

Annual Financial Report

South Washington Watershed District

Woodbury, Minnesota

For the Year Ended
December 31, 2020

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South Washington Watershed District
 Woodbury, Minnesota
 Annual Financial Report
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INTRODUCTORY SECTION
SOUTH WASHINGTON WATERSHED DISTRICT
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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South Washington Watershed District
Woodbury, Minnesota
Board of Managers and Appointed Officials
For the Year Ended December 31, 2020

BOARD OF MANAGERS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Don Pereira	President*	05/01/21
Brian Johnson	Vice President*	05/01/22
Sharon Doucette	Vice President**	05/01/23
Kevin ChapdeLaine	Treasurer	05/01/22
Mike Madigan	Secretary	05/01/20
Jack Lavold	Manager**	05/01/20

* Mr. Don Pereira ended term as president on 10/31/2020 and was replaced effective 11/10/2020 by Mr. Brian Johnson.

** Ms. Sharon Doucette was elected to replace Mr. Jack Lavold on 4/30/2020 and was elected Vice President to replace Mr. Brian Johnson as noted above.

APPOINTED OFFICIALS

Matt Moore	Administrator
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FINANCIAL SECTION
SOUTH WASHINGTON WATERSHED DISTRICT
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Managers
South Washington Watershed District
Woodbury, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the South Washington Watershed District, Minnesota (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Minnesota Office of the State auditor. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 the District as of December 31, 2020 and the respective changes in financial position and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

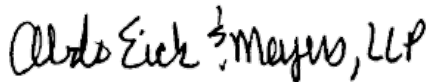
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions, the related note disclosures, starting on page 50 be presented to supplement the basic financial statements. Such 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. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statement.

The combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 5, 2021

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Management's Discussion and Analysis

As management of the South Washington Watershed District (the District), Woodbury, Minnesota, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$29,605,444 (net position). Of this amount, \$12,397,984 (unrestricted net position) may be used to meet the District's ongoing obligations.
- The District's total net position increased by \$1,674,667, which is mostly due to charges for services and general revenues exceeding expenses during the year.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$13,396,235, a decrease of \$5,424,914 in comparison with the prior year mainly due to payments for land and easements for the overflow project.
- The ending General fund balance is \$568,925, which is made up of nonspendable (\$15,754) and unassigned (\$553,171). The unassigned fund balance is 80.8 percent of the 2021 budgeted expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another.

**Figure 1
Required Components of the
District’s Annual Financial Report**

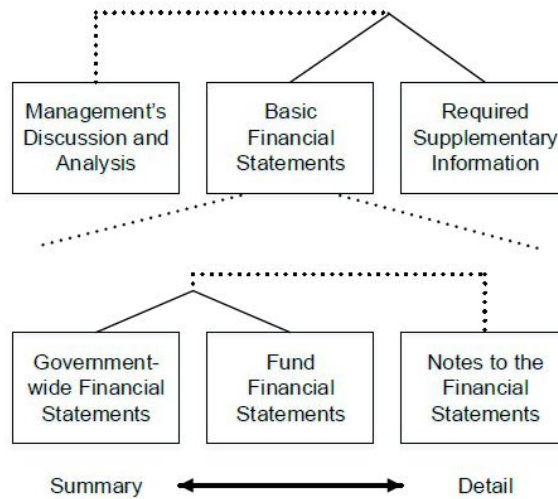


Figure 2 summarizes the major features of the District’s financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure 2
Major Features of the Government-wide and Fund Financial Statements**

	Fund Financial Statements	
	Government-wide Statements	Governmental Funds
Scope	Entire District	The activities of the District
Required financial statements	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., grants and earned but unused vacation and sick leave).

The governmental activities of the District include general government and program costs.

The government-wide financial statements start on page 24 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently maintains two governmental funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheets and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its General fund and Management Planning fund. A budgetary comparison statement has been provided for the General fund and a budgetary comparison schedule has been provided for the Planning and Implementation fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements start on page 28 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 33 of this report.

This report also presents certain required supplementary information concerning the progress in funding its obligation to provide pension to its employees. Required supplementary information can be found starting on page 50 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$29,605,444 at the close of the most recent fiscal year.

The largest portion, 55.1 percent or \$16,310,576 reflects its net investment in capital assets (e.g., land, land improvements, and permanent easements), while the remaining 3.0 percent is restricted for future use. These assets are not available for future spending. 41.9 percent (\$12,397,984) of the District's net position is unrestricted and available to meet the ongoing needs of the District. The remaining balance (\$896,884) is restricted for future debt service and water quality and drainage improvements.

