

**MISSISSIPPI WATER MANAGEMENT
ORGANIZATION**

ANNUAL FINANCIAL REPORT

December 31, 2021

- This page intentionally left blank -

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
TABLE OF CONTENTS

	<u>Reference</u>	<u>Page No.</u>
INTRODUCTORY SECTION		
Organization		3
FINANCIAL SECTION		
Independent Auditor's Report		7
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	Statement 1	12
Statement of Activities	Statement 2	13
Fund Financial Statements:		
Balance Sheet - Governmental Funds	Statement 3	14
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	Statement 4	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds	Statement 5	16
Notes to Financial Statements		17
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	Statement 6	36
Budgetary Comparison Schedule - Project and Program Fund	Statement 7	37
Budgetary Comparison Schedule - Capital Asset Replacement Fund	Statement 8	38
Schedule of Proportionate Share of Net Pension Liability - General Employees Retirement Fund	Statement 9	39
Schedule of Pension Contributions - General Employees Retirement Fund	Statement 10	40
Notes to RSI		41
Individual Fund Financial Statements:		
General Fund:		
Comparative Balance Sheet	Statement 11	44
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	Statement 12	45
Project and Program Fund:		
Comparative Balance Sheet	Statement 13	46
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	Statement 14	47
Capital Asset Replacement Fund:		
Comparative Balance Sheet	Statement 15	48
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	Statement 16	49
OTHER INFORMATION - UNAUDITED		
Tax Levy and Revenue by County	Exhibit 1	52
Project and Program Fund Intergovernmental and Reimbursement Revenue Detail	Exhibit 2	53
OTHER REQUIRED REPORTS		
Report on Internal Control		57
Minnesota Legal Compliance Report		59

- This page intentionally left blank -

INTRODUCTORY SECTION

- This page intentionally left blank -

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
ORGANIZATION
December 31, 2021

Board of Commissioners:

Nick Novitsky
Steve Eggert
Jeffrey Dains
Kevin Reich
Chris Meyer
Randy Stille
Vacant

City
Columbia Heights & Hilltop
Fridley
Lauderdale
Minneapolis
Minneapolis Park & Recreation Board
Saint Anthony Village
Saint Paul

Alternates:

Bertha Risdahl
Tom Tillberry
Mary Gaasch
Steve Fletcher
Kale Severson
Jan Jenson
Vacant

Columbia Heights & Hilltop
Fridley
Lauderdale
Minneapolis
Minneapolis Park & Recreation Board
Saint Anthony Village
Saint Paul

- This page intentionally left blank -

FINANCIAL SECTION

- This page intentionally left blank -



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Mississippi Watershed Management Organization
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Mississippi Watershed Management Organization, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Mississippi Watershed Management Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Mississippi Watershed Management Organization, as of December 31, 2021, and the respective changes in financial position 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mississippi Watershed Management Organization 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.

Report on Summarized Comparative Information

We have previously audited the Mississippi Watershed Management Organization's 2020 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities and each major fund in our report dated May 13, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 Mississippi Watershed Management Organization'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 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 Mississippi Watershed Management Organization'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 Mississippi Watershed Management Organization'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

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and the schedules of pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mississippi Watershed Management Organization's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and other information sections but does not include the basic financial statements and our auditor's 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.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 27, 2022

BASIC FINANCIAL STATEMENTS

MISSISSIPPI WATER MANAGEMENT ORGANIZATION**STATEMENT OF NET POSITION****Statement 1**

December 31, 2021

With Comparative Totals For December 31, 2020

	Governmental Activities	
	2021	2020
Assets:		
Cash and investments	\$22,685,873	\$22,641,167
Due from other governments	111,614	1,785,386
Prepays	23,923	23,598
Property taxes receivable:		
Delinquent	172,853	166,703
Due from county	27,391	48,943
Capital assets - net:		
Nondepreciable	551,600	551,600
Depreciable	5,986,214	6,227,263
Total assets	<u>29,559,468</u>	<u>31,444,660</u>
Deferred outflows of resources related to pensions	<u>466,512</u>	<u>76,675</u>
Liabilities:		
Accounts payable	23,633	187,370
Due to other governments	90,609	24,663
Salaries payable	44,123	40,237
Contracts payable	8,603	1,374,775
Retainage payable	335,398	349,090
Deposits payable	99,787	197,909
Compensated absences payable:		
Due within one year	44,511	64,562
Net pension liability:		
Due in more than one year	632,026	839,364
Total liabilities	<u>1,278,690</u>	<u>3,077,970</u>
Deferred inflows of resources related to pensions	<u>605,751</u>	<u>76,744</u>
Net position:		
Net investment in capital assets	6,537,814	6,778,863
Unrestricted	21,603,725	21,587,758
Total net position	<u>\$28,141,539</u>	<u>\$28,366,621</u>

The accompanying notes are an integral part of these financial statements.

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

Statement 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Totals	
					2021	2020
Governmental activities:						
General government	\$1,917,602	\$ -	\$6,407	\$ -	(\$1,911,195)	(\$1,936,175)
Programs	768,310	-	15,800	-	(752,510)	1,006,625
Projects	4,868,036	-	1,340,590	-	(3,527,446)	(5,547,655)
Total governmental activities	<u>\$7,553,948</u>	<u>\$0</u>	<u>\$1,362,797</u>	<u>\$0</u>	<u>(6,191,151)</u>	<u>(6,477,205)</u>
General revenues:						
Property taxes					5,866,582	5,635,793
Unrestricted investment earnings					48,925	231,500
Miscellaneous other					50,562	53,348
Total general revenues					<u>5,966,069</u>	<u>5,920,641</u>
Change in net position					(225,082)	(556,564)
Net position - January 1					<u>28,366,621</u>	<u>28,923,185</u>
Net position - December 31					<u>\$28,141,539</u>	<u>\$28,366,621</u>

The accompanying notes are an integral part of these financial statements.

