

OKABENA-CHEDA WATERSHED DISTRICT

WORTHINGTON, MINNESOTA

REPORT ON AUDIT OF

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

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OKABENA-OCHEDEA WATERSHED DISTRICT

WORTHINGTON, MINNESOTA

ORGANIZATION

	<u>Position</u>
Les Johnson	President
Rolf Mahlberg	Vice President
Jeff Rogers	Secretary
Casey Ingenthron	Treasurer
James McGowan	Manager
Dan Livdahl	Administrator

Advisory Committee:

Doug Anton	Herman Hinders
Don Basche	Tom Krohn
David Benson	Paul Langseth
Bob Demuth, Jr.	Scott Rall
Dick Duba	Robert Rohrer
Galen Gordon	Eric Roos
Dwayne Haffield	Keith Schroeder

# DENNIS L. RICK, LTD.

## CERTIFIED PUBLIC ACCOUNTANTS

American Institute of Certified Public Accountants  
Minnesota Society of Certified Public Accountants

DENNIS L. RICK, CPA  
TISHA S. PAPLOW, CPA  
ANDREA M. JOHNSON, CPA

### INDEPENDENT AUDITOR'S REPORT

To The Board of Managers  
Okabena-Ocheda  
Watershed District  
Worthington, Minnesota

We have audited the accompanying financial statements of the governmental activities, of the general fund, of the Okabena-Ocheda Watershed District, Worthington, Minnesota, as of and for the year ended December 31, 2011, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Okabena-Ocheda Watershed District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of the general fund, of the Okabena-Ocheda Watershed District as of December 31, 2011 and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 5, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Dennis L. Rick, LTD.*

Worthington, Minnesota  
May 1, 2012



OKABENA-OCHEDA WATERSHED DISTRICT  
MANGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2011

This section of the annual financial report of the Okabena-Ocheda Watershed District presents the Management Discussion and Analysis. The discussion and analysis provides an overview of the District's financial activities for the fiscal year ended December 31, 2011. This information is designed to focus on the current year's activities, resulting changes, and currently known facts. It should be read in conjunction with the District's basic financial statements following this section.

USING THIS ANNUAL REPORT

This annual report consists of the: Management's Discussion and Analysis, Independent Auditor's Report, the Basic Financial Statements, Notes to the Financial Statements and Report on Compliance and Internal Control. The basic financial statements include a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 6 and 7 provide information about the activities of the Okabena-Ocheda Watershed District as a whole and presents a longer-term view of the Okabena-Ocheda Watershed District's finances. Fund financial statements start on page 6. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Okabena-Ocheda Watershed District's operations in more detail than the government-wide statements by providing information about the Okabena-Ocheda Watershed District's most significant funds. Since Okabena-Ocheda Watershed District's are single-purpose special purpose governments, they are generally able to combine the government-wide and fund financial statements into single presentations. Okabena-Ocheda Watershed District has elected to present in this format.

Statement of Net Assets and Statement of Activities

Our analysis of the Okabena-Ocheda Watershed District begins with the Statement of Net Assets and the Statement of Activities of which can be found on pages 6 and 7 of this report. One of the most important questions asked about the District's finances is, "is the District as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets 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 assets and changes in them. You can think of the District's net assets - the difference between assets and liabilities - as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider non-financial factors to assess the overall health of the District.

OKABENA-OCHEDA WATERSHED DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

In the Statement of Net Assets and the Statement of Activities, the District presents governmental activities. All of the District's basic services are reported here. Appropriations from the county and state also finance activities.

REPORTING THE OKABENA-OCHEDA

WATERSHED DISTRICT'S GENERAL FUND

FUND FINANCIAL STATEMENTS

Our analysis of the Okabena-Ocheda Watershed District's (WSD) general fund begins on page 6. The financial statements continue on page 7 and provide detailed information about the district as a whole. The WSD presents only a general fund, which is a governmental fund. All of the WSD's basic services are reported in the general fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. The fund is reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The general fund statements provide a detailed short-term view of the WSD'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 WSD's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the financial statements.

Notes to the Financial Statement

The Notes to the Financial Statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes provide information such as: 1) Summary of Significant Accounting Policies; 2) Deposits and Investments; and 3) Risk Management. The Notes to the Financial Statements are on pages 8 - 13.

Statement of Net Assets

The total assets of the District's governmental activities decreased by \$11,495 from one year ago, (from 2010 to 2011), due to the District having expenditures in excess of revenues in 2011. Under the fund balance, the Assigned funds are designated for certain programs specified by the State and/or District. Unassigned are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - which was \$88,160 in 2010 and \$76,665 in 2011, an decrease of \$11,495 or approximately 13%.

Statement of Net Assets:	<u>Governmental Activities</u>	
	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>
Current and Other Assets	\$ 106,122	\$ 117,617
Total Assets	<u>\$ 106,122</u>	<u>\$ 117,617</u>
 Fund Balance:		
Assigned	\$ 29,457	\$ 29,457
Unassigned	76,665	88,160
Total Fund Balance	<u>\$ 106,122</u>	<u>\$ 117,617</u>

OKABENA-OCHEDA WATERSHED DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENTAL ACTIVITIES

The District's total revenues increased by \$82,256, or 51% over revenues from one year ago (from 2010 to 2011). The total cost of all programs and services increased by \$115,036, or 82% (from 2010 to 2011).

Changes in Net Assets:

	<u>Governmental Activities</u>	
	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>
Revenues		
County	\$ 116,057	\$ 116,771
State	13,679	12,960
Other Governmental	9,551	9,324
Grant Revenue	18,430	2,422
Charge for Services	-	275
Interest	521	974
Property Rent	3,575	6,736
Sale of Property	73,650	-
Misc. Revenue	7,876	11,621
Total Revenues	<u>\$ 243,339</u>	<u>\$ 161,083</u>
Expenditures		
General Government	\$ 91,346	\$ 88,757
Projects	39,473	34,877
Grant	18,794	2,422
Contributions	105,221	13,742
Total Expenditures	<u>\$ 254,834</u>	<u>\$ 139,798</u>
Change in Net Assets	<u>\$ ( 11,495)</u>	<u>\$ 21,285</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report was designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Les Johnson at the Okabena-Ocheda Watershed District, PO Box 114, Worthington, Minnesota 56187-2822 or call (507)372-8228.

OKABENA - OCHEDA WATERSHED DISTRICT  
WORTHINGTON, MINNESOTA

STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>General Fund</u>	<u>Adjustment Note E</u>	<u>Government-wide Statement of Net Assets</u>
<u>ASSETS</u>			
Cash	\$ 35,259	\$ -	\$ 35,259
Investments	<u>70,863</u>	<u>-</u>	<u>70,863</u>
Total Assets	106,122	-	106,122
 <u>FUND BALANCE</u>			
Fund Balance			
Assigned	29,457	(29,457)	-
Unassigned	<u>76,665</u>	<u>(76,665)</u>	<u>-</u>
Total Fund Balance	\$ <u>106,122</u>	\$ <u>(106,122)</u>	\$ <u>-</u>
 <u>NET ASSETS</u>			
Unrestricted		\$ <u>106,122</u>	\$ <u>106,122</u>
Total Net Assets		\$ <u>106,122</u>	\$ <u>106,122</u>

The notes to the financial statements are an integral part of this statement.