South Washington Watershed District's Summary of Net Position

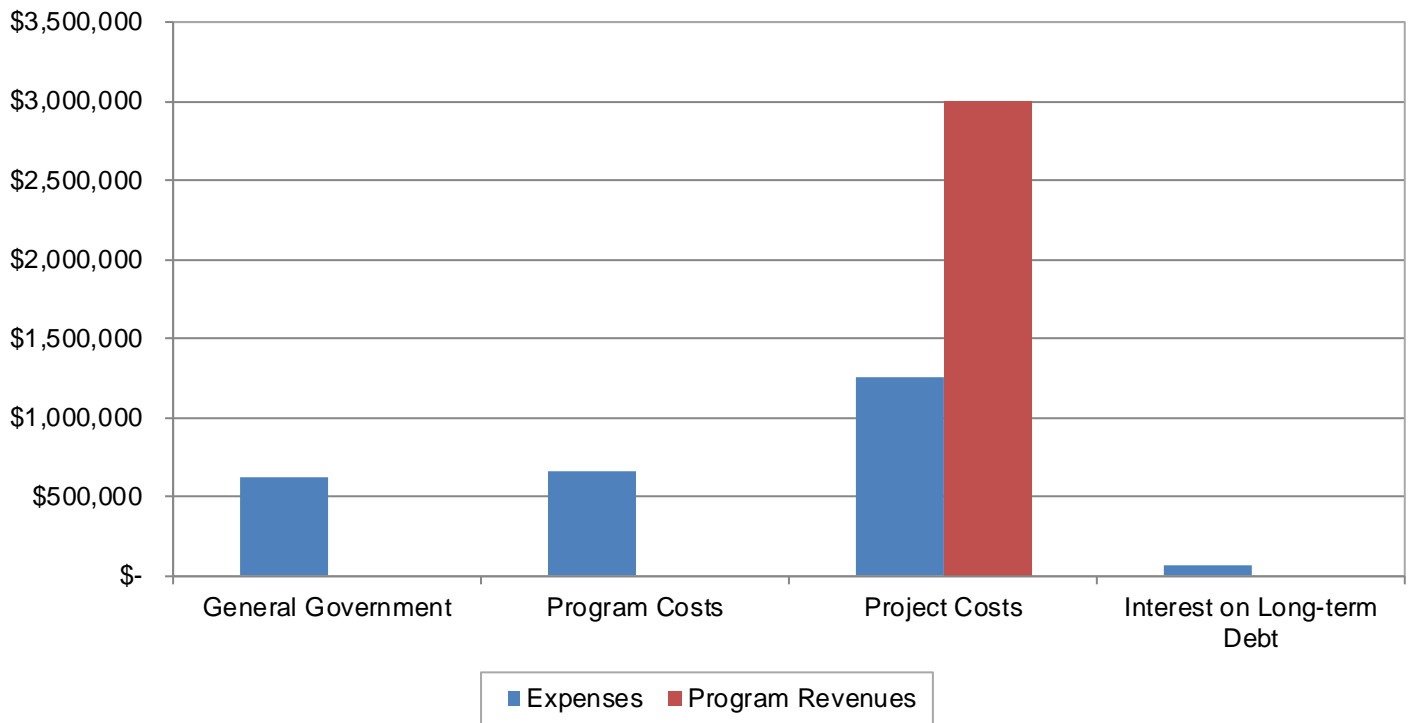
	December 31,		Increase (Decrease)
	2020	2019	
Assets			
Current	\$ 14,233,900	\$ 20,303,336	\$ (6,069,436)
Capital assets, net	19,259,185	12,344,196	6,914,989
Total Assets	<u>33,493,085</u>	<u>32,647,532</u>	<u>845,553</u>
Deferred Outflows of Resources			
Pension resources	<u>22,883</u>	<u>21,616</u>	<u>1,267</u>
Liabilities			
Current	607,985	1,234,102	(626,117)
Noncurrent	3,277,575	3,447,057	(169,482)
Total Liabilities	<u>3,885,560</u>	<u>4,681,159</u>	<u>(795,599)</u>
Deferred Outflows of Resources			
Pension resources	<u>24,964</u>	<u>57,212</u>	<u>(32,248)</u>
Net Position			
Net investment in capital assets	16,310,576	9,198,726	7,111,850
Restricted	896,884	885,657	11,227
Unrestricted	<u>12,397,984</u>	<u>17,846,394</u>	<u>(5,448,410)</u>
Total Net Position	<u>\$ 29,605,444</u>	<u>\$ 27,930,777</u>	<u>\$ 1,674,667</u>

Governmental Activities. Governmental activities increased the District's net position by \$1,674,667, which was mostly due to revenues exceeding expenses during the year.

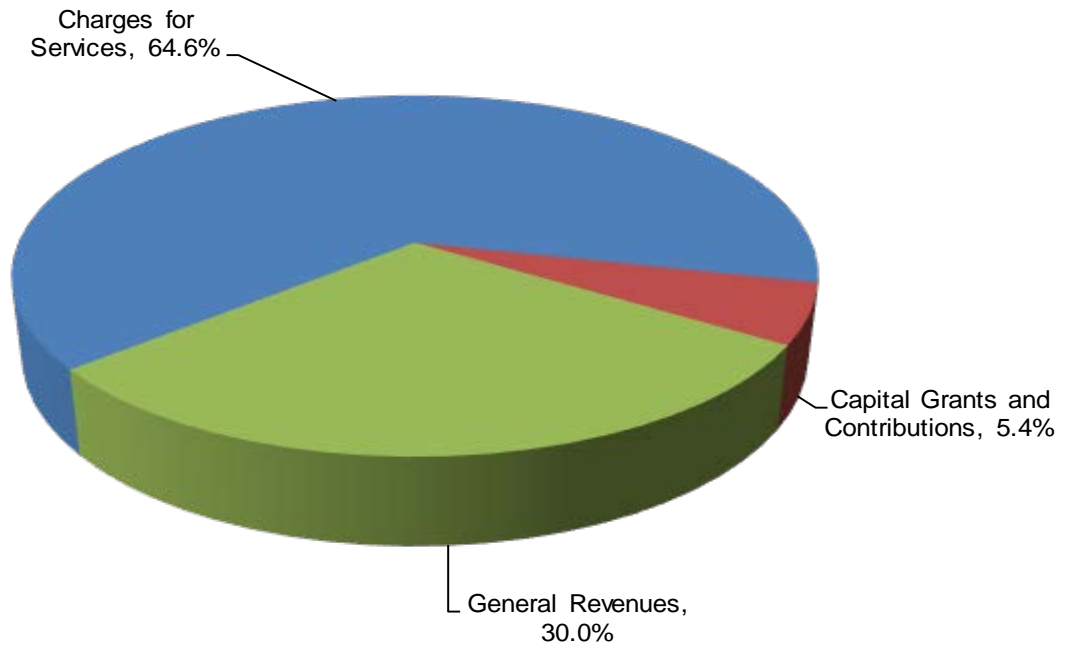
South Washington Watershed District's Changes in Net Position

