

To: Elm Creek WMO Commissioners/TAC

From: Erik Megow, PE
Diane Spector
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Date: June 11, 2024 UPDATED

Subject: 2023 Year End Fund Balances

**Recommended
Commission Action**

For review and discussion.

The 2023 audit is still being finalized, but the 2023 preliminary year-end balances for non-operating accounts are the following. We expect to have the

Restricted for Capital Projects

These are funds levied for specific capital projects. The Commission holds these funds until such time as the member cities have completed the work. They then request reimbursement for their costs incurred.

Table 1. Elm Creek funds restricted for capital improvements.

Project	Amount Held
Rogers Fox Creek Creekview Phase 2 (2016)	\$80,207
Rogers Fox Creek Hyacinth Phase 3 (2017)	112,501
Corcoran Downtown Regional Stormwater Pond (2019)	28,013
Livestock Exclusions, Buffers, Stabilizations (2020)	24,883
Agricultural BMPs Cost Share (2020)	53,006
Champlin EC Strm Rest Ph V Hayden Lake Outfall (2021)	159,251
S Fork Rush Creek (2023)	427,975
2023 admin costs for 2024 levy	-332
Account Balance YE 2023	\$885,504

Cost Share Projects

The Commission operates two cost share projects, one for city projects and one for partnership projects on private property.

Table 2. Elm Creek city cost share projects.

Project	Balance
Year End 2023	\$105,122
Encumbrance-Dayton (Dayton Rd)	-50,000
Encumbered Account Balance YE 2023	\$55,122
Levy funds expected 2024	+100,000
2024 Encumbrance-	-
Estimated 2024 available balance	\$155,122

Table 3. Elm Creek partnership cost share projects.

Project	Balance
Year End 2023	\$-52,417
Encumbrance	-0
Encumbered Account Balance YE 2023	\$52,417
Levy funds expected 2024	+50,000
2024 Encumbrance – Fish Lake carp removal	-11,856
Estimated 2024 available balance	\$90,561

Closed Projects Account

The Commission’s Closed Projects Account houses levy funds that exceed final project costs. In addition, on occasion a project is cancelled, and the levy funds are then transferred to this fund. These funds are intended to be used for other capital improvement projects, including the cost of undertaking feasibility studies to preliminarily scope a future project. These funds may also be used to limit future capital levies for new projects.

Table 4. Elm Creek closed project account funds.

Project	Balance
Year End 2022	\$174,335
2018-04 Downs Road Trail Rain Gardens	104
2021-01 Elm Rd Area/Everest Ln Strm Restoration	7,867
Account Balance YE 2023	\$182,305

Other Funds Balances

The Commission has also in past years acted to segregate or assign some of its unrestricted reserves to be held for a specific purpose, for example to fund the 4th Generation Plan. These unassigned funds may continue to be set aside to be used for these purposes or the Commission may elect to unassign the funds and transfer them to Unrestricted Reserves. From time to time the Commission has budget funding for projects or special studies and set that aside in an Assigned For Projects and Studies Account. It has rarely been used, but in 2023 the Commission encumbered just under \$10,000 to provide matching funds for the Watershed-Based Implementation Fund grant supporting the Rush Creek SWA and the North Fork Rush Creek remeandering study.

Table 5. Elm Creek assigned accounts balances.

Assigned Account	Balance
Fourth Gen Plan (-encumbered March 2024)	\$35,000
Assigned For Projects or Studies YE 2023	\$167,067
-Encumbered 2023: match to WBIF funds	9,468
-Encumbered Nov 2023: TMDL 10 yr review	49,468
Estimated 2023 available balance	\$108,131
-Encumbered March 2024: 4 th Gen Plan	15,000

Unrestricted Reserve

The last category of funds is the Commission’s Unrestricted Reserves, which is cash on hand that has not been designated for a particular use. This helps with monthly cash flow and is a “rainy day reserve” in the event something unusual occurs, or one of the member cities withdraws from the JPA and no longer is contributing its share of expected revenues. The newly adopted policy to maintain a cash reserve equal to either 50% of annual operating revenues or five months of operating expenses. Using the 2023 year-end figures, that minimum reserve balance would be the greater of the amounts in Table 6.

