

**UPPER MINNESOTA RIVER WATERSHED DISTRICT**

**FINANCIAL REPORT**

December 31, 2022

**UPPER MINNESOTA RIVER WATERSHED DISTRICT**  
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**December 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Administrative Board  
Upper Minnesota River Watershed District

### Opinions

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Upper Minnesota River Watershed District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of each major governmental fund and the aggregate remaining fund information of Upper Minnesota River Watershed District, as of December 31, 2022, and the revenues it received and expenditures it paid for each major governmental fund, in accordance with the financial reporting provisions of the State of Minnesota as described in Note 1.

### Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Upper Minnesota River Watershed District as of December 31, 2022.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Upper Minnesota River Watershed 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.

### Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Upper Minnesota River Watershed District on the basis of the financial reporting provisions of the State of Minnesota, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Minnesota Statute 471.698. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

## **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 Upper Minnesota River Watershed District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 Upper Minnesota River Watershed 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 Upper Minnesota River Watershed 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.

## Supplementary Information

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

A handwritten signature in cursive script that reads "Johnson & Roggenbuck PA".

Johnson & Roggenbuck, P.A.  
Ortonville, Minnesota  
October 12, 2023

**UPPER MINNESOTA RIVER WATERSHED DISTRICT  
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	<b>Administrative Fund</b>	<b>Maintenance Fund</b>	<b>Whetstone River Restoration Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,054,280	\$ 100	\$ 247,592	\$ 1,301,972
Investments	10,000	0	0	10,000
<b>TOTAL ASSETS</b>	<b>\$ 1,064,280</b>	<b>\$ 100</b>	<b>\$ 247,592</b>	<b>\$ 1,311,972</b>
<b>CASH FUND BALANCES</b>				
Unassigned	\$ 1,064,280	\$ 100	\$ 247,592	\$ 1,311,972
<b>TOTAL CASH FUND BALANCES</b>	<b>\$ 1,064,280</b>	<b>\$ 100</b>	<b>\$ 247,592</b>	<b>\$ 1,311,972</b>

See Accompanying Notes to the Financial Statements.

**UPPER MINNESOTA RIVER WATERSHED DISTRICT  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>Administrative Fund</b>	<b>Maintenance Fund</b>	<b>Whetstone River Restoration Fund</b>	<b>Total</b>
<b>RECEIPTS</b>				
Property Taxes	\$ 230,521	\$ 0	\$ 0	\$ 230,521
Intergovernmental	150,406	0	0	150,406
Investment Earnings	118	0	0	118
Miscellaneous	354,108	0	0	354,108
<b>TOTAL RECEIPTS</b>	<u>735,153</u>	<u>0</u>	<u>0</u>	<u>735,153</u>
<b>DISBURSEMENTS</b>				
Current				
General Government	142,946	2,202	0	145,148
Conservation of Natural Resources	91,292	115,725	0	207,017
<b>TOTAL DISBURSEMENTS</b>	<u>234,238</u>	<u>117,927</u>	<u>0</u>	<u>352,165</u>
<b>EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS</b>	<u>500,915</u>	<u>(117,927)</u>	<u>0</u>	<u>382,988</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	0	130,500	247,592	378,092
Transfers Out	(130,500)	(247,592)	0	(378,092)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(130,500)</u>	<u>(117,092)</u>	<u>247,592</u>	<u>0</u>
<b>NET CHANGE IN CASH FUND BALANCES</b>	370,415	(235,019)	247,592	382,988
<b>CASH FUND BALANCES - BEGINNING</b>	<u>693,865</u>	<u>235,119</u>	<u>0</u>	<u>928,984</u>
<b>CASH FUND BALANCES - END</b>	<u>\$ 1,064,280</u>	<u>\$ 100</u>	<u>\$ 247,592</u>	<u>\$ 1,311,972</u>

See Accompanying Notes to the Financial Statements.

**UPPER MINNESOTA RIVER WATERSHED DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
BROWNS VALLEY FLOOD MITIGATION AGENCY FUND  
DECEMBER 31, 2022**

**ASSETS**

Cash and Cash Equivalents	\$ <u>68,746</u>
<b>TOTAL ASSETS</b>	<b>\$ <u><u>68,746</u></u></b>

**LIABILITIES**

Due to Others	\$ <u>68,746</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u><u>68,746</u></u></b>



**UPPER MINNESOTA RIVER WATERSHED DISTRICT**  
**Notes to the Financial Statements**  
**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Accounting

The financial statements of the District have been prepared in conformity with the regulatory basis of accounting of the State of Minnesota for Cities Under 2,500 in Population, as promulgated by Minnesota Statutes, Section 471.698. This basis differs from accounting principles generally accepted in the United States of America primarily because the governmental funds use the cash basis method of accounting. The regulatory basis of accounting does not require the presentation of the Management's Discussion and Analysis or the government-wide financial statements, or the budgetary comparison schedule for major special revenue funds. The regulatory basis of accounting also allows the general fund budgetary comparison schedule to be included as supplemental information.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Consequently, revenues and related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred.