	December 31,		Increase (Decrease)
	2020	2019	
Revenues			
Program			
Charges for services	\$ 2,768,285	\$ 2,677,480	\$ 90,805
Capital grants and contribution	230,752	33,767	196,985
General			
Property taxes	1,178,988	1,139,361	39,627
Grants and contributions not restricted to specific programs	677	707	(30)
Gain on sale of fixed assets	-	225,097	(225,097)
Unrestricted investment earnings	67,631	355,467	(287,836)
Miscellaneous	35,881	22,871	13,010
Total Revenues	<u>4,282,214</u>	<u>4,454,750</u>	<u>(172,536)</u>
Expenses			
General government	627,912	770,709	(142,797)
Program costs	662,936	478,475	184,461
Project costs	1,254,365	1,934,459	(680,094)
Interest on long-term debt	62,334	85,121	(22,787)
Total Expenses	<u>2,607,547</u>	<u>3,268,764</u>	<u>(661,217)</u>
Change in Net Position	1,674,667	1,185,986	488,681
Net Position, January 1 as Restated*	<u>27,930,777</u>	<u>26,744,791</u>	<u>1,185,986</u>
Net Position, December 31	<u>\$ 29,605,444</u>	<u>\$ 27,930,777</u>	<u>\$ 1,674,667</u>

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.



Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$13,396,235, a decrease of \$5,424,914 in comparison with the prior year. Approximately 4.1 percent of this total amount (\$553,171) constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance, \$12,843,064, is 1) Nonspendable (\$15,754) for prepaid items 2) Restricted (\$916,423) for debt service and water quality and drainage improvements, and 3) Committed (\$11,910,887) for water resources management plan.

The General fund is the chief operating fund of the District. At the end of the current year, the fund balance of the General fund was \$568,925. As a measure of the General fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 151.5 percent of 2020 actual expenditures. The General fund balance increased by \$90,987 during the current fiscal year.

The fund balance of the Planning and Implementation fund at year end was \$12,138,312 which is a decrease of \$5,525,175 from the prior year. This is mainly due to the District completing the final phase of the overflow project.

The fund balance of the Debt Service fund at year end was \$688,998, an increase of \$9,274 from prior year. The fund balance is restricted for debt service. The decrease in fund balance is mainly due to scheduled principal and interest payments during the year.

General Fund Budgetary Highlights

The District's General fund budget was not amended during the year. Revenues were over budget by \$8,168. Expenditures were under budget by \$82,819. The largest variance was provided by capital outlay expenditures which were under by \$42,372, which is due to a delay in expected capital purchases.

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2020 amounts to \$19,259,185 (net of accumulated depreciation). This investment in capital assets includes land, easements, infrastructure, and land improvements. During the year, the District entered into a construction agreement with Washington County for three different projects.

South Washington Watershed District's Capital Assets (Net of Depreciation)

	December 31,		Increase (Decrease)
	2020	2019	
Land	\$ 9,617,888	\$ 7,929,408	\$ 1,688,480
Construction in Progress	-	146,332	(146,332)
Infrastructure	9,641,297	4,268,456	5,372,841
 Total	 <u>\$ 19,259,185</u>	 <u>\$ 12,344,196</u>	 <u>\$ 6,914,989</u>

Additional information on the District's capital assets can be found in Note 3B on page 41 of this report.

Noncurrent Liabilities

At the end of the current fiscal year, the District had total bonded debt outstanding of \$2,948,609, all of which were G.O bonds. While all of the District's bonds have revenue streams, they are all backed by the full faith and credit of the District.

South Washington Watershed District's Noncurrent Liabilities

	December 31,		Increase
	<u>2020</u>	<u>2019</u>	<u>(Decrease)</u>
Bonds Payable	<u>\$ 2,948,609</u>	<u>\$ 3,145,470</u>	<u>\$ (196,861)</u>

The District's total noncurrent liabilities decreased by \$196,861 during the current fiscal year. The decrease can be attributed to regularly scheduled principal payments.

Additional information on the District's noncurrent liabilities can be found in Note 3C starting on page 41 of this report.

