GOODHUE SOIL AND WATER CONSERVATION DISTRICT

GOODHUE, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

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INTRODUCTORY SECTION

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

BOARD MEMBERS

MEMBER	POSITION	TERM EXPIRES
Christopher Hinck	Chairman	12-31-28
Edward McNamara	Vice Chairman	12-31-28
Donald Schliep	Secretary	12-31-26
Mark Comstock	Treasurer	12-31-26
John Beck	Reporter	12-31-28

EMPLOYEES

Beau Kennedy	District Manager	Appointed
Delane Krier	Administrative Assistant	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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2330 26th Street
Slayton, MN 56172

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Goodhue 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 Goodhue 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 Goodhue 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 Goodhue 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Goodhue 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 Goodhue 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 Goodhue 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 Goodhue 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 25, 2026

Katie M. Jacobson, CPA
Slayton, MN

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

(Unaudited)

This section of Goodhue 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. Goodhue 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.

GOODHUE 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 $1,273,516 on December 31, 2025 (see detail in Table A-1). This is up from $1,023,539 at December 31, 2024.

Table A-1
Summary of Net Position

	2025	2024	Change
Assets			
Current Assets	$ 2,548,806	$ 2,620,885	-2.8%
Capital Assets, Net of Depreciation/Amortization	177,990	155,521	14.4%
Total Assets	$ 2,726,796	$ 2,776,406	-1.8%
Deferred Outflow of Resources	$ 66,114	$ 38,740	70.7%
Liabilities			
Current Liabilities	$ 1,077,793	$ 1,329,585	-18.9%
Long-Term Liabilities	314,323	315,858	-0.5%
Total Liabilities	$ 1,392,116	$ 1,645,443	-15.4%
Deferred Inflows of Resources	$ 127,278	$ 146,164	-12.9%
Net Position:			
Net Investment in Capital Assets	$ 158,389	$ 113,505	39.5%
Unrestricted	1,115,127	910,034	22.5%
Total Net Position	$ 1,273,516	$ 1,023,539	24.4%

Net position of the District's governmental activities increased by $249,977. 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 $910,034 at December 31, 2024 to $1,115,127 at December 31, 2025.

GOODHUE 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 $296,618 or 14.0% from 2024. The total cost of all programs and services increased by $345,059 or 18.4% with existing programs, primarily due to increased project costs. The net position for governmental activities increased by $249,977 compared to an increase of $258,660 in 2024.

Table A-2
Changes in Net Position

	Total 2025	Total 2024	Percentage Change
Revenues			
County	$ 440,000	$ 440,000	0.0%
Federal	3,600	7,950	-54.7%
State	1,807,922	1,520,606	18.9%
Local	21,719	33,874	-35.9%
Charges for Service	91,021	57,081	59.5%
Interest Earnings	51,566	62,530	-17.5%
Other	6,969	4,138	68.4%
Total Revenues	$ 2,422,797	$ 2,126,179	14.0%
Expenses			
Conservation	$ 2,215,391	$ 1,870,332	18.4%
Total Expenses	$ 2,215,391	$ 1,870,332	18.4%
Increase (Decrease) in Net Position Before Other Financing Sources (Uses)	$ 207,406	$ 255,847	-18.93%
Proceeds from Sale of Capital Assets	42,571	2,813	1413.37%
Change in Net Position	$ 249,977	$ 258,660	
Beginning Net Position	1,023,539	764,879	33.8%
Ending Net Position	$ 1,273,516	$ 1,023,539	24.4%

GENERAL FUND

As the District completed this year, its general fund reported a fund balance of $1,485,140, which is an increase from last year's balance of $1,323,421. General Fund revenues exceeded expenditures by $161,719.

General Fund Budgetary Highlights

The actual charges to appropriations (expenditures) were $133,445 higher the final budgeted amounts. This was due to higher than anticipated capital outlay costs of $67,409 and higher than budgeted project costs of $67,271.