Fiduciary funds have no measurement focus but use the cash basis method of accounting for reporting their assets and liabilities.

B. Reporting Entity

The District's financial schedules include all funds, departments, agencies, boards, commissions, and other organizations over which the District officials exercise oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, budget review, approval of property tax levies, responsibility for funding deficits and others.

C. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District has two governmental funds and one agency fund.

*Governmental Fund Types:*

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund is also called the Administrative Fund.

Special Revenue Fund

Special revenue funds are used to account for proceeds of specific revenue source and the expenses of those moneys, and to account for other revenue designated to finance particular activities, and the related expenses. The Maintenance Fund is a Special Revenue Fund used to account for the costs associated with maintaining watershed management areas – mowing, spraying, debris removal, and payroll. The Maintenance Fund also accounted for the costs associated with the Whetstone River Restoration Project until the District created a separate fund to solely account for this project. Revenue is derived from property taxes as well as interfund transfers to fund the Whetstone River Restoration Project.

**UPPER MINNESOTA RIVER WATERSHED DISTRICT**  
**Notes to the Financial Statements (Cont.)**  
**December 31, 2022**

*Fiduciary Fund Types:*

Agency Fund

Trust and agency funds are used to account for assets held by the District in a trustee capacity or as an agent for others. Agency funds do not record any income and expenses, only assets and liabilities. The Browns Valley Flood Mitigation Agency Fund was created to account for the money designated for that project.

D. Cash Deposits and Investments

The District maintains cash pools that are used by substantially all governmental funds. Savings accounts, checking accounts, and certificates of deposit are stated at cost. Cash on hand, checking accounts, and savings accounts are considered cash and cash equivalents. The District considers certificates of deposits to be investments.

E. Fixed Assets

The District has not maintained detailed accounting records of the cost of its general fixed assets.

F. Fund Balance

Fund balance is divided into five classifications based on constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – consists of amounts that are not in spendable form (such as inventory and prepaid items) or are required to remain intact.

Restricted – consists of amounts that are restricted by externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed – consists of amounts that can only be used for the specific purposes imposed by formal action of the District itself, using its highest level of decision making authority, the District Board; committed amounts cannot be used for any other purposes unless the District removes or changes the specified use by taking the same type of action it used previously to commit those amounts.

Assigned – consists of amounts that the District intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

Unassigned – consists of amounts that are available for any purpose in the general fund.

When both restricted and unrestricted resources are available for use, the District's policy is to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, the District's policy is to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

G. Use of Estimates

The preparation of financial statements in conformity with the regulatory basis of accounting requires that management make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**UPPER MINNESOTA RIVER WATERSHED DISTRICT**  
**Notes to the Financial Statements (Cont.)**  
**December 31, 2022**

**NOTE 2 – BUDGETARY DATA**

An annual budget is adopted for the administrative fund and maintenance fund on a cash basis. Budgetary comparisons presented in this report are on the budgetary basis. Any changes in the total budget must be approved by a majority vote of the board of supervisors.

**NOTE 3 - CASH AND INVESTMENTS**

In accordance with Minnesota statutes, the District maintains deposits at those depository banks authorized by the District Council, all of which are members of the Federal Reserve System. Minnesota statutes require that all District 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 bonds (140% in the case of mortgage notes pledged). Minnesota statutes require that securities pledged as collateral be held in safekeeping by the District Treasurer or in a financial institution other than that furnishing the collateral.

As of December 31, 2022, the District's deposits in banks were entirely covered by federal depository insurance or by collateral in accordance with Minnesota statutes. The District had deposits in excess of federal depository insurance of \$634,051 which were covered by collateral held in the pledging institutions name.

The following table presents the District's cash and investment balances at December 31, 2022.

