



2017 Activity Report



Greenfield • Independence • Loretto • Maple Plain • Medina • Minnetrista

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This report was prepared
for the Pioneer-Sarah Creek Watershed Management Commission
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Cover Photograph:
Lake Sarah Outlet

ANNUAL ACTIVITY REPORT

This annual activity report has been prepared by the Pioneer-Sarah Creek Watershed Management Commission in accordance with the annual reporting requirements of Minnesota Rules Chapter 8410.0150, Subps. 2 and 3. It summarizes the activities undertaken by the Commission during calendar year 2017.

PIONEER-SARAH CREEK WATERSHED MANAGEMENT COMMISSION

The Commission was established to protect and manage the natural resources of the Pioneer and Sarah Creek watersheds. It is a joint powers watershed organization formed as required under MN Statutes 103B.201-103B.255 and MN Rules Chapter 8410. A Board of Commissioners comprised of representatives appointed by the member communities was established as the governing body of the Commission. Its membership is comprised of the cities of Greenfield, Independence, Loretto, Maple Plain, Medina, and Minnetrista. The table in *Appendix 1* shows the names of the Commissioners appointed to serve in 2017.

MEETINGS

The Commission meets on the third Thursday of the month at Maple Plain City Hall. The meetings are open to the public and visitors are welcome. Meeting notices, agendas, and approved minutes are posted on the Commission's website, www.pioneersarahcreek.org.

STAFF AND CONSULTANTS

The Commission has no employees. Independent consultants perform technical, legal, administrative, and wetland services for the Commission and are selected biannually. The current staff and consultants are also listed in *Appendix 1*.

THE WATERSHED

Located entirely within western Hennepin County, the Pioneer-Sarah Creek watershed covers approximately 70.5 square miles and includes the watersheds of Pioneer Creek and Sarah Creek. The Crow River demarcates most of the northern boundary. Portions or all of the six member cities are within the legal boundaries of the Pioneer-Sarah Creek watershed and are listed in Table 1. A map of the watershed can be viewed on the next page.

WATERSHED MANAGEMENT PLAN

The Commission's Third Generation Watershed Management Plan was approved by the Board of Water and Soil Resources (BWSR) for a period of six years on January 28, 2015. The Commission adopted the Plan on May 21, 2015.

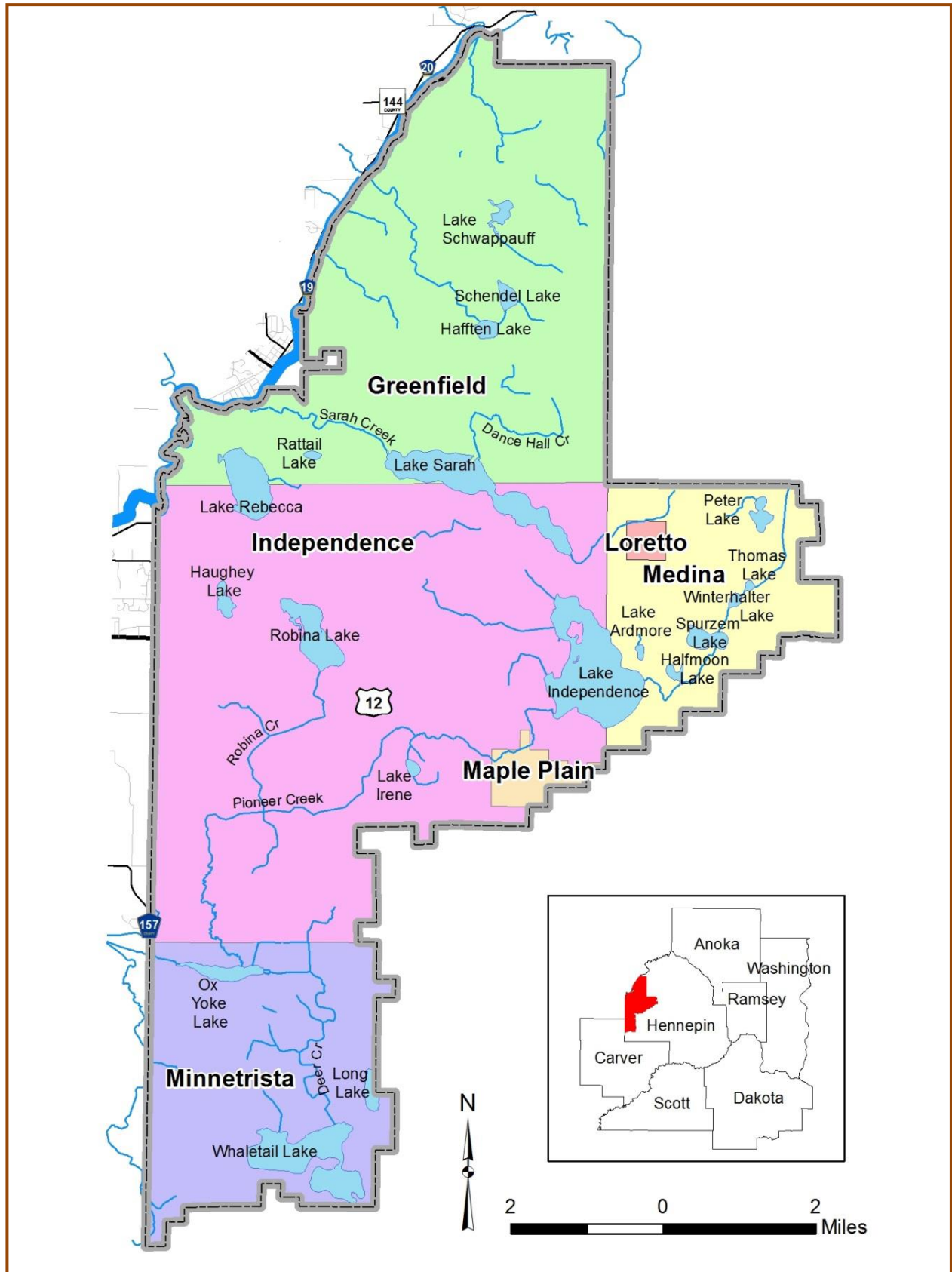


Table 1
Area of Members within the Pioneer-Sarah Creek Watershed

Local Government Unit	Area Within Watershed (Square Miles)	Percent of Watershed
Greenfield	21.5	30.5%
Independence	29.7	42.1%
Loretto	0.3	0.4%
Maple Plain	0.8	1.1%
Medina	7.5	10.7%
Minnetrista	10.7	15.2%
TOTAL:	70.5	100.0%

During development of the Plan, the Commission identified the following priorities to guide water resources planning and management functions:

1. Educate the Commissioners and member City Councils and Planning Commissions regarding watershed and water resources management.
2. Undertake a monitoring program to monitor water quality trends and to track progress toward meeting TMDLs.
3. Partner with member cities and other parties to conduct subwatershed assessments and other studies to identify feasible and cost-effective Best Management Practices (BMPs) to protect and improve water quality.

On November 19, 2015, the Commission amended its *Third Generation Watershed Management Plan* to adopt a revision to the plan amendment process to conform to 2015 revisions to Minnesota Rules 8410. In part, the revisions will allow the Commission to modify the CIP with only minimal need for plan amendments.

On July 20, 2017 the Commission adopted a second Minor Plan Amendment to revise the costs associated with project IN-2 Hydrologic Restorations on the Pioneer-Sarah Creek 2015 Capital Improvement Program (CIP). The revision would update the estimated costs of the design and construction phases of the Baker Campground Ravine project.

LOCAL PLANS

Revisions to Minnesota Rules 8410, the rules that guide metropolitan local water management, were adopted in 2015. The revisions include significant changes in the timing of local water plan revisions. Per 8410.0105 subparagraph 9 and 8410.0160 subparagraph 6:

- Local water plans must be prepared by metropolitan cities and towns (municipalities) and a local water plan must become part of the local comprehensive plan for a municipality.

- Under the amended rule, local water plans must be revised essentially once every ten years in alignment with the local comprehensive plan schedule.
- A municipality has two years before its local comprehensive plan is due to adopt its local water plan.
- Prior to adoption, a municipality must prepare its local water plan, distribute it for comment, and have it approved by the organization with jurisdiction in the municipality.
- The next local comprehensive plans are due December 31, 2018. All cities and towns in the seven-county metropolitan area must complete and adopt their local water plans between January 1, 2017 and December 31, 2018. Thereafter, add ten years to each of the previous dates.
- Local water plans may be updated more frequently by municipalities at their discretion.

At a minimum, Local Plans are required to do the following:

1. Update the existing and proposed physical environment and land use. Information from previous plans that has not changed may be referenced and summarized but does not have to be repeated. Local Plans may adopt relevant sections of the Commission's Watershed Management Plan (WMP) Section 2.0 Inventory and Condition Assessment by reference unless the member city has more recent information.
2. Update the existing and proposed hydrology and provide subwatershed, storm drainage system, and installed BMP figures and Shapefiles.
3. Explain how the goals and policies and rules and standards established in the WMP will be implemented at the local level.
4. Show how the member city will take action to achieve the load reductions and other actions identified in and agreed to in TMDL Implementation Plans, including identifying known upcoming projects, including street reconstruction projects, that will provide opportunities to include load and volume reduction BMPs.
5. Explain how the City will implement the City Review project review requirements of the revised Rules and Standards.
6. Update existing or potential water resource related problems and identify nonstructural, programmatic, and structural solutions, including those program elements detailed in Minnesota Rules 8410.0100, Subp. 1-6.
7. Summarize the estimated cost of implementation.
8. Set forth an implementation program including a description of adoption or amendment of official controls and local policies necessary to implement the Rules and Standards; programs; policies; and a capital improvement plan.

2017 OBJECTIVES

Following is a summary of the work undertaken by the Pioneer-Sarah Creek Watershed Management Commission in 2017 to meet the goals, objectives, and projected work plan outlined in its *2016 Annual Report*. The 2017 Work Plan was approved by the Commission at its April 20, 2017 meeting.

☒ = completed ☐ = ongoing ☐ = not completed ☐ = not undertaken

A. ONGOING TECHNICAL AND ADMINISTRATIVE PROGRAMS

☐ 1. Continue to review local development/redevelopment plans for conformance with the standards outlined in the Commission's Third Generation Watershed Management Plan. *The Commission reviewed six plans for conformance with its standards in 2017. (Appendix 2)*

- Maintain the current flood profile of the creeks and their tributaries.
- Maintain the post-development 2-year, 10-year, and 100-year peak rate of runoff at pre-development level for the critical duration precipitation event.
- Maintain the post-development annual runoff volume at pre-development volume.
- Prevent the loss of floodplain storage below the established 100-year elevation.

☐ 2. Continue to serve as the local government unit (LGU) for administering the Wetland Conservation Act (WCA) for the cities of Greenfield, Loretto, and that portion of Maple Plain within the Pioneer-Sarah Creek watershed. Preserve the existing functions and values of wetlands within the watershed. Promote enhancement or restoration of wetlands in the watershed. *In 2017 Technical staff assisted approximately 25 landowners/agency/developer contacts with wetland-related questions. On behalf of the Commission they reviewed the following types of wetland applications: five wetland boundary/type; three no-loss/exemptions; one sequencing; and no wetland replacement plans. Wetland impacts totaled 0 SF; wetland replacement totaled 0 SF.*

Four WCA violations were investigated and resolved; two others were determined to not be WCA/Commission violations. The Commission was involved in five Technical Evaluation Panels (TEPs) throughout the watershed. The PSC Commission does not have a wetland banking program.

☒ 3. Adopt a 2018 operating budget. *The Commission adopted an operating budget totaling \$133,770 on May 18, 2017. Assessments to the members totaled \$128,000.*

☐ a. Search for grant and other funds to supplement the regular budget.

☐ b. Operate a capital improvement program (CIP) and share in the cost of projects. A minor plan amendment was adopted in 2017 to revise the CIP as follows:

1) **IN-4 Gully Restorations.** Reduce direct flows and anchor gullies that have occurred near the lake primarily near Baker Regional Park, priority project GS50, as identified in

the Lake Independence and Sarah Subwatershed Assessment. This project would complete field work and design for the proposed improvement. Estimated \$120,000 total cost/Commission share \$12,000 in 2016. This project was completed in 2016 at a cost of \$25,000.

- **IN-2 Hydrologic Restorations.** Restore hydrology to drained wetlands by adding box inlets to existing culverts as identified in the Lake Independence and Sarah Subwatershed Assessment, priority is GS50. Estimated \$200,000 total cost/Commission share \$20,000 in 2019. The amendment revises project IN-2 Hydrologic Restorations to update the estimated costs of the design and construction phases of the Baker Campground Ravine project. Updated costs are estimated to be \$520,000, with the Commission's share being \$52,000. The project would be undertaken in 2018 and 2019, assuming sufficient grant funding can be secured to support the project.

☒ 4. Publish a 2016 Annual Activity Report summarizing the Commission's yearly activities and financial reporting. ***The 2016 Annual Activity report was approved by the Commission at its April 20, 2017 meeting.***

☒ 5. Draft a 2017 Work Plan. ***The 2017 Work Plan was approved by the Commission at its April 20, 2017 meeting.***

☐ 6. The Commission will proactively engage with the Board of Water and Soil Resources (BWSR) staff to build relationship that foster mutual trust, respect and support. In this effort the Commission will improve on its ability to measure and report on the collective performance and efforts more visibly with BWSR. ***Commissioner Joe Baker and Councilmember Brad Spencer from Independence met with Kevin Bigalke, Central Region Manager, BWSR, to continue to build that relationship. They requested and received approval to delay undertaking the PRAP (Performance Review and Assistance Program) Level II Review for one year. The review assesses the Commission's progress toward its Management Plan goals.***

B. WATER QUALITY AND QUANTITY

☐ 1. Support the Commission's management goals for water quality. Continue to make progress to improve the lakes and streams in the watershed as well as protect those that are not impaired. ***The Commission completed projects and studies in 2017 to continue reaching this goal.***

- Improve water clarity in the impaired waters by 10% over the average of the previous ten years by 2023.
- Maintain or improve water quality in the lakes and streams with no identified impairments.

☒ 2. FACILITATE THE APPROVAL OF THE WATERSHED-WIDE TOTAL MAXIMUM DAILY LOAD (TMDL) STUDY AND THE WATERSHED RESTORATION AND PROTECTION STRATEGY (WRAPS) REPORT. ***THE 30-DAY PUBLIC REVIEW FOR BOTH THE WRAPS PLAN AND TMDL STUDY ENDED MAY 31, 2017. THE WRAPS WAS***

approved by the MPCA on July 26, 2017. The EPA approved the Pioneer-Sarah Creek TMDL on September 29, 2017. Both reports are available on the Commission's website, <http://www.pioneersarahcreek.org/wraps.html>, and the MPCA website at <https://www.pca.state.mn.us/water/tmdl/pioneer-sarah-creek-watershed-restoration-and-protection-strategy-tmdl-project>.

☐ 3. Foster implementation of BMPs in the watershed through technical and financial assistance. **The Commission supported County-provided technical assistance for landowners to meet the buffer law criteria.**

☐ 4. Operate a monitoring program sufficient to characterize water quantity and quality and biotic integrity in the watershed and evaluate progress toward TMDL goals. Partner with Three Rivers Park District (TRPD) to conduct water quality monitoring in the watershed. Bring stream and lake monitoring efforts into line with monitoring program outlined in the Third Generation Watershed Plan.

☒ • Partner with Three Rivers Park District (TRPD) to conduct bi-weekly water quality monitoring of “sentinel lakes” – Independence, Sarah, and Little Long, along with both basins of Whaletail. **The sentinel lakes were monitored in 2017, as were Ardmore, Half Moon and Spurzem Lakes. (Appendix 3)**

☒ • Partner with TRPD to conduct flow and water quality monitoring on Pioneer Creek at Copeland Road, Pioneer Creek at Pagenkopf Road, and Sarah Creek at County Road 92. **Collected continuous flow samples at these three sites. No stream water quality samples were collected at the sites in 2017. (Appendix 4)**

☒ • Participate in Metropolitan Council's Citizen Assisted Monitoring Program (CAMP). **Hafften Lake was monitored by Greenfield Commissioner Tom Cook in 2017. Results of the CAMP monitoring will be available mid-year 2018.**

C. EDUCATION

☐ 1. Annually evaluate the proposed Education and Outreach program and establish education and outreach activities for the coming year, including goals and strategies identified in the WRAPS study.

☒ 2. Educate Commissioners, member City Councils and Planning Commissions about watershed and water resources management. Sponsor watershed and water resources training opportunities such as NEMO (Nonpoint Education for Municipal Officials). **Joined WaterShed Partners in 2017.**

☐ 3. Convene Citizen Advisory Committee (CAC) as necessary to make recommendations on education and outreach actions and assist the Commission with implementation. **The CAC did not meet in 2017.**

☐ 4. Participate with collaborative groups to pool resources to undertake activities in a cost-effective manner, promote interagency cooperation and collaboration, and promote

consistency of messages. Use the Commission's, member cities', and educational partners' websites and newsletters, social media, co-ops, local newspapers and cable TV to disseminate education materials to all stakeholders about actions they can take to protect and improve water quality. ***As a member of WaterShed Partners the Commission has access to different meetings to discuss water-related topics. WaterShed Partners also provides social media content for use by metro area watershed organizations.***

☐ • Continue to maintain the Commission's website to provide news to residents of the watershed. ***973 users visited the website 1,419 times. Of those, 38.5% were direct visits, 13% through referrals, and 48.4% through organic searches.***

• ***The Commission's Facebook page was introduced in 2017. Content is posted for free and includes links to the Commission and other partner websites. There were 36 posts; largest reach was 194 people and 21 engagements.***

5. Provide opportunities for the public to learn about and participate in water quality activities. Enhance education opportunities for youth. Provide opportunities for bridge-building between stakeholders.

☐ • Promote river and creek stewardship through the River Watch program. Encourage participation by local school students and their teachers. Funding for monitoring two sites is included in the 2017 budget. ***Only one site was to be monitored in 2017, however, due to the river being too high, students from West Lutheran High School in Plymouth were unable to monitor the Crow River at Lake Rebecca Park.***

☒ • Work in partnership with Hennepin County's Agriculture Specialist to help build relationships with the agricultural community in the watershed in order to encourage TMDL implementation. ***Conducted a Horse Stable Redesign for Water Quality and Animal Health Field Day on August 5 to demonstrate best practices for water quality on agricultural sites. (Appendix 5)***

☒ • Work in partnership with the Hennepin County Rural Conservationist to assist in implementing the MN Buffer Law throughout the watershed. ***By mid-year, the rural Conservationists had identified the following: Of the 54 parcels needing review, 22 were found to be compliant with the Buffer Law and eight others were conditionally compliant/need more work. Twenty were non-responsive and more information is needed from four landowners. At year-end, individuals who had not gotten their property into compliance were referred to BWSR for enforcement.***

☐ • ***In addition the Rural Conservationist reported the following:***

• ***Three buffer projects are being put in the ground in partnership with County Transportation Department to protect the Crow River. Project is taking place in Greenfield along County Road 10.***

• ***Moving forward with a Cost Share project design in Independence. A stream tributary relocated itself to a field road during a heavy, multi-day rain event and is causing***

extensive erosion. Stream will be relocated to its original bed and remediation to the bank will take place.

- *Three publications are being created to help large lot residential and rural landowners make good choices on their property for soil and water health. Landowner guide and landscaping guide (both updates), and a horse owner guide (new). A carp tutorial is also being created.*

- *Hennepin County Library system is interested in partnering on gathering information that they can have available for residents regarding water quality, ag concerns, etc. The Rural Conservationist will work with library staff in rural portions of the county to learn what exactly residents are interested in and the best way to distribute information.*

- *Improvements to the County's website are under discussion to better serve residents looking for traditional SWCD information. Outreach to cities to help them direct residents to the correct staff is also underway. This will include newsletter information as well as possible (city) website updates.*

- *There has been interest from the Boy Scouts in conservation project ideas where Scout volunteers can be used. One of the Eagle Scout required badges has a required number of hours that must be spent working on a conservation project. It may be possible to work with interested landowners if projects are identified.*

D. STUDIES, PROJECTS AND CIPS.

1. The Watershed-wide Total Maximum Daily Load (TMDL) report establishes the amount of each pollutant that a water body can receive without exceeding water quality standards. The Watershed Restoration and Protection Strategy (WRAPS) study identifies future strategies for restoring and protecting water quality in the watershed.

☐ • Continue to identify TMDL implementation projects. Seek grant funding to assist with the costs associated with those projects.

☐ 2. Prioritize BMPs identified in the Dance Hall Creek Subwatershed Retrofit Assessment for implementation or further study.

