

**PELICAN RIVER WATERSHED DISTRICT
FINANCIAL STATEMENTS AND
AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2019**

PELICAN RIVER WATERSHED DISTRICT

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INTRODUCTORY SECTION

**PELICAN RIVER WATERSHED DISTRICT
PRINCIPAL OFFICIALS
DECEMBER 31, 2019**

| POSITION | TERMS EXPIRE | NAME |
|--------------------------|--------------------------------------|--------------------------------------|
| <u>BOARD OF MANAGERS</u> | | |
| President | May 2022 | Dennis Kral |
| Vice President | May 2021 | Orrin Okeson |
| Treasurer | May 2022 | Rick Michaelson |
| Secretary | May 2022 | Janice Haggart |
| Manager | May 2021 | Lowell Deede |
| Manager | May 2020 | Ginny Imholte |
| Manager | May 2020 (Appointed July 2, 2019) | Chris Jasken |
| Manager | (Resigned June 30, 2019) | Brad Refsland |
| <u>STAFF</u> | | |
| Administrator | | Tera Guetter |
| Auditor | | Clasen Stegner & Schiessl CPAs, Ltd. |

FINANCIAL SECTION



Clasen
Stegner &
Schiessl CPAs, Ltd.
Consultants & Accountants

Christopher Clasen, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Managers
Pelican River Watershed District
Detroit Lakes, Minnesota

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pelican River Watershed District (the District), Detroit Lakes, Minnesota, as of and for the year ended December 31, 2019, 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 the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis of preparation of the financial statements in the circumstances. Management is 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.

Auditor's 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 auditor's 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.

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 the District on the cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the cash 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.

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” paragraph, 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 the District as of December 31, 2019, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Unmodified Opinion on Cash Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with the cash basis of accounting, described in Note 1.

Other Matters

Required Supplementary Information

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The introductory and supplementary information sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and supplementary information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with Minnesota Statutes, we have also issued our report dated May 29, 2020, on our consideration of the District’s compliance with provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. The purpose of the report is to determine if the District has complied with Minnesota laws and regulations. That report is an integral part of an audit performed in the State of Minnesota.

Clasen Stegner & Schiessl CPAs, Ltd.
Clasen Stegner & Schiessl CPAs, Ltd.
Consultants & Accountants

Pequot Lakes, Minnesota
May 29, 2020

**PELICAN RIVER WATERSHED DISTRICT
STATEMENT OF NET CASH POSITION - CASH BASIS
DECEMBER 31, 2019**

| | <u>GOVERNMENTAL</u> |
|---------------------------|---------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 2,468,544 |
| Total Assets | 2,468,544 |
| LIABILITIES | |
| | - |
| NET CASH POSITION | |
| Restricted for | |
| Capital Projects | 1,231,703 |
| Special Revenue | 425,521 |
| Unrestricted | 811,320 |
| Total Net Cash Position | \$ 2,468,544 |

**PELICAN RIVER WATERSHED DISTRICT
STATEMENT OF ACTIVITIES ARISING FROM CASH TRANSACTIONS - CASH BASIS
YEAR ENDED DECEMBER 31, 2019**

| FUNCTIONS/PROGRAMS | DISBURSE- MENTS | PROGRAM RECEIPTS AND SOURCES | | | NET CASH SOURCES (USES) AND CHANGES IN NET CASH POSITION |
|--|--------------------|------------------------------|--|--|--|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | PRIMARY |
| | | | | | GOVERNMENTAL ACTIVITIES |
| Primary Government | | | | | |
| Governmental Activities | | | | | |
| Program | | | | | |
| Aquatic Plant Management | \$ 105,998 | \$ - | \$ - | \$ - | \$ (105,998) |
| Ditch | 4,181 | - | - | - | (4,181) |
| Other | 110,720 | - | - | - | (110,720) |
| Support Services | | | | | |
| Payroll | 247,138 | - | - | - | (247,138) |
| Other | 79,496 | 253,849 | - | - | 174,353 |
| Debt Service | 33,000 | - | - | - | (33,000) |
| Capital Outlay | 81,925 | - | - | - | (81,925) |
| Total Primary/Governmental Activities | \$ 662,458 | \$ 253,849 | \$ - | \$ - | (408,609) |
| General Receipts | | | | | |
| Property Taxes | | | | | 277,747 |
| Special Assessments | | | | | 106,246 |
| State Aid | | | | | 1,197 |
| Interest Income | | | | | 50,441 |
| Other Revenue | | | | | 46,212 |
| Total General Receipts | | | | | 481,843 |
| Change in Cash Net Position | | | | | 73,234 |
| Net Cash Position - Beginning | | | | | 2,395,310 |
| Net Cash Position - Ending | | | | | \$ 2,468,544 |

