

UPPER MINNESOTA RIVER WATERSHED DISTRICT

FINANCIAL REPORT

December 31, 2023

UPPER MINNESOTA RIVER WATERSHED DISTRICT
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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, 2023, 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, 2023, 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, 2023.

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
July 5, 2024

**UPPER MINNESOTA RIVER WATERSHED DISTRICT
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	Administrative Fund	Maintenance Fund	Whetstone River Restoration Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 587,163	\$ 29,671	\$ 190,523	\$ 807,357
Investments	10,000	0	0	10,000
Due from Other Funds	0	4,447	0	4,447
TOTAL ASSETS	\$ 597,163	\$ 34,118	\$ 190,523	\$ 821,804
LIABILITIES				
Due to Other Funds	\$ 0	\$ 0	\$ 4,447	\$ 4,447
CASH FUND BALANCES				
Unassigned	597,163	34,118	186,076	817,357
TOTAL LIABILITIES AND CASH FUND BALANCES	\$ 597,163	\$ 34,118	\$ 190,523	\$ 821,804

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, 2023**

	Administrative Fund	Maintenance Fund	Whetstone River Restoration Fund	Total
RECEIPTS				
Property Taxes	\$ 237,080	\$ 0	\$ 0	\$ 237,080
Intergovernmental	58,937	0	36,013	94,950
Investment Earnings	347	0	0	347
Miscellaneous	6,590	0	0	6,590
TOTAL RECEIPTS	<u>302,954</u>	<u>0</u>	<u>36,013</u>	<u>338,967</u>
DISBURSEMENTS				
Current				
General Government	137,499	3,231	0	140,730
Conservation of Natural Resources	114,572	55,396	97,529	267,497
Capital Outlay	0	365,355	0	365,355
TOTAL DISBURSEMENTS	<u>252,071</u>	<u>423,982</u>	<u>97,529</u>	<u>773,582</u>
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	<u>50,883</u>	<u>(423,982)</u>	<u>(61,516)</u>	<u>(434,615)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	0	458,000	0	458,000
Transfers Out	(518,000)	0	0	(518,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(518,000)</u>	<u>458,000</u>	<u>0</u>	<u>(60,000)</u>
NET CHANGE IN CASH FUND BALANCES	(467,117)	34,018	(61,516)	(494,615)
CASH FUND BALANCES - BEGINNING	<u>1,064,280</u>	<u>100</u>	<u>247,592</u>	<u>1,311,972</u>
CASH FUND BALANCES - END	<u>\$ 597,163</u>	<u>\$ 34,118</u>	<u>\$ 186,076</u>	<u>\$ 817,357</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, 2023**

ASSETS

Cash and Cash Equivalents	\$ <u>274,132</u>
TOTAL ASSETS	\$ <u><u>274,132</u></u>

LIABILITIES

Due to Others	\$ <u>274,132</u>
TOTAL LIABILITIES	\$ <u><u>274,132</u></u>

See Accompanying Notes to the Financial Statements.