

MIDDLE ST. CROIX WATERSHED MANAGEMENT ORGANIZATION

455 HAYWARD AVENUE, OAKDALE, MINNESOTA 55082
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Regular Meeting of the Middle St. Croix Watershed Management Organization Bayport Public Library, Bayport, MN Thursday, January 10, 2019 6:00PM

1. Call to Order – 6:00PM
2. Approval of Minutes
 - a) Draft minutes- December 13 , 2018 **pages 1 to 3**
3. Treasurer’s Report
 - a. Report of savings account, assets for January 10, 2019
 - b. Approve payment of bills for January 10, 2019
4. Public Comments
5. Old Business
 - a. Clean Water Fund Annual Reports and Closeouts
 - b. Campaign Finance Board Annual Economic Interest Statement **pages 6 to 10**
6. New Business
 - a. 2019 Review Fees
 - b. Peterson Companies Audit Engagement Letter **pages 10 to 14**
 - c. Election of Officers
 - d. FY19 Lake St. Croix Direct South Clean Water Fund Grant Work Plan
 - e. RBC Account Options **page 15**
7. Grant and Cost Share Applications
 - a. Peoples Congregation Reimbursement Adjustment **page 16**
8. Plan Reviews/Submittals
9. Administrator’s Report **pages 17-18**
10. Adjourn

Regular Meeting of the Middle St. Croix Watershed Management Organization
Bayport Public Library, Bayport, MN
Thursday, December 13, 2018
6:00PM

Present: Brian Zeller, Lakeland Shores; Mike Runk, Oak Park Heights; Tom McCarthy, Lake St. Croix Beach; John Felleggy, Baytown Township; Lakeland; Doug Menikheim, Stillwater; Carley Johnson, Oak Park Heights; Dan Fabian, Board of Water and Soil Resources; Melisa Lewis, Board of Water and Soil Resources, Dan Kyлло, West Lakeland Township; Administrator Mike Isensee;

Call to Order

The meeting was called to order at 6:00PM by Brian Zeller.

Approval of Minutes

A motion to approve the November 8th, 2018 minutes was made by Mike Runk and seconded by Joe Paiement. Motion carried.

Treasurer's Report

Report of savings account, assets for December 13, 2018
Approve payment of bills for December 13, 2018

The treasurer's report was presented by Dan Kyлло. The checking account ending balance is \$89,160.51. First State Bank CDs are valued at \$32,094.13. The ending balance in the RBC savings account is \$49,010.08.

Bills to be approved this month are: Cornerstone Land Surveying: \$3,744.00; Washington Conservation District (Administration): \$4,487.00; Washington Conservation District (Technical Services): \$3,792.50; People's Congregational Church \$1,000; Kennedy and Graven 648.00; Washington Conservation District SCRA Beske \$3,819.00; Total: \$17,490.50.

Manager Felleggy asked for clarification for expenditures to Cornerstone Surveying. Administration Isensee explained the survey was conducted at the Stillwater Country Club for design of a large bioretention basin as part of the Lake St. Croix Direct Phase II Clean Water Fund grant.

Mike Isensee presented the budget tracker with Admin and Technical Services as on track at 103% and 90% with one month to go in 2018.

Manager Runk moved to accept the Treasurer's report and bills, Chair Zeller seconded, and the motion carried.

One Watershed One Plan Update

Melisa Lewis and Dan Fabian with the Board of Water and Soil Resources (BWSR) presented an overview of the structure and function of BWSR; how one watershed one plan came about, why it is

needed, and what the process involves; what is watershed based funding and what is the vision for how it is applied.

Public Comment

Carley Johnson introduced herself as a new City Council Member for the City of Oak Park Heights.

Transfer of Funds to Savings

Administration Isensee explained the MSCWMO Annual budget sets aside \$1,000 per year for water monitoring equipment savings and \$6,000 per year for Watershed Management Plan savings. Staff is requesting board approval to transfer \$7,000 from the watershed checking account into the watershed savings account for savings identified in the 2017 annual budget and \$7,000 identified in the 2018 budget for a total of \$14,000.

Motion by Board Member Zeller, seconded by Board Member Fellegly, to transfer \$14,000 from the watershed checking account to the watershed savings account as directed in the 2017 and 2018 MSCWMO Budget. Motion carried.

Temporary Secretary Appointment

Mike Isensee reported the MSCWMO Secretary, Nancy Andersen retired from her post as the MSCWMO on October 11, 2018. The MSCWMO elections of officers occurs on January 10, 2018. In the interim, the MSCWMO needs a temporary Secretary to complete year end business of the MSCWMO. Board Member Tom McCarthy has volunteered to serve in this role.

Motion by Board Member Zeller, seconded by Board Member Fellegly, to appoint Board Manager Tom McCarthy as temporary Secretary of the MSCWMO. Motion carried.

