Central Minnesota River Watershed Partnership Joint Powers Board Meeting

Wednesday, August 5th 2026, 1:30 PM

Kandiyohi County SWCD, Board Room, 1001 High Ave NE, Willmar, MN 56201

Members:

Member Organization	Committee Member	Alternate Member
Chippewa SWCD	Jerry Schwitters, Secretary	Michelle Overholser
Chippewa County	Kurt Stranberg, Chair	Matt Gilbertson
Renville SWCD	Phil Smith	Kevin Kokesch
Renville County	David Hamre, Vice Chair	John Robinson
Kandiyohi SWCD	Brandon Smith, Secretary	Jane Youngkrantz
Kandiyohi County	Corky Berg	Duane Anderson

Staff:

Chippewa SWCD	Zach Bothun
Chippewa County	JoAnn Blomme
Renville SWCD	Kyle Richter
Renville County	Kelly O'Neill
Kandiyohi SWCD	Margaret Johnson
Kandiyohi County	Eric Van Dyken
BWSR	Luke Olson, Board Conservationist
BWSR	Mark Hiles, Clean Water Specialist

Agenda

1. **Welcome / Introductions**
2. **Additions / Approval of the Agenda**
3. **Approval of Minutes from May 13th, 2026, CMRWP JPB Meeting**
4. **Banking Update**
5. **Program Budget Update**
6. **Reimbursement Requests**
7. **Projects**
   - **CMRWP-089**
8. **Audit Update**
   - **Audit**
   - **Accounting Policies**
   - **Management Representation Letter**
9. **Other Business**
10. **Adjourn**

CENTRAL
Minnesota River
Watershed Partnership

Minutes

Central Minnesota River Watershed Partnership
Joint Powers Board Regular Meeting
May 13, 2026
Kandiyohi County Health and Human Services Building

Joint Powers Board Members Present:

Commissioner Kurt Stranberg (Chippewa County), Chair
Commissioner Corky Berg (Kandiyohi County)
Supervisor Brandon Smith (Kandiyohi County SWCD)
Supervisor Kevin Kokesch (Renville County SWCD)
Supervisor Jerry Schwitters (Chippewa SWCD)

Staff Members Present:

Kyle Richter, Renville SWCD
Kelly O'Neill, Renville County
Desirae Jarett, Chippewa SWCD
JoAnn Blomme, Chippewa County
Margaret Johnson, Kandiyohi SWCD
Eric Van Dyken, Kandiyohi County

Others present:

BWSR Board Conservationist Luke Olson
BWSR Clean Water Specialist Mark Hiles

Board Chair Stranberg called the meeting to order at 1:25 p.m. on May 13, 2026.

AGENDA

- Supervisor B. Smith made a motion to accept the agenda with the addition of Assurance Measures. Commissioner Berg, second. Motion carried.

MINUTES

- Supervisor B. Smith made a motion to accept the minutes from March 31, 2026 CMRWP Special Meeting. Supervisor Kokesch, second. Motion carried.

BANKING UPDATE

Plan Coordinator Richter and Fiscal Administrator Jarett request action to keep HomeTown bank accounts open with minimum balance and add signers (Zach Bothun, Jerry Schwitters, Desirae Jarett, Holly Hatlewick, Kurt Stranberg) and remove Heidi Rauenhorst from HomeTown Bank accounts.

- Supervisor B. Smith made a motion to keep HomeTown bank accounts and remove Heidi Rauenhorst from HomeTown Bank accounts as requested. Commissioner Berg, second. Motion carried.
- Supervisor Kokesch made a motion to add Zach Bothun, Kurt Stranberg, Desirae Jarett, Jerry Schwitters, and Holly Hatlewick as signers on the HomeTown bank accounts. Supervisor B. Smith, second. Motion carried.

PROGRAM BUDGET UPDATE

Plan Coordinator Richter gave a program budget update and requested action to allow Fiscal Administrator and another signer to process payments on reimbursements as presented as soon as new checks arrive.

- Commissioner Berg made a motion to allow Fiscal Administrator and another signer to process those payments. Supervisor Kokesch, second. Motion carried.

AUDIT UPDATE

Plan Coordinator Richter informed the board that he and Fiscal Administrator Jarett have collected and submitted the requested information to the auditor for the 2024 Audit.

RECORDS RETENTION

Plan Coordinator Richter informed the board that staff will be working with BWSR to get into compliance

STANDARD PAYMENT PERIOD

Plan Coordinator Richter requested action on a standard payment period of 45 business days after the receipt of an invoice as recommended by audit firm.

- Supervisor B. Smith motioned to set a standard payment period as presented. Commissioner Berg, second. Motion carried.

ASSURANCE MEASURES
BWSR Clean Water Specialist Mark Hiles and BWSR Board Conservationist Luke Olson informed the board that assurance measures are a legislative requirement. Results are shared with the BWSR Board and the Clean Water Council. Clean Water Specialist Hiles discussed the four assurances and their results. Priority area maps were looked at and forward-looking progress was discussed. Commissioner Berg encouraged keeping the headwaters in focus and noted that with all the changes recently, he feels we are doing well and is happy with our progress and forward motions.

