

**MISSISSIPPI WATER MANAGEMENT
ORGANIZATION**

ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2025

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MISSISSIPPI WATER MANAGEMENT ORGANIZATION
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INTRODUCTORY SECTION

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MISSISSIPPI WATER MANAGEMENT ORGANIZATION

ORGANIZATION

December 31, 2025

City

Board of Commissioners:

LaTrisha Vetaw
Ann Bolkcom
Lona Doolan
Jeffrey Dains
Connie Buesgens
Billy Menz
Mike Lukes

City of Minneapolis
City of Fridley
City of St Anthony
City of Lauderdale
City of Columbia Heights
Minneapolis Park & Recreation Board
City of St Paul

Alternates:

Michael Rainville
Vacant
Nadia Elnagdy
Mary Gaasch
Bertha Risdahl
Charles Rucker
Vacant

City of Minneapolis
City of Fridley
City of St Anthony
City of Lauderdale
City of Columbia Heights
Minneapolis Park & Recreation Board
City of St Paul

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FINANCIAL SECTION

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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 accompanying financial statements of the governmental activities and each major fund of Mississippi Watershed Management Organization, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Mississippi Watershed Management Organization's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Mississippi Watershed Management Organization, as of December 31, 2025, 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. 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 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 Mississippi Watershed Management Organization's 2024 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 April 28, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 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 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 Mississippi Watershed Management Organization's basic financial statements. The accompanying 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, LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

March 19, 2026

BASIC FINANCIAL STATEMENTS

MISSISSIPPI WATER MANAGEMENT ORGANIZATION

STATEMENT OF NET POSITION

Statement 1

December 31, 2025

With Comparative Totals For December 31, 2024

	Governmental Activities	
	2025	2024
Assets:		
Cash and investments	\$29,850,803	\$31,215,364
Due from other governments	7,281	53,809
Prepaid items	20,421	29,194
Property taxes receivable:		
Delinquent	129,360	113,400
Due from county	28,781	41,655
Capital assets - net:		
Nondepreciable	591,623	594,187
Depreciable	5,364,708	5,331,668
Land held for resale	110,247	85,905
Total assets	<u>36,103,224</u>	<u>37,465,182</u>
Deferred outflows of resources related to pensions	<u>119,210</u>	<u>111,280</u>
Liabilities:		
Accounts payable	85,458	105,970
Due to other governments	31,098	27,136
Salaries payable	45,692	34,195
Contracts payable	9,615	4,650
Retainage payable	187,797	15,223
Deposits payable	14,057	19,753
Unearned revenue	54,145	-
Compensated absences payable:		
Due within one year	85,678	75,105
Net pension liability:		
Due in more than one year	436,880	475,354
Total liabilities	<u>950,420</u>	<u>757,386</u>
Deferred inflows of resources related to pensions	<u>317,413</u>	<u>399,352</u>
Net position:		
Investment in capital assets	5,956,331	5,925,855
Unrestricted	28,998,270	30,493,869
Total net position	<u><u>\$34,954,601</u></u>	<u><u>\$36,419,724</u></u>

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

MISSISSIPPI WATER MANAGEMENT ORGANIZATION

STATEMENT OF ACTIVITIES

Statement 2

For The Year Ended December 31, 2025

With Comparative Totals For The Year Ended December 31, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges For Services	Operating	Capital	Totals	
			Grants and Contributions	Grants and Contributions	2025	2024
Governmental activities:						
General government	\$2,308,445	\$ -	\$10,965	\$ -	(\$2,297,480)	(\$2,165,520)
Projects	6,693,811	-	-	-	(6,693,811)	(2,489,307)
Programs	1,246,829	-	34,313	-	(1,212,516)	(889,920)
Total governmental activities	\$10,249,085	\$ -	\$45,278	\$ -	(10,203,807)	(5,544,747)
General revenues:						
Property taxes					7,486,883	7,011,445
Unrestricted investment earnings					1,221,301	1,408,517
Miscellaneous other					30,500	26,450
Total general revenues					8,738,684	8,446,412
Change in net position					(1,465,123)	2,901,665
Net position - January 1					36,419,724	33,518,059
Net position - December 31					\$34,954,601	\$36,419,724

