WABASHA SOIL AND WATER CONSERVATION DISTRICT

WABASHA, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

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INTRODUCTORY SECTION

WABASHA SOIL AND WATER CONSERVATION DISTRICT
ORGANIZATIONAL INFORMATION
DECEMBER 31, 2025

BOARD MEMBERS

MEMBER	POSITION	TERM EXPIRES
Lynn Zabel	Chairman	January 2027
Chet Ross	Vice Chairman	January 2029
Seth Tentis	Secretary	January 2027
Sharleen Klennert	Treasurer	January 2029
Dag Knudsen	Member	January 2029

EMPLOYEES

Terri Peters	District Manager	Appointed

FINANCIAL SECTION

KATIE M. JACOBSON, CPA

Katie M. Jacobson, CPA
Kimberly Eisfeld - Snr. Mgr.
Brandon Winter, CPA - Staff Acct.
Sara Kingdollar - Staff Acct.
Christine Thompson - Staff Acct.
Melanie Steinle - Staff Acct.

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INDEPENDENT AUDITOR'S REPORT

To the District Board
Wabasha Soil and Water Conservation District
Wabasha, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Wabasha Soil and Water Conservation District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Wabasha Soil and Water Conservation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Wabasha Soil and Water Conservation District as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Wabasha Soil and Water Conservation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Wabasha Soil and Water Conservation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amount and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Wabasha Soil and Water Conservation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Wabasha Soil and Water Conservation District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wabasha Soil and Water Conservation District's basic financial statements. The supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Katie M. Jacobson, CPA

September 24, 2026

Katie M. Jacobson, CPA
Slayton, MN

WABASHA SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2025

(Unaudited)

This section of Wabasha Soil and Water Conservation District's annual financial report represents our discussion and analysis of the District's performance during the year ended December 31, 2025. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read it in conjunction with the District's financial statements.

USING THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the required supplementary information, and the supplementary information. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, financial statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's general fund. Since Districts are single-purpose governmental units, the District combines the government-wide and fund financial statements into a single presentation. Wabasha Soil and Water Conservation District has elected to present in this format.

THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

One of the most important questions asked about the District's finances is, "Is the District as a whole better or worse off as a result of the year's activities?". The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources - as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the state or local governmental funding, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, the District presents governmental activities. All of the District's basic services are reported here. Appropriations from the county and state finance most activities.

REPORTING THE DISTRICT'S GENERAL FUND

Our analysis of the District's general fund is part of this report. The fund financial statements provide detailed information about the general fund - not the District as a whole. The District presents only a general fund, which is a governmental fund. All of the District's basic services are reported in the general fund, which focuses on how money flows into and out of the fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting. This method measures cash and other financial assets that can be readily converted to cash. The general fund statements provide a detail short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation used with the financial statements.

WABASHA SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2025

(Unaudited)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was $145,699 on December 31, 2025 (see detail in Table A-1). This is down from $168,742 at December 31, 2024.

Table A-1
Summary of Net Position

	2025	2024	Change
Assets			
Current Assets	$ 988,306	$ 693,032	42.6%
Noncurrent Assets	87,366	114,187	-23.5%
Total Assets	$ 1,075,672	$ 807,219	33.3%
Deferred Outflow of Resources	$ 63,254	$ 60,831	4.0%
Liabilities			
Current Liabilities	$ 684,226	$ 373,767	83.1%
Long-Term Liabilities	225,690	231,748	-2.6%
Total Liabilities	$ 909,916	$ 605,515	50.3%
Deferred Inflows of Resources	$ 83,311	$ 93,793	-11.2%
Net Position:			
Net Investment in Capital Assets	$ 19,436	$ 28,780	-32.5%
Unrestricted	126,263	139,962	-9.8%
Total Net Position	$ 145,699	$ 168,742	-13.7%

Net position of the District's governmental activities decreased by $23,043. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements changed from $139,962 at December 31, 2024 to $126,263 as of December 31, 2025.

WABASHA SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2025

(Unaudited)

Changes in net position: The District's total revenues increased by $307,622 or 29.9%. The total cost of all programs and services increased by $301,127, or 28.5%, with existing programs, primarily due to increased project costs. The net position for governmental activities decreased by $23,043 compared to a decrease of $26,191 in 2024.

Table A-2
Changes in Net Position

	Total 2025	Total 2024	Percentage Change
Revenues			
County	$ 131,659	$ 123,674	6.5%
State	1,054,033	835,088	26.2%
Federal	109,639	33,516	227.1%
Charges for Service	28,898	18,392	57.1%
Interest Earnings	10,534	11,203	-6.0%
Other	234	5,502	-95.7%
Total Revenues	$ 1,334,997	$ 1,027,375	29.9%
Expenses			
Conservation	$ 1,358,040	$ 1,056,913	28.5%
Total Expenses	$ 1,358,040	$ 1,056,913	28.5%
Increase (Decrease) in Net Position Before Other Financing Sources (Uses)	$ (23,043)	$ (29,538)	-21.99%
Gain (Loss) on Disposal of Capital Assets		3,347	-100.0%
Change in Net Position	$ (23,043)	$ (26,191)	
Beginning Net Position	168,742	194,933	-13.4%
Ending Net Position	$ 145,699	$ 168,742	-13.7%

GENERAL FUND

As the District completed this year, its general fund reported a fund balance of $304,080, which is a decrease from last year's balance of $338,466. General Fund expenditures exceeded revenues by $34,386.