Meeting was adjourned.

Kurt Stranberg, Board Chair

Next Meeting: August 5, 2026 1:30 p.m. at Kandiyohi SWCD

Updated **7/27/2026**
FY 24/25

Activity Indicator	FY 24/25 WBIF	Encumbered	Match	Actual Spent	Remaining
Admin and Coordination	$ 50,000.00	$ 50,000.00	$ -	$ 50,000.00	$ -
Agriculture	$ 1,034,109.20	$ 818,619.58	$ 193,716.61	$ 838,309.18	$ 195,800.02
Groundwater	$ 5,500.00	$ 3,487.50	$ -	$ 4,425.00	$ 1,075.00
Education	$ 19,101.80	$ 19,101.80	$ -	$ 19,101.80	$ -
Project Development	$ 198,500.00	$ 58,904.70	$ -	$ 161,364.90	$ 37,135.10
Planning and Assessment	$ 23,789.00	$ 23,789.00	$ -	$ 23,789.00	$ -
Technical	$ 173,444.00	$ 88,010.32	$ -	$ 88,010.32	$ 85,433.68
Total	$ 1,504,444.00	$ 1,061,912.90	$ 193,716.61	$ 1,185,000.20	$ 319,443.80
Match Needed	$ 150,444.40	Match Remaining	$ (43,272.21)		

Total Contracts	28
Encumbered Projects	8
Completed Projects	20

Structural Practices	Count
WASCOBS	16
Sturcture for Water Control	2

Non Structural Practices	Acres
Cover Crops	2767.64
Reduced Tillage	2318.3

Updated **07.27.2026**
FY 26/27

Activity Indicator	FY 26/27 WBIF	Encumbered	Match	Actual Spent	Remaining
Admin and Coordination	$ 137,000.00	$ -	$ -	$ 24,200.87	$ 112,799.13
Agriculture	$ 998,082.00	$ -	$ -	$ 48,000.00	$ 950,082.00
Techincal/Engineering	$ 379,240.00	$ -	$ -	$ -	$ 379,240.00
Total	$ 1,514,322.00	$ -	$ -	$ 72,200.87	$ 1,442,121.13
Match Needed	$ 151,432.20	**Match Remaining**	$ 151,432.20		

Total Contracts	6
Encumbered Projects	5
Completed Projects	1

Structural Practices	**Count**
WASCOBS	0
Sturcture for Water Control	0

Non Structural Practices	**Acres**
Cover Crops	0
No Till or Strip Till	0
Pasture and Hay Planting	60

PERCENT BASED CONSERVATION PRACTICE ASSISTANCE CONTRACT

General Information

Organization	Contract Number	Amendment ☐	Canceled ☐
CMRWP	CMRWP-089	Date(s):	Date:

*If contract amended, attach amendment form(s) to this contract.

Applicant

Land Occupier Name	Address	City/State	Zip code
[redacted]	[redacted]	[redacted]	[redacted]

* If a group contract, this must be filed and signed by the group spokesperson as designated in the group agreement and the group agreement attached to this form.

Conservation Practice Location

Township Name	Township	Range	Section	1/4,1/4
[redacted]	[redacted]	[redacted]	[redacted]	SW,SE

Contract Information

I (we), the undersigned, do hereby request assistance to help defray the cost of installing the following practice(s) listed on the second page of this contract. It is understood that:

1. The land occupier is responsible for full establishment, operation, and maintenance of practice(s) and upland treatment criteria applied under this program to ensure that the conservation objectives are met and the effective life, a **minimum of 30 years,** is achieved. The specific operation and maintenance requirements for the conservation practice(s) listed are described in the Operation and Maintenance Plan prepared for this contract by the technical assistance provider.
2. Should the land occupier fail to maintain the practice(s) during the effective life, the land occupier is liable to the organization for up to **150**% of the amount of financial assistance received to install and establish the practice(s) unless the failure was caused by reasons beyond the land occupier's control, or if conservation practices are applied at the land occupier's expense that provide equivalent protection of the soil and water resources.
3. If title to this land is transferred to another party before expiration of the aforementioned effective life, it shall be the responsibility of the landowner who signed this contract to advise the new owner that this contract is in force and to notify other parties to the contract of the transfer.
4. Practice(s) must be planned and installed in accordance with technical standards and specifications of the: **NRCS FOTG**
5. Increases in the practice(s) units or cost must be approved by the organization through amendment of this contract as a condition to increase the financial assistance payments.
6. This contract, when approved by the organization, will remain in effect unless canceled or amended by mutual agreement. If the practice(s) covered by this contract have not been installed by **12/31/2028** (date), this contract will be automatically terminated on that date.
7. Items of cost for which reimbursement is claimed are to be supported by invoices/receipts for payments and will be verified by the organization as practical and reasonable. The invoices/receipts must include: the name of the vendor; the materials, labor or equipment used; the component unit costs; and the date(s) the work was performed. The organization has the authority to make adjustments to the costs submitted for reimbursement. Reimbursement requests must also be supported by a completed Percent Based Voucher Form.