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

MISSISSIPPI WATER MANAGEMENT ORGANIZATION

BALANCE SHEET

Statement 3

GOVERNMENTAL FUNDS

December 31, 2025

With Comparative Totals For December 31, 2024

	General Fund	Project and Program Fund	Capital Asset Replacement Fund	Total Governmental Funds	
				2025	2024
Assets:					
Cash and investments	\$3,109,929	\$26,464,654	\$276,220	\$29,850,803	\$31,215,364
Due from other governments	7,281	-	-	7,281	53,809
Prepaid items	15,808	4,613	-	20,421	29,194
Taxes receivable:					
Delinquent	52,149	76,691	520	129,360	113,400
Due from county	7,989	20,384	408	28,781	41,655
Land held for resale	-	110,247	-	110,247	85,905
Total assets	\$3,193,156	\$26,676,589	\$277,148	\$30,146,893	\$31,539,327
Liabilities:					
Accounts payable	\$13,532	\$68,839	\$3,087	\$85,458	\$105,970
Due to other governments	12,113	18,985	-	31,098	27,136
Salaries payable	45,692	-	-	45,692	34,195
Contracts payable	-	9,615	-	9,615	4,650
Retainage payable	-	187,797	-	187,797	15,223
Deposits payable	-	14,057	-	14,057	19,753
Unearned revenue	-	54,145	-	54,145	-
Total liabilities	71,337	353,438	3,087	427,862	206,927
Deferred inflows of resources:					
Unavailable revenues	52,149	76,691	520	129,360	163,400
Fund balance:					
Nonspendable	15,808	114,860	-	130,668	115,099
Committed	-	19,698,474	-	19,698,474	22,134,666
Assigned	-	6,433,126	273,541	6,706,667	5,864,619
Unassigned	3,053,862	-	-	3,053,862	3,054,616
Total fund balance	3,069,670	26,246,460	273,541	29,589,671	31,169,000
Total liabilities, deferred inflows of resources, and fund balance	\$3,193,156	\$26,676,589	\$277,148	\$30,146,893	\$31,539,327
Fund balance reported above				\$29,589,671	\$31,169,000
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.				5,956,331	5,925,855
Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as unavailable revenue in the funds.				129,360	163,400
Deferred outflows of resources related to pensions are not current financial resources, and therefore, are not reported in the funds.				119,210	111,280
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.				(317,413)	(399,352)
Long-term liabilities are not payable in the current period, and therefore, are not reported in the funds:					
Compensated absences payable				(85,678)	(75,105)
Net pension liability				(436,880)	(475,354)
Net position of governmental activities				\$34,954,601	\$36,419,724

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, 2025
With Comparative Totals For The Year Ended December 31, 2024

Statement 4

	General Fund	Project and Program Fund	Capital Asset Replacement Fund	Total Governmental Funds	
				2025	2024
Revenues:					
Property taxes	\$2,054,364	\$5,318,751	\$97,808	\$7,470,923	\$7,044,857
Intergovernmental	3,245	84,313	-	87,558	3,176
Reimbursement revenue	9,337	-	-	9,337	16,154
Investment income	108,562	1,094,701	18,038	1,221,301	1,408,517
Other	30,482	18	-	30,500	26,450
Total revenues	2,205,990	6,497,783	115,846	8,819,619	8,499,154
Expenditures:					
Current:					
Personnel costs	1,697,839	-	-	1,697,839	1,474,187
Insurance	50,716	-	-	50,716	48,987
Contracted professional services	279,992	-	-	279,992	275,805
General operations	75,828	-	-	75,828	57,163
Building operations	92,851	-	-	92,851	71,516
Equipment	-	-	33,119	33,119	129,016
Miscellaneous	5,475	-	-	5,475	2,500
Projects	-	6,620,979	-	6,620,979	2,481,914
Programs	-	1,218,277	-	1,218,277	820,136
Capital outlay	-	-	323,872	323,872	121,227
Total expenditures	2,202,701	7,839,256	356,991	10,398,948	5,482,451
Net change in fund balance	3,289	(1,341,473)	(241,145)	(1,579,329)	3,016,703
Fund balance - January 1	3,066,381	27,587,933	514,686	31,169,000	28,152,297
Fund balance - December 31	\$3,069,670	\$26,246,460	\$273,541	\$29,589,671	\$31,169,000

