



# PRIOR LAKE SPRING LAKE WATERSHED DISTRICT

## AGENDA

Tuesday, June 8, 2021

**6:00 PM**

Council Chambers  
Prior Lake City Hall

### BOARD OF MANAGERS:

**Mike Myser, President; Curt Hennes, Vice President; Bruce Loney, Treasurer;  
Steve Pany, Secretary; and Frank Boyles, Manager**

Note: Individuals with items on the agenda or who wish to speak to the Board are encouraged to be in attendance when the meeting is called to order.

### Board Workshop 4:00 PM – Lakeview Conference Room

- 2021 Intern Introductions (Joni Giese)
- PLSLWD Total Compensation Study (Mike Verdoon & Megan Olson, Gallagher)
- Education & Outreach Follow-up (Joni Giese)
- Geis Wetland & Trash (Curt Hennes)
- Watzl's Beach Erosion: Potential Project with City of Prior Lake? (Steve Pany)
- Board Retreat Agenda (Frank Boyles)
- Watershed District Space Needs Update (Joni Giese)
- IT Consulting Services for the District (Joni Giese)

6:00 – 6:05 PM	1.0	<b>BOARD MEETING CALL TO ORDER &amp; PLEDGE OF ALLEGIANCE</b>
6:05 – 6:10 PM	2.0	<b>PUBLIC COMMENT</b> If anyone wishes to address the Board of Managers on an item not on the agenda or on the consent agenda, please come forward at this time. Go up to the podium, turn on the microphone and state your name and address. (The Chair may limit your time for commenting.)
6:10 - 6:15 PM	3.0	<b>APPROVAL OF AGENDA</b> (Additions/Corrections/Deletions)
6:15 - 7:25 PM	4.0	<b>OTHER OLD/NEW BUSINESS</b>
	4.1	Programs & Projects Update (Discussion Only)
	4.2	2020 Annual Financial Audit Acceptance: Andy Berg, Abdo, Eick & Meyers (Vote)
	4.3	2020 Water Quality Report Cards: Spring Lake and Upper Prior Lake (Discussion Only)
	4.4	Watershed Management Study: Draft Project Charter (Discussion Only)
	4.5	Draft CAC Project Definition & Process Template (Discussion Only)
	4.6	Lake Vegetation Policy (Discussion Only)
	4.7	Manager Presentations & Liaison Updates (Discussion Only)

- 7:25 - 7:30 PM    5.0    **CONSENT AGENDA**  
The consent agenda is considered as one item of business. It consists of routine administrative items or items not requiring discussion. Items can be removed from the consent agenda at the request of the Board member, staff member, or a member of the audience. Please state which item or items you wish to remove for separate discussion.
- 5.1    Meeting Minutes—May 11 Board Workshop  
5.2    Meeting Minutes—May 11 Board Meeting  
5.3    Meeting Minutes—May 27 CAC Meeting  
5.4    Claims List
- 7:30 - 7:50 PM    6.0    **TREASURER’S REPORT**  
6.1    Financial Reports Update (Discussion Only)  
6.2    Financial Report (Discussion Only)  
6.3    Treasurer’s Report (Discussion Only)
- 7:50 - 7:55 PM    7.0    **UPCOMING MEETING/EVENT SCHEDULE:**
- Board Retreat, Saturday, June 19, 9:00 am – 12:00 pm
  - CAC Meeting, Thursday, June 24, 6:30-8:00 pm (Parkview Conference Room)
  - Joint Board and CAC Meeting, Thursday, July 29, 6:00 – 8:00 pm (Parkview Conference Room)



## JUNE 2021 PROGRAMS AND PROJECTS UPDATE

PROGRAM OR PROJECT	LAST MONTH'S STAFF ACTIVITIES	NEXT STEPS
<b>Storage &amp; Infiltration Projects (Sutton Lake)</b> <i>Project Lead: Maggie</i>	<ul style="list-style-type: none"> <li>Connected with two landowners to address access concern; met with EOR onsite to discuss; corresponded with Veit on change order quote.</li> <li>Followed up with questions from landowners.</li> </ul>	<ul style="list-style-type: none"> <li>Engage Veit for small change order and to return to site to reseed areas where vegetation is not establishing.</li> <li>Continue to monitor for erosion &amp; sediment control until site is fully established with vegetation.</li> </ul>
<b>Carp Management</b> <i>Rough Fish Management (Class 611)</i> <i>Carp Management Project (Class 750 &amp; 751)</i> <i>Project Lead: Jeff</i>	<ul style="list-style-type: none"> <li><b>Tracking:</b> Continued to track radio-tagged carp across Spring and Prior Lakes. Downloaded PIT tag stations to identify migration routes and check barrier effectiveness. The "Carp Espionage" volunteers provided numerous sightings which helped us target dates and locations for removals.</li> <li><b>Removals:</b> Completed electrofishing removals during the second half of May in Mud Bay on Upper Prior Lake totaling 5-6,000 lbs. Installed push trap at outlet of desilt pond.</li> <li><b>Coordination.</b> Planning 2021 activities and looking for additional funding sources. Reached out to summer volunteers. Planning for baited box trap locations and timing.</li> <li><b>Other:</b> Received quotes for bluegill stocking and engaged Goeden Fisheries for the effort. Worked with DNR to acquire three bluegill stocking permits. Connected with lake associations to coordinate outreach &amp; engagement. Stocked 1,250 bluegills in Northwoods and Desilt Pond on June 2<sup>nd</sup>. Received DNR permit approval for Tadpole carp barrier.</li> </ul>	<ul style="list-style-type: none"> <li>PLSLWD and WSB staff will continue to track the tagged carp.</li> <li>Work with WSB and fabricator to build Tadpole barrier. PLSLWD and WSB will install barrier.</li> <li>Remove carp at spawning traps. Electrofishing when conditions are favorable.</li> <li>Find suitable locations for baited box traps. See if carp are feeding.</li> <li>Finish up bluegill stocking in Desilt Pond and Geis Wetland on Monday, June 7<sup>th</sup>.</li> </ul>
<b>Ferric Chloride System Operations</b> <i>Project Lead: Jaime</i>	<ul style="list-style-type: none"> <li>Sampled 1x/week and inspected 3x/week</li> <li>Flow measurements taken</li> </ul>	<ul style="list-style-type: none"> <li>Continue 1x/week sampling, 3x/week inspections, and flow measurements</li> </ul>

## JUNE 2021 PROGRAMS AND PROJECTS UPDATE

PROGRAM OR PROJECT	LAST MONTH'S STAFF ACTIVITIES	NEXT STEPS
<b>Farmer-Led Council</b> <i>Project Lead: Maggie</i>	<ul style="list-style-type: none"> <li>No new activity.</li> </ul>	<ul style="list-style-type: none"> <li>Hold next Farmer-Led Council meeting in July/August.</li> <li>Potentially host a separate event to celebrate Lake-Friendly Farm certifications for 2021 or tie it into FLC Meeting this summer.</li> <li>Promote &amp; advertise the Cover Crop Initiative for this fall round.</li> <li>Explore expansion of FLC initiatives County-wide with local partners.</li> </ul>
<b>Cost Share Incentives</b> <i>Project Lead: Kathryn</i>	<ul style="list-style-type: none"> <li>No new activity.</li> </ul>	<ul style="list-style-type: none"> <li>Review second round of potential cost share projects in July.</li> </ul>
<b>Spring Lake Parcel Restoration Project</b> <i>Project Lead: Kathryn</i>	<ul style="list-style-type: none"> <li>Contacted AES to confirm 2021 vegetation maintenance schedule.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor restoration and control invasive species during growing season.</li> <li>Install small plant identification signs.</li> </ul>
<b>Raymond Park Restoration Project</b> <i>Project Lead: Kathryn</i>	<ul style="list-style-type: none"> <li>No new activity.</li> </ul>	<ul style="list-style-type: none"> <li>Coordinate with volunteers, as needed, who do follow-up work on buckthorn, etc.</li> </ul>
<b>Fish Lake Shoreline &amp; Prairie Restoration Project</b> <i>Project Lead: Kathryn</i>	<ul style="list-style-type: none"> <li>Designing interpretative signs for project.</li> <li>MN Native Landscapes conducted first vegetation maintenance visit for season.</li> </ul>	<ul style="list-style-type: none"> <li>MN Native Landscapes is conducting restoration maintenance &amp; establishment work- additional visits in July &amp; Sept.</li> <li>Order &amp; install interpretative signs for project.</li> </ul>
<b>Lower Prior Lake Retrofit Projects</b> <i>Project Lead: Maggie</i>	<ul style="list-style-type: none"> <li>No new activity.</li> </ul>	<ul style="list-style-type: none"> <li>Finalize maintenance acceptance materials with the City of Prior Lake.</li> <li>Install interpretive signs for projects.</li> </ul>
<b>Feasibility Reports</b> <i>Project Lead: Maggie</i>	<ul style="list-style-type: none"> <li>Worked with EOR on upcoming feasibilities and starting drafting Scope of Services.</li> <li>Continued to explore relocating the iron-enhanced sand filter to the west of CR-17 for the Spring Lake West project.</li> <li>Outreach to Buck Lake east and Sutton Lake IESF projects.</li> </ul>	<ul style="list-style-type: none"> <li>Coordinate remote meeting with MnDOT and City of Savage to discuss options for Lower Prior Lake subwatershed project.</li> <li>Update Spring Lake West Feasibility Study with new project location.</li> <li>Initiate field survey work for new feasibility studies.</li> </ul>

## JUNE 2021 PROGRAMS AND PROJECTS UPDATE

PROGRAM OR PROJECT	LAST MONTH'S STAFF ACTIVITIES	NEXT STEPS
<b>Website and Media</b>  <i>Project Lead: Kathryn</i>	<ul style="list-style-type: none"> <li>• <b>Website articles posted:</b> Shoreline workshop, prairie workshop, Hike the Watershed, New interns, Annual Report, AIS update/Boat inspections, Fish Lake Native Restoration project.</li> <li>• <b>Prior Lake Am:</b> Lake ice out.</li> <li>• <b>SCENE:</b> none</li> <li>• <b>Facebook &amp; Twitter</b> - normal posting. New interns, native plant kits, Fish Lake restoration project, Prior Lake historic lake levels received more attention.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue writing posts and updates about projects.</li> <li>• Will tweet and/or update Facebook about projects &amp; news.</li> <li>• Write article for next SCENE edition.</li> </ul>
<b>Citizen Advisory Committee</b>  <i>Project Lead: Kathryn</i>	<ul style="list-style-type: none"> <li>• Coordinate and provide support to committee.</li> <li>• Maureen Reeder approved as new CAC member.</li> <li>• Started work on orientation packet for new CAC members.</li> </ul>	<ul style="list-style-type: none"> <li>• Subcommittees continue research, present findings to Board.</li> <li>• Develop orientation packet for new CAC members.</li> <li>• Develop protocols to improve communication between CAC and Board.</li> </ul>
<b>MS4 Education Program</b>  <i>Project Lead: Kathryn</i>	<ul style="list-style-type: none"> <li>• Hike the Watershed challenge ongoing, highlights District projects and area lakes &amp; encourages people to get out and explore the District.</li> <li>• Plan for summer Hike the Watershed guided hikes at three locations.</li> <li>• Present to the Prior Lake Citizen Engagement Committee (CEC).</li> <li>• Present wetland/macrobenthic lesson to Twin Oaks 7<sup>th</sup> grade biology classes (11 sections).</li> </ul>	<ul style="list-style-type: none"> <li>• Implement education activities.</li> <li>• Plan anniversary events and activities, including trivia night and guided hikes.</li> <li>• Complete annual MS4 report.</li> </ul>
<b>Monitoring Program</b>  <i>Project Lead: Jaime</i>	<ul style="list-style-type: none"> <li>• Data management</li> <li>• Stream sampling continues</li> <li>• Lake sampling begun</li> <li>• Planning summer wetland sampling</li> <li>• Report cards</li> </ul>	<ul style="list-style-type: none"> <li>• Data management</li> <li>• Report Cards</li> <li>• Continue lake and stream chemistry sampling</li> <li>• Flow measurements</li> </ul>
<b>Aquatic Vegetation Management and Surveys</b> <i>(Class 626 and 637)</i> <i>Project Lead: Jaime</i>	<ul style="list-style-type: none"> <li>• CLP treated</li> </ul>	<ul style="list-style-type: none"> <li>• Assess CLP treatment</li> <li>• Possibly create vegetation management policy</li> </ul>
<b>AIS</b> <i>Project Lead: Shauna and Jaime</i>	<ul style="list-style-type: none"> <li>• I-LIDS running</li> <li>• Boat inspections began</li> </ul>	<ul style="list-style-type: none"> <li>• Audio-free test session will end and audio will be turned on approximately June 13</li> <li>• Continue boat inspections</li> </ul>

## JUNE 2021 PROGRAMS AND PROJECTS UPDATE

PROGRAM OR PROJECT	LAST MONTH'S STAFF ACTIVITIES	NEXT STEPS
<b>Rules Revisions</b>  <i>Project Lead: Joni</i>	<ul style="list-style-type: none"> <li>No updates</li> </ul>	<ul style="list-style-type: none"> <li>Review proposed changes with Board</li> <li>Board approves rule revisions this summer</li> </ul>
<b>BMPs &amp; Easements</b>  <i>Project Lead: Maggie &amp; Kathryn</i>	<ul style="list-style-type: none"> <li>Continued to work with landowners to resolve existing violation issues on their properties.</li> <li>Worked with several amendment landowners on next steps.</li> <li>Mailed introduction letters to new easement landowners.</li> <li>Sent pre-season inspection reminder letters to landowners with violations.</li> <li>Met with landowners to discuss easement violations.</li> <li>Held a neighborhood meeting for Timbercrest landowners for their upcoming amendment, met with surveyor onsite, corresponded with HOA representative.</li> </ul>	<ul style="list-style-type: none"> <li>Review amendment requests as they are received.</li> <li>Work with landowners towards closing out approved amendment requests.</li> <li>Work with landowners to resolve easement violations.</li> <li>Complete baseline documentation for each conservation easement property.</li> <li>Send pre-inspection postcards to easement landowners.</li> <li>Create updated easement map to include Tyler Chambers' amended easement area.</li> <li>Updated easement maps to include Tyler Chambers' amended easement area.</li> <li>Work with surveyor to finalize Timber Crest amendment, sign final documents later this summer and restore new easement area this fall.</li> </ul>
<b>Permitting</b>  <i>Project Lead: Maggie &amp; Shauna</i>	<ul style="list-style-type: none"> <li>Completed inspections on permit sites and followed up with permittees. Met with Scott County and their contractors on two permit sites.</li> <li>Reviewed upcoming development projects: Springview Meadows, Villas at Crest Woods, Lil Explorers Childcare Center, etc.)</li> <li>Responded to MPCA comments/requests on MS4 permit application.</li> <li>Held annual Illicit Discharge training for staff.</li> <li>Worked with developers on upcoming new conservation easements.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to inspect, follow-up on and close remaining open permits.</li> <li>Review upcoming development projects as received.</li> <li>Work with developers of the Kubes property, Mesenbrink property &amp; Villas at Crest Woods property on Development Agreements and Conservation Easements.</li> </ul>
<b>Outlet Channel O&amp;M</b>  <i>Project Lead: Jaime</i>	<ul style="list-style-type: none"> <li>Routine channel/culvert inspections</li> <li>Installed both security cameras</li> <li>Garlic mustard treated</li> <li>Clear vegetation from structure</li> </ul>	<ul style="list-style-type: none"> <li>PLOC inspections</li> <li>Vegetation management all summer</li> </ul>

## JUNE 2021 PROGRAMS AND PROJECTS UPDATE

PROGRAM OR PROJECT	LAST MONTH'S STAFF ACTIVITIES	NEXT STEPS
<b>Outlet Channel Bank Erosion (FEMA)</b>  <i>Project Lead: Maggie</i>	<ul style="list-style-type: none"> <li>No updates</li> </ul>	<ul style="list-style-type: none"> <li>Follow up on warranty work.</li> <li>Sign off on project once warranty work deemed acceptable.</li> </ul>
<b>Outlet Channel Admin</b>  <i>Project Lead: Jaime</i>	<ul style="list-style-type: none"> <li>TAC meeting</li> <li>Start workplan and 2022 budget</li> </ul>	<ul style="list-style-type: none"> <li>Finalize workplan and budget for 2022 (master plan bank erosion repair plan)</li> <li>Cooperators Meeting</li> </ul>
<b>General Administration</b>  <i>Project Lead: Joni</i>	<ul style="list-style-type: none"> <li>Interns started May 24.</li> <li>Preparing for June 19 Board Retreat.</li> <li>Answered final Annual Financial Audit questions.</li> <li>Worked on developing new financial reports.</li> <li>Final review of Total Compensation Study.</li> <li>Office space research and assessment</li> <li>Watershed Management Study advancement.</li> </ul>	<ul style="list-style-type: none"> <li>Finish Board Retreat preparation.</li> <li>Coordinate with CLA to implement new financial reports.</li> <li>Watershed Management Study               <ul style="list-style-type: none"> <li>Prepare public engagement plan</li> <li>PMT meetings</li> <li>TAC meeting</li> <li>Steering Committee meeting</li> </ul> </li> </ul>

**PLSLWD Board Staff Report**  
June 2, 2021



**Subject |** 2020 Annual Financial Audit Acceptance

**Board Meeting Date |** June 8, 2021

**Item No: 4.2**

**Prepared By |** Joni Giese, District Administrator

**Attachment |** 2020 Final Annual Financial Report  
2020 Final Management Communications

**Action |** Vote to accept the 2020 Annual Financial Report and 2020 Management Communications and authorize staff to submit to BWSR and the State Auditor's Office.