Economic Factors and Next Year's Budgets

The economic outlook for the District is strong with continued growth through the development of residential and commercial property. All cities and townships have updated comprehensive land use plans to provide expanded development opportunities. With continued development, the District will experience steady growth in values and tax base. The District collects stormwater utility fees which provide the majority of the revenue for projects. Development, particularly in residential units creates steady growth in the Districts stormwater utility fees. Stormwater utility fees have seen an average increase of 600 units over the past 5 years. The future budget will migrate revenue towards three program areas of resiliency, watershed restoration and coordinated capital projects.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Matt Moore, Administrator, South Washington Watershed District, 2302 Tower Drive, Woodbury, MN 55125.

GOVERNMENT-WIDE FINANCIAL STATEMENTS
SOUTH WASHINGTON WATERSHED DISTRICT
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

South Washington Watershed District

Woodbury, Minnesota
Statement of Net Position
December 31, 2020

	<u>Governmental Activities</u>
Assets	
Cash and temporary investments	\$ 13,669,578
Restricted cash	236,163
Receivables	
Stormwater utility fees	28,488
Taxes	30,847
Due from other governments	253,070
Prepaid items	15,754
Capital assets	
Nondepreciable assets	9,617,888
Depreciable assets, net of accumulated depreciation	9,641,297
Total Assets	<u>33,493,085</u>
Deferred Outflows of Resources	
Deferred pension resources	<u>22,883</u>
Liabilities	
Accounts payable	339,307
Accrued salaries payable	11,015
Accrued interest	22,438
Unearned revenue	235,225
Noncurrent liabilities	
Due within one year	
Long-term debt	250,189
Due in more than one year	
Long-term debt	2,733,609
Net pension liability	293,777
Total Liabilities	<u>3,885,560</u>
Deferred Inflows of Resources	
Deferred pension resources	<u>24,964</u>
Net Position	
Net investment in capital assets	16,310,576
Restricted for	
Debt service	669,459
Water quality and drainage improvements	227,425
Unrestricted	<u>12,397,984</u>
Total Net Position	<u>\$ 29,605,444</u>

The notes to the financial statements are an integral part of this statement.

South Washington Watershed District
Woodbury, Minnesota
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities					
General government	\$ 627,912	\$ -	\$ -	\$ -	\$ (627,912)
Program costs	662,936	-	-	-	(662,936)
Project costs	1,254,365	2,768,285	-	230,752	1,744,672
Interest on long-term debt	62,334	-	-	-	(62,334)
Total	\$ 2,607,547	\$ 2,768,285	\$ -	\$ 230,752	391,490
General Revenues					
Property taxes					1,178,988
Grants and contributions not restricted to specific programs					677
Unrestricted investment earnings					67,631
Miscellaneous					35,881
Total General Revenues					<u>1,283,177</u>
Change in Net Position					1,674,667
Net Position, January 1					<u>27,930,777</u>
Net Position, December 31					<u>\$ 29,605,444</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS
SOUTH WASHINGTON WATERSHED DISTRICT
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

South Washington Watershed District
Woodbury, Minnesota
Balance Sheet
Governmental Funds
December 31, 2020

	General	Planning and Implementation	Debt Service	Total Governmental Funds
Assets				
Cash and temporary investments	\$ 563,434	\$ 12,427,276	\$ 678,868	\$ 13,669,578
Restricted cash	-	227,425	8,738	236,163
Receivables				
Stormwater utility fees	-	25,589	2,899	28,488
Taxes	4,984	24,036	1,827	30,847
Due from other governments	-	253,070	-	253,070
Prepaid items	15,754	-	-	15,754
	<u>15,754</u>	<u>-</u>	<u>-</u>	<u>15,754</u>
Total Assets	<u>\$ 584,172</u>	<u>\$ 12,957,396</u>	<u>\$ 692,332</u>	<u>\$ 14,233,900</u>
Liabilities				
Accounts payable	\$ 9,116	\$ 329,756	\$ 435	\$ 339,307
Accrued salaries payable	4,329	6,686	-	11,015
Unearned revenue	-	235,225	-	235,225
Total Liabilities	<u>13,445</u>	<u>571,667</u>	<u>435</u>	<u>585,547</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes	1,802	1,828	-	3,630
Unavailable revenue - stormwater utility fees	-	25,589	2,899	28,488
Unavailable revenue - intergovernmental	-	220,000	-	220,000
Total Deferred Inflows of Resources	<u>1,802</u>	<u>247,417</u>	<u>2,899</u>	<u>252,118</u>
Fund Balances				
Nonspendable - prepaid items	15,754	-	-	15,754
Restricted for				
Debt service	-	-	688,998	688,998
Water quality and drainage improvements	-	227,425	-	227,425
Committed for planning and implementation	-	11,910,887	-	11,910,887
Unassigned	553,171	-	-	553,171
Total Fund Balances	<u>568,925</u>	<u>12,138,312</u>	<u>688,998</u>	<u>13,396,235</u>
	<u>568,925</u>	<u>12,138,312</u>	<u>688,998</u>	<u>13,396,235</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 584,172</u>	<u>\$ 12,957,396</u>	<u>\$ 692,332</u>	<u>\$ 14,233,900</u>

The notes to the financial statements are an integral part of this statement.