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, 2025
With Comparative Totals For December 31, 2024

Statement 5

	<u>2025</u>	<u>2024</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)	(\$1,579,329)	\$3,016,703
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	323,872	121,227
Depreciation expense	(293,396)	(286,095)
Other transactions involving capital assets increase (decrease) net position on the statement of activities but are not reported in governmental funds because they do not provide (or use) current financial resources:		
(Loss) on disposal of capital assets	-	(9,615)
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	15,960	(33,412)
Change in unavailable intergovernmental revenue	(50,000)	21,159
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	(10,573)	(20,844)
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	<u>128,343</u>	<u>92,542</u>
Change in net position of governmental activities (Statement 2)	<u><u>(\$1,465,123)</u></u>	<u><u>\$2,901,665</u></u>

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

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

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 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, investment income 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 investment income 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.

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 funds had expenditures that exceed budgeted appropriations:

Fund:	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Project and Program Fund	\$7,214,918	\$7,839,256	\$624,338
Capital Asset Replacement Fund	100,000	356,991	256,991

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 Commissioners annually adopts a tax levy and certifies it to Hennepin, Anoka and Ramsey counties in December (levy/assessment date) of each year for collection in the following year. The counties are 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 counties 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 counties possess this authority.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

In the 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.

In the 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 received by the MWMO in July, December and January are recognized as revenue for the current year. Taxes collected by the counties by December 31 (remitted to the MWMO the following January) are reported as due from county. Taxes not collected by the counties 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.

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. INTERFUND TRANSACTIONS

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

L. 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:

Nonspendable - consists of amounts that are not in a spendable form, such as prepaid items.

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.

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, 2024, from which the summarized information was derived.

O. RECLASSIFICATIONS

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. 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 which is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid is accrued when incurred

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 or retirement.

Q. 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 and intergovernmental revenue.

R. DEFINED BENEFIT PENSION PLAN

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.

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 118.A.03 identifies allowable forms of collateral.

At December 31, 2025 the carrying amount of the MWMO's deposits with financial institutions was \$1,589,136.

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 at least 110% of deposits not covered by insurance or bonds. As of December 31, 2025, the bank balance of the MWMO's deposits was \$2,282,277, all of which was either insured by the Federal Deposit Insurance Corporation (FDIC) or covered by an irrevocable standby letter of credit held in the MWMO's name.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

B. INVESTMENTS

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

As of December 31, 2025, the MWMO had the following investments and maturities:

Investment Type	S&P Rating	Fair Value	Investment Maturities (In Years)		
			Less Than 1	1 - 5	6 - 10
Brokered certificates of deposit	Not rated	\$15,727,987	\$3,606,731	\$11,877,189	\$244,067
Federal Home Loan Bank bonds	AA+	1,548,329	996,750	551,579	-
Money market	AAA	1,330	1,330	-	-
External investment pool:					
4M Liquid Asset Class	AAA	3,347,039	3,347,039	-	-
4M PLUS Class	AAA	7,636,982	7,636,982	-	-
Total investments		28,261,667	\$15,588,832	\$12,428,768	\$244,067
Deposits		1,589,136			
Total cash and investments		\$ 29,850,803			

The MWMO categorizes its fair value measurements within the fair value hierarchy established by 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, 2025:

Investment Type	12/31/2025	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered certificates of deposit	\$15,727,987	\$ -	\$15,727,987	\$ -
Money market	1,330	-	1,330	-
Federal Home Loan Bank bonds	1,548,329	-	1,548,329	-
Subtotal	17,277,646	\$ -	\$17,277,646	\$ -
Investments not categorized:				
External investment pool:				
4M Liquid Asset Class	3,347,039			
4M PLUS Class	7,636,982			
Total	\$28,261,667			

The MWMO's external investment pools are with the 4M Multi-Class Fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M Multi-Class Fund has two separate classes, the 4M Liquid Asset Class and the 4M PLUS Class.

The 4M Multi-Class Fund 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) of \$1.00 per share. The Fund's investments are measured at amortized cost in accordance with Governmental Accounting Standards Board Statement No. 79. The 4M Liquid Asset Class has no redemption requirements. The 4M PLUS Class requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period are subject to a penalty equal to seven days interest on the amount withdrawn.

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, 2025, the MWMO had 5% of its investments held with the Federal Home Loan Bank.

