Black Dog Watershed Management Commission

Agenda

Wednesday, June 17, 2020 5:00 P.M.

COMMISSIONERS:

Roger Baldwin, Chairman Greg Helms, Vice Chairman Scott Thureen, Secretary/Treasurer Tom Harmening Mike Hughes Curt Enestvedt, Alternate Rollie Greeno, Alternate

- I. Approval of Agenda
- II. Approval of Minutes May 20, 2020
- III. Approval of Accounts Payable
- IV. Review Budget Performance Reports
- V. Accept the 2019 Audit
- VI. Discuss the 10 Year Watershed Plan Update
- VII. Miscellaneous
- VIII. Adjournment

The City of Burnsville and Black Dog Watershed Management Organization do not discriminate on the basis of race, color, national origin, sex, religion, age, or disability in the admission or access to, or treatment or employment in, its programs, activities, or services.

To obtain this information in alternative forms such as braille, large print, audiotape or qualified readers, please contact the City of Burnsville. Telephone (952) 895-4400, TDD (952) 895-4567.

Black Dog Watershed Management Commission

Agenda Background June 17, 2020

I. Approval of Agenda

Agenda enclosed.

Action Requested: A motion be considered to approve the Agenda.

II. Approval of Minutes from the May 20, 2020 Meeting

Minutes enclosed.

Action Requested: A motion be considered to approve the Minutes from the May 20, 2020 meeting.

III. Approval of Accounts Payable

Accounts payable list enclosed.

Action Requested: A motion be considered to approve the accounts payable list as submitted by staff.

IV. <u>Review of Budget Performance Reports</u>

Current Budget Performance Reports enclosed.

Action Requested: No formal action required.

V. Accept the 2019 Audit

Enclosed in the packet are two items from MMKR. Staff will go over the audit at the meeting.

Action Requested: Commissioners consider a motion accepting the 2019 audit.

VI. Discuss the 10 Year Watershed Plan Update

Enclosed in the packet is a memo from Barr Engineering discussing some scheduling items for the 10 year watershed plan update. Barr Engineering staff will go over the memo and lead a discussion on this item at the meeting.

Action requested: Provide feedback on the watershed plan update schedule and public engagement.

- VII. Miscellaneous
- VIII. Adjournment

Black Dog Watershed Management Commission

DRAFT

Meeting Minutes May 20, 2020

MEMBERS PRESENT

MEMBERS ABSENT

Curt Enestvedt, Alternate

Roger Baldwin, Chairman Greg Helms, Vice-Chairman Scott Thureen, Secretary/Treasurer (*left meeting @ 5:38*) Mike Hughes Tom Harmening (*left meeting @ 5:37*) Rollie Greeno, Alternate

OTHERS PRESENT

Karen Chandler – Barr Engineering Roger Knutson – Campbell Knutson Samantha Berger – City of Apple Valley Lindsey Albright – Dakota County Soil and Water Conservation District Daryl Jacobson – BDWMO Administrator Tammi Carté – BDWMO Secretary

Roger Baldwin, Chairman, called the May 20, 2020, meeting to order at 5:03pm via WebEx.

I. <u>Approval of Agenda</u>

Motion by Helms, second by Hughes, to approve the May 20, 2020 Agenda as presented.

Ayes – Baldwin, Harmening, Helms, Hughes, Thureen Nays – None

Motion Carried Unanimously

II. Approval of Minutes from the February 19, 2020 Meeting

Motion by Harmening, second by Hughes, to approve the April 15, 2020 Minutes as presented.

Ayes – Baldwin, Harmening, Helms, Hughes, Thureen Nays – None

Motion Carried Unanimously

III. Approval of Accounts Payable

Motion by Hughes, second by Helms, to approve payments to Barr Engineering in the amount of \$11,997.49 for services from April 4, 2020 through May 1, 2020; and, to Campbell Knutson in the amount of \$595.00 for April 2020 general services; and, to Dakota County Soil & Water Conservation District in the amount of \$2,075.00 for services January 2020 through March 2020.

Ayes – Baldwin, Harmening, Helms, Hughes, Thureen Nays – None

Motion Carried Unanimously

IV. Review Budget Performance Reports

Daryl Jacobson, BDWMO Administrator – the audit is behind schedule due to COVID-19. It should be completed before the next meeting.

No Formal Action Required

V. Approval of the Liability Coverage Waiver Form

Each year in conjunction with completing the Black Dog WMO's insurance application the Commission is required to complete a Liability Coverage Waiver Form. This form states whether the WMO wishes to waive the statutory tort liability limits. Historically, the Black Dog WMO has chosen not to waive the monetary limits on tort liability established by MN statutes.

Motion by Harmening, second by Thureen, to approve liability coverage waiver form not waiving the monetary limits on municipal tort liability established by MN Statutes 466.04.

Ayes – Baldwin, Harmening, Helms, Hughes, Thureen Nays – None

Motion Carried Unanimously

VI. Approval the 2019 Annual Activity Report

The Commission is required by the Joint Powers Agreement to generate and distribute an Annual Activity Report. A "Draft" of the 2019 Annual Activity Report was provided to the Commission for review prior to this meeting.

Karen Chandler, Barr Engineering, reports the type of inclusions and format are the same as previous reports, minus the audit. If the audit is received prior to distribution, it will be included in the report.

Motion by Helms, second by Hughes, to approve the Annual Activity Report with requested changes and authorize staff to distribute to the appropriate parties.

Ayes – Baldwin, Harmening, Helms, Hughes, Thureen Nays – None

Motion Carried Unanimously

VII. Approval of Draft 2021 Work Plan and Budget

A "Draft" Work Plan and Budget for 2021 was provided to the Commission for review prior to this meeting. Per the BDWMO Joint Powers Agreement, the Commission is to send out a proposed budget for 2021 by July 1, 2020.

Karen Chandler reviewed the Work Plan. The monitored lakes will be different from the previous report.

Dakota County, who maintains the Black Dog WMO website, will be redesigning their websites. They have asked if the Commission wants them to redesign the Black Dog website at the same time. It has not been

redesigned since it was created. The project is quoted at \$4,000.00. The cost will be included as a budgeted expense and not paid from contingency funds. Staff recommends the redesign.

Motion by Helms, second by Harmening, to approve 2021 Budget and Work Plan with requested modifications to the Budget and authorize staff to distribute to the member communities.

Ayes – Baldwin, Harmening, Helms, Hughes, Thureen Nays – None

Motion Carried Unanimously

VIII. Miscellaneous

- 1. Lindsey Albright Landscaping for Clean Water has been transitioned to online access. Submissions for round one closes Wednesday, May 27, 2020. There are 115 eligible submissions.
- 2. The next Black Dog WMO meeting is scheduled for June 17, 2020.

IX. <u>Adjournment</u>

Motion by Hughes, second by Helms, to adjourn at 5:40 p.m.