Applicant Signatures

The land occupier's signature indicates agreement to:

1. Grant the organization's representative(s) access to the parcel(s) where the conservation practice(s) will be located.

2. Obtain any permits required in conjunction with the installation and establishment of the practice(s) prior to starting construction of the practice(s).
3. Be responsible for the operation and maintenance of the conservation practice(s) applied under this program in accordance with an Operation and Maintenance Plan prepared by the technical assistance provider.
4. Not accept financial assistance funds, from state sources in excess of **90** percent, or state and non-state sources that when combined are in excess of **100** percent of the total cost to establish the conservation practice(s).
5. Provide copies of all forms and contracts pertinent to any other state or non-state programs that are contributing funds toward this project.

Date	Land Occupier
07/10/2026	[redacted]
Date	Landowner, if different from applicant
07/13/2026	[redacted] Address, if different from applicant information: [redacted]

Conservation Practice

The primary practice for which assistance is requested is 378 - Pond for Water Use

Practice standard(s) or eligible component(s)	Total Project Cost Estimate
638 WASCOB, 620 underground outlet, 484 mulching	$ 158160.00

Technical Assessment and Cost Estimate

I have the appropriate technical expertise and have reviewed the site where the above-listed practice(s) will be installed and deem the practice(s) needed and that the estimated quantities and costs are practical and reasonable.

Date	Technical Assistance Provider
7/22/2026	Bill L. Helget P.E., Bolton + Menk, Inc.

Amount Authorized for Financial Assistance

The organization has authorized the following for financial assistance: total not to exceed **90** percent of the total cost to establish the conservation practice.

Approval Date	Authorized Signature	Total Amount Authorized
		$ 142344.00

[redacted]

RENVILLE COUNTY

EXHIBIT: LARGE IMPC

H:\RNCO\25X142020000\CAD\C3D\142020_C_GRND_N1.dwg 6/15/2026 9:36:04 AM

ENGINEER'S ESTIMATE

[redacted]

Renville County, Minnesota
25X.142020.000

BOLTON & MENK
Real People. Real Solutions.

Date: 6/16/2026

Item No.	Item	Estimated Quantity	Unit	Unit Price	Total Amount
BASE BID					
1	MOBILIZATION	1	LUMP SUM	$5,000.00	$5,000.00
2	EXPLORATORY EXCAVATION	16	HOURS	$300.00	$4,800.00
3	DRAIN TILE CONNECTION	5	EACH	$1,200.00	$6,000.00
4	COMMON EXCAVATION (P)	6,800	CU YD	$4.00	$27,200.00
5	COMMON EMBANKMENT (CV)	6,800	CU YD	$5.00	$34,000.00
6	DRAIN TILE REPAIR	2	EACH	$1,500.00	$3,000.00
7	10" FIELD INTAKE	1	EACH	$1,000.00	$1,000.00
8	12" HICKENBOTTOM INTAKE	1	EACH	$1,250.00	$1,250.00
9	DESIGN H STRUCTURE	4.5	LIN FT	$600.00	$2,700.00
10	CASTING ASSEMBLY, BEEHIVE	1	EACH	$1,400.00	$1,400.00
11	GRANULAR FOUNDATION ROCK	680	LIN FT	$4.00	$2,720.00
12	10" PERFORATED DRAIN TILE	460	LIN FT	$19.00	$8,740.00
13	12" PERFORATED DRAIN TILE	180	LIN FT	$26.00	$4,680.00
14	12" RC PIPE	16	LIN FT	$100.00	$1,600.00
15	12" CM TILE	20	LIN FT	$80.00	$1,600.00
16	15" CM TILE	20	LIN FT	$100.00	$2,000.00
17	12" RC PIPE APRON	1	EACH	$2,000.00	$2,000.00
18	PERMANENT SEEDING, WD	0.8	ACRE	$8,000.00	$6,400.00
19	PERMANENT SEEDING, MI	0.6	ACRE	$5,000.00	$3,000.00
20	MULTCH TYPE 1	17	TON	$350.00	$5,950.00
21	RANDOM RIPRAP, CLASS III	50	TON	$110.00	$5,500.00
22	STABILIZED CONSTRUCTION EXIT	1	LUMP SUM	$2,000.00	$2,000.00
				ESTIMATED BASE BID TOTAL:	**$132,540.00**
	TEMPORARY ROW DAMAGE (GRADING):	7.7	ACRE	$1,200.00	$9,240.00
	TEMPORARY ROW DAMAGE (TILE):	1	ACRE	$600.00	$600.00
	PERAMENT EASEMENT:	1.4	ACRE	$1,000.00	$1,400.00
				SUBTOTAL:	$143,780.00
				10% CONTINGENCY:	$14,380.00
				TOTAL ESTIMATED CONSTRUCTION COST:	**$158,160.00**
				DESIGN, ADMINISTRATION AND CONSTRUCTION ENGINEERING:	$39,540.00
				TOTAL ESTIMATED PROJECT COST:	**$197,700.00**