Resources available for appropriation (revenues) were higher than budget by $223,217. This is primarily due to intergovernmental revenues, charges for services, and miscellaneous revenue. Intergovernmental revenues were $142,261 higher due to more projected projects completed during the year than expected. Charges for services were $33,171 higher than expected due to higher than anticipated tree and plant program sales and feedlot registration fees. Interest revenue was significantly over budget amounts by $43,566 due to higher balances in interest bearing accounts than anticipated.

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

(Unaudited)

CAPITAL ASSETS

At the end of 2025, the District had $159,063 invested in a broad range of capital assets, including machinery, equipment, and vehicles. Depreciation expense for 2025 totaled $63,272. The District uses a threshold of $1,000 for its capitalization policy.

At the end of 2025, the District had $18,927 invested in lease assets which includes a building, shed, and copier. Amortization expense for 2025 totaled $35,740.

LONG TERM LIABILITIES

The District's long-term liabilities include $112,365 for compensated absences, $19,601 for lease payables, and a net pension liability of $196,484. Detailed information about the District's long term liabilities is presented in the Notes to the Financial Statements 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 Goodhue 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 Goodhue Soil and Water Conservation District, Beau Kennedy, 104 East 3rd Ave, PO Box 335, Goodhue, MN 55027 or 651-923-5286, ext. 114.

GOODHUE 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	$ 105		$ 105
Checking	2,911		2,911
Interest Checking and Money Market	1,933,399		1,933,399
Accounts Receivable	150		150
Due from Other Governmental Units	582,217		582,217
Inventory	13,128		13,128
Prepaid Expenses	16,896		16,896
Capital Assets Net of Accumulated Depreciation/Amortization			
Machinery and Equipment		$ 159,063	159,063
Leases - Buildings and Structures		14,450	14,450
Lease - Equipment		4,477	4,477
Total Assets	$ 2,548,806	$ 177,990	$ 2,726,796
DEFERRED OUTFLOWS OF RESOURCES			
Difference and Changes in Pension Liabilities		$ 66,114	$ 66,114
Total Deferred Outflows of Resources	$ -	$ 66,114	$ 66,114
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,548,806	$ 244,104	$ 2,792,910
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	$ 156,219		$ 156,219
Accrued Wages Payable	30,308		30,308
Accrued Payroll Liabilities	2,495		2,495
Sales Tax Payable	998		998
Unearned Revenues	873,646		873,646
Leases Payable - Due Within One Year		$ 14,127	14,127
Noncurrent Liabilities			
Compensated Absences		112,365	112,365
Leases Payable		5,474	5,474
Net Pension Liability		196,484	196,484
Total Liabilities	$ 1,063,666	$ 328,450	$ 1,392,116
DEFERRED INFLOWS OF RESOURCES			
Differences and Changes in Pension Liabilities		$ 127,278	$ 127,278
Total Deferred Inflows of Resources	$ -	$ 127,278	$ 127,278
FUND BALANCE			
Nonspendable	$ 30,024	$ (30,024)	
Unassigned	1,455,116	(1,455,116)	
Total Fund Balance	$ 1,485,140	$ (1,485,140)	
NET POSITION			
Net Investment in Capital Assets		$ 158,389	$ 158,389
Unrestricted		1,115,127	1,115,127
Total Net Position		$ 1,273,516	$ 1,273,516
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION	$ 2,548,806	$ 244,104	$ 2,792,910

The Accompanying Notes are an Integral Part of the Financial Statements

GOODHUE 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	$ 1,485,140
Capital Assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.	159,063
Lease Assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.	18,927
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.	66,114
Compensated Absences are not due and payable in the current period and are not reported in the governmental fund balance sheet.	(112,365)
Leases 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.	(19,601)
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.	(196,484)
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.	(127,278)
Total Net Position of Governmental Activities	$ 1,273,516