South Washington Watershed District
 Woodbury, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2020

Amounts reported for the governmental activities in the statement of net position are different because

Total Fund Balances - Governmental	\$ 13,396,235
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	20,051,708
Less accumulated depreciation	(792,523)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Compensated absences payable	(35,189)
Bonds payable	(2,880,000)
Bond premium	(68,609)
Net pension liability	(293,777)
Some receivables are not available soon enough to pay for the current period's expenditures and therefore are unavailable in the funds.	
Taxes receivable	3,630
Stormwater utility fees	28,488
Intergovernmental	220,000
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	22,883
Deferred inflows of pension resources	(24,964)
Governmental funds do not report a liability for accrued interest until due and payable	(22,438)
Total Net Position - Governmental Activities	\$ 29,605,444

The notes to the financial statements are an integral part of this statement.

South Washington Watershed District
Woodbury, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Planning and Implementation	Debt Service	Total Governmental Funds
Revenues				
Property taxes	\$ 458,264	\$ 724,741	\$ -	\$ 1,183,005
Stormwater utility fees	-	2,498,727	265,846	2,764,573
Intergovernmental	262	105,270	-	105,532
Interest on investments	7,853	55,255	4,523	67,631
Miscellaneous	101	180,897	-	180,998
Total Revenues	<u>466,480</u>	<u>3,564,890</u>	<u>270,369</u>	<u>4,301,739</u>
Expenditures				
Current				
General government	372,865	257,775	-	630,640
Programs	-	662,936	-	662,936
Project	-	79,696	-	79,696
Capital				
General government	2,628	-	-	2,628
Project	-	8,089,658	-	8,089,658
Debt service				
Principal	-	-	190,000	190,000
Interest and other	-	-	71,095	71,095
Total Expenditures	<u>375,493</u>	<u>9,090,065</u>	<u>261,095</u>	<u>9,726,653</u>
Net Change in Fund Balances	90,987	(5,525,175)	9,274	(5,424,914)
Fund Balances, January 1	<u>477,938</u>	<u>17,663,487</u>	<u>679,724</u>	<u>18,821,149</u>
Fund Balances, December 31	<u>\$ 568,925</u>	<u>\$ 12,138,312</u>	<u>\$ 688,998</u>	<u>\$ 13,396,235</u>

The notes to the financial statements are an integral part of this statement.

South Washington Watershed District
Woodbury, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2020

Amounts reported for governmental activities in the statement of activities are different because

Total Net Change in Fund Balances - Governmental Funds	\$ (5,424,914)
<p>Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	7,575,212
Depreciation expense	(208,723)
<p>A gain or loss on the disposal of capital assets, including the difference between carrying value and any related sale proceeds is included in net position. However, only the sale proceeds are included in the change in fund balance.</p>	
	(451,500)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities</p>	
Principal repayments	190,000
Amortization of bond premium	6,861
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	1,900
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Property taxes	(4,017)
Stormwater utility fees	3,712
Intergovernmental	(20,000)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	20,926
Pension revenue	780
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences payable	(15,570)
Change in Net Position - Governmental Activities	\$ 1,674,667

The notes to the financial statements are an integral part of this statement.

South Washington Watershed District
Woodbury, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 458,312	\$ 458,312	\$ 458,264	\$ (48)
Intergovernmental	-	-	262	262
Interest on investments	-	-	7,853	7,853
Miscellaneous	-	-	101	101
Total Revenues	<u>458,312</u>	<u>458,312</u>	<u>466,480</u>	<u>8,168</u>
Expenditures				
Current				
General government				
Operational services	270,285	270,285	262,009	8,276
Supplies	5,000	5,000	5,788	(788)
Other services and charges	138,027	138,027	105,068	32,959
Capital				
General government	45,000	45,000	2,628	42,372
Total Expenditures	<u>458,312</u>	<u>458,312</u>	<u>375,493</u>	<u>82,819</u>
Net Change in Fund Balances	-	-	90,987	90,987
Fund Balances, January 1	<u>477,938</u>	<u>477,938</u>	<u>477,938</u>	-
Fund Balances, December 31	<u>\$ 477,938</u>	<u>\$ 477,938</u>	<u>\$ 568,925</u>	<u>\$ 90,987</u>

The notes to the financial statements are an integral part of this statement.

South Washington Watershed District
Woodbury, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The South Washington Watershed District (the District), Woodbury, Minnesota was originally created in 1993 under the name of Cottage Grove Ravine Watershed District by the Minnesota Board of Water and Soil Resources (the Board) as provided in Minnesota Statutes Chapter 103D. In July 1994, the District changed its name to South Washington Watershed District. The District is operated by a five member Board of Managers originally appointed by the Board. Subsequent appointments will be made by Washington County.

The District has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The District has no component units that meet the GASB criteria.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly 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.

South Washington Watershed District
Woodbury, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Basis of 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. 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Charges for service, assessments to members, grants and interest associated with the current fiscal period are all considered 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 by the organization.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlement and donations. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The District reports the following major governmental funds:

The *General fund* is the District's primary operating fund. It accounts for all financial resources not accounted for in a different fund of the District.

The *Planning and Implementation fund* is established to account for expenditures related to the preparation and implementation of the Watershed Management Plan. Property taxes and stormwater utility fees are committed for planning and implementation

The *Debt service fund* accounts for the resources accumulated and payments made for principal and interest on long term general obligation debt of governmental funds.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements.

South Washington Watershed District
Woodbury, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

The District's cash and temporary investments are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The District may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The District does not have deposits at December 31, 2020.