CENTRAL MINNESOTA RIVER WATERSHED PARTNERSHIP

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

CENTRAL MINNESOTA RIVER WATERSHED PARTNERSHIP
OLIVIA, MINNESOTA
TABLE OF CONTENTS
DECEMBER 31, 2025

CENTRAL MINNESOTA RIVER WATERSHED PARTNERSHIP
OLIVIA, MINNESOTA
ORGANIZATION
DECEMBER 31, 2025

TITLE	NAME	JPA MEMBER
Chair	Kurt Stranberg	Chippewa County
Vice-Chair	David Hamre	Renville County
Secretary	Jerry Schwitters	Chippewa County SWCD
Member	Corky Berg	Kandiyohi County
Member	Brandon Smith	Kandiyohi County SWCD
Member	Phil Smith	Renville County SWCD

PETERSON COMPANY LTD
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Managers
Central Minnesota River Watershed Partnership
Olivia, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and the General Fund of Central Minnesota River Watershed Partnership, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Central Minnesota River Watershed Partnership's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Central Minnesota River Watershed Partnership, as of December 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. 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 Central Minnesota River Watershed Partnership 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Minnesota River Watershed Partnership'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 GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Minnesota River Watershed Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Minnesota River Watershed Partnership'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

Management has omitted the management's discussion and analysis and budgetary comparison schedule that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information. The other information comprises the partnership's organizational information under the introductory section but does not include the financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 18, 2026, on our consideration of Central Minnesota River Watershed Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Central Minnesota River Watershed Partnership's internal control over financial reporting and compliance.

Peterson Company Ltd

Peterson Company Ltd
Waconia, Minnesota

June 18, 2026

CENTRAL MINNESOTA RIVER WATERSHED PARTNERSHIP
OLIVIA, MINNESOTA
GENERAL FUND BALANCE SHEET AND GOVERNMENTAL ACTIVITIES -
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	General Fund	Adjustments	Governmental Activities
ASSETS			
Cash	$ 1,139,529	$ -	$ 1,139,529
Due from Other Governments	133,943	-	133,943
Total Assets	$ 1,273,472	$ -	$ 1,273,472
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 47,353	$ -	$ 47,353
Unearned Revenue	1,079,194	-	1,079,194
Total Current Liabilities	$ 1,126,547	$ -	$ 1,126,547
FUND BALANCE/NET POSITION			
Fund Balance:			
Unassigned	$ 146,925	$ (146,925)	$ -
Total Fund Balance	$ 146,925	$ (146,925)	$ -
Net Position:			
Unrestricted		$ 146,925	$ 146,925
Total Net Position		$ 146,925	$ 146,925

CENTRAL MINNESOTA RIVER WATERSHED PARTNERSHIP
OLIVIA, MINNESOTA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

	General Fund	Adjustments	Governmental Activities
REVENUES			
Intergovernmental	$ 1,255,051	$ -	$ 1,255,051
Interest Earnings	29,775	-	29,775
Total Revenues	1,284,826	-	1,284,826
EXPENDITURES/EXPENSES			
Conservation:			
Current	1,229,812	-	1,229,812
Total Expenditures/Expenses	1,229,812	-	1,229,812
EXCESS OF REVENUES OVER/UNDER EXPENDITURES	55,014	-	55,014
Fund Balance/Net Position - Beginning of Year	91,911	-	91,911
FUND BALANCE/NET POSITION - END OF YEAR	$ 146,925	$ -	$ 146,925

See accompanying Notes to the Financial Statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Central Minnesota River Watershed Partnership (the Partnership) have been prepared in accordance with generally accepted accounting principles (GAAP) 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 significant accounting policies used by the Partnership are discussed below.

Financial Reporting Entity

The Central Minnesota River Watershed Partnership is organized under the provisions of Minnesota Statutes Chapter 471.59. The Partnership was established in 2022 to initiate projects for soil and water conservations in portions of Chippewa, Kandiyohi, and Renville counties. The Partnership is comprised of six entities: Chippewa County, Kandiyohi County, Renville County, Chippewa County Soil and Water Conservation District, Kandiyohi County Soil and Water Conservation District, and Renville County Soil and Water Conservation District. The Partnership board is comprised of six members – one appointed from each of the six Partnership entities' boards. The Partnership board officers (chair, vice-chair, and secretary) include Partnership board members from Renville County, Chippewa County Soil and Water Conservation District, and Kandiyohi County Soil and Water Conservation District. The Partnership conforms to generally accepted accounting principles.

The purpose of the Partnership 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 habitats.

The Partnership provides technical and financial assistant to individuals, groups, Districts, and governments in reducing costly waste of soil and water resulting from soil erosion, sedimentation, pollution and improper land use.

As required by generally accepted accounting principles, consideration has been given to other organizations that should be included in the Partnership's financial statements for which the nature and significance of their relationship with the Partnership are such that exclusion would cause the Partnership's financial statements to be misleading or incomplete. There are no organizations that should be presented with the Partnership.

Basic Financial Statements

Basic financial statements include information on the Partnership's activities as a whole and information on the individual fund of the Partnership. These separate presentations are reported in different columns. Each of the statements starts with a column of information based on activities of the General Fund and reconciles it to a column that reports the "governmental activities" of the Partnership as a whole.