GOODHUE 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			
Federal	$ 3,600		$ 3,600
State	1,807,922		1,807,922
County	440,000		440,000
Local	21,719		21,719
Total Intergovernmental Revenues	$ 2,273,241	$ -	$ 2,273,241
CHARGES FOR SERVICES	$ 91,021		$ 91,021
Total Charges for Services	$ 91,021	$ -	$ 91,021
MISCELLANEOUS			
Interest Revenue	$ 51,566		$ 51,566
Other	6,969		6,969
Total Miscellaneous Revenue	$ 58,535	$ -	$ 58,535
TOTAL REVENUES	$ 2,422,797	$ -	$ 2,422,797
EXPENDITURES			
CONSERVATION			
Current	$ 2,196,525	$ 18,866	$ 2,215,391
Capital Outlay	122,409	(122,409)	-
TOTAL EXPENDITURES	$ 2,318,934	$ (103,543)	$ 2,215,391
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 103,863	$ 103,543	$ 207,406
OTHER FINANCING SOURCES (USES)			
Lease Proceeds	$ 14,356	$ (14,356)	$ -
Proceeds from Sale of Capital Assets	43,500	(929)	42,571
Total Other Financing Sources (Uses)	$ 57,856	$ (15,285)	$ 42,571
NET CHANGE IN FUND BALANCE/NET POSITION	$ 161,719	$ 88,258	$ 249,977
FUND BALANCE/NET POSITION - January 1	1,323,421	(299,882)	1,023,539
FUND BALANCE/NET POSITION - December 31	$ 1,485,140	$ (211,624)	$ 1,273,516

GOODHUE 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	$ 161,719
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.	
Capital Outlays	122,409
Current year depreciation expense	(63,272)
Current year amortization expense	(35,740)
Governmental funds report the proceeds of capital asset sales as a revenue. However, in the statement of activities, the proceeds from capital asset sales are netted against the capital asset book value (cost less accumulated depreciation) and either a gain or loss on the sale is recognized.	
Proceeds from Sale of Capital Assets	(43,500)
Gain on Sale of Capital Assets	42,572
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	(7,146)
In governmental 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 state of net position.	
Lease Proceeds	(14,356)
Principal retirement on leases payable	36,771
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	50,520
Change in Net Position of Governmental Activities	$ 249,977

GOODHUE 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 Goodhue 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 Goodhue 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 government 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.

GOODHUE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. 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.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Assets

Investments are stated at fair value, except for 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.

Inventory of trees is reported at cost less deposits from customers.

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

Capital 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, and sales tax payable.

Long-Term liabilities consists of compensated absences, leases 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 annual leave in varying amounts bases on their length of service. Annual leave accrual varies from 4 to 7 hours per pay period. The employee shall only carry over a maximum of 200 hours of annual leave into the next calendar year. Employees leaving District employment who have had at least six months of District employment who subsequently leave in good standing and after proper notice, shall be paid for accrued annual leave time at the hourly rate in effect for the employee at the time of separation.

Under the District's personnel policies, employees shall accrue 4 hours of sick leave each pay period. The maximum amount of sick leave that may be accrued is 960 hours. District employment in good standing, and after proper notice, shall be paid for 60% of their accrued sick leave at the hourly rate in effect for the employee at the time of separation, said pay not to exceed 576 hours.

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 assets, net of accumulated depreciation/amortization reduced by any outstanding debt attributable to acquire capital 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".

GOODHUE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 expenses and inventory.

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 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.

Goodhue 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.

F. Explanation of Adjustments Column in Statements

Capital Assets - In the Statement of Net Position and Governmental Fund Balance Sheet, an adjustment is made if the District has capital 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.

Leases 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 assets 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 assets 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.

G. Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through September 25, 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.