☒ 3. Cost-share with the Lake Sarah Improvement Association (LSIA) to complete a round of curlyleaf pondweed treatment in 2017. ***2017 was the final year of planned whole-lake CLP treatments for Lake Sarah. The Commission's cost share was \$8,823.***

☒ 4. Convene the Technical Advisory Committee (TAC) for the purpose of receiving CIP applications from the member communities, reviewing them for validity, and recommendation to the Commission for incorporation on the Third Generation Plan CIP. ***The TAC was convened on March 10, 2017 to review the CIPs submitted by the member cities and to make recommendations to the Commission.***

□ • Seek grant funding to assist with the costs associated with projects identified on the Commission's CIP. *The Commission supported the City of Medina on a BWSR grant application for the Lake Ardmore Area BMP Retrofit Projects and Three Rivers Park District on a BWSR grant application for the Baker Park Reserve Campground Ravine Stabilization Project at Lake Independence. They also supported the Baker Park project on a Hennepin County Natural Resources Opportunity Grant application.*

□ 5. Continue to support member cities as they identify studies and projects which benefit both the cities and the watershed. *Greenfield identified a non-CIP project at Central Park and the Commission cost-shared in this project with multiple benefits. This project will install a diversion swale and stormwater pond to control surface water from the City's Central Park from running into cropland below the park. The project will capture nearly all runoff from City Park and reduce phosphorus loads by 6 lbs. per year into the Dance Hall Creek Watershed and Lake Sarah. As a component to the stormwater pond work the City of Greenfield proposes to install native pollinator and vegetation plantings within the project area to help stabilize, improve and diversify natural resource outcomes of the project.*

E. PLANNING

□ 1. When requested, assist member cities to develop their local water plans. *The local plans of the cities of Loretto and Medina were approved by the Commission at their April 20, 2017 and September 21, 2017 meetings, respectively.*

☑ 2. Begin to budget for the expense of writing the Fourth Generation Plan, due in 2020. Development should begin in late 2018. *The Commissioners agreed to allocate \$25,000 toward this expense in 2017.*

CONSULTANT SERVICES SELECTION

A solicitation of interest proposals for technical, legal and administrative services was published in the January 17, 2017 issue of the *State Register*. Five responses were received - one technical, two wetland, one legal, and one administrative consultant responded to the solicitation. At their February 16, 2017 meeting the Commission voted to retain the current technical, legal and administrative consultants and to forego the selection of a wetland consultant at that time. (*Appendix 1*) This process will be repeated in 2019.

FINANCIAL REPORTING

Appendix 6 includes the Commission's approved budget for 2017. The Commission's Joint Powers Agreement provides that each member community contributes toward the annual operating budget based on its share of the total market value of all property within the watershed. The 2017 cost allocations to the members are shown as part of the Operating Budget.

A \$139,241 operating budget was approved by the Commission for 2017. \$5,500 was projected as proceeds from application fees, \$41 from interest income, and \$133,700 as assessments to members.

The Pioneer-Sarah Creek Watershed Management Commission maintains a checking account at US Bank for current expenses and rolls uncommitted monies to its account in the 4M Fund, the Minnesota Municipal Money Market Fund.

The 2017 Audit Report prepared by Johnson & Company, Ltd., Certified Public Accountants, is also found in *Appendix 6*. The Commission follows Rule 54 of the Government Accounting Standard Board (GASB) to report Fund Balances. The fund balance classifications include:

Nonspendable – amounts that are not in a spendable form. The Commission does not have any items that fit this category.

Restricted – amounts constrained to specific purposes by their providers. One example would be ad valorem levy funds received from the County for capital improvement projects. The unused portion of these funds must be set aside in a restricted account for similar projects. Another example would be BWSR Legacy Grant proceeds where the funds are received prior to the onset of a project and where any unused portion must be returned to the grantor.

Committed – amounts constrained to specific purposes by the Commission itself. An example would be residual funds carried over from one year to the next for Studies, Project Identification and Subwatershed Assessments.

Assigned – amounts the Commission intends to use for specific purposes. Most line items in the Commission's Operating Budget fall under this category.

Unassigned – amounts that are available for any purpose. These amounts are reported only in the general fund.

Amounts paid by the Commission per the 2017 Audit are as follows:

General engineering	15,636	General administration	43,713
Education	921	Programs	16,501
Projects	8,767	Planning	784
			Total \$ 86,322

General engineering work includes review of local plans, review of development/redevelopment projects, attendance at meetings and other technical services. General administration includes support to technical staff, attendance at meetings, insurance premiums, annual audit, legal counsel, tracking grant opportunities, management plan amendments, and other non-engineering services.

2018 WORK PLAN

Following is the projected work plan for 2018 as approved by the Commission at its April 19, 2018 meeting.

A. ONGOING TECHNICAL AND ADMINISTRATIVE PROGRAMS

1. Continue to review local development/redevelopment plans for conformance with the standards outlined in the Commission's Third Generation Watershed Management Plan.

- a. Maintain the current flood profile of the creeks and their tributaries.
- b. Maintain the post-development 2-year, 10-year, and 100-year peak rate of runoff at pre-development level for the critical duration precipitation event.
- c. Maintain the post-development annual runoff volume at pre-development volume.
- d. Prevent the loss of floodplain storage below the established 100-year elevation.

2. Continue to serve as the local government unit (LGU) for administering the Wetland Conservation Act (WCA) for the cities of Greenfield, Loretto and Maple Plain. Preserve the existing functions and values of wetlands within the watershed. Promote enhancement or restoration of wetlands in the watershed.

3. Adopt a 2019 operating budget.

- a. Search for grant and other funds to supplement the regular budget.
- b. Operate a capital improvement program and share in the cost of projects.

4. Conduct a Level II Review and Assessment of the Commission's Progress toward its Third Generation Plan Objectives as part of the Board of Water and Soil Resources PRAP (Performance Review and Assistance Program).

5. Publish a 2017 Annual Activity Report summarizing the Commission's yearly activities and financial reporting.

6. Draft a 2018 Work Plan.

B. WATER QUALITY AND QUANTITY

1. Support the Commission's management goals for water quality. Continue to make progress to improve the lakes and streams in the watershed as well as protect those that are not impaired.

a. Improve water clarity in the impaired waters by 10% over the average of the previous ten years by 2023.

b. Maintain or improve water quality in the lakes and streams with no identified impairments.

2. Foster implementation of BMPs in the watershed through technical and financial assistance.

3. Operate a monitoring program sufficient to characterize water quantity and quality and biotic integrity in the watershed and evaluate progress toward TMDL goals. Partner with Three

Rivers Park District (TRPD) to conduct water quality monitoring in the watershed. Bring stream and lake monitoring efforts into line with the monitoring program outlined in the Third Generation Plan.

a. Partner with Three Rivers Park District (TRPD) to conduct bi-weekly water quality monitoring of “sentinel lakes” – Independence, Sarah, and Little Long, along with both basins of Whaletail.

b. Partner with TRPD to conduct flow and water quality monitoring on Pioneer Creek at Copeland Road and Sarah Creek at County Road 92, along with possible water quality and flow monitoring at up to two additional sites.

c. Participate in Metropolitan Council’s Citizen Assisted Monitoring Program (CAMP). The Commission has budgeted funds to monitor one lake in 2018.

C. EDUCATION

1. Annually evaluate the proposed Education and Outreach program and establish education and outreach activities for the coming year, including goals and strategies identified in the WRAPS study. These latter activities could be identified through a collaboration of the Technical Advisory Committee (TAC) and the Citizen Advisory Committee (CAC).

2. Educate Commissioners, member City Councils and Planning Commissions about watershed and water resources management. Sponsor watershed and water resources training opportunities such as NEMO (Nonpoint Education for Municipal Officials).

3. Continue membership in WaterShed Partners, a coalition of more than 70 public, private and nonprofit organizations in the Twin Cities Metro area promoting public understanding that inspires people to act to protect water in their watershed through educational projects, networking, and resource sharing.

4. Convene Citizen Advisory Committees as necessary to make recommendations on education and outreach actions and assist the Commission with implementation.

5. Participate with collaborative groups to pool resources to undertake activities in a cost-effective manner, promote interagency cooperation and collaboration, and promote consistency of messages. Use the Commission’s, member cities’, and educational partners’ websites and newsletters, social media, co-ops, local newspapers and cable TV to disseminate education materials to all stakeholders about actions they can take to protect and improve water quality.

6. Continue to maintain the Commission’s website to provide news to residents of the watershed. Maintain the Commission Facebook page.

7. Provide opportunities for the public to learn about and participate in water quality activities. Enhance education opportunities for youth. Provide opportunities for bridge-building between stakeholders.

a. Promote river and creek stewardship through the River Watch program. Encourage participation by local school students and their teachers. The monitoring of one site is included in the 2018 budget.

b. Work with Boy Scouts for conservation hours, dependent on appropriate environmental projects being identified.

c. Work in partnership with Hennepin County's Agriculture Specialist to help build relationships with the agricultural community in the watershed in order to encourage TMDL implementation.

d. Working in partnership with the Hennepin County Rural Conservationist, continue to work with landowners, writing county cost-share grants to help owners become compliant with the MN Buffer Law.

D. STUDIES, PROJECTS AND CIPS.

1. Continue to support member cities as they identify studies and projects which benefit both the cities and the watershed.

2. Continue to identify Watershed-wide TMDL implementation projects. Seek grant funding to assist with the costs associated with those projects.

3. Prioritize BMPs identified in the Dance Hall Creek Subwatershed Retrofit Assessment for implementation or further study.

4. Extend the Cost-Share Agreement with the Lake Sarah Improvement Association (LSIA) and Three Rivers Park District to complete curlyleaf pondweed treatment on the lake.

5. Convene the Technical Advisory Committee (TAC) for the purpose of receiving CIP applications from the member communities, reviewing them for validity, and recommendation to the Commission for incorporation into the Third Generation Plan CIP.

a. Update CIP in anticipation of the PRAP.

b. Seek grant funding to assist with the costs associated with projects identified on the Commission's CIP.

c. Prioritize capital projects in anticipation of funding during the initial round of the Watershed-based Funding Pilot Project.

E. PLANNING

1. When requested, assist member cities to develop their local water plans. Review plans for compliance with the Commission's Third Generation Plan. Revisions to Minnesota Rules 8410 state that all cities and towns in the seven-county metropolitan area must complete and adopt their local water plans between January 1, 2017 and December 31, 2018.

2. Budget for the expense of writing the Fourth Generation Plan, due in 2020. Development should begin in late 2018.

WHAT OUR CITIES HAVE BEEN DOING TO SUPPORT IMPROVED WATER QUALITY

Greenfield

The City of Greenfield completed the 71st Lane Erosion project and did culvert repairs along Pioneer Trail. Ditch repairs were made on South Lake Sarah Drive and swale along Quail Ridge Trail was corrected.

In 2016 the Metropolitan Council Environmental Committee awarded the City grant funds for the Greenfield Central Park pond project. The project construction was completed in 2017. The final phase of the project will be completed in Spring 2018 with funds from a Pollinator Grant.

Independence

Commissioner Baker continues to work with a land owner who has a 1,000-acre subwatershed flowing through his 80-acre property. Among the BMPs being considered for the site is an iron-enhanced filter bench.

Completed the fifth successful year of “whole lake” curlyleaf pondweed treatments in Lake Sarah. The Lake Sarah Improvement Association performed the application process safely and effectively with volunteers.

Medina

Projects the City continues to work on include the Fern Street rehabilitation and grant application.

The City inspected all ponds, rain gardens and stock piles in 2017. Medina also added a second and third street sweeping in the Independence Beach area and continued to apply for cost-share grants for this area of the City.

The city’s biggest project in 2016-2017 was the stormwater project on Tower Drive in the Elm Creek watershed.

Erosion Control Recertification Classes were taken by two employees.

Minnetrista

Minnetrista approved a Professional Service Agreement with WSB & Associates for the Storm Water Asset Management Program (SWAMP) to assist the city with managing storm water infrastructure, scheduling inspections and maintenance.

Cleaned sediment from ditches on Highland Road and Market Avenue/Dachlow Road; replaced farm drain tile on West Highland Road; replaced culvert on Highland Road with new culvert; cleaned culverts on Prairie Meadows Road, West Hill Road and Deer Creek Road; cleaned out ditch line on West Hill Road; and reconstructed catch basins on Susan Lane.

APPENDICES

2017 Commissioners and Consultants

Member	Represented by	Responsibility	Phone/E-mail
Greenfield	Tom Cook 7738 Commerce Circle Greenfield, MN 55373	Treasurer Excomm	763.477.4263 tomdebcook@msn.com
Independence	Joe Baker 5580 Lake Sarah Heights Drive Independence, MN 55357	Chair Excomm	612.868.8702 joebaker149@gmail.com
Loretto	Brenda Daniels 150 Meadow Drive Loretto, MN 55357	Secretary Excomm	brenda199962@yahoo.com
Maple Plain	John Fay 5819 Three Oaks Avenue Maple Plain, MN 55359	Vice Chair Excomm	763.213.3271 jarrfay@mchsi.com
Medina	Mike McLaughlin 2887 Lakeshore Avenue Maple Plain, MN 55359		612.819.1655 mclaughlin110@gmail.com
Minnetrista	Shannon Bruce 7500 Fielding Trail Minnetrista, MN 55359		612.554.4627 sbruce@ci.minnetrista.mn.us

2017 Commissioners and Consultants

Excomm = Executive Committee

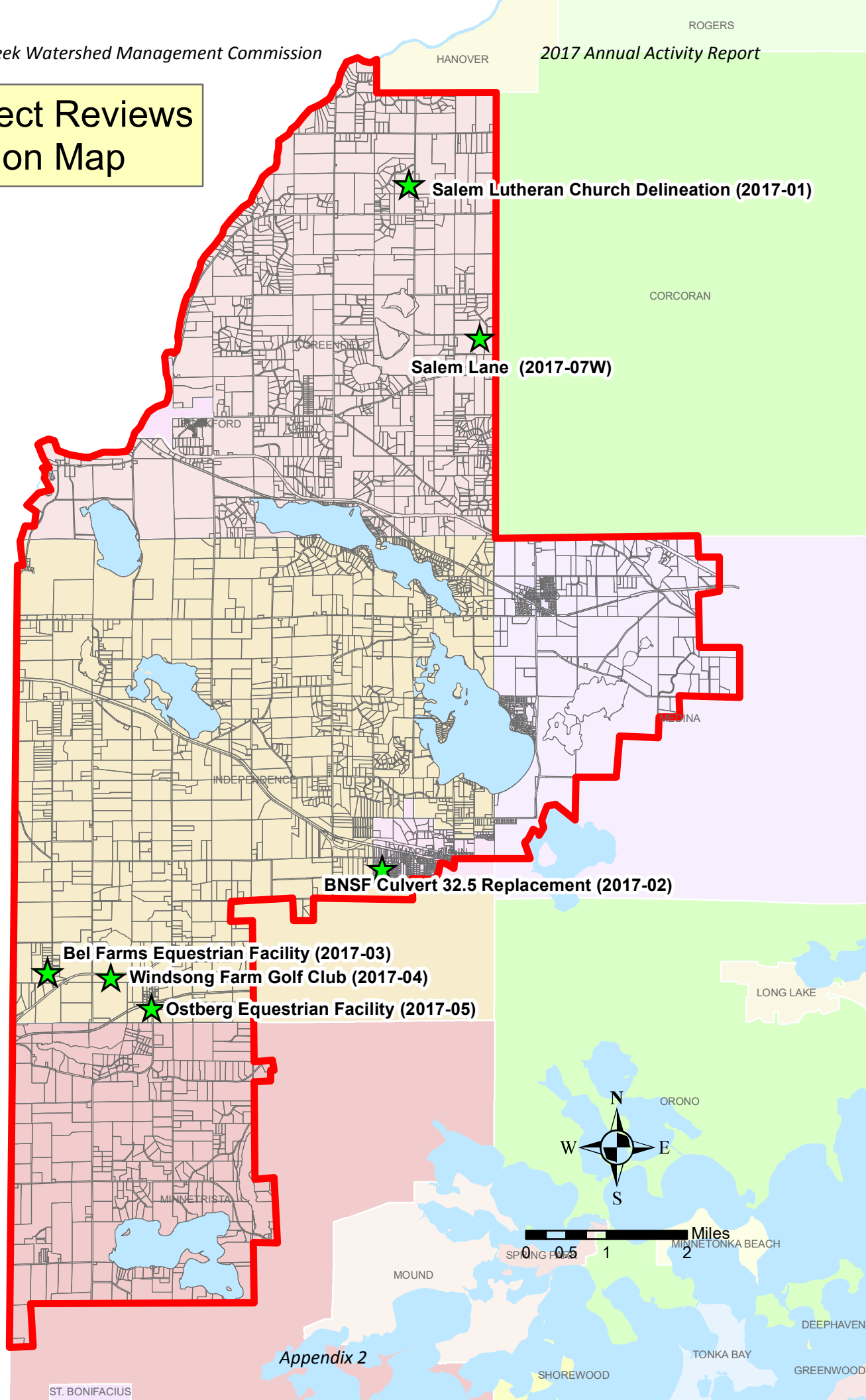
TAC = Technical Advisory Committee

Service Provider	Address	Services	Phone/E-mail
James Kujawa	Hennepin County Dept. of Environment and Energy	Professional TAC	612.348.7338 James.Kujawa@hennpin.us
Kirsten Barta	701 Fourth Ave S, Suite 700 Minneapolis, MN 55415	Professional TAC	612.543.3373 Kirsten.Barta@hennepin.us
Karl Hakanson	Hennepin County Extension Educator - Agriculture Urban Research & Outreach-Engagement Ctr 2001 Plymouth Avenue North Minneapolis, MN 55411	Professional TAC	612.624.7948 khakanso@umn.edu
Brian Vlach	Three Rivers Park District 12615 County Road 9 Plymouth, MN 55441	Professional TAC	763.694.7846 Bvlach@threeriversparkdistrict.org
Ed Matthiesen	Wenck Associates 7500 Highway 55 Suite 300 Golden Valley, MN 55427	Professional TAC	763.252.6851 ematthiesen@wenck.com
Judie Anderson	JASS 3235 Fernbrook Lane	Professional TAC Admin Support	763.553.1144 judie@jass.biz
Amy Juntunen	Plymouth, MN 55447		amy@jass.biz

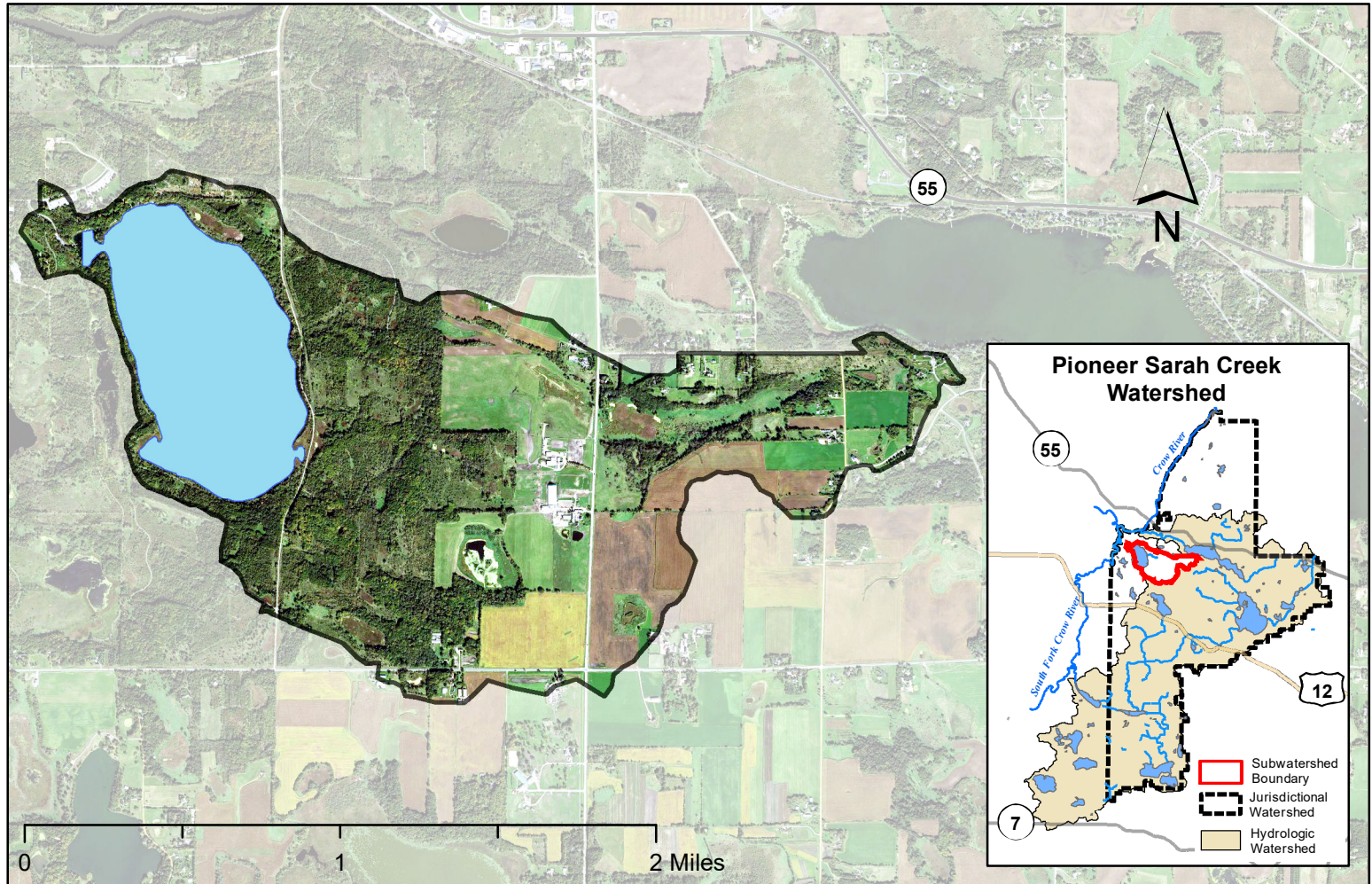
2017 Project Reviews

Project No.	Project Name	City	Reviewed for							
			Erosion Control	Stormwater	Floodplain	Buffers	Wet Ponds	Manure Management	Water Appropriation	WCA
2017-01W	Salem Lutheran Church Wetland Delineation	Greenfield								x
2017-02	BNSF Culvert 32.5	Maple Plain	x							x
2017-03	Bel Farms Equestrian Facility	Maple Plain	x	x				x		
2017-04	Windsong Farm Golf Club Practice Facility	Independence	x	x	x	x				
2017-05	Ostberg Equestrian Facilities	Maple Plain	x	x		x		x		
2017-07W	Salem Lane Wetland Delineation	Greenfield								x