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
BALANCE SHEET
GOVERNMENTAL FUNDS
 December 31, 2021
 With Comparative Totals For December 31, 2020

Statement 3

Assets	General Fund	Project and Program Fund	Capital Asset Replacement Fund	Total Governmental Funds	
				2021	2020
Cash and investments	\$2,672,029	\$19,607,833	\$406,011	\$22,685,873	\$22,641,167
Due from other governments	5,367	106,247	-	111,614	1,785,386
Prepays	11,671	12,252	-	23,923	23,598
Taxes receivable:					
Delinquent	57,830	108,767	6,256	172,853	166,703
Due from county	8,877	17,651	863	27,391	48,943
Total assets	\$2,755,774	\$19,852,750	\$413,130	\$23,021,654	\$24,665,797
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$10,076	\$13,557	\$ -	\$23,633	\$187,370
Due to other governments	1,890	88,719	-	90,609	24,663
Salaries payable	44,123	-	-	44,123	40,237
Contracts payable	-	8,603	-	8,603	1,374,775
Retainage payable	-	335,398	-	335,398	349,090
Deposits payable	-	99,787	-	99,787	197,909
Total liabilities	56,089	546,064	0	602,153	2,174,044
Deferred inflows of resources:					
Unavailable revenues	57,830	108,767	6,256	172,853	166,703
Fund balance:					
Nonspendable	11,671	12,252	-	23,923	23,598
Committed	-	15,949,223	-	15,949,223	16,389,190
Assigned	-	3,236,444	406,874	3,643,318	3,512,172
Unassigned	2,630,184	-	-	2,630,184	2,400,090
Total fund balance	2,641,855	19,197,919	406,874	22,246,648	22,325,050
Total liabilities, deferred inflows of resources, and fund balance	\$2,755,774	\$19,852,750	\$413,130	\$23,021,654	\$24,665,797
Fund balance reported above				\$22,246,648	\$22,325,050
Amounts reported in the statement of net position are different because:					
Capital assets are not financial resources, and therefore, are not reported in the funds.				6,537,814	6,778,863
Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as unavailable revenue in the funds.				172,853	166,703
Deferred outflows of resources related to pensions are not current financial resources, and therefore, are not reported in the funds.				466,512	76,675
Deferred inflows of resources related to pensions are associated with long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.				(605,751)	(76,744)
Long-term liabilities are not payable in the current period, and therefore, are not reported in the funds:					
Compensated absences payable				(44,511)	(64,562)
Net pension liability				(632,026)	(839,364)
Net position of governmental activities				\$28,141,539	\$28,366,621

The accompanying notes are an integral part of these financial statements.

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For The Year Ended December 31, 2021

With Comparative Totals For The Year Ended December 31, 2020

Statement 4

	General Fund	Project and Program Fund	Capital Asset Replacement Fund	Total Governmental Funds	
				2021	2020
Revenues:					
Property taxes	\$1,956,927	\$3,702,969	\$200,536	\$5,860,432	\$5,585,287
Intergovernmental	3,159	101,548	-	104,707	817,523
Reimbursement revenue	1,686	1,254,842	-	1,256,528	1,618,380
Investment income	4,848	43,304	773	48,925	231,500
Other	50,562	-	-	50,562	53,348
Total revenues	<u>2,017,182</u>	<u>5,102,663</u>	<u>201,309</u>	<u>7,321,154</u>	<u>8,306,038</u>
Expenditures:					
Current:					
Personnel costs	1,472,036	-	-	1,472,036	1,407,067
Administrative	16,363	-	-	16,363	26,875
Insurance	37,894	-	-	37,894	34,432
Contracted professional services	181,973	-	-	181,973	190,173
Building operations	50,238	-	-	50,238	49,979
Equipment	-	-	33,287	33,287	38,789
Other	29,139	-	-	29,139	36,238
Programs	-	738,058	-	738,058	1,036,348
Projects	-	4,761,268	-	4,761,268	5,800,740
Capital outlay	-	-	79,300	79,300	301,728
Total expenditures	<u>1,787,643</u>	<u>5,499,326</u>	<u>112,587</u>	<u>7,399,556</u>	<u>8,922,369</u>
Net change in fund balance	229,539	(396,663)	88,722	(78,402)	(616,331)
Fund balance - January 1	<u>2,412,316</u>	<u>19,594,582</u>	<u>318,152</u>	<u>22,325,050</u>	<u>22,941,381</u>
Fund balance - December 31	<u>\$2,641,855</u>	<u>\$19,197,919</u>	<u>\$406,874</u>	<u>\$22,246,648</u>	<u>\$22,325,050</u>

The accompanying notes are an integral part of these financial statements.

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2021
With Comparative Totals For December 31, 2020

Statement 5

	<u>2021</u>	<u>2020</u>
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Net changes in fund balance - total governmental funds (Statement 4)	(\$78,402)	(\$616,331)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	79,300	301,728
Depreciation expense	(320,349)	(315,070)
Construction in progress adjustment	-	(11,454)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in delinquent property taxes receivable	6,150	50,506
Compensated absences payable are not due and payable in the current period, and therefore, are not reported in the funds.		
Change in compensated absences payable	20,051	(6,652)
Governmental funds report pension contributions as expenditures, however, pension expense is reported in the statement of activities. This is the amount by which pension expense differed from pension contributions:		
Pension contributions	\$80,747	
Pension expense	(12,579)	40,709
Change in net position of governmental activities (Statement 2)	<u>(\$225,082)</u>	<u>(\$556,564)</u>

The accompanying notes are an integral part of these financial statements.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Today's organization began as the Middle Mississippi River Watershed Management Organization in 1985, and formalized with a joint powers agreement executed by the Cities of Minneapolis, Saint Paul, Lauderdale, Falcon Heights, Saint Anthony Village, the Minneapolis Park and Recreation Board, and the University of Minnesota in 1997. For business purposes, the organization shortened its name to the Mississippi Watershed Management Organization (MWMO).

The First Generation Watershed Management Plan (Plan), published in December of 1986, was never officially approved, resulting in no projects being implemented. In January 1997, the University of Minnesota left the organization and a Second Generation planning effort was initiated. In 1998, the Capitol Region Watershed District was formed adjacent to the MWMO. Falcon Heights requested to remove itself and its accompanying land area from the MWMO into the newly formed watershed district. In 2000, the Bassett Creek Watershed Management Commission and MWMO entered into an agreement, which resulted in a boundary change that transferred 1,002 acres from the Bassett Creek Watershed Management Commission to the MWMO.