**Background**

PLSLWD retained Abdo, Eick and Meyers, LLP to perform an audit on the District's financial statements for the year ended December 31, 2020. The audited financial statements must be submitted to the Board of Water and Soil Resources (BWSR) and the Minnesota State Auditor's Office within 180 days of the end of the District's fiscal year.

**Discussion**

Andy Berg, CPA, with Abdo, Eick and Meyers will make a brief presentation regarding audit findings and the auditor's opinion.

**Recommendation**

Accept the 2020 Annual Financial Report and the 2020 Management Communications and authorize staff to submit to BWSR and the State Auditor's Office.

# Annual Financial Report

## Prior Lake-Spring Lake Watershed District

Prior Lake, Minnesota

For the Year Ended  
December 31, 2020

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**Prior Lake-Spring Lake Watershed District**  
 Prior Lake, Minnesota  
 Annual Financial Report  
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 For the Year Ended December 31, 2020

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INTRODUCTORY SECTION

PRIOR LAKE - SPRING LAKE  
WATERSHED DISTRICT  
PRIOR LAKE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

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Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Board of Managers and Appointed Officials  
For the Year Ended December 31, 2020

**MANAGERS**

<u>Name</u>	<u>Title</u>
Mike Myser	President
Curt Hennes	Vice President
Bruce Loney	Treasurer
Steve Paney	Secretary
Frank Boyles	Board Member

**STAFF**

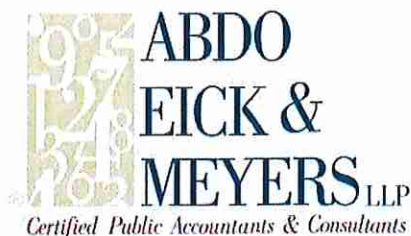
Joni Giese	District Administrator
Patty Dronen	Administrative Assistant
Jaime Rockney	Water Resources Specialist
Maggie Karschnia	Water Resources Project Manager
Kathryn Keller-Miller	Water Resources Outreach Specialist
Jeff Anderson	Water Resources Technician
Sauna Capron	Water Resources Assistant

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FINANCIAL SECTION  
PRIOR LAKE - SPRING LAKE  
WATERSHED DISTRICT  
PRIOR LAKE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Managers of the  
Prior Lake - Spring Lake Watershed District  
Prior Lake, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Prior Lake - Spring Lake Watershed District (the District), Prior Lake, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the General fund and Implementation fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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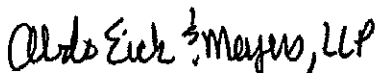
**Other Matters*****Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedule of Employer's Share of the Net Pension Liability, Schedule of Employer's Contributions, and the related note disclosures starting on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
May 25, 2021

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## **Management's Discussion and Analysis**

As management of the Prior Lake - Spring Lake Watershed District (the District), Prior Lake, Minnesota, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the financial statements, which follow this section.

### **Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,051,929 (net position). Because the District has a large amount of net position invested in capital assets and restricted for the Prior Lake outlet channel, the unrestricted net position is \$705,711.
- The District's total net position decreased by \$87,699.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,453,561, a decrease of \$515,237 in comparison with the prior year. A significant portion of this decrease was due to a various projects being completed from prior years and paying off the districts debt in 2020.
- The ending General fund balance is \$341,083, all of which is unassigned.
- The District's total debt decreased \$352,740. This was due to the district paying off its debt.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The financial statements include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another.

**Figure 1**  
**Required Components of the**  
**District's Annual Financial Report**

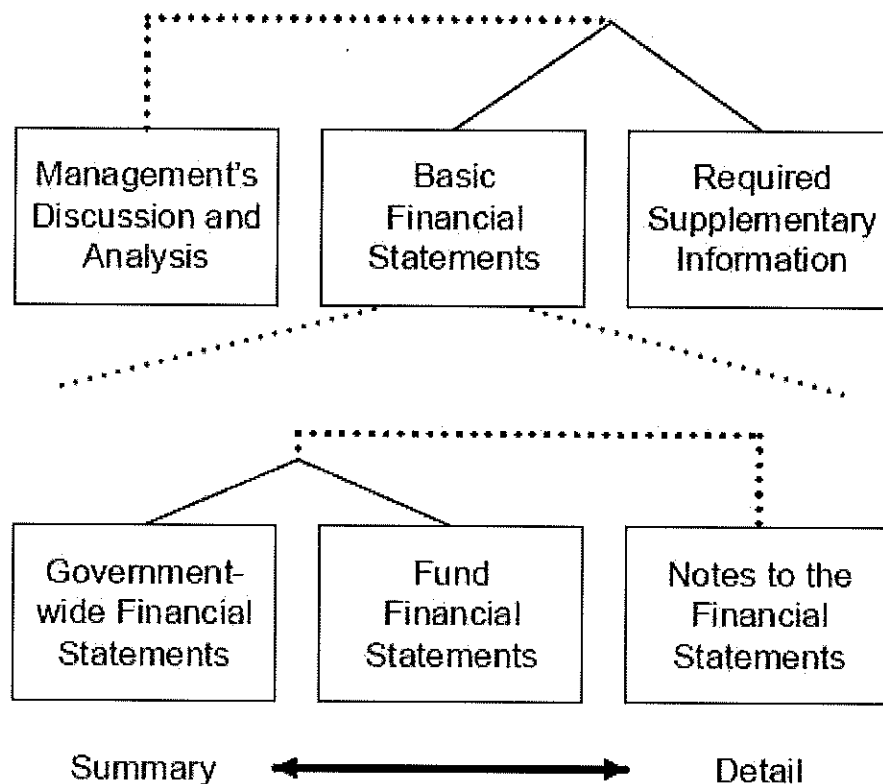


Figure 2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure 2**  
**Major Features of the Government-wide and Fund Financial Statements**

	Fund Financial Statements	
	Government-wide Statements	Governmental Funds
Scope	Entire District	The activities of the District
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., grants and earned but unused vacation and sick leave).

The governmental activities of the District include general government, programs and interest on long-term debt.

The government-wide financial statements start on page 26 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District currently maintains five governmental funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheets and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its General and Implementation fund. A budgetary comparison statement has been provided for the General and Implementation fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 30 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 39 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$2,051,929 at the close of the most recent fiscal year.

A Large portion of the District's net position are net investment in capital assets (e.g., land, land improvements, easements and equipment). The net position invested in capital assets is not available for future spending.

### Prior Lake-Spring Lake Watershed District's Summary of Net Position

	December 31,		Increase (Decrease)
	2020	2019	
Assets			
Current	\$ 1,996,006	\$ 2,573,517	\$ (577,511)
Capital	883,770	812,736	71,034
Total Assets	<u>2,879,776</u>	<u>3,386,253</u>	<u>(506,477)</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>50,788</u>	<u>62,314</u>	<u>(11,526)</u>
Liabilities			
Current	524,381	589,513	(65,132)
Noncurrent	<u>333,332</u>	<u>667,333</u>	<u>(334,001)</u>
Total Liabilities	<u>857,713</u>	<u>1,256,846</u>	<u>(399,133)</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>20,922</u>	<u>52,093</u>	<u>(31,171)</u>
Net Position			
Net investment in capital assets	883,770	812,736	71,034
Restricted	462,448	400,758	61,690
Unrestricted	<u>705,711</u>	<u>926,134</u>	<u>(220,423)</u>
Total Net Position	<u>\$ 2,051,929</u>	<u>\$ 2,139,628</u>	<u>\$ (87,699)</u>

At the end of the current fiscal year, the District is able to report positive balances in all types of net position.

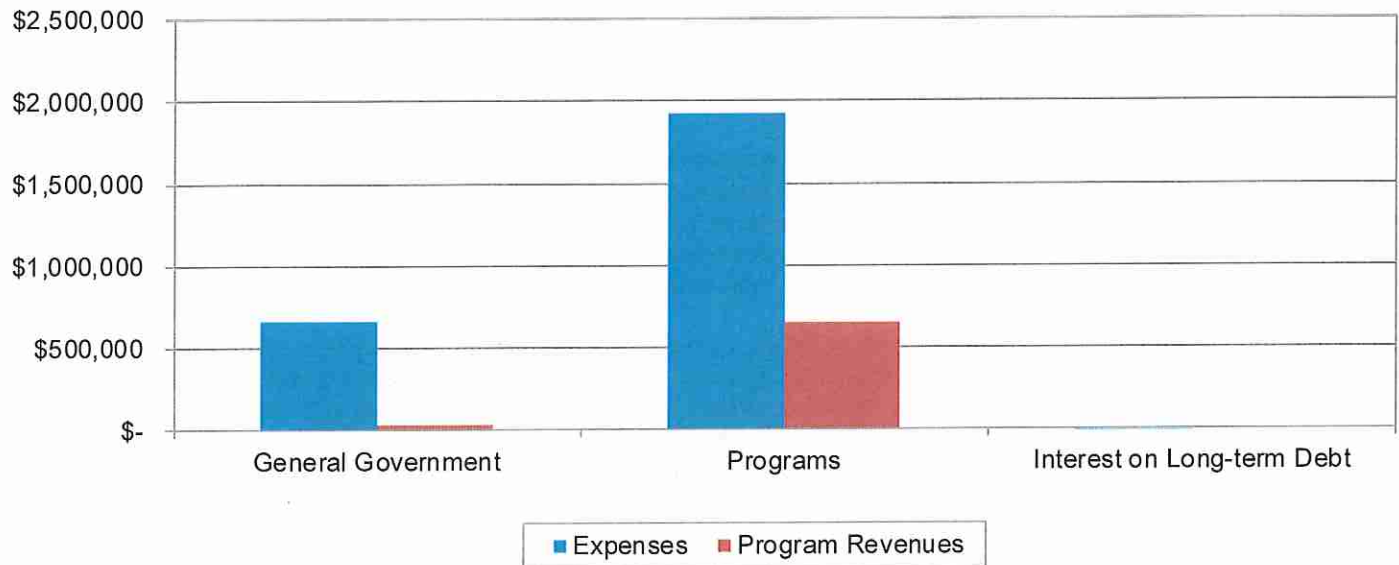
**Governmental Activities.** Governmental activities decreased the District's net position by \$87,699.

### **Prior Lake-Spring Lake Watershed District's Changes in Net Position**

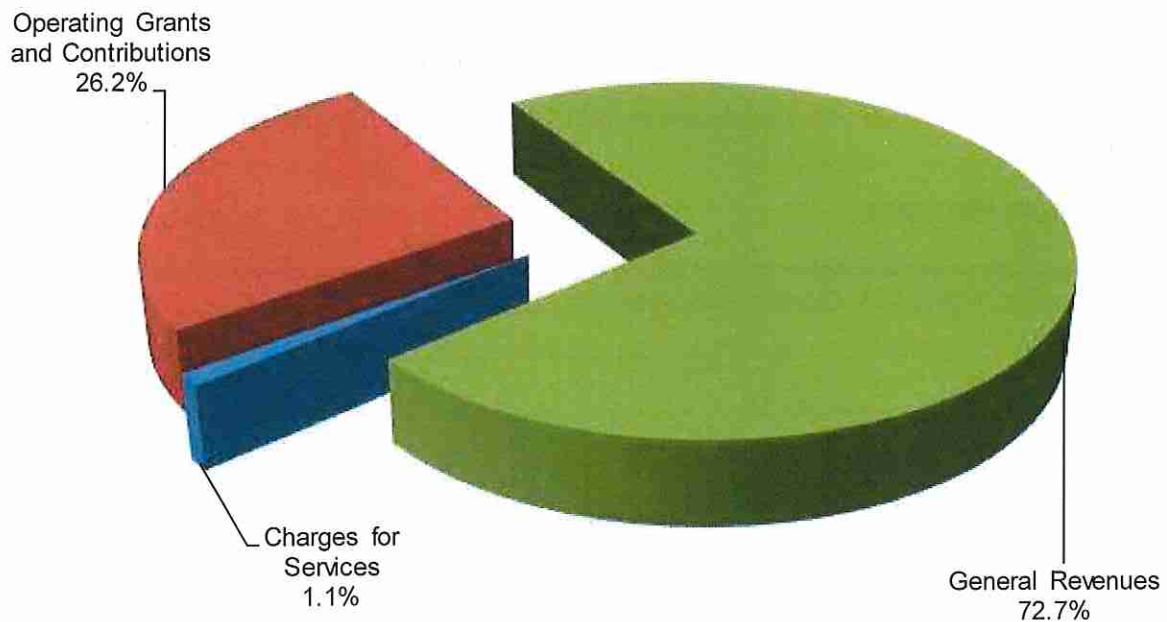
	December 31,		Increase (Decrease)
	2020	2019	
Revenues			
Program			
Charges for services	\$ 27,923	\$ 3,066	\$ 24,857
Operating grants and contributions	650,467	606,694	43,773
General			
Property taxes	1,793,454	1,790,440	3,014
Unrestricted investment earnings	11,038	26,120	(15,082)
Total Revenues	<u>2,482,882</u>	<u>2,426,320</u>	<u>56,562</u>
Expenses			
General government	657,863	636,093	21,770
Programs	1,919,092	1,133,194	785,898
Interest on long-term debt	(6,374)	6,746	(13,120)
Total Expenses	<u>2,570,581</u>	<u>1,776,033</u>	<u>794,548</u>
Change in Net Position	(87,699)	650,287	(737,986)
Net Position, January 1	<u>2,139,628</u>	<u>1,489,341</u>	<u>650,287</u>
Net Position, December 31	<u>\$ 2,051,929</u>	<u>\$ 2,139,628</u>	<u>\$ (87,699)</u>

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities



## Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,453,561, a decrease of \$515,237 in comparison with the prior year. Approximately 23.5 percent of this total amount, \$341,083, constitutes *unassigned* fund balance, which is available for spending at the District's discretion. The remainder of fund balance (\$1,112,478) is not available for new spending because it is either 1) restricted (\$462,448), or 2) committed (\$650,030), for the purposes described in the fund balance section of the balance sheet.

The General fund is the chief operating fund of the District. At the end of the current year, the fund balance of the General fund was \$341,083. As a measure of the General fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 176.9 percent of 2020 actual expenditures and 205.3 percent of 2021 budgeted fund expenditures. The General fund balance increased \$35,125 during the current fiscal year. The increase was due to staff efforts on administrative duties were less than anticipated in the budget, rather, those staff efforts were focused on program activities.

The fund balance of the Implementation fund at year end was \$650,030 which is a decrease of \$590,068 from the prior year. A significant portion of this decrease was an alum treatment in Spring Lake and Upper Prior Lake in 2020. Additionally, various budgeted projects from prior year were completed in 2020.

The JPA/MOA Operations fund balance at year end amounted to \$201,890, which is an increased of \$61,132 from the prior. This was due to the District transferring into the fund..

The JPA/MOA Emergency fund balance at year end was \$260,558, which increased \$558 from the prior year.

The fund balance of the Bond Debt Service fund decreased \$21,984 during the current year to close out the fund with the debt being paid off in 2020.

## General Fund Budgetary Highlights

The District's General fund budget was not amended during the year. Revenues were over budget by \$2,173 which can be attributed to interest on investments. Expenditures were under budget by \$32,952.

### Capital Asset and Debt Administration

**Capital Assets.** The District's investment in capital assets for its governmental activities as of December 31, 2020, amounts to \$883,770 (net of accumulated depreciation). This investment in capital assets includes land, easements, land improvements and equipment. The total increase in the District's investment in capital assets for the current fiscal year was 8.74 percent.

Additional information on the District's capital assets can be found in Note 3B on page 48 of this report.