**PELICAN RIVER WATERSHED DISTRICT
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

| | <u>GENERAL</u> | <u>UTILITY STORMWATER</u> | <u>1C DETROIT & CURFMAN</u> | <u>LAKE MGMT PROJECT-01</u> |
|--|-------------------|-------------------------------|-------------------------------------|---------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 699,959 | \$ 228,810 | \$ 46,665 | \$ 340,424 |
| Total Assets | <u>\$ 699,959</u> | <u>\$ 228,810</u> | <u>\$ 46,665</u> | <u>\$ 340,424</u> |
| LIABILITIES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| CASH FUND BALANCES | | | | |
| Restricted | - | 228,810 | 46,665 | 340,424 |
| Assigned | - | - | - | - |
| Unassigned | <u>699,959</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Cash Fund Balances | <u>699,959</u> | <u>228,810</u> | <u>46,665</u> | <u>340,424</u> |
| Total Liabilities and Cash Fund Balances | <u>\$ 699,959</u> | <u>\$ 228,810</u> | <u>\$ 46,665</u> | <u>\$ 340,424</u> |

| <u>RICE LAKE MATCH</u> | <u>RICE LAKE BWSR</u> | <u>NONMAJOR GOVERNMENTAL FUNDS</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|----------------------------|---------------------------|--|---|
| <u>\$ 310,274</u> | <u>\$ 576,109</u> | <u>\$ 266,303</u> | <u>\$ 2,468,544</u> |
| <u>\$ 310,274</u> | <u>\$ 576,109</u> | <u>\$ 266,303</u> | <u>\$ 2,468,544</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| 310,274 | 576,109 | 154,942 | 1,657,224 |
| - | - | 111,361 | 111,361 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>699,959</u> |
| <u>310,274</u> | <u>576,109</u> | <u>266,303</u> | <u>2,468,544</u> |
| <u>\$ 310,274</u> | <u>\$ 576,109</u> | <u>\$ 266,303</u> | <u>\$ 2,468,544</u> |

PELICAN RIVER WATERSHED DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

| | UTILITY | | 1C DETROIT | LAKE MGMT |
|---------------------------------------|-------------------|-------------------|------------------|-------------------|
| | GENERAL | STORMWATER | & CURFMAN | PROJECT-01 |
| RECEIPTS | | | | |
| Property Taxes | \$ 256,939 | \$ - | \$ - | \$ 20,642 |
| Special Assessments | - | - | 60,180 | - |
| Permit and Inspection Fees | - | 14,450 | - | - |
| Intergovernmental | | | | |
| Market Value | 889 | - | - | - |
| PERA | 308 | - | - | - |
| Other | - | - | - | 25,000 |
| Charges for Services | - | 253,849 | - | - |
| Interest Earnings | 12,941 | 5,449 | 1,164 | 6,986 |
| Other | - | 2,000 | - | 748 |
| Total Receipts | <u>271,077</u> | <u>275,748</u> | <u>61,344</u> | <u>53,376</u> |
| DISBURSEMENTS | | | | |
| General Government | | | | |
| Current | | | | |
| Payroll | 247,138 | - | - | - |
| Operating Expenses | 43,786 | - | - | - |
| Manager Per Diem/Expenses | 13,484 | - | - | - |
| Professional Services | 17,839 | - | - | - |
| Community Relations | 2,537 | 275 | - | 1,575 |
| Conservation of Natural Resources | | | | |
| Current | | | | |
| Payroll | - | - | 7,529 | 4,360 |
| Operating Expenses | - | 3,559 | 2,259 | 2,014 |
| Aquatic Plant Management | - | - | 70,684 | - |
| Professional Services | - | 41,478 | 791 | 3,000 |
| Ditch | - | - | - | - |
| Other Program | - | - | - | 4,963 |
| Capital Outlay | - | - | - | - |
| Debt Service | | | | |
| Principal | - | 32,206 | - | - |
| Interest | - | 794 | - | - |
| Total Disbursements | <u>324,784</u> | <u>78,312</u> | <u>81,263</u> | <u>15,912</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | <u>(53,707)</u> | <u>197,436</u> | <u>(19,919)</u> | <u>37,464</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 71,000 | - | - | - |
| Transfers (Out) | - | (158,000) | (6,250) | (11,500) |
| Total Other Financing Sources (Uses) | <u>71,000</u> | <u>(158,000)</u> | <u>(6,250)</u> | <u>(11,500)</u> |
| NET CHANGE IN CASH FUND BALANCES | 17,293 | 39,436 | (26,169) | 25,964 |
| Cash Fund Balances - Beginning | 682,666 | 189,374 | 72,834 | 314,460 |
| CASH FUND BALANCES - ENDING | <u>\$ 699,959</u> | <u>\$ 228,810</u> | <u>\$ 46,665</u> | <u>\$ 340,424</u> |

| RICE LAKE MATCH | RICE LAKE BWSR | NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--------------------|-------------------|-----------------------------------|--------------------------------|
| \$ - | \$ - | \$ 166 | \$ 277,747 |
| - | - | 46,066 | 106,246 |
| - | - | - | 14,450 |
| - | - | - | 889 |
| - | - | - | 308 |
| - | - | 4,000 | 29,000 |
| - | - | - | 253,849 |
| 5,528 | 12,373 | 6,000 | 50,441 |
| - | - | 14 | 2,762 |
| <u>5,528</u> | <u>12,373</u> | <u>56,246</u> | <u>735,692</u> |
| - | - | - | 247,138 |
| - | - | - | 43,786 |
| - | - | - | 13,484 |
| - | - | - | 17,839 |
| - | - | - | 4,387 |
| - | - | 20,833 | 32,722 |
| - | - | 5,054 | 12,886 |
| - | - | 35,314 | 105,998 |
| - | - | 592 | 45,861 |
| - | - | 4,181 | 4,181 |
| - | - | 14,288 | 19,251 |
| 72,958 | 8,967 | - | 81,925 |
| - | - | - | 32,206 |
| - | - | - | 794 |
| <u>72,958</u> | <u>8,967</u> | <u>80,262</u> | <u>662,458</u> |
| <u>(67,430)</u> | <u>3,406</u> | <u>(24,016)</u> | <u>73,234</u> |
| 105,000 | - | 9,000 | 185,000 |
| - | - | (9,250) | (185,000) |
| <u>105,000</u> | <u>-</u> | <u>(250)</u> | <u>-</u> |
| 37,570 | 3,406 | (24,266) | 73,234 |
| <u>272,704</u> | <u>572,703</u> | <u>290,569</u> | <u>2,395,310</u> |
| <u>\$ 310,274</u> | <u>\$ 576,109</u> | <u>\$ 266,303</u> | <u>\$ 2,468,544</u> |