GOODHUE 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 $1,936,310 and the bank balance was $2,107,739. The bank balance is categorized as follows:

Insured by FDIC Insurance	$ 250,000
Covered by collateral assigned to District and not redeposited in the financial institution furnishing the collateral	1,857,739
Total Bank Balance	$ 2,107,739

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 were not 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	$ 150
Due from Other Governmental Units	582,217
Total Receivables	$ 582,367

GOODHUE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Changes in Capital Assets:

Governmental Activities	Balance 1/1/2025	Additions	Deductions	Balance 12/31/2025
Capital Assets				
Machinery and Equipment	$ 381,691	$ 108,053	$ (92,929)	$ 396,815
Leases - Buildings and Structures	121,644	14,356	(28,937)	107,063
Lease - Equipment	8,394			8,394
Total Other Capital Assets	$ 511,730	$ 122,409	$ (121,866)	$ 512,272
Less accumulated depreciation for				
Machinery and Equipment	$ (266,481)	$ (63,272)	$ 92,001	$ (237,752)
Less accumulated amortization for				
Leases - Buildings and Structures	(87,489)	(34,061)	28,937	(92,613)
Lease - Equipment	(2,239)	(1,679)		(3,918)
Total accumulated depreciation and amortization	$ (356,209)	$ (99,012)	$ 120,938	$ (334,283)
Total Capital Assets, net	$ 155,521	$ 23,397	$ (928)	$ 177,990

The cost of machinery 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:

Machinery and Equipment	4-10 years

Current year depreciation expense of $63,272 was charged to the District for the year ended December 31, 2025.

Current year amortization expense of $35,740 was charged to the District for the year ended December 31, 2025.

The Goodhue 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	$ 156,219
Accrued Wages Payable	30,308
Accrued Payroll Liabilities	2,495
Sales Tax Payable	998
Total Payables	$ 190,020

7. UNEARNED REVENUE

Unearned revenue represents advances from the Minnesota Board of Water and Soil Resources (BWSR) 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
Capacity Grant (State)	$ 12,975
Conservation Delivery (State)	40,108
Conservation Contracts (State)	74,383
Soil Health Practices (State)	399,422
Soil Health Delivery (State)	26,697
Soil Health Staffing (State)	111,208
WCA (State)	16,447
LWM (State)	9,433
DWSMA-Nitrate Protection (State)	129,423
RIM Easement (State)	3,550
CRP State Incentives (State)	50,000
Total	$ 873,646

GOODHUE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

8. LONG-TERM LIABILITIES

The following is a summary of changes in long-term obligations for the year ended December 31, 2025:

Governmental Activities	Balance 1/1/2025	Additions	Deductions	Balance 12/31/2025	Due Within One Year
Compensated Absences (net)	$ 105,219	$ 7,146		$ 112,365	
Lease Liability	42,016	14,356	$ 36,771	19,601	$ 14,127
Total Long-Term Liabilities	$ 147,235	$ 21,502	$ 36,771	$ 131,966	$ 14,127

The District incurred expenses under a lease for a storage shed. This lease agreement was cancelable and expired on May 31, 2024. After May 2024 there was no signed agreement in place, only a quarter-to-quarter rental at the same rate until a new lease agreement was signed in May 2025. Quarterly payments under this agreement are $1,625. The District lease expense for the year ended December 31, 2025 was $6,150.

The District incurs expenses under a lease for a building. This lease agreement is cancelable and expires on February 28, 2026. Monthly payments under this agreement are $2,623. The District lease expense for the year ended December 31, 2025 was $31,472.

The District incurs expenses under a lease for a copier. The lease agreement expires on August 10, 2028. Monthly payments under this agreement are $157. The District lease expense for the year ended December 31, 2025 was $1,883.

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

	Leases	
Years	Principal	Interest
2026	$ 14,127	$ 501
2027	4,249	134
2028	1,225	30

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.

9. DEFINED BENEFIT PENSION PLAN (Cont.)

B. Benefits Provided (Cont.)

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.

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 $41,936. 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 $196,484 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 $4,740.

District's proportionate share of the net pension liability	$ 196,484
State of Minnesota's proportionate share of the net pension liability associated with the District	4,740
Total	$ 201,224

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 .0059% at the end of the measurement period and .0054% for the beginning of the period.