#### Prior Lake-Spring Lake Watershed District's Capital Assets (Net of Depreciation)

	December 31,		Increase (Decrease)
	2020	2019	
Land	\$ 37,800	\$ 37,800	\$ -
Permanent Easements	578,120	578,120	-
Land Improvements	148,728	155,091	(6,363)
Equipment	119,122	41,725	77,397
Total	<u>\$ 883,770</u>	<u>\$ 812,736</u>	<u>\$ 71,034</u>

The increase is fully attributable to equipment purchases.

**Long-term Debt.** At the end of the current fiscal year, the District had no bonded debt outstanding.

#### Prior Lake-Spring Lake Watershed District's Outstanding Debt

	December 31,		Increase (Decrease)
	2020	2019	
Tax Supported Bonds	\$ -	\$ 356,992	\$ (356,992)
Compensated Absences Payable	21,568	17,316	4,252
Total	<u>\$ 21,568</u>	<u>\$ 374,308</u>	<u>\$ (352,740)</u>

The District's total debt and other liabilities decreased \$352,740 during the current fiscal year.

Additional information on the District's long-term debt can be found in Note 3D starting on page 49 of this report.

## **Economic Factors and Next Year's Budgets**

The District goes through a multi-stage process to develop its annual budget. This first step includes the Cooperators who are a part of the Memorandum of Agreement for the construction, use, operation, and maintenance of the Prior Lake Outlet Channel (PLOC) and Outlet Structure. After this part of the budget is complete, the Watershed District Board meets several times to consider current and projected projects, programs, staff adjustments, etc. to develop the rest of the budget. For the 2021 fiscal year, the District completed a project budgeting process in 2020 that included the outlet channel system and the broader Prior Lake-Spring Lake watershed.

**PLOC.** The District has completed its PLOC projects resulting from the 2014 flood and received requested reimbursement from FEMA in 2020. In 2021, the Cooperators will continue to address erosion issues along the PLOC that were not attributed to the 2014 flood.

**District Rules.** The District is working to update its rules. Through the rules update process, District rules implementation partners were engaged and a draft of the rules revision was prepared in 2020. The rules revision is planned to be complete in 2021.

**Water Resources Management Plan.** The District completed the update of the 2020 to 2030 Water Resources Management Plan in 2020. A key initiative of the Water Resources Management Plan is addressing flood reduction and water quality in the upper watershed. In 2021, new programs such as the Wetland Banking Program to create a self-sustaining way to increase upstream storage and creating a new AIS Rapid Response Plan will be initiated.

**Upper Watershed Blueprint.** In 2020, the District initiated the preparation of the Upper Watershed Blueprint Plan to investigate and develop recommended projects for the upper watershed. This study will be completed in early 2021. In 2021, the District will start conducting feasibility studies on two new projects identified in the Upper Watershed Blueprint which will be mostly funded by a state grant, and finalize an additional feasibility study currently in-progress also funded in-part by a state grant.

**Alum Treatments.** The District established a reserve fund to help pay for alum treatments in its lakes while reducing fluctuations in the annual levy. A third alum treatment on Spring Lake and a first one on Upper Prior Lake were performed in 2020. The District received a state grant for a large portion of the costs for the treatment on Upper Prior Lake. A second alum treatment is tentatively planned for Upper Prior Lake in 2022.

**Upstream Storage.** A Flood Study completed in 2016 recommended that the District store water in the upper watershed. The District Engineer prepared construction plan for the Sutton Lake Outlet Modification Project and the construction project was awarded to a contractor in late 2020, with construction expected to be complete in early 2021.

**Carp Management.** The District initiated an Accelerated Carp Management Strategy in 2019 to improve water quality in Spring Lake and Upper Prior Lake using District and grant funds. Much of this work included a larger financial investment in equipment that will continue to be used for carp management work. Work on the Accelerated Carp Management Strategy activities will continue in 2021, as well as finishing up the two current grants for carp management activities that will close at the end of 2021.

## **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to District Administrator, Prior Lake - Spring Lake Watershed District, 4646 Dakota Street SE, Prior Lake, MN 55372.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

PRIOR LAKE - SPRING LAKE  
WATERSHED DISTRICT  
PRIOR LAKE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

Prior Lake - Spring Lake Watershed District  
 Prior Lake, Minnesota  
 Statement of Net Position  
 December 31, 2020

	Governmental Activities
Assets	
Cash and temporary investments	\$ 1,931,117
Receivables	
Delinquent taxes	18,064
Accrued interest	4,225
Due from other governments	42,600
Capital assets	
Land and permanent easements	615,920
Depreciable assets, net of accumulated depreciation	267,850
Total Assets	<u>2,879,776</u>
Deferred Outflows of Resources	
Deferred pension resources	<u>50,788</u>
Liabilities	
Accounts payable	156,912
Accrued salaries payable	12,727
Permit collateral deposits payable	73,804
Deposits payable	19,231
Unearned revenue	261,707
Noncurrent liabilities	
Due within one year	
Long-term liabilities	21,568
Due in more than one year	
Net pension liability	311,764
Total Liabilities	<u>857,713</u>
Deferred Inflows of Resources	
Deferred pension resources	<u>20,922</u>
Net Position	
Investment in capital assets	883,770
Restricted	
Prior Lake outlet channel	462,448
Unrestricted	<u>705,711</u>
Total Net Position	<u>\$ 2,051,929</u>

The notes to the financial statements are an integral part of this statement.

Prior Lake - Spring Lake Watershed District  
Prior Lake, Minnesota  
Statement of Activities  
For The Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General government	\$ 657,863	\$ 27,923	\$ -	\$ -	\$ (629,940)
Programs	1,919,092	-	650,467	-	(1,268,625)
Interest on long-term debt	(6,374)	-	-	-	6,374
Total	<u>\$ 2,570,581</u>	<u>\$ 27,923</u>	<u>\$ 650,467</u>	<u>\$ -</u>	<u>(1,892,191)</u>
General Revenues					
Property taxes					1,793,454
Unrestricted investment earnings					11,038
Total General Revenues					<u>1,804,492</u>
Change in Net Position					(87,699)
Net Position, January 1					<u>2,139,628</u>
Net Position, December 31					<u>\$ 2,051,929</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

PRIOR LAKE - SPRING LAKE  
WATERSHED DISTRICT  
PRIOR LAKE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

## Prior Lake - Spring Lake Watershed District

Prior Lake, Minnesota

Balance Sheet

Governmental Funds

December 31, 2020

	<b>405</b>	<b>509</b>	<b>830</b>
	General	Implementation	JPA/MOA
	Fund	Fund	Operations
			Fund
<b>Assets</b>			
Cash and temporary investments	\$ 524,392	\$ 704,831	\$ 441,336
Receivables			
Delinquent taxes	4,128	13,936	-
Accrued interest	4,225	-	-
Due from other governments	6,085	36,515	-
<b>Total Assets</b>	<b>\$ 538,830</b>	<b>\$ 755,282</b>	<b>\$ 441,336</b>
<b>Liabilities</b>			
Accounts payable	\$ 107,088	\$ 49,824	\$ -
Accrued salaries payable	12,727	-	-
Permit collateral deposits payable	73,804	-	-
Deposits payable	-	19,231	-
Unearned revenue	-	22,261	239,446
<b>Total Liabilities</b>	<b>193,619</b>	<b>91,316</b>	<b>239,446</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	4,128	13,936	-
<b>Fund Balances</b>			
Restricted for			
Prior Lake outlet channel	-	-	201,890
Committed for			
Water resources management plan	-	650,030	-
Unassigned	341,083	-	-
<b>Total Fund Balances</b>	<b>341,083</b>	<b>650,030</b>	<b>201,890</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 538,830</b>	<b>\$ 755,282</b>	<b>\$ 441,336</b>

The notes to the financial statements are an integral part of this statement.

850 JPA/MOA Emergency Fund	920 Bond Debt Service Fund	Total Governmental Funds
\$ 260,558	\$ -	\$ 1,931,117
-	-	18,064
-	-	4,225
-	-	42,600
<u>\$ 260,558</u>	<u>\$ -</u>	<u>\$ 1,996,006</u>
\$ -	\$ -	\$ 156,912
-	-	12,727
-	-	73,804
-	-	19,231
-	-	261,707
<u>-</u>	<u>-</u>	<u>524,381</u>
-	-	18,064
260,558	-	462,448
-	-	650,030
-	-	341,083
<u>260,558</u>	<u>-</u>	<u>1,453,561</u>
<u>\$ 260,558</u>	<u>\$ -</u>	<u>\$ 1,996,006</u>

The notes to the financial statements are an integral part of this statement.

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Prior Lake - Spring Lake Watershed District  
 Reconciliation of the Balance Sheet  
 to the Statement of Net Position  
 Governmental Funds  
 December 31, 2020

Amounts reported for the governmental activities in the statement of net position are different because

Total Fund Balances - Governmental	\$ 1,453,561
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	1,998,958
Less accumulated depreciation	(1,115,188)
Noncurrent liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Compensated absences payable	(21,568)
Net pension liability	(311,764)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore, are unavailable in the funds.	
Delinquent taxes receivable	18,064
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflow of resources	50,788
Deferred inflow of resources	(20,922)
Total Net Position - Governmental Activities	<u>\$ 2,051,929</u>

**Prior Lake - Spring Lake Watershed District**  
 Prior Lake, Minnesota  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For The Year Ended December 31, 2020

	<b>405</b>	<b>509</b>	<b>830</b>
	General Fund	Implementation Fund	JPA/MOA Operations Fund
Revenues			
Property taxes	\$ 225,946	\$ 1,388,782	\$ -
Intergovernmental			
Reimbursements/grants	-	549,596	100,871
Interest on investments	1,714	6,954	789
Permit and inspection fees	252	705	-
Miscellaneous	-	26,966	-
Total Revenues	<u>227,912</u>	<u>1,973,003</u>	<u>101,660</u>
Expenditures			
Current			
General government	192,787	403,061	58,669
Program costs	-	1,917,147	72,979
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	<u>192,787</u>	<u>2,320,208</u>	<u>131,648</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>35,125</u>	<u>(347,205)</u>	<u>(29,988)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	91,120
Transfers out	-	(242,863)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(242,863)</u>	<u>91,120</u>
Net Change in Fund Balances	35,125	(590,068)	61,132
Fund Balances, January 1	<u>305,958</u>	<u>1,240,098</u>	<u>140,758</u>
Fund Balances, December 31	<u>\$ 341,083</u>	<u>\$ 650,030</u>	<u>\$ 201,890</u>

The notes to the financial statements are an integral part of this statement.

<b>850</b> JPA/MOA Emergency Fund	<b>920</b> Bond Debt Service Fund	Total Governmental Funds
\$ -	\$ 176,167	\$ 1,790,895
-	-	650,467
1,458	123	11,038
-	-	957
-	-	26,966
<u>1,458</u>	<u>176,290</u>	<u>2,480,323</u>
-	-	654,517
-	-	1,990,126
-	350,000	350,000
-	917	917
<u>-</u>	<u>350,917</u>	<u>2,995,560</u>
<u>1,458</u>	<u>(174,627)</u>	<u>(515,237)</u>
-	152,643	243,763
<u>(900)</u>	<u>-</u>	<u>(243,763)</u>
<u>(900)</u>	<u>152,643</u>	<u>-</u>
558	(21,984)	(515,237)
<u>260,000</u>	<u>21,984</u>	<u>1,968,798</u>
<u>\$ 260,558</u>	<u>\$ -</u>	<u>\$ 1,453,561</u>

The notes to the financial statements are an integral part of this statement.

Prior Lake - Spring Lake Watershed District  
 Prior Lake, Minnesota  
 Reconciliation of the Statement of  
 Revenues, Expenditures and Changes in Fund Balances  
 to the Statement of Activities  
 Governmental Funds  
 For The Year Ended December 31, 2020

Amounts reported for governmental activities in the statement of activities are different because

Total Net Change in Fund Balances - Governmental Funds	\$ (515,237)
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Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	85,707
Depreciation expense	(14,673)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.

Principal repayments	350,000
Amortization of bond premium	6,992

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.

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Long-term pension activity is not reported in governmental funds.

Pension expense	63
Pension other revenue	843

Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.

Property taxes	2,559
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(4,252)
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Change in Net Position - Governmental Activities

\$ (87,699)

**Prior Lake - Spring Lake Watershed District**  
 Prior Lake, Minnesota  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**General Fund**  
**For The Year Ended December 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Property taxes	\$ 225,739	\$ 225,739	\$ 225,946	\$ 207
Interest on investments	-	-	1,714	1,714
Permit and inspection fees	-	-	252	252
Total Revenues	<u>225,739</u>	<u>225,739</u>	<u>227,912</u>	<u>2,173</u>
Expenditures				
Current				
General government	<u>225,739</u>	<u>225,739</u>	<u>192,787</u>	<u>32,952</u>
Net Change in Fund Balances	-	-	35,125	35,125
Fund Balances, January 1	<u>305,958</u>	<u>305,958</u>	<u>305,958</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 305,958</u>	<u>\$ 305,958</u>	<u>\$ 341,083</u>	<u>\$ 35,125</u>

The notes to the financial statements are an integral part of this statement.

**Prior Lake - Spring Lake Watershed District**  
 Prior Lake, Minnesota  
 Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 Implementation Fund  
 For The Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Property taxes	\$ 1,391,718	\$ 1,391,718	\$ 1,388,782	\$ (2,936)
Intergovernmental				
Reimbursements/grants	744,500	744,500	549,596	(194,904)
Interest on investments	-	-	6,954	6,954
Permit and inspection fees	-	-	705	705
Miscellaneous	-	-	26,966	26,966
Total Revenues	<u>2,136,218</u>	<u>2,136,218</u>	<u>1,973,003</u>	<u>(163,215)</u>
Expenditures				
Current				
General government	340,202	340,202	403,061	(62,859)
Program costs	1,705,796	2,449,018	1,917,147	531,871
Total Expenditures	<u>2,045,998</u>	<u>2,789,220</u>	<u>2,320,208</u>	<u>469,012</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	90,220	(653,002)	(347,205)	305,797
Other Financing Uses				
Transfers out	<u>(90,220)</u>	<u>(90,220)</u>	<u>(242,863)</u>	<u>(152,643)</u>
Net Change in Fund Balances	-	(743,222)	(590,068)	153,154
Fund Balances, January 1	<u>1,240,098</u>	<u>1,240,098</u>	<u>1,240,098</u>	-
Fund Balances, December 31	<u>\$ 1,240,098</u>	<u>\$ 496,876</u>	<u>\$ 650,030</u>	<u>\$ 153,154</u>

The notes to the financial statements are an integral part of this statement.

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

## Note 1: Summary of Significant Accounting Policies

### A. Reporting Entity

The Prior Lake - Spring Lake Watershed District (the District), Prior Lake, Minnesota, was organized pursuant to a properly filed petition, on March 4, 1970 with the Board of Water and Soil Resources.

The Mission of the District is to manage and preserve water resources of the District to the best of its ability using input from the community, sound engineering practices, and its ability to efficiently fund beneficial projects which transcend political jurisdictions.

The District is governed by a Board of Managers which consists of five members. The Board of Managers exercises legislative authority and determines all matters of policy. The Board of Managers appoints personnel responsible for the proper administration of all affairs relating to the District's activities.

The District has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The District has no component units that meet the GASB criteria.

### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

### C. Measurement Focus, Basis of Accounting and Basis of 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. Grants and similar items are recognized as revenue as soon as all 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 District 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. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 1: Summary of Significant Accounting Policies (Continued)**

Charges for service, assessments to members, grants and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the organization.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlement and donations. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The District reports the following major governmental funds:

The *General fund* is the District's primary operating fund. It accounts for all financial resources not accounted for in a different fund of the District.

The *Implementation fund* was established pursuant to Minnesota statutes for funding related to the development and implementation of the District's watershed management plan. By law, this plan must contain a capital improvement plan which allows watershed districts to implement projects without petition. The District may impose an ad valorem levy over the entire watershed or subwatershed to fund these projects or allow funds to accumulate to finance these capital improvement projects. The property tax levy is committed to execute the water resources management plan as filed with the Board of Water and Soil Resources.

The *JPA/MOA Operations fund* was established to account for activity necessary to monitor the status of the Outlet Channel and ensure the stability and continued performance of the Outlet Channel associated with the cost sharing agreement.

The *JPA/MOA Emergency fund* was established to account for any major unexpected and necessary expenditures relating to the JPA/MOA agreement.

The *Bond Debt Service fund* was established to account for debt associated with restoring and improving the Prior Lake Outlet and Channel.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

## Note 1: Summary of Significant Accounting Policies (Continued)

### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

#### *Deposits and Investments*

The District's cash and temporary investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The District may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase 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, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's recurring fair value measurements are valued using a matrix pricing model (Level 2 inputs). The District's has negotiable certificates of deposits of \$375,533, valued using a matrix pricing model (Level 2 inputs)

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

## **Note 1: Summary of Significant Accounting Policies (Continued)**

### ***Property Tax Revenue Recognition***

The Board of Managers annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the District, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the District at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the District on or before July 7 and December 2 of the same year. The District has no ability to enforce payments of property taxes by property owners. The County possesses this authority.