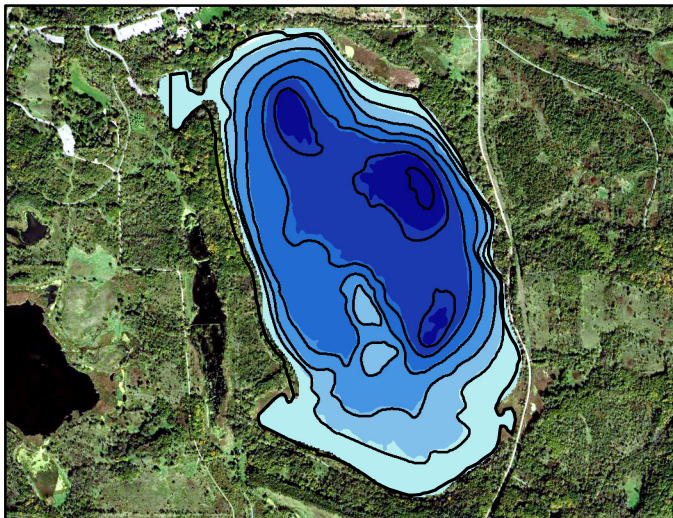
2017 Project Reviews Location Map



Lake Rebecca Watershed Map

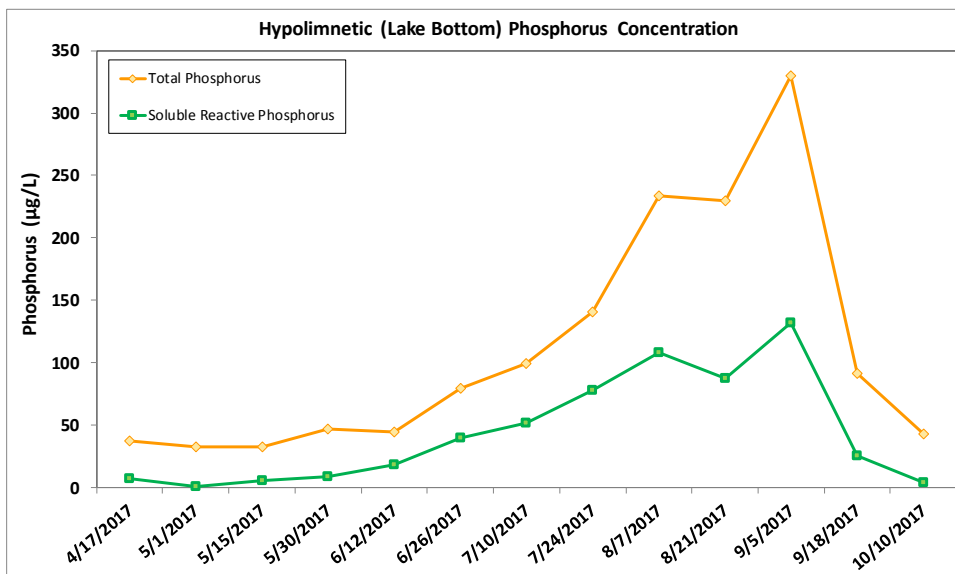
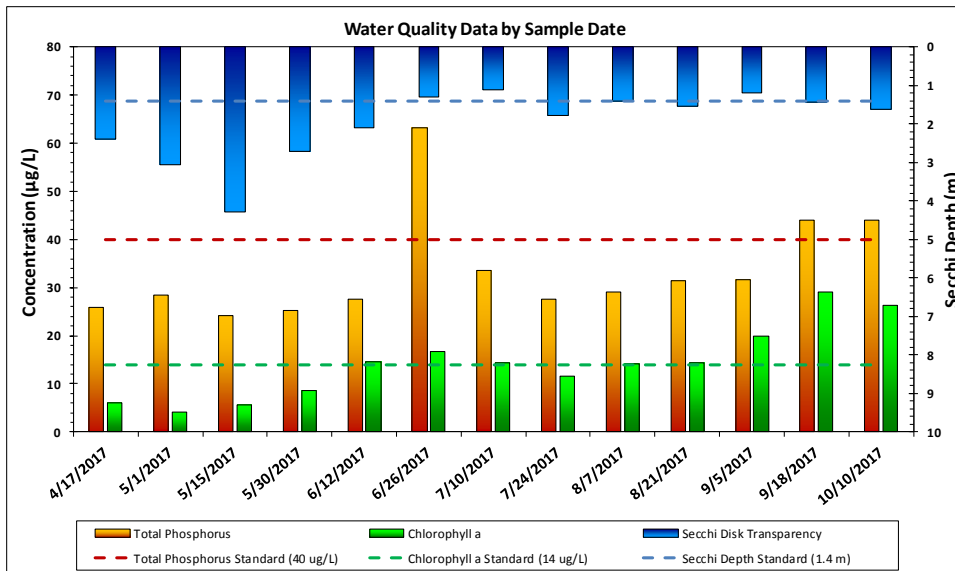
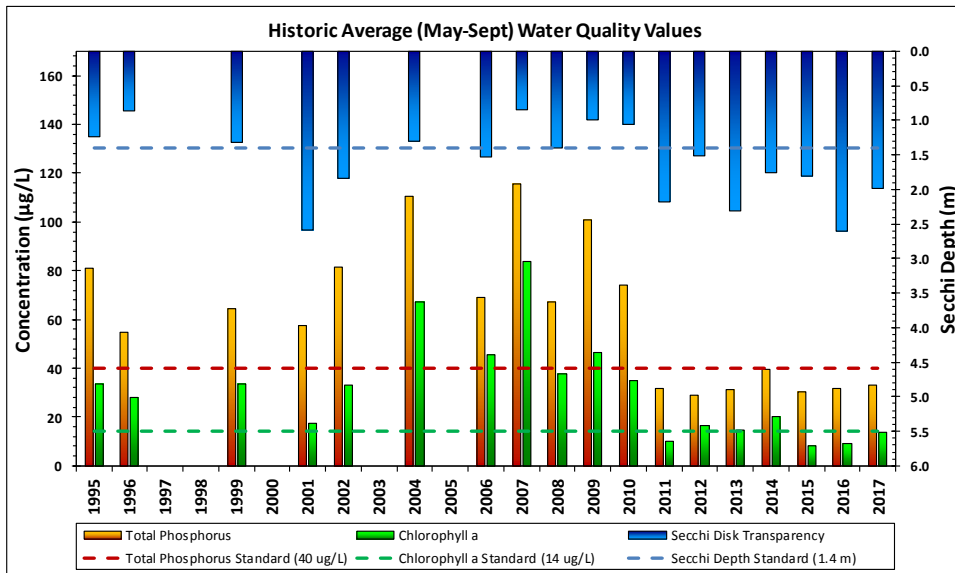


Lake Rebecca Bathymetry



Lake and Watershed Characteristics

DNR #	27019200
Watershed Area	1,277 Acres
Lake Area	261 Acres
Percent Littoral Area	50%
Average Depth	14.4 ft.
Maximum Depth	31.1 ft.
Watershed Area:Lake Area	4.9:1
Impairment Classification	Excess Nutrients 2008
Classification	Deep Lake



Lake Rebecca Water Quality Report Card				
Year	TP	Chl-a	Secchi	Avg Grade
1995	D	C	C	C-
1996	C	C	D	C-
1997				
1998				
1999	C	C	C	C
2000				
2001	C	B	B	B-
2002	D	C	C	C-
2003				
2004	D	D	C	D+
2005				
2006	D	C	C	C-
2007	D	F	D	D-
2008	C	C	C	C
2009	D	C	D	D+
2010	D	C	D	D+
2011	B	B	C	B-
2012	B	B	C	B-
2013	B	B	B	B
2014	C	C	C	C
2015	B	A	C	B
2016	B	A	B	B+
2017	C	B	C	C+
MPCA Standard	C	B	C	C+

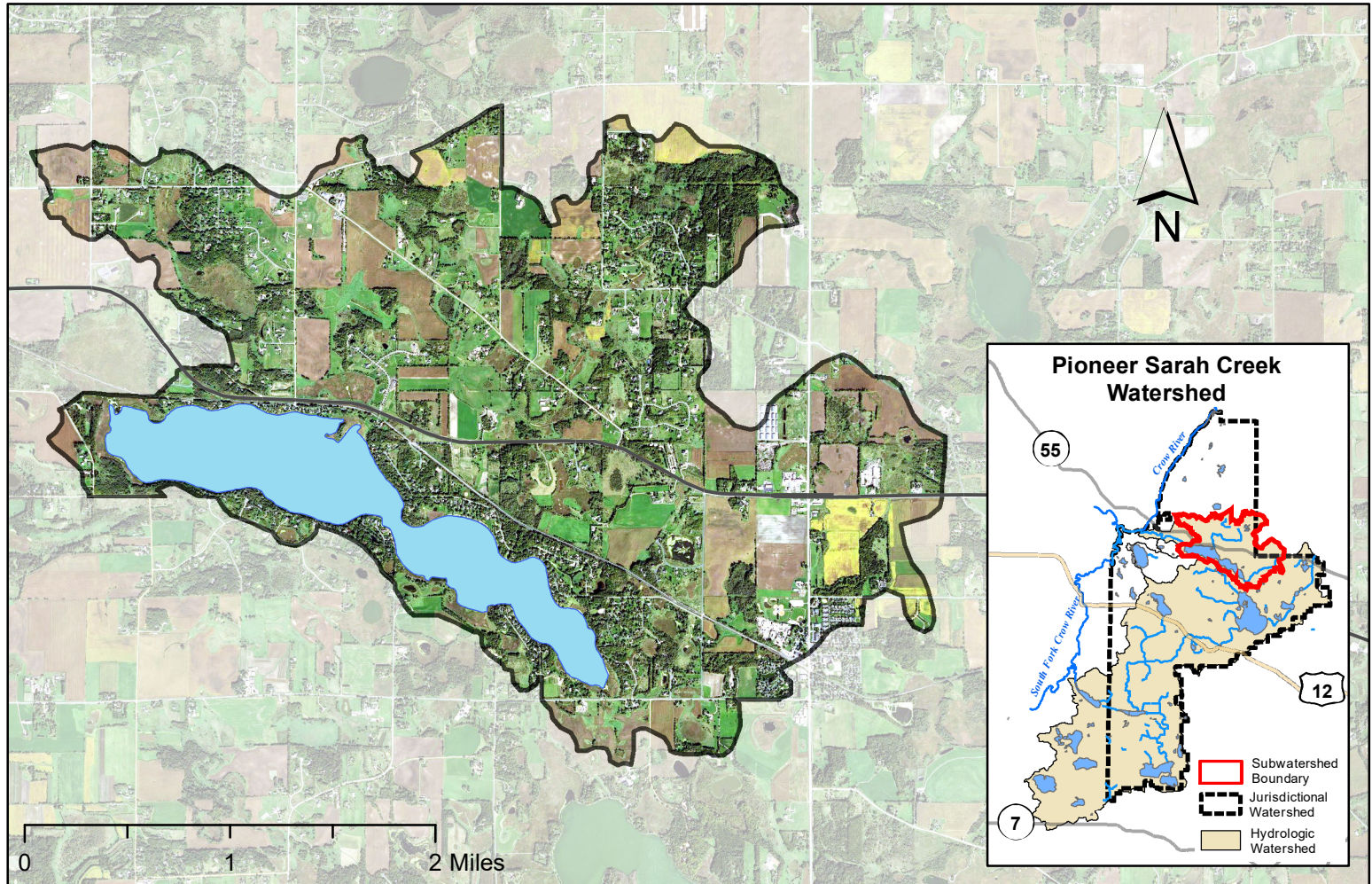
Met Council Grading System for Lake Water Quality



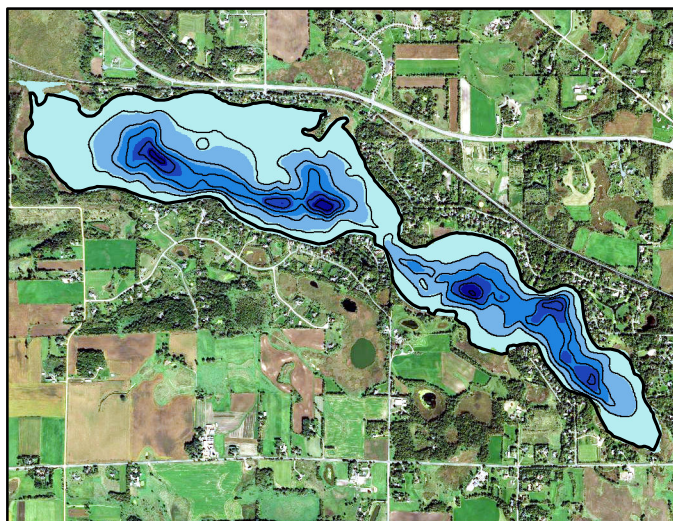
Division of Water Resources

December 2017

Lake Sarah Watershed Map

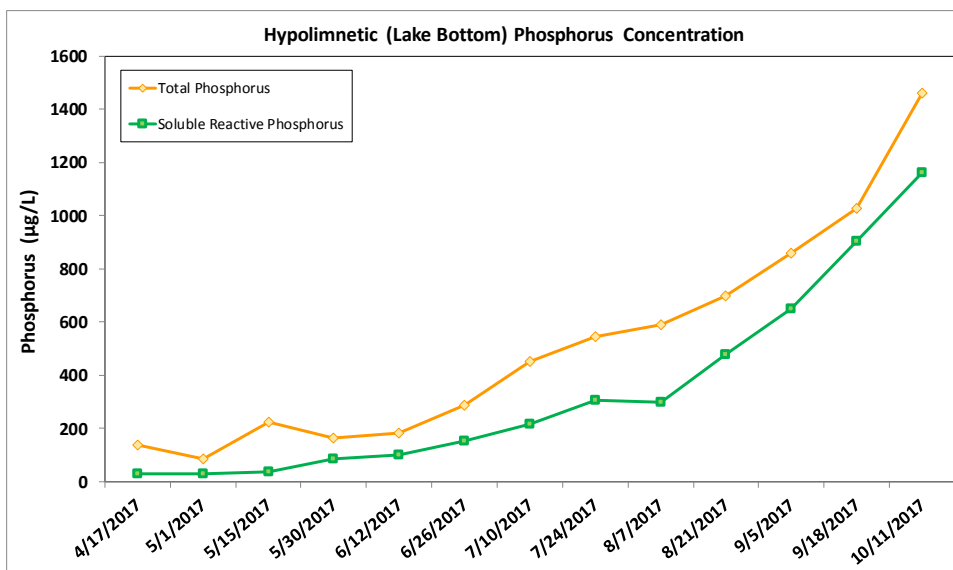
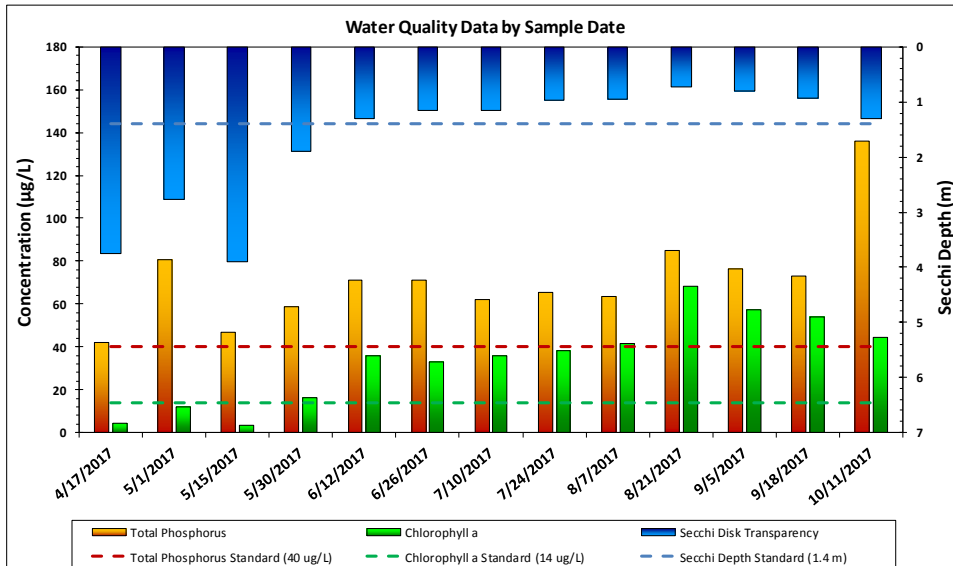
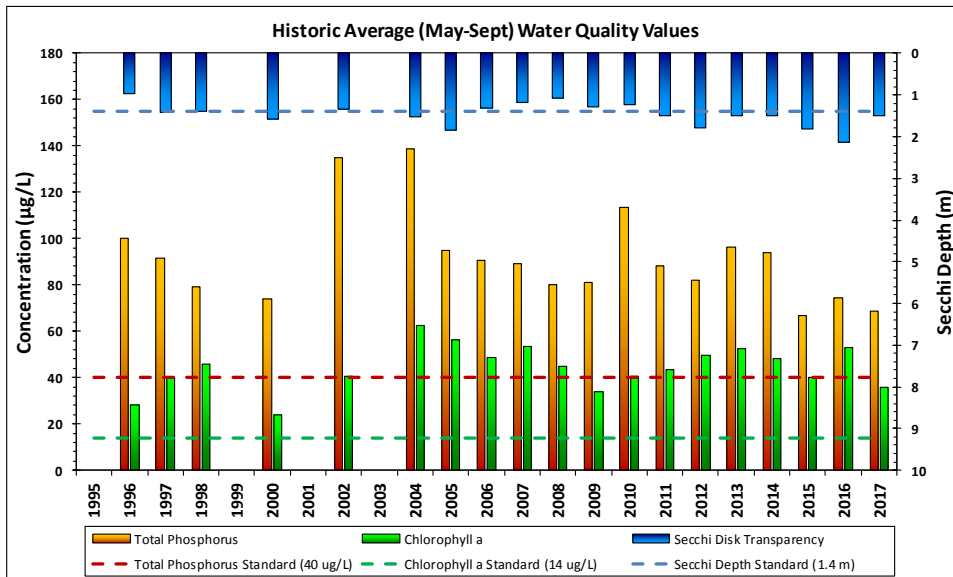


Lake Sarah Bathymetry



Lake and Watershed Characteristics

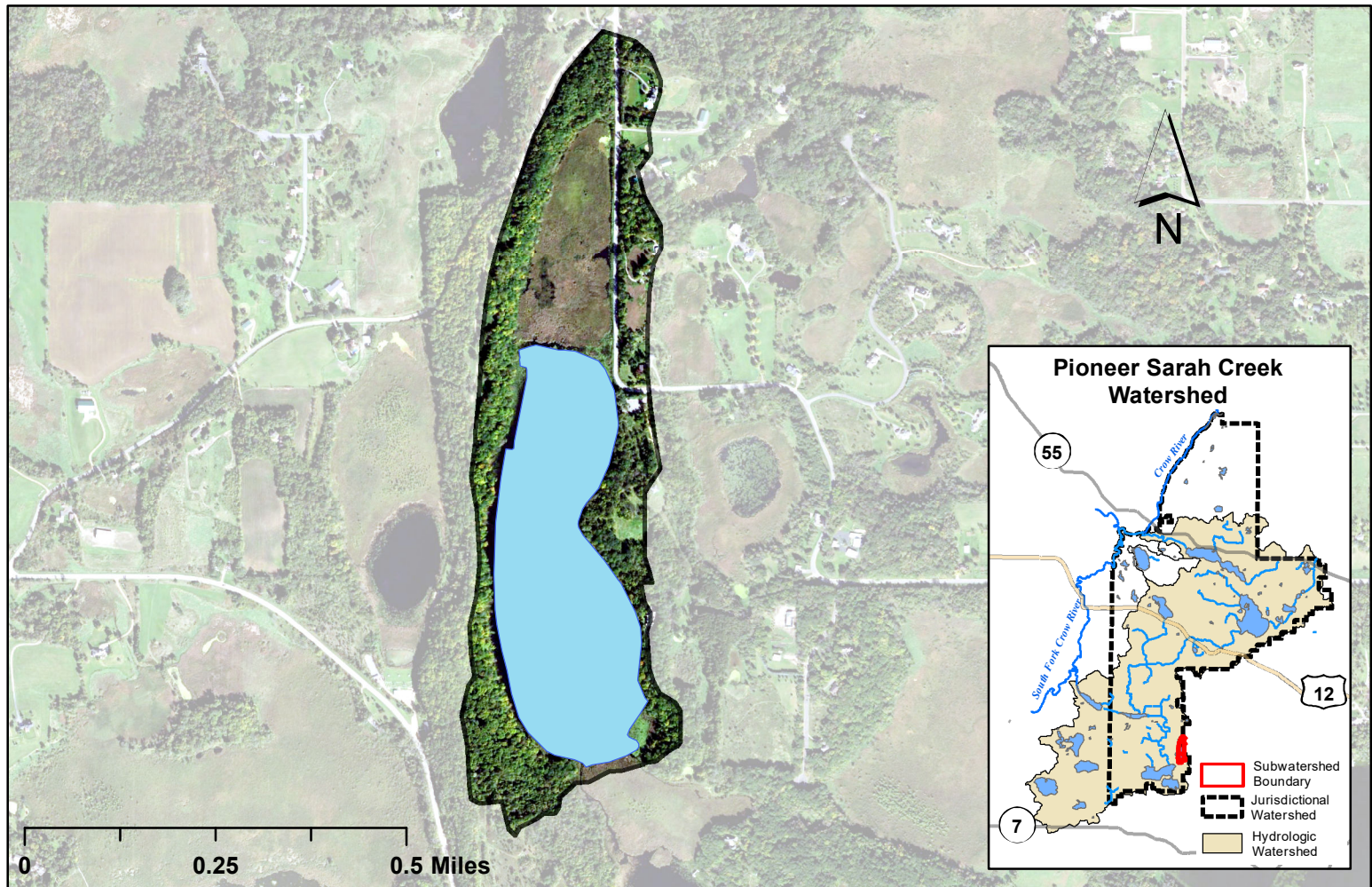
DNR #	27019100
Watershed Area	4,519 Acres
Lake Area	536 Acres
Percent Littoral Area	61%
Average Depth	13.7 ft.
Maximum Depth	49.9 ft.
Watershed Area:Lake Area	8.4:1
Impairment Classification	Excess Nutrients 2006
Classification	Deep Lake