Ayes – Baldwin, Helms, Hughes Nays – None

Motion Carried Unanimously

BLACK DOG WATERSHED MANAGEMENT COMMISSION 100 Civic Center Parkway Burnsville, MN 55337

Accounts Payable - June 17, 2020 Meeting

| Engineering | ċ | 4 000 7 |
|---|----|----------|
| | \$ | 1,923.50 |
| Special Projects General Fund - Orchard Lk Water Quality Monitoring | Ş | 1,708.1 |
| Special Projects General Fund Reserve - Watershed Mgmt Plan Update | Ş | 541.50 |
| Public Education - Annual Activity Report | \$ | 270.00 |
| | \$ | 4,443.15 |
| Campbell Knutson | | |
| May 2020 - General Services | \$ | 323.00 |
| | \$ | 323.00 |



resourceful. naturally. engineering and environmental consultants

June 5, 2020

Black Dog Watershed Management Commission City of Burnsville 13713 Frontier Court Burnsville, MN 55337-4720

Attn: Mr. Daryl Jacobson

RE: Engineering & Environmental Consulting Services

Invoice of Account with BARR ENGINEERING COMPANY

For professional services during the period of May 02, 2020 through May 29, 2020

| TOTAL PAYABLE THIS INVOICE: | \$ | 4,443.15 | |
|---------------------------------------|----|----------|--|
| Allocation: | | | |
| Engineering | \$ | 1,923.50 | |
| Special Projects General Fund | | • | |
| Orchard Lk Water Quality Monitoring | \$ | 1.708.15 | |
| Special Projects General Fund Reserve | | | |
| Watershed Mgmt Plan Update | \$ | 541.50 | |
| Public Education | • | | |
| Annual Activity Report | \$ | 270.00 | |
| | | | |

Barr declares under the penalties of law that this account, claim, or demand is just and that no part of it has been paid.

Karen L. Chandler

Karen L. Chandler Vice President

0K Dag Judoga 12 6-9-20

Barr Engineering Co. 4300 MarketPointe Drive, Suite 200, Minneapolis, MN 55435 952.832.2600 www.barr.com

BUDGET SUMMARY - 2020 FY Black Dog Watershed Management Commission through May 29, 2020

Ĵ

L

٧

| | | All and a strength | Call Dauger | | | | |
|---|-----------|--------------------|-------------|------------|----------|-----------|------------------|
| | Pre-2020 | Brought | Current | Total Barr | Current | Spent | 14 - 24 (A. 24) |
| Work Description | Costs | Forward | Year | Budget | Invoice | This Year | Balance |
| Engineering | | 0.00 | 31,000.00 | 31,000.00 | 1.923.50 | 15.359.92 | 15 640 08 |
| Special Projects: General Fund | | | | | - | | 00.010/07 |
| Orchard Lk Water Quality Monitoring (2020) | | 0.00 | 23,000.00 | 23,000.00 | 1.708.15 | 2.875.60 | 201724.40 |
| Lac Lavon Mgmt Level Monitoring (2019) | 17,449.62 | 8,250.38 | 0.00 | 8,250.38 | | 4.113.50 | 4 136 88 |
| Subtotal Special Projects: General Fund | | 8,250.38 | 23,000.00 | 31,250.38 | 1.708.15 | 6.939.10 | 24 311 28 |
| Special Projects: Capital Improvement Fund | | | | | | | 04:140(14 |
| Keller Lake Alum Treatment Feas Study & Impl Planning | | | 7,000.00 | 7,000.00 | 00.0 | 714 00 | 6 286 00 |
| Subtotal Special Projects: Capital Improvement Fund | | 0.00 | 7,000.00 | 7,000.00 | 0.0 | 714.00 | 6 286 00 |
| Special Projects: General Fund Reserve | | | | | | | 00-00-10 |
| Watershed Management Plan Update | | | 10,000.00 | 10,000.00 | 541.50 | 1 010 50 | 8 080 ED |
| Subtotal Special Projects: General Fund Reserve | | 0.00 | 10,000.00 | 10,000.00 | 541.50 | 1.010.50 | A 980 50 |
| Water Quality Monitoring | | | | | | | ocionala |
| 2020 Habitat Monitoring (Keller Lake) | | 0.00 | 9,600.00 | 9.600.00 | 0.00 | 000 | 0 600 00 |
| 2019 Habitat Monitoring (Lac Lavon) | 2,023.40 | 6,476.60 | 0.00 | 6,476.60 | * 0.00 | 6.367 50 | 100.000 |
| Update Trend Analyses | | 0.00 | 2,000.00 | 2,000.00 | 0.00 | 1.620.00 | 380.00 |
| Subtotal W.Q. Monitoring | | . 6,476.60 | 11,600.00 | 18,076.60 | 0.00 | 7.987.50 | 10 089 10 |
| Public Education | | | | | | | 07:000/07 |
| Watershed Annual Report | ***** | 00.0 | 4,000.00 | 4,000.00 | 0.00 | 3.852.00 | 148 00 |
| Annual Activity Report | | 0.00 | 2,000.00 | 2,000.00 | 270.00 | 1.638.00 | 362.00 |
| Subtotal Public Education | | 00.0 | 6,000.00 | 6,000.00 | 270.00 | 5,490.00 | 510.00 |
| Total Services | - | 14,726.98 | 88,600.00 | 103.376.98 | A 443 15 | 37 Ent 01 | |



INVOICE

Barr Engineering Co. 4300 MarketPointe Drive, Suite 200 Minneapolis, MN 55435 Phone: 952-832-2600; Fax: 952-832-2601 FEIN #: 41-0905995 Inc: 1966

Mr. Daryl Jacobson Black Dog WMO City of Burnsville 13713 Frontier Court Burnsville, MN 55337-4720 June 5, 2020 Invoice No: 23190374.20 - 5

Total this Invoice \$2,735.00

Regarding: BDWMO 2020 Engineering Services

Professional Services from May 2, 2020 to May 29, 2020

| Jop: | 2020 | 2020 Engineering Services | | | | |
|---------------|-------------|-----------------------------|-------|---------|----------|------------|
| Task: | 001 | Attend BDWMO Meetings | | | | |
| Labor Charges | | - | | | | |
| | | н | ours | Rate | Amount | |
| Principal | | | | | | |
| Chand | ller, Karen | | .90 | 180.00 | 162.00 | - |
| | | | .90 | | 162.00 | |
| | Subtota | l Labor | | | | 162.00 |
| | | | | Task S | ubtotal | \$162.00 |
| Task: | 002 | Miscellaneous Consulting | | | | |
| Labor Charges | | | | | | |
| | | н | ours | Rate | Amount | |
| Principal | | | | | | |
| Chand | ler, Karen | | 8.30 | 180.00 | 1,494.00 | |
| Support Pe | ersonnel II | | | | | |
| Burt, D | eborah | | .30 | 100.00 | 30.00 | |
| Nypan | , Nyssa | | 2.50 | 95.00 | 237.50 | |
| | | | 11.10 | | 1,761.50 | |
| | Subtota | l Labor | | | | 1,761.50 |
| | | | | Task Si | ubtotal | \$1,761.50 |
| Task: | 003 | Annual BWSR Activity Report | | | | |
| Labor Charges | | | | | | |
| | | H | ours | Rate | Amount | |
| Principal | | | | | | |
| Chand | ler, Karen | | 1.50 | 180.00 | 270.00 | |
| | | | 1.50 | | 270.00 | |
| | Subtota | l Labor | | | | 270.00 |
| | | | | | ubtotal | |

PLEASE REMIT TO ABOVE ADDRESS and INCLUDE INVOICE NUMBER ON CHECK.