Note that due to the unusual amount of interest earnings in the past few years which artificially raises the total amount of operating revenues received. the calculation based on 50% of operating revenues is very conservative. The Commission appears to have adequate unrestricted reserves.

Table 6. Unrestricted reserve desirable balance calculation using 2023 year-end amounts.

Component	Operating Expenses	Operating Revenues
2023 Operating Budget	\$442,032	\$500,546
Less project reviews	123,742	157,569
Net Amount	318,560	342,977
5/12ths of yearly expenses	\$132,733	
50% of yearly revenues		\$171,488
YE 2023 Unrestricted Balance	\$164,497	\$164,497

ELM CREEK WATERSHED
MANAGEMENT COMMISSION

Financial Statements and
Supplemental Information
For the Year Ended
December 31, 2023

ELM CREEK WATERSHED MANAGEMENT COMMISSION

Table of Contents

	Page
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	1 - 2
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position and Governmental Fund Balance Sheet	3
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Net Position - Budget and Actual	4
Notes to Basic Financial Statements	5 - 14
OTHER REQUIRED REPORTS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	15 - 16
Independent Auditors' Report on Minnesota Legal Compliance	17

INDEPENDENT AUDITORS' REPORT

Commissioners
Elm Creek Watershed Management Commission
Plymouth, Minnesota

Opinion

We have audited the accompanying financial statements of the governmental activities and major fund of the Elm Creek Watershed Management Commission (the Commission), which comprise the statement of net position and governmental fund balance sheet as of December 31, 2023, and the related statement of activities and governmental fund revenues, expenditures and changes in fund balances/net position for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Commission as of December 31, 2023, the respective changes in the financial position thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with the 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 Commission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Commission's 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 Commission's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis 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.

Prior Year Comparative Information

We have previously audited the Commission's financial statements for the year ended December 31, 2022 and we expressed unmodified audit opinions on the respective financial statements of the governmental activities and each major fund in our report dated June 20, 2023. In our opinion, the partial comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting

We have also issued our report dated June 14, 2023, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

BASIC FINANCIAL STATEMENTS

Elm Creek Watershed Management Commission

Statement of Net Position and
Governmental Fund Balance Sheet

As of December 31, 2023

(with Partial Comparative Actual Amounts as of December 31, 2022)

	Governmental Activities	
	2023	2022
Assets		
Cash and temporary investments	\$ 1,711,058	\$ 1,204,723
Restricted cash	331,576	195,065
Due from other governments	28,729	6,169
Accounts receivable	16,222	44,969
Total assets	\$ 2,087,585	\$ 1,450,926
Liabilities and Fund Balances/Net Position		
Liabilities		
Accounts payable	\$ 164,097	\$ 123,489
Financial and administrative guarantee fee deposits	7,599	7,599
Project review fees escrow	66,900	78,161
Unearned revenue	257,077	109,305
Total liabilities	495,673	318,554
Fund balances/net position		
Restricted fund balances/net position		
Restricted for capital improvement projects	885,504	624,293
Restricted for cost share projects	105,122	-
Restricted for partnership share projects	52,417	-
Restricted closed project funds	182,305	174,335
Total restricted fund balance/net position	1,225,348	798,628
Assigned fund balances/net position		
Assigned for capital projects, studies	167,067	181,817
Assigned for fourth generation plan	35,000	10,000
Unrestricted/unassigned fund balances/net position	164,497	141,927
Total assigned or unrestricted fund balances/net position	366,564	333,744
Total fund balances/net position	1,591,912	1,132,372
Total liabilities and fund balances/net position	\$ 2,087,585	\$ 1,450,926

Elm Creek Watershed Management Commission

Statement of Activities and
Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances/Net Position
Budget and Actual
Year Ended December 31, 2023

(with Partial Comparative Actual Amounts for the Year Ended December 31, 2022)