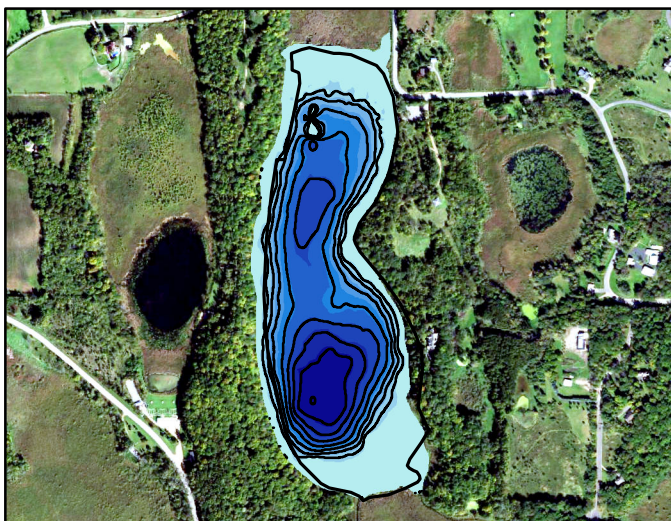
Lake Sarah Water Quality Report Card				
Year	TP	Chl-a	Secchi	Avg Grade
1995				
1996	D	C	D	D+
1997	D	C	C	C-
1998	D	C	C	C-
1999				
2000	D	C	C	C-
2001				
2002	D	C	C	C-
2003				
2004	D	D	C	D+
2005	D	D	C	D+
2006	D	D	C	D+
2007	D	D	D	D
2008	D	C	D	D+
2009	D	C	C	C-
2010	D	C	C	C-
2011	D	C	C	C-
2012	D	D	C	D+
2013	D	D	C	D+
2014	D	D	C	D+
2015	C	C	C	C
2016	D	D	C	D+
2017	D	C	C	C-
MPCA Standard	C	B	C	C+

Met Council Grading System for Lake Sarah Water Quality

Little Long Lake Watershed Map

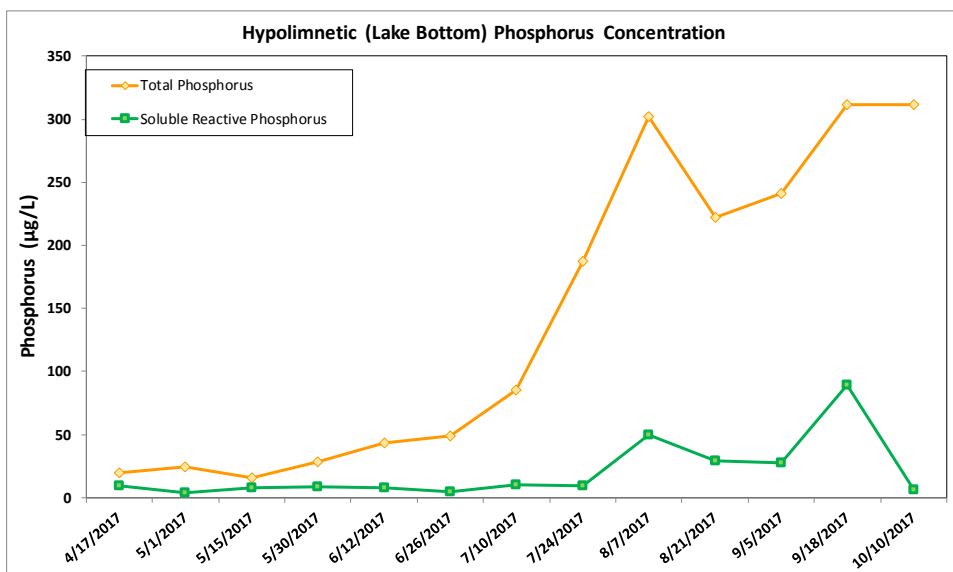
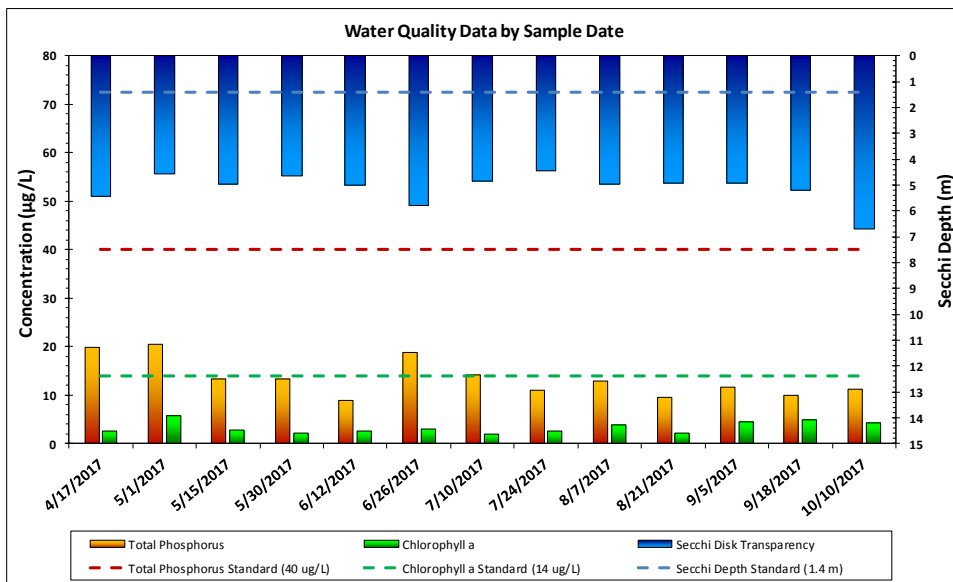
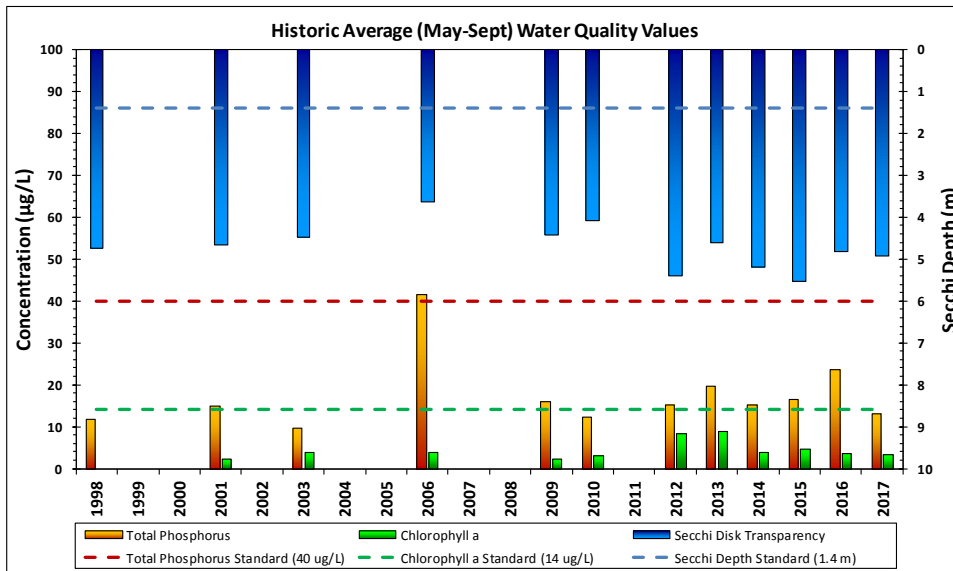


Little Long Lake Bathymetry



Lake and Watershed Characteristics

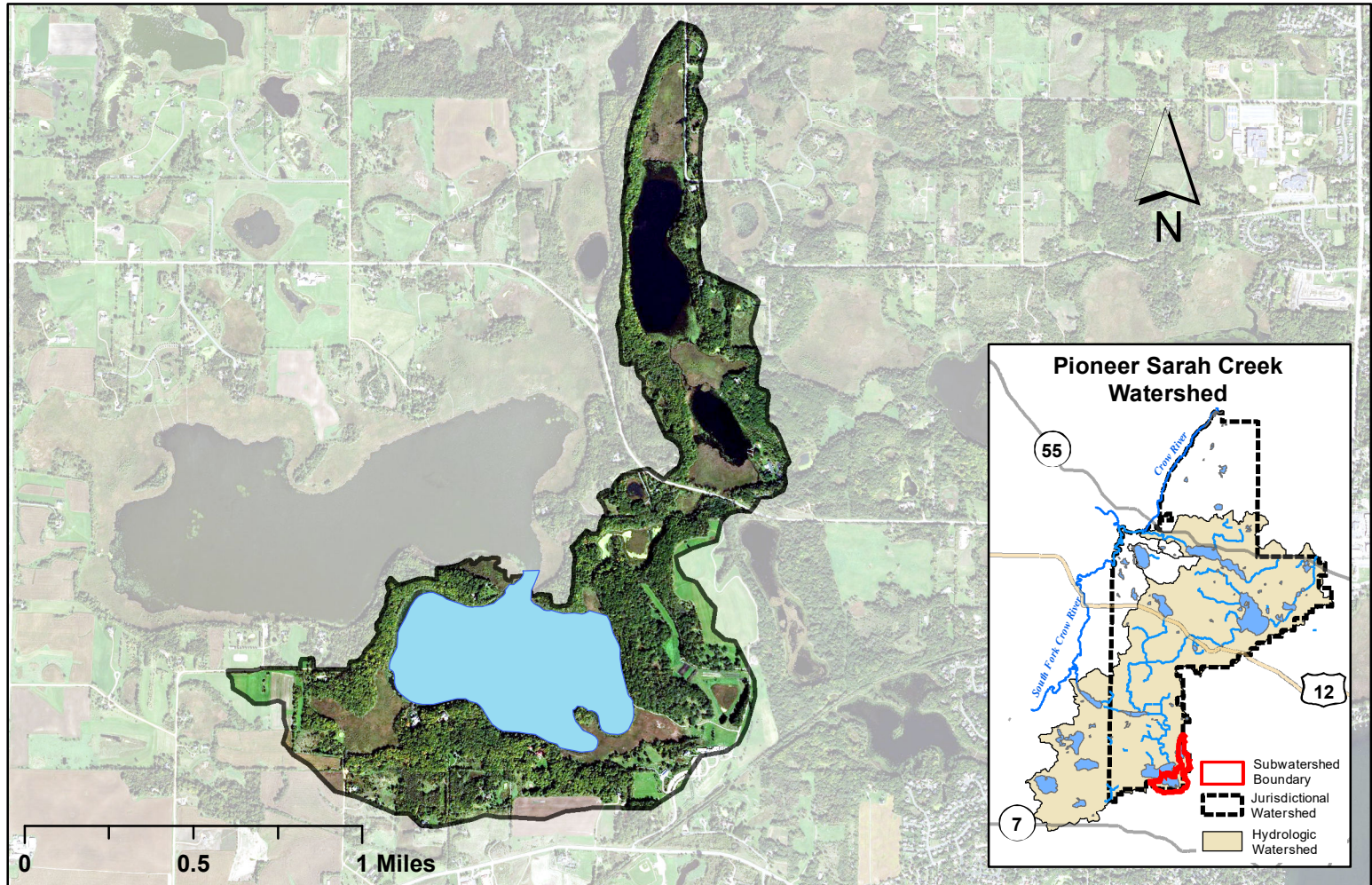
DNR #	27017900
Watershed Area	92 Acres
Lake Area	53.5 Acres
Percent Littoral Area	40%
Average Depth	27.8 ft.
Maximum Depth	80.5 ft.
Watershed Area:Lake Area	1.7:1
Impairment Classification	None
Classification	Deep Lake



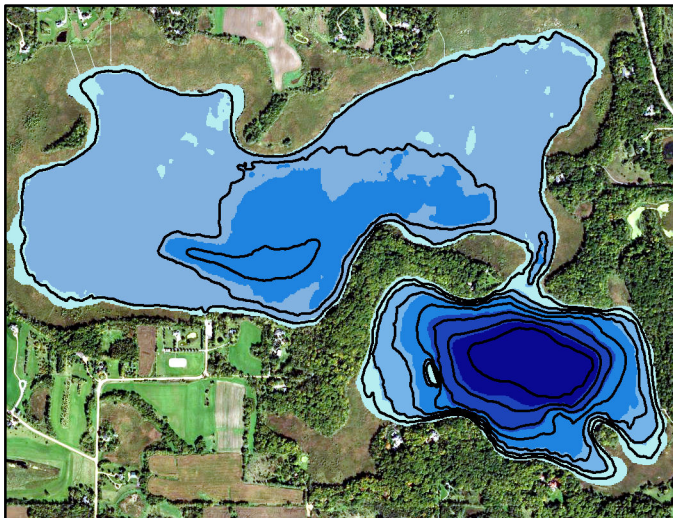
Little Long Lake Water Quality Report Card				
Year	TP	Chl-a	Secchi	Avg Grade
1998	A	A	A	A
1999				
2000				
2001	A	A	A	A
2002				
2003	A	A	A	A
2004				
2005				
2006	C	A	A	B+
2007				
2008				
2009	A	A	A	A
2010	A	A	A	A
2011				
2012	A	A	A	A
2013	A	A	A	A
2014	A	A	A	A
2015	A	A	A	A
2016	B	A	A	A-
2017	A	A	A	A
MPCA Standard	C	B	C	C+

Met Council Grading System for Lake Water Quality

Whaletail South Watershed Map

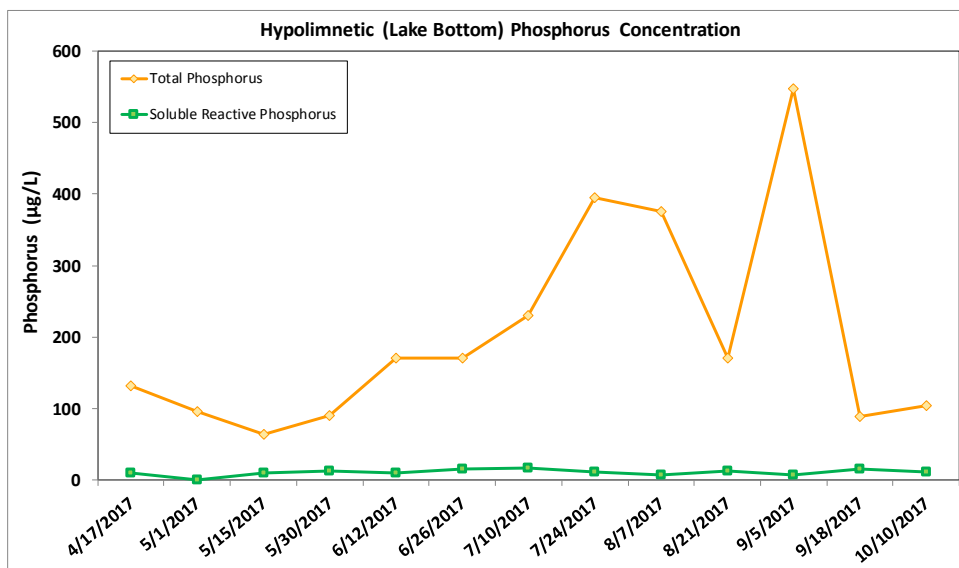
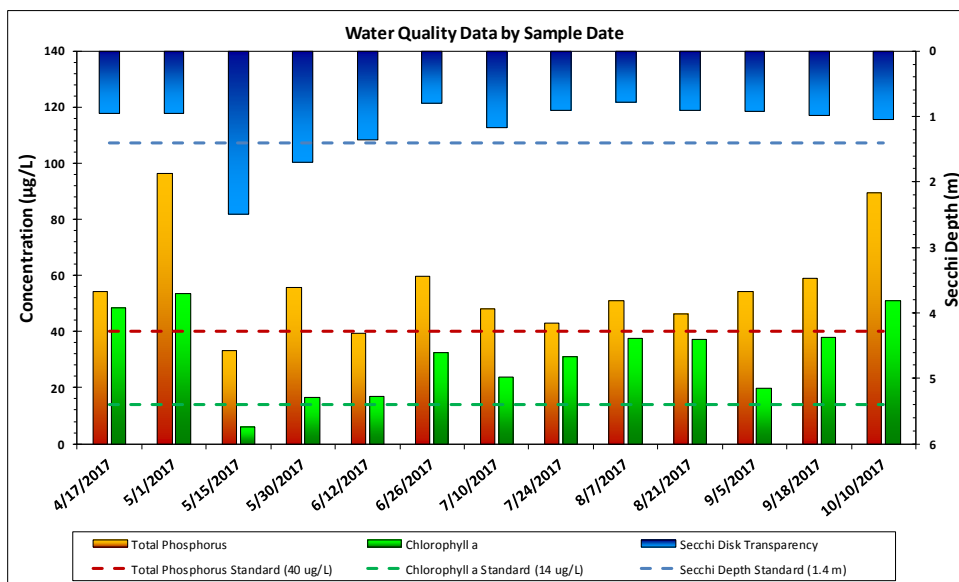
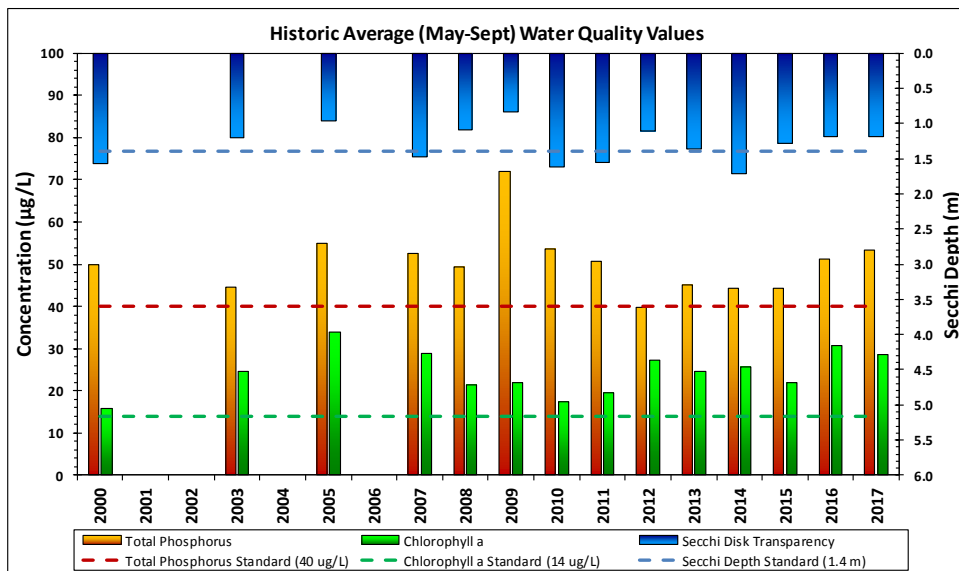