In 2000, the MWMO's Second Generation Plan was approved. In 2006, the Plan was amended to clarify existing programmatic efforts. The MWMO's Third Generation Plan was adopted by the MWMO Board of Commissioners on May 10, 2011. An amendment to the Plan's Capital Improvement Schedule to add additional member projects was adopted by the MWMO Board of Commissioners on May 8, 2012.

In 2011, the Six Cities WMO was dissolved, by August 21, 2012 the cities of Columbia Heights, Fridley and Hilltop, past members of Six Cities WMO, became members of the MWMO. The MWMO's current jurisdictional area includes portions of the Cities of Columbia Heights, Fridley, Hilltop, Lauderdale, Minneapolis, Saint Anthony Village, and Saint Paul and covers approximately 40 square miles. Projects in the cities of Columbia Heights, Fridley and Hilltop related to storm water management were identified and were added to the MWMO Plan's Capital Improvement Schedule via a 2013 plan amendment.

The financial statements of the MWMO have been prepared in conformity with generally accepted accounting principles as applied to government units by the Governmental Accounting Standards Board (GASB). The MWMO's accounting policies are described below:

A. FINANCIAL REPORTING ENTITY

In accordance with GASB pronouncements and generally accepted accounting principles, the financial statements of the reporting entity include those of the MWMO (the primary government) and its component units. GASB Statement No. 14 defines a component unit as "legally separate organizations for which the elected officials of the primary government are financially accountable." The MWMO does not have any component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*. There are no business-type activities which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include, 1) charges to customers or applicants who purchase, use, or directly benefit from

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

MWMO reports the following major governmental funds:

General Fund – the general operating fund of the MWMO. It is used to account for financial resources to be used for general administrative expenditures related to the construction and maintenance of projects of common benefit to the MWMO.

Project and Program Fund (special revenue fund) – established to account for projects and programs of the MWMO. Property taxes are committed for water projects and programs.

Capital Asset Replacement Fund – established to account for the additions and replacement of capitalized equipment, buildings, land improvements, stormwater infrastructure and intangibles. Fund revenue sources include property taxes, interest earnings and proceeds from the sale of existing assets.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the MWMO considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year at the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the MWMO. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

D. BUDGETS

Budgets are adopted annually by the Board of Commissioners. During the budget year, supplemental appropriations and deletions may be authorized by the Board. Encumbrance accounting, under which purchase orders, contracts, and other commitments of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the MWMO.

The following is a list of funds whose expenditures exceeded budgeted appropriations:

Fund:	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Project and Program Fund	\$3,700,000	\$5,499,326	\$1,799,326

E. CAPITAL BUDGET

The 2012 Amended JCA describes capital budgets as follows:

“Budget” means a statement of the expected income and expenses of the Organization for each year. The Commission may divide the Budget into a General Fund Budget, covering staff salary and benefits, Commission expenses, rent, office expenses and other administrative expenses, and a Projects and Programs Budget, covering the projects and programs of the Organization, including capital projects. “Capital Improvement Project” means a physical improvement project required by the Metropolitan Surface Water Management Act as found in Minnesota Statutes, Sections 103B.201 to 103B.253 to be included in the capital improvements program of the Plan.

Projects or other necessary expenditures that cannot be accomplished through the ad valorem tax levy shall be addressed by mutual agreement of the affected Members outside of this Agreement.

The Commission will endeavor to equitably apportion the expenditure of Commission funds for projects and programs among the Members’ jurisdictions, giving due regard to the financial contributions from tax levies within each Member’s jurisdiction as well as the merit of each project and program according to criteria established in the Plan or approved by the Commission.

F. CASH AND INVESTMENTS

Cash and investment balances are invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund’s equity in the cash and investment pool.

Investments are stated at fair value, except for investments in external investment pools that meet GASB 79 requirements, which are stated at amortized cost. Investment income is accrued at the balance sheet date.

G. PROPERTY TAX REVENUE RECOGNITION

The Board of Managers annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the MWMO, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the MWMO at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the MWMO on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The MWMO has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The MWMO recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The MWMO recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the MWMO in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the MWMO the following January) are reported as due from county. Taxes not collected by the county by December 31 are reported as delinquent taxes receivable. The portion of delinquent taxes not collected by the MWMO in January is fully offset by deferred inflow of resources because they are not available to finance current expenditures.

H. INVENTORIES

The original cost of materials and supplies has been recorded as expenditures at the time of purchase. None of the MWMO's funds maintain significant amounts of inventories of materials and supplies.

I. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and are recorded as expenditures/expenses at the time of consumption. The exception to this policy is for insurance, which is reported using the purchases method. Insurance expenditures are recorded in the period that payment is made.

J. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, infrastructure assets and intangible assets such as easements and computer software are reported in the government-wide financial statements. Capital assets are defined by the MWMO as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land improvements	25 years
Intangibles	5 – 25 years
Office equipment	5 – 10 years
Fleet	5 – 10 years
Furniture and fixtures	5 – 15 years

K. FUND BALANCE CLASSIFICATIONS

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - consists of internally imposed constraints. These constraints are established by Resolution of the MWMO Board.

Assigned - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the MWMO's intended use. These constraints are established by the MWMO Board and/or management.

Unassigned - is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the MWMO's policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is the MWMO's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

L. INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

M. USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

N. COMPARATIVE TOTALS

The basic financial statements, required supplementary information, and individual fund statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the MWMO's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

O. COMPENSATED ABSENCES

It is the MWMO's policy to permit employees to accumulate earned but unused paid time off (PTO) up to limits defined in the employee handbook. All PTO benefits that are vested as severance pay are accrued in the government-wide financial statements.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirement. In accordance with the provisions of Statement of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive PTO benefits.

P. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category. It is the pension related deferred outflows reported in the government-wide Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has pension related deferred inflows of resources reported in the government-wide Statement of Net Position. The government also has an 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 fund balance sheet. The governmental funds report unavailable revenues from property taxes.