General Fund Budgetary Highlights

The actual charges to appropriations (expenditures) were $1,214,921 less than the final budgeted amounts. This was due to less than anticipated district operations costs and project costs.

Resources available for appropriation (revenues) were under budget by $1,249,307. This is primarily due to intergovernmental revenues. The district spent down a significantly lower amount of intergovernmental revenue than budgeted. The District also had interest earnings higher than anticipated.

WABASHA SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2025

(Unaudited)

NONCURRENT ASSETS

At the end of 2025, the District had a net depreciated basis of $23,087 invested in a broad range of capital assets, including vehicles and equipment and machinery. Depreciation expense totaled $8,455 for 2025. The District uses a threshold of $1,000 for its capitalization policy.

The District also had a right of use asset net of amortized basis of $64,279 for a building. Amortization expense totaled $18,366 for 2025.

LONG TERM LIABILITIES

The District's long-term liabilities include $23,800 for compensated absences, lease payable of $50,454, and net pension liability of $128,848. Detailed information about the District's long term liabilities is presented in the Notes to the Financial Statement in Note 8 and Note 9.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's elected officials considered many factors when setting the fiscal year 2026 budget and fees. Such factors include agricultural and nonagricultural job growth, population growth, unemployment figures, inflation, and other indicators.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Wabasha Soil and Water Conservation District's finances. Questions concerning any of the financial information provided in this report or requested for additional financial information should be addressed to the District Manager of the Wabasha Soil and Water Conservation District, Terri Peters, 611 Broadway Avenue, Suite 10, Wabasha, MN 55981 or 651-565-4673, Ext. 3.

WABASHA SOIL AND WATER CONSERVATION DISTRICT
GENERAL FUND BALANCE SHEET AND
GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION
DECEMBER 31, 2025

	General Fund	Adjustments See Reconciliation	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets			
Petty Cash	$ 77		$ 77
Checking	9,542		9,542
Money Market	790,300		790,300
Accounts Receivable	4,700		4,700
Due From Other Governmental Units	159,392		159,392
Prepaid Items	24,295		24,295
Noncurrent Assets			
Capital Assets Depreciable, Net		$ 23,087	23,087
Right of Use Asset, Net		64,279	64,279
Total Assets	$ 988,306	$ 87,366	$ 1,075,672
DEFERRED OUTFLOWS OF RESOURCES			
Difference and Changes in Pension Liabilities		$ 63,254	$ 63,254
Total Deferred Outflows of Resources	$ -	$ 63,254	$ 63,254
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 988,306	$ 150,620	$ 1,138,926
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	$ 31,453		$ 31,453
Accrued Wages Payable	17,656		17,656
Sales Tax Payable	610		610
Tree Deposits	8,085		8,085
Unearned Revenues	626,422		626,422
Compensated Absences		$ 5,112	5,112
Lease Payable - Due within One Year		17,476	17,476
Noncurrent Liabilities			
Compensated Absences		23,800	23,800
Lease Payable		50,454	50,454
Net Pension Liability		128,848	128,848
Total Liabilities	$ 684,226	$ 225,690	$ 909,916
DEFERRED INFLOWS OF RESOURCES			
Differences and Changes in Pension Liabilities		$ 83,311	$ 83,311
Total Deferred Inflows of Resources	$ -	$ 83,311	$ 83,311
FUND BALANCE			
Nonspendable	$ 24,295	$ (24,295)	
Unassigned	279,785	(279,785)	
Total Fund Balance	$ 304,080	$ (304,080)	
NET POSITION			
Net Investment in Capital Assets		$ 19,436	$ 19,436
Unrestricted		126,263	126,263
Total Net Position		$ 145,699	$ 145,699
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION	$ 988,306	$ 150,620	$ 1,138,926

The Accompanying Notes are an Integral Part of the Financial Statements

WABASHA SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE GENERAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Fund Balances for Governmental Funds	$ 304,080
Capital Assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.	23,087
Right of Use Assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.	64,279
Deferred Outflows reported in the government-wide statement of net position are not current financial resources and therefore are not reported in the governmental fund balance sheet.	63,254
Compensated Absences are not due and payable in the current period and are not reported in the governmental fund balance sheet.	(28,912)
Lease Payable reported in the government-wide statement of net position is not a current financial resource and therefore is not reported in the governmental fund balance sheet.	(67,930)
Net Pension Liability reported in the government-wide statement of net position are not current financial resources and therefore are not reported in the governmental fund balance sheet.	(128,848)
Deferred Inflows reported in the government-wide statement of net position are not current financial resources and therefore are not reported in the governmental fund balance sheet.	(83,311)
Total Net Position of Governmental Activities	$ 145,699