Whaletail South Bathymetry



Lake and Watershed Characteristics

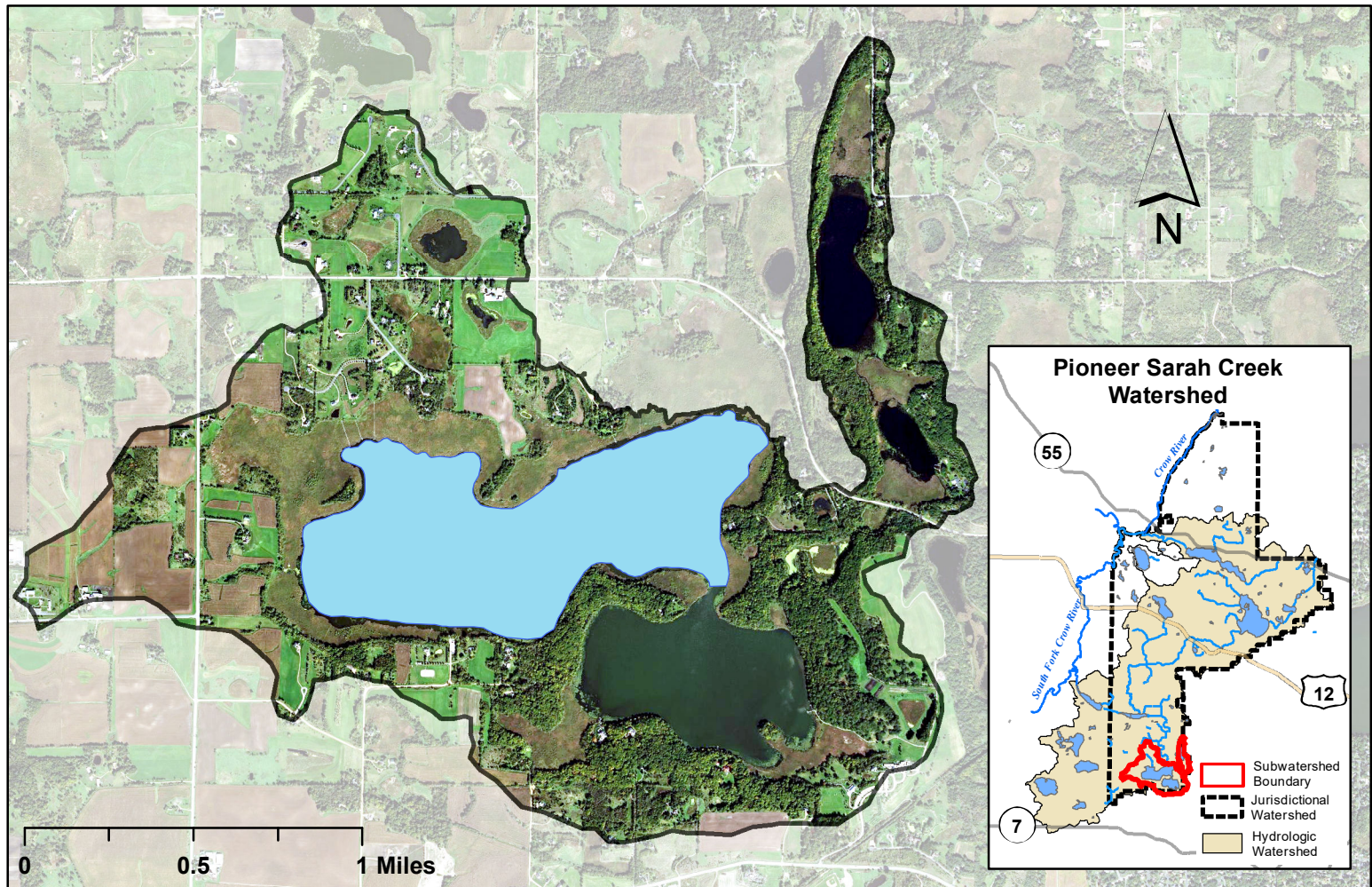
DNR #	27018402
Watershed Area	661 Acres
Lake Area	156 Acres
Percent Littoral Area	66%
Average Depth	12.1 ft.
Maximum Depth	23.3 ft.
Watershed Area:Lake Area	4.2:1
Impairment Classification	Proposed 2016
Classification	Provisional Deep Lake



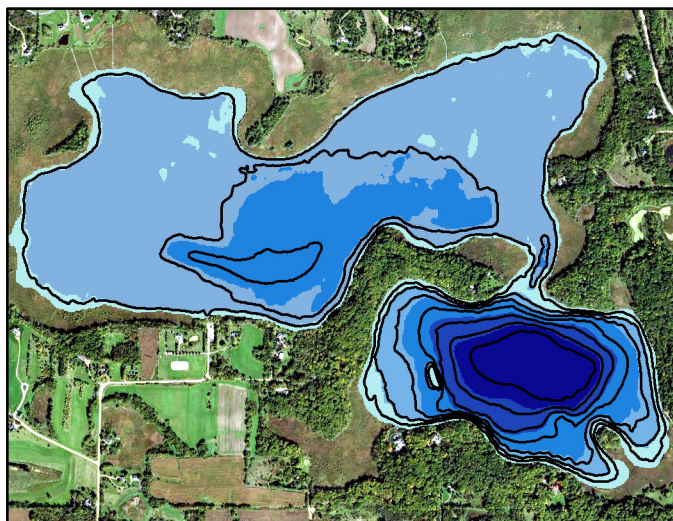
Whaletail South Water Quality Report Card				
Year	TP	Chl-a	Secchi	Avg Grade
2000	C	B	C	C+
2001				
2002				
2003	C	C	C	C
2004				
2005	C	C	D	C-
2006				
2007	C	C	C	C
2008	C	C	D	C-
2009	D	C	D	D+
2010	C	B	C	C+
2011	C	B	C	C+
2012	C	C	D	C-
2013	C	C	C	C
2014	C	C	C	C
2015	C	C	C	C
2016	C	C	D	C-
2017	C	C	D	C-
MPCA Standard	C	B	C	C+

Met Council Grading System for Lake Water Quality

Whaletail North Watershed Map

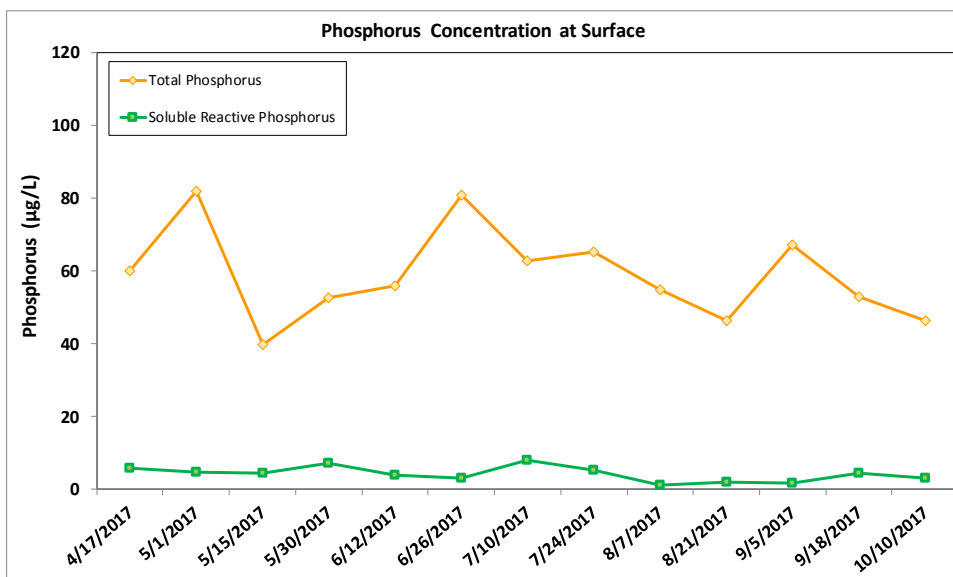
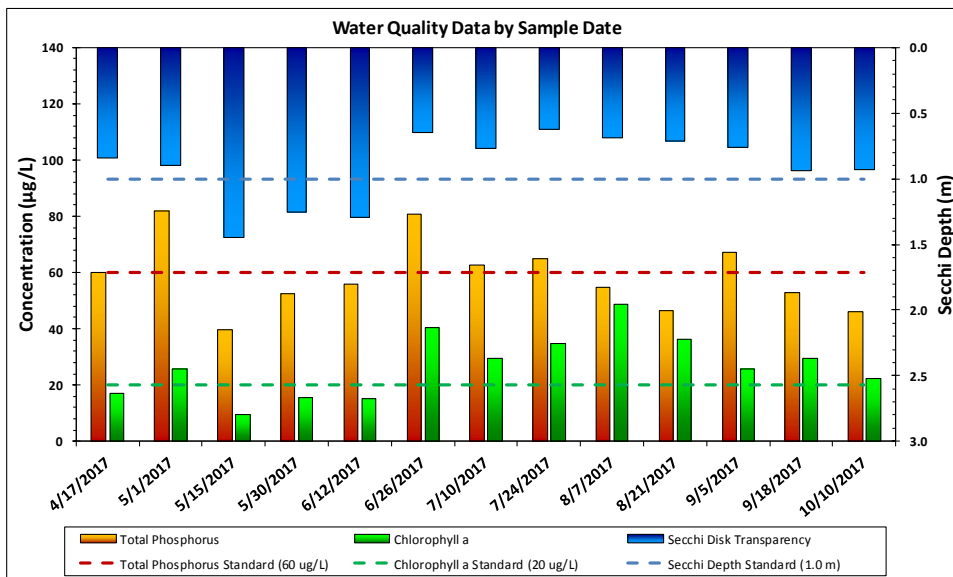
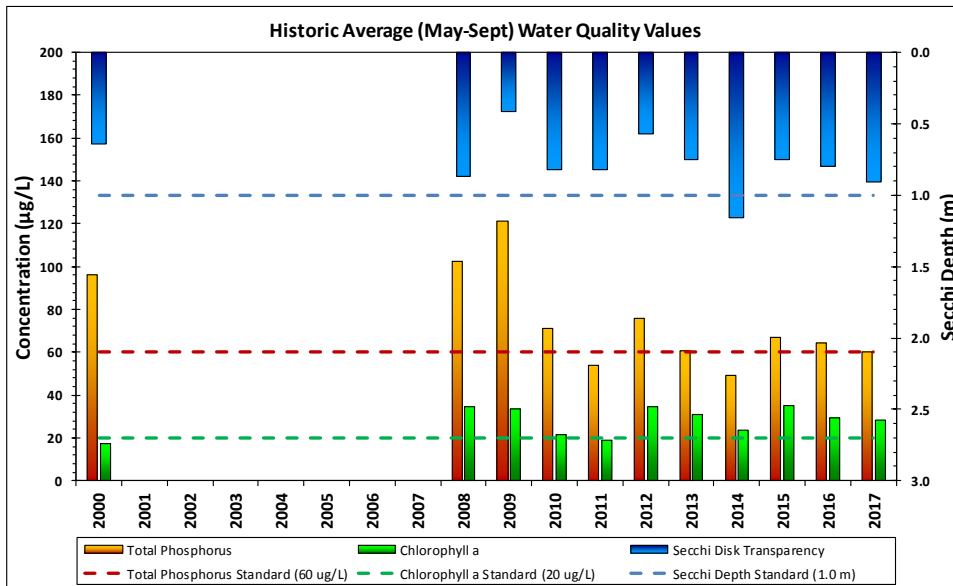


Whaletail North Bathymetry



Lake and Watershed Characteristics

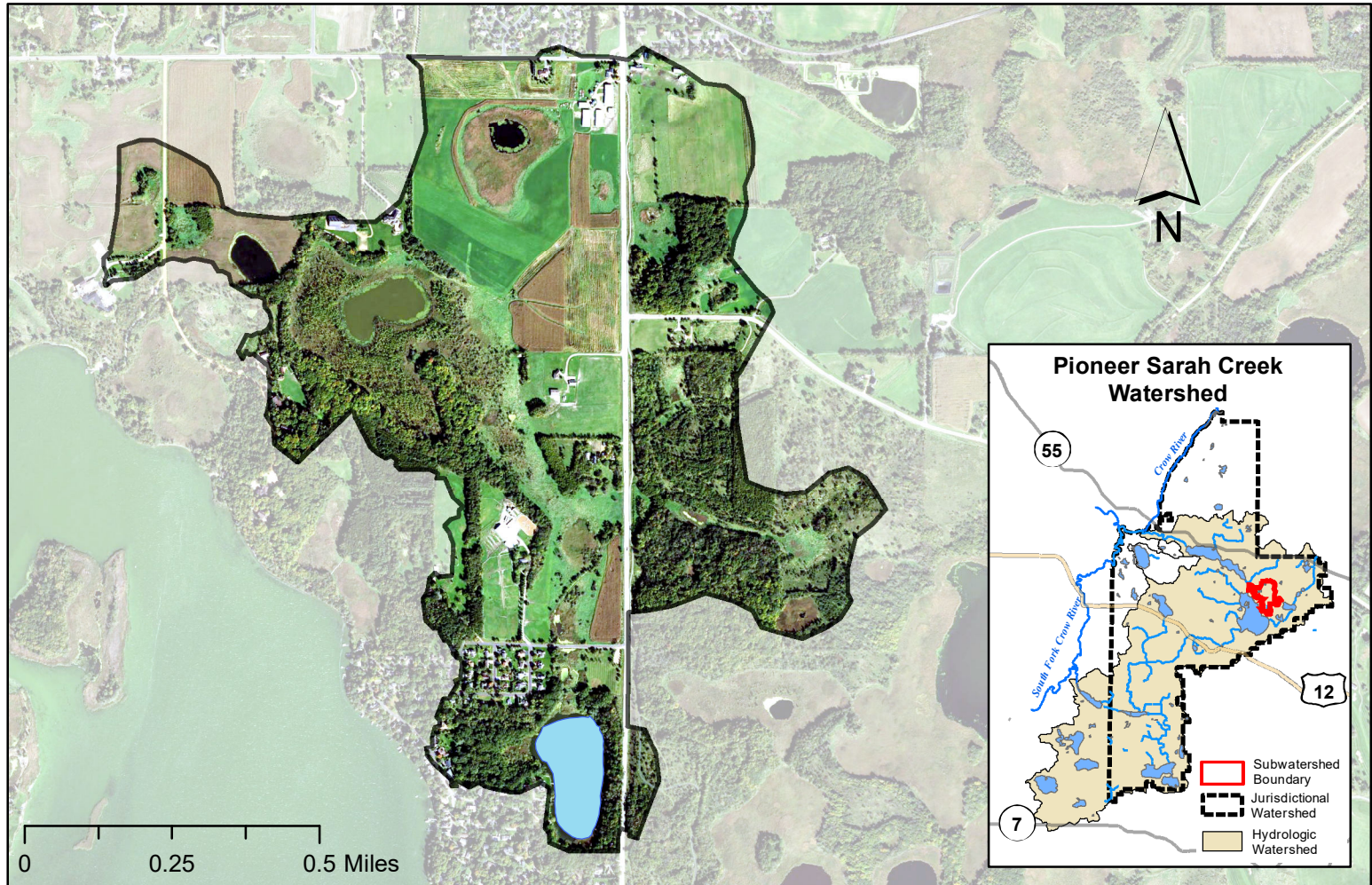
DNR #	27018401
Watershed Area	1,585 Acres
Lake Area	370 Acres
Percent Littoral Area	100%
Average Depth	5.2 ft.
Maximum Depth	10.3 ft.
Watershed Area:Lake Area	4.3:1
Impairment Classification	Proposed 2016
Classification	Provisional Shallow Lake



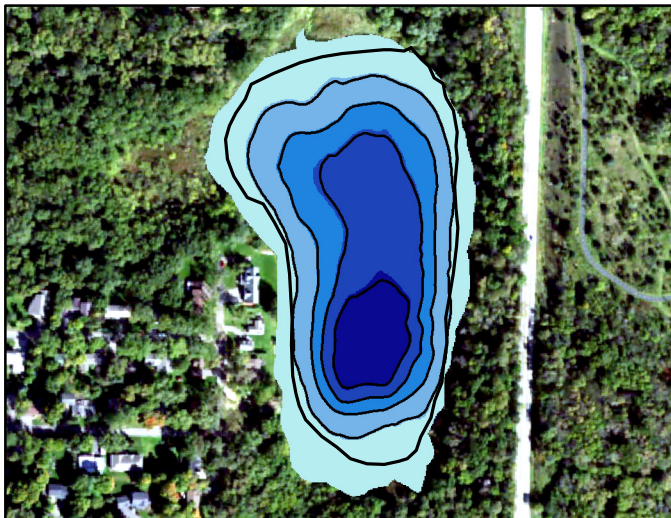
Whaletail North Water Quality Report Card				
Year	TP	Chl-a	Secchi	Avg Grade
2000	D	B	F	D+
2001				
2002				
2003				
2004				
2005				
2006				
2007				
2008	D	C	D	D+
2009	D	C	F	D
2010	D	C	D	D+
2011	C	B	D	C
2012	D	C	F	D
2013	C	C	D	C-
2014	C	C	D	C-
2015	C	C	D	C-
2016	C	C	D	C-
2017	C	C	D	C-
MPCA Standard	C	C	D	C

Met Council Grading System for Lake Water Quality

Lake Ardmore Watershed Map

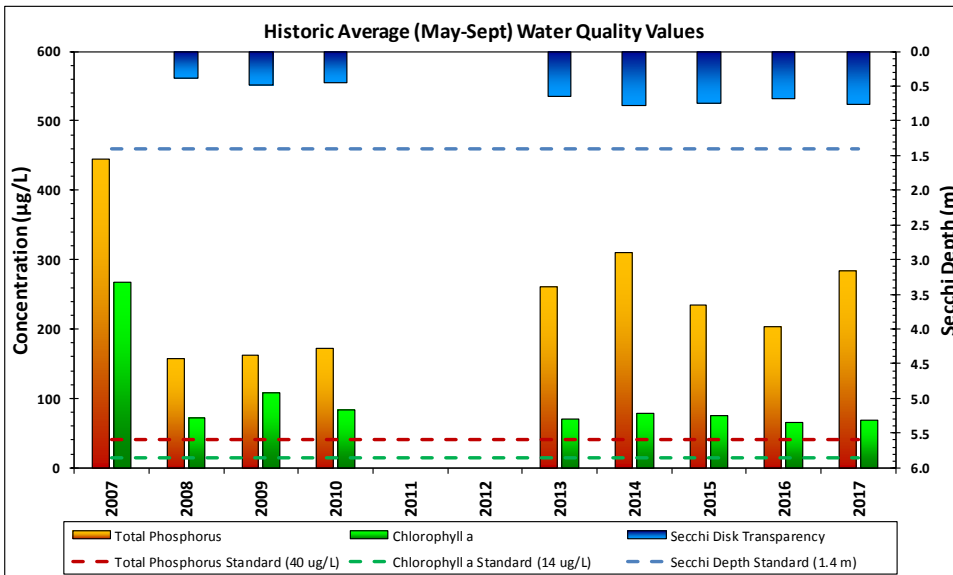


Lake Ardmore Bathymetry



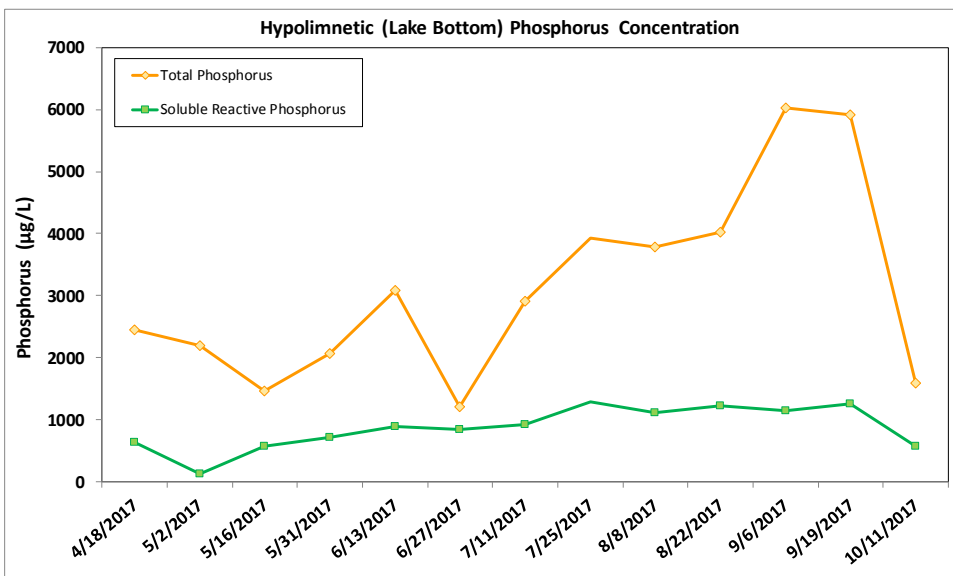
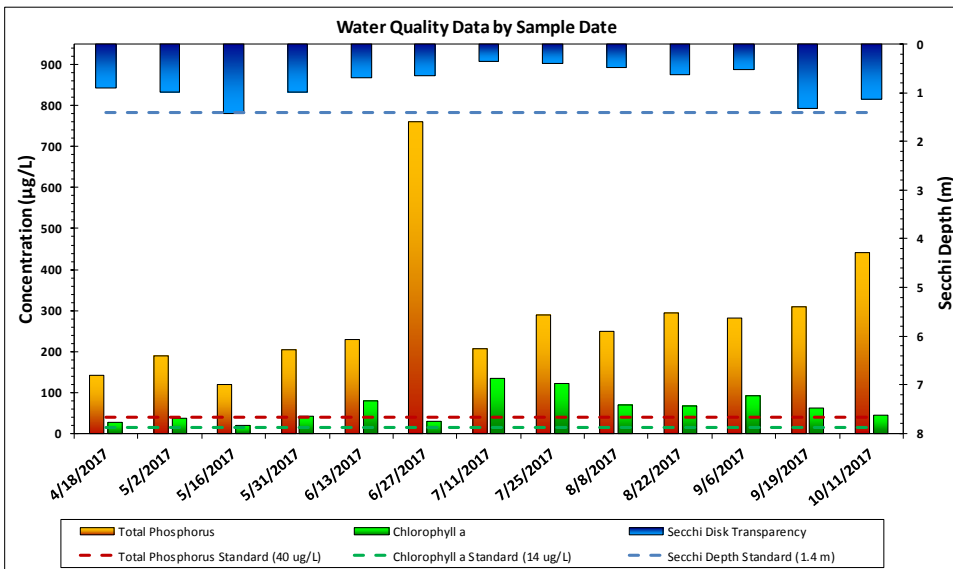
Lake and Watershed Characteristics

DNR #	27015300
Watershed Area	514 Acres
Lake Area	13.5 Acres
Percent Littoral Area	75%
Average Depth	9.4 ft.
Maximum Depth	24.4 ft.
Watershed Area:Lake Area	38:1
Impairment Classification	Needs Assessment
Classification	Deep Lake