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Pelican River Watershed District (the District) was established on May 27, 1966, under the Minnesota Watershed Act as amended by the State of Minnesota, Water Resources Board. The purpose of the District is to carry out conservation of the natural resources of the District and State of Minnesota through land utilization, flood control, and other needs based upon sound scientific principles for the protection of the public health and welfare and the provident use of natural resources. The District is governed by a Board of Managers which is composed of seven members appointed for three year terms by the Becker County Commissioners.

The financial statements of the reporting entity include those of the District (the primary government) and the component units for which the primary government is financially accountable. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or the potential component unit is fiscally dependent upon the District.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the District or the component unit provides services entirely to the District. These component unit's funds are blended into those of the District by appropriate activity type to compose the primary government presentation. Currently, the District has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the District has no discretely presented component units.

B. Basis of Presentation

1. Government-Wide Statements

The government-wide financial statements (the statement of net cash position and the statement of activities arising from cash transactions) display information about the District taken as a whole. The District shows all operations as governmental activities, because generally, governmental activities are financed through taxes, intergovernmental revenues, and nonexchange revenues.

In the government-wide statement of net cash position, the governmental activities: (a) are presented on a consolidated basis, and (b) are reported on the cash basis of accounting. The District's net position is reported in two parts: (1) restricted net position, and (2) unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

1. Government-Wide Statements (Continued)

The statement of activities arising from cash transactions demonstrates the degree to which the direct expenses of each function of the District's governmental activities are offset by program receipts. Direct expenses are those clearly identifiable with a specific function or activity. Program receipts include: (1) fees, fines, charges paid by the recipients of goods, services, or privileges provided by a given function or activity, and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Receipts not classified as program receipts, including all taxes, are presented as general receipts.

2. Fund Financial Statements

Governmental fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund balance, receipts, and disbursements. Funds are organized into one major category: governmental. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- Total assets, liabilities, receipts or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

Governmental Funds

General Fund – To account for all financial resources not accounted for and reported in another fund.

Special Revenue Fund - To account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted or assigned to expenditures for specified purposes.

The Utility Stormwater Fund is used for storm-water treatment activities and facilities. The Utility Stormwater Fund is funded by charges to each parcel in the District collected by the Becker County Auditor, which are based upon predefined nutrient runoff coefficients. The fund is also used for making loan repayments on the Minnesota Clean Water Partnership Project Loans for restoration of Lake Sallie.

The Survey and Data Acquisition Fund (SADAF) is used for necessary surveys and acquiring data. For future projects where a survey has been paid for from this fund, the costs of the survey, as determined by the Managers, is included as part of the project work and the sum is repaid to the Survey and Data Acquisition Fund. Receipts can also come from an ad valorem tax assessed every five years.

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Governmental Funds (Continued)

Special Revenue Fund (Continued)

The Project 1B Sal & Mel and 1C Detroit & Curfman (Aquatic Plant Management) Funds are repair and maintenance funds financed by special assessments against the properties around Sallie, Melissa, and Detroit Lakes. Services provided include aquatic plant management (mechanical harvesting and chemical control), weekly roadside pickup, and shoreline blow-ins, as needed.

The Ditch 11-12, 13 and 14 Maintenance Funds are repair and maintenance funds designated for maintaining and further developing the ditches. They are financed by special assessments.

Capital Projects Fund - To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or in trust funds for individuals, private organizations, or other governments).

Major and Nonmajor Funds

| Fund | Purpose |
|----------------------------|--|
| Governmental: | |
| Major: | |
| General | As described above. |
| Utility Stormwater | See special revenue fund described above. |
| 1C Detroit & Curfman | See special revenue fund described above. |
| Lake Management Project-01 | See capital projects fund described above. |
| Rice Lake Match | See capital projects fund described above. |
| Rice Lake BWSR | See capital projects fund described above. |
| Nonmajor: | |
| Special Revenue | As described above. |
| Capital Projects | As described above. |

C. Measurement Focus and Basis of Accounting

The District's financial statements are prepared on the cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The government-wide financial statements are reported using the current resources measurement focus, within the limitations of the cash basis of accounting. This basis recognizes assets, liabilities, net cash position, receipts, and disbursements when they result from cash transactions.