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 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.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 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	47,135	43,580	(46,144)	44,571
Total capital assets, not being depreciated	<u>594,187</u>	<u>43,580</u>	<u>(46,144)</u>	<u>591,623</u>
Capital assets, being depreciated:				
Buildings	4,443,404	-	-	4,443,404
Land improvements	1,344,291	-	-	1,344,291
Intangibles	1,831,346	227,526	-	2,058,872
Office equipment	431,414	-	-	431,414
Furniture and fixtures	452,929	98,910	-	551,839
Fleet	52,016	-	-	52,016
Total capital assets, being depreciated	<u>8,555,400</u>	<u>326,436</u>	<u>-</u>	<u>8,881,836</u>
Less accumulated depreciation for:				
Buildings	1,392,284	111,912	-	1,504,196
Land improvements	570,044	53,938	-	623,982
Intangibles	564,813	78,595	-	643,408
Office equipment	362,142	10,348	-	372,490
Furniture and fixtures	282,433	38,603	-	321,036
Fleet	52,016	-	-	52,016
Total accumulated depreciation	<u>3,223,732</u>	<u>293,396</u>	<u>-</u>	<u>3,517,128</u>
Total capital assets being depreciated - net	<u>5,331,668</u>	<u>33,040</u>	<u>-</u>	<u>5,364,708</u>
Total capital assets - net	<u>\$5,925,855</u>	<u>\$76,620</u>	<u>(\$46,144)</u>	<u>\$5,956,331</u>

Depreciation expense was charged to the following functions/programs:

General government	\$192,012
Projects	28,552
Programs	72,832
Total depreciation expense	<u>\$293,396</u>

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 4 RECEIVABLES

Significant receivables balances not expected to be collected within one year of December 31, 2025 are as follows:

	General Fund	Project and Program Fund	Capital Asset Replacement Fund	Total
Delinquent property taxes	\$41,600	\$61,200	\$400	\$103,200

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:

	General Fund	Project and Program Fund	Capital Asset Replacement Fund	Total
Delinquent property taxes	\$52,149	\$76,691	\$520	\$129,360

Note 6 FUND BALANCE CLASSIFICATIONS

At December 31, 2025, 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	\$15,808	\$4,613	\$ -	\$20,421
Land held for resale	-	110,247	-	110,247
Committed:				
Future project and program costs	-	19,698,474	-	19,698,474
Assigned:				
Projects and programs	-	6,433,126	-	6,433,126
Capital asset replacement	-	-	273,541	273,541
Unassigned	3,053,862	-	-	3,053,862
Total fund balance	\$3,069,670	\$26,246,460	\$273,541	\$29,589,671

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.

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 General Employees Retirement Plan (General Plan), which is a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). Plan provisions are established and administered according to Minnesota Statutes Chapters 353, 353D, 353E, 353G and 356. Minnesota Statutes Chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

The General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989 receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the

highest average salary for each of the first ten years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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%. The 2025 annual increase was 1.25%. 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. 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 prorated increase.

C. CONTRIBUTIONS

Minnesota Statutes Chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the MWMO was required to contribute 7.50% for General Plan members. The MWMO's contributions to the General Employees Fund for the year ended December 31, 2025 were \$97,125. The MWMO's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

At December 31, 2025, the MWMO reported a liability of \$436,880 for its proportionate share of the General Employees Fund's net pension liability. The MWMO'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 \$10,539.

MWMO's proportionate share of the net pension liability	\$436,880
State of Minnesota's proportionate share of the net pension liability associated with the MWMO	<u>10,539</u>
Total	<u><u>\$447,419</u></u>

The net pension liability was measured as of June 30, 2025, 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, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The MWMO's proportionate share was 0.0132% at the end of the measurement period and 0.0129% for the beginning of the period.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

For the year ended December 31, 2025, the MWMO recognized pension expense of (\$31,218) for its proportionate share of the General Plan’s pension expense. In addition, the MWMO recognized an additional (\$1,617) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

At December 31, 2025, the MWMO reported General Employees Fund deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$41,680	\$ -
Changes in actuarial assumptions	10,524	101,216
Net difference between projected and actual earnings on pension plan investments	-	174,882
Changes in proportion	16,976	41,315
Employer contributions subsequent to the measurement date	<u>50,030</u>	<u>-</u>
Total	<u>\$119,210</u>	<u>\$317,413</u>

The \$50,030 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense</u>
2026	(\$61,295)
2027	(99,509)
2028	(56,383)
2029	(31,046)
2030	-
Thereafter	-

The net pension liability will be liquidated by the general fund.

E. ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability for the cost-sharing defined benefit plan was determined by an actuarial valuation as of June 30, 2025, using the entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	7.00%

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 considered reasonable by the actuary. An investment return of 7.00% is within that range.

Benefit increases after retirement are assumed to be 1.50% for the General Plan.

Salary growth assumptions in the General Plan range in annual increments from 11.50% after one year of service to 3.0% after 27 years of service.

Mortality rates for the General Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA’s experience.

Actuarial assumptions for the General Plan are reviewed every four years. The General Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.50%.

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1.00% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.50%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1.00% and 1.50%.
- The additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

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%	0.75%
Private markets	25%	5.90%
Total	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2025 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GEF was projected to be available to make all projected future benefit payments of current plan members. 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 (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	<u>1% Decrease in Discount Rate (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase in Discount Rate (8.0%)</u>
Proportionate share of the General Plan net pension liability	\$1,061,112	\$436,880	\$69,513

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, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Net Change</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences payable	<u>\$75,105</u>	<u>\$10,573</u>	<u>\$85,678</u>	<u>\$85,678</u>

Note 11 COMMITMENTS AND CONTINGENCIES

A. LITIGATION

Management 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 AND GRANT REIMBURSEMENTS

At December 31, 2025, the MWMO had commitments of \$220,819 for uncompleted construction contracts. In addition, \$1,411,056 of grant reimbursements were paid during early 2026.

Note 12 RECENTLY ISSUED ACCOUNTING STANDARDS

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

Statement No. 103 *Financial Reporting Model Improvements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2025.

Statement No. 104 *Disclosure of Certain Capital Assets*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2025.

Statement No. 105 *Subsequent Events*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2026.

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, 2025

With Comparative Actual Amounts For The Year Ended December 31, 2024

	Budgeted Amounts		2025 Actual Amounts	Variance with Final Budget - Positive (Negative)	2024 Actual Amounts
	Original	Final			
Revenues:					
Property taxes	\$2,132,300	\$2,132,300	\$2,054,364	(\$77,936)	\$2,336,807
Intergovernmental revenue	-	-	3,245	3,245	3,176
Reimbursement revenue	-	-	9,337	9,337	5,555
Investment income	-	-	108,562	108,562	115,535
Other	-	-	30,482	30,482	26,450
Total revenues	<u>2,132,300</u>	<u>2,132,300</u>	<u>2,205,990</u>	<u>73,690</u>	<u>2,487,523</u>
Expenditures:					
Current:					
Personnel costs	1,894,734	1,894,734	1,697,839	196,895	1,474,187
Insurance	49,184	49,184	50,716	(1,532)	48,987
Contracted professional services	286,116	286,116	279,992	6,124	275,805
General operations	55,038	55,038	75,828	(20,790)	57,163
Building operations	73,651	73,651	92,851	(19,200)	71,516
Miscellaneous	14,275	14,275	5,475	8,800	2,500
Total expenditures	<u>2,372,998</u>	<u>2,372,998</u>	<u>2,202,701</u>	<u>170,297</u>	<u>1,930,158</u>
Revenues over (under) expenditures	<u>(\$240,698)</u>	<u>(\$240,698)</u>	3,289	<u>\$243,987</u>	557,365
Fund balance - January 1			<u>3,066,381</u>		<u>2,509,016</u>
Fund balance - December 31			<u>\$3,069,670</u>		<u>\$3,066,381</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, 2025
With Comparative Actual Amounts For The Year Ended December 31, 2024