Terms: Due upon receipt. 1 1/2% per month after 30 days. Please refer to the contract if other terms apply.

| | | | | Job S | ubtotal | \$2,193.50 |
|-----------------|-------------------|-------------|-----------|------------|-----------|-------------|
| Job: | PLAN | Plan Update | | | | |
| Task: | 001 | Plan Update | | | | |
| Labor Charges | | | | | | |
| | | | Hours | Rate | Amount | |
| Principal | | | | | | |
| Chandle | r, Karen | | 1.80 | 180.00 | 324.00 | |
| Engineer / Se | cientist / Specia | alist III | | | | |
| Williams | s, Sterling | | 1.50 | 145.00 | 217.50 | |
| | | | 3.30 | | 541.50 | |
| | Subtotal | Labor | | | | 541.50 |
| | | | | Task S | ubtotal | \$541.50 |
| | | | | Job Si | ubtotal | \$541.50 |
| | | | | Total this | nvoice | \$2,735.00 |
| | | Current | Prior | Total | Received | A/R Balance |
| nvoiced to Date | | 2,735.00 | 19,125.42 | 21,860.42 | 19,125.42 | 2,735.00 |

Invoice

- 5

2020 Engineering Services

Project

23190374.20

Thank you in advance for the prompt processing of this invoice. If you have any questions, please contact Karen Chandler, your Barr project manager, at (952) 832-2813 or email at <u>kchandler@barr.com</u>.



INVOICE

Barr Engineering Co. 4300 MarketPointe Drive, Suite 200 Minneapolis, MN 55435 Phone: 952-832-2600; Fax: 952-832-2601 FEIN #: 41-0905995 Inc: 1966

Mr. Daryl Jacobson Black Dog WMO City of Burnsville 13713 Frontier Court Burnsville, MN 55337-4720 June 5, 2020 Invoice No:

23190375.20 - 3

Total this Invoice \$1

\$1,708.15

Regarding: Orchard Lake 2020 Water Quality Monitoring

Professional Services from May 2, 2020 to May 29, 2020

| Job: | ORCH | Orchard Lk 2020 Mo | nitoring | | | |
|-----------------|-----------------|----------------------|--------------|--------------|----------|----------|
| Task: | 100 | Monitoring, Data Mo | and Proj Mgn | nt | | |
| Labor Charges | | | | | | |
| | | | Hours | Rate | Amount | |
| Principal | | | | | | |
| Runke, He | nry | | .70 | 175.00 | 122.50 | |
| Engineer / Scie | entist / Specia | list III | | | | |
| Olson, Ter | ri | | .80 | 145.00 | 116.00 | |
| Engineer / Sci | entist / Specia | ilist II | | | | |
| Menken, H | Cevin | | .50 | 120.00 | 60.00 | |
| Engineer / Scie | entist / Specia | llist I | | | | |
| Davidson, | Lea | | 1.10 | 70.00 | 77.00 | |
| Technician II | | | | | | |
| Novack, Jo | ohn | | 3.00 | 100.00 | 300.00 | |
| Technician I | | | | | | |
| Hankard, I | Madeline | | .20 | 80.00 | 16.00 | |
| Melmer, D | avid | | 4.00 | 90.00 | 360.00 | |
| Support Perso | nnel II | | | | | |
| Treanor, N | largaret | | 1.70 | 115.00 | 195.50 | |
| | | | 12.00 | | 1,247.00 | |
| | Subtotal | Labor | | | | 1,247.00 |
| ubconsultant Ch | arges | | | | | |
| Subconsultant | - | | | | | |
| 5/12/2020 | Pace Ana | lytical Services Inc | | | 244.20 | |
| | | Subconsultant | | | | 244.20 |
| Jnit Charges | | | | | | |
| Canoe | | | 0.5 c | ays @ 32.00 | 16.00 | |
| Kemmerer Ver | tical Bottle Sa | mpler | | use @ 33.50 | 33.50 | |
| Vehicle (Milea | | | | iles @ 0.575 | 43.70 | |
| Vehicle - 2WD | | | | ays @ 72.50 | 36.25 | |
| Vehicle - 4WD | | | | ays @ 90.00 | 45.00 | |

PLEASE REMIT TO ABOVE ADDRESS and INCLUDE INVOICE NUMBER ON CHECK.

Terms: Due upon receipt. 1 1/2% per month after 30 days. Please refer to the contract if other terms apply.

| Project | 23190375.20 | Orchard Lk 2020 |) Water Quality | / Monitoring | In | voice 3 |
|------------|---|-----------------|-----------------|------------------|----------|-------------|
| Water | Quality Meter (YSI 556 MPS) Subtotal Units | ŀ | | 0.5 days @ 85.00 | 42.50 | 216.95 |
| | | | | Task Sul | btotal | \$1,708.15 |
| | | | | Job Sul | btotal | \$1,708.15 |
| | | | | Total this In | voice | \$1,708.15 |
| | | Current | Prior | Total | Received | A/R Balance |
| nvoiced to | Date | 1,708.15 | 1,117.45 | 2,825.60 | 1,117.45 | 1,708.15 |

Thank you in advance for the prompt processing of this invoice. If you have any questions, please contact Kevin Menken, your Barr project manager, at (952) 832-2794 or email at kmenken@barr.com.

CAMPBELL KNUTSON Professional Association Attorneys at Law Federal Tax I.D. #41-1562130 Grand Oak Office Center I 860 Blue Gentian Road, Suite 290 Eagan, Minnesota 55121 (651) 452-5000

Black Dog Watershed Management OrganizationPage: 1Black Dog Watershed Management OrganizationMay 31, 2020Attention: Daryl JacobsonAccount # 602-0000GCity of Burnsville352100 Civic Center Parkway352Burnsville MN 55337-381755337-3817

RE: GENERAL SERVICES RENDERED TO DATE:

| 05/15/2020 | RNK | Review Board agenda material. | HOURS 0.50 | 85.00 |
|------------|-----|--|---------------------|------------------|
| 05/19/2020 | RNK | Email to Daryl Jacobson; emails from and to Tammi Carte. | 0.50 | 85.00 |
| 05/20/2020 | RNK | Board meeting. AMOUNT DUE | <u>0.90</u> 1.90 | 153.00 323.00 |
| | | TOTAL CURRENT WORK | | 323.00 |
| | | PREVIOUS BALANCE | | \$595.00 |
| 05/29/2020 | | Payment - thank you | | -595.00 |

TOTAL AMOUNT DUE

\$323.00

Amounts due over 30 days will be subject to a finance charge of .5% per month (or an annual rate of 6%). Minimum charge - 50 cents.