Measurement Focus and Basis of Accounting

The governmental activities are reported using the economic resources measurement focus and the accrual basis of accounting, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The Partnership's net position is reported as restricted and unrestricted. The statement of activities demonstrates the degree to which the expenses of the Partnership are offset by revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. The Partnership considers all revenues to be available if they are collected within 60 days after the end of the current period. Charges for services and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources, when applicable.

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

Assets, Liabilities, and Net Position or Fund Balance

Cash

Cash consists of a checking account and a money market savings account.

Due from Other Governments

Due from other governments are recorded for state grant amounts that were received after year-end and all eligibility requirements were met.

Unearned Revenue

Unearned revenue is recorded for amounts of state grants received prior to satisfying all eligibility requirements imposed by the providers.

Fund Balance

In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Non-spendable fund balance represents amounts that are inherently non-spendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties (statute, grantors, bond agreements, etc.). Committed fund balance represents constraints on spending that the government imposes upon itself by a high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or government body delegated to exercise such authority in accordance with the policy established by the Board. Unassigned fund balance is the residual classification for the Partnership's General Fund and includes all spendable amounts not contained in the other classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the Partnership's policy to use restricted first, then the unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned fund balance amounts are available, it is the Partnership's policy to use committed first, then assigned, and finally unassigned fund balance amounts.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Fund Balance (Continued)

Net Position

Net position represents the difference between assets and liabilities in the government-wide statement of net position. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Unrestricted net position is the residual classification for the Governmental Activities Fund and includes all spendable amounts not contained in the other classifications.

Use of Estimates

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS

Minnesota Statutes §§118A.02 and 118A.04 authorize the Partnership to designate a depository for public funds and to invest in Certificates of Deposit.

Custodial Credit Risk - Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a financial institution failure, the Partnership's deposits may not be returned to it. The Partnership does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statute §118A.03 requires that all Partnership deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of U.S. government agency; general obligations of a state or local government rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

As of December 31, 2025, the Partnership's deposits were not exposed to custodial credit risk.

NOTE 3 – UNEARNED REVENUE

Unearned revenue represents unearned advances from the Minnesota Board of Water and Soil Resources (BWSR) for administrative service grants. Revenues will be recognized when the related program expenditures are recorded. Unearned revenue for the year ended December 31, 2025, consisted of Watershed Based Implementation Funds of $1,079,194.

NOTE 4 – RISK MANAGEMENT

The Partnership is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; workers' compensation claims; or natural disasters. The Partnership has entered into an agreement with the Minnesota Counties Intergovernmental Trust (MCIT) to cover its liabilities for workers compensation and property and casualty. There were no significant reductions of insurance coverage from the prior year. There have been no settlements in excess of the Partnership's insurance coverage for any of the past three years.

NOTE 5 – COMMITMENTS AND CONTINGENT LIABILITIES

The Partnership is not aware of any existing or pending lawsuits, claims or other actions in which the Partnership is a defendant.

NOTE 6 – RECONCILIATION OF FUND BALANCE TO NET POSITION

Governmental Fund Balance, January 1	$	91,911
Plus: Excess of Revenues Over Expenditures		55,014
Governmental Fund Balance, December 31	$	146,925
Net Position	$	146,925

NOTE 7 – RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION

Change in Fund Balance	$	55,014
Change in Net Position	$	55,014

NOTE 8 – SUBSEQUENT EVENTS

The Partnership has evaluated events and transactions for potential recognition or disclosure through June 18, 2026, the date the financial statements were available to be issued.

PETERSON COMPANY LTD
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE

To the Board of Managers
Central Minnesota River Watershed Partnership
Olivia, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Central Minnesota River Watershed Partnership as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Central Minnesota River Watershed Partnership's basic financial statements, and have issued our report thereon dated June 18, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the Central Minnesota River Watershed Partnership failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions,* promulgated by the State Auditor pursuant to Minnesota Statutes §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 Central Minnesota River Watershed Partnership's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Peterson Company Ltd

Peterson Company Ltd
Waconia, Minnesota

June 18, 2026

PETERSON COMPANY LTD
CERTIFIED PUBLIC ACCOUNTANTS
570 Cherry Drive | Waconia, Minnesota 55387
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Managers
Central Minnesota River Watershed Partnership
Olivia, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Central Minnesota River Watershed Partnership as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Central Minnesota River Watershed Partnership's basic financial statements, and have issued our report thereon dated June 18, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Minnesota River Watershed Partnership's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Central Minnesota River Watershed Partnership's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Central Minnesota River Watershed Partnership's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2025-001, 2025-002, and 2025-003, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Minnesota River Watershed Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Central Minnesota River Watershed Partnership's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Partnership's responses to the internal control findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Central Minnesota River Watershed Partnership's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Peterson Company Ltd

Peterson Company Ltd
Waconia, Minnesota

June 18, 2026

2025-001: Segregation of Duties

Criteria: Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, has physical access to the related assets, and has responsibility or authority to record the transaction.

Condition and Context: Substantially all accounting procedures are performed by one person.