WABASHA SOIL AND WATER CONSERVATION DISTRICT
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND
GOVERNMENTAL ACTIVITES - STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Adjustments See Reconciliation	Governmental Activities
REVENUES			
INTERGOVERNMENTAL			
County	$ 131,659		$ 131,659
State	1,054,033		1,054,033
Federal	109,639		109,639
Total Intergovernmental Revenues	$ 1,295,331	$ -	$ 1,295,331
CHARGES FOR SERVICES	$ 28,898		$ 28,898
Total Charges for Services	$ 28,898	$ -	$ 28,898
MISCELLANEOUS			
Interest Revenue	$ 10,534		$ 10,534
Other	234		234
Total Miscellaneous Revenues	$ 10,768	$ -	$ 10,768
TOTAL REVENUES	$ 1,334,997	$ -	$ 1,334,997
EXPENDITURES			
CONSERVATION			
Current	$ 1,369,383	$ (11,343)	$ 1,358,040
TOTAL EXPENDITURES	$ 1,369,383	$ (11,343)	$ 1,358,040
NET CHANGE IN FUND BALANCE/NET POSITION	$ (34,386)	$ 11,343	$ (23,043)
FUND BALANCE/NET POSITION - January 1	338,466	(169,724)	168,742
FUND BALANCE/NET POSITION - December 31	$ 304,080	$ (158,381)	$ 145,699

WABASHA SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balance - Total Governmental Funds	$	(34,386)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense.		
Current year depreciation expense		(8,455)
Current year amortization expense		(18,366)
The Statement of Activities report compensated absences by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
Current year compensated absences adjustment		(1,876)
In governemental funds, a lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Principal retirement on lease payable		17,477
The Statement of Activities report pension expense on the full accrual but they do not require the use of current financial resources. The expenses are not reported as an expenditure in the governmental funds.		
Difference in pension expense related to changes in deferred outflows/inflows and pension liability		22,563
Change in Net Position of Governmental Activities	$	(23,043)

The Accompanying Notes are an Integral Part of the Financial Statements

WABASHA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with general accepted accounting principles (GAAP) as of and for the year ended December 31, 2025. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Financial Reporting Entity

The Wabasha Soil and Water Conservation District was organized under provisions of Minnesota Statutes § 103C. The District is governed by a Board of Supervisors composed of five members nominated by voters of the District and elected to four-year terms by the voters of the County.

The purpose of the District is to assist land occupiers in applying practices for the conservation of soil and water resources. These practices are intended to control wind and water erosion, pollution of lakes and streams, and damage to wetlands and wildlife habits.

The Wabasha Soil and Water Conservation District, in cooperation with the U.S Department of Agriculture's Natural Resources Conservation Service and other agencies, provides technical and financial assistance to individuals, groups, organizations, and governments in reducing costly waste of soil and water resulting from soil erosion, sedimentation, pollution, and improper land use.

Each fiscal year the District develops a work plan, which is used as a guide in using resources effectively to provide maximum conservation of all lands within its boundaries. The work plan includes guidelines for employees and technicians to follow in order to achieve the District's objectives.

General accepted accounting principles require that the financial reporting entity include the primary government and component units for which the primary government is financially accountable. Under these principles the District does not have any component units.

B. Basic Financial Statements

The governmental activities columns are reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in two parts: net investment in capital assets and unrestricted net position. The Statement of Activities demonstrates the degree to which the expenses of the District are offset by revenues. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund are presented on the modified accrual basis and report current financial resources.

C. Fund Financial Statements

The District reports the General Fund as its only major governmental fund. The General Fund accounts for all financial resources of the government.

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 all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period.

Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures are recorded when a liability is incurred under accrual accounting.

Intergovernmental revenues are reported in conformity with the legal and contractual requirements of the individual programs. Generally, grant revenues are recognized when the corresponding expenditures are incurred.

Investment earnings are recognized when earned. Other revenues are recognized when they are received in cash because they usually are not measurable until then.

In accordance with Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions,* revenues for nonexchange transactions are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs.

WABASHA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Budget Information

The District adopts an estimated revenue and expenditure budget for the General Fund. Comparisons of estimated revenues and budgeted expenditures to actual are presented in the financial statements in accordance with generally accepted accounting principles. Amendments to the original budget require Board approval. Appropriations lapse at year-end. The District does not use encumbrance accounting.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect: the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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

Assets

Investments are stated at fair value, except for non-negotiable certificates of deposit, which are on a cost basis, and short-term money market investments, which are stated at amortized cost.

Accounts Receivable and Due from Other Governmental Units have been recorded for those items not paid before year end. All items recorded are considered collectible. Accordingly, no allowances for uncollectible accounts has been recorded.

Prepaid items include operating expenses that have been paid in advance of their due date.

Capital and Right of Use assets are reported on a net (depreciated/amortized) basis. General capital assets are valued at historical or estimated historical cost.

Liabilities

Current liabilities of the District include accounts payable, accrued payroll and related taxes, tree deposits, and sales tax payable.

Long-Term liabilities consists of compensated absences, lease payable, and net pension liability.

Unearned Revenue

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned.

Compensated Absences

Under the District's personnel policies, employees are granted personal time off (PTO) in varying amounts bases on their length of service. Personal time off accrual varies from 128 to 288 hours per year. The limit on the accumulation of personal time off is 240 hours for full-time employees. Employees who resign or whose employment is terminated shall be entitled to 100% pay for unused PTO at current wage at time of separation unless released from their job for a wrongful act. Upon voluntary termination from the District by retirement or death (retirement being defined as eligible for full benefits from Social Security or PERA) and at least 10-years continued service to the District, employees are paid 100% of any accrued paid time off at the employees current hourly rate of pay.

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. 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.

Classification of Net Position

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net position is displayed in three components:

Net Investment in Capital Assets - Consists of capital and right of use assets, net of accumulated depreciation/amortization reduced by any outstanding debt attributable to acquire capital and right of use assets.