BLACK DOG WMO CASH ACTIVITY REPORT 2020

| Date | Description | Deposits | Check # | Check Amount | Monthly Cash Balance | Expenditures: General Engineering Support | Special Projects (General) | Special Projects (Capital) | Insurance | Legal & Audit | Admin Support | Public Education | Water Quality Monitoring | Conf Public | Contin- gency |
|--------------------------------------|---|------------------|----------------------|--------------------|----------------------------|--|----------------------------------|----------------------------------|-----------|------------------|------------------|----------------------|--------------------------------|----------------|------------------|
| | Balance as of 12/31/19 | | | | 538,405.58 | | | | | | | | | | |
| 15-Jan 15-Jan 15-Jan 31-Jan | Barr Engineering Co (2019) Campbell Knutson (2019) City of Burnsville (2019) Interest Income | 625.10 | 1713 1714 1715 | 224.00 | | 1,875.00 | 408.50 | - | | 224.00 | 19,296.23 | | - | | |
| | 01/31/20 Balance | 625.10 | | 21,803.73 | 517,226.95 | 1,875.00 | 408.50 | - | - | 224.00 | 19,296.23 | - | - | - | - |
| 19-Feb 19-Feb 19-Feb 29-Feb | Barr Engineering Co Campbell Knutson Dakota County Soil & Water (2019) Interest Income | 532.69 | 1716 1717 1718 | 8,012.38 666.40 | | 1,605.38 | 449.50 1,500.00 | - | | 666.40 | | 1,138.00 315.00 | 4,819.50 | | |
| | 02/28/20 Balance | 532.69 | | 10,493.78 | 507,265.86 | 1,605.38 | 1,949.50 | - | - | 666.40 | - | 1,453.00 | 4,819.50 | - | - |
| 31-Mar | Interest Income | 494.67 | | | | | | | | | | | | | |
| | 03/31/20 Balance | 494.67 | | - | 507,760.53 | - | - | - | - | - | - | - | - | - | - |
| 15-Apr 15-Apr 15-Apr | Barr Engineering Campbell Knutson Barr Engineering | | 1719 1720 1721 | 273.00 6,350.00 | | 2,380.00 1,782.50 | 1,016.00 2,266.00 | 629.00 85.00 | | 273.00 | | 765.00 1,781.50 | 1,908.00 435.00 | | |
| 15-Apr 30-Apr | Campbell Knutson Interest Income | 241.36 | 1722 | 95.00 | | | | | | 95.00 | | | | | |
| | 04/30/20 Balance | 241.36 | | 13,416.00 | 494,585.89 | 4,162.50 | 3,282.00 | 714.00 | - | 368.00 | - | 2,546.50 | 2,343.00 | - | - |
| 20-May | Barr Engineering Campbell Knutson Dakota County Soil & Water Conse Interest Income | rvation 87.76 | 1723 1724 1725 | 595.00 | | 7,668.54 | 1,968.45 - | - | | 595.00 | | 1,535.50 2,075.00 | 825.00 - | | |
| | 05/31/20 Balance | 87.76 | | 14,667.49 | 480,006.16 | 7,668.54 | 1,968.45 | - | - | 595.00 | - | 3,610.50 | 825.00 | - | - |
| | Total Revenue | 1,981.58 | Total Expense | 60,381.00 | | 15,311.42 | 7,608.45 | 714.00 | - | 1,853.40 | 19,296.23 | 7,610.00 | 7,987.50 | - | - |
| | Less: 2019 A/R | - | Less: 2019 A/P | (23,618.73) | | (1,875.00) | (1,908.50) | - | - | (224.00) | (19,296.23) | (315.00) | - | - | - |
| De | cember LMC insurance reclass | - | | - | | | | | | | | | | | |
| | Total YTD 2020 Revenue | 1,981.58 | Total YTD 2020 Exp | 36,762.27 | | 13,436.42 | 5,699.95 | 714.00 | - | 1,629.40 | - | 7,295.00 | 7,987.50 | - | - |

| Total YTD 2020 Revenue | 1,981.58 | Total YTD 2020 Exp | 36,762.27 | 13,436.42 | 5,699.95 | 714.00 | - | 1,629.40 | - | 7,295.00 | 7,987.50 | - | - |
|------------------------|----------|--------------------|------------|-----------|-----------|----------|----------|----------|-----------|-----------|-----------|--------|----------|
| | | 2020 Budget | 145,700.00 | 31,000.00 | 46,500.00 | - | 3,000.00 | 8,400.00 | 18,000.00 | 17,900.00 | 15,400.00 | 500.00 | 5,000.00 |
| | | Budget Remaining | 108,938.00 | 17,564.00 | 40,800.05 | (714.00) | 3,000.00 | 6,770.60 | 18,000.00 | 10,605.00 | 7,412.50 | 500.00 | 5,000.00 |

BLACK DOG WATER MANAGEMENT COMMISSION

Budget Performance Report May 31, 2020

| | | RRENT ONTH | | | YE | AR TO E | DATE | | |
|---|---------------|---|---|-----|----------------------------------|---------|---|----|---|
| | A | CTUAL | ENERAL ID BUDGET | IMP | CAPITAL ROVEMENT ID BUDGET | | ACTUAL | FA | ARIANCE VORABLE FAVORABLE) |
| Opening Fund Balance | | | \$ 415,753 | \$ | 100,849 | \$ | 514,787 | | |
| REVENUES : Member Contributions: City of Apple Valley City of Burnsville City of Eagan City of Lakeville | \$ | - - - | \$ 10,376 94,293 568 25,763 | \$ | 1,734 16,256 - 4,010 | \$ | - - - | \$ | (12,110) (110,549) (568) (29,773) |
| Total Member Contributions | | - | 131,000 | | 22,000 | | - | | (153,000) |
| Other Revenues: Interest Grant (State of MN BWSR) | \$ | 88 - | \$ 40 | \$ | - | \$ | 1,982 | \$ | 1,942 |
| Total Other Revenue | | 88 | 40 | | - | | 1,982 | | 1,942 |
| Total Revenues | \$ | 88 | \$ 131,040 | \$ | 22,000 | \$ | 1,982 | \$ | (151,058) |
| EXPENDITURES : | | | | | | | | | |
| General Engineering Support Special Projects - General Fund Special Projects - Capital Improvement Insurance Legal and Audit Administrative Support Public Education Water Quality Monitoring Conference/Publications Contingency Total Expenditures | \$ nt Fund | 7,669 1,968 - - 595 - 3,611 825 - - - 14,667 | \$ 31,000 46,500 - 3,000 8,400 18,000 17,900 15,400 5,000 145,700 | \$ | | \$ | 13,436 5,700 714 - 1,629 - 7,295 7,988 - - 36,762 | \$ | 17,564 40,800 (714) 3,000 6,771 18,000 10,605 7,413 500 5,000 108,938 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | | (14,580) | (14,660) | | 22,000 | | (34,781) | | |

EXCESS OF REVENUES OVER (UNDER) EXPENDITURES PLUS OPENING FUND BALANCE

480,006

TOTAL CASH AVAILABLE 5/31/2020

Fund Balance 5/31/2020

\$ 480,006

480,006



Memorandum

To:Black Dog Watershed Management Organization Board of ManagersFrom:Greg Williams and Karen ChandlerSubject:Considerations for 2022 Watershed Management Plan Update Stakeholder
EngagementDate:June 9, 2020Project:23190374.20-PLAN

In updating its Watershed Management Plan (Plan), the Black Dog Watershed Management Organization (BDWMO) has an opportunity to engage and receive input from a diverse group of stakeholders within the watershed. Consideration of stakeholder input is an important step in establishing Plan priorities and is key in fostering the community support and cooperation necessary to successfully implement BDWMO projects and programs.