*Government-wide Financial Statements.* The District recognizes property tax revenue in the period for which taxes were levied.

*Governmental Fund Financial Statements.* The District recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the District in July, December, and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the District the following January) and taxes and credits not received at year end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the District in January is fully offset by unavailable revenue because they are not available to finance current expenditures.

### ***Interfund Receivable and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

### ***Accounts Receivable***

Accounts receivable include amounts billed for services provided before year end.

### ***Capital Assets***

Capital assets, which include land, land improvements, easements and equipment are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

GASB Statement No. 34 required the District to report and depreciate new infrastructure assets effective with the beginning of the 2004 calendar year. Infrastructure assets include lake improvements, dams and drainage systems. Neither their historical cost nor related depreciation had historically been reported in the financial statements. For governmental entities with total annual revenues of less than \$10 million for the fiscal year ended December 31, 1999 the retroactive reporting of infrastructure is not required under the provisions of GASB Statement No. 34. The District implemented the general provisions of GASB Statement No. 34 in the 2004 calendar year and has elected not to report infrastructure assets acquired in years prior to 2004.

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

## Note 1: Summary of Significant Accounting Policies (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Land Improvements	50
Equipment	5 - 10

### **Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statement of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

### **Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate governmental net pension liability.

The total pension expense for the GERP is \$28,603

### **Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused paid time off. All paid time off that is vested as severance pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with the provisions of Statement of Government Accounting Standard No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive paid time off. The General fund is typically used to liquidate governmental compensated absences payable.

### **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The recognition of bond premiums and discounts as are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Deferred Inflows of Resources***

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The District has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statement of net position and results from actuarial calculations.

***Fund Balance***

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

*Nonspendable* - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

*Restricted* - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the District Board of Managers, which is the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board of Managers modifies or rescinds the commitment by resolution.

*Assigned* - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board of Managers itself or by an official to which the governing body delegates the authority. The Board of Managers has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the District Administrator.

*Unassigned* - The residual classification for the General fund and also negative residual amounts in other funds. The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District has formally adopted a fund balance policy for the General fund.

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 1: Summary of Significant Accounting Policies (Continued)*****Net Position***

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. Net position is displayed in three components:

- a. Investment in capital assets - Consists of capital assets, net of accumulated depreciation
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position- All other net position balances that do not meet the definition of "restricted" or "investment in capital assets".

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

**Note 2: Stewardship, Compliance and Accountability****Budgetary Information**

The Board of Managers adopts an annual budget for the General and Implementation funds of the District on an annual basis. During the budget year, supplemental appropriations and deletions are or may be authorized by the Board of Managers. There were amendments to the budget during 2020. The modified accrual basis of accounting is used by the District for budgeting data. All appropriations end with the fiscal year for which they were made.

The District monitors budget performance on the fund basis. All amounts over budget have been approved by the Board of Managers through the disbursement process.

The District does not use encumbrance accounting.

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

### **Note 3: Detailed Notes on Accounts**

#### **A. Deposits and Investments**

##### ***Deposits***

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the District's deposits and investments may not be returned or the District will not be able to recover collateral securities in the possession of an outside party.

In accordance with Minnesota statutes and as authorized by the Board of Managers, the District maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all District deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a 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 selection should be approved by the District.

At year end, the District's carrying amount of deposits was \$1,554,550 and the bank balance was \$1,566,773. The balance was covered by \$250,000 of FDIC coverage and the remaining balance was covered by collateral held in the District's name.

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

### Note 3: Detailed Notes on Accounts (Continued)

#### Investments

At year end, the District's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments (at Amortized Cost)					
Brokered Money Market Funds	N/A	less than 1 year	\$ 1,034		
Non-pooled Investments					
Negotiable certificates of deposit	N/A	less than 1 year	375,533	\$ -	\$ 375,533
Total			<u>\$ 376,567</u>	<u>\$ -</u>	<u>\$ 375,533</u>

(1) Ratings are provided by Moody's where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

A reconciliation of cash and investments as shown in the financial statements of the District follows:

Carrying Amount of Deposits	\$ 1,554,550
Investments	<u>376,567</u>
Total Cash and Temporary Investments	<u>\$ 1,931,117</u>

The investments of the District are subject to the following risks:

- **Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the District's investment policy limit the District's investments to the list on page 41 of the notes. The District's investment policy specifically limits investments to the following:
  - Bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued by the United States of America and its agencies
  - Interest bearing checking and savings accounts, or any other investments constituting direct obligations of any FDIC financial institution
  - Certificates of deposit with federally insured institutions that are collateralized or insured in excess of the \$250,000 provided by the Federal Deposit Insurance Corporation coverage limit
  - Money market accounts that are 100 percent invested in above referenced government securities
  - Commercial paper issued by corporations organized in the United States with assets exceeding \$500,000,000, of highest quality category by at least two of the three standard rating agencies, maturing in 270 days. The total investment in any one corporation cannot exceed 10 percent of that corporation's outstanding obligations and cannot be more than \$500,000

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 3: Detailed Notes on Accounts (Continued)**

- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy states that collateral must be placed in safekeeping at or before the time the investments are purchased if the investment is not fully covered by FDIC insurance.
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. According to the District's investment policy, it is the policy of the District to diversify its investment portfolio. Investment shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer, or class of securities. Diversification strategies shall be determined and revised periodically by the District.
- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the District's investment policy, no investment maturity shall extend beyond five years to reduce this risk.

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, not being Depreciated				
Land	\$ 37,800	\$ -	\$ -	\$ 37,800
Permanent easements	578,120	-	-	578,120
Total Capital Assets, not being Depreciated	615,920	-	-	615,920
Capital Assets, being Depreciated				
Land improvements	1,250,578	-	-	1,250,578
Equipment	46,753	85,707	-	132,460
Total Capital Assets being Depreciated	1,297,331	85,707	-	1,383,038
Less Accumulated Depreciation for				
Land improvements	(1,095,487)	(6,363)	-	(1,101,850)
Equipment	(5,028)	(8,310)	-	(13,338)
Total Accumulated Depreciation	(1,100,515)	(14,673)	-	(1,115,188)
Total Capital Assets being Depreciated, Net	196,816	71,034	-	267,850
Governmental Activities Capital Assets, Net	\$ 812,736	\$ 71,034	\$ -	\$ 883,770

The full depreciation expense amount was charged to programs.

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

### Note 3: Detailed Notes on Accounts (Continued)

#### C. Transfers

The following interfund transfers were made during 2020:

- The Implementation fund transferred \$90,220 to the JPA/MOA Operations fund. This interfund transfer represents the District's cost-share allocation for the funds established pursuant to the Memorandum of Agreement for construction, use, operation and maintenance of the Prior Lake Outlet Channel and Outlet Structure. The JPA/MOA Emergency fund transferred \$900 to the JPA/MOA Operations fund. The Implementation fund transferred \$152,643 to the Debt Service fund to pay off the debt ahead of schedule and close the fund.

#### D. Long-term Liabilities

##### Changes in Long-term Liabilities

During the year ended December 31, 2020, the following changes occurred in long-term liabilities.

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<b>Governmental Activities</b>					
G.O. crossover refunding bonds, series 2012A	\$ 350,000	\$ -	\$ (350,000)	\$ -	\$ -
Premium on bonds	6,992	-	(6,992)	-	-
Total Bonds	356,992	-	(356,992)	-	-
Compensated absences payable	17,316	38,645	(34,393)	21,568	21,568
Total Governmental Activities	<u>\$ 374,308</u>	<u>\$ 38,645</u>	<u>\$ (391,385)</u>	<u>\$ 333,332</u>	<u>\$ 21,568</u>

### Note 4: Defined Benefit Pension Plans - Statewide

#### A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota statutes*, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

##### General Employees Retirement Plan

All full-time and certain part-time employees of the District are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**B. Benefits Provided**

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**C. Contributions**

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Plan members were required to contribute 6.50 percent of their annual covered salary and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the years ending December 31, 2020, 2019 and 2018 were \$28,460 , \$27,359 and \$24,178 , respectively. The District's contributions were equal to the contractually required contributions for each year as set by state statute.

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

## Note 4: Defined Benefit Pension Plans - Statewide (Continued)

### D. Pension Costs

#### General Employees Fund Pension Costs

At December 31, 2020, the District reported a liability of \$311,764 for its proportionate share of the General Employees Fund's net pension liability. The district's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the district totaled \$9,685. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0052 percent which was a decrease of (0.0001) percent from its proportion measured as of June 30, 2020.

District's Proportionate Share of the Net Pension Liability	\$ 311,764
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the District	<u>9,685</u>
Total	<u><u>\$ 321,449</u></u>

For the year ended December 31, 2020, the District recognized pension expense of \$27,760 for its proportionate share of the General Employees Fund's pension expense. In addition, the District recognized an additional \$843 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2020, the District reported its proportionate share of the General Employees Fund's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 3,178	\$ 3,732
Changes in Actuarial Assumptions	1,060	12,537
Net Difference between Projected and Actual Earnings on Plan Investments	10,467	-
Changes in Proportion	21,889	4,653
Contributions to PERA Subsequent to the Measurement Date	<u>14,194</u>	<u>-</u>
Total	<u><u>\$ 50,788</u></u>	<u><u>\$ 20,922</u></u>

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

The \$14,194 reported as deferred outflows of resources related to pensions resulting from the District's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (5,143)
2022	8,897
2023	4,385
2024	7,533

Total Pension Expense

The total pension expense for all plans recognized by the District for the year ended December 31, 2020, was \$28,603.

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disability rates were based on RP-2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for General Employees Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020. The recommended assumptions for that plan were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

#### **Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

The following changes in actuarial assumptions occurred in 2020:

##### General Employees Fund

##### Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

##### Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

#### Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	35.50 %	5.10 %
International Stocks	17.50	5.30
Bonds (Fixed Income)	20.00	0.75
Alternative Assets (Private Markets)	25.00	5.90
Cash	2.00	-
Total	<u>100.00 %</u>	

#### F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of General Employees Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	District Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund	\$ 499,649	\$ 311,764	\$ 156,773

#### H. Pension Plan Fiduciary Net Position

Detailed information about each defined benefit pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Notes to the Financial Statements  
December 31, 2020

## **Note 5: Other Information**

### **A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries insurance. The District pays annual premiums for its workers compensation and property and casualty insurance. There have been no claims in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The District's management is not aware of any incurred but not reported claims.

### **B. Permit Collateral Deposits Payable**

The District issues permits to applicants who wish to make changes to land that may affect the water drainage or alter the lake shore within the boundaries of the District. The District requires collateral to be deposited to ensure the projects are completed in accordance with the permit application. As of December 31, 2020, the District was holding \$69,404 of collateral deposits.

### **C. Cost Sharing Agreement**

On October 17, 2007, the District entered into a Joint Powers Agreement with the City of Prior Lake and the City of Shakopee. At the same time, the District also entered into a Memorandum of Agreement with the City of Prior Lake, the City of Shakopee, and the Shakopee Mdewakanton Sioux Community. The purpose of both agreements is to share costs for construction, use, and operation of the Prior Lake outlet channel. The Memorandum of Agreement for the Use, Operation, and Maintenance of the Prior Lake Outlet Channel and Structure Between the Prior Lake-Spring Lake Watershed District, the City of Prior Lake, the City of Shakopee, and the Shakopee Mdewakanton Sioux Community was subsequently updated and approved, with an effective date of May 2, 2019.

For the year ended December 31, 2020, the District recognized cost reimbursement revenue of \$5,659 and has unearned revenue of \$239,446.

## **Note 6: Subsequent Events**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the District cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the District's financial condition, liquidity, and future results of its revenue collections is uncertain.

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REQUIRED SUPPLEMENTARY INFORMATION

PRIOR LAKE - SPRING LAKE  
WATERSHED DISTRICT  
PRIOR LAKE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Required Supplementary Information  
December 31, 2020

**Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund**

Fiscal Year Ending	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.0052 %	\$ 311,764	\$ 9,685	\$ 321,449	\$ 373,317	83.5 %	79.0 %
06/30/19	0.0053	293,025	9,166	302,191	361,167	83.7	80.2
06/30/18	0.0047	260,737	8,633	269,370	310,893	86.6	79.5
06/30/17	0.0045	287,277	3,645	290,922	286,665	101.5	75.9
06/30/16	0.0043	349,139	-	353,640	273,072	127.9	68.9
06/30/15	0.0036	186,571	-	186,571	211,692	88.1	78.2

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

**Schedule of Employer's PERA Contributions - General Employees Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2020	\$ 28,460	\$ 28,460	\$ -	\$ 379,468	7.5 %
12/31/2019	27,359	27,359	-	364,783	7.5
12/31/2018	24,178	24,178	-	322,367	7.5
12/31/2017	22,312	22,312	-	297,493	7.5
12/31/2016	20,643	20,643	-	275,235	7.5
12/31/2015	18,844	18,844	-	251,252	7.5

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Required Supplementary Information (Continued)  
December 31, 2020

**Notes to the Required Supplementary Information - General Employees Fund**

Changes in Actuarial Assumptions

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older.

The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Prior Lake-Spring Lake Watershed District  
Prior Lake, Minnesota  
Required Supplementary Information (Continued)  
December 31, 2020

**Notes to the Required Supplementary Information - General Employees Fund (Continued)**

Changes in Plan Provisions

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

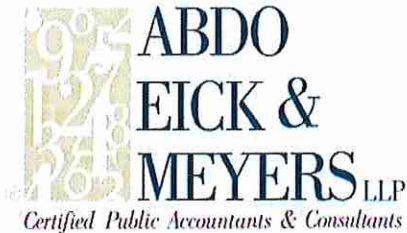
2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

OTHER REQUIRED REPORT

PRIOR LAKE - SPRING LAKE  
WATERSHED DISTRICT  
PRIOR LAKE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

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## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Managers  
Prior Lake - Spring Lake Watershed District  
Prior Lake, 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 each major fund of the Prior Lake - Spring Lake Watershed District (the District), Prior Lake, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 25, 2021.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and management of the District and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

*Abdo Eick & Meyers, LLP*

ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
May 25, 2021

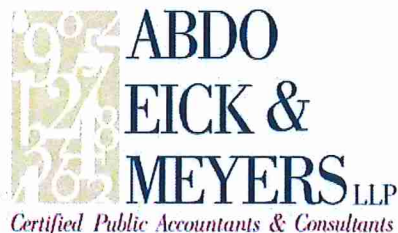


# Management Communication

## Prior Lake-Spring Lake Watershed District

Prior Lake, Minnesota

For the Year Ended  
December 31, 2020



May 25, 2021

Board of Managers  
Prior Lake - Spring Lake Watershed District  
Prior Lake, Minnesota

We have audited the financial statements of the governmental activities and each major fund of the Prior Lake-Spring Lake Watershed District (the District), Prior Lake, Minnesota, for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 20, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### **Our Responsibility under Auditing Standards Generally Accepted in the United States of America**

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

### **Significant Audit Findings**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

## Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year ended December 31, 2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of depreciation is based on estimated useful lives of the capital assets. Depreciation is calculated using the straight-line method.
- Management's estimate of its pension liability is based on several factors including, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases and form of annuity payment upon retirement.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

## Difficulties Encountered in Performing the Audit

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

## Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit or the financial statements taken as a whole.

## Disagreements with Management

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

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated May 25, 2021.

**Management Consultations with Other Independent Accountants**

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

**Other Audit Findings or Issues**

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

**Other Matters**

We applied certain limited procedures to the required supplementary information (RSI) (Management's Discussion and Analysis, the Schedule of Employer's Share of the Net Pension Liability and the Schedule of Employer's Contributions), which is information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the introductory section, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

\* \* \* \* \*

**Restriction on Use**

This communication is intended solely for the information and use of the Board, management and the Minnesota Office of the State Auditor and is not intended and should not be used by anyone other than those specified parties.

Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data. The comments and recommendations in the report are purely constructive in nature, and should be read in this context.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the continued opportunity to be of service and for the courtesy and cooperation extended to us by your staff.

*Abdo Eick & Meyers, LLP*

ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
May 25, 2021

**PLSLWD Board Staff Report**  
June 2, 2021



**Subject |** 2020 Water Quality Report Cards: Spring Lake and Upper Prior Lake

**Board Meeting Date |** June 8, 2021

**Item No: 4.3**

**Prepared By |** Joni Giese, District Administrator

**Attachment |** Spring Lake: Water Quality Report Card (2011 – 2020)  
Upper Prior Lake: Water Quality Report Card (2011 – 2020)

**Action |** No motion required. Discussion only.

### **Background**

In 2020, Spring Lake and Upper Prior Lake received alum treatments, along with accelerated carp management activities. In order to analyze and communicate the benefits received from these water quality enhancement activities, the water quality report cards for these two lakes were updated.