Restricted - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Unrestricted - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

WABASHA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Cont.)

Classifications of Fund Balances

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 in the General Fund. The classifications are as follows:

Nonspendable - consists of amounts that cannot be spent because it is not in spendable form, such as prepaid items.

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

Committed - consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the District Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned - consists of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to Board Resolution, the District Board and/or District Manager may be authorized to establish assignments of fund balance.

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

Wabasha Soil and Water Conservation District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Explanation of Adjustments Column in Statements

Capital and Right of Use Assets - In the Statement of Net Position and Governmental Fund Balance Sheet, an adjustment is made if the District has capital and/or right of use assets. This adjustment equals the net book balance of capitalized assets as of the report date, and reconciles the amount reported in the Capital Assets note.

Depreciation/Amortization - In the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance, the adjustment equals the total depreciation/amortization for the year reported. This number is supported by figures in the note on Capital Assets.

Compensated Absences - In the Statement of Net Position and Governmental Fund Balance Sheet, an adjustment is made for the compensated absences the employees are granted according to the District's personnel policies.

Lease Payable - In the Statement of Net Position and Governmental Fund Balance Sheet, an adjustment is made if the District has a lease payable. The adjustment equals the outstanding lease at year end. This number is supported by figures in the note on long-term liabilities.

Deferred Outflows/Inflows of Resources - In the Statement of Net Position and Governmental Fund Balance Sheet, an adjustment is made for the deferred outflows and deferred inflows of resources that is associated with the PERA pension plan. Deferred outflows of resources represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue or reduction of expense) until that time.

H. Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through September 24, 2026, the date the financial statements were available to be issued.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

The General Fund did not have a deficit fund balance at December 31, 2025.

WABASHA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

3. CASH

Deposits

Minnesota Stat. 118A.02 and 118A.04 authorizes the District to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statute 118A.03 requires that all District deposits be covered by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institutions banking day, not covered by insurance or bonds.

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

Minnesota statutes require that all deposits with financial institutions must be collateralized in an amount equal to 110% of deposits in excess of FDIC insurance. As of December 31, 2025, the carrying amount of the District's deposits with financial institutions was $799,842 and the bank balance was $844,188. The bank balance is categorized as follows:

Insured by FDIC Insurance	$ 561,380
Covered by collateral assigned to District and not redeposited in the financial institution furnishing the collateral	88,476
Uninsured/Uncollateralized	194,332
Total Bank Balance	$ 844,188

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of December 31, 2025, the District's deposits of $194,332 were exposed to custodial credit risk.

Investments

The District may invest in the following types of investments authorized by Minn. Stat. § 118A.04 and § 118A.058:

1. Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118.04m subd. 6;

2. mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

3. general obligations of the state of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

4. time deposits that are fully insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or bankers' acceptances of United States banks;

5. commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

6 with certain restrictions, in repurchase agreements, securities lending agreements, joint power investment trusts, and guaranteed investment contracts.

The District had no investments at December 31, 2025.

4. RECEIVABLES

The District did not have any receivables scheduled to be collected beyond one year as of December 31, 2025. Receivables as of December 31, 2025, for the District's governmental activities are as follows:

Governmental Activities	Receivables
Accounts Receivable	$ 4,700
Due From Other Governmental Units	159,392
Total Receivables	$ 164,092

WABASHA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Changes in Capital Assets:

	Balance 1/1/2025	Additions	Deductions	Balance 12/31/2025
Capital Assets, being depreciated:				
Equipment	$ 164,617			$ 164,617
Capital Assets, being amortized:				
Leased building - right of use	91,827			91,827
Total Capital Assets	$ 256,444	$ -	$ -	$ 256,444
Accumulated Depreciation	(133,075)	(8,455)		(141,530)
Accumulated Amortization	(9,182)	(18,366)		(27,548)
Total Accumulated Depreciation and Amortization	$ (142,257)	$ (26,821)	$ -	$ (169,078)
Governmental Activities, Net	$ 114,187	$ (26,821)	$ -	$ 87,366

The cost of property, plant, and equipment is depreciated over the estimated useful lives of related assets. Depreciation is computed using the straight-line method. The range of estimated useful lives by type of assets is as follows:

Equipment	5 years

Current year depreciation expense of $8,455 was charged to the District for the year ended December 31, 2025.

The Wabasha Soil and Water Conservation District has set the capitalization threshold at $1,000.

6. PAYABLES

Payables at December 31, 2025, were as follows:

Governmental Activities	Payables
Accounts Payable	$ 31,453
Accrued Wages Payable	17,656
Sales Tax Payable	610
Tree Deposits	8,085
Total Payables	$ 57,804

7. UNEARNED REVENUE

Unearned revenue represents advances from the Minnesota Board of Water and Soil Resources (BWSR) and Wabasha County for various programs. Revenues will be recognized when the related program expenses are recorded. Unearned revenue for the year ended December 31, 2025, consist of the following:

Governmental Activities	Unearned Revenue
Buffer Grants (State)	$ 12,761
Conservation Delivery (State)	39,239
Conservation Contract (State)	39,493
Soil Health Staffing Grant (State)	211,202
Soil Health Delivery Grant (State)	106,577
Soil Health Practices (State)	214,813
Easement (State)	950
Competitive Grant (State)	1,387
Total	$ 626,422

8. LONG-TERM LIABILITIES

Changes in long-term liabilities for the period ended December 31, 2025, are:

Governmental Activities	Balance 1/1/2025	Additions	Deductions	Balance 12/31/2025	Due Within One Year
Compensated Absences (net)	$ 27,036	$ 1,876		$ 28,912	$ 5,112
Lease Payable	85,407		$ 17,477	67,930	17,476
Total	$ 112,443	$ 1,876	$ 17,477	$ 96,842	$ 22,588

8. LONG-TERM LIABILITIES (Cont.)

$5,112 in compensated absences payable was considered a current liability as of December 31, 2025. Therefore, the remaining balance at the end of the year of $23,800 is considered to be long-term.