For the year ended December 31, 2025, the District recognized pension expense of ($29,547) for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional $949 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.

GOODHUE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

9. DEFINED BENEFIT PENSION PLAN (Cont.)

D. Pension Costs (Cont.)

1. General Employees Fund Pension Costs (Cont.)

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	$ 18,721	
Changes in actuarial assumptions	4,734	$ 45,210
Net difference between projected and actual earnings on pension plan investments		78,183
Changes in proportion	21,686	3,885
Employer contributions subsequent to the measurement date	20,973	
TOTAL	$ 66,114	$ 127,278

The $20,973 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	$ (16,937)
2027	$ (31,532)
2028	$ (19,702)
2029	$ (13,966)

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.

9. DEFINED BENEFIT PENSION PLAN (Cont.)

F. Actuarial Methods and Assumptions (Cont.)

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.

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%	$ 477,229
Current Discount Rate	7.00%	$ 196,484
1% Higher	8.00%	$ (31,263)

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.

GOODHUE SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

10. PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN (DEFINED CONTRIBUTION PLAN)

Two District Supervisors are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan, plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D and 356, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the District during fiscal year 2025 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
$ 249	$ 249	5%	5%	5%

11. 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

GOODHUE 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			
Federal	$ 3,000	$ 3,600	$ 600
State	1,672,046	1,807,922	135,876
County	440,000	440,000	-
Local	15,934	21,719	5,785
Total Intergovernmental Revenues	$ 2,130,980	$ 2,273,241	$ 142,261
CHARGES FOR SERVICES	$ 57,850	$ 91,021	$ 33,171
Total Charges for Services	$ 57,850	$ 91,021	$ 33,171
MISCELLANEOUS			
Interest Revenue	$ 8,000	$ 51,566	$ 43,566
Other	2,750	6,969	4,219
Total Miscellaneous Revenue	$ 10,750	$ 58,535	$ 47,785
TOTAL REVENUES	$ 2,199,580	$ 2,422,797	$ 223,217
EXPENDITURES			
DISTRICT OPERATIONS			
Personnel Services - Current	$ 735,899	$ 729,128	$ 6,771
Other Services and Charges - Current	116,037	121,573	(5,536)
Capital Outlay	55,000	122,409	(67,409)
Total District Operations	$ 906,936	$ 973,110	$ (66,174)
PROJECT EXPENDITURES			
District - Current	$ 22,175	$ 98,626	$ (76,451)
County - Current	8,000	8,000	-
State - Current	1,248,378	1,239,198	9,180
Total Project Expenditures	$ 1,278,553	$ 1,345,824	$ (67,271)
TOTAL EXPENDITURES	$ 2,185,489	$ 2,318,934	$ (133,445)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 14,091	$ 103,863	$ 89,772
OTHER FINANCING SOURCES (USES)			
Lease Proceeds		$ 14,356	$ 14,356
Proceeds from Sale of Capital Assets		43,500	43,500
Total Other Financing Sources (Uses)	$ -	$ 57,856	$ 57,856
NET CHANGE IN FUND BALANCE	$ 14,091	$ 161,719	$ 147,628
FUND BALANCE - January 1	1,323,421	1,323,421	-
FUND BALANCE - December 31	$ 1,337,512	$ 1,485,140	$ 147,628