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus as applied to the cash basis of accounting. This basis recognizes assets, liabilities, cash fund balances, receipts, and disbursements when they result from cash transactions. As a result of the use of the cash basis of accounting, certain assets and their related receipts (such as accounts receivable and receipts for billed or unbilled services provided in the current year) and certain liabilities and their related disbursements (such as accounts payable, unpaid goods and services received in the current year, and accrued expenses) are not recorded in these financial statements.

D. Assets, Liabilities, and Fund Balance/Net Position

1. Cash and Cash Equivalents

The District pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements.

2. Fund Balance/Net Position

a. Government-Wide Statements:

Net Cash Position is divided into two components:

- **Restricted** – Consists of assets that are restricted by the District's creditors (for example, through debt covenants), by grantors (both federal and state), and by other contributors.
- **Unrestricted** – All other assets are reported in this category.

b. Governmental Cash Fund Balances:

In the fund financial statements, cash fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources reported in Governmental Funds.

Cash fund balances are classified as follows:

- **Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. There is no nonspendable cash fund balance at December 31, 2019.
- **Restricted** – Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balance/Net Position (Continued)

2. Fund Balance/Net Position (Continued)

b. Governmental Cash Fund Balances: (Continued)

- **Committed** – Amounts that can be used only for specific purposes determined by a formal action by the Board of Managers ordinance or resolution. There is no committed cash fund balance at December 31, 2019.
- **Assigned** – Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. In Governmental Funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself.
- **Unassigned** – Amounts that have not been restricted, committed, or assigned to a specific purpose in the General Fund. Other funds may also report a negative unassigned fund balance if the total nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

The District has not formally adopted a fund balance policy for the General Fund.

c. Use of Restricted Resources:

The District does not have a fund balance policy. When a disbursement is incurred that can be paid using either restricted or unrestricted resources, it is expected that the Board of Managers will first apply the disbursement toward restricted fund balance/net position and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances, in the fund financial statements.

3. Capital Assets

In the Fund Financial Statements, capital assets used in governmental fund operations are accounted for as capital outlay disbursements of the governmental funds upon acquisition.

Capital assets include property, plant and equipment.

E. Receipts and Disbursements

1. Property Tax Revenue

The District levies its property taxes within the District for the subsequent year during the month of December. Becker and Otter Tail counties are the collecting agencies for the levy and remit these collections to the District. The District receives its taxes in two installments in July and December.

The District also levies special assessments through the counties against property owners who obtain direct benefits from projects. The special assessment collections are recorded in a manner similar to that for property taxes.

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receipts and Disbursements (Continued)

1. Property Tax Revenue (Continued)

The property tax levy in 2019 includes certain state credits that are distributed to the District directly by the state. These credits are classified as intergovernmental receipts.

2. Disbursements

The District disburses funds as approved by the District's Board of Managers.

In the fund financial statements, disbursements are classified as follows:

| | |
|-----------------------------------|--|
| Governmental Funds – By Character | Current (further classified by function) Capital Outlay Debt Service |
|-----------------------------------|--|

F. Budgetary Information

Annual budgets are adopted on the cash basis, which is a special purpose framework other than accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted or as amended by the Board of Managers. The original and final budget for the General Fund and the major special revenue funds are presented in the supplementary information section. All annual appropriations lapse at year-end.

G. Use of Estimates

The preparation of financial statements in accordance with the cash basis requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

H. New Accounting Pronouncement

GASB Statement No. 88, *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements*, is effective for the District beginning with its year ending December 31, 2019. This statement requires additional debt disclosures.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary noncompliance disbursements (including other financing uses) were incurred in excess of appropriations in the following Governmental Fund:

| | Budgeted Disbursements | Actual Disbursements | Transfers Included in Actual |
|----------------------|---------------------------|-------------------------|---------------------------------|
| 1C Detroit & Curfman | \$ 80,450 | \$ 87,513 | \$ 6,250 |

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES – TRANSACTION CLASSES/ACCOUNTS

A. Deposits and Investments

The District maintains a cash and investment pool that is available for use by all funds. Each fund’s portion of this pool is displayed on the financial statements as Cash and Cash Equivalents. Interest is allocated based on management’s estimate of interest earned by fund. In accordance with *Minnesota Statutes* the District maintains deposits at financial institutions which are authorized by the Board of Managers.

1. Deposits

The District is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The District is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount of deposit at the close of the financial institution’s banking day, not covered by insurance, bonds, or an irrevocable standby letter of credit issued by the Federal Home Loan Bank.

Custodial Credit Risk

The risk that in the event of a financial institution failure, the District’s deposits may not be returned. The District does not have a policy for custodial credit risk. At December 31, 2019, the District’s deposits were entirely covered by Federal Deposit Insurance Corporation (FDIC) insurance or collateral in accordance with Minnesota Statutes.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated “A” or better and revenue obligations rated “AA” or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Cash balances consist of the following at December 31, 2019:

| | |
|---------------------|---------------------|
| Carrying Balance | Bank Balance |
| <u>\$ 2,468,544</u> | <u>\$ 2,468,608</u> |

2. Investments

The District may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, excluding mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, Subd.6;
- mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES – TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

A. Deposits and Investments (Continued)

2. Investments (Continued)

The District may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05: (Continued)

- general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- bankers' acceptances of United States banks;
- commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

The risk that changes in interest rates could adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District can manage its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities to meet cash requirements for ongoing operations.