The District entered into an operating lease incurring expenses under an operating lease for a building in August 2024. The term of the lease is 5 years. Renewal thereafter will include a 3% increase in rent each year. Current monthly payments under this agreement are $1,650. The District lease expense for the year ended December 31, 2025 was $17,477.

Principal and interest requirements to maturity for the lease liability at December 31, 2025 are as follows:

Years	Principal	Interest
2026	$ 18,008	$ 1,792
2027	$ 18,556	$ 1,244
2028	$ 19,121	$ 679
2029	$ 12,245	$ 130

9. DEFINED BENEFIT PENSION PLAN

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). These plan provisions are established and administered according to Minnesota Statutes chapters 353 and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Plan)

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

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested", they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced retirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

9. DEFINED BENEFIT PENSION PLAN (Cont.)

C. Contributions

Minnesota Statutes chapters 353 and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50% for General Plan members. The District's contributions to the General Employees Fund for the year ended December 31, 2025 were $27,837. The District's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2025, the District reported a liability of $128,848 for 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 $3,108.

District's proportionate share of the net pension liability	$ 128,848
State of Minnesota's proportionate share of the net pension liability associated with the District	3,108
Total	$ 131,956

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion 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, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The District's proportion share was .0039% at the end of the measurement period and .0037% for the beginning of the period.

For the year ended December 31, 2025, the District recognized pension expense of ($7,863) for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional $622 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 12,276	
Changes in actuarial assumptions	3,104	$ 29,648
Net difference between projected and actual earnings on pension plan investments		51,270
Changes in proportion	33,174	2,393
Employer contributions subsequent to the measurement date	14,700	
TOTAL	$ 63,254	$ 83,311

The $14,700 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2026	$ (1,292)
2027	$ (8,691)
2028	$ (15,614)
2029	$ (9,160)

9. DEFINED BENEFIT PENSION PLAN (Cont.)

E. Long-Term Expected Return on Investment

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

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

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

- Inflation is assumed to be 2.25% for the General Employees Plan.
- Benefit increase after retirement are assumed to be 1.50% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

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

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2025 was 7.0%. 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 Plan were projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

WABASHA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN (Cont.)

H. 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 one percentage point lower or one percentage point higher than the current discount rate:

Sensitivity Analysis
Net Pension Liability (Asset) at Different Discount Rates

	General Employee Fund	
1% Lower	6.00%	$ 312,952
Current Discount Rate	7.00%	$ 128,848
1% Higher	8.00%	$ (20,501)

I. 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.

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, employee health, and natural disasters. To cover these risks, the District has purchased commercial insurance. Property and casualty liabilities, errors and omissions and workers' compensation are insured through Minnesota Counties Intergovernmental Trust. The District retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the financial statements.

The Minnesota Counties Intergovernmental Trust is a public entity risk pool currently operated as a common risk management and insurance program for its members. The District pays an annual premium based on its annual payroll. There were no significant increases or reductions in insurance from the previous year or settlements in excess of insurance for any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

WABASHA SOIL AND WATER CONSERVATION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	BUDGETED AMOUNTS ORIGINAL AND FINAL	2025 ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
INTERGOVERNMENTAL			
County	$ 166,897	$ 131,659	$ (35,238)
State	1,999,210	1,054,033	(945,177)
Federal	396,447	109,639	(286,808)
Total Intergovernmental Revenues	$ 2,562,554	$ 1,295,331	$ (1,267,223)
CHARGES FOR SERVICES	$ 18,750	$ 28,898	$ 10,148
Total Charges for Services	$ 18,750	$ 28,898	$ 10,148
MISCELLANEOUS			
Interest Revenue	$ 3,000	$ 10,534	$ 7,534
Other	-	234	234
Total Miscellaneous Revenues	$ 3,000	$ 10,768	$ 7,768
TOTAL REVENUES	$ 2,584,304	$ 1,334,997	$ (1,249,307)
EXPENDITURES			
DISTRICT OPERATIONS			
Personnel Services - Current	$ 616,164	$ 563,842	$ 52,322
Other Services and Charges - Current	151,611	97,022	54,589
Capital Outlay	75,000		75,000
Total District Operations	$ 842,775	$ 660,864	$ 181,911
PROJECT EXPENDITURES			
District - Current	$ 10,250	$ 20,651	$ (10,401)
State - Current	1,376,229	598,625	777,604
Federal - Current	355,050	89,243	265,807
Total Project Expenditures	$ 1,741,529	$ 708,519	$ 1,033,010
TOTAL EXPENDITURES	$ 2,584,304	$ 1,369,383	$ 1,214,921
NET CHANGE IN FUND BALANCE	$ -	$ (34,386)	$ (34,386)
FUND BALANCE - January 1	338,466	338,466	-
FUND BALANCE - December 31	$ 338,466	$ 304,080	$ (34,386)