The broker money market accounts operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares. The District does not have a formal investment policy.

South Washington Watershed District
Woodbury, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the District's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Property Taxes

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

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for taxes not received within 60 days after year end in the fund financial statements.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and are recorded as prepaid items. The District uses the consumption method to account for all prepaid items.

Capital Assets

Capital assets, which include land, land improvements and easements are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) 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 assets lives are not capitalized.

GASB Statement No. 34 required the District to report and depreciate new infrastructure assets effective with the beginning of the 2004 calendar year. Infrastructure assets include lake improvements, dams and drainage systems. Neither their historical cost nor related depreciation has historically been reported in the financial statements. For governmental entities with total annual revenues of less than \$10 million for the fiscal year ended December 31, 1999 the retroactive reporting of infrastructure is not required under the provisions of GASB Statement No. 34. The District implemented the general provisions of GASB Statement No. 34 in the 2004 calendar year and has elected not to report infrastructure assets acquired in years prior to 2004.

South Washington Watershed District
 Woodbury, Minnesota
 Notes to the Financial Statements
 December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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

Assets	Useful Lives in Years
Infrastructure	48 - 50

Deferred Outflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/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 30th. 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. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense recognized by the District for the year ended December 31, 2020, was \$6,695 .

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, which is paid to the employee upon separation. All vacation pay 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 and retirements. The General fund is typically used to liquidate governmental compensated absences payable.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

South Washington Watershed District
Woodbury, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

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

The District has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

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

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the Board, which is the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board itself or by an official to which the governing body delegates the authority

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

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

South Washington Watershed District
Woodbury, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

The Board of Managers adopts an annual budget for the General and Management Planning fund of the District on an annual basis. During the budget year, supplemental appropriations and deletions are or may be authorized by the Board. The modified accrual basis of accounting is used by the District for budgeting data. All appropriations end with the fiscal year for which they were made. The District does not use encumbrance accounting.

The District monitors budget performance on the fund basis. All amounts over budget have been approved by the Board through the disbursement process. The budget was not amended in 2020.

Note 3: Detailed Notes on Accounts

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the District's deposits and investments may not be returned or the District will not be able to recover collateral securities in the possession of an outside party.

In accordance with Minnesota statutes and as authorized by the Board, the District maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all District deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any Federal agency.

The District does not have deposits at December 31, 2020.

South Washington Watershed District
Woodbury, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on Accounts (Continued)

Investments

The investments of the District are subject to the following risks:

- *Credit Risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. The District follows State Statutes in regards to credit risk of investments. The District policy does not further limit investment choices.
- *Custodial Credit Risk* for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District does not have an investment policy to address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk*. This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount that may be invested in any one issuer.
- *Interest Rate Risk*. This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have an investment policy to address interest rate risk, however, manages exposure to declines in fair values by limiting a majority of investments to less than five years. Extended maturities may be utilized to take advantage of higher yields; however, no more than 40 percent of the total investments should extend beyond five years as of the total investment figure as of January first of each year and in no circumstance should any extend beyond 10 years.

At year end, the District's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount
Pooled Investments at Amortized Costs			
4M Fund	N/A	less than 6 months	\$ 13,669,578
Broker Money Market Funds	N/A	less than 6 months	<u>236,163</u>
Total			<u><u>\$ 13,905,741</u></u>

(1) Ratings are provided by Moody's where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

A reconciliation of cash and temporary investments as shown on the statement of net position for the District follows:

Primary Government	
Cash and temporary investments	\$ 13,669,578
Restricted cash	<u>236,163</u>
Total	<u><u>\$ 13,905,741</u></u>

South Washington Watershed District
Woodbury, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on Accounts (Continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Adjustment/ Reclassification	Increases	Decreases	Ending Balance
Governmental Activities					
Capital Assets, not being Depreciated					
Land	\$ 7,929,408	\$ 19,581	\$ 2,139,980	\$ (471,081)	\$ 9,617,888
Construction in progress	146,332	-	5,435,232	(5,581,564)	-
Total Capital Assets, not being Depreciated	<u>8,075,740</u>	<u>19,581</u>	<u>7,575,212</u>	<u>(6,052,645)</u>	<u>9,617,888</u>
Capital Assets, being Depreciated					
Infrastructure	4,852,256	-	5,581,564	-	10,433,820
Less Accumulated Depreciation for Infrastructure	<u>(583,800)</u>	<u>-</u>	<u>(208,723)</u>	<u>-</u>	<u>(792,523)</u>
Total Capital Assets being Depreciated, Net	<u>4,268,456</u>	<u>-</u>	<u>5,372,841</u>	<u>-</u>	<u>9,641,297</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,344,196</u>	<u>\$ 19,581</u>	<u>\$ 12,948,053</u>	<u>\$ (6,052,645)</u>	<u>\$ 19,259,185</u>

Depreciation expense charged to the project costs function for 2020 was \$208,723.

C. Long-term Debt

General Obligation (G.O.) Bonds.

The District issued general obligation bonds in 2011 to finance a portion of the water quality improvement projects related to the City of Cottage Grove, drainage improvements related to the City of Newport and Grey Cloud Island Slough Crossing Project. The District issued a general obligation crossover refunding bond in 2016 to partially refund the 2011A bond on March 15, 2016.