1.1 Stakeholder Engagement Plan

The Minnesota Board of Water and Soil Resources (BWSR) requests that watershed management organizations prepare a stakeholder engagement plan outlining engagement activities planned as part of Plan development. We assume that BWSR will wish to review and comment on the stakeholder engagement plan. Possible activities to be included in the BDWMO stakeholder engagement plan include the following (some of which are required per Minnesota Rule and Statute):

- Plan update notification (see MN Rules 8410.0045 Subp. 3 and Subp. 4)
- Website updates
- Survey (online or in-person)
- City and SCWD staff interviews
- Board workshop
- Workshops with advisory committees (see MN Rules 8410.0045 Subp. 2)
- Engagement at partner and/or community events
- Initial planning meeting (see MN Rules 8410.0045 Subp. 5)
- Formal 60-day Plan review (see MN Statutes 103B.231)

Figure 1 presents a conceptualized stakeholder engagement process including the above activities. Although a formal stakeholder engagement plan is not presently required, we see no risk in proceeding with select engagement activities (see Section 1.2).



Figure 1 Conceptualized Stakeholder Engagement Process

1.2 Early Stakeholder Engagement Opportunities

We anticipate the Plan update process to begin in earnest in late 2020/early 2021. There are, however, several potential stakeholder engagement activities that may be initiated earlier to 1) better inform subsequent stakeholder engagement planning and 2) limit the potential for later schedule overruns. Potential activities that could be initiated in Summer 2020 include:

- Plan update notification
- City and SWCD staff interviews
- Survey (online)

1.2.1 Plan update notification

Per MN Rules 8410.0045 Subp. 3 and Subp. 4, a notification of the Plan update must be sent to Plan review agencies and the Plan review authorities as defined in MN Rules 8410. The notification requests that recipients provide information about their respective priority issues, goals, and data relevant to the Plan update. Additionally, the notification sent to the Plan review authorities must request information about programs and official controls (e.g., rules, ordinances, permit programs). The notification allows 60 days to respond. We recommend distributing the notification early in the Plan update (e.g., summer

2020) to allow responses from the Plan review agencies and Plan review authorities to inform other elements of the stakeholder engagement process.

1.2.2 City and SWCD staff interviews

As a joint powers watershed management organization, the effectiveness of the BDWMO is dependent upon partnership and collaboration with its member cities and the Dakota Soil and Water Conservation District (SCWD). Input from City and SWCD staff will be important in evaluating current processes and operations and identifying areas for future improvement, cooperation and collaboration. We recommend conducting interviews with relevant City and SWCD staff (e.g., environmental services, public works) to obtain this information. We recommend conducting interviews in summer/early fall 2020. This information will be aggregated and presented to the Board.

1.2.3 Survey (online)

A survey provides a template to collect information from a large number of people with minimal labor. Hosting the survey online allows greater access. However, advertising of the survey through social media, newsletters, and direct communications to targeted groups is necessary to direct participants to the survey. Initiating the survey early in plan development allows a greater opportunity for response. In the past, we have had success administering surveys in person at community events. If social distancing restrictions are relaxed in the future, community events may provide additional opportunities to obtain survey input.

1.3 Considerations for COVID-19 and Public Gatherings

The COVID-19 pandemic has resulted in social distancing recommendations and public gathering restrictions that may affect Plan update activities, including those related to stakeholder engagement. For example, the community events at which we would typically seek to gather public input via short surveys are largely cancelled. Similarly, it may not be possible to hold the initial planning meeting (public kickoff) required per Minnesota Rules 8410.0045 Subp.5 as an in-person meeting. However, during the past several months, we have found that virtual events can be well-attended, achieving better attendance than similar in-person events.

At present, we recommend the Board consider a few different strategies to address the initial planning meeting:

Virtual open house – In this scenario, the Board would host and record a live webex (or similar platform) meeting attended virtually by individuals. The meeting would include discussion and question/answer from remote attendees. Following the live meeting, the recording would be made available at the BDWMO website for a period of time (i.e., the "open house") along with a link to provide input at a later date. A second, live webex (or similar) meeting would be hosted sharing additional input received during the "open house" period.

Satellite, small group meetings – In this scenario, the Board would host a live webex (or similar platform) meeting. Participants would be given the option of viewing remotely or attending a small-group "watch party" in their City (hosted in person by City staff and/or Board members). Each small group would view an initial presentation via webex. Subsequent discussion would be facilitated at the small-group level, with a large-group share to follow via webex.

Large group meeting (delayed) – If and when public gathering restrictions are relaxed, it may be feasible to conduct the initial planning meeting in a traditional, large group, single-location format. We estimate that this option may not be possible until early 2021, which is still feasible with the overall project schedule. In this scenario, we recommend providing a remote attendance option.

June 5, 2020

To the Board of Commissioners and Management Black Dog Watershed Management Organization

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the Board of Commissioners, administration, or those charged with governance of the Black Dog Watershed Management Organization (the Organization).

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

We have audited the financial statements of the governmental activities and each major fund of the Organization as of and for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINION AND FINDINGS

Based on our audit of the Organization's financial statements for the year ended December 31, 2019:

- We have issued an unmodified opinion on the Organization's financial statements. Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.
- We reported one finding related to the Organization's internal controls over financial reporting for having inadequate segregation of duties in internal control. This finding is considered a material weakness.
- We reported no findings based on our testing of the Organization's compliance with Minnesota laws and regulations.

OTHER OBSERVATIONS AND RECOMMENDATIONS

IMPACT OF NOVEL CORONAVIRUS (COVID-19)

Shortly after the end of the 2019 fiscal year, the onset of the Novel Coronavirus (COVID-19) pandemic caused substantial volatility in economic conditions and tremendous disruption in the way governments, businesses, and individuals function. Minnesota local governments may experience the impact of this pandemic in a myriad of financial areas, such as: declines in investment rates of return, cash flow issues, increased receivable delinquencies, challenges in processing transactions, disruption of prescribed internal control procedures, delays in internal and external financial reporting, and new compliance requirements attached to potential federal relief subsidies. As your organization adapts to the new normal of operations in a post-COVID-19 world, the assessment of and responses to the new risks that accompany operational changes will be critical to the safeguarding of resources and sound financial stewardship. We encourage management and governance to include a robust financial risk assessment process when planning responses to these challenges, and to reassess and adapt internal controls over financial transactions and reporting to align with significant changes made to daily operations, even those intended to be temporary.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year.

We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures that were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

• **Depreciation** – Management's estimates of depreciation expense are based on the estimated useful lives of the assets.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this report, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated June 5, 2020.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We were not engaged to report on the introductory section which accompanies the financial statements but is not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

CLOSING

We will be pleased to respond to any questions that you have about the foregoing. We appreciate the opportunity to be of service to the Organization.