Administrative Fund:		
Cash on Hand	\$	300
Checking		209,492
Savings		844,488
Certificate of Deposit		10,000
	\$	1,064,280
Maintenance Fund:		
Checking		100
		100
Whetstone River Restoration Fund:		
Checking		247,592
		247,592
Browns Valley Flood Mitigation Agency Fund:		
Checking		68,746
		68,746
Total Cash & Investments	\$	1,380,718

**NOTE 4 - PROPERTY TAXES AND SPECIAL ASSESSMENTS**

Property Taxes

Property tax levies are set by the District's Board by October 10th each year and are certified to Big Stone County, Stevens County, Swift County, and Traverse County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

The counties spread all levies over assessable property. Such taxes become a lien on January 1.

Property taxes may be paid by taxpayers in two equal installments, on May 15 and October 15. The counties provide tax settlements to cities and other local governments two times a year, on or before June 30 and November 30.

**UPPER MINNESOTA RIVER WATERSHED DISTRICT**  
**Notes to the Financial Statements (Cont.)**  
**December 31, 2022**

**NOTE 5 - DEFINED BENEFIT PENSION PLANS**

Plan Description

All full-time and certain part-time employees of the District are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members and survivor benefits upon death of eligible members. Benefits are established by state statute. Benefits for members of the General Employees Plan vest after five years of credited service. The defined benefit retirement plan benefits are based on a member's highest average salary for any 60 successive months of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service.

Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement with an actuarial reduction in the member's benefit.

For all General Employee Plan members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Method 2 provides for unreduced retirement benefits at age 65 for members first hired prior to July 1, 1989 or age 66 (the age for unreduced Social Security benefits), for those first hired on or after that date. Early retirement may begin at age 55 with an actuarial reduction (about six percent per year) for members retiring prior to full retirement age.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service before retirement benefits begin.

The benefit provisions stated in the preceding paragraphs of this section are current provisions and apply to active plan participants.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees plan. That report may be obtained on the PERA's website at [www.mnpera.org](http://www.mnpera.org).

**UPPER MINNESOTA RIVER WATERSHED DISTRICT**  
**Notes to the Financial Statements (Cont.)**  
**December 31, 2022**

Funding Policy

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The District makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in 2022. In 2022, the District was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members and 7.5% for Coordinated Plan members.

The District's contributions to the General Employees Retirement Fund for the years ending December 31, 2022, 2021 and 2020 were \$4,966, \$4,691, and \$4,938, respectively. The District's contributions were equal to the contractually required contributions for each year as set by state statute.

**NOTE 6 – RISK MANAGEMENT**

Risk management is handled by the purchase of commercial insurance policies.

**NOTE 7 – INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2022 consisted of the following:

<u>Transfer to:</u>	<u>Transfer from:</u>	<u>Amount:</u>	<u>Description:</u>
Maintenance Fund	Administrative Fund	\$ 130,500	Transfer share of tax levy
Whetstone River Restoration Fund	Maintenance Fund	247,592	Transfer project funds to create the Whetstone River Restoration Fund
		<hr/>	
		<u>\$ 378,092</u>	

**UPPER MINNESOTA RIVER WATERSHED DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
ADMINISTRATIVE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Neg)</u>
<b>RECEIPTS</b>			
Property Taxes	\$ 115,000	\$ 230,521	\$ 115,521
Intergovernmental			
Agricultural Market Value Credits	0	6,906	6,906
Disparity Reduction Aid	0	3,179	3,179
Other State Aid & Grants	0	127,099	127,099
Other Municipal Aid	0	13,222	13,222
Total Intergovernmental	<u>0</u>	<u>150,406</u>	<u>150,406</u>
Investment Earnings	<u>0</u>	<u>118</u>	<u>118</u>
Miscellaneous			
Wetland Bank Credits	0	350,632	350,632
Permits	0	3,476	3,476
Total Miscellaneous	<u>0</u>	<u>354,108</u>	<u>354,108</u>
<b>TOTAL RECEIPTS</b>	<u>115,000</u>	<u>735,153</u>	<u>620,153</u>
<b>DISBURSEMENTS</b>			
General Government			
Current			
Manager Per Diems & Expenses	10,000	11,437	(1,437)
Administrative Wages	45,000	88,104	(43,104)
Continuing Education	8,000	9,405	(1,405)
Equipment Maintenance & Mileage	2,700	2,015	685
Telephone & Internet	2,000	2,835	(835)
Rent	5,600	5,100	500
Dues & Fees	7,700	12,518	(4,818)
Legal	2,000	0	2,000
Office Supplies & Equipment	4,000	2,882	1,118
Insurance	5,000	3,568	1,432
Miscellaneous	1,000	5,082	(4,082)
Total General Government	<u>93,000</u>	<u>142,946</u>	<u>(49,946)</u>