Q. DEFINED BENEFIT PENSION PLANS

For purposes of measuring the net pension liability, deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to and deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the MWMO maintains deposits at depository banks authorized by the Board of Commissioners. All such banks are members of the Federal Reserve System.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the MWMO's Treasurer or in a financial institution other than that furnishing the collateral. Minnesota Statute 118A.03 identifies allowable forms of collateral.

At December 31, 2021 the carrying amount of the MWMO's deposits with financial institutions was \$12,570,786.

Custodial credit risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the MWMO's deposits may not be returned to it. State statutes require that insurance, surety bonds or collateral protect all MWMO's deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2021, the bank balance of the MWMO's deposits was \$12,588,649, all of which was either insured by the Federal Deposit Insurance Corporation (FDIC) or covered by perfected pledged collateral held in the MWMO's name.

B. INVESTMENTS

Subject to rating, yield, maturity and issuer requirements as prescribed by statute, Minnesota Statutes 118A.04 and 118A.05 authorize the entity to invest in United States securities, state and local securities, commercial paper, time deposits, high-risk mortgage-backed securities, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trust and guaranteed investment contracts.

As of December 31, 2021, the MWMO had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (In Years)	
			Less Than 1	1 - 5
Brokered certificates of deposit	Not rated	\$2,979,473	\$2,732,040	\$247,433
Federal Home Loan Bank bonds	AAA	991,012	-	991,012
External investment pool - 4M Fund	Not rated	2,647,842	2,647,842	-
External investment pool - 4M Plus Fund	Not rated	4,831	4,831	-
External investment pool - Limited Term Duration	Not rated	3,243,847	3,243,847	-
Total investments		9,867,005	\$8,628,560	\$1,238,445
Deposits		12,570,786		
Cash with broker		248,082		
Total cash and investments		\$ 22,685,873		

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

The MWMO categorizes its fair value measurements within the fair value hierarchy established by the Generally Accepted Accounting Principles. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted market prices. Level 2 investments are valued using inputs that are based on matrix pricing models. Level 3 investments are valued using inputs that are unobservable.

The MWMO has the following recurring fair value measurements as of December 31, 2021:

Investment Type	12/31/2021	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered certificates of deposit	\$2,979,473	\$ -	\$2,979,473	\$ -
Federal Home Loan Bank bonds	991,012	-	991,012	-
Subtotal	3,970,485	\$ -	\$3,970,485	\$ -
Investments not categorized:				
External investment pool - 4M Fund	2,647,842			
External investment pool - 4M Fund Plus	4,831			
External investment pool - Limited Term Duration	3,243,847			
Total	\$9,867,005			

The MWMO's investments in external investment pools are comprised of three investment series of the Minnesota Municipal Money Market Fund (4M Fund). The 4M Fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities.

4M Liquid Asset Fund: This series of the 4M Fund is an unrated pool. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The pool measures their investments in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost. The 4M Liquid Asset Fund has no redemption requirements. MWMO's account balance is the fair value of the investment.

4M PLUS Fund: This series of the 4M Fund is an unrated pool. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The pool measures their investments in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost. The 4M PLUS Fund requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 4-day restriction period are subject to a penalty equal to 7 days interest on the amount withdrawn. MWMO's account balance is the fair value of the investment.

4M Limited Term Duration (LTD) Fund: This series of the 4M Fund is an unrated pool. The LTD Fund is managed to maintain an average maturity of 0-2 years and has a floating net asset value (NAV). Redemptions from the LTD Fund may only be made on the third Wednesday of each month upon at least two (2) weeks advance notice. The LTD Fund measures its investments at fair value and MWMO's account balance is the fair value of the investment.

C. INVESTMENT RISKS

Interest Rate Risk. Interest rate risk is the risk that changes in the interest rates of debt investments could adversely affect the fair value of an investment. The MWMO will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. The MWMO follows State Statutes in regard to credit risk of investments. The MWMO does not have an investment policy which further limits its investment choices.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the MWMO's investment in a single issuer. The MWMO does not have an investment policy which addresses the concentration of credit risk. At December 31, 2021, the MWMO has one issuer, Federal Home Loan Bank, that represents 10% of their total investments.

Custodial Credit Risk - Investments. For investments in securities, custodial credit risk is the risk that in the event of a failure of the counterparty, the MWMO will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in securities that are held by the MWMO's broker-dealer in the amount of \$3,219,122 include \$500,000 that is insured through SIPC. The broker-dealer has provided additional protection by providing additional insurance. This insurance is subject to aggregate limits applied to all of the broker-dealer's accounts. The CDs held by any Term Series are either insured by the FDIC up to the maximum amount of such insurance or fully collateralized by pledged securities or letters of credit provided by Federal Home Loan Banks for amounts in excess of FDIC insurance. The U.S. government obligations held by a Term Series are backed by the full faith and credit of the U.S. government or by the agency or instrumentality issuing or guaranteeing the obligation. The municipal obligations held by a Term Series may be backed only by the taxing power of the issuer of such securities or may be secured by specific revenues by the issuer.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$330,849	\$ -	\$ -	\$330,849
Intangibles - stormwater credits	204,109	-	-	204,109
Permanent easement	12,094	-	-	12,094
Construction in progress	4,548	-	-	4,548
Total capital assets, not being depreciated	<u>551,600</u>	<u>-</u>	<u>-</u>	<u>551,600</u>
Capital assets, being depreciated:				
Buildings	4,443,404	-	-	4,443,404
Land improvements	1,344,291	-	-	1,344,291
Intangibles	1,762,471	79,300	-	1,841,771
Office equipment	357,056	-	-	357,056
Fleet	52,016	-	-	52,016
Furniture and fixtures	344,585	-	-	344,585
Total capital assets, being depreciated	<u>8,303,823</u>	<u>79,300</u>	<u>-</u>	<u>8,383,123</u>
Less accumulated depreciation for:				
Buildings	944,636	111,912	-	1,056,548
Land improvements	354,292	53,938	-	408,230
Intangibles	289,401	84,739	-	374,140
Office equipment	282,869	38,010	-	320,879
Fleet	52,016	-	-	52,016
Furniture and fixtures	153,346	31,750	-	185,096
Total accumulated depreciation	<u>2,076,560</u>	<u>320,349</u>	<u>-</u>	<u>2,396,909</u>
Total capital assets being depreciated - net	<u>6,227,263</u>	<u>(241,049)</u>	<u>-</u>	<u>5,986,214</u>
Total capital assets - net	<u>\$6,778,863</u>	<u>(\$241,049)</u>	<u>\$0</u>	<u>\$6,537,814</u>