Saee Accompanying Notes to the Required Supplementary Information

GOODHUE 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	0.0059%	$ 196,484	$ 4,740	$ 201,224	$ 534,285	37.66%	90.78%
June 30, 2024	0.0054%	$ 200,744	$ 5,191	$ 205,935	$ 475,561	43.30%	89.08%
June 30, 2023	0.0055%	$ 307,554	$ 8,551	$ 316,105	$ 440,732	71.72%	83.10%
June 30, 2022	0.0056%	$ 443,522	$ 12,858	$ 456,380	$ 401,107	113.78%	76.67%
June 30, 2021	0.0058%	$ 239,145	$ 7,340	$ 246,485	$ 406,253	60.67%	87.00%
June 30, 2020	0.0058%	$ 347,737	$ 10,761	$ 358,498	$ 417,027	85.97%	79.06%
June 30, 2019	0.0061%	$ 337,255	$ 10,333	$ 347,588	$ 418,382	83.08%	80.23%
June 30, 2018	0.0065%	$ 360,593	$ 11,805	$ 372,398	$ 434,848	85.64%	79.53%
June 30, 2017	0.0068%	$ 434,108	$ 5,438	$ 439,546	$ 436,414	100.72%	75.90%
June 30, 2016	0.0065%	$ 527,768	$ 6,909	$ 534,677	$ 406,006	131.69%	68.91%

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

GOODHUE 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	$41,936	$41,936	$0	$559,148	7.50%
December 31, 2024	$36,924	$36,924	$0	$492,316	7.50%
December 31, 2023	$33,895	$33,895	$0	$451,932	7.50%
December 31, 2022	$31,257	$31,257	$0	$416,760	7.50%
December 31, 2021	$28,909	$28,909	$0	$385,453	7.50%
December 31, 2020	$31,277	$31,277	$0	$417,027	7.50%
December 31, 2019	$31,199	$31,199	$0	$415,987	7.50%
December 31, 2018	$32,936	$32,936	$0	$439,144	7.50%
December 31, 2017	$31,912	$31,912	$0	$425,490	7.50%
December 31, 2016	$32,214	$32,214	$0	$429,514	7.50%

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

GOODHUE 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
General Fund	$2,185,489	$2,318,934	$133,445

The over expenditures were approved by the board of supervisors and funded by current year revenues.

NOTE 2 – SIGNIFICANT VARIANCES

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

- Intergovernmental revenues were $142,261 higher due to more projects completed during the year than anticipated.
- Charges for services were $33,171 higher than expected due to higher than anticipated tree and plant program sales and feedlot registration fees.
- Miscellaneous revenues were $47,785 higher than expected due to higher interest revenue than anticipated.
- Capital outlay was $67,409 higher than budgeted due to additional capital expenditures that were not anticipated.
- Project expenditures were $67,271 higher than budgeted due to more district 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.

2024 Changes

Changes in Actuarial Assumptions

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

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

NOTE 3 – GENERAL EMPLOYEES FUND (Cont.)

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.

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%.

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

NOTE 3 – GENERAL EMPLOYEES FUND (Cont.)

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.

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.

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

NOTE 3 – GENERAL EMPLOYEES FUND (Cont.)
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

GOODHUE 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				
Federal	$ 3,000	$ 3,600	$ 600	$ 7,950
State:				
1W1P Cannon	$ 115,000	$ 361,842	$ 246,842	$ 156,794
Buffer Law	20,000	20,000	-	20,000
Conservation Contract	28,644	35,193	6,549	5,000
Conservation Delivery	20,054	20,054	-	20,054
Feedlot Joint Powers Board		4,558	4,558	
Goodhue CWMA			-	7,663
Goodhue DWSMA	116,000	88,188	(27,812)	80,903
Local Capacity	32,000	23,948	(8,052)	57,966
Local Water Plan	12,878	12,878	-	12,878
RIM Easement	3,550	3,500	(50)	3,500
Soil Health	153,448	145,117	(8,331)	44,356
Cost Share			-	25,169
WAGZ	720,500	725,837	5,337	785,584
WAGZ CRP	50,000	8,750	(41,250)	8,500
WCA	22,453	22,453	-	22,453
319 Wells Creek Project	120,000	46,555	(73,445)	
Clean River Partner		5,052	5,052	
Aquatic Invasive Species	1,000		(1,000)	
County Feedlot Progrram	73,535	95,427	21,892	79,516
County Well Inventory		8,774	8,774	
DNR Observation Well Grant		480	480	240
LPLA Grant		19,900	19,900	
McNamara Tile Monitoring	10,000	9,748	(252)	5,446
SWAG			-	4,288
MN Ag WQ Certification Program	500		(500)	
SWCD Aid	162,484	136,687	(25,797)	170,859
Well Nitrate Monitoring	10,000	12,981	2,981	9,298
Total State	$ 1,672,046	$ 1,807,922	$ 135,876	$ 1,520,467
County	$ 440,000	$ 440,000	$ -	$ 440,000
Local:				
Belle Creek Watershed	$ 1,500	$ 960	$ (540)	$ 920
MDH (DWSMA) Funds			-	7,000
TSA7 Grant Admin	10,500	14,270	3,770	13,435
TSA7 and Local Reimbursements		55	55	8,585
TSA7 Rent	3,934	3,934	-	3,934
Root River SWCD KTTC Reimbursement		2,500	2,500	
Total Local	$ 15,934	$ 21,719	$ 5,785	$ 33,874
Total Intergovernmental Revenues	$ 2,130,980	$ 2,273,241	$ 142,261	$ 2,002,291
CHARGES FOR SERVICE				
Drill Rental	$ 11,000	$ 12,391	$ 1,391	$ 11,988
Pedulum Spreader	700	320	(380)	714
Drone Services	200		(200)	
Crimper	200	100	(100)	
Seed for John Deere Drill	10,000	15,711	5,711	9,309