As of December 31, 2020, the long-term bonded debt of the District is as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O Crossover Refunding Bonds, 2016A	\$ 3,070,000	2.00 - 3.00 %	3/15/2016	3/1/2031	<u>\$ 2,880,000</u>

South Washington Watershed District
Woodbury, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on Accounts (Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 215,000	\$ 64,090	\$ 279,090
2022	220,000	57,565	277,565
2023	250,000	50,515	300,515
2024	255,000	44,215	299,215
2025	265,000	39,015	304,015
2026 - 2030	1,385,000	111,713	1,496,713
2031	290,000	3,480	293,480
Total	\$ 2,880,000	\$ 370,593	\$ 3,250,593

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 3,070,000	\$ -	\$ (190,000)	\$ 2,880,000	\$ 215,000
Add					
Premium on bonds	75,470	-	(6,861)	68,609	-
Total Bonds Payable	3,145,470	-	(196,861)	2,948,609	215,000
Compensated Absences Payable	19,619	35,337	(19,767)	35,189	35,189
Total Governmental Activities	\$ 3,165,089	\$ 35,337	\$ (216,628)	\$ 2,983,798	\$ 250,189

South Washington Watershed District
Woodbury, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans 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.

General Employees Retirement Plan

All full-time and certain part-time employees of the District are covered by the General Employees Plan. General Employees Plan 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.

General Employee Plan Benefits

General Employees Plan 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 Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for 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. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. 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.

C. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the years ending December 31, 2020, 2019 and 2018 were \$29,790, \$26,145, and \$26,539, respectively. The District's contributions were equal to the required contributions for each year as set by state statute.

South Washington Watershed District
Woodbury, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2020, the District reported a liability of \$293,777 or its proportionate share of the General Employees Fund's net pension liability. The District'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 District totaled \$8,967. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The District's proportion was 0.0049 percent which was a 0.0002 percent decrease from proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the District recognized pension expense of \$5,915, or its proportionate share of General Employees Plan's pension expense. In addition, the District recognized \$780 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.

District's Proportionate Share of the Net Pension Liability	\$ 293,777
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the District	<u>8,964</u>
Total	<u><u>\$ 302,741</u></u>

At December 31, 2020, the District reported its proportionate share of the General Employees Plan'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 Experience	\$ 3,215	\$ 1,161
Changes in Actuarial Assumptions	208	11,385
Net Difference between Projected and Actual Earnings on Plan Investments	3,348	-
Changes in Proportion	-	12,418
Contributions Paid to PERA Subsequent to the Measurement Date	<u>16,112</u>	<u>-</u>
Total	<u><u>\$ 22,883</u></u>	<u><u>\$ 24,964</u></u>

The \$16,112 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (22,385)
2022	(5,407)
2023	2,501
2024	7,098

South Washington Watershed District
Woodbury, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the an individual entry-age normal actuarial cost method and following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan 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 2020:

General Employees Fund

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 changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed 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.

South Washington Watershed District
Woodbury, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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.

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 Stocks	36.0 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.90
Bonds (Fixed Income)	20.0	0.75
International Stocks	17.0	5.30
Cash	2.0	-
Total	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.50 percent. 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 General Employees Fund 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 District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund	\$ 470,823	\$ 293,777	\$ 147,729

H. Pension Plan Fiduciary Net Position

Detailed information about each 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 on the Internet at www.mnpera.org.

South Washington Watershed District
Woodbury, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 5: Other Information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries insurance. The District pays annual premiums for its workers compensation and property and casualty insurance. Settled claims have not exceeded the District's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The District's management is not aware of any incurred but not reported claims.

B. Stormwater Utility Fees

In 2004, the District implemented a stormwater utility fee pursuant to Minnesota Statutes Chapter 444.

Note 6: COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the District cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the District's financial condition, liquidity, and future results of its revenue collections is uncertain.

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REQUIRED SUPPLEMENTARY INFORMATION
SOUTH WASHINGTON WATERSHED DISTRICT
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

South Washington Watershed District
Woodbury, Minnesota
Required Supplementary Information
December 31, 2020

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.0049 %	\$ 293,777	\$ 8,967	\$ 302,744	\$ 348,523	84.3 %	79.0 %
06/30/19	0.0051	281,968	8,833	290,801	360,140	78.3	80.2
06/30/18	0.0052	288,475	9,514	297,989	347,225	83.1	79.5
06/30/17	0.0052	331,965	4,202	336,167	308,713	107.5	75.9
06/30/16	0.0052	422,214	5,548	427,762	322,277	131.0	68.9
06/30/15	0.0048	248,761	-	248,761	279,306	89.1	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/20	\$ 29,790	\$ 29,790	\$ -	\$ 348,597	7.5 %
12/31/19	26,145	26,145	-	348,597	7.5
12/31/18	26,539	26,539	-	353,853	7.5
12/31/17	23,712	23,712	-	316,160	7.5
12/31/16	24,670	24,670	-	328,933	7.5
12/31/15	23,445	23,445	-	312,600	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available

South Washington Watershed District
Woodbury, Minnesota
Required Supplementary Information (Continued)
December 31, 2020

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2020 - 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 changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed 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.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. 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 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

South Washington Watershed District
Woodbury, Minnesota
Required Supplementary Information (Continued)
December 31, 2020