The purpose of this report is solely to provide those charged with governance of the Organization, management, and those who have responsibility for oversight of the financial reporting process comments resulting from our audit process and is not intended to be, and should not be, used by anyone other than these specified parties.

MALLOY, MONTAGUE, KARNOWSKI, RADOSEVICH & CO., P.A. Minneapolis, Minnesota

Financial Statements and Supplemental Information Year Ended December 31, 2019

Table of Contents

| | Page |
|--|-------|
| INTRODUCTORY SECTION | |
| BOARD OF COMMISSIONERS AND ADMINISTRATORS | 1 |
| FINANCIAL SECTION | |
| INDEPENDENT AUDITOR'S REPORT | 2–3 |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements | |
| Statement of Net Position | 4 |
| Statement of Activities | 5 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 6 |
| Statement of Revenue, Expenditures, and Changes in Fund | |
| Balances – Governmental Funds | 7 |
| Statement of Revenue, Expenditures, and Changes in Fund Balances - | |
| Budget and Actual – General Fund | 8 |
| Statement of Revenue, Expenditures, and Changes in Fund Balances - | |
| Budget and Actual – Capital Improvement Fund | 9 |
| Notes to Basic Financial Statements | 10-17 |

OTHER REQUIRED REPORTS

| Independent Auditor's Report on Internal Control Over Financial Reporting | 18 |
|---|----|
| Independent Auditor's Report on Minnesota Legal Compliance | 19 |
| Schedule of Findings | 20 |

INTRODUCTORY SECTION

Board of Commissioners and Administrators as of December 31, 2019

BOARD OF COMMISSIONERS

Roger Baldwin Greg Helms Scott Thureen Tom Harmening Mike Hughes Curtis Enestvedt Rollie Greeno

Chairman Vice Chairman Secretary/Treasurer/Commissioner Commissioner Commissioner (Alternate) Commissioner (Alternate)

ADMINISTRATORS

Daryl Jacobson

Administrator

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners and Management Black Dog Watershed Management Organization

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities and each major fund of the Black Dog Watershed Management Organization (the Organization) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Organization as of December 31, 2019, the respective changes in financial position thereof, and the budgetary comparison for the General Fund and Capital Improvement Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD&A) be presented to supplement the basic financial statements. The Organization has omitted the MD&A 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The introductory section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Minneapolis, Minnesota June 5, 2020

BASIC FINANCIAL STATEMENTS

Statement of Net Position as of December 31, 2019

| | Governi | mental Activities |
|---|---------|-------------------|
| Assets | | |
| Cash and investments | \$ | 538,405 |
| Capital assets | | |
| Buildings | | 37,600 |
| Equipment | | 110,138 |
| Less accumulated depreciation | | (133,638) |
| Total capital assets, net of depreciation | | 14,100 |
| Total assets | \$ | 552,505 |
| Liabilities | | |
| Accounts payable | \$ | 2,508 |
| Due to other governmental units | | 21,111 |
| Unearned revenue | | 14,061 |
| Total liabilities | | 37,680 |
| Net position | | |
| Net investment in capital assets | | 14,100 |
| Restricted for capital improvements | | 86,787 |
| Unrestricted | | 413,938 |
| Total net position | | 514,825 |
| | | |
| Total liabilities and net position | \$ | 552,505 |
| | | |

Statement of Activities Year Ended December 31, 2019

| | Governme | ntal Activities |
|------------------------------------|---------------------------------------|-----------------|
| Expenses | | |
| General government | | |
| System operations | \$ | 168,027 |
| Administrative services | | 38,982 |
| Depreciation | | 940 |
| Total expenses | · · · · · · · · · · · · · · · · · · · | 207,949 |
| 1 I | | , |
| Revenues | | |
| General government | | |
| Charges for services | | |
| Management fees | | 153,000 |
| Capital grants and contributions | | |
| Intergovernmental revenue - grants | | 100,939 |
| General revenues | | |
| Interest earnings | | 10,465 |
| Total revenues | | 264,404 |
| | | |
| Change in net position | | 56,455 |
| | | |
| Net position | | |
| Beginning of year | · · · · · · · · · · · · · · · · · · · | 458,370 |
| End of year | \$ | 514,825 |
| End of year | \$ | 514,825 |

Balance Sheet Governmental Funds as of December 31, 2019

| | Ge | neral Fund | | Capital provement Fund | Total |
|---|--------|----------------|--------|------------------------------|---------------|
| Assets | | | | | |
| Cash and investments | \$ | 437,557 | \$ | 100,848 | \$ 538,405 |
| Liabilities | | | | | |
| Accounts payable | | 2,508 | | _ | 2,508 |
| Due to other governmental units | | 21,111 | | _ | 21,111 |
| Unearned revenue | | — | | 14,061 | 14,061 |
| Total liabilities | | 23,619 | | 14,061 | 37,680 |
| Fund balances | | | | | |
| Restricted for capital improvements | | _ | | 86,787 | 86,787 |
| Assigned for subsequent year's budget deficit | | 14,660 | | _ | 14,660 |
| Unassigned | | 399,278 | | _ | 399,278 |
| Total fund balances | \leq | 413,938 | | 86,787 | 500,725 |
| Total liabilities and fund balances | \$ | 437,557 | \$ | 100,848 | \$ 538,405 |
| Amounts reported for governmental activities in the Statement of Net Po | ositio | n are differen | t beca | use: | |

| Fund balances – governmental funds | \$ 500,725 |
|--|---------------|
| Capital assets used in governmental activities are not financial resources | |
| and, therefore, are not reported as assets in governmental funds. | |
| Cost of capital assets | 147,738 |
| Less accumulated depreciation | (133,638) |
| Net position of governmental activities | \$ 514,825 |

Statement of Revenue, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended December 31, 2019

| | Gei | neral Fund | Capital Improvement und Fund | | Total | |
|--|-----|------------|------------------------------------|---------|-------|----------|
| | | | | | | |
| Revenues | ¢ | 101 000 | ¢ | 22 000 | ¢ | 152 000 |
| Management fees | \$ | 131,000 | \$ | 22,000 | \$ | 153,000 |
| Intergovernmental revenue - grants | | - | | 100,939 | | 100,939 |
| Interest earnings | | 10,465 | | - | | 10,465 |
| Total revenue | | 141,465 | | 122,939 | | 264,404 |
| Expenditures | | | | | | |
| General government | | | | | | |
| System operations | | | | | | |
| Water quality monitoring | | 14,616 | | _ | | 14,616 |
| Special projects | | 34,065 | | 100,939 | | 135,004 |
| Engineering | | 15,850 | | | | 15,850 |
| Insurance | | 2,557 | | _ | | 2,557 |
| Administrative services | | =,= = . | | | | _, |
| Legal and audit | | 2,256 | | _ | | 2,256 |
| Administrative costs | | 19,296 | | _ | | 19,296 |
| Public education | | 17,135 | | _ | | 17,135 |
| Conferences, publications, and reports | | 295 | | _ | | 295 |
| Total expenditures | | 106,070 | | 100,939 | | 207,009 |
| | _ | | | | | , |
| Net change in fund balance | | 35,395 | | 22,000 | | 57,395 |
| Fund balances | | | | | | |
| Beginning of year | | 378,543 | | 64,787 | | 443,330 |
| 2 - Brinning or Jour | | 010,010 | | 01,707 | | . 10,000 |
| End of year | \$ | 413,938 | \$ | 86,787 | \$ | 500,725 |