GOODHUE 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 (Cont.)				
CHARGES FOR SERVICE (Cont.)				
Tree and Plant Program Sales	22,550	36,349	13,799	29,470
Feedlot Registration Fees	12,000	23,350	11,350	4,800
Wetland Fees	1,200	2,800	1,600	800
Total Charges for Service	$ 57,850	$ 91,021	$ 33,171	$ 57,081
MISCELLANEOUS				
Interest Earnings	$ 8,000	$ 51,566	$ 43,566	$ 62,530
Envirothon Income	1,750	3,475	1,725	2,725
MCIT Dividend		500	500	1,172
Other	1,000	2,994	1,994	241
Total Miscellaneous Revenue	$ 10,750	$ 58,535	$ 47,785	$ 66,668
TOTAL REVENUES	$ 2,199,580	$ 2,422,797	$ 223,217	$ 2,126,040
EXPENDITURES				
DISTRICT OPERATIONS				
PERSONNEL SERVICES - CURRENT				
Employee Salaries	$ 564,098	$ 563,644	$ 454	$ 507,604
FICA and Medicare	42,947	44,894	(1,947)	40,628
Health and Disability Insurance	63,850	64,626	(776)	52,539
MNDCP Employer Match		3,500	(3,500)	
PERA Expense	42,104	42,065	39	36,924
Supervisor Compensation	19,000	10,150	8,850	9,475
Supervisor PERA Deferred Compensation	3,900	249	3,651	190
Total Personnel Services	$ 735,899	$ 729,128	$ 6,771	$ 647,360
OTHER SERVICES AND CHARGES - CURRENT				
Advertising, Publications, Subscriptions	$ 900	$ 1,573	$ (673)	$ 532
Copier/Internet/Phone/Web Fees	6,240	4,186	2,054	3,901
Copier Lease		1,631	(1,631)	1,559
Donations		768	(768)	1,105
Education/Field Day/Public Outreach	4,200	3,150	1,050	3,200
Conferences,Training, Meetings, Mileage	10,100	9,316	784	13,870
Fees and Dues	16,275	16,743	(468)	16,875
Insurance	12,200	15,383	(3,183)	13,104
Supplies	5,200	8,574	(3,374)	9,194
Postage	1,500	1,687	(187)	1,126
Professional Services	6,000	5,559	441	5,958
Building Rent	38,722	37,307	1,415	35,547
Interest Expense on Leases		1,583	(1,583)	2,748
Supervisor's Expenses	3,100	3,985	(885)	4,559
Payroll Processing	1,000		1,000	107
TSA7 Reimburseable Expenses			-	136
Vehicle Expense	9,700	8,812	888	7,548
WIX Credit Card Processing Fee	900	1,316	(416)	973
Total Other Services and Charges	$ 116,037	$ 121,573	$ (5,536)	$ 122,042