Depreciation expense was charged to the following functions/programs:

General government	\$183,329
Programs	106,768
Projects	30,252
Total depreciation expense	<u>\$320,349</u>

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 4 RECEIVABLES

Significant receivables balances not expected to be collected within one year of December 31, 2021 are as follows:

	General Fund	Project and Program Fund	Capital Asset Replacement Fund	Total
Delinquent property taxes	<u>\$37,046</u>	<u>\$69,696</u>	<u>\$4,009</u>	<u>\$110,751</u>

Note 5 UNAVAILABLE REVENUE

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Property Taxes
General Fund	\$57,830
Project and Program Fund	108,767
Capital Asset Replacement Fund	<u>6,256</u>
Total	<u>\$172,853</u>

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 6 FUND BALANCE CLASSIFICATIONS

At December 31, 2021, a summary of the governmental fund balance classifications are as follows:

	General Fund	Project and Program Fund	Capital Asset Replacement Fund	Total
Nonspendable:				
Prepaid items	\$11,671	\$12,252	\$ -	\$23,923
Committed:				
Future project and program costs	-	15,949,223	-	15,949,223
Assigned:				
Projects and programs	-	3,236,444	-	3,236,444
Capital asset replacement	-	-	406,874	406,874
Unassigned	2,630,184	-	-	2,630,184
Total fund balance	<u>\$2,641,855</u>	<u>\$19,197,919</u>	<u>\$406,874</u>	<u>\$22,246,648</u>

Note 7 FEDERALLY ASSISTED PROGRAMS - COMPLIANCE AUDITS

The MWMO may be eligible to receive financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the MWMO at December 31, 2021.

Note 8 RISK MANAGEMENT

The MWMO is exposed to various risks of loss for which the MWMO carries commercial insurance policies.

Property and casualty insurance coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The MWMO pays an annual premium to the LMCIT. The MWMO is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess various amounts.

There were no reductions in insurance coverage from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

Note 9 DEFINED BENEFIT PENSION PLANS

A. PLAN DESCRIPTION

The MWMO participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

All full-time and certain part-time employees of the MWMO are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. BENEFITS PROVIDED

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated 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% of average salary for each of the first ten years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% of average salary for all years of service. 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.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

C. CONTRIBUTIONS

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021 and the MWMO was required to contribute 7.50% for Coordinated Plan members. The MWMO's contributions to the GERF for the year ended December 31, 2021 were \$80,747. The MWMO's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

At December 31, 2021, the MWMO reported a liability of \$632,026 for its proportionate share of GERF's net pension liability. The MWMO's City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the MWMO totaled \$19,362. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The MWMO's proportion of the net pension liability was based on the MWMO's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The MWMO's proportionate share was 0.0148% at the end of the measurement period and 0.0140% for the beginning of the period.

MWMO's proportionate share of the net pension liability	\$632,026
State of Minnesota's proportionate share of the net pension liability associated with the MWMO	<u>19,362</u>
Total	<u><u>\$651,388</u></u>

For the year ended December 31, 2021, the MWMO recognized pension expense of \$12,579 for its proportionate share of the GERF's pension expense. In addition, the MWMO recognized an additional \$1,562 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERF.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

At December 31, 2021, the MWMO reported its proportionate share of the GERP's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$3,988	\$19,342
Changes in actuarial assumptions	385,902	14,101
Net collective difference between projected and actual investment earnings	-	547,931
Changes in proportion	33,212	24,377
Contributions paid to PERA subsequent to the measurement date	43,410	-
Total	<u>\$466,512</u>	<u>\$605,751</u>

The \$43,410 reported as deferred outflows of resources related to pensions resulting from MWMO contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense
2022	(\$30,032)
2023	(9,470)
2024	6,147
2025	(149,294)
2026	-
Thereafter	-

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	6.50%

The long-term investment rate of return is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates deemed to be reasonable by the actuary. An investment return of 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

Salary growth assumptions range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. Mortality rates were based on the Pub-2010 General Employee Mortality Table, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement are assumed to be 1.25% per year.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Actuarial assumptions for GERF are reviewed every four years. The most recent four-year experience study was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5%	5.10%
International equity	16.5%	5.30%
Fixed income	25.0%	0.75%
Private markets	25.0%	5.90%
Total	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2021 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rate set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION LIABILITY SENSITIVITY

The following presents the MWMO's proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the MWMO's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (5.50%)	Discount Rate (6.50%)	1% Increase in Discount Rate (7.50%)
Proportionate share of the GERF net pension liability	\$1,289,011	\$632,026	\$92,930

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

H. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at www.mnpera.org.

Note 10 COMPENSATED ABSENCES PAYABLE

Compensated absences activity for the year ended December 31, 2021 was as follows:

	Balance 12/31/20	Additions	Deletions	Balance 12/31/2021	Due Within One Year
Compensated absences payable	<u>\$64,562</u>	<u>\$98,955</u>	<u>\$119,006</u>	<u>\$44,511</u>	<u>\$44,511</u>

Compensated absences are generally liquidated by the General Fund.

Note 11 COMMITMENTS AND CONTINGENCIES

A. LITIGATION

The MWMO is not aware of any existing or pending lawsuits, claims or other actions in which the MWMO is a defendant that would be material to the financial statements.

B. COMMITTED CONTRACTS

At December 31, 2021, the MWMO had commitments of \$171,780 for uncompleted construction contracts.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 12 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements:

Statement No. 87 *Leases*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 92 *Omnibus 2020*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96 *Subscription-Based Information Technology Arrangements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 99 *Omnibus 2022*. The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2022.

Statement No. 100 *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101 *Compensated Absences*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2023.

The effect these standards may have on future financial statements is not determinable at this time.