Credit Risk

The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the District's policy to invest only in securities that meet the ratings requirements set by state statute.

Custodial Credit Risk

The risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk

The risk of loss that may be caused by the District's investment in a single issuer. The District places no limit on the amount that it may invest in any one issuer.

The District had no investments at December 31, 2019.

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES – TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

B. Interfund Transfers

| <u>Transfers Out:</u> | | <u>Transfers in:</u> | | |
|-------------------------|-------------------|-------------------------|-------------------|--------------------------------------|
| <u>Fund Description</u> | <u>Amount</u> | <u>Fund Description</u> | <u>Amount</u> | <u>Description</u> |
| 1 1B Sal & Mel | \$ 4,000 | General | \$ 4,000 | For administrative expenses |
| 2 1C Detroit & Curfman | 4,000 | General | 4,000 | For administrative expenses |
| 3 Ditch 11-12 | 1,000 | General | 1,000 | For administrative expenses |
| 4 Ditch 14 | 500 | General | 500 | For administrative expenses |
| 5 Ditch 13 | 1,500 | General | 1,500 | For administrative expenses |
| 6 Utility Stormwater | 50,000 | General | 50,000 | For administrative expenses |
| 7 Lake Mgmt Project-01 | 10,000 | General | 10,000 | For administrative expenses |
| 8 Lake Mgmt Project-01 | 1,500 | SADAF (Survey) | 1,500 | For administrative expenses |
| 9 1B Sal & Mel | 2,250 | Project Implementation | 2,250 | For operating expenses |
| 10 1C Detroit & Curfman | 2,250 | Project Implementation | 2,250 | For operating expenses |
| 11 Utility Stormwater | 105,000 | Rice Lake Match | 105,000 | For matching funds for the grant |
| 12 Utility Stormwater | 3,000 | SADAF (Survey) | 3,000 | For project effectiveness monitoring |
| | <u>\$ 185,000</u> | | <u>\$ 185,000</u> | |

C. Long-term Liabilities

Compensated Absences

The change in accrued compensated absences for the year ended December 31, 2019, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> | <u>Due in More than One Year</u> |
|---------------------------------|------------------------------|------------------|-------------------|---------------------------|--|
| <u>Governmental Activities</u> | | | | | |
| Other Liabilities: | | | | | |
| Accrued Compensated Absences | <u>\$ 12,915</u> | <u>\$ -</u> | <u>\$ 105</u> | <u>\$ 12,810</u> | <u>\$ 12,810</u> |

The liability for this amount is not recorded in the fund financial statements as they are prepared on the cash basis of accounting.

Accrued compensated absences are payable from the General Fund.

Long-Term Debt

The Schedule of Indebtedness is as follows:

| <u>Indebtedness</u> | <u>Balance at January 1, 2019</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance at December 31, 2019</u> | <u>Due Within One Year</u> |
|--------------------------------|---|------------------|------------------|---|------------------------------------|
| <u>Governmental Activities</u> | | | | | |
| Notes from Direct Borrowings | <u>\$ 47,723</u> | <u>\$ -</u> | <u>\$ 32,206</u> | <u>\$ 15,517</u> | <u>\$ 15,517</u> |

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES – TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

C. Long-term Liabilities (Continued)

Long-Term Debt (Continued)

The annual debt service requirements to maturity for long-term debt are as follows:

| Year Ending December 31, 2020 | Governmental Activities | |
|-------------------------------------|------------------------------|----------|
| | Notes from Direct Borrowings | |
| | Principal | Interest |
| | 15,517 | 155 |
| Total | \$ 15,517 | \$ 155 |

D. Cash Fund Balances

At December 31, 2019, Governmental Cash Fund Balances consist of the following:

| | General | Utility Stormwater | 1C Detroit & Curfman | Lake Mgmt Project -01 | Rice Lake Match | Rice Lake BWSR | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------|------------|-----------------------|-------------------------|--------------------------|--------------------|-------------------|-----------------------------------|--------------------------------|
| Restricted for: | | | | | | | | |
| Capital Projects | \$ - | \$ - | \$ - | \$ 340,424 | \$ 310,274 | \$ 576,109 | \$ 4,896 | \$ 1,231,703 |
| Special Revenue | - | 228,810 | 46,665 | - | - | - | 150,046 | 425,521 |
| Total Restricted | - | 228,810 | 46,665 | 340,424 | 310,274 | 576,109 | 154,942 | 1,657,224 |
| Assigned for: | | | | | | | | |
| Special Revenue | - | - | - | - | - | - | 111,361 | 111,361 |
| Unassigned | 699,959 | - | - | - | - | - | - | 699,959 |
| Total Cash Fund Balances | \$ 699,959 | \$ 228,810 | \$ 46,665 | \$ 340,424 | \$ 310,274 | \$ 576,109 | \$ 266,303 | \$ 2,468,544 |

NOTE 4 OTHER NOTES

A. Contracts

Wells Fargo Bank

The District entered into a lease agreement for office facilities with Wells Fargo Bank requiring monthly lease payments of \$1,300. The terms of this agreement expired November 30, 2019 and is pending renewal. Total rental expense for 2019 was \$15,595.