2019-2020 Engineering and Legal Services Request

Administrator Isensee reported the MSCWMO is required to solicit for legal and engineering services every two years. The current legal provider is Kennedy and Graven and engineering firm is Emmons and Olivier Resources. Staff will provide the request for quotes to the existing contractors as well as post the request on the public register. Administrator Isensee inquired if the board would like additional advertisement or firms to be engaged in the search for services. The board did not have additional requests.

2019 Liability Insurance Waiver

The MSCWMO is required to annually review and renew liability insurance and elect to waive or not waive the limits on tort liability. Based on past recommendations from the MSCWMO attorney, it is recommended that the board not waive tort liability limits.

Motion by Board Member Zeller, seconded by Board Member McCarthy, to not waive the monetary limit on municipal tort liability. Motion carried. Manager Zeller: Yea

West Lakeland Local Surface Water Management Plan

On August 9, 2018 the MSCWMO Board of Managers approved 75% cost share not to exceed \$1,000 for the Peoples Church native prairie restoration project. The Peoples Church of Bayport has completed the restoration of 2 acres of native prairie located at on the South side of 5th Avenue, across from the Bayport Fire Station. The total cost for the installation materials (the majority of the project was installed and maintained with volunteer labor) was \$5,200.00. The Washington Conservation District provided cost share of \$3,900.00. Peoples Church is requesting cost share reimbursement remaining balance of material costs of \$1,000.00 based on receipts of \$2,330.00.

Technical staff oversaw the restoration and reviewed all submitted expenses and recommend cost share reimbursement of \$1,000.00 to the Peoples Church.

Motion by Board Member Zeller, seconded by Board Member Runk, to approve reimbursement of \$1,000, or 19% of the total materials costs for the 2 acre prairie restoration located South of 5th Avenue N and East of Barkers Alps Park in Bayport, MN. Motion carried.

Turner Residential Review

MSCWMO staff reviewed erosion and sediment controls and recommended approval for the proposed new residential home located at 51st Street North in Baytown Township. Information only.

Administrator's Report

Mike Isensee reported an overview of administration; project reviews, grant management, meetings, and presentations completed in November and early December and shared upcoming events in December.

Adjourn

John Fellegly moved to adjourn the meeting, Tom McCarthy seconded and the motion carried. Brian Zeller adjourned the meeting at 7:22 pm.



MINNESOTA CAMPAIGN FINANCE BOARD

December 5, 2018

Mike Isensee, Administrator
Middle St Croix River WMO
455 Hayward Ave
Oakdale, MN 55128

From: Campaign Finance and Public Disclosure Board

Subject: Requirement for public officials to annually recertify statement of economic interest

You are receiving this notice because you are the contact person for an agency that has members or employees who are public officials. All public officials must review their statements of economic interest annually, make any modifications necessary to reflect changes that occurred during the past calendar year, and recertify the statements as true and correct.

A public official must review and recertify his or her statement **even if he or she left the public official position during the year, or if nothing on it has changed**. Please be sure that the public officials leaving your agency at the end of the year are aware of the filing requirement. The annual recertification must be filed **after January 1, 2019, but no later than January 28, 2019**.

The Board is asking for your help in reminding your public officials of the need to certify their statements. A public official who does not file a recertification by the deadline will be subject to the imposition of late filing fees and a potential civil penalty.

Letters will be sent directly to all public officials in late December notifying them of the filing requirement and giving them the information necessary to file using the Board's online reporting system. A paper copy of the annual form is enclosed with this letter. Please make copies available to any of your agency's public officials who are not able to file online.

In addition, commissioners, supervisors, members, and managers who've been newly elected or appointed to their first terms must file original statements of economic interest within 60 days of taking office. Although the Board also will be in touch with these officials about filing electronically, copy of the original form is always available at this link:

cfb.mn.gov/reports/#/public_officials_disclosures/

If you have questions about the reporting requirements in general, please contact Kevin Lochner at 651-539-1184, 800-657-3889 or kevin.lochner@state.mn.us.

Thank you in advance for your assistance.

Campaign Finance & Public Disclosure Board

190 Centennial Office Building, 658 Cedar St, St Paul, MN 55155

cfb.mn.gov



Annual Statement of Economic Interest for Public Officials

Filing instructions

(General instructions for completing the form are on page 2)

- The statement must be received by the Campaign Finance and Public Disclosure Board by January 28, 2019.
- Late fees will accrue for a statement not received by the due date.
- This form may be filed by mail to the address above, by email to cfb.eis@state.mn.us, or by fax to 651-539-1196 or 800-357-4114.
Fax filers: Keep the original and a fax confirmation notice as proof of timely filing.
- All information on this statement is public information and may be published on the Board's website.
- It is unlawful to use information filed with the Board for commercial purposes.
- Board staff may be reached by telephone at 651-539-1184 or 800-657-3889 or by email at cfb.eis@state.mn.us.