REQUIRED SUPPLEMENTARY INFORMATION

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Statement 6

For The Year Ended December 31, 2021

With Comparative Actual Amounts For The Year Ended December 31, 2020

	Budgeted Amounts		2021 Actual	Variance with Final Budget - Positive	2020 Actual
	Original	Final	Amounts		Amounts
Revenues:					
Property taxes	\$1,955,000	\$1,955,000	\$1,956,927	\$1,927	\$1,884,655
Intergovernmental revenue	-	-	3,159	3,159	2,767
Reimbursement revenue	-	-	1,686	1,686	6,285
Investment income	-	-	4,848	4,848	19,484
Other	-	-	50,562	50,562	53,348
Total revenues	<u>1,955,000</u>	<u>1,955,000</u>	<u>2,017,182</u>	<u>62,182</u>	<u>1,966,539</u>
Expenditures:					
Current:					
Personnel costs	1,590,000	1,590,000	1,472,036	117,964	1,407,067
Insurance	40,000	40,000	37,894	2,106	34,432
Contracted professional services	220,000	220,000	181,973	38,027	190,173
Building operations	55,000	55,000	50,238	4,762	49,979
Miscellaneous	50,000	50,000	45,502	4,498	63,113
Total expenditures	<u>1,955,000</u>	<u>1,955,000</u>	<u>1,787,643</u>	<u>167,357</u>	<u>1,744,764</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	229,539	<u>\$229,539</u>	221,775
Fund balance - January 1			<u>2,412,316</u>		<u>2,190,541</u>
Fund balance - December 31			<u>\$2,641,855</u>		<u>\$2,412,316</u>

See accompanying notes to the required supplementary information.

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - PROJECT AND PROGRAM FUND
For The Year Ended December 31, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

Statement 7

	Budgeted Amounts		2021 Actual	Variance with Final Budget - Positive (Negative)	2020 Actual
	Original	Final	Amounts		Amounts
Revenues:					
Property taxes	\$3,700,000	\$3,700,000	\$3,702,969	\$2,969	\$3,463,156
Intergovernmental	-	-	101,548	101,548	814,756
Reimbursement revenue	-	-	1,254,842	1,254,842	1,612,095
Investment income	-	-	43,304	43,304	208,689
Total revenues	<u>3,700,000</u>	<u>3,700,000</u>	<u>5,102,663</u>	<u>1,402,663</u>	<u>6,098,696</u>
Expenditures:					
Projects:					
Old Bassett Creek Tunnel Assessment	-	-	-	-	125,888
Hiawatha Collegiate HS Stormwater Reuse	-	-	-	-	18,000
Islands of Peace Restoration	-	-	-	-	140,000
East Side Maintenance Storage Facility	-	-	-	-	38,622
8th Street South Tree Trenches (Green ROW: DID)	-	-	7,251	(7,251)	283,390
MPRB WaterWorks	-	-	-	-	800,000
26th Ave N. Overlook	-	-	5,000	(5,000)	45,000
Green 4th Street / Prospect North Projects	-	-	49,567	(49,567)	93,507
Minneapolis Sculpture Garden	-	-	-	-	2,144
Jackson St NE Blue Roof System	-	-	-	-	115,567
Edison Safe Routes to School	-	-	-	-	103,931
4th Street SE Landscape for Habitat CIP	-	-	-	-	76,552
N Columbia Golf Course BMP	1,500,000	1,500,000	4,082,464	(2,582,464)	3,492,182
Exhibit at N. Mississippi Regional Park	-	-	-	-	100,000
Houston Engineering - Engineering Services	-	-	-	-	900
Hoyer Heights Tree Trenches	-	-	73,291	(73,291)	365,057
Upper harbor terminal Fsbty & CIP	1,200,000	1,200,000	26,605	1,173,395	-
Metro transit bus garage Stmwtr reuse sys	-	-	360,050	(360,050)	-
1NE-N Col GC Pretmt unit 35	-	-	144,000	(144,000)	-
Juxtaposition arts campus expansion	-	-	13,040	(13,040)	-
Total projects	<u>2,700,000</u>	<u>2,700,000</u>	<u>4,761,268</u>	<u>(2,061,268)</u>	<u>5,800,740</u>
Programs:					
Grants - stewardship fund	225,000	225,000	221,525	3,475	191,100
Master Water Stewards	25,000	25,000	18,748	6,252	1,218
Watershed assessment	200,000	200,000	111,424	88,576	555,252
Communication and outreach	250,000	250,000	76,822	173,178	28,122
Planning	150,000	150,000	50,765	99,235	80,035
Monitoring	150,000	150,000	257,358	(107,358)	180,621
Miscellaneous	-	-	1,416	(1,416)	-
Total programs	<u>1,000,000</u>	<u>1,000,000</u>	<u>738,058</u>	<u>261,942</u>	<u>1,036,348</u>
Total expenditures	<u>3,700,000</u>	<u>3,700,000</u>	<u>5,499,326</u>	<u>(1,799,326)</u>	<u>6,837,088</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	<u>(396,663)</u>	<u>\$3,201,989</u>	<u>(738,392)</u>
Fund balance - January 1			<u>19,594,582</u>		<u>20,332,974</u>
Fund balance - December 31			<u>\$19,197,919</u>		<u>\$19,594,582</u>

See accompanying notes to the required supplementary information.

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
REQUIRED SUPPLEMENTARY INFORMATION
Statement 8
BUDGETARY COMPARISON SCHEDULE - CAPITAL ASSET REPLACEMENT FUND

For The Year Ended December 31, 2021

With Comparative Actual Amounts For The Year Ended December 31, 2020

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget - Positive (Negative)	2020 Actual Amounts
	Original	Final			
Revenues:					
Property taxes	\$200,000	\$200,000	\$200,536	\$536	\$237,476
Investment income	-	-	773	773	3,327
Total revenues	200,000	200,000	201,309	1,309	240,803
Expenditures:					
Current:					
Building	50,000	50,000	-	50,000	-
Equipment	75,000	75,000	33,287	41,713	38,789
Intangibles	50,000	50,000	-	50,000	-
Other	25,000	25,000	-	25,000	-
Total current	200,000	200,000	33,287	166,713	38,789
Capital outlay	-	-	79,300	(79,300)	301,728
Total expenditures	200,000	200,000	112,587	87,413	340,517
Revenues over (under) expenditures	\$0	\$0	88,722	\$88,722	(99,714)
Fund balance - January 1			318,152		417,866
Fund balance - December 31			\$406,874		\$318,152

See accompanying notes to the required supplementary information.