Cause: The Partnership's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective matter.

Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud, including misappropriation of assets, could occur and not be detected within a timely basis.

Prior Year Finding: Yes, 2024-001.

Recommendation: Management and the board should consider a formal evaluation of their risks associated with this lack of duties segregation. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with lack of segregation of duties, such as providing increased management oversight and an independent reconciliation of accounts. Any modification of internal controls in this area must be viewed from a cost/benefit perspective.

Management Response: The Partnership has adequate policies and procedures in place to compensate for the lack of segregation of duties, including having all disbursements approved by the Partnership Board.

2025-002: Financial Statement Presentation

Criteria: The Partnership's management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with generally accepted accounting principles.

Condition and Context: As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. Management has accepted responsibility for the financial statements and reviewed them.

Cause: The Partnership has a limited number of personnel with financial reporting experience.

Effect: The design of the controls over the financial reporting process would affect the ability of the Partnership to report its financial data consistently with the assertions of the management in the financial statements.

Prior Year Finding: Yes, 2024-002.

Recommendation: We recommend that the Partnership be aware of the requirements for fair presentation of the financial statements in accordance with the generally accepted accounting principles. Should the Partnership elect, based upon an analysis of costs and benefits, to establish the full oversight of the financial statement preparation of an appropriate level, we suggest management establish effective review policies and procedures including but not limited to the following: reconciling general ledger amounts to the draft financial statements; review of all supporting documentation and explanations for journal entries proposed by us; complete the disclosure checklist; review and approval of schedules and calculations supporting the amounts included in the notes to the financial statements; apply analytic procedures to the draft financial statements; and perform other procedures considered necessary by management.

Management Response: The Partnership understands that this is required communications for the preparation of the financial statements.

2025-003: Audit Adjustments

Criteria: The Partnership's management is responsible for establishing and maintaining internal controls for the proper recording of all the Partnership's accounting transactions, including account coding, reporting of accruals, and net position.

Condition and Context: As part of the audit, we proposed material adjustments and reclassified transactions to the proper accounts for preparing note disclosures. Management has reviewed and approved the audit adjustments.

Cause: The Partnership has a limited number of personnel with financial reporting experience.

Effect: The design of the internal controls over recording transactions and year-end accruals limits the ability of the Partnership to provide accurate accrual basis financial information.

Prior Year Finding: Yes, 2024-003.

Recommendation: We recommend that Partnership management be constantly aware of all procedures and processes involved in recording transactions, accruals, and reclassifications and develop internal control policies to ensure proper recording of these items.

Management Response: The Partnership will continue to work at eliminating the need for audit adjustments.

Disbursements

(Please explain your accounting process for how checks and EFT's are handled by the District. This should include how checks are received, who processes the checks/EFT's, who approves and how the approval process works, and who brings the checks to the mail.)

- Heidi Rauenhorst (the CMRWP contracts with the Hawk Creek Watershed Project (HCWP) to perform administrative duties for the CMRWP, Rauenhorst is employed by HCWP, Rauenhorst is the contracted CMRWP Coordinator) receives an invoice
- Rauenhorst verifies the invoice is correct, is an eligible expense, and enters it into her Excel budget spreadsheet
- Rauenhorst emails a copy of the invoice with class (what funding source) and code (what type of expense) to Nicole Fernkes at CDS (the accounting/bookkeeping firm the CMRWP has hired)
- Fernkes prepares the check and enters the invoice into her QuickBooks
- Fernkes mails the check to Rauenhorst or Rauenhorst picks up the check from Fernkes' s office
- Dual signatures are obtained for the check. Signers on the CMRWP checking account are Annette Benson (CDS), David Hamre (CMRWP Board Member), Brandon Smith (CMRWP Board Member), Jerry Schwitters (CMRWP Board Member), and Rauenhorst
- Rauenhorst mails the check to the payee
- All CMRWP expenses are paid by check
- All expenses are reviewed by the CMRWP Board at their quarterly meetings
- Rauenhorst reconciles her Excel budget spreadsheet to Fernkes' s QuickBooks through quarterly QuickBooks reports received from Fernkes
- Both Rauenhorst and Fernkes individually reconcile the CMRWP bank accounts at month-end

Cash Receipts

(Please explain your accounting process for how deposits and ACH's are handled by the District. This should include how deposits are received, who processes the deposits/ACH's, who reconciles the bank account to the reconciliation at month-end, and who brings deposits to the bank.)