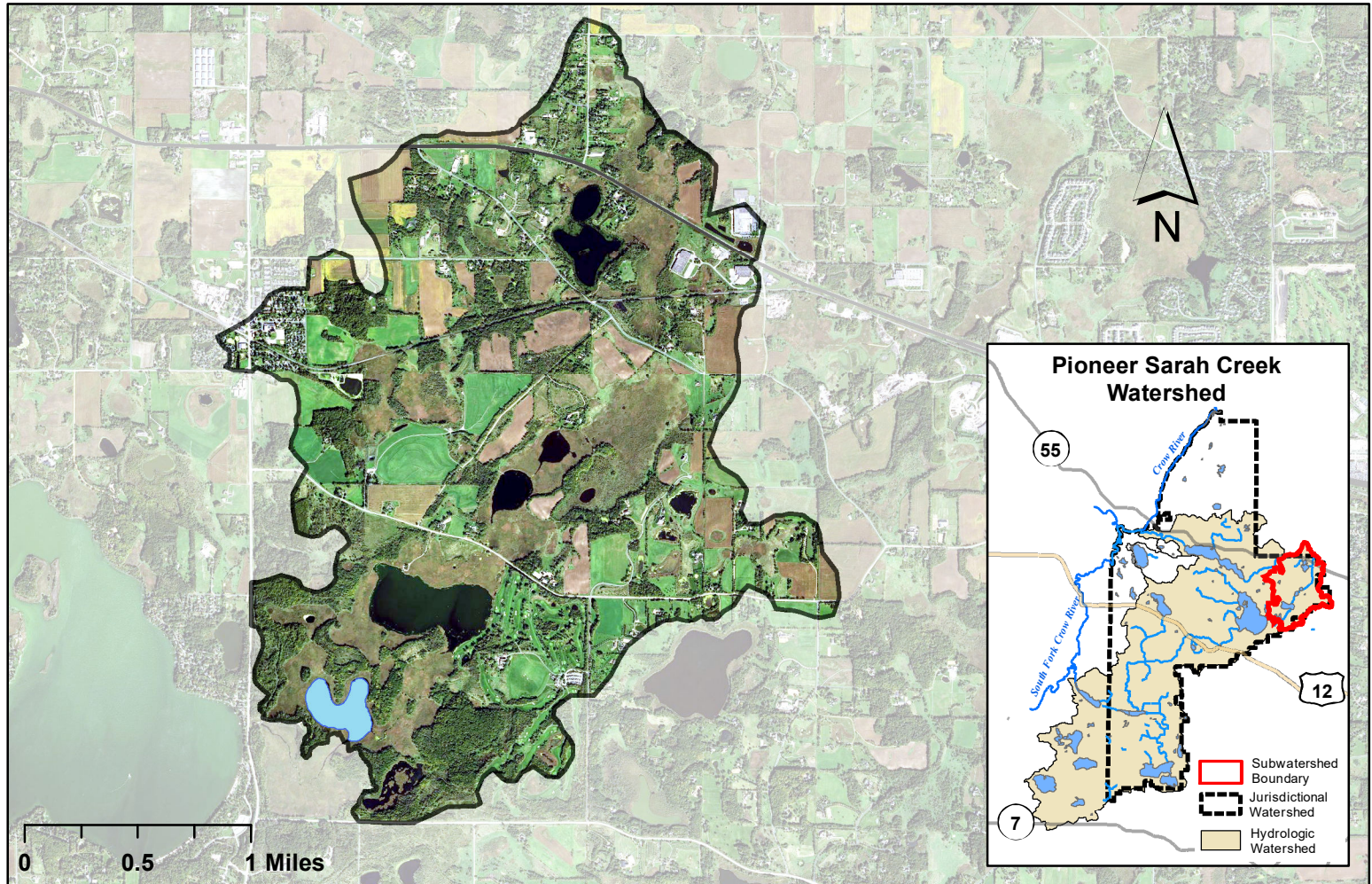


Ardmore Water Quality Report Card				
Year	TP	Chl-a	Secchi	Avg Grade
2007	F	F	F	F
2008	F	D	F	F
2009	F	F	F	F
2010	F	F	F	F
2011				
2012				
2013	F	D	F	F
2014	F	F	D	F
2015	F	D	D	D-
2016	F	D	F	F
2017	F	D	D	D-
MPCA Standard	C	B	C	C+

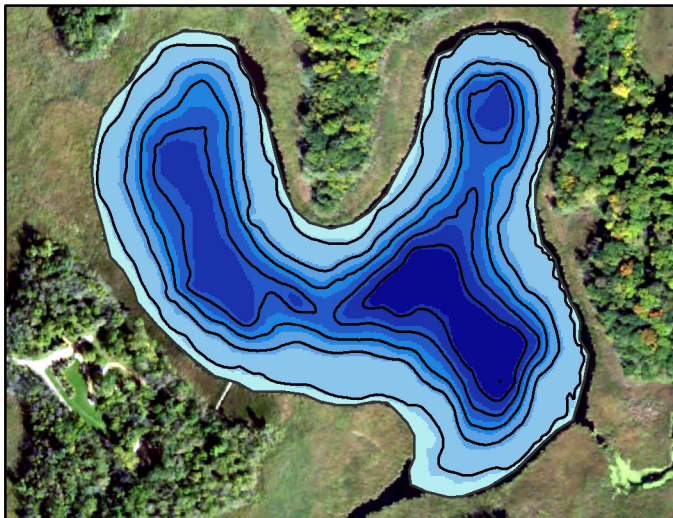
Met Council Grading System for Lake Water Quality



Half Moon Lake Watershed Map

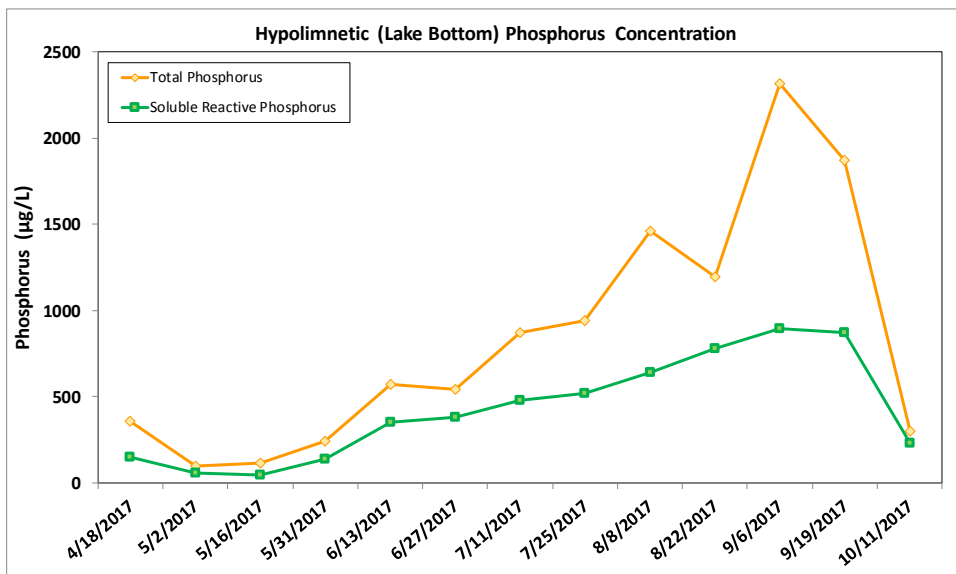
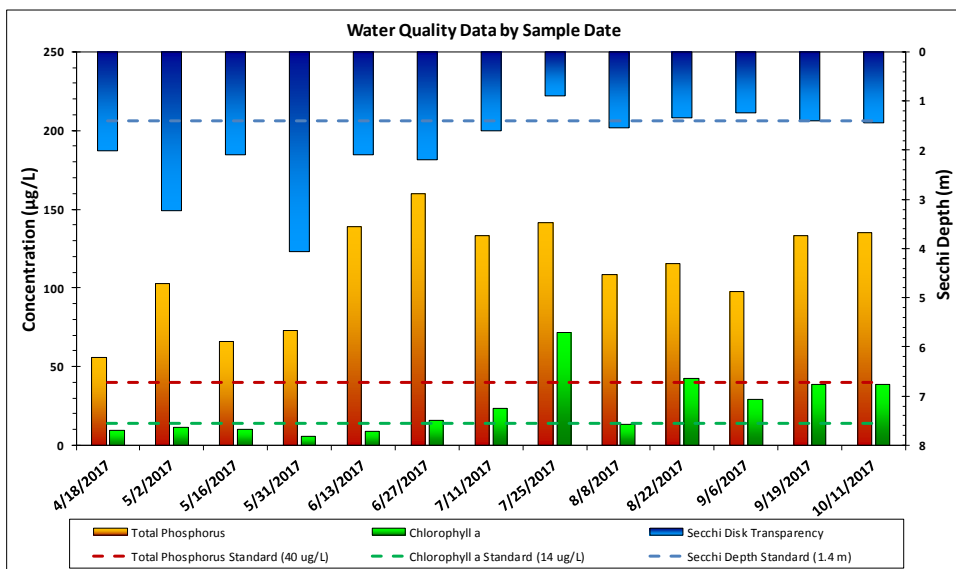
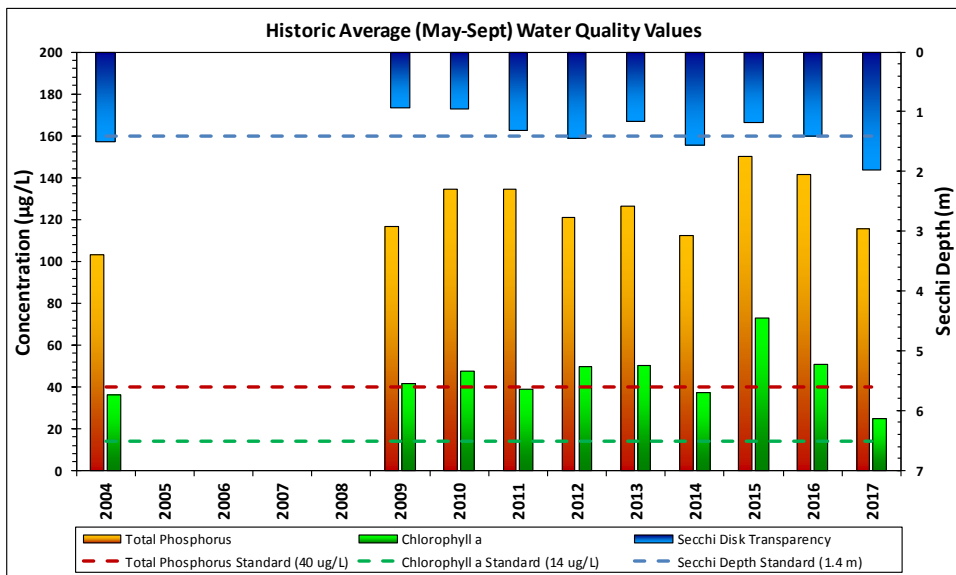


Half Moon Lake Bathymetry



Lake and Watershed Characteristics

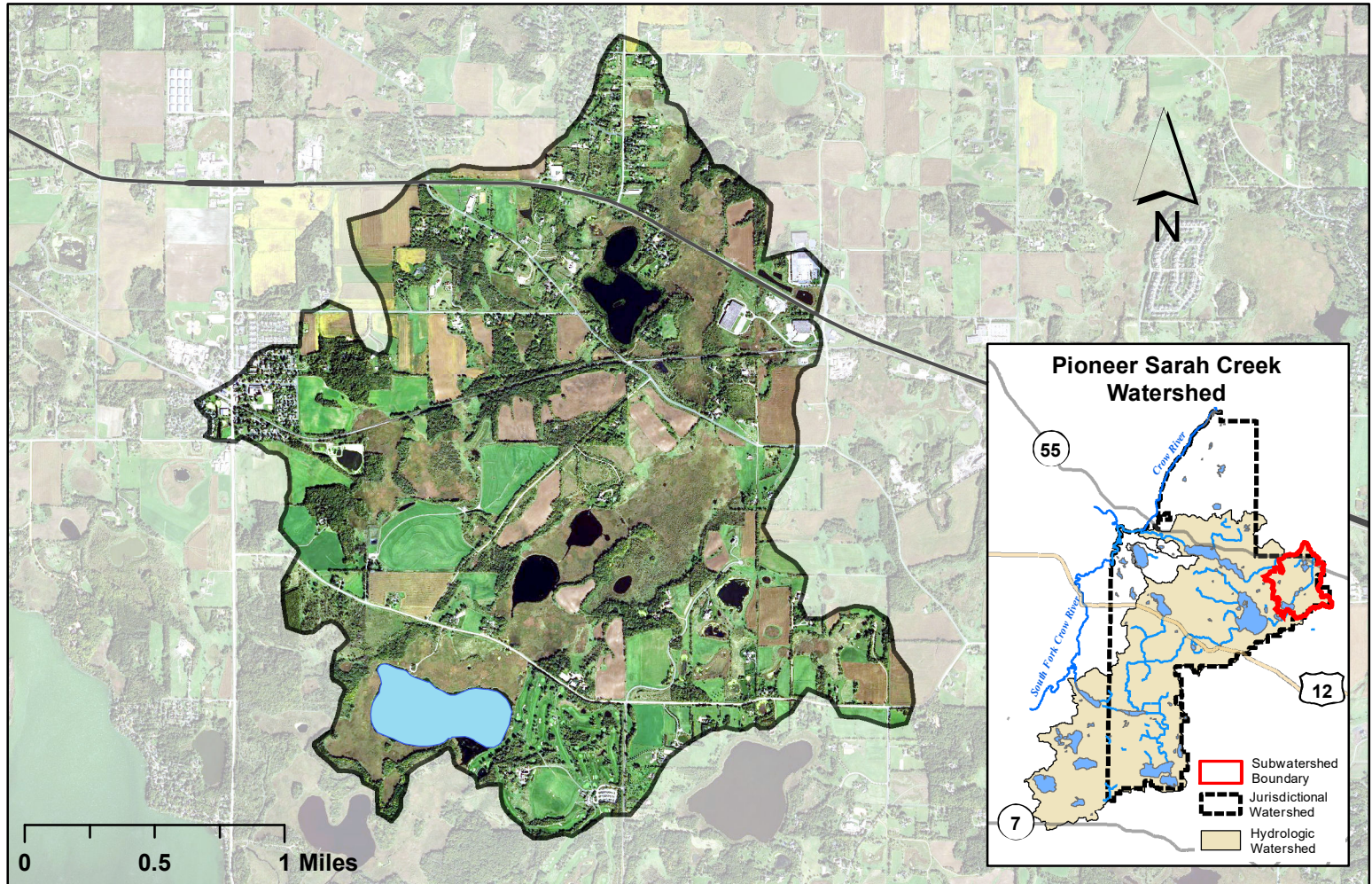
DNR #	27015200
Watershed Area	3,258 Acres
Lake Area	31.1 Acres
Percent Littoral Area	11%
Average Depth	13.4 ft.
Maximum Depth	30.3 ft.
Watershed Area:Lake Area	104.7:1
Impairment Classification	Proposed 2016
Classification	Deep Lake



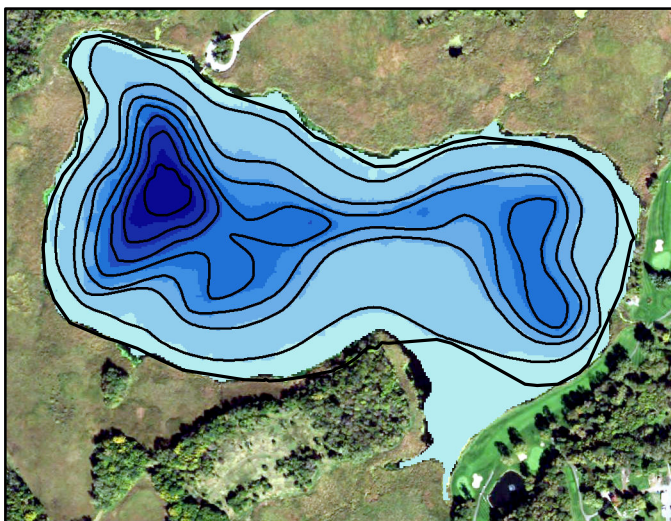
Half Moon Lake Water Quality Report Card				
Year	TP	Chl-a	Secchi	Avg Grade
2004	D	C	C	C-
2005				
2006				
2007				
2008				
2009	D	C	D	D+
2010	D	C	D	D+
2011	D	C	C	C-
2012	D	D	C	D+
2013	D	D	D	D
2014	D	C	C	C-
2015	D	D	D	D
2016	D	D	C	D+
2017	D	C	C	C-
MPCA Standard	C	B	C	C+

Met Council Grading System for Lake Water Quality

Spurzem Lake Watershed Map

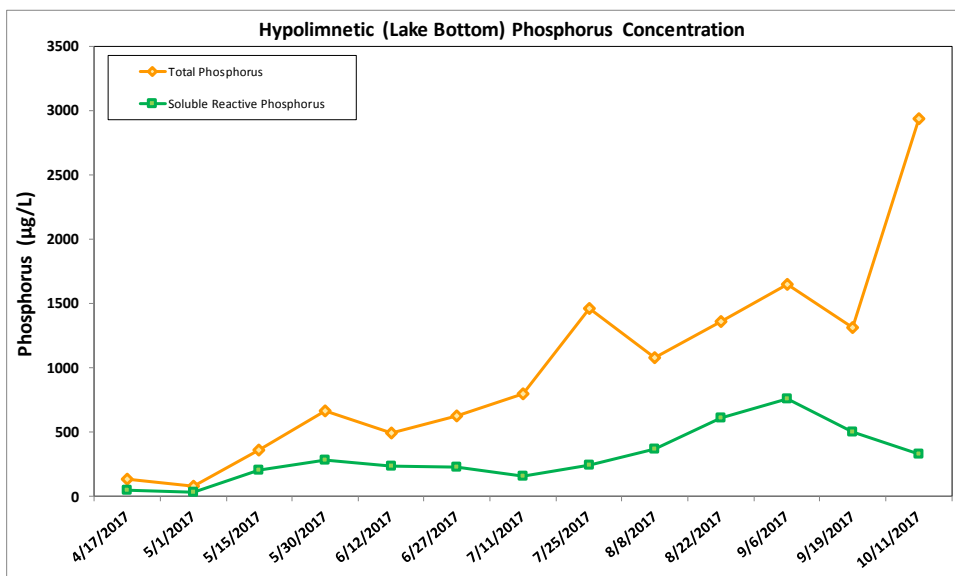
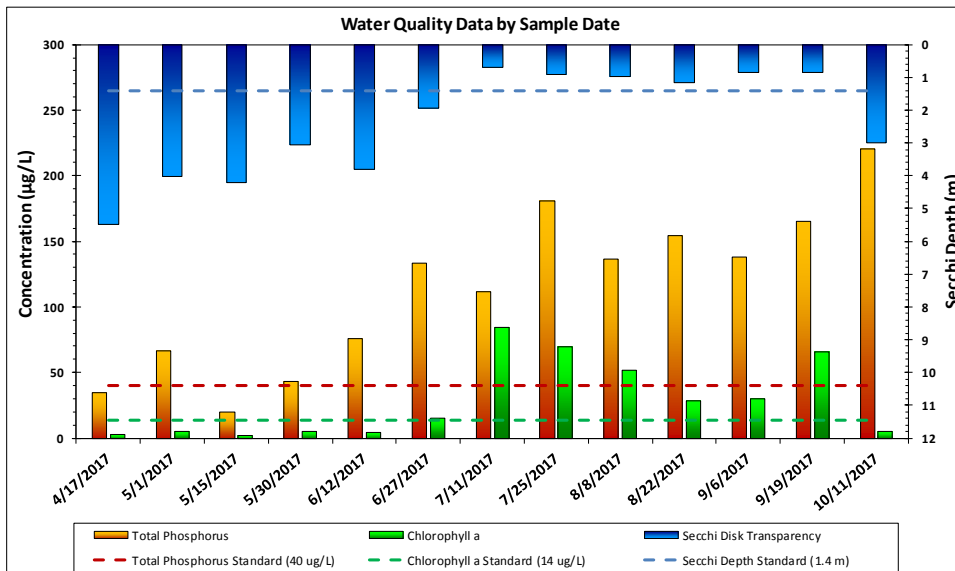
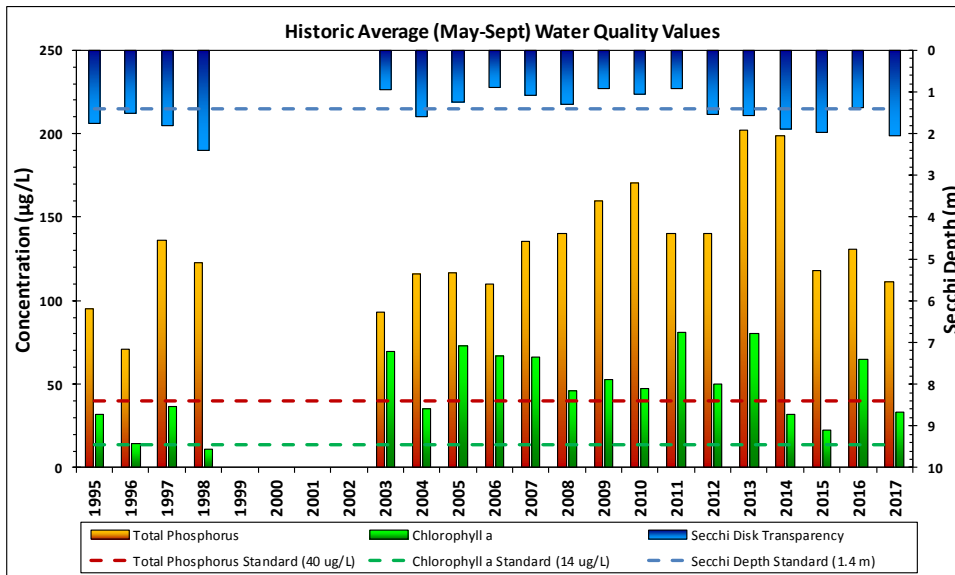