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY* -
 GENERAL EMPLOYEES RETIREMENT FUND
 For The Year Ended December 31, 2021

Statement 9

Measurement Date June 30	Fiscal Year Ending December 31	MWMO's Proportionate Share (Percentage) of the Net Pension Liability	MWMO's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with MWMO (b)	MWMO's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with MWMO (a+b)	Covered Payroll (c)	MWMO's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.0120%	\$621,902	\$ -	\$621,902	\$702,372	88.5%	78.2%
2016	2016	0.0136%	1,104,253	14,445	1,118,698	844,154	132.5%	68.9%
2017	2017	0.0142%	906,519	11,377	917,896	913,036	100.5%	75.9%
2018	2018	0.0150%	832,139	27,310	859,449	1,006,041	85.4%	79.5%
2019	2019	0.0148%	818,259	25,499	843,758	1,049,697	80.4%	80.2%
2020	2020	0.0140%	839,364	26,005	865,369	1,002,511	86.3%	79.1%
2021	2021	0.0148%	632,026	19,362	651,388	1,068,919	60.9%	87.0%

* The schedule is provided prospectively beginning with the MWMO's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

See accompanying notes to the required supplementary information.

MISSISSIPPI WATER MANAGEMENT ORGANIZATION**REQUIRED SUPPLEMENTARY INFORMATION****Statement 10****SCHEDULE OF PENSION CONTRIBUTIONS* - GENERAL EMPLOYEES RETIREMENT FUND**

For The Year Ended December 31, 2021

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	\$60,396	\$60,396	\$ -	\$805,274	7.5%
December 31, 2016	63,988	63,988	-	853,166	7.5%
December 31, 2017	73,125	73,125	-	975,005	7.5%
December 31, 2018	77,254	77,254	-	1,030,054	7.5%
December 31, 2019	76,809	76,809	-	1,024,118	7.5%
December 31, 2020	81,118	81,118	-	1,083,451	7.5%
December 31, 2021	80,747	80,747	-	1,076,626	7.5%

* The schedule is provided prospectively beginning with the MWMO's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

See accompanying notes to the required supplementary information.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2021

Note A LEGAL COMPLIANCE – BUDGETS

The General, Project and Program and Capital Asset Replacement Fund budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The level of budgetary control is at the fund level for each fund.

Note B PENSION INFORMATION

PERA – General Employees Retirement Fund

2021 Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- Base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly..

2020 Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

2019 Changes in the Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2021

2017 Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

2016 Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

INDIVIDUAL FUND FINANCIAL STATEMENTS

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
COMPARATIVE BALANCE SHEET
GENERAL FUND
 December 31, 2021
 With Comparative Amounts For December 31, 2020

Statement 11

Assets	2021	2020
Cash	\$2,672,029	\$2,418,516
Due from other governments	5,367	4,899
Prepays	11,671	12,226
Taxes receivable:		
Delinquent	57,830	56,116
Due from county	8,877	21,894
Total assets	<u>\$2,755,774</u>	<u>\$2,513,651</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities:		
Accounts payable	\$10,076	\$1,519
Due to other governments	1,890	3,463
Salaries payable	44,123	40,237
Total liabilities	<u>56,089</u>	<u>45,219</u>
Deferred inflows of resources:		
Unavailable revenues	<u>57,830</u>	<u>56,116</u>
Fund balance:		
Nonspendable	11,671	12,226
Unassigned	2,630,184	2,400,090
Total fund balance	<u>2,641,855</u>	<u>2,412,316</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$2,755,774</u>	<u>\$2,513,651</u>

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
For The Year Ended December 31, 2021
With Comparative Amounts For The Year Ended December 31, 2020

Statement 12

	2021	2020
Revenues:		
Property taxes	\$1,956,927	\$1,884,655
Intergovernmental	3,159	2,767
Reimbursement revenue	1,686	6,285
Investment income	4,848	19,484
Other	50,562	53,348
Total revenues	<u>2,017,182</u>	<u>1,966,539</u>
Expenditures:		
Current:		
Wages and benefits	1,390,274	1,328,651
Payroll taxes	81,762	78,416
Administrative	16,363	26,875
Insurance	37,894	34,432
Contracted professional services	181,973	190,173
Building operations	50,238	49,979
Equipment	208	1,080
Supplies	3,010	4,897
Telecommunications	25,168	23,791
Other	753	6,470
Total expenditures	<u>1,787,643</u>	<u>1,744,764</u>
Revenues over (under) expenditures	229,539	221,775
Fund balance - January 1	<u>2,412,316</u>	<u>2,190,541</u>
Fund balance - December 31	<u><u>\$2,641,855</u></u>	<u><u>\$2,412,316</u></u>

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
COMPARATIVE BALANCE SHEET
PROJECT AND PROGRAM FUND
 December 31, 2021
 With Comparative Amounts For December 31, 2020

Statement 13

	2021	2020
Assets		
Cash	\$19,607,833	\$19,906,234
Due from other governments	106,247	1,780,487
Prepays	12,252	11,372
Taxes receivable:		
Delinquent	108,767	103,488
Due from county	17,651	25,314
Total assets	\$19,852,750	\$21,826,895
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities:		
Accounts payable	\$13,557	\$185,851
Due to other governments	88,719	21,200
Contracts payable	8,603	1,374,775
Retainage payable	335,398	349,090
Deposits payable	99,787	197,909
Total liabilities	546,064	2,128,825
Deferred inflows of resources:		
Unavailable revenues	108,767	103,488
Fund balance:		
Nonspendable	12,252	11,372
Committed	15,949,223	16,389,190
Assigned	3,236,444	3,194,020
Total fund balance	19,197,919	19,594,582
Total liabilities, deferred inflows of resources, and fund balance	\$19,852,750	\$21,826,895

