

**CEDAR RIVER WATERSHED DISTRICT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**



CPAs | CONSULTANTS | WEALTH ADVISORS

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**CEDAR RIVER WATERSHED DISTRICT  
BOARD OF MANAGERS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2022**

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



## INDEPENDENT AUDITORS' REPORT

Board of Managers  
Cedar River Watershed District  
Austin, Minnesota

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the general fund of the Cedar River Watershed District, State of Minnesota (the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District, as of December 31, 2022, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

#### ***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 the 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.

***Auditors' 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 auditors' 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 GAAS 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 GAAS 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 the 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 the 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.

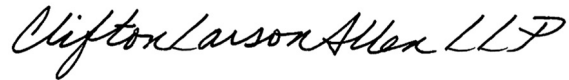
***Required Supplementary Information***

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.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the board of managers but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
August 29, 2023

**CEDAR RIVER WATERSHED DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 1,332,010
Taxes Receivable	13,375
Due from State of Minnesota	22,120
Accounts Receivable	124,929
Capital Assets:	
Nondepreciable	<u>1,808,183</u>
Total Assets	<u>3,300,617</u>
<b>LIABILITIES</b>	
Unearned Grant Revenue	<u>300,181</u>
Total Liabilities	300,181
<b>NET POSITION</b>	
Investment in Capital Assets	1,808,183
Unrestricted	<u>1,192,253</u>
Total Net Position	<u><u>\$ 3,000,436</u></u>

See accompanying Notes to Financial Statements.

**CEDAR RIVER WATERSHED DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>				Total Governmental Activities	
General Government	\$ 341,835	\$ -	\$ 143,880	\$ -	\$ (197,955)
<b>GENERAL REVENUES</b>					
Property Taxes Levied for:					
General Purposes					370,542
Earnings on Investments					126
Other					418
Total General Revenues					371,086
<b>CHANGE IN NET POSITION</b>					173,131
Net Position - Beginning of Year					2,827,305
<b>NET POSITION - END OF YEAR</b>					\$ 3,000,436

See accompanying Notes to Financial Statements.



**CEDAR RIVER WATERSHED DISTRICT  
BALANCE SHEET  
DECEMBER 31, 2022**

	General Fund
<b>ASSETS</b>	
Cash	\$ 1,332,010
Taxes Receivable	13,375
Due from State of Minnesota	22,120
Accounts Receivable	124,929
Total Assets	\$ 1,492,434
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Unearned Revenue	\$ 300,181
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Delinquent Taxes	5,854
<b>FUND BALANCE</b>	
Committed	466,441
Unassigned	719,958
Total Fund Balance	1,186,399
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 1,492,434
Total Fund Balance	\$ 1,186,399
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:	
Easements	1,808,183
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 unavailable in the governmental funds.	5,854
Net Position of Governmental Activities	\$ 3,000,436

See accompanying Notes to Financial Statements.

**CEDAR RIVER WATERSHED DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2022**

	General Fund
<b>REVENUES</b>	
Taxes	\$ 371,113
State Revenue:	
Climate Resiliency Grant	21,689
Dobbins CIP Implementation	5,318
Federal Revenue:	
Dobbins 319 Grant	116,873
Interest Income	126
Workers Compensation	418
Total Revenues	515,537
<b>EXPENDITURES</b>	
SWCD - Admin Services	70,000
Water Monitoring	14,075
Manager Compensation	10,496
Legal Fees	2,368
Engineering - Technical Services	51,985
Website	198
Watershed Projects	147,177
Audit	7,350
Dues	7,735
Insurance and Bond	2,838
Miscellaneous - Administrative	3,195
Public Outreach	20,000
Office Supplies	451
Postage	254
Workers' Compensation	408
Training and Education	776
Public Information and Education	1,683
Copier Agreement	846
Total Expenditures	341,835
<b>NET CHANGE IN FUND BALANCES</b>	173,702
Fund Balances - Beginning of Year	1,012,697
<b>FUND BALANCES - END OF YEAR</b>	\$ 1,186,399

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, 2022**

Net Change in Fund Balance - Governmental Fund	\$ 173,702
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Amounts reported for governmental activities in the Statement of Activities are different because:

Delinquent property taxes 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 unavailable in the governmental funds.