Individual information

Employment information

Name	Occupation
Address at which you wish to receive mail from the Board (You may use either a home or business address)	Name of employer (Include any employer as a source of compensation on page 3. Also indicate here if self-employed or unemployed.)
City, state, zip	Business address (This address will be posted on the Board's website)
Telephone (Daytime)	Business city, state, zip
Email address	

Position information

Name of agency	Position
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Certification

I, _____, certify that the information contained on this form, including information on the schedules on page 3, is complete, true, and correct.
 (Print or type name)

 Signature

 Date

Notice: Any person who signs and certifies to be true a statement which the person knows contains false information or omits required information is subject to a civil penalty imposed by the Board of up to \$3,000 and is subject to criminal prosecution for a gross misdemeanor.

This document is available in alternative formats to individuals with disabilities by calling 651-539-1180 or 800-657-3889 or through the Minnesota Relay Service at 800-627-3529.

General instructions

Occupation

Your occupation is your usual trade, profession, or employment. It includes categories such as homemaker, student, and retired.

Reporting period

The reporting period is all time served as a public official in 2018.

Reporting sources of compensation

Based on the definitions below, list all businesses from which you received more than \$250 in compensation in any calendar month during the reporting period. Include any employer listed on page 1.

"Business" means an association, corporation, partnership, limited liability company, limited liability partnership, or other organized legal entity including a government agency. An individual acting alone in the individual's own capacity, such as in the form of a sole proprietorship, is not a business for purposes of this statement.

"Compensation" means any payment for labor or personal services as a director, officer, owner, member, partner, employer, or employee of a business. Compensation also includes payment of honoraria. Compensation does not include payments that do not result from the performance of services, such as rental income social security payments, unemployment compensation, workers' compensation, pension benefits, or insurance benefits.

Reporting business or professional activity categories

If you don't own 25% or more of a business **or** work as an independent contractor, leave this section blank.

If you own 25% or more of a business **and** received more than \$250 in any month during the reporting period as an employee of that business, list the business or professional activity category from page 4 that best describes the business' main function and check the "Employee" box.

Or, if you received more than \$2,500 in the past 12 months for work as an independent contractor, list the business or professional activity category from page 4 that best describes the nature of that work and check the "Independent Contractor" box.

Reporting securities

"Securities" means stocks, shares, bonds, warrants, options, pledges, notes, mortgages, annuities, debentures, leases, and commercial paper. "Securities" does not include mutual funds or exchange-traded funds.

List all businesses in which you individually or jointly held securities valued at more than \$10,000 at any time in the reporting period. Use the definition of business in the compensation section above. For securities in a business, list the complete legal name of the business, not the business's stock market abbreviation. Do not list the value of the securities.

Include securities held in Individual Retirement Accounts, deferred compensation plans, 401(k) accounts, or similar plans. List individual securities held within the plan or account, not the plan or account itself. Do not include mutual funds. Do not include securities held in defined benefit pension plans.

Reporting real property

Do not report your homestead. Report interests in all other real property located in Minnesota that you held individually or jointly on the date your appointment ended. You must report the following interests: a fee simple interest (you are an owner, even if you owe a mortgage), a mortgage that you hold as a seller, or a contract for deed as a buyer or seller.

Report an option to buy if the value of the option is more than \$2,500 or if the fair market value of the optioned property is more than \$50,000 even if the value of the option itself is \$2,500 or less.

For each property list the county in which the property is located. Also list the complete property address. The complete property address is the street address and city, or if the property does not have a street address, the section, township, and range where the property is located and the approximate acreage.

Waiver of reporting of second residence

Upon written request and for good cause shown, the Board may waive the requirement that a candidate disclose the address of real property that serves as a secondary residence of the candidate. Contact Board staff if you want to request this waiver.

Reporting pari-mutuel horseracing interests

Report any investment, ownership, or interest in property connected with pari-mutuel horse racing in the United States or Canada, including a race horse. Include any direct or indirect, partial or full interest held by you or an immediate family member.

Attach additional pages if necessary to complete any of these schedules.

Sources of compensation

----- Check each applicable box -----

Name of source	Director	Officer	Owner	Member	Partner	Employer	Employee	Honorarium

Business or professional activity categories

----- Check the applicable box -----

Business or professional activity category (See page 4)	Employee: \$250 in income in a month and owns 25% or more of the business	Independent contractor: More than \$2,500 in compensation

Securities

Name of business in which security is held	Name of business in which security is held

Real property

----- Check one -----

County	Street address and city; or section, township, and range	Own	Mortgage (Held as seller)	Contract for deed (As buyer or seller)	Option to buy: Option value greater than \$2,500	Option to buy: Property value greater than \$50,000	Acreage (If applicable)

Pari-mutuel horse racing interests

----- Check one -----

	Partial interest	Full interest	Description of interest (Horse, stable, etc.)
Official direct interest			
Official indirect interest			
Family interest			

Business and professional activity categories

Use these categories for the business or professional activity category section on page 3.