	Governmental Activities			
	2023			2022
	Original and Final Budget	(Audited)	Over (Under)	(Audited)
Revenue				
General				
Member assessments	\$ 250,000	\$ 250,000	\$ -	\$ 237,300
Property taxes (ad valorem)	-	586,269	586,269	293,281
Charges for services - project and wetland review fees	217,000	145,851	(71,149)	126,672
Reimbursements	6,500	6,101	(399)	4,166
Grants	-	151,296	151,296	98,936
Interest income	750	86,477	85,727	21,696
Total revenue	<u>474,250</u>	<u>1,225,994</u>	<u>751,744</u>	<u>782,051</u>
Expenditures				
Current				
Administration	102,000	137,972	35,972	143,759
Education	13,500	9,843	(3,657)	8,262
Grant programs	-	151,296	151,296	98,936
Insurance	4,000	3,551	(449)	2,978
Professional fees	8,500	7,389	(1,111)	7,444
Technical support	90,000	217,099	127,099	330,355
Water monitoring	55,977	54,586	(1,391)	33,325
Watershed programs	-	24,585	24,585	-
Watershed plan	14,500	580	(13,920)	1,158
Capital outlay				
Improvement projects	200,000	159,553	(40,447)	249,073
Total expenditures	<u>488,477</u>	<u>766,454</u>	<u>277,977</u>	<u>875,290</u>
Net change in fund balances/net position	<u>\$ (14,227)</u>	<u>459,540</u>	<u>\$ 473,767</u>	<u>(93,239)</u>
Net fund balances/net position				
Beginning of year		<u>1,132,372</u>		<u>1,225,611</u>
End of year		<u>\$ 1,591,912</u>		<u>\$ 1,132,372</u>

Elm Creek Watershed Management Commission

Notes to Financial Statements
December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Elm Creek Watershed Management Commission is formed under a Joint Powers Agreement, as amended according to Minnesota Statutes Sections 103B.201 through 103B.255 and Minnesota Rules Chapter 8410 relating to Metropolitan Area Local Water Management and its reporting requirements. Elm Creek Watershed Management Commission was established in February, 1973 to protect and manage the natural resources of the Elm Creek Watershed.

The Commission is considered a governmental unit, but is not a component unit of any of its members. As a governmental unit, the Commission is exempt from federal and state income taxes.

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 Commission is considered a joint venture.

As required by accounting principles generally accepted in the United States of America, these financial statements include the Commission (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 include whether or not the primary government appoints the voting majority of the potential component's unit 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 Commission's financial statements.

Government-Wide and Fund Financial Statement Presentation

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information about the reporting government as a whole. These statements include all the financial activities of the Commission. 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and grants or contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other internally directed revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

Elm Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statement Presentation

The accounts of the Commission 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, expenditures, additions, and deductions. 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 Commission are accounted for in one fund:

- **General Fund (Governmental Fund Type)** – This fund is used to receive dues and miscellaneous items which may be disbursed for any and all purposes authorized by the bylaws of the Commission.

Typically, separate fund financial statements are provided for Governmental Funds. However, due to the simplicity of the Commission's operation, the Governmental Fund financial statements have been combined with the government-wide statements.

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 statement of net position and governmental funds 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:

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 Commission considers revenues to be available if collected 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 year-end. All significant revenue sources are considered susceptible to accrual.
2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred; however, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used.

Budgets

The amounts shown in the financial statements as "budget" represent the budget amounts based on the modified accrual basis of accounting. A budget for the General Fund is adopted annually by the Commission. Appropriations lapse at year-end. Budgetary control is at the fund level.

Elm Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Members' Contributions

Members' contributions are calculated based on the member's share of the taxable market value of all real property within the watershed to the total taxable market value of all real property in the watershed.

Capital assets

The Commission follows the policy of expensing any supplies or small equipment at the time of purchase. The Commission currently has no capitalized assets.

Risk Management

The Commission is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; error and omissions; and natural disasters. The Commission participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property, casualty, and other miscellaneous insurance coverages. LMCIT operates as a common risk management and insurance program for a large number of cities in Minnesota. The Commission pays an annual premium to LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance coverage during the year ended December 31, 2023.

Due from other governments/Accounts receivable

The Commission utilizes an allowance for uncollectible accounts to value its receivables; however, it considers all of its receivables to be collectible as of December 31, 2023 and 2022.

Net Position

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

Elm Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2023

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (continued)

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 do not meet the definition of "restricted" or "net investment in capital assets."

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

Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended December 31, 2022, from which the summarized information was derived. Also, certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

Unearned Revenue

The Commission recognizes grant revenue as it becomes eligible to receive the grant. If the grant has restrictions that have not been satisfied, the revenue is deferred until the Commission has satisfied them.