### **Discussion**

Spring Lake shows improved grades for all three water quality indicators (phosphorus, chlorophyll-a, and water clarity). Upper Prior Lake shows an improved grade for phosphorus. While the grades for chlorophyll-a and water clarity did not change, the data is showing an improving trend. The updated water quality report cards will be posted to the District's website.

# SPRING LAKE: Water Quality Report Card

PLSLWD 6-8-21 Board Meeting Materials



## Quick Facts


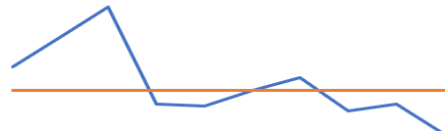







**Surface Area:** 587 acres  
**Watershed Area:** 12,430 acres

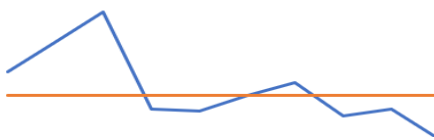
**Average Depth:** 18 feet  
**Maximum Depth:** 34 feet

Spring Lake is located in the middle of the Prior Lake-Spring Lake Watershed District and receives most of its water from the upper watershed. The main tributaries are County Ditch 13 and the Buck Lake channel. The outlet of Spring Lake flows directly into Upper Prior Lake. It is the second largest lake in the District and a popular lake for boating and fishing.

## Water Quality

Spring Lake has had a reputation for poor water quality in the past. However, since 2013, three Alum Treatments have been applied which have significantly improved water quality and decreased algae blooms. The third alum treatment was applied in 2020 and has improved the results even more. Because Spring Lake flows directly into Upper Prior Lake, water quality in Upper Prior should also improve. In addition to the alum treatments, the District is focusing efforts on carp removal, flood storage, and projects that reduce nutrients and sediment in the tributaries that flow into Spring Lake.

Water Quality Indicator	Risk to Water Quality	Grade (2018-2020)	History (2011-2020)	Trend
 <b>PHOSPHORUS</b>	Phosphorus is needed by plants and animals to survive, but can cause algae blooms if there is too much phosphorus available. In some cases, algae can produce a toxin which could cause illness or death in animals if ingested. Some sources of high phosphorus are fertilizer, human and animal waste, and soil erosion.	<b>A</b>		 <i>Improving</i>
 <b>CHL-A</b>	Chlorophyll-a is a measurement of the amount of algae in a lake. Some algae can produce dangerous toxins and when algae dies and decomposes it consumes oxygen that would otherwise be used by fish and beneficial organisms. High algal concentrations threaten aquatic life and can impede recreation and enjoyment of the lake.	<b>D</b>		 <i>Improving</i>
 <b>CLARITY</b>	Water clarity is affected by the abundance of algae or sediment in the water column. It is dependent on many factors including nutrients, temperature, wind, rain, and boat traffic. Low clarity means less sunlight to power photosynthesis in aquatic plants. These plants are beneficial for wildlife and stabilize the lake bed. Low clarity can also negatively impact a lake user's enjoyment and harm aquatic life.	<b>C</b>		 <i>No Trend</i>

Grading Scale					Graph Explanation	
Excellent	Good	Average	Marginal	Poor	 <p>The blue line shows the annual change in water quality from 2011-2020. The lower the line, the healthier the lake.</p> <p>The District's goal is for the blue line to be below the orange line, which is the water quality standard and the point at which the waterbody is not considered polluted.</p>	
<b>A</b> All or most samples meet the desired threshold.	<b>B</b> Many samples meet or are near the desired threshold.	<b>C</b> Some samples meet or are near desired threshold.	<b>D</b> Many samples do not meet the desired threshold.	<b>F</b> Most samples do not meet the desired threshold.		

# SPRING LAKE: Water Quality Report Card

Prior Lake-Spring Lake Watershed District Board Meeting Materials

## What contributes to good water quality?

### *Carp Management*

The Prior Lake-Spring Lake Watershed District has been working hard to remove the invasive carp in Spring Lake in order to improve water quality. As carp populations go down, the lake plants will begin to thrive again.



### *Alum Treatments*

Aluminum Sulfate (alum) treatments reduce phosphorus levels in the lake. Phosphorus commonly drives algae growth and is overly abundant in Spring Lake.

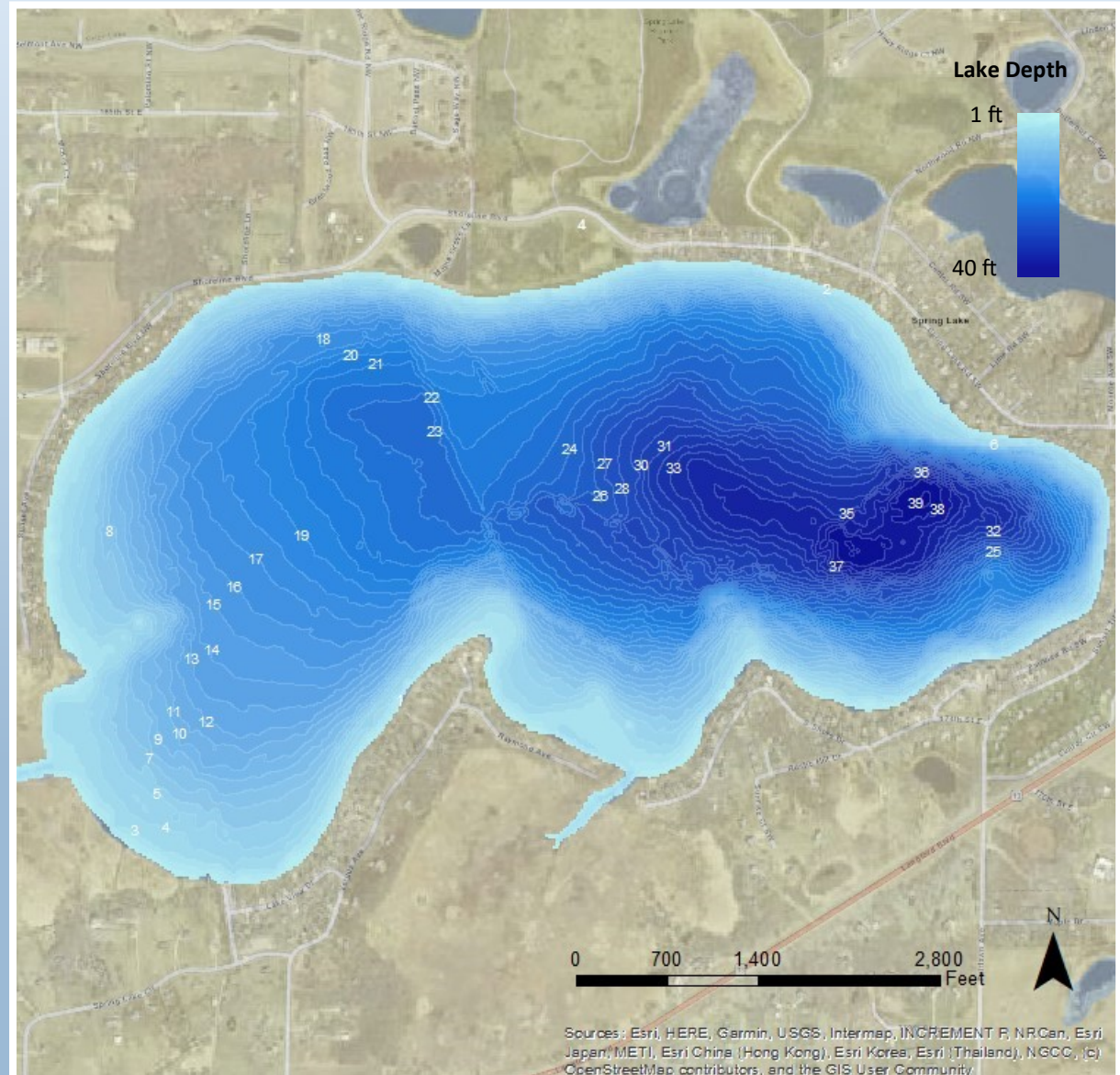


### *Other Water Quality Projects*

The Farmer Lead Council was established to develop and guide agricultural strategies to help reduce nutrient loading to our lakes from agricultural sources in the watershed.



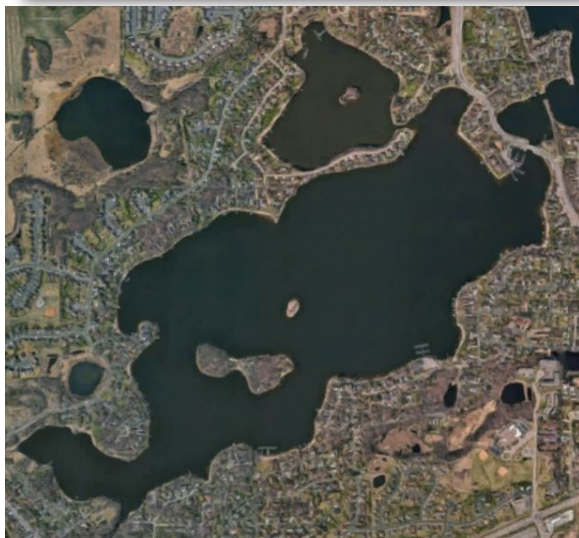
## Spring Lake Bathymetry Map



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

# UPPER PRIOR LAKE: Water Quality Report Card

PLSEWD 6-8-21 Board Meeting Materials



## Quick Facts

**Surface Area:** 386 acres

**Watershed Area:** 16,038 acres


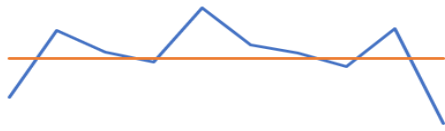


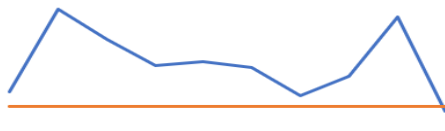


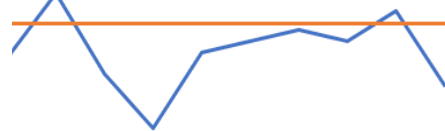

**Average Depth:** 10 feet

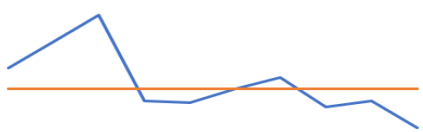
**Maximum Depth:** 43 feet

Upper Prior Lake is located between Spring and Lower Prior Lake. The Spring Lake Outlet is the largest source of water inflow to Upper Prior lake, however it also receives water from Arctic Lake and Cates Creek. Upper Prior Lake flows directly into Lower Prior Lake which eventually flows to the Minnesota River. Upper Prior Lake has a unique feature, a heron and egret rookery, on the island in the northern bay,

## Water Quality

Upper Prior Lake's water quality has historically been fair. Water clarity is usually good enough to meet the state standard, phosphorus wavers above and below the standard, however Chlorophyll-a has not met the standard once in the past decade. An alum treatment was completed on Upper Prior Lake in spring of 2020 which has significantly improved phosphorus and water clarity. In addition to the alum treatment, the District is improving water quality by focusing on projects like carp removal, flood storage, and projects that reduce nutrients and sediment entering the lake.

Water Quality Indicator	Risk to Water Quality	Grade (2018-2020)	History (2011-2020)	Trend
 <b>PHOSPHORUS</b>	Phosphorus is needed by plants and animals to survive, but can cause algae blooms if there is too much phosphorus available. In some cases, algae can produce a toxin which could cause illness or death in animals if ingested. Some sources of high phosphorus are fertilizer, human and animal waste, and soil erosion.	<b>B</b>		 <i>No Trend</i>
 <b>CHL-A</b>	Chlorophyll-a is a measurement of the amount of algae in a lake. Some algae can produce dangerous toxins and when algae dies and decomposes it consumes oxygen that would otherwise be used by fish and beneficial organisms. High algal concentrations threaten aquatic life and can impede recreation and enjoyment of the lake.	<b>D</b>		 <i>Improving</i>
 <b>CLARITY</b>	Water clarity is affected by the abundance of algae or sediment in the water column. It is dependent on many factors including nutrients, temperature, wind, rain, and boat traffic. Low clarity means less sunlight to power photosynthesis in aquatic plants. These plants are beneficial for wildlife and stabilize the lake bed. Low clarity can also negatively impact a lake user's enjoyment and harm aquatic life.	<b>B</b>		 <i>Improving</i>

Grading Scale					Graph Explanation	
Excellent	Good	Average	Marginal	Poor		<p>The blue line shows the annual change in water quality from 2011-2020. The lower the line, the healthier the lake.</p> <p>The District's goal is for the blue line to be below the orange line, which is the water quality standard and the point at which the waterbody is not considered polluted.</p>
<b>A</b> All or most samples meet the desired threshold.	<b>B</b> Many samples meet or are near the desired threshold.	<b>C</b> Some samples meet or are near desired threshold.	<b>D</b> Many samples do not meet the desired threshold.	<b>F</b> Most samples do not meet the desired threshold.		

# UPPER PRIOR LAKE: Water Quality Report Card

Prior Lake-Spring Lake Watershed District Board Meeting Materials

## What contributes to good water quality?

### *Carp Management*

The Prior Lake-Spring Lake Watershed District has been working hard to remove the invasive carp in Prior Lake in order to improve water quality. As carp populations go down, the lake plants will begin to thrive again.



### *Alum Treatments*

Aluminum Sulfate (alum) treatments reduce phosphorus levels in the lake. Phosphorus commonly drives algae growth and is overly abundant in Upper Prior Lake.

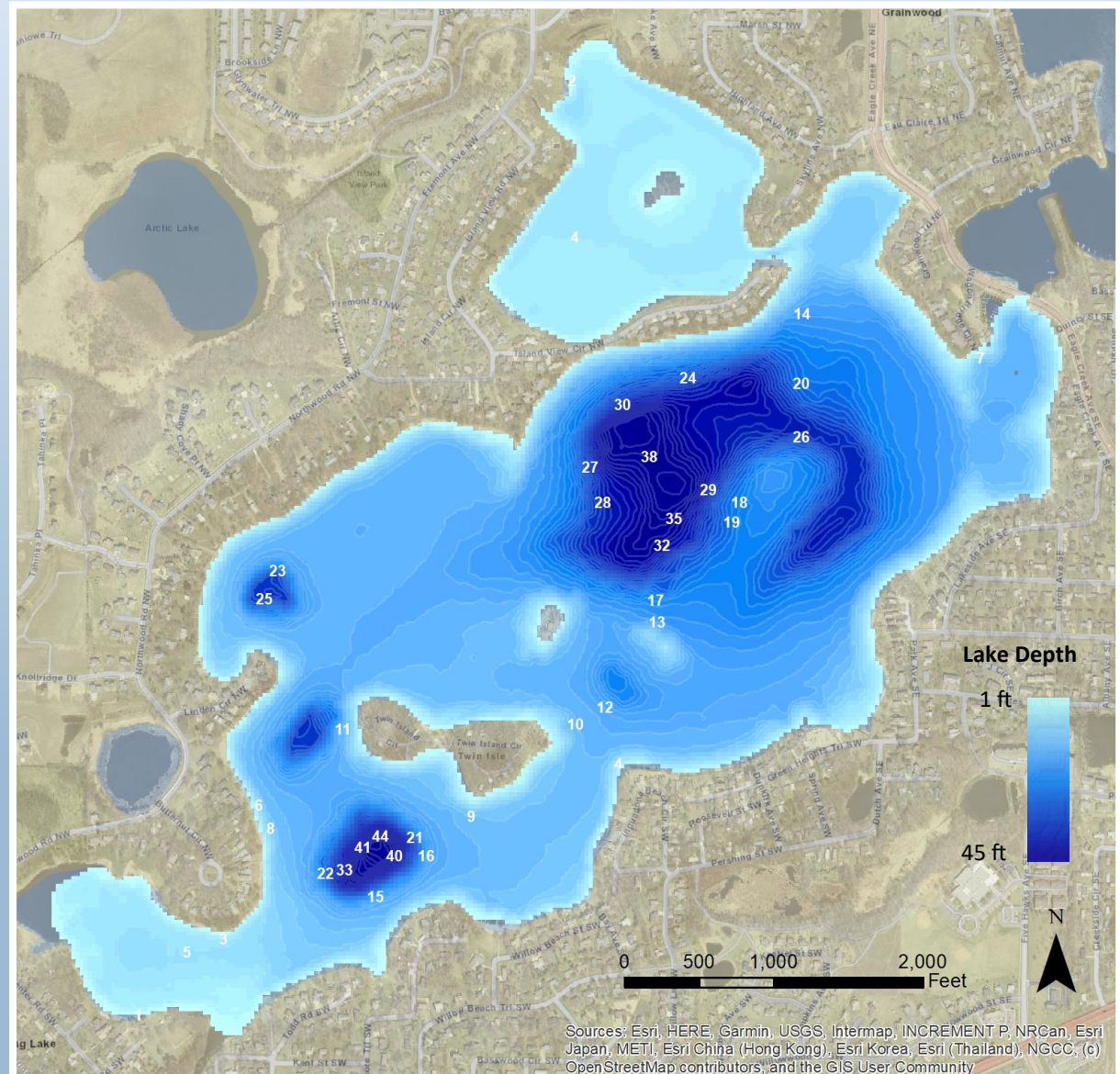


### *Other Water Quality Projects*

The Farmer Lead Council was established to develop and guide agricultural strategies to help reduce nutrient loading to our lakes from agricultural sources in the watershed.