Notes to the Required Supplementary Information - General Employee Retirement Fund (Continued)

Changes in Plan Provisions

2020 - 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 - 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 - 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 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, 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.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - No changes noted

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

COMBINING SCHEDULES
SOUTH WASHINGTON WATERSHED DISTRICT
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

South Washington Watershed District
Woodbury, Minnesota
Planning and Implementation Fund
Combining Balance Sheet
December 31, 2020

	01	02	03	04	
	Planning Fund	Regulatory	Implementation and Maintenance	Education	Total
Assets					
Cash and temporary investments	\$ 2,688,101	\$ 355,186	\$ 8,672,320	\$ 711,669	\$ 12,427,276
Restricted cash	-	-	227,425	-	227,425
Receivables					
Stormwater utility fees	-	-	25,589	-	25,589
Taxes	1,568	194	21,183	1,091	24,036
Due from other governments	-	-	253,070	-	253,070
Total Assets	\$ 2,689,669	\$ 355,380	\$ 9,199,587	\$ 712,760	\$ 12,957,396
Liabilities					
Accounts payable	\$ -	\$ -	\$ 305,413	\$ 24,343	\$ 329,756
Accrued salaries payable	1,441	345	4,324	576	6,686
Unearned revenue	-	-	19,977	215,248	235,225
Total Liabilities	1,441	345	329,714	240,167	571,667
Deferred Inflows of Resources					
Unavailable revenues - taxes	-	-	1,828	-	1,828
Unavailable revenues - stormwater utility fees	-	-	25,589	-	25,589
Unavailable revenues - intergovernmental	-	-	220,000	-	220,000
Total Deferred Inflows of Resources	-	-	247,417	-	247,417
Fund Balances					
Restricted for water quality and improvements	-	-	227,425	-	227,425
Committed for planning and implementation	2,688,228	355,035	8,395,031	472,593	11,910,887
Total Fund Balances	2,688,228	355,035	8,622,456	472,593	12,138,312
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,689,669	\$ 355,380	\$ 9,199,587	\$ 712,760	\$ 12,957,396

South Washington Watershed District
Woodbury, Minnesota
Planning and Implementation Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2020

	01	02	03	04	
	Planning Fund	Regulatory	Implementation and Maintenance	Education	Total
Revenues					
Property taxes	\$ 74,942	\$ 27,947	\$ 464,768	\$ 157,084	\$ 724,741
Stormwater utility fees	152,321	-	2,346,406	-	2,498,727
Intergovernmental	43	16	102,940	2,271	105,270
Interest on investments	3,874	479	48,211	2,691	55,255
Miscellaneous	-	500	133,295	47,102	180,897
Total Revenues	<u>231,180</u>	<u>28,942</u>	<u>3,095,620</u>	<u>209,148</u>	<u>3,564,890</u>
Expenditures					
Current					
General government	64,730	22,484	150,449	20,112	257,775
Programs	-	-	603,859	59,077	662,936
Projects	-	-	79,696	-	79,696
Capital					
Projects	-	-	8,010,305	79,353	8,089,658
Total Expenditures	<u>64,730</u>	<u>22,484</u>	<u>8,844,309</u>	<u>158,542</u>	<u>9,090,065</u>
Net Change in Fund Balances	166,450	6,458	(5,748,689)	50,606	(5,525,175)
Fund Balances, January 1	<u>2,521,778</u>	<u>348,577</u>	<u>14,371,145</u>	<u>421,987</u>	<u>17,663,487</u>
Fund Balances, December 31	<u>\$ 2,688,228</u>	<u>\$ 355,035</u>	<u>\$ 8,622,456</u>	<u>\$ 472,593</u>	<u>\$ 12,138,312</u>

South Washington Watershed District
Woodbury, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Planning and Implementation Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 724,816	\$ 724,816	\$ 724,741	\$ (75)
Stormwater utility fees	2,481,376	2,481,376	2,498,727	17,351
Intergovernmental	-	-	105,270	105,270
Interest on investments	-	-	55,255	55,255
Miscellaneous	-	-	180,897	180,897
Total Revenues	<u>3,206,192</u>	<u>3,206,192</u>	<u>3,564,890</u>	<u>358,698</u>
Expenditures				
Current				
General government	370,013	370,013	257,775	112,238
Programs	666,806	666,806	662,936	3,870
Projects	228,373	228,373	79,696	148,677
Capital				
Projects	1,941,000	1,941,000	8,089,658	(6,148,658)
Total Expenditures	<u>3,206,192</u>	<u>3,206,192</u>	<u>9,090,065</u>	<u>(5,883,873)</u>
Net Change in Fund Balances	-	-	(5,525,175)	(5,525,175)
Fund Balances, January 1	<u>17,663,487</u>	<u>17,663,487</u>	<u>17,663,487</u>	-
Fund Balances, December 31	<u>\$ 17,663,487</u>	<u>\$ 17,663,487</u>	<u>\$ 12,138,312</u>	<u>\$ (5,525,175)</u>

OTHER REQUIRED REPORT
SOUTH WASHINGTON WATERSHED DISTRICT
WOODBURY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

Board of Managers
South Washington Watershed District
Woodbury, 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 South Washington Watershed District (the District), Woodbury, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated May 5, 2021.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, and miscellaneous provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 5, 2021