Unavailable Revenue - December 31, 2021	(6,425)
Unavailable Revenue - December 31, 2022	<u>5,854</u>

Changes in Net Position of Governmental Activities	<u>\$ 173,131</u>
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**CEDAR RIVER WATERSHED DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET TO ACTUAL – GENERAL FUND  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 355,100	\$ 355,100	\$ 371,113	\$ 16,013
State Revenues	-	-	27,007	27,007
Federal Revenue	123,000	123,000	116,873	(6,127)
Hormel Foundation - CIP Grant - Bonding	1,000,000	1,000,000	-	(1,000,000)
Interest Income	250	250	126	(124)
Workers' Compensation	500	500	418	(82)
Total Revenues	<u>1,478,850</u>	<u>1,478,850</u>	<u>515,537</u>	<u>(963,313)</u>
<b>EXPENDITURES</b>				
SWCD - Admin Services	70,000	70,000	70,000	-
Water Monitoring	14,100	14,100	14,075	(25)
Manager Compensation	12,000	12,000	10,496	(1,504)
Legal Fees	5,500	5,500	2,368	(3,132)
Engineering - Technical Services	131,000	131,000	51,985	(79,015)
Website	-	-	198	198
Watershed Projects	185,750	185,750	141,859	(43,891)
Hormel Foundation - CIP Grant - Bonding	1,000,000	1,000,000	5,318	(994,682)
Audit	3,500	3,500	7,350	3,850
Dues	7,000	7,000	7,735	735
Insurance and Bond	3,500	3,500	2,838	(662)
Miscellaneous - Administrative	9,300	9,300	3,195	(6,105)
Public Outreach	20,000	20,000	20,000	-
Office Supplies	800	800	451	(349)
Postage	800	800	254	(546)
Training and Education- Manager	2,000	2,000	776	(1,224)
Workers' Compensation	800	800	408	(392)
Public Information and Education	12,000	12,000	1,683	(10,317)
Copier Agreement	800	800	846	46
Total Expenditures	<u>1,478,850</u>	<u>1,478,850</u>	<u>341,835</u>	<u>(1,137,015)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	173,702	<u>\$ 173,702</u>
Fund Balances - Beginning of Year			<u>1,012,697</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 1,186,399</u>	

See accompanying Notes to Financial Statements.

**CEDAR RIVER WATERSHED DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Cedar River Watershed District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. 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 U.S. GAAP for state and local governments.

**Financial Reporting Entity**

The 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.

U.S. GAAP requires 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, 2022**

**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 U.S. GAAP. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which all eligibility requirements are met. Investment earnings are recorded when earned because they are measurable and available.
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, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus and Basis of Accounting (Continued)**

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item (which arises only under a modified accrual basis of accounting) that qualifies for reporting in this category. Accordingly, the item *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from delinquent taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 acquisition value if purchased or constructed. Donated assets are recorded at acquisition value as of the date of the donation. Capital assets are defined by the District as assets with an initial cost of more than \$1,000 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.

Intangible assets are recorded at historical cost or estimated historical cost if purchased. Donated intangible assets are recorded at acquisition value as of the date of the donation. Intangible assets are recorded in the statement of net position but not reported in the fund financial statements. Currently the District has easements, which are not depreciated as they have an indefinite life.

**Property Taxes**

Taxes receivable at December 31, 2022 represent tax levies collectible in 2022 and prior years and are offset by unavailable revenue 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, 2022**

**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 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.

As of December 31, 2022, the District has \$466,441 of fund balance committed for the District's Capital Improvement Plan (CIP), which was enacted prior to the start of 2017. This fund balance will be used to fund projects that are identified in the CIP plan.

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 and deferred inflows. in the entity-wide financial statements. Investment in capital assets consists of capital assets, net of accumulated depreciation. 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. When both restricted and unrestricted resources are available for use, it is the District's policy to use unrestricted resources first, then restricted resources.

**Unearned Grant Revenue**

Unearned grant revenue represents grant monies received by the District that has not yet been expensed and therefore is "unearned" at the year ended December 31, 2022.

**Adoption of New Accounting Standards**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease assets, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.



**CEDAR RIVER WATERSHED DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Standards (Continued)**

The District adopted the requirements of the guidance effective January 1, 2022, and has applied the provisions of this standard to the beginning of the earliest period of adoption.

**NOTE 2 BUDGETARY INFORMATION**

An annual budget is adopted for the General Fund on the modified accrual basis. The legal level of budgetary control is at the fund level. 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, 2022 were entirely covered by federal depository insurance or by surety bond and collateral in accordance with Minnesota Statutes.

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 was as follows:

	January 1, 2022	Additions	Retirements	December 31, 2022
Capital Assets, Not Being Depreciated:				
Easements	\$ 1,808,183	\$ -	\$ -	\$ 1,808,183
Capital Assets, Being Depreciated:				
Equipment	2,300	-	-	2,300
Accumulated Depreciation	2,300	-	-	2,300
Total Capital Assets, Being Depreciated, Net	-	-	-	-
Capital Assets, Net	<u>\$ 1,808,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,808,183</u>

**CEDAR RIVER WATERSHED DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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 2020, 2021, and 2022 years.

**NOTE 6 RELATED PARTY TRANSACTIONS**

**Management Services**

The District has a contractual arrangement with Mower Soil and 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, 2022 were \$161,409.

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.



## 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 States of America, the financial statements of the governmental activities and the major fund of Cedar River Watershed District (the 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, and have issued our report thereon dated August 29, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and 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 District's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Austin, Minnesota  
August 29, 2023



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