**UPPER MINNESOTA RIVER WATERSHED DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
ADMINISTRATIVE FUND - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Neg)</u>
Conservation of Natural Resources			
Current			
Overall Plan Update	1,000	0	1,000
Wetland Mitigation Bank	1,000	9,589	(8,589)
Whetstone River Project	10,000	25,135	(15,135)
Watershed Sampling	10,000	4,177	5,823
Beardsley Dry Lake	0	17,203	(17,203)
1 Watershed, 1 Plan	0	35,188	(35,188)
Total Conservation of Natural Resources	<u>22,000</u>	<u>91,292</u>	<u>(69,292)</u>
<b>TOTAL DISBURSEMENTS</b>	<u>115,000</u>	<u>234,238</u>	<u>(119,238)</u>
<b>OTHER FINANCING USES</b>			
Transfers To			
Maintenance Fund	<u>0</u>	<u>130,500</u>	<u>(130,500)</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>0</u>	<u>130,500</u>	<u>(130,500)</u>
<b>TOTAL DISBURSEMENTS &amp; OTHER FINANCING USES</b>	<u>115,000</u>	<u>364,738</u>	<u>(249,738)</u>
<b>NET CHANGE IN FUND BALANCE</b>	0	370,415	370,415
<b>FUND BALANCE - BEGINNING</b>	693,865	693,865	0
<b>FUND BALANCE - ENDING</b>	<u>\$ 693,865</u>	<u>\$ 1,064,280</u>	<u>\$ 370,415</u>

**UPPER MINNESOTA RIVER WATERSHED DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
MAINTENANCE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Neg)</u>
<b>RECEIPTS</b>			
Property Taxes	\$ 130,500	\$ 0	\$ (130,500)
<b>TOTAL RECEIPTS</b>	<u>130,500</u>	<u>0</u>	<u>(130,500)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers From			
Administrative Fund	0	130,500	130,500
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>0</u>	<u>130,500</u>	<u>130,500</u>
<b>TOTAL RECEIPTS &amp; OTHER FINANCING SOURCES</b>	<u>130,500</u>	<u>130,500</u>	<u>0</u>
<b>DISBURSEMENTS</b>			
General Government			
Current			
Electricity	1,300	971	329
Administrative Wages	30,000	0	30,000
Equipment & Equipment Maintenance	4,000	705	3,295
Miscellaneous	500	526	(26)
Total General Government	<u>35,800</u>	<u>2,202</u>	<u>33,598</u>
Conservation of Natural Resources			
Current			
Dam Groundskeeping	3,000	2,517	483
Barrier Repairs	2,000	26,329	(24,329)
Debris Removal	4,200	24,754	(20,554)
Tree Removal	500	0	500
Spraying	0	1,100	(1,100)
Whetstone River Project	85,000	61,025	23,975
Total Conservation of Natural Resources	<u>94,700</u>	<u>115,725</u>	<u>(21,025)</u>
<b>TOTAL DISBURSEMENTS</b>	<u>130,500</u>	<u>117,927</u>	<u>12,573</u>



**UPPER MINNESOTA RIVER WATERSHED DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 MAINTENANCE FUND - CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Neg)</u>
<b>OTHER FINANCING USES</b>			
Transfers To			
Whetstone River Restoration Fund	<u>0</u>	<u>247,592</u>	<u>(247,592)</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>0</u>	<u>247,592</u>	<u>(247,592)</u>
<b>TOTAL DISBURSEMENTS &amp; OTHER FINANCING USES</b>	<u>130,500</u>	<u>365,519</u>	<u>(235,019)</u>
<b>NET CHANGE IN FUND BALANCE</b>	0	(235,019)	(235,019)
<b>FUND BALANCE - BEGINNING</b>	<u>235,119</u>	<u>235,119</u>	<u>0</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ 235,119</u></u>	<u><u>\$ 100</u></u>	<u><u>\$ (235,019)</u></u>

## MINNESOTA LEGAL COMPLIANCE

### Independent Auditor's Report

To the Administrative Board  
Upper Minnesota River Watershed District

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of each major fund and the aggregate remaining fund information of Upper Minnesota River Watershed District as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Upper Minnesota River Watershed District's basic financial statements, and have issued our report thereon dated October 12, 2023.

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

This report is intended solely for the information and use of those charged with governance and management of Upper Minnesota River Watershed District and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.



Johnson & Roggenbuck P.A.  
Ortonville, Minnesota  
October 12, 2023