Statement 7

	Budgeted Amounts		2025 Actual Amounts	Variance with Final Budget - Positive (Negative)	2024 Actual Amounts
	Original	Final			
Revenues:					
Property taxes	\$5,487,150	\$5,487,150	\$5,318,751	(\$168,399)	\$4,611,652
Intergovernmental	-	-	84,313	84,313	-
Reimbursement revenue	-	-	-	-	10,599
Investment income	-	-	1,094,701	1,094,701	1,263,248
Other	-	-	18	18	-
Total revenues	<u>5,487,150</u>	<u>5,487,150</u>	<u>6,497,783</u>	<u>1,010,633</u>	<u>5,885,499</u>
Expenditures:					
Projects:					
Riverfront Grants	2,298,433	2,298,433	4,898,808	(2,600,375)	2,134,354
Green Zone Grants	517,555	517,555	543,788	(26,233)	32,351
Opportunity Sites Grants	2,753,430	2,753,430	1,178,383	1,575,047	315,209
Total projects	<u>5,569,418</u>	<u>5,569,418</u>	<u>6,620,979</u>	<u>(1,051,561)</u>	<u>2,481,914</u>
Programs:					
Stewardship Grants	350,000	350,000	237,137	112,863	233,989
Communication and outreach	184,000	184,000	278,885	(94,885)	198,813
Planning and Watershed assessment	900,000	900,000	537,027	362,973	188,162
Monitoring	211,500	211,500	165,228	46,272	199,172
Total programs	<u>1,645,500</u>	<u>1,645,500</u>	<u>1,218,277</u>	<u>427,223</u>	<u>820,136</u>
Total expenditures	<u>7,214,918</u>	<u>7,214,918</u>	<u>7,839,256</u>	<u>(624,338)</u>	<u>3,302,050</u>
Revenues over (under) expenditures	<u>(\$1,727,768)</u>	<u>(\$1,727,768)</u>	(1,341,473)	<u>\$386,295</u>	2,583,449
Fund balance - January 1			27,587,933		25,004,484
Fund balance - December 31			<u>\$26,246,460</u>		<u>\$27,587,933</u>

See accompanying notes to the required supplementary information.

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CAPITAL ASSET REPLACEMENT FUND
For The Year Ended December 31, 2025
With Comparative Actual Amounts For The Year Ended December 31, 2024

Statement 8

	Budgeted Amounts		2025 Actual Amounts	Variance with Final Budget - Positive (Negative)	2024 Actual Amounts
	Original	Final			
Revenues:					
Property taxes	\$100,000	\$100,000	\$97,808	(\$2,192)	\$96,398
Investment income	-	-	18,038	18,038	29,734
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>115,846</u>	<u>15,846</u>	<u>126,132</u>
Expenditures:					
Current:					
Equipment	-	-	33,119	(33,119)	129,016
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>323,872</u>	<u>(223,872)</u>	<u>121,227</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>356,991</u>	<u>(256,991)</u>	<u>250,243</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(241,145)</u>	<u>(\$241,145)</u>	<u>(124,111)</u>
Fund balance - January 1			<u>514,686</u>		<u>638,797</u>
Fund balance - December 31			<u>\$273,541</u>		<u>\$514,686</u>

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 Last Ten Years

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
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%
2022	2022	0.0142%	1,124,645	32,934	1,157,579	1,063,827	108.8%	76.7%
2023	2023	0.0141%	788,456	21,752	810,208	1,123,847	72.1%	83.1%
2024	2024	0.0129%	475,354	12,292	487,646	1,087,709	44.8%	89.1%
2025	2025	0.0132%	436,880	10,539	447,419	1,191,846	37.5%	90.8%

See accompanying notes to the required supplementary information.

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND
For The Last Ten Years

Statement 10

Fiscal Year Ending December 31	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)
2016	\$63,988	\$63,988	\$ -	\$853,166	7.5%
2017	73,125	73,125	-	975,005	7.5%
2018	77,254	77,254	-	1,030,054	7.5%
2019	76,809	76,809	-	1,024,118	7.5%
2020	81,118	81,118	-	1,083,451	7.5%
2021	80,747	80,747	-	1,076,626	7.5%
2022	76,391	76,391	-	1,018,539	7.5%
2023	84,382	84,382	-	1,124,556	7.5%
2024	83,805	83,805	-	1,117,402	7.5%
2025	97,125	97,125	-	1,294,988	7.5%

See accompanying notes to the required supplementary information.

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

2025 Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.50%.

2025 Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1.00% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.50%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1.00% and 1.50%.
- The additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

2024 Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

2023 Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million was contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2025

2022 Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

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.

2018 Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90% funding ratio to 50% of the Social Security Cost-of-Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

MISSISSIPPI WATERSHED MANAGEMENT ORGANIZATION
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2025

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.