- If the deposit is a check, the check comes in the mail to Rauenhorst' s office or to the official CMRWP mailing address (Renville County Environmental Services Office). If mailed to the Renville County Environmental Services Office, either a Renville County Environmental Services Office employee will deliver it to Rauenhorst at her office or Rauenhorst will pick it up at the Renville County Environmental Services Office
- Rauenhorst enters the check and payment information into her Excel budget spreadsheet
- Rauenhorst emails a copy of the check with class (what funding source) and code (what type of income) to Fernkes at CDS
- Fernkes enters the check and payment information into her QuickBooks
- Rauenhorst brings the check to the bank to be deposited
- All deposits are reviewed by the CMRWP Board at their quarterly meetings
- Rauenhorst reconciles her Excel budget spreadsheet to Fernkes' s QuickBooks through quarterly QuickBooks reports received from Fernkes
- Both Rauenhorst and Fernkes individually reconcile the CMRWP bank accounts at month-end

- If the deposit is an ACH, sometimes Rauenhorst is notified of the payment through email. Sometimes she learns of an ACH by checking the CMRWP bank accounts online or by reviewing the monthly bank statements.
- Rauenhorst enters the ACH and payment information into her Excel budget spreadsheet
- Rauenhorst emails the ACH information with class (what funding source) and code (what type of income) to Fernkes at CDS
- Fernkes enters the ACH and payment information into her QuickBooks
- All deposits are reviewed by the CMRWP Board at their quarterly meetings
- Rauenhorst reconciles her Excel budget spreadsheet to Fernkes' s QuickBooks through quarterly QuickBooks reports received from Fernkes
- Both Rauenhorst and Fernkes individually reconcile the CMRWP bank accounts at month-end

Payroll

(Please explain your accounting process for payroll. This should include how hours are tracked, how it is entered into your system if you perform payroll yourself or how you send the hours in if you outsource it, approval process, and how payroll is delivered to employees.)

The CMRWP does not have any employees.

IT Controls

(List the type of Accounting Software System you use)

Viewing & Reports (no data entry)

(List individuals and their titles)

Admin Access – (List individual/s and their title/s)

External Accountant

(List outsourced accountants, if you have them)

(Please describe the devices that the entity has and who owns them. What email system is used and if you have an email filtering system, what one is used. Also, please describe where the server is and who has Administrative control of it. Disclose if the computers have a protection software on it and what it is.)

When we have technology issues, we (please describe who helps with technology issues) .

- Rauenhorst uses Excel spreadsheets to track the budget
- Fernkes at CDS uses QuickBooks to track the debits and credits
- Rauenhorst reconciles her Excel budget spreadsheet to Fernkes' s QuickBooks through quarterly QuickBooks reports received from Fernkes
- Both Rauenhorst and Fernkes individually reconcile the CMRWP bank accounts at month-end
- Rauenhorst does not have access to QuickBooks
- Rauenhorst, Fernkes, Benson, Hamre, Smith, and Schwitters have online viewing access to the CMRWP bank accounts

- The CMRWP does not own any devices. Rauenhorst uses devices owned by the HCWP to perform CMRWP activities. Microsoft Outlook is used for email. Barracuda is used for email filtering. Renville County provides administrative/ IT support of the HCWP devices. The server is controlled by Renville County. The computers used have protection software CrowdStrike Falcon Sensor, Nessus Agent, and Windows Security on them that is installed and maintained by Renville County.

- When we have technology issues, we contact the Renville County IT Department.

Disbursements

(Please explain your accounting process for how checks and EFT's are handled by the District. This should include how checks are received, who processes the checks/EFT's, who approves and how the approval process works, and who brings the checks to the mail.)

- Fiscal Administrator receives an invoice or voucher.
- Fiscal Administrator verifies the invoice or voucher is correct, is an eligible expense, and enters it into the program/project log and work plan budget. For vouchers, Plan Coordinator reviews project documents and voucher, then emails Fiscal Administrator that payment of voucher is approved.
- Fiscal Administrator prepares the check and enters the expense in QuickBooks
  - Dual signatures are obtained for the check. Check signers are on file with the banks.
- Fiscal Administrator mails the check to the payee.
  - All partner staff hours worked and partner reimbursable expenses are approved by the JPB prior to payment.
- All expenses are reviewed by the CMRWP Board at their quarterly meetings.
  - Fiscal Administrator reconciles the program/project log, workplan budget, Quickbooks and eLink against each other. Plan Coordinator reviews all fiscal transactions in program/ project log, workplan budget, and eLink, as necessary.
  - Fiscal Administrator and Plan Coordinator review and prepare financial reports for TAC and JPB meetings.
  - Fiscal Administrator reconciles CMRWP bank accounts through Quickbooks at month-end with statement review by another CMRWP partner.

Cash Receipts

(Please explain your accounting process for how deposits and ACH's are handled by the District. This should include how deposits are received, who processes the deposits/ACH's, who reconciles the bank account to the reconciliation at month-end, and who brings deposits to the bank.)

- If the deposit is a check, the check comes in the mail to Plan Coordinator or Fiscal Administrator's office or to the official CMRWP mailing address (Renville County Environmental Services Office). If mailed to the Renville County Environmental Services Office, a Renville County Environmental Services Office employee will email it to Fiscal Administrator then will provide the original copy at the next JPB or TAC meeting.
- Fiscal Administrator enters the payment into program/project log, work plan budget, Quickbooks, and eLink, as necessary.
- Fiscal Administrator brings the check to the bank to be deposited.
- All deposits are reviewed by the CMRWP Board at their quarterly meetings.
- Fiscal Administrator reconciles program/project log, Quickbooks, workplan budget, and elink against each other.
- Fiscal Administrator reconciles the CMRWP bank accounts at month-end with statement review by another CMRWP partner.