Elm Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2023

NOTE 2 – ASSETS, LIABILITIES AND NET POSITION

Deposits

In accordance with applicable Minnesota Statutes, the Commission maintains a checking account authorized by the Commission.

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 Commission'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 Commission has no additional deposit policies addressing custodial credit risk.

At year-end, the Commission had no funds held in its bank account. All funds were transferred to their Minnesota 4M investment account. (see below)

Investments

At December 31, 2023 and 2022, the Commission held \$1,399,788 and \$1,503,169 (approximate cost and fair market value), respectively, in investments with PMA Financial Network in Minnesota 4M Funds Holdings.

The Minnesota Municipal Money Market (4M) Fund is an external investment pool regulated by Minnesota Statutes that are not registered with the Securities Exchange Commission (SEC), but follow the regulatory rules of the SEC. The Commission's investment in these funds is measured at the value per share provided by the pool, which are based on an amortized cost method that approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Fund.

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 Commission would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission 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.

Elm Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2023

NOTE 2 – ASSETS, LIABILITIES AND NET POSITION (CONTINUED)

Investments (continued)

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the Commission’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 Commission’s investment policies do not further address credit risk.

Concentration Risk – This is the risk associated with investing a significant portion of the Commission’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 Commission 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 Commission does not have an investment policy limiting the duration of investments.

Guarantee Fee Deposits and Project Review Fees Escrow

The financial and administrative guarantee fee deposits and project review fees payable are received as guarantee that the mitigation will perform as required. Upon completion, and if the project meets the qualified plan requirements, these financial guarantees are refunded.

Elm Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2023

NOTE 3 – FUND BALANCE CLASSIFICATION

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. The 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 the 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 consisting of amounts intended to be used by the Commission for specific purposes that 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; amounts that are available for any purpose.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned or unassigned resources are available for use, it is the Commission's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 4 – COMMITMENTS AND CONTRACTS

Restricted fund balance – capital improvement projects

For the year 2017, the Commission received \$80,255 from tax levies that is to be used for the Fox Creek Stream Bank Stabilization Phase Two Project. During 2022, the Commission received \$609 in revenue. As of December 31, 2023, the City of Rogers has yet to complete the project. The Commission will hold the remaining funds of \$80,207 (less administrative costs) until completion.

For the year 2018, the Commission received \$112,347 from tax levies that is to be used for the Fox Creek Phase Three Stabilization Project. As of December 31, 2023, the City of Rogers has yet to complete the project. The Commission will hold the remaining funds of \$112,501 (less administrative costs) until completion.

Elm Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2023

NOTE 4 – COMMITMENTS AND CONTRACTS (CONTINUED)

Restricted fund balance – capital improvement projects (continued)

For the year 2019, the Commission received \$74,932 from tax levies that is to be used for the Rush Creek Main Stem Stream Stabilization Phase Three Project. During 2022, the Commission received \$40 in revenue. The City of Maple Grove has cancelled the project and, the Commission has transferred the balance of funds of \$74,949 to the Restricted Closed Project Funds.

For the year 2019, the Commission received \$74,932 from tax levies that is to be used for the Downs Road Trail Rain Garden Project. During 2023, the Commission has incurred expenditures of \$74,885.. As of December 31, 2023 the City of Champlin has completed the project and the Commission has transferred the balance of funds of \$104 to the Restricted Closed Project Funds.

For the year 2020, the Commission received \$26,547 from tax levies that is to be used for the Rush Creek Main Stem Phase Three Project. The City of Maple Grove has cancelled the project and, the Commission has transferred the balance of funds of \$26,444 to the Restricted Closed Project Funds.

For the year 2020, the Commission received \$28,116 from tax levies that is to be used for the Downtown Regional Stormwater Pond Project. As of December 31, 2023, the City of Corcoran has yet to complete the project. The Commission will hold the remaining funds of \$28,013 (less administrative costs) until completion.

For the year 2020, the Commission received \$159,283 from tax levies that is to be used for the Elm Creek Stream Restoration Phase Four Project. As of December 31, 2022 the City of Champlin has completed the project and the Commission has transferred the balance of funds of \$9,180 to the Restricted Closed Project Funds.