2017 Changes in Plan Provisions:

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16 million in 2017 and 2018 and \$6 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21 million to \$31 million in calendar years 2019 to 2031. The State's contribution changed from \$16 million to \$6 million in calendar years 2019 to 2031.

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.

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INDIVIDUAL FUND FINANCIAL STATEMENTS

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
COMPARATIVE BALANCE SHEET
GENERAL FUND
December 31, 2025
With Comparative Amounts For December 31, 2024

Statement 11

	<u>2025</u>	<u>2024</u>
Assets:		
Cash and investments	\$3,109,929	\$3,091,292
Due from other governments	7,281	3,809
Prepaid items	15,808	11,765
Taxes receivable:		
Delinquent	52,149	44,600
Due from county	7,989	14,176
	<u>7,989</u>	<u>14,176</u>
Total assets	<u>\$3,193,156</u>	<u>\$3,165,642</u>
Liabilities:		
Accounts payable	\$13,532	\$20,097
Due to other governments	12,113	369
Salaries payable	45,692	34,195
Total liabilities	<u>71,337</u>	<u>54,661</u>
Deferred inflows of resources:		
Unavailable revenues	<u>52,149</u>	<u>44,600</u>
Fund balance:		
Nonspendable	15,808	11,765
Unassigned	3,053,862	3,054,616
Total fund balance	<u>3,069,670</u>	<u>3,066,381</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$3,193,156</u>	<u>\$3,165,642</u>

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
For The Year Ended December 31, 2025
With Comparative Amounts For The Year Ended December 31, 2024

Statement 12

	<u>2025</u>	<u>2024</u>
Revenues:		
Property taxes	\$2,054,364	\$2,336,807
Intergovernmental	3,245	3,176
Reimbursement revenue	9,337	5,555
Investment income	108,562	115,535
Other	30,482	26,450
Total revenues	<u>2,205,990</u>	<u>2,487,523</u>
Expenditures:		
Current:		
Personnel costs	1,697,839	1,474,187
Insurance	50,716	48,987
Contracted professional services	279,992	275,805
General operations	75,828	57,163
Building operations	92,851	71,516
Miscellaneous	5,475	2,500
Total expenditures	<u>2,202,701</u>	<u>1,930,158</u>
Revenues over (under) expenditures	3,289	557,365
Fund balance - January 1	<u>3,066,381</u>	<u>2,509,016</u>
Fund balance - December 31	<u><u>\$3,069,670</u></u>	<u><u>\$3,066,381</u></u>

MISSISSIPPI WATER MANAGEMENT ORGANIZATION

COMPARATIVE BALANCE SHEET

PROJECT AND PROGRAM FUND

December 31, 2025

With Comparative Amounts For December 31, 2024

Statement 13

	<u>2025</u>	<u>2024</u>
Assets:		
Cash and investments	\$26,464,654	\$27,588,075
Due from other governments	-	50,000
Prepaid items	4,613	17,429
Taxes receivable:		
Delinquent	76,691	68,800
Due from county	20,384	26,891
Land held for resale	<u>110,247</u>	<u>85,905</u>
Total assets	<u><u>\$26,676,589</u></u>	<u><u>\$27,837,100</u></u>
Liabilities:		
Accounts payable	\$68,839	\$63,974
Contracts payable	9,615	4,650
Retainage payable	187,797	15,223
Due to other governments	18,985	26,767
Deposits payable	14,057	19,753
Unearned revenue	<u>54,145</u>	<u>-</u>
Total liabilities	<u><u>353,438</u></u>	<u><u>130,367</u></u>
Deferred inflows of resources:		
Unavailable revenues	<u>76,691</u>	<u>118,800</u>
Fund balance:		
Nonspendable	114,860	103,334
Committed	19,698,474	22,134,666
Assigned	<u>6,433,126</u>	<u>5,349,933</u>
Total fund balance	<u><u>26,246,460</u></u>	<u><u>27,587,933</u></u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$26,676,589</u></u>	<u><u>\$27,837,100</u></u>

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
PROJECT AND PROGRAM FUND
For The Year Ended December 31, 2025
With Comparative Amounts For The Year Ended December 31, 2024