See Accompanying Notes to the Required Supplementary Information

WABASHA SOIL AND WATER CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS)
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT FUND (GERF)
FOR THE YEAR ENDED DECEMBER 31, 2025

Fiscal Year Ending	District's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with District (a + b)	District's Covered-Employee Payroll** (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a+b)/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
GERF							
June 30, 2025	0.0039%	$ 128,848	$ 3,108	$ 131,956	$ 352,140	37.47%	90.78%
June 30, 2024	0.0037%	$ 138,506	$ 3,581	$ 142,087	$ 327,713	43.36%	89.08%
June 30, 2023	0.0029%	$ 162,165	$ 4,500	$ 166,665	$ 229,942	72.48%	83.10%
June 30, 2022	0.0030%	$ 237,601	$ 6,993	$ 244,594	$ 227,987	107.28%	76.70%
June 30, 2021	0.0032%	$ 136,654	$ 4,176	$ 140,830	$ 227,533	61.89%	87.00%
June 30, 2020	0.0031%	$ 185,859	$ 5,739	$ 191,598	$ 222,933	85.94%	79.06%
June 30, 2019	0.0031%	$ 171,392	$ 5,333	$ 176,725	$ 225,280	78.45%	80.20%
June 30, 2018	0.0032%	$ 177,523	$ 1,356	$ 178,879	$ 204,320	87.55%	79.50%
June 30, 2017	0.0028%	$ 178,750	$ 2,276	$ 181,026	$ 176,627	102.49%	75.90%
June 30, 2016	0.0032%	$ 259,824		$ 259,824	$ 174,651	148.77%	68.90%

**For purposes of this schedule, covered payroll is defined as "pensionable wages".

WABASHA SOIL AND WATER CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS)
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT FUND (GERF)
FOR THE YEAR ENDED DECEMBER 31, 2025

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Employee Payroll** (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
GERF					
December 31, 2025	$27,837	$27,837	$0	$371,160	7.50%
December 31, 2024	$26,030	$26,030	$0	$347,073	7.50%
December 31, 2023	$19,498	$19,498	$0	$259,976	7.50%
December 31, 2022	$17,099	$17,099	$0	$227,987	7.50%
December 31, 2021	$17,065	$17,065	$0	$227,533	7.50%
December 31, 2020	$16,720	$16,720	$0	$222,933	7.50%
December 31, 2019	$16,896	$16,896	$0	$225,280	7.50%
December 31, 2018	$15,324	$15,324	$0	$204,320	7.50%
December 31, 2017	$13,247	$13,247	$0	$176,627	7.50%
December 31, 2016	$13,099	$13,099	$0	$174,651	7.50%

**For purposes of this schedule, covered payroll is defined as "pensionable wages".

WABASHA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting
The District adopts an estimated revenue and expenditure budget for the general fund. The budget may be amended or modified at any time by the board of supervisors. Expenditures may not legally exceed budgeted revenues. The budget is prepared on a basis consistent with generally accepted accounting principles. Budget appropriations lapse at year-end. The District does not use encumbrance accounting.

Excess of Expenditures Over Appropriations

	Appropriations	Expenditures	Excess

None

NOTE 2 – SIGNIFICANT VARIANCES

Variances of Actual Revenues/Expenditures Compared to Budgetary Appropriations in the General Fund.

- Intergovernmental revenues were $1,267,223 less due to less projects completed during the year than anticipated.
- Charges for services were $10,148 higher than expected due to higher than anticipated tree sales.
- Miscellaneous revenues were $7,768 higher than expected due to higher interest revenue than anticipated.
- Personnel services – current expenditures were $52,322 less than budget due to salaries and wages and additional personnel expenses less than anticipated.
- Other services and charges – current expenditures were $54,589 less than budget due to less advertising, repairs and maintenance, supplies, contracted services, and miscellaneous expense than anticipated.
- Capital outlay of $75,000 was budgeted for but not spent during the current year.
- Project expenditures were $1,033,010 less than budget due to less projects being completed than anticipated.

NOTE 3 – NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS

GENERAL FUND

2025 Changes

Changes in Actuarial Assumptions

The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.

The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions

The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.

The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

WABASHA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 3 – GENERAL EMPLOYEES FUND (Cont.)

2024 Changes

Changes in Actuarial Assumptions

Rates of merit and seniority were adjusted, resulting in slightly higher rates.

Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.

Minor increase in assumed withdrawals for males and females.

Lower rates of disability.

Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.

Minor changes to form of payment assumptions for male and female retirees.

Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

The investment return assumption and single discount rate were changed from 6.5% to 7.00%.

Changes in Plan Provisions

An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.

The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.

The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.

A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions

The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.

The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

WABASHA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 3 – GENERAL EMPLOYEES FUND (Cont.)

Changes in Plan Provisions

There were no changes in plan provisions since the previous valuation.

2020 Changes

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 percent 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.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

The employer supplemental contribution was changed prospectively, decreasing from $31 million to $21 million per year. The State's special funding contribution was changed prospectively, requiring $16 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

The mortality projection scale was changed from MP-2015 to MP-2017.

The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

WABASHA SOIL AND WATER CONSERVATION DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 3 – GENERAL EMPLOYEES FUND (Cont.)