- If the deposit is an ACH, sometimes a CMRWP partner is notified of the payment through email. Sometimes an ACH is found through checking the CMRWP bank accounts online, by Quickbooks connection to banking, or by reviewing the monthly bank statements.
- Fiscal Administrator enters the ACH and payment information into her program/project log, workplan budget, Quickbooks, and eLink.
- All deposits are reviewed by the CMRWP Board at their quarterly meetings.
- Fiscal Administrator reconciles program/project log, Quickbooks, workplan budget, and elink against each other.
- Fiscal Administrator reconciles the CMRWP bank accounts at month-end with statement review by another CMRWP partner.

Payroll

(Please explain your accounting process for payroll. This should include how hours are tracked, how it is entered into your system if you perform payroll yourself or how you send the hours in if you outsource it, approval process, and how payroll is delivered to employees.)

The CMRWP does not have any employees.

IT Controls

(List the type of Accounting Software System you use)

Viewing & Reports (no data entry)

(List individuals and their titles)

Admin Access – (List individual/s and their title/s)

External Accountant

(List outsourced accountants, if you have them)

(Please describe the devices that the entity has and who owns them. What email system is used and if you have an email filtering system, what one is used. Also, please describe where the server is and who has Administrative control of it. Disclose if the computers have a protection software on it and what it is.)

When we have technology issues, we (please describe who helps with technology issues) .

- Plan Coordinator and Fiscal Administrator use program/project log and work plan budget spreadsheets to track the budget. Fiscal Administrator utilizes Quickbooks to record financial transactions. All partners use web-based SharePoint and MS4Front, a project scoring and ranking software for 1W1P, for managing partnership files and information. BWSR's eLink system is used for reporting.

- The CMRWP does not own any devices. Plan Coordinator and Fiscal Administrator use devices owned by their respective employers to perform CMRWP activities. Microsoft Outlook is used for email. Chippewa County provides administrative/ IT support of the Chippewa SWCD devices. Renville County provides administrative/IT supports of the Renville SWCD devices. The Chippewa SWCD server is controlled by Chippewa County. The Renville SWCD service is controlled by Renville County. Most relevent information is in cloud based servers within SharePoint, MS4Front, and eLink. The Chippewa SWCD computers used have protection software and Windows Security on them that is installed and maintained by Chippewa County.

- The plan coordinator and fiscal administrator's respective IT Departments help with technology issues.

June 18, 2026

Peterson Company Ltd
570 Cherry Drive
Waconia, MN 55387

Dear Peterson Company Ltd:

This representation letter is provided in connection with your audit of the governmental activities and General Fund of Central Minnesota River Watershed Partnership which comprise the statement of financial position as of December 31, 2025, and the respective change in financial position and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

Except where otherwise stated below, immaterial matters less than $700 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of June 18, 2026:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 5, 2026, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- The financial statement referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP.
- We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* with codifies FASB Accounting Standards Codification (ASC) 450, *Contingencies*, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.

- All funds that meet the quantitative criteria in Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All net position components and fund balance classifications have been properly reported and, if applicable, approved.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- All required supplementary information is measured and presented within the prescribed guidelines.
- Nonexhange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- With regard to items reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- We have conducted a comprehensive risk assessment and disclosed all material concentrations and constraints in accordance with GASB Statement No. 102, *Certain Risk Disclosures*. These disclosures provide sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact associated with the concentration or constraint, if applicable.
- We have evaluated the concentrations and constraints, including those that occur subsequent to the statement of net position date but before the financial statements are issued and have been properly disclosed in the financial statements as subsequent events.
- With respect to the preparation of the financial statements and proposal of adjusting entries for management to approve we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained controls, including a process to monitor the system of internal control.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit;
  - Unrestricted access to persons within the entity and others from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions, events present, concentrations and constraints, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), analysts, regulators, or others.
- We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objections.
- We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- We have a process to track the status of audit findings and recommendations.
- We have identified for you all previous audits, attestation engagements, and other studies related to the audit objects and whether related recommendations have been implemented.
- We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned correct actions, for the report.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Central Minnesota River Watershed Partnership has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Central Minnesota River Watershed Partnership is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred

as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.

- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- Central Minnesota River Watershed Partnership has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Material Audit Adjustments

We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and are reflected in the financial statements.

Information Provided

We have provided you all minutes of the meetings of those charged with governance, committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

Reported Findings

We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.

Cybersecurity

There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.

Accounting Estimates and Related Disclosures

- The significant judgments made in making the accounting estimates have taken into account all relevant information of which we are aware.
- We have consistently and appropriately selected and applied methods, assumptions, and data when making accounting estimates.
- The assumptions we used in making and disclosing accounting estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of Central Minnesota River Watershed Partnership, when relevant to the accounting estimates and disclosures.
- The disclosures related to accounting estimates, including those disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
- We have obtained and applied appropriate specialized skills and expertise in making accounting estimates.
- We are not aware of any events subsequent to the date of the financial statements that require adjustment to our accounting estimates and related disclosures included in the financial statements.

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Kurt Stranberg, Board Chair