## Upper Prior Lake Bathymetry Map



**PLSLWD Board Staff Report**  
June 2, 2021



**Subject |** Watershed Management Study: Draft Project Charter

**Board Meeting Date |** June 8, 2021

**Item No: 4.4**

**Prepared By |** Joni Giese, District Administrator

**Attachment |** Watershed Management Study: Draft Project Charter

**Action |** No motion required. Discussion only.

### **Background**

The Watershed Management Study is being initiated to explore the best governance structure to deliver water resource solutions more efficiently, most cost effectively, and more collaboratively for the residents of Scott County.

### **Discussion**

The draft project charter outlines study goals and objectives, proposed stakeholders, work tasks, project schedule and deliverables. This draft charter is being brought forward for the Board of Managers' review and for the Managers to provide input.



# Project Charter

## *Overview*

**Title:** Watershed Management Study

**Executive Sponsor:** Lezlie Vermillion, County Administrator

**Approved Date:** Date Approved

**Last Revision Date:** Last Revised

## Executive Summary

**Project Goal:** Explore the best governance structure to deliver water resource solutions more efficiently, most cost effectively, and more collaboratively for the residents of Scott County

# ***Project Charter: Watershed Management Study***

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## ***Project Charter: Watershed Management Study***

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### ***Purpose***

#### **Goal**

Explore the best governance structure to deliver water resource solutions more efficiently, most cost effectively, and more collaboratively for the residents of Scott County

#### **Definition**

For the purposes of this charter, references to “watershed management” include Watershed Districts (WDs) and Watershed Management Organizations (WMOs).

#### **Objectives (What are we trying to accomplish)**

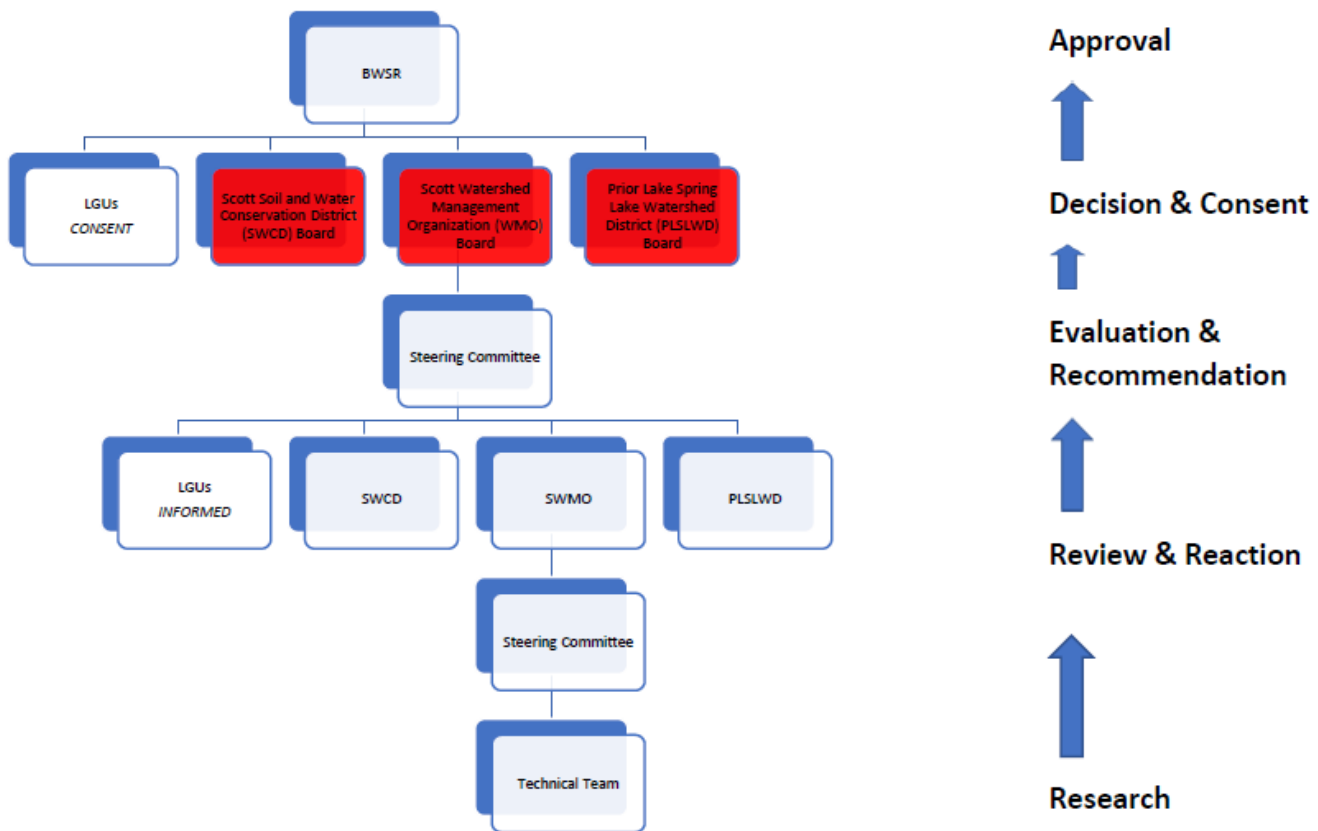
1. Reduce administrative/overhead costs in watershed management in order to redirect dollars to more projects and practices “on the ground” to improve water quality more than current outcomes provided by current, highly-functioning implementing agencies
2. Streamline watershed permitting towards a “one-stop” entity
3. Understand advantages and disadvantages of the current and alternative governance models, including any that considers combining agencies, resources, infrastructure, skill sets and/or knowledge of SWMO and PLSLWD and SWCD
4. Recommend changes, if needed, to watershed management governance structure

#### **Assumptions**

1. The purpose of this study is to not create an additional taxing authority or regulatory agency
2. The SWMO, PLSLWD and SWCD will provide appropriate staff time, data and resources to work on this project
3. The SWMO, PLSLWD and SWCD will have a seat at the table and voice on the outcomes; participating on steering committee, technical work group, project management team, and receive regular updates on project timelines, discovery and decisions.
4. There is no preconceived or predetermined outcome for this project; good data and analysis, stakeholder input, and communication will lead this project to an outcome
5. If the outcome results in proposed WMO or WD boundary adjustments, local consent will be sought by jurisdictions impacted by change, and approval will be needed from BWSR
6. There will be a logical, transparent decision-making and recommendation process. If the outcome is a governance change, the three governing boards (Scott WMO, PLSLWD Board, and SWCD Board) will make the ultimate decision on any recommendations from the steering committee (see Figure 1).

## Project Charter: Watershed Management Study

Figure 1. Project Decision-Making Process for Any Governance Change



### In Scope

1. Develop project timeline, milestones and public engagement process
2. Refine this project charter with more detailed scope of work
3. Develop a Community Engagement Plan to ensure stakeholder input and transparency throughout project duration
4. Form a Technical Team to research the following topics or questions:
  - a. What is happening around us in watershed management governance and collaboration?
    - i. Regional context (coordination, planning)
    - ii. What are the stated benefits from other collaboration efforts?
  - b. What are we doing now in watershed management?
    - i. What are we required to do?

## ***Project Charter: Watershed Management Study***

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- ii. What do we do electively (above and beyond)?
  - iii. How are we collaborating already?
  - iv. What are our revenue sources?
  - v. What are the costs associated with what we are doing now?
  - vi. What do our residents and stakeholders think of local watershed management based on existing survey data or other feedback?
- c. What are some options for further collaboration or governance structure changes?
  - i. What previous options that have been evaluated?
  - ii. What are the advantages/disadvantages (revenue, cost, regulation, quality of service, relationships) of options
- 5. Maintain a “parking lot” of ideas generated from project research, discussion and reaction that may not tie directly to project objectives.
- 6. Evaluate how any changes to watershed management governance impact the jointly managed Prior Lake Outlet Channel (PLOC) under an MOA between City of Prior Lake, City of Shakopee, the Shakopee Mdewakanton Sioux Community and PLSLWD.
- 7. Develop a consistent methodology to collect and report financial information across the three agencies
- 8. Consider a joint workshop with three agencies in the early stages of the process to educate and inform. Consider including representation from BWSR, DNR and MPCA at this joint workshop to answer questions or provide information
- 9. Share findings from Technical Team research with consistent message and dissemination to three agencies (SWMO, PLSLWD, and SWCD)
- 10. Share the three agency’s comments/reaction to Technical Team research to Steering Committee
- 11. Formulate recommendations to deliver water resource solutions more efficiently, most cost effectively, and more collaboratively for the residents of Scott County

### **Out of Scope**

- 1. This project will not explore governance and boundary changes impacting Lower Minnesota Watershed District, Black Dog JPO, Vermillion River JPO, and external agencies
- 2. This project does not include a full financial audit of participating agencies
- 3. This project does not include any resident or stakeholder surveys

## ***Project Charter: Watershed Management Study***

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### **Stakeholders**

#### **Primary**

1. SWMO, PLSLWD, SWCD
2. Cities and Townships
3. Scott County
4. BWSR
5. Lake Associations
6. Lake Improvement Districts

#### **Secondary**

1. Lower Minnesota Watershed District
2. Vermillion Watershed JPO
3. Black Dog Watershed
4. Metropolitan Council
5. Minnesota Pollution Control Agency
6. Minnesota Department of Natural Resources
7. Minnesota Department of Agriculture

## ***Outcomes***

### **Deliverables**

1. Project Charter
2. Community Engagement Plan
3. Technical Team Findings (in the form of memos or “white papers”)
4. Steering Committee Recommendations on watershed management governance changes, or improvements to watershed management collaboration

### **Measurable Outcomes**

1. Percent of agency operational budget spent on administration versus projects
2. Total dollars invested in projects and programs
3. Number and value of grants awarded to agencies to implement watershed management projects
4. Improvement to water quality

## ***Project Charter: Watershed Management Study***

### **Summary Upcoming Milestone Schedule**

<b>Project Milestones</b>	<b>Target Date</b>
Charter Approval	May 2021
Develop Community Engagement Plan	May 2021
Convene Technical Team	May/June 2021
Document Existing/Baseline Conditions	Sept./Oct. 2021
Workshop with all Partner Agencies	November 2021
Water Management Options & Evaluations	February 2022
Proposed Water Management Enhancements	May 2022
Steering Committee Final Recommendation	Sept./Oct. 2022

### ***Resources & Responsibilities***

<b>Project Role</b>	<b>Resource</b>	<b>Responsibilities</b>
Project Sponsor	Lezlie Vermillion, County Administrator	<ul style="list-style-type: none"> <li>● Champion the project</li> <li>● Address problems escalated by steering committee</li> </ul>
Steering Committee	Brad Davis, Planning & Resource Management Barb Weckman, County/WMO Commissioner Dave Beer, County/WMO Commissioner Mike Myser, PLSLWD Manager Bruce Loney, PLSLWD Manager Doug Schoenecker, SWCD Board Member Linda Brown, SWCD Board Member	<ul style="list-style-type: none"> <li>● Review, provide input and approve Project Charter</li> <li>● Review, provide input and approve Community Engagement Plan</li> <li>● Review, provide input and approve any major Scope of Work changes that may arise.</li> <li>● Actively participate in Steering Committee meetings.</li> <li>● Steer the Project to successful conclusion through thoughtful deliberation and decision making.</li> <li>● Provide leadership to promote member collaboration, cooperation and communication.</li> <li>● Formulate study recommendations</li> </ul>

## ***Project Charter: Watershed Management Study***

Project Management Team	<p>Vanessa Strong, Scott WMO Administrator</p> <p>Joni Giese, PLSLWD District Administrator</p> <p>Brad Davis, Planning &amp; Resource Management</p> <p>Troy Kuphal, SWCD Manager</p>	<ul style="list-style-type: none"> <li>● Draft Project Charter</li> <li>● Draft Project timeline, milestones and scope</li> <li>● Draft Community Engagement Plan</li> <li>● Participate in project start-up phase which will determine the ultimate approach and scope of the project</li> <li>● Determine technical team membership, meeting format, frequency, agendas and timelines</li> <li>● Participate in meetings</li> <li>● Complete project tasks as assigned</li> <li>● Liaison with Lower Minnesota Watershed District to inform project updates, process and outcomes</li> </ul>
Technical Team	<p>Vanessa Strong, Scott WMO Administrator</p> <p>Joni Giese, PLSLWD District Administrator</p> <p>Troy Kuphal, SWCD Manager</p> <p>Jesse Carlson, Water Resources Eng, City of Savage</p> <p>Renee Christiansen, Community Dev. Director, City of Elko New Market</p> <p>Chad Sandey, Sand Creek Township Chair</p> <p>Jim Schwingler, Rural Landowner</p>	<ul style="list-style-type: none"> <li>● Conduct and document research findings</li> <li>● Provide professional or technical expertise</li> <li>● Develop new research questions that may arise</li> <li>● Participate in technical team meetings</li> <li>● Complete project tasks</li> </ul>

## ***Project Charter: Watershed Management Study***

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### ***Charter Version History***

Version #	Changed By	Revision Date	Comments
1.1		4/22/21	<i>Steering Committee first review of draft charter</i>
1.2		5/6/21	<i>Steering Committee second review of charter</i>

### ***Project Charter Approvals***

#### **Charter Approval**

The undersigned acknowledge they have participated in the creating and reviewing of the project charter. This signifies that the steering committee is committed to the project's success. Changes to this project charter will be coordinated with and approved by the undersigned or their designated representative.

**Note:** Approvals will be routed via an Outlook voting message. Include the screen shot of each approval as an attachment to the charter. The date of each steering committee member approval will be recorded in the Date Approved column below.

Name	Date Approved
Barb Weckman	
Dave Beer	
Mike Myser	
Bruce Loney	
Doug Schoenecker	
Linda Brown	
Lezlie Vermillion	
Brad Davis	

**PLSLWD Board Staff Report**  
June 2, 2021



**Subject |** Draft CAC Project Definition & Process Template

**Board Meeting Date |** June 8, 2021

**Item No: 4.5**

**Prepared By |** Joni Giese, District Administrator

**Attachment |** CAC Project Definition & Process Template, Draft June 2, 2021

**Action |** No motion required. Discussion only.

### **Background**

Minnesota State Statutes 103D.331 states the Board of Manager must appoint an advisory committee to advise and assist the Managers on all matters affecting the interests of the watershed district and make recommendations to the Managers on all contemplated projects and improvements in the watershed district.

It is the desire of both the Board of Managers and the Citizens Advisory Committee (CAC) that in addition to advising the Managers, the CAC actively initiate investigative studies and projects that advance the PLSLWD's mission.

### **Discussion**

The CAC is a valued volunteer committee with limited time to dedicate towards District initiatives. Therefore, it is important that their efforts are well-aligned with the Board of Managers and District staff to ensure their time is being well spent. The intent behind the CAC Project Definition & Process Template is to develop a quick to use tool that facilitates communication between the CAC, Managers and staff to help ensure alignment between the Manager's priorities, the CAC's supportive activities, and staff's technical expertise and workload. The desired outcome of using this tool is the successful facilitation of CAC initiatives that support the District's goals and priorities.

The Draft CAC Project Definition & Process Template is being brought forward for the Board of Managers' review and for the Managers to provide input.

## **CAC Project Definition & Process Template**

Draft: June 2, 2021

### **Problem Statement or Project Opportunity:**

What is being studied? Define what problem is intended to be addressed or what project opportunity the subcommittee would like to explore. If this is focused on a particular lake or resource, state the focus resource.

### **Relationship to District Goals:**

How does this topic or project relate to established District goals? (I.e. addresses invasive species, water quality improvement, shoreline restoration, reduce flooding, etc.)