For the year 2021, the Commission received \$53,055 from tax levies that is to be used for the Livestock Exclusions, Buffers and Stabilization Project. During 2023, the Commission has incurred \$28,123 in expenditures. As of December 31, 2023, the Cities of Corcoran and Rogers have yet to complete the project. The Commission will hold the remaining funds of \$24,883 (less administrative costs) until completion.

For the year 2021, the Commission received \$53,055 from tax levies that is to be used for Agricultural Best Management Practices Projects. As of December 31, 2023, the Commission has yet to complete the project. The Commission will hold the remaining funds of \$53,006 (less administrative costs) until completion.

For the year 2021, the Commission received \$31,531 from tax levies that is to be used for an enhanced street sweeper for the City of Plymouth. As of December 31, 2022, the Commission has completed the project and transferred the balance of funds of \$1,727 to the Restricted Closed Project Funds.

Elm Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2023

NOTE 4 – COMMITMENTS AND CONTRACTS (CONTINUED)

Restricted fund balance – capital improvement projects (continued)

For the year 2022, the Commission received \$132,867 from tax levies that is to be used for Elm Rd and Everest Ln Stream Restoration Project. During 2023, the Commission incurred expenditures of \$55,988. As of December 31, 2023, the City of Maple Grove has completed the project and the Commission transferred the balance of funds of \$7,867 to the Restricted Closed Project Funds.

For the year 2022, the Commission received \$159,437 from tax levies that is to be used for Elm Creek Restoration Phase V Hayden Lake Outfall Project.. As of December 31, 2023, the City of Champlin has yet to complete the project. The Commission will hold the remaining funds of \$159,251 (less administrative costs) until completion.

For the year 2023, The Commission received \$428,153 from tax levies that is to be used for South Fork Rush Creek Restoration Project. As of December 31, 2023 the City of Maple Grove has yet to complete the project. The Commission will hold the remaining funds of \$427,975 (less administrative costs) until completion.

Restricted fund balance - closed project funds

At December 31, 2023 and 2022, the Commission retained unspent funds collected through tax levies that exceeded the project costs and administrative fees totaling \$182,305 and \$174,334, respectively. The use of those funds is restricted for other capital improvement projects.

Grants

Floodplain Modeling Project

During 2018, the Commissioner of Natural Resources awarded the Commission a cost reimbursement grant of up to \$92,773. The grant is for updates to the Special Flood Hazard Areas shown on the FEMA Floodplain maps that are located within the watershed.

In February of 2021, the Commission received an amendment increasing the grant amount to \$108,773. As of December 31, 2023, the Commission had received \$106,940 of the grant funds and incurred direct project costs of \$112,838. The Commission expects to incur more project costs but will not receive the remaining grant funds of \$1,833. The remaining costs will be funded by the Commission.

Watershed Based Funding Grants

During 2018, BWSR awarded \$134,486 to the Commission for streambank and shoreline restoration and protection on Elm Creek. Total project costs are expected to be \$584,486. The Commission is to provide \$150,000 via the 2020 levy and the City of Champlin is to provide \$300,000. As of December 31, 2022, the Commission has received \$134,486 of the grant and incurred \$67,243 of costs. The Commission has paid the remaining \$67,243 as of December 31, 2023.

Elm Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2023

NOTE 4 – COMMITMENTS AND CONTRACTS (CONTINUED)

Grants (Continued)

During 2021, BWSR awarded \$281,996 to the Commission for restoration projects at Elm Creek and Rush Creek in the Cities of Maple Grove and Champlin. Total project costs are expected to be \$1,802,996. The Commission is to provide \$200,000, and the Cities and other governments are to fund \$1,321,000. As of December 31, 2021, the Commission has received \$140,998 of the grant revenues and incurred \$31,693 of costs. As of December 31, 2022, The Commission held \$109,305 as unearned grant revenue. The grant expires December 31, 2023.

In June of 2023, the Commission received an amendment increasing the grant amount to \$514,153. As of December 31, 2023, the Commission had received \$257,077 of grant funds and incurred no direct project costs. The Commission held the remaining \$257,077 as unearned grant revenue as of December 31, 2023. The grant expires

During 2023, BWSR awarded \$267,774 to the Commission for restoration projects at Rush Creek in the city of Maple Grove. As of December 31, 2023, the Commission has received \$133,887 and incurred direct costs of \$151,297.