Spurzem Lake Bathymetry



Lake and Watershed Characteristics

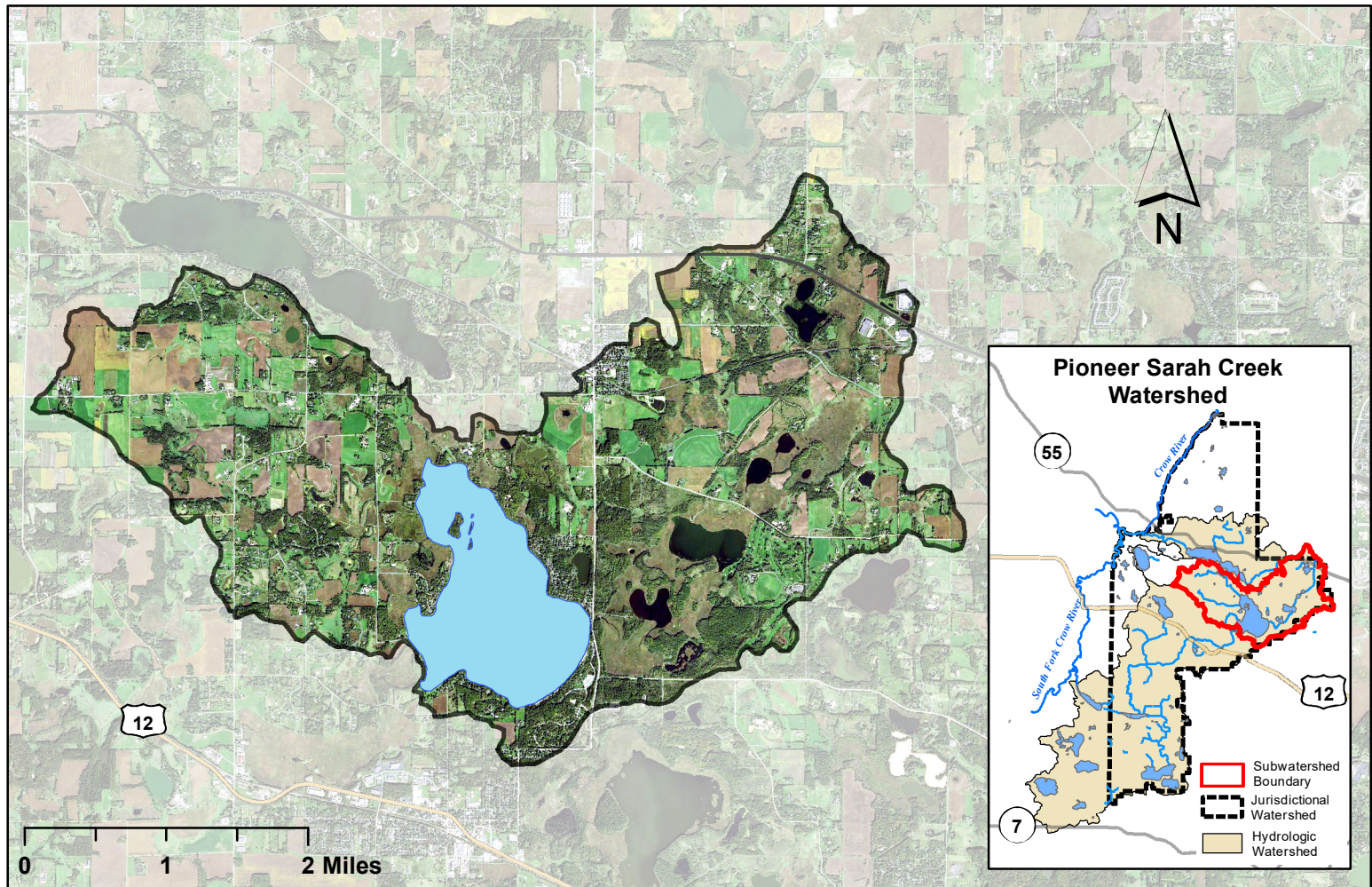
DNR #	27014900
Watershed Area	2,915 Acres
Lake Area	78.6 Acres
Percent Littoral Area	70%
Average Depth	11.1 ft.
Maximum Depth	37.4 ft.
Watershed Area:Lake Area	37.1:1
Impairment Classification	Excess Nutrients 2008
Classification	Deep Lake



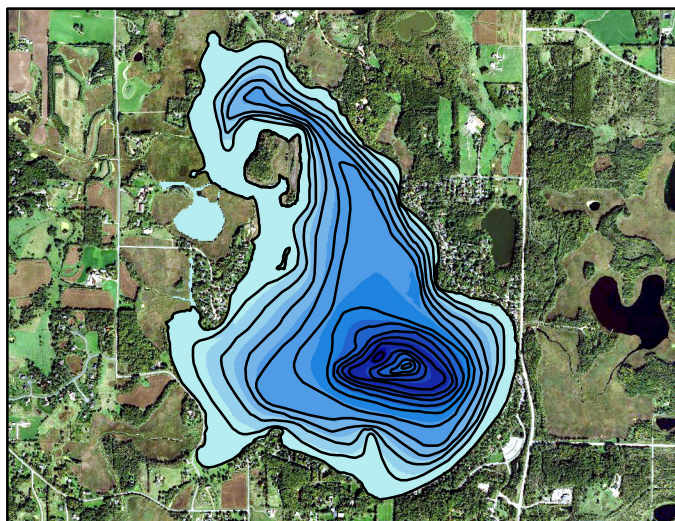
Spurzem Lake Water Quality Report Card				
Year	TP	Chl-a	Secchi	Avg Grade
1995	D	C	C	C-
1996	D	B	C	C
1997	D	C	C	C-
1998	D	B	B	C+
1999				
2000				
2001				
2002				
2003	D	D	D	D
2004	D	C	C	C-
2005	D	D	C	D+
2006	D	D	D	D
2007	D	D	D	D
2008	D	C	C	C-
2009	F	D	D	D-
2010	F	C	D	D
2011	D	F	D	D-
2012	D	D	C	D+
2013	F	F	C	D-
2014	F	C	C	D+
2015	D	C	C	C-
2016	D	D	C	D+
2017	D	C	C	C-
MPCA Standard	C	B	C	C+

Met Council Grading System for Lake Water Quality

Lake Independence Watershed Map

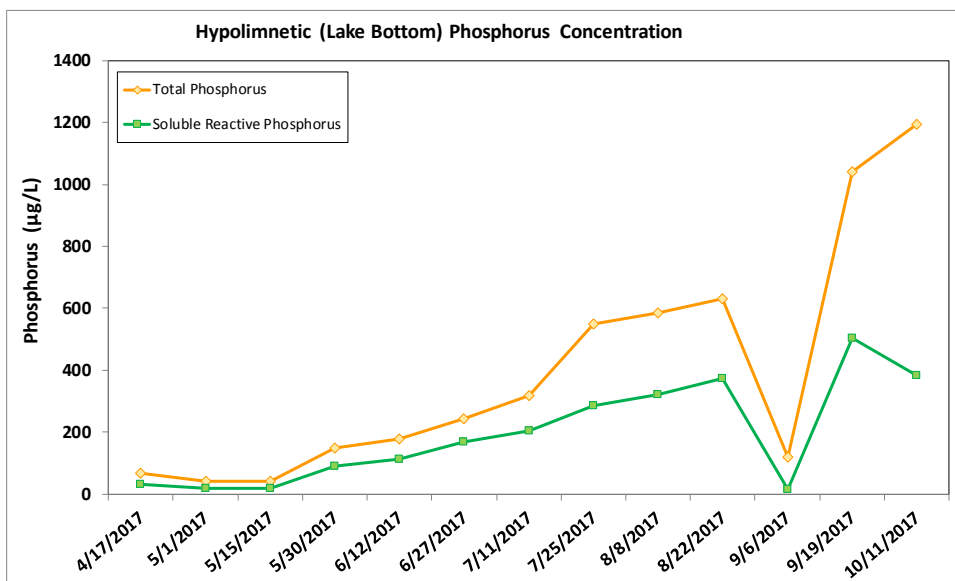
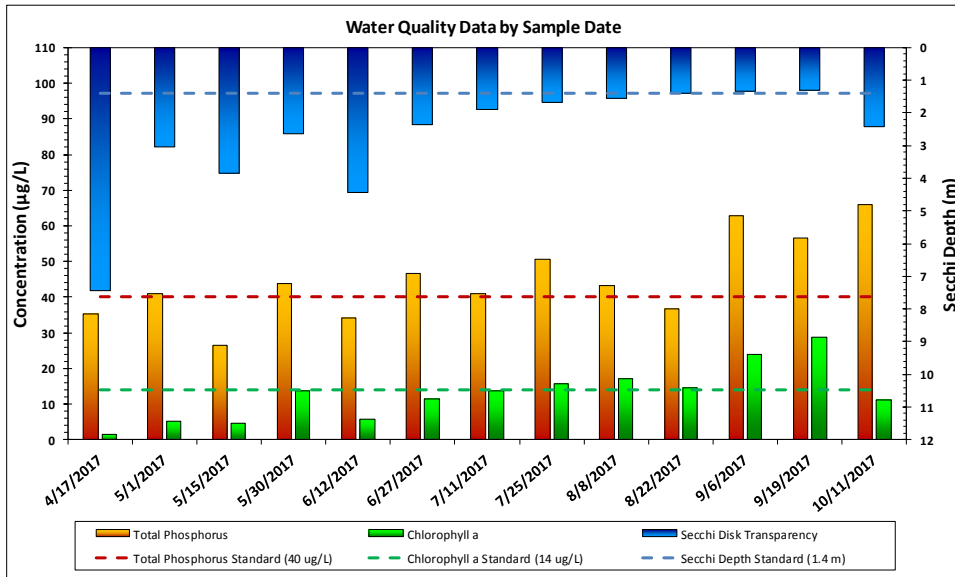
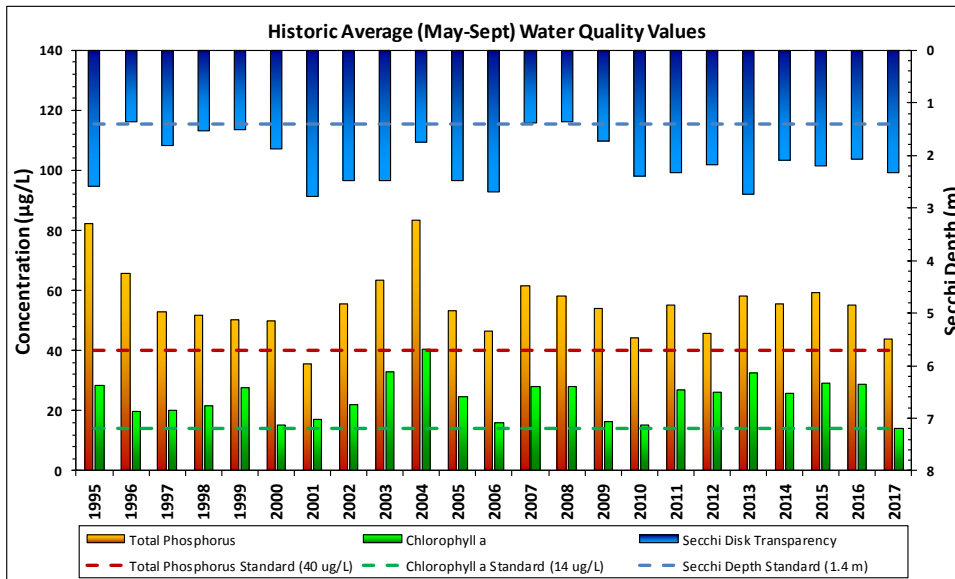


Lake Independence Bathymetry



Lake and Watershed Characteristics

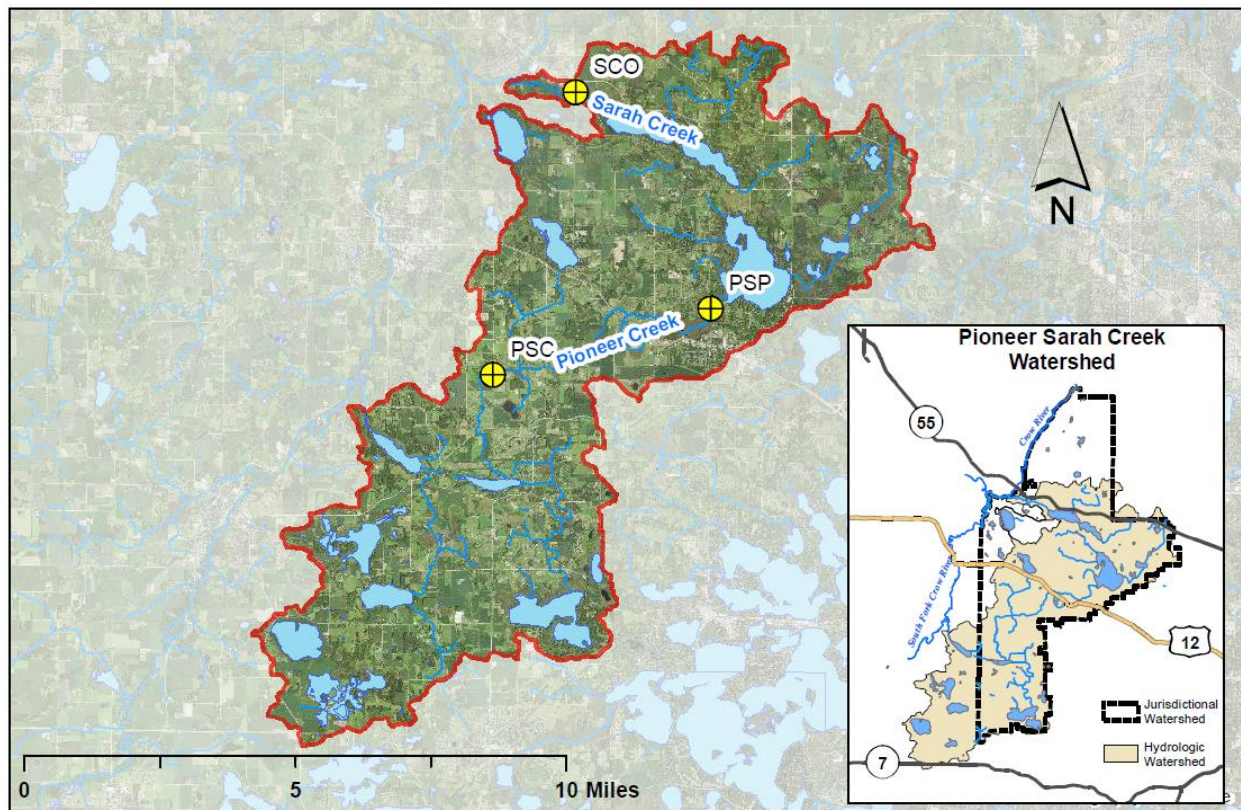
DNR #	27017600
Watershed Area	7,632 Acres
Lake Area	832 Acres
Percent Littoral Area	51%
Average Depth	15.9 ft.
Maximum Depth	58 ft.
Watershed Area:Lake Area	9.2:1
Impairment Classification	Excess Nutrients 2002
Classification	Deep Lake



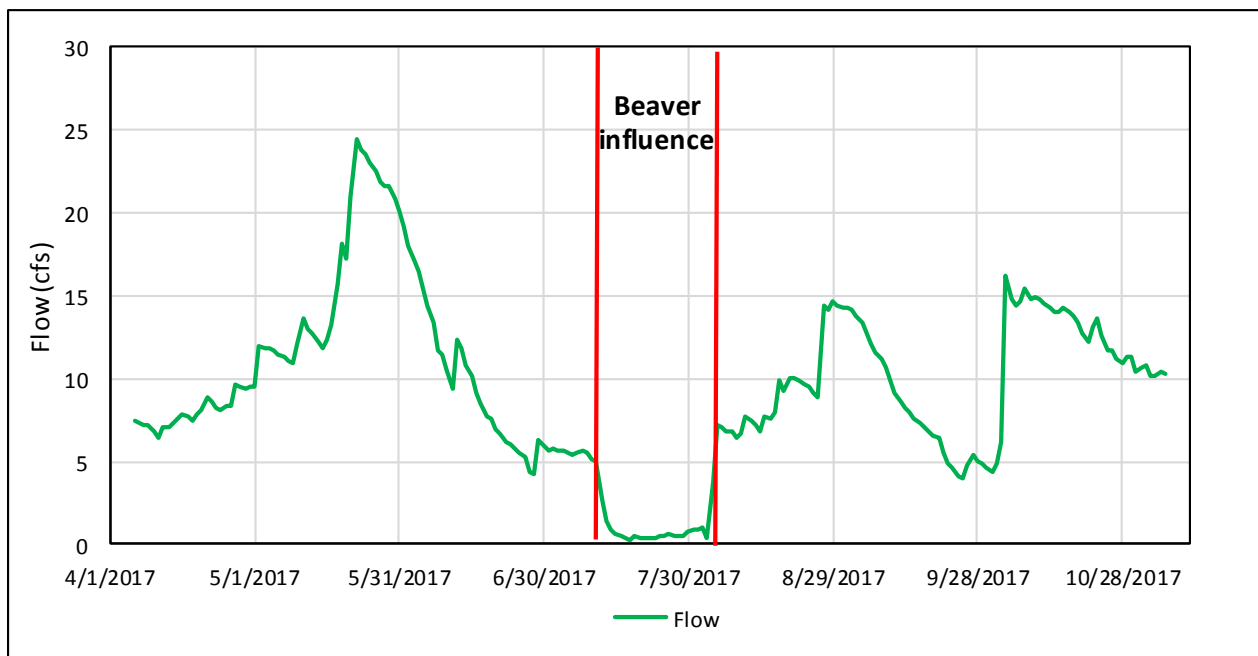
Lake Independence Water Quality Report Card				
Year	TP	Chl-a	Secchi	Avg Grade
1995	D	C	B	C
1996	C	B	C	C+
1997	C	B	C	C+
1998	C	C	C	C
1999	C	C	C	C
2000	C	B	C	C+
2001	C	B	B	B-
2002	C	C	B	C+
2003	C	C	B	C+
2004	D	C	C	C-
2005	C	C	B	C+
2006	C	B	B	B-
2007	C	C	C	C
2008	C	C	C	C
2009	C	B	C	C+
2010	C	B	B	B-
2011	C	C	B	C+
2012	C	C	C	C
2013	C	C	B	C+
2014	C	C	C	C
2015	C	C	C	C
2016	C	C	C	C
2017	C	B	B	B-
MPCA Standard	C	B	C	C+