B. Defined Benefit Pension Plan - Statewide

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 Plan (accounted for in the General Employees Fund), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 OTHER NOTES (CONTINUED)

B. Defined Benefit Pension Plan – Statewide (Continued)

Plan Description (Continued)

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 five years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. The rates are 2.2% and 2.7%, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service, and 2.7% for Basic members. The accrual rates for former MERF members are 2.0% for each of the first 10 years of service and 2.5% for each additional year. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

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, but before retirement benefits begin.

The benefit provisions stated in the previous 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 PERA's website at www.mnpera.org/about/financial.

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 OTHER NOTES (CONTINUED)

B. Defined Benefit Pension Plan – Statewide (Continued)

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 2019. In 2019, the District was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.5% for Coordinated Plan members.

The District's contributions to the General Employees Fund for the years ending December 31, 2019, 2018, and 2017, were \$13,878, \$14,132, and \$13,837, respectively.

C. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. In order to protect against these risks of loss, the District purchases commercial insurance. During the year ended December 31, 2019, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the District's commercial coverage in any of the past three years.

D. Contingencies

The District participates in state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of grant funds received may be required. The District is not aware of any significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. An estimate of possible loss or range of loss cannot be made.

SUPPLEMENTARY INFORMATION SECTION

**PELICAN RIVER WATERSHED DISTRICT
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019**

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|----------------------|----------------------|----------------------|---|
| | ORIGINAL | FINAL | | \$ |
| Beginning Cash Fund Balance - January 1 | \$ 682,666 | \$ 682,666 | \$ 682,666 | \$ - |
| RECEIPTS | | | | |
| Property Taxes | 257,000 | 257,000 | 256,939 | (61) |
| Intergovernmental | | | | |
| Market Value | - | - | 889 | 889 |
| PERA | 308 | 308 | 308 | - |
| Interest Earnings | 3,000 | 3,000 | 12,941 | 9,941 |
| Total Receipts | <u>260,308</u> | <u>260,308</u> | <u>271,077</u> | <u>10,769</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers From: | | | | |
| Special Revenue Funds | 61,000 | 61,000 | 61,000 | - |
| Capital Projects Funds | 10,000 | 10,000 | 10,000 | - |
| Total Other Financing Sources | <u>71,000</u> | <u>71,000</u> | <u>71,000</u> | <u>-</u> |
| Total Receipts and Other Financing Sources | <u>331,308</u> | <u>331,308</u> | <u>342,077</u> | <u>10,769</u> |
| Amounts Available for Appropriation | <u>1,013,974</u> | <u>1,013,974</u> | <u>1,024,743</u> | <u>10,769</u> |
| DISBURSEMENTS | | | | |
| General Government | | | | |
| Current | | | | |
| Payroll | 281,500 | 281,500 | 247,138 | 34,362 |
| Operating Expenses | 56,300 | 56,300 | 43,786 | 12,514 |
| Manager Per Diem/Expenses | 20,500 | 20,500 | 13,484 | 7,016 |
| Professional Services | 35,400 | 35,400 | 17,839 | 17,561 |
| Community Relations | 4,500 | 4,500 | 2,537 | 1,963 |
| Capital Outlay | 2,500 | 2,500 | - | 2,500 |
| Total Disbursements (Charges to Appropriations) | <u>400,700</u> | <u>400,700</u> | <u>324,784</u> | <u>75,916</u> |
| CASH FUND BALANCE - DECEMBER 31 | <u>\$ 613,274</u> | <u>\$ 613,274</u> | <u>\$ 699,959</u> | <u>\$ 86,685</u> |

**PELICAN RIVER WATERSHED DISTRICT
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
UTILITY STORMWATER FUND
YEAR ENDED DECEMBER 31, 2019**

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-------------------|-------------------|-------------------|---|
| | ORIGINAL | FINAL | | \$ |
| Beginning Cash Fund Balance - January 1 | \$ 189,374 | \$ 189,374 | \$ 189,374 | \$ - |
| RECEIPTS | | | | |
| Permit and Inspection Fees | 13,000 | 13,000 | 14,450 | 1,450 |
| Charges for Services | 250,000 | 250,000 | 253,849 | 3,849 |
| Interest Earnings | 1,500 | 1,500 | 5,449 | 3,949 |
| Other | - | - | 2,000 | 2,000 |
| Total Receipts | <u>264,500</u> | <u>264,500</u> | <u>275,748</u> | <u>11,248</u> |
| Amounts Available for Appropriation | <u>453,874</u> | <u>453,874</u> | <u>465,122</u> | <u>11,248</u> |
| DISBURSEMENTS | | | | |
| General Government | | | | |
| Current | | | | |
| Community Relations | 2,500 | 2,500 | 275 | 2,225 |
| Conservation of Natural Resources | | | | |
| Current | | | | |
| Operating Expenses | 39,350 | 39,350 | 3,559 | 35,791 |
| Professional Services | 115,800 | 115,800 | 41,478 | 74,322 |
| Debt Service | | | | |
| Principal | 32,206 | 32,206 | 32,206 | - |
| Interest | 794 | 794 | 794 | - |
| Total Disbursements | <u>190,650</u> | <u>190,650</u> | <u>78,312</u> | <u>112,338</u> |
| OTHER FINANCING USES | | | | |
| Transfers To: | | | | |
| General Fund | 50,000 | 50,000 | 50,000 | - |
| Special Revenue Funds | 3,000 | 3,000 | 3,000 | - |
| Capital Projects Funds | 105,000 | 105,000 | 105,000 | - |
| Total Other Financing Uses | <u>158,000</u> | <u>158,000</u> | <u>158,000</u> | <u>-</u> |
| Total Disbursements and Other Financing Uses (Charges to Appropriations) | <u>348,650</u> | <u>348,650</u> | <u>236,312</u> | <u>112,338</u> |
| CASH FUND BALANCE - DECEMBER 31 | <u>\$ 105,224</u> | <u>\$ 105,224</u> | <u>\$ 228,810</u> | <u>\$ 123,586</u> |

