally Accepted in the United States of America (GAAP) require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the District. In addition, the District's financial statements are to include all component units – entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. These financial statements include all fund and account groups of the District. There are no other entities for which the District is financially accountable.

Basic Financial Statement Presentation

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize the primary activity as governmental. Governmental activities are supported by taxes and intergovernmental revenues.

Government-wide financial statements report information about the reporting government as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

**CEDAR RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statement Presentation (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational; or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Currently, the District has only one governmental fund.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.
2. Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used.

**CEDAR RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

The District reports deferred revenue on its balance sheet. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the District has legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The District reports the following major governmental fund:

General Fund – This is the District’s primary operating fund. It accounts for all financial resources of the District.

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of the donation. Capital assets are defined by the District as assets with an initial cost of more than \$500 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add value or capacity of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded the Statement of Net Position but not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their useful lives. Useful lives vary from 3 to 10 years for equipment.

Property Taxes

Current taxes receivable at December 31, 2012 represent taxes currently remitted by each respective County Auditor. Delinquent taxes receivable consist of tax levies collectible in 2012 and prior years and are offset by deferred revenues in the governmental fund financial statements.

Property taxes are formally levied in December each year and are certified to each respective County for collection in the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15 and counties generally remit taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid through state credits which are included in revenue from state sources in the financial statements.

**CEDAR RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned. The District currently does not report any nonspendable fund balances. Restricted fund balances are constrained by outside parties (statute, grantors, bond agreements, etc.). The District currently does not report any restricted fund balances. Committed fund balances represent constraints on spending that the District imposes upon itself by high-level formal action prior to the close of the fiscal period. The District currently does not report any committed fund balance. The District Board of Managers authorizes all assigned fund balances and their intended uses. The District currently does not report any assigned fund balance. Unassigned fund balances are considered the remaining amounts.

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

Net Position

Net position represents the difference between assets and liabilities in the Entity-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to acquire the capital assets. Net position reported as restricted in the Entity-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

NOTE 2 BUDGETARY INFORMATION

An annual budget is adopted for the General Fund. Any modifications in the adopted budget can be made upon request of and approval by the Board of Managers. All annual appropriations lapse at fiscal year end.

NOTE 3 DEPOSITS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal 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 pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

The District's deposits in financial institutions at December 31, 2012 were entirely covered by federal depository insurance or by surety bond and collateral in accordance with Minnesota Statutes.

**CEDAR RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	January 1, 2011	Additions	Retirements	December 31, 2012
Equipment	\$ -	\$ 2,500	\$ -	\$ 2,500
Accumulated Depreciation	-	625	-	625
Capital Assets, Net	<u>\$ -</u>	<u>\$ 1,875</u>	<u>\$ -</u>	<u>\$ 1,875</u>

NOTE 5 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors, and omissions; and natural disasters. The District has purchased commercial insurance to handle any loss arising from various risks. There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. In addition, there have been no settlements in excess of the District's insurance coverage during the year.

NOTE 6 RELATED PARTY TRANSACTIONS

Management Services

The District has a contractual arrangement with Mower Soil Water Conservation District (SWCD), under which SWCD provides an administrator, financial services, monitoring and technical and permitting assistance to the District. This arrangement does not alter the authority or responsibility of the Board of Managers of the District. Amounts paid to SWCD for the services described above for the year ended December 31, 2012, were \$101,079. The District also purchased a copy machine from SWCD in the amount of \$2,500 during the year ended December 31, 2012.

The District paid for website services in the amount of \$1,505, which are to be reimbursed by SWCD.

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COMPLIANCE LETTER

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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Managers
Cedar River Watershed District
Austin, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United State of America, the accompanying financial statements of the governmental activities and the major fund of the Cedar River Watershed District, State of Minnesota, as of and for the year ended December 31, 2012, and the related notes to the financial statements and have issued our report thereon dated June 17, 2013.

The Minnesota Legal Compliance Audit Guide for Political Subdivisions covers seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, county and city miscellaneous provisions, and tax increment financing.

In connection with our audit, nothing came to our attention that caused us to believe that the Cedar River Watershed District, State of Minnesota failed to comply the provisions of the Minnesota Legal Compliance Audit Guide for Political Subdivisions, except as noted in the Schedule of Findings and Responses. However, our audit is 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 Cedar River Watershed District, State of Minnesota's noncompliance with the above-referenced provisions.

The Cedar River Watershed District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Cedar River Watershed District's responses and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Austin, Minnesota
June 17, 2013

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**CEDAR RIVER WATERSHED DISTRICT, STATE OF MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2012**

FINDING: 2012-1 UNCOLLATERALIZED DEPOSITS

Minnesota State Statute 118A.003 requires the District to have deposits in excess of FDIC or FSLIC insurance protected by a bond or collateral of which market value should be at least ten percent more than the excess deposits. The District did not have adequate collateral for its deposits at June 30, 2012.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

Actions Planned in Response to Finding

The District will implement procedures to ensure that the District's deposits remain fully collateralized.

Official Responsible for Ensuring CAP

Bev Nordby, Director, is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP

The completion date is immediately.

Plan to Monitor Completion of CAP

The board of managers will be monitoring this corrective action plan.

**CEDAR RIVER WATERSHED DISTRICT, STATE OF MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2012**

FINDING: 2012-2 TIMELY PAYMENT OF BILLS

Minnesota State Statute 471.425, subdivision 2, requires prompt payment of local government bills. Payment is required within the contract period or the standard payment period of 35 days from receipt of the invoice. If payment is not made within this period, the government entity must voluntarily pay interest on those bills not paid in a timely manner. The interest rate is 1 ½ percent per month or part of a month. We noted one invoice in which payment was not made within 35 days.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

Actions Planned in Response to Finding

The District will implement procedures to ensure that the District's bills are paid timely.

Official Responsible for Ensuring CAP

Bev Nordby, Director, is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP

The completion date is immediately.

Plan to Monitor Completion of CAP

The board of managers will be monitoring this corrective action plan.