### **Project Deliverables:**

What are the intended project deliverables for this subcommittee? Examples: Producing a product (ex. factsheet), researching a project proposal, develop a project research/implementation proposal for Board consideration, planning an event or outreach activities, etc.

### **Next Steps:**

- Receive feedback from Board and District staff on intended project direction.
- Based on Board and staff feedback, develop work tasks, project schedule and deliverable and share with Board and District staff for final review and approval.
- Once project is clearly defined and work program is approved by the Board liaison, members can begin work on the project.

**PLSLWD Board Staff Report**  
June 3, 2021



**Subject |** Lake Vegetation Policy

**Board Meeting Date |** June 8, 2021

**Item No: 4.6**

**Prepared By |** Joni Giese, District Administrator

**Attachment |** None

**Action |** No motion required. Discussion only.

**Discussion**

With recent District initiatives to enhance water quality in District lakes, such as alum treatments and accelerated carp management, a number of lakes are showing improved water clarity. With increased water clarity, sunlight is able to reach deeper into the lake. This in turn supports enhanced photosynthesis and plant growth in District lakes. The new plant growth will likely be a combination of beneficial native lake plants and invasive species. New native lake plants are desired as they support aquatic habitat, stabilize the lake bottom reducing the resuspension of phosphorus, and support the uptake of nutrients in the water, reducing algae blooms. Enhanced growth of invasive species may outcompete the desired native plants and cause boat navigation challenges.

The new beneficial native vegetation in the lakes may be perceived as weeds and may be perceived as a nuisance for boat navigation.

Staff is suggesting that a lake vegetation policy be developed to educate lake users regarding native lake plant benefits and to clarify the District's position regarding District maintenance procedures associated with both native plants and invasive species.

**WORKSHOP MEETING MINUTES***Tuesday, May 11, 2021**Prior Lake City Hall, Council Chambers*

Members Present: Curt Hennes, Steve Pany, Frank Boyles, Bruce Loney & Mike Myser

Staff Present: Joni Giese, District Administrator

Others Present: Annette Thompson, City of Prior Lake; Jim Fitzsimmons, Scott SWCD; Lisa Quinn, Spring Lake Township; Carl Almer, EOR;

*The meeting was called to order by President Mike Myser at 4:03 p.m.*

**PLSLWD Total Compensation Study**

Consultant presentation of the study was pulled from the agenda. Managers asked for additional data and clarity regarding the study deliverables. Staff will share Manager comments with the consultant and request an updated report. Presentation of the report will be rescheduled to the June 8 workshop.

**CAC Members and Direction**

Manager Loney, the Manager liaison to the CAC, stated the CAC is comprised of talented, energized, and motivated members who can provide great value to the District. Manager Hennes concurred. Manager Loney stated improved communication between the CAC and the Board of Managers is an opportunity for improvement as it will ensure the CAC and Board are aligned regarding District initiatives and priorities. Manager Loney suggested a joint CAC and Board meeting be held to improve communication. Manager Myser stated re-energizing the CAC is an evolving process that could be a discussion item at the next Board retreat.

**Watershed Management Study**

Managers Loney stated the study is getting started. A project charter is under development and will be shared with the full Board once it is approved. Managers Loney and Myser will be on the project Steering Committee. District Administrator Giese will be on Technical Advisory Committee. Study partners include PLSLWD, Scott WMO and Scott SWCD. The goal of the study is to explore if watershed management in the county can be delivered more efficiently, cost effectively, and collaboratively. Manager Myser stated the study will likely take over a year to complete. Staff stated that a Project Management Team (PMT) has been established comprised of the administrators from PLSLWD, Scott WMO, and Scott SWCD, along with a staff member from Scott County Planning. The PMT is currently working to refined the project process, schedule, work tasks and public engagement plan.

**District Equipment Maintenance and Care**

Staff stated maintenance of the new truck will be done to comply with the manufacturer guidelines. Staff will maintain a record of maintenance activities. Manager Pany asked that maintenance receipts be compiled for

documentation and future reference. Staff stated the District's boat will be covered when possible. There are times when boat covering is not recommended, such as when it needs to be dried and aired out after carp removal activities. Manager Hennes stressed the need for District assets to be well maintained to extend the life of these investments.

#### **June Retreat Agenda**

Managers reviewed the draft agenda for the June 19 Board of Managers Retreat. Items suggested by the Managers to be included later in the agenda, and addressed if meeting time allows, includes a discussion of touring the District's conservation easements and initial discussions regarding 2022 budget items. Manager Boyles suggested that "staff" be included to retreat agenda item 4.2.

#### **MAWD Dues Non-payment**

Staff stated that non-renewal of membership was communicated to the MAWD Executive Director. The only response received back was an email stating that PLSLWD would no longer be able to participate certain events and activities. Managers made note that MAWD made no inquiries of the District to gain additional insight on District's decision to not renew. Manager Boyles will work with staff to draft a letter to MAWD explaining District's reasoning for non-renewal and to request a meeting with MAWD Region III representatives to discuss the District's concerns. Manager Loney stated when decision was made to no renew, it was discussed that the choice of membership could be revisited on an annual basis.

#### **Watershed District Space Needs**

Staff shared that a meeting was held with the Prior Lake City Manager and the rent proposal discussed at the April Board meeting was presented. At the meeting it was determined that the District and City had significant differences in opinion regarding lease values. Subsequent to the meeting, staff has been performing research regarding lease rates in the Prior Lake market. Staff shared current findings and stated this new information would inform the District's next meeting with the City.

*The meeting was adjourned at 5:00 p.m.*



# PRIOR LAKE SPRING LAKE WATERSHED DISTRICT

## REGULAR MEETING MINUTES

*Tuesday May 11, 2021*

*Prior Lake City Hall*

*6:00 PM*

### BOARD OF MANAGERS:

Mike Myser, President; Curt Hennes, Vice President; Bruce Loney, Treasurer  
Steve Pany, Secretary and Frank Boyles, Manager

### Members Present:

Mike Myser, Curt Hennes, Bruce Loney, Steve Pany, Frank Boyles

### Staff & Consultants Present:

Joni Giese, District Administrator  
Maggie Karschnia, Water Resources Project Manager  
Jaime Rockney, Water Resources Specialist  
Kathryn Keller-Miller, Outreach Specialist  
Carl Almer, EOR, District Engineer

### Others Present:

Jim Fitzsimmons, SWCD  
Lisa Quinn, Spring Lake Township  
Maureen Reeder, Citizens Advisory Committee applicant-new member

- **CALL TO ORDER & PLEDGE OF ALLEGIANCE:**

Meeting called to order by President Myser at 5:52 P.M.

- **2.0 PUBLIC COMMENT:** None

- **3.0 APPROVAL OF AGENDA**

Manager Myser requested parts of consent agenda to be removed due to not available for review. 5.1, 5.2, 5.3, 5.4, 5.5, 5.6. Manager Loney moved to approve the amended agenda. Second by Manager Hennes. All Ayes. Passed 5-0.

- **4.0 OTHER OLD/NEW BUSINESS**

- 4.1 Programs & Projects Update**

Jamie Rockney reported that:

- Two cameras have been installed at the outlet structure to monitor it. Manager Pany asked if on a 3-day weekend whether someone is available to clear out debris so the outlet structure is clear to allow for the best water outflow. Jaime replied yes, the City of Prior Lake and volunteers help out.
    - Lake level at the outlet structure is at 902.44.
    - Waterfront Restorations LLC has been hired for inspections at Spring, Upper & Lower Prior Lakes, and Fish Lake (new) this year. Inspections are Friday-Sunday and some weekdays. The DNR performs inspections at the Upper & Lower Prior Lake boat landings, but does not perform inspections at Spring Lake.
    - This Spring, invasive aquatic plant curly leaf pond weed control treatment will be done on Spring Lake (23 acres), Upper Prior Lake (20 acres), and Lower Prior Lake (5 acres).

Maggie Karschnia reported PLSLWD is working on a proposed easement amendment with the Timber Crest development. Maggie will be attending a neighborhood meeting on May 13 to discuss the proposed easement amendment.

- 4.1a I-LIDS Update**

The I-LID device intended to help prevent aquatic invasive species will be installed at Spring Lake Boat Landing on 5/13. ILIDS stands for Internet Landing Installed Device Sensor. The device has a metal detector and will turn on when a boat is detected. To begin, some video testing will be done without the audio message and later 5 different messages will be turned on. Manager Boyles asked if PLSLWD has an obligation to inform people that they are being recorded. This will be researched by staff.

- 4.2 Approval of new CAC member Maureen Reeder**

Maureen Reeder was present at the meeting and talked about her background. Has lived on Spring Lake for 25 years, manages a farm near Montgomery MN, was an executive director for a national non-profit organization, has strong interest in water-environment resources and experience with Board-staff-volunteer coordination.

Manager moved to approve Maureen Reeder to the Citizens Advisory Committee. Second by Manager Hennes. All Ayes. Passed 5-0.

### **4.3 2021 PLSLWD Education and Outreach Plan**

The plan's main points were presented by Kathryn Keller-Miller. A number of the education and outreach activities in the plan are intended to meet MS4, grant, state statute, and water resources management plan requirements. The plan is available on the PLSLWD website.

### **4.4 2021 Fish Stocking**

This is the 2<sup>nd</sup> year of fish stocking. 2,900 Bluegill were stocked in up-stream areas in 2020. In-lake Walleye stocking should be same alternate year as DNR stocking activities and same size fish as the DNR, at an amount not to exceed DNR stocking quantities. Donations for Walleye stocking have been received from Prior Lake Rotary, Prior Lake Association, and Spring Lake Association. Thank you for the donations. 1,300 Walleyes are being planned be stocked this fall in Spring Lake, 1000 in Upper Prior and 1,000 in Lower Prior Lake in 2021. 2,300 Bluegill are planned to be stocked in 2021. The DNR states that upstream Bluegill stocking amounts are optional. Bluegills consume carp eggs.

### **4.5 Manager Presentations & Liaison Updates**

Manager Loney reports that Scott WMO is having ongoing discussions about wake boat issues. Scott WMO also just approved their annual report.

## **• 5.0 CONSENT AGENDA**

Manager Loney moved to add 5.1-5.5 to the consent agenda. Administrator Giese requested a separate vote for 5.6 due to adjustments. Second by Manager Hennes. All Ayes. Passed 5-0.

- 5.1 Meeting Minutes— April 13 Board Workshop
- 5.2 Meeting Minutes—April 13 Board Meeting
- 5.3 Meeting Minutes—April 29 CAC Meeting
- 5.4 Resolution 21-347: JPA/MOA Emergency Fund Interest Transfer
- 5.5 Authorization for District Administrator to Access District Banking and Brokerage Accounts
- 5.7 Claims List

Manager Hennes moved to approve the amended Consent Agenda. Second by Manager Loney. 4 Ayes. Passed 4-0. Abstain Manager Myser.

### **5.6 Approve 2020 Annual Report and Authorization to Release to BWSR and the DNR**

Administrator Giese indicated there were adjustments to the 2020 Annual Report. Manager Loney moved to approve 5.6 the PLSLWD 2020 Annual Report as revised to include information on the BWSR grant for the Upper Prior Lake alum treatment and the DNR grant for the Sutton Lake outlet and to authorize its release to BWSR and the DNR. Second by Manager Hennes. 4 Ayes. Passed 4-0. Abstain Manager Myser.

- **6.0 TREASURER'S REPORT**

- 6.1 Cash & Investments**

Manager Loney reported that finances are looking in good order for 2021.

- 6.2 Financial Report**

- **7.0 UPCOMING MEETING/EVENT SCHEDULE:** Both open to the public.

**CAC Meeting, Thursday, May 27, 6:30-8:00 pm (Virtual Meeting)**

**Board of Managers retreat Saturday June 19 at City hall 9:00 a.m.**

- **ADJOURNMENT**

Manager Pany moved to adjourn meeting. Second by Manager Loney. All Ayes. Motion Passed 5-0. Meeting adjourned at 7:04 PM.

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Steve Pany, District Secretary

May 11, 2021

Monthly Board Meeting



# PRIOR LAKE SPRING LAKE WATERSHED DISTRICT

## CAC Meeting Minutes

Thursday, May 27, 2021

6:30-8:00 PM

Virtual Meeting - Join via <https://global.gotomeeting.com/join/443971413>

### Attendees:

#### CAC Members:

6 of 9 members present = 66%

- ☒ Christian Morkeberg (Chair) present
- ☐ *Woody Spitzmueller* absent
- ☐ *Christopher Crowhurst* absent
- ☒ Matt Newman present
- ☒ Jim Weninger present
- ☒ Ben Burnett present
- ☐ *Matt Tofanelli* absent
- ☒ Loren Hanson present
- ☒ Maureen Reeder present

Staff: Joni Giese District Administrator  
Kathryn Keller-Miller Outreach Specialist

#### Board members:

Bruce Loney

#### Guests:

Lisa Quinn

- I. Convene meeting – 6:33 pm – Welcome — Chair Christian Morkeberg
- II. Minutes & Agenda
  - a. April Minutes approved Motioned: Jim W.; Seconded: Loren; passed
  - b. May Agenda
    1. Added: 12/17 wetland update to agenda – Jim Weninger
    2. Added: subcommittee name/task discussions – Matt
    3. Motion to approve amended agenda: Maureen; Seconded: Matt; passed
- III. CAC Business
  - a. Welcomed new CAC member
    1. Maureen Reeder
  - b. June meeting location: move to in person or keep virtual?
    1. Most wanted in-person, and are comfortable following mask guidelines
    2. Is there a hybrid option? – was tried early on, didn't work well, may be a potential option in future.
    3. Christian motioned to go back to in-person and follow city mask guidance
    4. Voted and passed – in-person meetings starting in June
  - c. Subcommittee membership review
    1. Christian outlined some thoughts/goals Matt N had e-mailed to group.
    2. Matt suggested re-aligning subcommittee structure to cover both short-term projects and long-term goals in four groups

- a) Revamp committees so have a broader topic focus instead of more narrow project focus
- b) Current subcommittees, goals, and proposed realignment

Current CAC Subcommittees	PLSLWD goals	Proposed CAC Subcommittees
1) Shoreline Restoration 2) Muck digesters 3) AIS/Signage 4) Fish Stocking 5) Storage Assessment, Plans and Wetland Banking	1) Water quality 2) AIS (Aquatic Invasive Species) 3) Flooding	1) Shoreline restoration 2) Lake life health 3) Regulations 4) Water storage

- c) Further description of proposed new potential subcommittees:
  - (1) **Shoreline restoration** – both sides of water's edge - focus on ecology-based management (vegetation management by beach, erosion of shoreline, riprap/sand blanket, planting, muck in water).
  - (2) **Lake life health** – fish health (e.g., carp numbers, fishery stock, etc.), water clarity, aquatic vegetation (quantity, type, and health), algae, mussel health, invertebrate/phytoplankton numbers and AIS inspections.
  - (3) **Regulations** – enforcement/responsibility (I-LIDS, zebra mussel inspection enforcement [not the management of the inspections]), business compliance attached to lakes (e.g., dock usage, numbers, etc.).
  - (4) **Water storage** – upstream storage, water contamination from outside sources (stormwater runoff/fields), wetland banking, flooding, etc.

3. Discussion:

- a) Ben – agreed with realignment idea – should be in-line with Watershed District (WD) goals
- b) Jim – remind CAC we have a statutory position, we are the advisory/ review group, we have some limitations on how much we can “do”
- c) Maureen – needs to be coordinated with the board
- d) Bruce – subcommittees need to tie back to WD goals
- e) Loren – agree
- f) Joni – agree, broader subcommittees, but should match with WD goals
  - (1) Clarification: CAC is an advisory body, and has been doing this well for the Upper Watershed Blueprint and other recent projects

4. Asked Bruce, Joni, and Kathryn: what would WD prefer CAC do?

- a) More heads, to review and improve plans and ideas, trying to find the “best bang for the buck” for projects and benefits
  - (1) Want more involvement and farmer input dealing with Ditch 13 plans
  - (2) Want CAC to continue with plan reviews
  - (3) Help getting more farmer input

5. No Motion was made, tabled until next meeting.

d. Planning joint CAC and Board of Managers meeting for July

- 1. Current budgeting process will kick off in June, as part of that and to help communicate results with CAC, Joni and Bruce are working to schedule a joint CAC and Board of Managers meeting for July.
  - a) Board is having budget retreat June 19, talking about 5 year plan
  - b) Joint meeting would provide opportunity to better coordinate Board and CAC

- c) CAC would invite board to July CAC meeting
- d) Having joint meeting after budgeting process has started will allow board to present top 3-4 projects over next 5 years, so CAC can review/advise/etc. – after budgeting
- 2. It was suggested the joint meeting should be an annual event.
  - a) Always July? Should it be before/after budgeting?