Changes in Plan Provisions

The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.

Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Contribution stabilizer provisions were repealed.

Annual increases were changed from 1 percent per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost-of Living Adjustment, not less than 1.0% and not more than 1.5%, 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 Changes

Changes in Actuarial Assumptions

The combined service annuity (CSA) loads were changed from 0.80% for active members and 60% for vested and non-vested deferred members. The revised CSA load are now 0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for non-vested deferred member liability.

The assumed annual increase rate was changed for 1.0% per year for all years to 1.0% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions

The State's contribution for the Minneapolis Employees Retirement Fund equals $16.0 million in 2017 and 2018 and $6.0 million 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 Changes:

Changes in Actuarial Assumptions

The assumed annual increase rate was changed from 1 percent per year through 2035 and 2.50% per year thereafter to 1.0% per year for all years.

The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.

Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

There have been no changes since the prior valuation.

SUPPLEMENTARY INFORMATION

WABASHA SOIL AND WATER CONSERVATION DISTRICT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	BUDGETED AMOUNTS ORIGINAL AND FINAL	2025 ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2024 ACTUAL
REVENUES				
INTERGOVERNMENTAL				
County				
County Allocation	$ 131,000	$ 131,659	$ 659	$ 123,674
Local Water Management	19,354		(19,354)	
Wetland Conservation Act	16,543		(16,543)	
Total County Revenues	$ 166,897	$ 131,659	$ (35,238)	$ 123,674
State	$ 1,999,210	$ 1,054,033	$ (945,177)	$ 834,992
Federal	396,447	109,639	(286,808)	33,516
Total Intergovernmental Revenues	$ 2,562,554	$ 1,295,331	$ (1,267,223)	$ 992,182
CHARGES FOR SERVICE				
Plat Book Sales	$ 300	$ 245	$ (55)	$ 353
Tree Sales	15,000	22,787	7,787	15,328
Truax No-Till Drill Rental	1,400	3,586	2,186	1,411
Nutrient Management Planning	750		(750)	
Wetland Application Fees	1,000	1,400	400	1,200
Roller Crimper Rental	300	400	100	100
GW Observation Well Monitoring		480	480	
Total Charges for Service	$ 18,750	$ 28,898	$ 10,148	$ 18,392
MISCELLANEOUS				
Interest Earnings	$ 3,000	$ 10,534	$ 7,534	$ 11,203
MCIT Dividend		234	234	502
National Wild Turkey Federation			-	5,000
Total Miscellaneous Revenues	$ 3,000	$ 10,768	$ 7,768	$ 16,705
TOTAL REVENUES	$ 2,584,304	$ 1,334,997	$ (1,249,307)	$ 1,027,279
EXPENDITURES				
DISTRICT OPERATIONS				
PERSONNEL SERVICES - CURRENT				
Salaries and Wages	$ 403,004	$ 372,641	$ 30,363	$ 352,019
FICA and Medicare	30,830	29,817	1,013	27,218
PERA Expense	30,225	27,837	2,388	26,031
MSRS Match Contribution	8,000	6,120	1,880	2,311
Employee Health, Life and Dental	105,605	106,814	(1,209)	97,112
Employer HSA Contribution		7,500	(7,500)	9,250
Supervisor's Compensation	14,000	9,750	4,250	9,375
Supervisor's Mileage and Expenses	4,500	2,339	2,161	2,373
Payroll Expenses		1,024	(1,024)	798
Additional Personnel Expenses	20,000		20,000	
Total Personnel Services	$ 616,164	$ 563,842	$ 52,322	$ 526,487
OTHER SERVICES AND CHARGES - CURRENT				
Advertising	$ 15,000	$ 1,457	$ 13,543	$ 538
Building Rent	19,800	17,477	2,323	12,121
Building Rent Interest		2,323	(2,323)	2,207
Conferences, Conventions and Meetings	14,000	8,623	5,377	9,096

WABASHA SOIL AND WATER CONSERVATION DISTRICT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	BUDGETED AMOUNTS ORIGINAL AND FINAL	2025 ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2024 ACTUAL
EXPENDITURES (Cont.)				
DISTRICT OPERATIONS (Cont.)				
OTHER SERVICES AND CHARGES - CURRENT (Cont.)				
Donations			-	28
Fees and Dues	13,000	13,744	(744)	12,048
Insurance	6,000	10,352	(4,352)	6,620
Internet	1,200	1,234	(34)	1,074
Postage	1,000	562	438	323
Professional Fees	11,000	6,634	4,366	6,960
Education and Information	21,611	17,503	4,108	5,079
Subscriptions and Publications	7,000	4,558	2,442	3,801
Unemployment Expense	2,000		2,000	
Equipment Repairs and Maintenance	7,000		7,000	
Equipment Rent Expense		1,254	(1,254)	298
Vehicle Expense	5,000	2,008	2,992	3,305
Supplies	10,000	4,293	5,707	1,956
Moving Expenses			-	7,532
Contracted Services and Other Services	8,000		8,000	
Miscellaneous	10,000	5,000	5,000	
Total Other Services and Charges	$ 151,611	$ 97,022	$ 54,589	$ 72,986
CAPITAL OUTLAY				
Capital Assets	$ 75,000		$ 75,000	$ 96,710
Total Capital Outlay	$ 75,000	$ -	$ 75,000	$ 96,710
Total District Operations	$ 842,775	$ 660,864	$ 181,911	$ 696,183
PROJECT EXPENDITURES				
DISTRICT - CURRENT				
Storage Space Lease	$ 350	$ 500	$ (150)	$ 550
Tree	9,900	20,151	(10,251)	11,072
Plat Book			-	9
National Wild Turkey Federation			-	5,000
Total District	$ 10,250	$ 20,651	$ (10,401)	$ 16,631
STATE - CURRENT				
Capacity	$ 4,746	$ 4,711	$ 35	$ 30,088
Gorman Creek Restoration			-	6,470
SDW-Phase 2			-	10,843
WAGZ	235,000	95,909	139,091	62,343
Buffer and Soil Loss Initiative	32,852	1,000	31,852	
Conservation Contracts	41,562	13,481	28,081	10,799
MPCA Zumbro SWAG			-	391
MAWQCP Administration		167,249	(167,249)	186,760
CWF-WIC	70,000	47,090	22,910	2,011
WCA & LWM	35,897		35,897	
Forestry Grant		105,148	(105,148)	54,054
Feedlot Grant	100,000		100,000	
Dept of Rev SWCD Alloca	20,000		20,000	
SE Landscape		4,576	(4,576)	8,236
Soil Health	624,542	101,598	522,944	6,940