NOTE 5 – MEMBERS' ASSESSMENTS

Dues received from members were as follows:

	For Year Ended December 31					
	2023			2022		
	Amount	Percentage	%	Amount	Percentage	%
Champlin	\$ 9,998	3.99	%	\$ 9,349	3.94	%
Corcoran	20,116	8.05		16,325	6.88	
Dayton	22,602	9.04		15,513	6.54	
Maple Grove	111,726	44.69		113,855	47.98	
Medina	18,696	7.48		18,406	7.75	
Plymouth	29,717	11.89		29,254	12.33	
Rogers	37,145	14.86		34,598	14.58	
Total	\$ 250,000	100.00	%	\$ 237,300	100.00	%

From: Grace Barcelow <Grace.Barcelow@hennepin.us>

Sent: Monday, June 10, 2024 7:47 AM

Subject: WMWA June Update

Dear WMWA partners,

Hope you all are having a great start to your summers! Has the past month flown by or is that just me!?

Below is a brief update on work completed since the May 14th WMWA meeting, and what we can look forward to completing until the next meeting.

What have we been working on since the May WMWA Meeting?

1. Added partners to the WMWA SharePoint site on May 17th.
 - a. I want to check-in on this. Please reach out if you have any questions, comments, or trouble accessing the site.
2. Attended Rush Creek Elementary and taught the watershed prep program in 5 classrooms!
 - a. This was so much fun. I loved seeing how excited the kids were to learn these lessons.
3. Released [media kit](#) about Aquatic Invasive Species, with a focus on encouraging folks to sign up for Lake Pledge.
4. Published a [newspaper article](#) highlighting what efforts contributed to delisting four lakes in WMWA territory, and what new projects WMWA has underway. The column was published in 7 Sun papers (two Sun Posts, two Sun Currents and three Sun Sailors), plus the Osseo Maple Grove Press and Crow River News, all under APG of East Central Minnesota.
5. Brought Metro Blooms under contract for facilitating workshops and completing lakeshore restoration designs for residents on Fish and Eagle Lakes in Maple Grove and for engagement and BMP design services at the multi-family housing project at Southgate Apartments in Bloomington! Woo!
6. Hosted first engagement event at Southgate Apartments.
 - a. Residents seemed super excited about the project and a lot of folks showed up to the event. People shared so many great ideas for the project!
 - b. Metro Blooms staff did a fantastic job introducing the project to residents and helped bring a positive and passionate voice to the work. We are super excited to be working with them and see the impact this project has on the community.
7. Hennepin County Chloride Initiative (HCCI) reconvene meeting!
 - a. Shoutout to Laura Jester for hosting this reunion meeting. Great job!
 - b. The next meeting is scheduled to tentatively take place end of September 2024.

8. Drafting a grant application for the Pollinator Pathways Grant through BWSR to support water quality and pollinator-friendly projects in Maple Grove and Bloomington!
 - a. This grant would help us to expand the scope of projects to include more work focused on expanding and strengthening pollinator habitat and corridors.
 - b. Applications are due June 20th.

What work will be happening before the July WMWA meeting?

1. Continue outreach to involve middle school classrooms in Adopt-a-Drain K12 program throughout WMWA watersheds.
2. Finish developing pet waste education campaign materials.
 - a. For this campaign, I am creating a pet waste media kit with 2 sets of news blurbs and social media posts. One of these media kits will focus on pet waste and e. coli pollution, and the other will have a different, seasonal focus. Additionally, I will create a mailer that cities can easily use to put into mailings and help expand pet waste education.
 - b. We are switching up the schedule - July will focus on pet waste media, and we plan to focus on water conservation in August (unless the rain continues – then we will switch gears to something that fits the weather).
 - c. You can expect this to be completed before the end of the month, so please plan to schedule posting on social media, and in newsletters in July!
3. Continue planning for fall 2024 workshops with Metro Blooms.
4. Continue engagement process for the Southgate Apartment project in Bloomington.

As always, please reach out to me with any questions. Also, I apologize I am getting this email off later than I had hoped, I had some personal stuff come up at the end of last week. I look forward to seeing everyone tomorrow!

Best Regards,

Grace Barcelow
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Pronouns: she/her