Statement 14

	<u>2025</u>	<u>2024</u>
Revenues:		
Property taxes	\$5,318,751	\$4,611,652
Intergovernmental	84,313	-
Reimbursement revenue	-	10,599
Investment income	1,094,701	1,263,248
Other	18	-
Total revenues	<u>6,497,783</u>	<u>5,885,499</u>
Expenditures:		
Projects:		
Riverfront Grants	4,898,808	2,134,354
Green Zone Grants	543,788	32,351
Opportunity Sites Grants	1,178,383	315,209
Total projects	<u>6,620,979</u>	<u>2,481,914</u>
Programs:		
Stewardship Grants	237,137	233,989
Communication and outreach	278,885	198,813
Planning and Watershed assessment	537,027	188,162
Monitoring	165,228	199,172
Total programs	<u>1,218,277</u>	<u>820,136</u>
Total expenditures	<u>7,839,256</u>	<u>3,302,050</u>
Revenues over (under) expenditures	(1,341,473)	2,583,449
Fund balance - January 1	<u>27,587,933</u>	<u>25,004,484</u>
Fund balance - December 31	<u><u>\$26,246,460</u></u>	<u><u>\$27,587,933</u></u>

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
COMPARATIVE BALANCE SHEET
CAPITAL ASSET REPLACEMENT FUND
 December 31, 2025
 With Comparative Amounts For December 31, 2024

Statement 15

	<u>2025</u>	<u>2024</u>
Assets:		
Cash and investments	\$276,220	\$535,997
Taxes receivable:		
Delinquent	520	-
Due from county	<u>408</u>	<u>588</u>
Total assets	<u><u>\$277,148</u></u>	<u><u>\$536,585</u></u>
Liabilities:		
Accounts payable	<u>\$3,087</u>	<u>\$21,899</u>
Deferred inflows of resources:		
Unavailable revenues	<u>520</u>	<u>-</u>
Fund balance:		
Assigned	<u>273,541</u>	<u>514,686</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$277,148</u></u>	<u><u>\$536,585</u></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, 2025
With Comparative Amounts For The Year Ended December 31, 2024

Statement 16

	<u>2025</u>	<u>2024</u>
Revenues:		
Property taxes	\$97,808	\$96,398
Investment income	18,038	29,734
Total revenues	<u>115,846</u>	<u>126,132</u>
Expenditures:		
Current:		
Equipment	33,119	129,016
Capital outlay	323,872	121,227
Total expenditures	<u>356,991</u>	<u>250,243</u>
Revenues over (under) expenditures	(241,145)	(124,111)
Fund balance - January 1	<u>514,686</u>	<u>638,797</u>
Fund balance - December 31	<u><u>\$273,541</u></u>	<u><u>\$514,686</u></u>

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OTHER INFORMATION - UNAUDITED

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
TAX LEVY AND REVENUE BY COUNTY
December 31, 2025

Exhibit 1

2025 Taxes Collections

Hennepin County	\$6,957,474
Ramsey County	27,588
Anoka County	<u>481,482</u>
Total tax collections	<u><u>\$7,466,544</u></u>
Levy amount - per Mississippi WMO budget	<u><u>\$7,830,000</u></u> *
Collection percentage	<u><u>95.4%</u></u>

* Levy amount includes a contingency for uncollected taxes of \$110,550

MISSISSIPPI WATER MANAGEMENT ORGANIZATION
PROJECT AND PROGRAM FUND INTERGOVERNMENTAL
AND REIMBURSEMENT REVENUE DETAIL
December 31, 2025

Exhibit 2

Intergovernmental revenue

Projects:

Water Quality Study & Development of Street Sweeping Optimization Plan	\$34,313
Opportunity Natural Resource Grant - East Phillips	<u>50,000</u>
Total intergovernmental revenue	<u><u>\$84,313</u></u>

Reimbursement revenue

Projects:

None for 2025	<u>\$ -</u>
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OTHER REQUIRED REPORTS

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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 Mississippi Watershed Management Organization as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered Mississippi Watershed Management Organization's system of 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 Mississippi Watershed Management Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 those 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, LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

March 19, 2026



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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 Mississippi Watershed Management Organization as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Mississippi Watershed Management Organization's basic financial statements, and have issued our report thereon dated March 19, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that 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 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, LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

March 19, 2026



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