WABASHA SOIL AND WATER CONSERVATION DISTRICT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	BUDGETED AMOUNTS ORIGINAL AND FINAL	2025 ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2024 ACTUAL
EXPENDITURES (Cont.)				
PROJECT EXPENDITURES (Cont.)				
STATE - CURRENT (Cont.)				
WinLaC	164,900	35,170	129,730	15,848
DWP		3,000	(3,000)	5,000
BWSR Soil Health Staffing			-	2,571
Nutrient Management Staff	36,300	605	35,695	185
TNC-Prairie Strips			-	8,520
RIM/CREP Expenses		1,931	(1,931)	2
Cost Share Project	2,930	2,930	-	11,851
Easemnet Delivery (RIM)		10	(10)	
MDH Well Inventory		4,647	(4,647)	
PRAP	7,500	7,500	-	
Dept of Rev SWCD Aid		2,070	(2,070)	
Total State	$ 1,376,229	$ 598,625	$ 777,604	$ 422,912
FEDERAL - CURRENT				
Focus Small Wtrshd-W.Indian	$ 80,000	$ 39,859	$ 40,141	$ 9,556
Safe Drinking Water Phase -Olmsted	5,050		5,050	
DNR LFT Grant	117,500		117,500	
SE Landscape Committee Fiscal Agent	7,000		7,000	
Wabasha County Well Inventory	3,000		3,000	
MDH Funds for Expended Well Inventory	1,000		1,000	
NFWF Conservation Partners	40,000	1,978	38,022	
Turkey Trout Timber	100,000		100,000	
Lower Zumbro Outreach - FEMA	1,500		1,500	605
TTT LSR Project- MN DNR		47,406	(47,406)	
Total Federal	$ 355,050	$ 89,243	$ 265,807	$ 10,161
Total Project Expenditures	$ 1,741,529	$ 708,519	$ 1,033,010	$ 449,704
TOTAL EXPENDITURES	$ 2,584,304	$ 1,369,383	$ 1,214,921	$ 1,145,887
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ -	$ (34,386)	$ (34,386)	$ (118,608)
OTHER FINANCING SOURCES (USES)				
Lease Proceeds			$ -	$ 91,827
Total Other Financing Sources (Uses)	$ -	$ -	$ -	$ 91,827
NET CHANGE IN FUND BALANCE	$ -	$ (34,386)	$ (34,386)	$ (26,781)
FUND BALANCE - January 1	338,466	338,466	-	365,247
FUND BALANCE - December 31	$ 338,466	$ 304,080	$ (34,386)	$ 338,466

MANAGEMENT AND COMPLIANCE SECTION

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MINNESOTA LEGAL COMPLIANCE

Independent Auditor's Report

To the District Board
Wabasha Soil and Water Conservation District
Wabasha, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and the general fund of Wabasha Soil and Water Conservation District as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Wabasha Soil and Water Conservation District's basic financial statements, and have issued our report thereon dated September 24, 2026.

In connection with our audit, we noted that the Wabasha Soil and Water Conservation District failed to comply with the provisions of the depositories of public funds and public investments 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 as described in the following paragraph as item 25-01. Also, in connection with our audit, nothing came to our attention that caused us to believe that Wabasha Soil and Water Conservation District failed to comply with the provisions of contracting-bid laws, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, 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.

> Finding 25-01: The District failed to comply with Minn. Stat. §118A.03 which requires the District to obtain a bond or collateral which, when computed at its market value, shall be at least ten percent more than the amount of the excess deposit at the close of the banking day. We noted one bank account that did not have adequate deposit insurance or collateral coverage as of December 31, 2025.
>
> There were no disagreements with this audit finding. The District subsequently moved money around to ensure they have proper deposit insurance. The District will monitor more closely to ensure all deposits at financial institutions have adequate deposit insurance or collateral going forward.

The Wabasha Soil and Water Conservation District's response to the findings identified in our audit is described in the previous paragraph. The Wabasha Soil and Water Conservation District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Katie M. Jacobson, CPA

September 24, 2026

Katie M. Jacobson, CPA
Slayton, MN