Met Council Grading System for Lake Water Quality

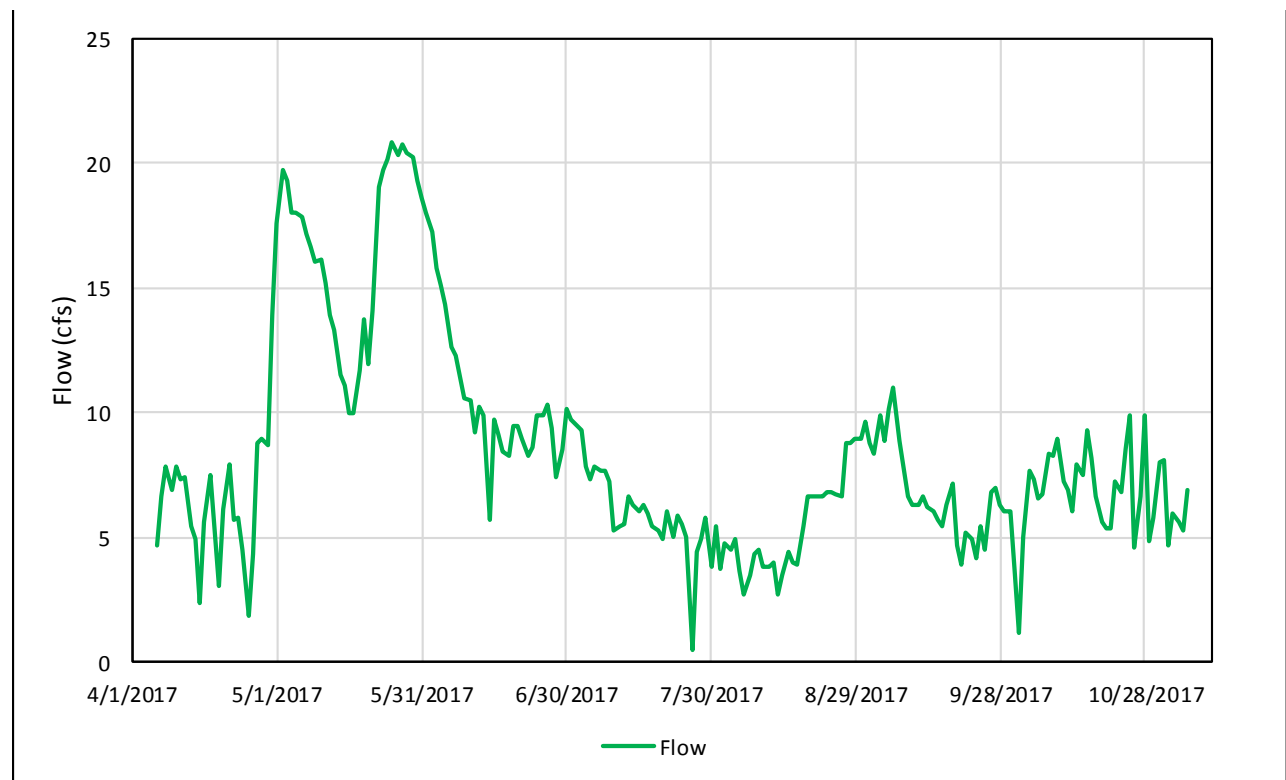
Stream Monitoring



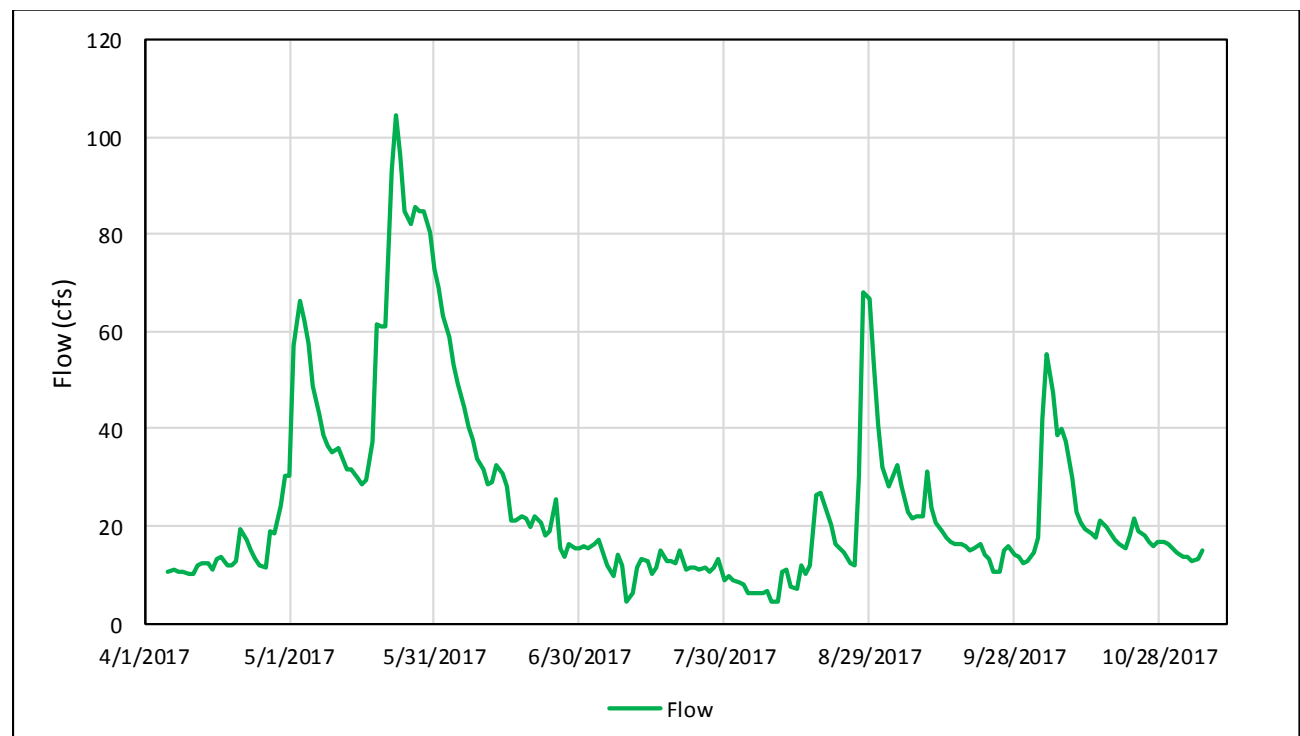
SCO – Sarah Creek Outlet



PSP – Pioneer Creek at Pagenkopf



PSC - Pioneer Creek at Copeland



Horse Stable Redesign for Water Quality and Animal Health Field Day

August 5th, 2017, Dayton, MN

About a dozen horse stable managers attended a field day on a cool summer Saturday morning to see how Joanie Stene of Foxwood Farm, along with County resources, redesigned a stable and pasture system for improved horse health, ease of management, and water quality.



**Karl Hakanson, U of M Extension
Hennepin County.**

Karl Hakanson, U of M Extension Educator for Hennepin County, started things off with a primer on runoff pollution. Hakanson emphasized key principles of runoff pollution; that water pollution comes from human activities on the land and that it comes from a multitude of small sources spread out over the landscape.

Says Hakanson, “This makes it much harder to recognize and control that “point” sources of pollution, such as from municipal or industrial discharges”. The other key to understanding runoff pollution is that it only happens during major rain events. His advice is to go outside in a pouring rain and see where the water flows across your property, adding, “The goal is to slow the runoff water down, spread it out, and soak it in”.



**Kirsten Barta, Hennepin Co., Joanie
Stene, landowner**

Kirsten Barta, Rural Conservationist for Hennepin County, explained how the County is fortunate to have a lot of water. Prior to European settlement, most of the county was covered by lakes, streams and wetlands. With the growth of the Twin Cities, water has become difficult to avoid when working with horses and other livestock operations.



Michelle DeBoer, U of MN

Barta explained that manure contains a lot of phosphorus. When phosphorus reaches the water it can cause algal blooms, some of which are toxic, and excessive plant growth. As those plants and algae die they decompose, which depletes oxygen from the water leading to fish kills and other problems.

She estimates an average of eight-pound reduction of phosphorus runoff annually from the Stene site improvements. While this may not sound like a lot, consider that one pound of phosphorus –the limiting nutrient in natural water bodies-- can grow 500 pounds of algae. Five pounds of runoff there, eight pounds here, 20 pounds from a field over there. Times 10,000’s of sites and 100,000 of acres. “It all adds up.”



Jim Kujawa (left), Hennepin Co.

Barta says that surface waters should be properly buffered from livestock and their access to sensitive areas restricted. Livestock trample delicate wetland plants and cause erosion into streams. A 30’ vegetated buffer paired with proper manure and grazing management can produce significant benefits. “Water quality is everyone’s responsibility”, said Barta, “careful planning and management can keep our waters healthy for all to enjoy.”

Michelle DeBoer, U of M Equine Management PhD Candidate, stressed the multiple benefits to good pasture and manure management, including improved horse health and providing real cost savings in reduced feed and fertilizer purchases. DeBoer reviewed the benefits of rotational grazing and the importance of soil health. She said a composting set up, like Stene’s new three-bin system, facilitates proper manure management . Composted



Sturdy roof gutters with downspouts direct clean water away from lot underground to grass waterway.



Tiled waterway between pasture and lot (foreground) greatly improves drainage, filters runoff water before it reaches wetland.



Tiled, grassed waterway (right) below barn, horses fenced out, improved pasture (foreground).



Stene (left) explains how the waterway empties to a rock spill way to further settle any remaining solids in the runoff water before entering the wetland.



The new composting facility allows manure to be collected to prevent runoff and creates a dry, uniform material perfect for use on pastures.

manure reduces bulk and creates a near odorless, stable, easy to handle fertilizer and soil builder that can be used anywhere on the farm.

Jim Kujawa, Surface Water Resource Specialist for Hennepin County, discussed the process used by Joanie and Hennepin County staff to make her project a reality. How Joanie's desires to eliminate mud from her stable areas equated to water quality benefits for her and the public, making it a win-win situation.

Kujawa talked about the programs and procedures used to plan, design and construct the Stene water management system. This included costs associated with all of the components necessary from start to finish and the state and local cost-sharing programs available to Joanie to make it affordable for her.

Joanie Stene, owner of Foxwood Farm, spoke about the reasons she pursued fixing the water problem on her farm. Like a majority of farm owners in the area, she discovered that the farm she purchased was situated on a wet, poorly drained location. She has struggled with a muddy mess for years. Her main concern was the dry lot area. The water would collect and turn green with algae. Her horses were beset with recurrent abscesses, and one horse twisted his knee in the slop and had to be stall rested for two months.

A longer-term concern to Joanie, and part of her reason for going ahead with the project, was the untreated runoff that flowed into the Three Rivers Park District wetland just beyond the back pasture. Her family enjoys the wetland and she considers herself to be a conservationist.

The construction started last year during one of the wettest Augusts on record. Work slowed to a crawl. It took twice as long to finish as it was supposed to. The rains, however, proved to Joanie that she had made the right decision: the lot was never going to be dry!

Asked if she was glad she did these improvements, the resounding answer was YES! She is very pleased that she went ahead with this project. Her only regret was not doing it sooner.

Recently, as she looked out at the rain --and it rained for most of the previous week, her paddocks were dry and the pastures were in good condition. Joanie says, "I am thrilled that I no longer have to worry about the horses and the footing, or the wetland, with its myriad of wildlife we love to watch and photograph. Although not an easy decision to make originally, I would encourage anyone with similar issues to consider it."

Pioneer-Sarah Creek Watershed Management Commission - 2017 - 2018 Budgets

	A	G	H
1		2017 Budget	2018 Budget
2	Revenues		
3	Member Dues	105,700	100,000
4	Project Review Fees	5,000	5,000
5	WCA Adm Fees	500	500
6	Interest and Dividend Income	41	270
7	Total Revenues	111,241	105,770
9	Operating Expenses		
10	Engineering/Consulting	23,000	23,600
11	Administrative Expense	36,000	36,000
12	Adm-Project Reviews	1,000	1,000
13	WCA - Admin/Legal Expenses	500	500
14	Adm - Tech Support	750	750
15	Legal Expense	500	500
16	Audit	4,080	4,150
17	Insurance	3,370	3,500
18	Total Operating Expenses	69,200	70,000
20	Program Deliverables and Education		
21	Adm - General Programs	500	500
22	TAC Meetings	4,000	4,000
23	Lake Monitoring - TRPD	3,703	5,180
24	Lake Monitoring - CAMP	576	550
25	Stream Monitoring - routine	10,802	7,600
27	Invertebrate Monitoring	1,500	1,000
28	Non-CIP Subwatershed Assmt	5,000	6,000
29	Management Plan Amendment	1,000	900
30	Education	6,120	6,120
31	Education-Events	500	500
32	Grant Writing	1,100	1,000
33	Website	2,240	2,240
35	Total Deliverables and Education	37,041	35,590
37	Fund Activity		
38	Revenues		
39	CIP Revenue	28,000	28,000
40	WRAPP Revenue		
43	Total Fund Revenues	28,000	28,000
45	Expenses		
46	WRAPP Expense	0	0
47	CIP/Subwatershed Ass. Expense	33,000	28,180
48	Next Generation Plan		
50	Lake Indep Nutrient - TRPD		
51	Total Fund Expenses	33,000	28,180
53	Total Revenues	139,241	133,770
54	Total Expenses	139,241	133,770
55	Net Income	0	0
56			

**Pioneer-Sarah Creek Watershed Management Commission
2017 - 2018 Member Assessments**

			2017 Op Budget		Change over Prev Year	
2017	2016 Market Value PSC Basin	Increase in MV over Prev Year	%age	Amount	%age	Amount
Greenfield	394,071,759	5.00%	29.12%	38,929.51	3.85%	1,442.20
Independence	510,583,968	1.09%	37.73%	50,439.50	-0.01%	(5.77)
Loretto	54,109,610	5.41%	4.00%	5,345.37	4.26%	218.42
Maple Plain	105,529,093	7.65%	7.80%	10,424.99	6.47%	633.95
Medina	152,170,132	2.63%	11.24%	15,032.56	1.51%	223.89
Minnetrista	136,940,498	1.84%	10.12%	13,528.06	0.72%	97.32
TOTALS	1,353,405,060	3.12%	100.00%	133,700.00	1.99%	2,610.00

			2018 Op Budget		Change over Prev Year	
2018	2017 Market Value PSC Basin	Increase in MV over Prev Year	%age	Amount	%age	Amount
Greenfield	418,807,770	6.28%	29.25%	37,440.16	-3.83%	(1,489.34)
Independence	537,355,542	5.24%	37.53%	48,037.98	-4.76%	(2,401.52)
Loretto	55,695,940	2.93%	3.89%	4,979.05	-6.85%	(366.32)
Maple Plain	109,218,243	3.50%	7.63%	9,763.78	-6.34%	(661.21)
Medina	158,506,367	4.16%	11.07%	14,170.00	-5.74%	(862.57)
Minnetrista	152,231,289	11.17%	10.63%	13,609.02	0.60%	80.96
TOTALS	1,431,815,151	5.79%	100.00%	128,000.00	-4.26%	(5,700.00)

PIONEER-SARAH CREEK WATERSHED
MANAGEMENT COMMISSION

Financial Statements and
Supplemental Information
For the Year Ended
December 31, 2017

Pioneer-Sarah Creek Watershed Management Commission

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JOHNSON & COMPANY, Ltd.

Certified Public Accountants

Thomas J. Opitz, CPA, CVA
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Minnesota Society of Certified Public Accountants
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American Institute of Certified Public Accountants

Dwaine C. Johnson (Retired)
Lisa M. Roden, CPA, MST
Brad R. Cohrs, CPA

INDEPENDENT AUDITORS' REPORT

Commissioners
Pioneer-Sarah Creek Watershed Management Commission
Plymouth, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Pioneer-Sarah Creek Watershed Management Commission (the Commission), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Commission's 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 an opinion 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 of 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 Commission'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 entity'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 reasonable basis for our audit opinion.

Opinion

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, 2017, 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.



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. Such information, although not a part of the basic financial statements, is required by 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. The Commission has not presented the MD&A that accounting principles generally accepted in the United States of America have determined necessary to supplement, although not required to be part of, the basic financial statements.

Prior Year Comparative Information

We have previously audited the Commission's financial statements for the year ended December 31, 2016 and, in our report dated April 20, 2017, we expressed an unqualified opinion on the financial statements of the governmental activities and major fund. The financial statements include prior year partial comparative information, which does not include all of the information required in 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, 2016, from which such information was derived.

Other Reporting

We have also issued our report dated April 19, 2018, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.

Johnson & Company, Ltd.

April 19, 2018

BASIC FINANCIAL STATEMENTS

Pioneer-Sarah Creek Watershed Management Commission

Statement of Net Position and
Governmental Fund Balance Sheet

As of December 31, 2017

(with Partial Comparative Actual Amounts as of December 31, 2016)

	Governmental Activities	
	2017	2016
Assets		
Investments	\$ 311,180	\$ 242,637
Accounts receivable	-	5,520
Total assets	<u>\$ 311,180</u>	<u>\$ 248,157</u>
Liabilities and Fund Balances/Net Position		
Liabilities		
Accounts payable	\$ 17,063	\$ 12,248
Fund balances/net position		
Restricted fund balances/net position		
Restricted for guarantee fees	-	14,363
Assigned fund balances/net position		
Assigned for capital improvement projects	74,464	55,231
Assigned for fourth generation plan	25,000	-
Assigned for watershed restoration and protection plan	-	8,504
Total assigned funds	<u>99,464</u>	<u>63,735</u>
Unrestricted/unassigned fund balances/net position	194,653	157,811
Total assigned or unrestricted fund balances/net position	<u>294,117</u>	<u>221,546</u>
Total fund balances/net position	<u>294,117</u>	<u>235,909</u>
Total liabilities and fund balances/net position	<u>\$ 311,180</u>	<u>\$ 248,157</u>

Pioneer-Sarah 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, 2017

(with Partial Comparative Actual Amounts for the Year Ended December 31, 2016)

	Governmental Activities			
	2017			2016
	Original and Final Budget	(Audited)	Over (Under)	(Audited)
Revenue				
Member assessments	\$ 133,700	\$ 133,700	\$ -	\$ 131,090
Charges for services - project and wetland review fees	5,500	4,000	(1,500)	7,780
Reimbursements	-	19,159	19,159	36,249
Interest income	41	2,034	1,993	390
Total revenue	139,241	158,893	19,652	175,509
Expenditures				
Current				
Administration	44,990	36,625	(8,365)	32,364
Education	8,120	921	(7,199)	674
Insurance	3,370	2,982	(388)	1,283
Professional fees	4,580	4,106	(474)	4,363
Technical support	23,000	15,636	(7,364)	12,244
Water monitoring	15,081	10,370	(4,711)	10,370
Watershed programs	6,100	6,131	31	39,013
Watershed plan	1,000	784	(216)	-
Capital outlay				
Improvement projects	33,000	8,767	(24,233)	14,409
Total expenditures	139,241	86,322	(52,919)	114,720
Net change in fund balances/net position	\$ -	72,571	\$ 72,571	60,789
Net fund balances/net position				
Beginning of year		221,546		160,757
End of year		\$ 294,117		\$ 221,546

OTHER REQUIRED REPORTS

Pioneer-Sarah Creek Watershed Management Commission

Notes to Financial Statements
December 31, 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**Organization**

The Pioneer-Sarah 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. Pioneer-Sarah Creek Watershed Management Commission was established in October, 1984 to protect and manage the natural resources of the Pioneer-Sarah 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.

Pioneer-Sarah Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2017**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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.

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.

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.

Pioneer-Sarah Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2017**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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 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 coverage's. 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, 2017.

Receivables

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, 2017 and 2016.

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:

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.

Pioneer-Sarah Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2017**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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, 2016, 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.

NOTE 2 - ASSETS, LIABILITIES AND NET POSITION**A. 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 4M Fund investment account. (see below)

B. Investments

At December 31, 2017 and 2016 the Commission held \$311,180 and \$242,637 (approximate cost and fair value), respectively, in investments with PMA Financial Network in Minnesota 4M Funds Holdings.

The 4M fund is an external investment pool not registered with the Securities 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 fair value of the position in the pool is the same as the value of the pool shares.

Pioneer-Sarah Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2017**NOTE 2 - ASSETS, LIABILITIES AND NET POSITION (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 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.

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.

Pioneer-Sarah Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2017**NOTE 3 - FUND BALANCE CLASSIFICATIONS**

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable** - amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- **Restricted** - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation;
- **Committed** - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- **Assigned** - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- **Unassigned** - amounts that are available for any purpose; these amounts are reported only in the general fund.

The Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Commission through adoption or amendment of the budget as intended for specific purpose.

NOTE 4 - COMMITMENTS AND CONTRACTS**Restricted fund balance - guarantee fees**

Restricted fund balance for guarantee fees is comprised of the following:

The WCA Monitoring Guarantee Restricted Funds are for wetland mitigation projects. The initial monitoring fee is set by the commission per project and is to be reduced over a five year period provided the project meets the requirement of the mitigation.

The WCA Replacement Guarantee Restricted Funds 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.

The Administrative Guarantee Restricted Funds are received as guarantee that the project administration fees are paid. The restricted amount is reduced as project-related administrative expenses arise. Any residual funds not used are refunded upon completion of the project.

Pioneer-Sarah Creek Watershed Management Commission

Notes to Financial Statements (continued)
December 31, 2017**NOTE 4 - COMMITMENTS AND CONTRACTS (CONTINUED)****Minnesota Pollution Control Agency (MPCA) - Watershed-wide TMDL/WRAPP Project**

During 2013, the MPCA contracted the Commission to conduct a water monitoring program of the Pioneer-Sarah Creek watershed for a cost not to exceed \$103,415. The Commission has contracted Three Rivers Park District and the University of Minnesota to perform the services in conjunction with this project. The Commission earned revenue of \$28,614 and incurred expenditures of \$23,141 from this grant during the year ended December 31, 2015.

During 2015, the MPCA started phase two of the project. The Commission will continue to contract with Three Rivers Park District to perform the services in conjunction with this project. The cost for the project will not exceed \$58,720. The Commission earned revenue of \$10,593 and \$36,249 from this grant during the years ended December 31, 2017 and 2016, respectively. The Commission incurred expenditures of \$2,631 and \$39,013 in associated costs for the years ended December 31, 2017 and 2016, respectively. This project was finalized in 2017.

NOTE 5 - MEMBERS' ASSESSMENTS

Dues received from members were as follows:

	Year Ended December 31			
	2017		2016	
	Amount	Percentage	Amount	Percentage
Greenfield	\$ 38,930	29.12 %	\$ 37,487	28.60 %
Independence	50,439	37.73	50,445	38.48
Loretto	5,345	4.00	5,127	3.91
Maple Plain	10,425	7.80	9,791	7.47
Medina	15,033	11.24	14,809	11.30
Minnetrista	13,528	10.11	13,431	10.24
	<u>\$ 133,700</u>	<u>100.00 %</u>	<u>\$ 131,090</u>	<u>100.01 %</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

Board of Directors
Pioneer-Sarah Creek Watershed Management Commission
Plymouth, MN 55447

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and the major fund of the Pioneer-Sarah Creek Watershed Management Commission (the Commission) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated April 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the 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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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 material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified. We did identify the following deficiencies in internal control that we consider to be significant deficiencies:

Because of the limited size of your office staff, your organization has limited segregation of duties. A good system of internal accounting control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to completion. While we recognize that your organization is not large enough to permit an adequate segregation of duties in all respects, it is important that you be aware of the condition.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

April 19, 2018

INDEPENDENT AUDITORS' REPORT
ON MINNESOTA LEGAL COMPLIANCE

Board of Directors
Pioneer-Sarah Creek Watershed Management Commission
Plymouth, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and major fund of the Pioneer-Sarah Creek Watershed Management Commission (the Commission) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated April 19, 2018.

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the applicable listed categories, except that we did not test for compliance in tax increment financing, because the Commission does not utilize tax increment financing.

In connection with our audit, nothing came to our attention that caused us to believe that the Commission failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*. 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 Commission's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of those charged with governance and management of the Pioneer-Sarah Creek Watershed Management Commission and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

April 19, 2018