**PELICAN RIVER WATERSHED DISTRICT
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
1C DETROIT & CURFMAN
YEAR ENDED DECEMBER 31, 2019**

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|------------------|------------------|-------------------|---|
| | ORIGINAL | FINAL | | |
| Beginning Cash Fund Balance - January 1 | \$ 72,834 | \$ 72,834 | \$ 72,834 | \$ - |
| RECEIPTS | | | | |
| Special Assessments | 60,000 | 60,000 | 60,180 | 180 |
| Interest Earnings | 600 | 600 | 1,164 | 564 |
| Total Receipts | <u>60,600</u> | <u>60,600</u> | <u>61,344</u> | <u>744</u> |
| Amounts Available for Appropriation | <u>133,434</u> | <u>133,434</u> | <u>134,178</u> | <u>744</u> |
| DISBURSEMENTS | | | | |
| Conservation of Natural Resources | | | | |
| Current | | | | |
| Payroll | 10,200 | 10,200 | 7,529 | 2,671 |
| Operating Expenses | 3,200 | 3,200 | 2,259 | 941 |
| Aquatic Plant Management | 60,000 | 60,000 | 70,684 | (10,684) |
| Professional Services | 800 | 800 | 791 | 9 |
| Total Disbursements | <u>74,200</u> | <u>74,200</u> | <u>81,263</u> | <u>(7,063)</u> |
| OTHER FINANCING USES | | | | |
| Transfers To: | | | | |
| General Fund | 4,000 | 4,000 | 4,000 | - |
| Special Revenue Funds | 2,250 | 2,250 | 2,250 | - |
| Total Other Financing Uses | <u>6,250</u> | <u>6,250</u> | <u>6,250</u> | <u>-</u> |
| Total Disbursements and Other Financing Uses (Charges to Appropriations) | <u>80,450</u> | <u>80,450</u> | <u>87,513</u> | <u>(7,063)</u> |
| CASH FUND BALANCE - DECEMBER 31 | <u>\$ 52,984</u> | <u>\$ 52,984</u> | <u>\$ 46,665</u> | <u>\$ (6,319)</u> |

**PELICAN RIVER WATERSHED DISTRICT
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

| | SPECIAL REVENUE FUNDS | | | |
|---------------------------------------|-----------------------|--------------------------------|------------------|------------------|
| | SADAF (SURVEY) | PROJECT IMPLEMEN- TATION | 1B SAL & MEL | DITCH 11-12 |
| RECEIPTS | | | | |
| Property Taxes | \$ 166 | \$ - | \$ - | \$ - |
| Special Assessments | - | - | 45,296 | - |
| Intergovernmental - Other | - | - | 4,000 | - |
| Interest Earnings | 1,854 | 2,320 | 961 | 260 |
| Other | - | 14 | - | - |
| Total Receipts | <u>2,020</u> | <u>2,334</u> | <u>50,257</u> | <u>260</u> |
| DISBURSEMENTS | | | | |
| Conservation of Natural Resources | | | | |
| Current | | | | |
| Payroll | 12,963 | - | 7,870 | - |
| Operating Expenses | 1,215 | 1,476 | 2,259 | - |
| Aquatic Plant Management | - | - | 35,314 | - |
| Professional Services | - | - | 592 | - |
| Ditch | - | - | - | 247 |
| Other Program | 14,288 | - | - | - |
| Total Disbursements | <u>28,466</u> | <u>1,476</u> | <u>46,035</u> | <u>247</u> |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | <u>(26,446)</u> | <u>858</u> | <u>4,222</u> | <u>13</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 4,500 | 4,500 | - | - |
| Transfers (Out) | - | - | (6,250) | (1,000) |
| Total Other Financing Sources (Uses) | <u>4,500</u> | <u>4,500</u> | <u>(6,250)</u> | <u>(1,000)</u> |
| NET CHANGE IN CASH FUND BALANCES | (21,946) | 5,358 | (2,028) | (987) |
| Cash Fund Balances - Beginning | <u>95,870</u> | <u>106,003</u> | <u>47,702</u> | <u>12,055</u> |
| CASH FUND BALANCES - ENDING | <u>\$ 73,924</u> | <u>\$ 111,361</u> | <u>\$ 45,674</u> | <u>\$ 11,068</u> |