Amounts reported for governmental activities in the Statement of Activities are different because:

| Net change in fund balances | \$ | 57,395 |
|--|----|--------|
| Governmental funds report capital outlay as expenditures. However, in the Statement of Activitie the cost of those assets is allocated over their useful lives and reported as depreciation expense. | s, | |
| Depreciation expense | | (940) |
| Change in net position | \$ | 56,455 |

Statement of Revenue, Expenditures, and Changes in Fund Balances Budget and Actual General Fund Year Ended December 31, 2019

| | Original and Final Budget | Actual | Over (Under) Budget |
|--|------------------------------|------------|------------------------|
| Revenues | | | |
| Management fees | \$ 131,000 | 131,000 | \$ - |
| Interest earnings | 40 | 10,465 | 10,425 |
| Total revenue | 131,040 | 141,465 | 10,425 |
| Expenditures | | | |
| General government | | | |
| System operations | | | |
| Water quality monitoring | 14,900 | 14,616 | (284) |
| Special projects | 39,200 | 34,065 | (5,135) |
| Engineering | 31,000 | 15,850 | (15,150) |
| Insurance | 3,000 | 2,557 | (443) |
| Administrative services | | | |
| Legal and audit | 4,400 | 2,256 | (2,144) |
| Administrative costs | 18,000 | 19,296 | 1,296 |
| Public education | 17,900 | 17,135 | (765) |
| Contingency | 5,000 | _ | (5,000) |
| Conferences, publications, and reports | 500 | 295 | (205) |
| Total expenditures | 133,900 | 106,070 | (27,830) |
| Excess (deficiency) of revenue over expenditures | (2,860) | 35,395 | 38,255 |
| Other financing uses | | | |
| Transfers out | (20,000) | | 20,000 |
| Net change in fund balance | \$ (22,860) | 35,395 | \$ 58,255 |
| Fund balance | | | |
| Beginning of year | | 378,543 | |
| End of year | | \$ 413,938 | |
BLACK DOG WATERSHED MANAGEMENT ORGANIZATION

Statement of Revenue, Expenditures, and Changes in Fund Balances Budget and Actual Capital Improvement Fund Year Ended December 31, 2019

| | Original and Final Budget | | Actual | | Over (Under) Budget | |
|---|------------------------------|---------------|---------|----|------------------------|--|
| Revenues | | | | | | |
| Management fees | \$ 22,000 | \$ | 22,000 | \$ | _ | |
| Intergovernmental revenue - grants | _ | | 100,939 | | 100,939 | |
| Total revenues | 22,000 | | 122,939 | | 100,939 | |
| Expenditures General government System operations | | | | | | |
| Special projects | 96,700 | | 100,939 | | 4,239 | |
| special projects | 70,700 | $\overline{}$ | 100,757 | | 7,237 | |
| Excess (deficiency) of revenue over | | | | | | |
| expenditures | (74,700) | | 22,000 | | 96,700 | |
| Other financing sources | | | | | | |
| Transfers in | 20,000 | | _ | | (20,000) | |
| | -, | | | | (-) / | |
| Net change in fund balance | \$ (54,700) | | 22,000 | \$ | 76,700 | |
| | | | | | | |
| Fund balance | | | (1707 | | | |
| Beginning of year | | | 64,787 | | | |
| End of year | | \$ | 86,787 | | | |
| | | | | | | |

BLACK DOG WATERSHED MANAGEMENT ORGANIZATION

Notes to Basic Financial Statements December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Black Dog Watershed Management Organization (the Organization) was established as a watershed management organization under Minnesota Statutes in 1984 through a joint powers agreement among the member cities of Burnsville, Lakeville, Apple Valley, and Eagan. The Organization is governed by seven commissioners who are appointed by the member cities.

The purpose of the Organization is to provide an organization to regulate the natural water storage and retention of the Black Dog watershed to (a) protect, preserve, and use natural surface and ground water storage and retention systems; (b) minimize public capital expenditures needed to correct flooding and water quality problems; (c) identify and plan for means to effectively protect and improve surface and ground water quality; (d) establish more uniform local policies and official controls for surface and ground water management; (e) prevent erosion of soil into surface water systems; (f) promote ground water recharge; (g) protect and enhance fish and wildlife habitat and water recreational facilities; and (h) secure the other benefits associated with the proper management of surface and ground water.

Each member city annually contributes management fees in amounts necessary to fund the general activities of the Organization based upon the adopted budget for that year. Each member city may also be required to contribute amounts to fund improvement projects. The Organization may also fund improvement projects by issuing debt and levying an ad valorem tax.

B. Financial Reporting Entity

A joint venture is a legal entity resulting from a contractual agreement that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain either an ongoing financial interest or an ongoing financial responsibility. The Organization, as described above, is considered a joint venture of the member cities.

As required by accounting principles generally accepted in the United States of America, these financial statements include the Organization (the primary government) and its component units. Component units are legally separate entities for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no component units required to be included in the Organization's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the Organization. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The operating grants and contributions include operating specific and discretionary grants while the capital grants and contributions includes capital specific grants and contributions.

The government-wide financial statements are reported using the economic resources focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met. Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Fund Financial Statement Presentation

The accounts of the Organization are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures. Resources are allocated to, and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The resources of the Organization are accounted for in two funds:

- General Fund (governmental fund type) This fund is used to receive management fees and other revenues which may be disbursed for any and all purposes authorized by the bylaws of the Organization.
- **Capital Improvement Capital Projects Fund** The Capital Improvement Capital Projects Fund is used to account for resources set aside for the construction of improvements to the watershed. Its primary resources are management fees from member cities and grants.

Separate fund financial statements are provided for governmental funds, with major individual governmental funds reported in separate columns. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and deferred inflows/outflows of resources generally are included on the Balance Sheet. Operating statements of this fund present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under this basis of accounting, transactions are recorded in the following manner:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 1. **Revenue Recognition** Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if collected within 60 days after year-end. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met. Grant advances received for which not all eligibility requirements have been met are reported as unearned revenue at yearend. All significant revenue sources are considered susceptible to accrual.
- 2. Recording of Expenditures Expenditures are generally recorded when a liability is incurred.

E. Cash and Temporary Investments

Investments are generally stated at fair value, except for investments in external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the balance sheet date.

F. Budgetary Data

The Organization adopts an annual budget. While the member cities do not approve the annual budget as proposed by the Organization, if a majority objects to it, the budget cannot be adopted. However, a majority of the member cities must approve plans for capital improvements. The amounts shown in the financial statements present both original and final budgeted amounts for the year. The joint powers agreement specifies procedures regarding the adoption of the General Fund and Capital Improvement Fund budgets. The budget for the ensuing year is adopted through passage of a commission resolution, normally in June of each year. The budget is effective January 1 of each year and is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations lapse at year-end and encumbrance accounting is not used. Budgetary control is at the fund level. Expenditures in the Capital Improvement Fund exceeded budgeted appropriations by \$4,239.