#### IV. May Board Meeting

- a. CAC Member Report – Maureen
  - 1. No public comments
  - 2. Staff update: water level discussion; video on outlet structure, new cameras;
  - 3. Boat inspection updates – on all public boat accesses – weekends and some random weekdays
    - a) I-LIDS updates – Spring Lake, automated AIS video inspection
    - b) Discussion of rules/laws and if I-LIDS could be used in “legal action” ....  
Led to other questions, such as ways to measure/monitor/enforce
    - c) No prosecution plans yet
  - 4. Education and outreach plan discussed
  - 5. Approve new CAC member – Maureen Reeder
  - 6. Fish stocking discussion – bluegill effects on carp, on walleye, etc.
  - 7. Weed treatment updates
  - 8. Consent agenda – annual report released
- b. June Board Meeting Attendee – June 8
  - 1. Workshop (optional): 4:00 – 6:00 PM
  - 2. Meeting: 6:00 – 8:00 PM Maureen

#### V. Staff Project Updates

- a. Stabilize your shoreline workshop – June 9 at 6:30 pm (webinar)
- b. Native prairie workshop – July 14<sup>th</sup> – hosted by SWCD
- c. Stocking updates – permits just came in (5/27/21)
  - 1. 2000 bluegill to Geis wetland
  - 2. 700 bluegill – SW side of Spring Lake
  - 3. 700 bluegill – Northwoods pond
- d. Hike the Watershed – guided hikes – continuing from last year (all Wednesdays during day) 9:30 am
  - 1. June 16 (Jeffers Pond), July 14 (Lakefront Park), Aug 18 (Spring Lake Regional/Arctic Lake)
- e. From Jim:
  - 1. Recently a citizen living on Spring Lake stopped Jim and asked him to say thanks for helping control the curlyleaf pondweed
  - 2. Another friend on Spring Lake: the water control structure gate on wetlands near intersection of 12 & 17 isn't doing what it was supposed to do, seems broken and may need attention – staff are aware and working on this
  - 3. Spring Lake residents getting notices that they need flood insurance (discussion of whether this was just an insurance company marketing effort)

#### VI. Board Liaison Updates & Requests to CAC – Bruce

- a. Voted in Maureen to CAC
- b. See all Board Meeting notes above
- c. Retreat June 19, will be about 3 hrs

- d. Report of presentation to Finance and Commerce about sustainability of carp prevention projects
  - 1. Doing well, working to do better
- VII. CAC Subcommittee Reports – working on goals for 2021 & now realignment
  - a. Shoreline Restoration (Christopher, Matt, Ben, Loren, Maureen) possible areas of focus:
    - 1. Review city ordinances (rules, regulations, guidelines)
      - a) Townships? Do they match cities? What people can do and can't
      - b) Decipher different jurisdictions and guideline consistency
      - c) Build a clear "who to call for questions"
    - 2. PR, communication and guidelines – better DNR interpretations (there is a spectrum of wild to landscaped, DNR tends to push more "wild", need better more pragmatic & practical guidelines, that look nice
      - a) People need to be able to store boats, equipment, etc. Landscapers and DNR often don't want this and ignore to discourage. Need practical guides
      - b) Need clear objectives – not everyone can hire a designer or landscaper, need some "canned" practical guidelines
        - (1) Buildings, shade/sunny options, docks/structures
        - (2) Shoreline along creeks, outlets (through Shakopee), etc.
      - c) New CRP updates, Maureen will send some information to Joni
      - d) Create "Practical" guides/brochures, or manuals and share/communicate, maybe even advertise.
        - (1) Guides and advertising will help inform people about the WD, it's purpose, It's needs, and help everyone take better care of lakes/water
        - (2) Prior Lake Assoc. (and other groups) have e-mail lists for distribution to start
  - b. Muck digesters (Christopher, Matt) - *progressing*
  - c. AIS/Signage (Christian, Ben) - *progressing*
  - d. Fish Stocking (Christian, Loren) - *progressing*
  - e. Upper WD Storage Assessment, Plans and Wetland Banking (Christopher, Woody, Jim, Maureen)
    - 1. Current & Potential Projects:
      - a) Upper watershed plans to help reduce flooding and control runoff.
      - b) Blueprint plans have reviewed
      - c) Sutton Lake project – mostly done
      - d) Spring Lake project – mostly done
      - e) Buck Lake
      - f) Next: Sutton Lake IESF (Iron-Enhanced Sand Filters)
    - 2. Looking to future projects/ideas
  - f. New member packet (Loren, Ben, w/ Kathryn)
    - 1. Building list of members, contact info, and biographies
    - 2. Building list of acronyms and abbreviations
    - 3. Ideas:
      - a) How many jurisdictions are covered in the entire WD – make sure website has lists, maps, etc. and add pointers to this info in new-member info.
      - b) How do regulations across jurisdictions compare? Are they in line with the WD goals? (Shoreline Restoration committee task?)
    - 4. Work is progressing

## VIII. Other Topics

- a. None

## IX. Goals &amp; Topics for Next Meeting

- a. Subcommittee realignments
- b. WD, Board and CAC need to define and document budget timeline/process (including relation between board and CAC, diagrams, flowcharts, etc.)

## X. Staff &amp; Other Announcements

- a. None

## XI. Adjourn

- a. Motioned: Loren; Seconded; Passed

## XII. Upcoming Meetings:

- a. Board Meeting: Tues, June 8, 6:00 pm
- b. CAC Meeting: Thurs, June 24, 6:30 pm

6/8/2021			
Prior Lake Spring Lake Watershed District			
Claims list for Invoice Payments due for the prior month			
Managers will consider approving this claims list - Staff payroll and Manager per diems have already been paid via ADP.			
After the managers vote, two Managers will sign checks within three days of the meeting for approve claims.			
Then, staff will US mail checks (written on the Sterling State Bank) to the claims list parties.			
Staff will request that all vendors provide information on their invoices to fit into the categories below			
Vendor	Invoice	Description	Amount
<b>1. Watershed District Projects (excluding staff payroll)</b>			
EOR	00758-0114	Sutton Lake Outlet Modification Pla	1,152.04
EOR	00758-0139	General Engineering	478.50
EOR	00757-0124	Spring Lake West Subshed BMP Feasib	999.75
EOR	00758-0139	Northwood Pond Survey	38.25
MCES Analytical Services	5541-15-01	Water Analysis	235.00
RMB Environmental Laboratorie	B001981	Ferric Monitoring	407.00
RMB Environmental Laboratorie	B002043	Ferric Monitoring	465.00
RMB Environmental Laboratorie	B001980	Watershed Monitoring	776.00
PLM Lake and Land Managemer	2000253	Diquat Treatment - Lower Prior Lake	646.44
PLM Lake and Land Managemer	2000254	Diquat Treatment - Spring Lake	3,148.80
PLM Lake and Land Managemer	2000252	Diquat Treatment - Upper Prior Lake	2,710.89
WSB	R-017421-000-6	Phase 1 District Carp Management	316.25
WSB	R-017421-000-7	319 BWSR Grant Project	6,190.00
Gopher State One Call	1001328	2021 Annual Facility Operator Fee	50.00
Mitchell Holicky		Guest Speaker at FLC Meeting	300.00
Xcel Energy	725829322	18051 Langford Blvd	17.12
		<b>Subtotal</b>	<b>17,931.04</b>
<b>2. Outlet Channel - JPA/MOA (excluding staff payroll)</b>			
CLA		PLOC Accounting	100.00
Natural Shore Technologies	4821	Garlic Mustard Control	2,625.00
EOR	00758-0140	Segment 2	435.00
EOR	00758-0140	Segment 3	348.00
EOR	00758-0140	Segment 4	783.00
EOR	00758-0141	PLOC XP-SWMM Updates	77.25
EOR	00758-0143	PLOC Vegetation/Stability Inspections	2,224.49
		<b>Subtotal</b>	<b>6,592.74</b>
<b>3. Payroll, Office and Overhead</b>			
ADP Manager Per Diems		Per Diems	982.69
ADP Staff Payroll		Payroll Services	21,526.55
ADP Taxes & Benefits		Taxes and Benefits	16,443.67
Fidelity		Fidelity	265.38
HSA Bank		HSA Bank	265.38
HealthPartners		June	5,839.48
League of Minnesota Cities		Property/Casualty Coverage Premium	8,893.00
NCPERS		Life Insurance	224.00
Abdo Eick and Meyers		2020 Audit	2,500.00
Metro Sales	1805197	May Usage and Contract Usage	995.94
City of Prior Lake		Key Cards for interns	10.00
CLA		Monthly Bookkeeping	1,345.00
		Payroll Services	490.00
		Audit Preparation	190.00
		Technology and Support Fee	106.25
VISA		May Billing	5,673.06
		<b>Subtotal</b>	<b>65,750.40</b>
<b>4. Debt repayment and interest</b>			
Northland Trust Services		Principal	
Northland Trust Services		Interest	
		<b>Subtotal</b>	<b>0.00</b>
<b>TOTAL</b>			<b>90,274.18</b>
X		X	

**PLSLWD Board Staff Report**  
June 3, 2021



**Subject |** Financial Reports Update

**Board Meeting Date |** June 8, 2021

**Item No: 6.1**

**Prepared By |** Joni Giese, District Administrator

**Attachment |** None

**Action |** No motion required. Discussion only.

**Discussion**

The District is working with the District's accountant to prepare new financial reports to help Managers better monitor the Districts existing and projected financial condition. Manager Loney will share information on the planned reports.

\*\*Reflects bills paid through May 31, 2021\*\*

	2021 Source of Funds			2021 Budget	Actual Results		
	2021 Levy	Budget Reserve	Grant Funds/Fees		Monthly Activity	YTD Actual Results	YTD Percent
<b>General Fund (Administration)</b>							
<b>Revenues</b>							
Property Taxes	166126			166,126	-		0%
Grants				-	-		0%
Interest				-	-	(67)	-100%
<b>Total Revenues</b>	<b>166,126</b>	<b>-</b>	<b>-</b>	<b>166,126</b>	<b>-</b>	<b>(67)</b>	<b>0%</b>
<b>Expenditures</b>							
Administrative Salaries and Benefits	90,186			90,186	8,194	64,352	71%
703 - Telephone & Internet	10,000			10,000	744	3,420	34%
706 - Office Supplies	8,690			8,690	647	3,418	39%
709 - Insurance and Bonds	10,000			10,000	2,882	2,882	29%
670 - Accounting	30,000			30,000	5,208	17,969	60%
671 - Audit	10,250			10,250	-	-	0%
903 - Fees	2,000			2,000	(343)	8,773	439%
660 - Legal (not for projects)	5,000			5,000	4,034	4,450	89%
876 - Equipment				-	-	-	#DIV/0!
<b>General Fund (Administration) Expenditures</b>	<b>166,126</b>			<b>166,126</b>	<b>21,366</b>	<b>105,265</b>	<b>63%</b>
<b>Net Change in General fund</b>				<b>-</b>	<b>21,366</b>	<b>105,331</b>	

PLSLWD 6-8-21 Board Meeting Materials		2021 Source of Funds			Page 109 Actual Results			
		2021 Levy	Budget Reserve	Grant Funds/Fees	2021 Budget	Monthly Activity	YTD Actual Results	YTD Percent
	Implementation Fund							
	Revenues							
	Property Taxes	1,628,506			1,628,506	-	-	0%
	Grants			297,000	297,000	74,000	93,788	32%
	Interest				-	-	24	100%
	Total Revenues	1,628,506	-	297,000	1,925,506	74,000	93,812	5%
	Expenditures							
	Program Salaries and Benefits (not JPA/MOA)	440,323			440,323	29,678	133,351	30%
Water Qual	550 Public Infrastructure Partnership Projects	20,000			20,000	-	-	0%
Water Qual	611 Farmer-led Council	51,000			51,000	10,113	10,397	20%
Water Qual	611 Cost-Share Incentives	58,000			58,000	3,415	3,415	6%
Water Qual	611 Highway 13 Wetland, FeCl system & Desilt, O&M	35,000			35,000	7,067	9,040	26%
Water Qual	611 Fish Management, Rough Fish Removal	60,000			60,000	9,789	10,752	18%
Water Qual	611 Spring Lake Demonstration Project Maintenance	1,500			1,500	-	-	0%
Water Qual	611 Alum Internal Loading Reserve	230,000			230,000	-	-	0%
Water Qual	611 County Rd 12/17 Maintenance	1,000			1,000	-	-	0%
Water Qual	611 Fish Lake TMDL Implementation		3,000		3,000	-	-	0%
Water Qual	611 Pike Lake TMDL Implementation		3,000		3,000	-	-	0%
Water Qual	637 District Monitoring Program	128,000			128,000	4,594	12,018	9%
Water Qual	GRANT Carp Management/Removal	30,000		90,000	120,000	43,802	45,076	38%
Water Qual	626 Planning and Program Development	32,000			32,000	223	8,749	27%
Water Qual	626 LGU Plan Review		3,000		3,000	-	44	1%
Water Qual	626 Engineering not for programs	30,000			30,000	740	4,500	15%
Water Qual	648 Permitting and Compliance	17,000			17,000	6,263	10,515	62%
Water Qual	648 Update MOAs with cities & county	5,000	5,000		10,000	-	-	0%
Water Qual	648 BMP and easement inventory & inspections	14,000			14,000	5,249	5,444	39%
Water Qual	626 Upper Watershed Blueprint	235,543			235,543	-	8,301	4%
Water Qual	626 District Plan Update	2,500			2,500	-	-	0%
Water Qual	752 Fish Lake Shoreline Restoration Project Maintenance	1,000			1,000	-	-	0%
Water Qual	626 Spring Lake West Subwatershed Project	30,000			30,000	-	-	0%
Water Qual	648 Non-project Reg. Reporting, Rules & Stand. Rev.	5,000			5,000	479	740	15%
Water Qual	611 Fish Stocking	6,000			6,000	-	-	0%
	WQ TOTAL	992,543	14,000	90,000	1,096,543	91,732	128,989	12%
Water Storage	550 District-wide Hydraulic & Hydrologic model	7,500			7,500	-	-	0%
	550 S&I Sutton Lake Outlet Structure Project	25,000	182,000	207,000	414,000	1,863	235,585	57%
	WS TOTAL	32,500	182,000	207,000	421,500	1,863	235,585	56%
AIS	611 Aquatic Vegetation Mgmt	-			-	-	-	#DIV/0!
AIS	637 Automated Vegetation Monitoring	4,700			4,700	-	2,799	60%
AIS	637 Aquatic Vegetation Surveys	18,000			18,000	9,372	9,372	52%
AIS	637 Boat inspections on Spring, Upper & Lower Prior	38,000			38,000	-	-	0%
AIS	637 AIS Management Plans	20,000			20,000	-	-	0%
	AIS TOTAL	80,700	-	-	80,700	9,372	12,171	15%
Ed & Out	652 Education and Outreach Program	7,440	11,910		19,350	341	586	3%
	E&O TOTAL	7,440	11,910	-	19,350	341	586	3%
	PLOC expenses	75,000			75,000	27,624	27,624	37%
	Total Implementation Fund Expenditures				2,133,416	160,609	538,306	
	Net Change in Fund Balance Implementation Fund				207,910	86,609	444,495	

<b>Grant Funds/Fees Anticipated</b>					
Water Qual	<b>648 Permitting and Compliance</b>			1,000	1,000
Water Qual	<b>648 BMP and easement inventory &amp; inspections</b>			1,000	1,000
AIS	<b>611 Aquatic Vegetation Mgmt. (Scott County)</b>			6,000	6,000
	<b>Total Grant Funds/Fees Anticipated</b>			<b>8,000</b>	<b>8,000</b>

No assurance is provided on this statement.

This statement omits required disclosures.

This statement is prepared on the cash basis of accounting.

**PLSLWD monthly Treasurers Report**

Treasurer: Bruce Loney

*Account balances as of 5/31/2021*

Old National Bank (Checking Account) *	\$	660,918
Sterling Bank (Checking Account)	\$	214,700
Total Uncleared Transactions	\$	(24,765)
Northland Securities (Investments) (Cash)	\$	380,798
<b>SUBTOTAL</b>	<b>\$</b>	<b>1,231,652</b>

**RESTRICTED FUNDS**

Permit Deposits, etc.	\$	84,440
PLOC Contingency Reserve (850)*	\$	260,558
PLOC O&M Funds (830)*	\$	351,116
Alum Internal Loading Reserve	\$	230,000
<b>TOTAL DISTRICT/PLOC RESTRICTED OBLIGATIONS</b>	<b>\$</b>	<b>926,114</b>

<b>Available cash at end of May 2021</b>	<b>\$</b>	<b>305,538</b>
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13.3% of 2021 Budget