CAPITAL
PROJECTS
FUND

| DITCH 13 | DITCH 14 | BWSR DRAINAGE | TOTAL |
|-----------------|------------------|------------------|-------------------|
| \$ - | \$ - | \$ - | \$ 166 |
| 63 | 707 | - | 46,066 |
| - | - | - | 4,000 |
| 246 | 254 | 105 | 6,000 |
| - | - | - | 14 |
| <u>309</u> | <u>961</u> | <u>105</u> | <u>56,246</u> |
| - | - | - | 20,833 |
| - | - | 104 | 5,054 |
| - | - | - | 35,314 |
| - | - | - | 592 |
| 1,967 | 1,967 | - | 4,181 |
| - | - | - | 14,288 |
| <u>1,967</u> | <u>1,967</u> | <u>104</u> | <u>80,262</u> |
| <u>(1,658)</u> | <u>(1,006)</u> | <u>1</u> | <u>(24,016)</u> |
| - | - | - | 9,000 |
| <u>(1,500)</u> | <u>(500)</u> | <u>-</u> | <u>(9,250)</u> |
| <u>(1,500)</u> | <u>(500)</u> | <u>-</u> | <u>(250)</u> |
| (3,158) | (1,506) | 1 | (24,266) |
| <u>11,741</u> | <u>12,303</u> | <u>4,895</u> | <u>290,569</u> |
| <u>\$ 8,583</u> | <u>\$ 10,797</u> | <u>\$ 4,896</u> | <u>\$ 266,303</u> |

**PELICAN RIVER WATERSHED DISTRICT
SCHEDULE OF INDEBTEDNESS
DECEMBER 31, 2019**

| <u>INDEBTEDNESS</u> | <u>INTEREST RATE</u> | <u>ISSUE DATE</u> | <u>FINAL MATURITY DATE</u> | <u>BALANCE AT JANUARY 1, 2019</u> | <u>INCREASES</u> | <u>DECREASES</u> | <u>BALANCE AT DECEMBER 31, 2019</u> |
|--------------------------------|--------------------------|-----------------------|------------------------------------|---|------------------|------------------|---|
| Governmental Activities | | | | | | | |
| MPCA-SRFO154 Assessments | 2.00% | 11/1/2010 | 6/15/2020 | <u>\$ 47,723</u> | <u>\$ -</u> | <u>\$ 32,206</u> | <u>\$ 15,517</u> |

**PELICAN RIVER WATERSHED DISTRICT
SCHEDULE OF ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2019**

| FUND | SOURCE OF REVENUE AND PURPOSE | | AMOUNT |
|----------------------------|-------------------------------|----------------------|------------------|
| 1B Sal & Mel | Becker County | Special Assessments | \$ 775 |
| 1C Detroit & Curfman | Becker County | Special Assessments | 1,053 |
| General | Becker County | Property Taxes | 3,946 |
| Lake Management Project-01 | Becker County | Property Taxes | 324 |
| SADAF | Becker County | Property Taxes | 4 |
| Utility Stormwater | Becker County | Charges for Services | 5,869 |
| | | | <u>\$ 11,971</u> |

**SCHEDULE OF ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2019**

| FUND | VENDOR NAME | ITEM AND PURPOSE | CLAIM NUMBER | AMOUNT |
|-----------------|--------------------------|-------------------|--------------|-----------------|
| General | Deede, Lowell | Manager Expenses | EFT1212 | \$ 13 |
| General | Deede, Lowell | Manager Per Diems | EFT1202 | 139 |
| General | Haggart, Janice | Manager Expenses | EFT1213 | 119 |
| General | Haggart, Janice | Manager Per Diems | EFT1203 | 416 |
| General | Imholte, Ginny | Manager Expenses | EFT1214 | 109 |
| General | Imholte, Ginny | Manager Per Diems | EFT1204 | 346 |
| General | Jasken, Chris | Manager Expenses | EFT1215 | 9 |
| General | Jasken, Chris | Manager Per Diems | EFT1205 | 208 |
| General | Kral, Dennis | Manager Expenses | EFT1216 | 363 |
| General | Kral, Dennis | Manager Per Diems | EFT1206 | 623 |
| General | Lakes Computer, Inc. | Computer Issues | EFT1222 | 53 |
| General | Michaelson, R | Manager Expenses | EFT1217 | 24 |
| General | Michaelson, R | Manager Per Diems | EFT1207 | 208 |
| General | Office of MN IT Services | Telephone | 14701 | 66 |
| General | Okeson, O | Manager Expenses | EFT1218 | 12 |
| General | Okeson, O | Manager Per Diems | EFT1208 | 69 |
| General | Wenck Associates | Engineering | EFT1224 | 946 |
| General | Xerox Corp | Monthly charge | EFT1225 | 103 |
| General | Xerox Corp | Lease Payment | EFT1225 | 177 |
| Rice Lake Match | Houston Engineering | Engineering | 14704 | 1,025 |
| Rice Lake Match | Meadowland Surveying, | Easement | 14705 | 955 |
| Utility | Wenck Associates | Engineering | EFT1224 | 862 |
| | | | | <u>\$ 6,845</u> |

OTHER REPORT SECTION



Clasen
Stegner &
Schiessl CPAs, Ltd.
Consultants & Accountants

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Visit us at lakesareacpas.com

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Managers
Pelican River Watershed District
Detroit Lakes, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Pelican River Watershed District, Detroit Lakes, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 29, 2020.

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 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.

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

Clasen Stegner & Schiessl CPAs, Ltd.

Clasen Stegner & Schiessl CPAs, Ltd.
Consultants & Accountants

Pequot Lakes, Minnesota
May 29, 2020