G. Net Position

In the entity-wide financial statements, net position represent 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, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- Unrestricted Net Position All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

The Organization applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- Nonspendable Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** Consists of internally imposed constraints that are established by resolution of the Board of Commissioners. Those committed amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the Organization for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.
- **Unassigned** The residual classification for the General Fund which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, the Organization first uses restricted resources, then uses unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, the Organization uses resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

I. Use of Estimates

The preparation of basic 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable Minnesota Statutes, the Organization maintains a checking account authorized by the Board of Commissioners.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the Organization's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety 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 standard 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 of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The Organization has no additional deposit policies addressing custodial credit risk.

At year-end, the carrying amount of the Organization's deposits was \$0, and the balance on the bank records was \$0. The Organization maintains a checking account with US Bank, the balance of which is swept into the Organization's investments at the end of each business day. At December 31, 2019, deposits were fully covered by federal deposit insurance.

B. Investments

At December 31, 2019, the Organization held \$538,405 in investments with the Minnesota Municipal Money Market Fund (4M Fund).

The 4M Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The 4M Fund is a customized cash management and investment program for Minnesota public funds that is allowable under Minnesota Statutes. The Organization's investment in the 4M Fund is measured at the net position value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the Organization would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Organization does not have a formal investment policy addressing this risk, but typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the Organization's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The Organization does not have an investment policy that further addresses credit risk.

Concentration Risk – This is the risk associated with investing a significant portion of the Organization's investment (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The Organization does not have an investment policy limiting the concentration of investments.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The Organization does not have an investment policy limiting the duration of investments.

NOTE 3 – CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are recorded in the entity-wide financial statements. Such assets are recorded at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Organization defines capital assets as those with an initial, individual cost of \$500 or more with an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset are not capitalized.

Capital asset amounts reported for governmental activities in the Statement of Net Position are different than the balances in the General Fund Balance Sheet because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the General Fund. The General Fund reports capital outlays as expenditures. In the governmental activities Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Property, plant, and equipment of the Organization are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years | | | |
|-----------|----------|--|--|--|
| | | | | |
| Buildings | 40 years | | | |
| Equipment | 15 years | | | |

Capital asset activity for the year ended December 31, 2019 was as follows:

| | Beginning Balance Additions | | Deletions | | Ending Balance | | |
|---|--------------------------------|---------|-----------|----|-------------------|----|---------|
| Governmental activities | | | | | | | |
| Capital assets, depreciated | | | | | | | |
| Buildings | \$ | 37,600 | \$ - | \$ | _ | \$ | 37,600 |
| Equipment | | 110,138 | _ | | _ | | 110,138 |
| Total capital assets, depreciated | | 147,738 | - | | _ | | 147,738 |
| Less accumulated depreciation for | | | | | | | |
| Buildings | | 22,560 | 940 | | _ | | 23,500 |
| Equipment | | 110,138 | _ | | _ | | 110,138 |
| Total accumulated depreciation | | 132,698 | 940 | , | _ | | 133,638 |
| Governmental activities capital assets, net | \$ | 15,040 | \$ 940 | \$ | _ | \$ | 14,100 |

NOTE 4 – RISK MANAGEMENT

The Organization is exposed to various risk of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to protect against these risks of loss, the Organization purchases commercial insurance through the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool. This pool currently operates common risk management and insurance programs for municipal entities. The Organization pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The Organization is covered through the pool for any claims incurred but unreported; however, the Organization retains risk for the deductible portion of its insurance policies. The amounts of these deductibles are considered immaterial to the financial statements.

During the year ended December 31, 2019, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the Organization's commercial coverage in any of the past three years.

NOTE 5 – RELATED PARTIES

In 2019, the member cities contributed management fees of \$153,000 to the Organization to be used for general administration, minor improvements, and normal maintenance of the facilities constructed by the Organization. The annual contribution made by each member is based 50 percent on the assessed valuation of all property within the watershed and 50 percent on the basis of the total of each member within the boundaries of the watershed each year in comparison to the total area in the watershed.

Management fees received from each member city during 2019 were as follows:

| City of Apple Valley | \$ 12,057 |
|----------------------|---------------|
| City of Burnsville | 110,798 |
| City of Eagan | 568 |
| City of Lakeville | 29,577 |
| | |
| Total | \$ 153,000 |

Expenditures/expenses of \$19,296 for special projects, supplies, and administrative services with the City of Burnsville were incurred for the year ended December 31, 2019. This amount is included in amounts shown as "due to other governmental units" in the General Fund Balance Sheet and on the Statement of Net Position.

NOTE 6 – SUBSEQUENT EVENTS

Shortly after the 2019 fiscal year-end, the worldwide spread of the novel coronavirus (COVID-19) has caused significant volatility in the economy and financial markets. There is significant uncertainty about the breadth and duration of potential business disruptions related to COVID-19, and its economic impact in the U.S. and around the world. At this time, the Organization is unable to determine what effect this may have on its future financial condition and operations.

OTHER REQUIRED REPORTS

INDEPENDENT AUDITOR'S REPORT ON

INTERNAL CONTROL OVER FINANCIAL REPORTING

Tot the Board of Commissioners and Management Black Dog Watershed Management Organization

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Black Dog Watershed Management Organization (the Organization) as of and for the year ended December 31, 2019, and the related notes to the financial statements, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified one deficiency in internal controls that we consider to be a material weakness.

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

This report is intended solely for the information and use of management, the Board of Commissioners of the Organization, others within the Organization, and the state of Minnesota and is not intended to be, and should not be, used by anyone other than these specified parties.

Minneapolis, Minnesota June 5, 2020

INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the Board of Commissioners and Management Black Dog Watershed Management Organization

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and each major fund of the Black Dog Watershed Management Organization (the Organization) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated June 5, 2020.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, nothing came to our attention that caused us to believe that the Organization failed to comply with the provisions of the claims and disbursements, deposits and investments, contracting and bidding, conflicts of interest, 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 Organization's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Commissioners of the Organization, others within the Organization, management of the Organization, and the Office of the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

Minneapolis, Minnesota June 5, 2020

BLACK DOG WATERSHED MANAGEMENT ORGANIZATION

Schedule of Findings Year Ended December 31, 2019

FINDINGS - INTERNAL CONTROLS - MATERIAL WEAKNESS

SEGREGATION OF DUTIES

Finding – Generally, a system of internal control contemplates a segregation of duties such that no one individual has responsibility to execute a transaction, has physical access to the related assets, and has the responsibility or authority to record the transaction. The Black Dog Watershed Management Organization (the Organization) does not have proper segregation of duties due to the size of the Organization's staff. This lack of ideal segregation of duties subjects the Organization to a higher risk that errors or fraud could occur and not be detected in a timely manner. This limited segregation of duties exists in most of the Organization's transaction cycles, including cash receipts and cash disbursements.