GOODHUE 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.)				
CAPITAL OUTLAY				
Capital Assets	$ 55,000	$ 122,409	$ (67,409)	$ 31,029
Total Capital Outlay	$ 55,000	$ 122,409	$ (67,409)	$ 31,029
Total District Operations	$ 906,936	$ 973,110	$ (66,174)	$ 800,431
PROJECT EXPENDITURES				
DISTRICT - CURRENT				
Envirothon	$ 1,725	$ 2,737	$ (1,012)	$ 2,593
No-Till Drill	8,400	10,822	(2,422)	6,666
Tree and Plant Program	11,650	28,582	(16,932)	21,780
Truax Drill	400		400	
Soil Health		56,485	(56,485)	573
Total District	$ 22,175	$ 98,626	$ (76,451)	$ 31,612
LOCAL - CURRENT				
MDH (DWSMA) Funds			$ -	$ 7,036
Total Local	$ -	$ -	$ -	$ 7,036
COUNTY - CURRENT				
GIS Contract with County	$ 8,000	$ 8,000	$ -	$ 8,000
Total County	$ 8,000	$ 8,000	$ -	$ 8,000
STATE - CURRENT				
1W1-Cannon	$ 100,000	$ 303,815	$ (203,815)	$ 99,431
Buffer Law	2,000	3,000	(1,000)	1,125
Conservation Contract	23,644	30,193	(6,549)	
Goodhue CWMA			-	3,010
Goodhue DWSMA	103,000	75,203	27,797	73,966
Local Capacity Expense	32,000	16,750	15,250	41,315
Soil Health	63,500		63,500	
State Cost Share			-	25,169
WAGZ	664,750	676,412	(11,662)	728,972
WAGZ CRP	50,000	8,750	41,250	8,500
319 Wells Creek Project - MPCA	90,000	40,000	50,000	
Clean River-Little Cannon		2,778	(2,778)	
County Well Observation		780	(780)	
LPA Grant		18,355	(18,355)	
Aquatic Invasive Species			-	700
McNamara Tile Monitoring	5,000	2,348	2,652	1,571
SWAG			-	294
SWCD Aid	114,484	54,814	59,670	26,413
Well Nitrate Monitoring		6,000	(6,000)	6,717
Total State	$ 1,248,378	$ 1,239,198	$ 9,180	$ 1,017,183
Total Project Expenditures	$ 1,278,553	$ 1,345,824	$ (67,271)	$ 1,063,831
TOTAL EXPENDITURES	$ 2,185,489	$ 2,318,934	$ (133,445)	$ 1,864,262
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 14,091	$ 103,863	$ 89,772	$ 261,778

GOODHUE 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
OTHER FINANCING SOURCES (USES)				
Lease Proceeds		$ 14,356	$ 14,356	
Proceeds from Sale of Capital Assets		43,500	43,500	$ 7,000
Total Other Financing Sources (Uses)	$ -	$ 57,856	$ 57,856	$ 7,000
NET CHANGE IN FUND BALANCE	$ 14,091	$ 161,719	$ 147,628	$ 268,778
FUND BALANCE - January 1	1,323,421	1,323,421	-	1,054,643
FUND BALANCE - December 31	$ 1,337,512	$ 1,485,140	$ 147,628	$ 1,323,421

MANAGEMENT AND COMPLIANCE SECTION

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MINNESOTA LEGAL COMPLIANCE

Independent Auditor's Report

To the District Board
Goodhue Soil and Water Conservation District
Goodhue, 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 Goodhue 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 Goodhue Soil and Water Conservation District's basic financial statements, and have issued our report thereon dated September 25, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that Goodhue Soil and Water Conservation District 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 Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and management of Goodhue 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 25, 2026

Katie M. Jacobson, CPA
Slayton, MN