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
PROJECT AND PROGRAM FUND
For The Year Ended December 31, 2021
With Comparative Amounts For The Year Ended December 31, 2020

Statement 14

	2021	2020
Revenues:		
Property taxes	\$3,702,969	\$3,463,156
Intergovernmental	101,548	814,756
Reimbursement revenue	1,254,842	1,612,095
Investment income	43,304	208,689
Total revenues	<u>5,102,663</u>	<u>6,098,696</u>
Expenditures:		
Projects:		
Old Bassett Creek Tunnel Assessment	-	125,888
Hiawatha Collegiate HS Stormwater Reuse	-	18,000
Islands of Peace Restoration	-	140,000
East Side Maintenance Storage Facility	-	38,622
8th Street South Tree Trenches	7,251	283,390
MPRB WaterWorks	-	800,000
26th Ave N. Overlook	5,000	45,000
Green 4th Street / Prospect North Project	49,567	93,507
Metro Transit Bus Garage Storm Water Reuse System	360,050	-
Minneapolis Sculpture Garden	-	2,144
Upper Harbor Terminal	26,605	-
Jackson St NE Blue Roof System	-	115,567
Edison Safe Routes to School	-	103,931
4th Street SE Landscape for Habitat CIP	-	76,552
Juxtaposition Arts Campus Expansion	13,040	-
N Columbia Golf Course BMP	4,082,464	3,492,182
1 NE - N Columbia Golf Course Pretreatment Unit 35	144,000	-
Exhibit at N. Mississippi Regional Park	-	100,000
Houston Engineering - Engineering Services	-	900
Hoyer Heights Tree Trenches	73,291	365,057
Total projects	<u>4,761,268</u>	<u>5,800,740</u>
Programs:		
Grants - stewardship fund	221,525	191,100
Master Water Stewards	18,748	1,218
Watershed assessment	111,424	555,252
Communication and outreach	76,822	28,122
Planning	50,765	80,035
Monitoring	257,358	180,621
Miscellaneous	1,416	-
Total programs	<u>738,058</u>	<u>1,036,348</u>
Total expenditures	<u>5,499,326</u>	<u>6,837,088</u>
Revenues over (under) expenditures	(396,663)	(738,392)
Fund balance - January 1	<u>19,594,582</u>	<u>20,332,974</u>
Fund balance - December 31	<u><u>\$19,197,919</u></u>	<u><u>\$19,594,582</u></u>

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
COMPARATIVE BALANCE SHEET
CAPITAL ASSET REPLACEMENT FUND
 December 31, 2021
 With Comparative Amounts For December 31, 2020

Statement 15

	2021	2020
Assets		
Cash	\$406,011	\$316,417
Taxes receivable:		
Delinquent	6,256	7,099
Due from county	863	1,735
Total assets	<u>\$413,130</u>	<u>\$325,251</u>
Deferred Inflows of Resources and Fund Balance		
Deferred inflows of resources:		
Unavailable revenues	<u>\$6,256</u>	<u>\$7,099</u>
Fund balance:		
Assigned	<u>406,874</u>	<u>318,152</u>
Total deferred inflows of resources and fund balance	<u>\$413,130</u>	<u>\$325,251</u>

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
CAPITAL ASSET REPLACEMENT FUND
 For The Year Ended December 31, 2021
 With Comparative Amounts For The Year Ended December 31, 2020

Statement 16

	<u>2021</u>	<u>2020</u>
Revenues:		
Property taxes	\$200,536	\$237,476
Investment income	773	3,327
Total revenues	<u>201,309</u>	<u>240,803</u>
Expenditures:		
Current:		
Equipment	33,287	38,789
Capital outlay	79,300	301,728
Total expenditures	<u>112,587</u>	<u>340,517</u>
Revenues over (under) expenditures	88,722	(99,714)
Fund balance - January 1	<u>318,152</u>	<u>417,866</u>
Fund balance - December 31	<u><u>\$406,874</u></u>	<u><u>\$318,152</u></u>

- This page intentionally left blank -

OTHER INFORMATION - UNAUDITED

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
TAX LEVY AND REVENUE BY COUNTY
December 31, 2021

Exhibit 1

<u>2021 Tax Collections</u>	
Hennepin County	\$5,466,233
Ramsey County	27,898
Anoka County	<u>366,301</u>
Total tax collections	<u><u>\$5,860,432</u></u>
Levy amount - per Mississippi WMO budget	<u><u>\$5,950,000</u></u> *
Collection percentage	<u><u>98.5%</u></u>

* Levy amount includes a contingency for uncollected taxes of \$95,000

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
PROJECT AND PROGRAM FUND INTERGOVERNMENTAL
AND REIMBURSEMENT REVENUE DETAIL
December 31, 2021

Exhibit 2

Intergovernmental revenue

Projects:

Hennepin County - NE BMP's Commercial Properties

\$90,000

Miscellaneous

11,548

Total intergovernmental revenue

\$101,548

Reimbursement revenue

Programs:

Miscellaneous

\$29,838

Projects:

N Columbia Golf Course

1,140,921

Miscellaneous

84,083

Total reimbursement revenue

\$1,254,842

- This page intentionally left blank -

OTHER REQUIRED REPORTS

- This page intentionally left blank -



REPORT ON INTERNAL CONTROL

To the Board of Commissioners
Mississippi Watershed Management Organization
Minneapolis, Minnesota

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Mississippi Watershed Management Organization as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Mississippi Watershed Management Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mississippi Watershed Management Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mississippi Watershed Management Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the Board of Commissioners, management, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 27, 2022

- This page intentionally left blank -



MINNESOTA LEGAL COMPLIANCE REPORT

To the Board of Commissioners
Mississippi Watershed Management Organization
Minneapolis, 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 each major fund of the Mississippi Watershed Management Organization, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Mississippi Watershed Management Organization's basic financial statements, and have issued our report thereon dated June 27, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the Mississippi Watershed Management Organization failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statute § 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 Mississippi Watershed Management Organization'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 Mississippi Watershed Management Organization and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 27, 2022

- This page intentionally left blank -