If you need more information to decide which category to use, please see the chart on the Internal Revenue Service website at <http://www.irs.gov/instructions/i1040sc/ch02.html#d0e1929>.

Accommodation
Administrative and Support Services
Agriculture, Forestry, Hunting, & Fishing
Agriculture & Forestry Support Activities
Amusement, Gambling, & Recreation Industries
Broadcasting (except internet) & Telecommunications (including internet service providers)
Construction of Buildings
Construction - Heavy and Civil Engineering
Construction - Specialty Trade Contractors
Credit Intermediation & Related Activities
Data Processing Services (including internet publishing)
Educational Services
Food Services & Drinking Places
Health Care - Ambulatory Health Care Services
Health Care - Hospitals
Health Care - Nursing & Residential Care Facilities
Information (publishing industries except internet)
Insurance Agents, Brokers, & Related Activities
Manufacturing - Chemical
Manufacturing - Food
Manufacturing - Leather & Allied Product
Manufacturing - Nonmetallic Mineral Product
Manufacturing - Other
Mining
Motion Picture & Sound Recording
Museums, Historical Sites, & Similar Institutions
Performing Arts, Spectator Sports, & Related Industries
Personal & Laundry Services
Professional, Scientific, & Technical Services (Architectural, Engineering, & Related Services)
Professional, Scientific, & Technical Services (Computer Systems Design & Related Services)
Professional, Scientific, & Technical Services (Legal, Accounting, Payroll, & Tax Preparation Services)
Professional, Scientific, & Technical Services (Specialized Design Services)
Professional, Scientific, & Technical Services (Other)
Real Estate
Religious, Grantmaking, Civic, Professional, & Similar Organizations
Rental & Leasing Services
Repair & Maintenance Services
Retail - Building Material & Garden Equipment & Supplies Dealers
Retail - Clothing & Accessories Stores
Retail - Electronic & Appliance Stores
Retail - Food & Beverage Stores
Retail - Furniture & Home Furnishing Stores
Retail - Gasoline Stations
Retail - General Merchandise Stores
Retail - Health & Personal Care Stores
Retail - Motor Vehicle & Parts Dealers
Retail - Sporting Goods, Hobby, Book, & Music Stores
Retail - Miscellaneous Store Retailers
Retail - Nonstore Retailers
Securities, Commodity Contracts, & Other Financial Investments & Related Activities
Social Assistance
Transportation
Transportation (couriers and messengers)
Unclassified Establishments (unable to classify)
Utilities
Warehousing & Storage Facilities
Waste Management & Remediation Services
Wholesale Trade - Merchant Wholesalers (Durable Goods)
Wholesale Trade - Merchant Wholesalers (Nondurable Goods)
Wholesale Electronic Markets and Agents & Brokers

December 12, 2018

To the Board of Supervisors and Administrator
Middle St. Croix Watershed Management Organization
455 Hayward Ave N
Oakdale, MN 55128

**CLIENT
COPY**

We are pleased to confirm our understanding of the services we are to provide Middle St. Croix Watershed Management Organization for the year ended December 31, 2018. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Middle St. Croix Watershed Management Organization as of and for the year ended December 31, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Middle St. Croix Watershed Management Organization's 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. As part of our engagement, we will apply certain limited procedures to Middle St. Croix Watershed Management Organization's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist 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 will 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. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedules

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Middle St. Croix Watershed Management Organization and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Middle St. Croix Watershed Management Organization's financial statements. Our report will be addressed to the board of supervisors of Middle St. Croix Watershed Management Organization. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2)

that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Middle St. Croix Watershed Management Organization is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Middle St. Croix Watershed Management Organization's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to

provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of Middle St. Croix Watershed Management Organization in conformity with U.S. generally accepted accounting principles based on information provided by you. If needed, we will assist preparing the depreciation schedule. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the

Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to Middle St. Croix Watershed Management Organization; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Peterson Company Ltd and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to Minnesota Office of the State Auditor or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Peterson Company Ltd personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Minnesota Office of the State Auditor. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in the winter and to issue our reports no later than April 30, 2019. Michael Peterson is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be \$2,300. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Invoices not paid within 30 days will accrue interest at 1.50%. In accordance with our firm policies, work may be suspended if your account becomes 45 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant

additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to Middle St. Croix Watershed Management Organization and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

Peterson Company Ltd

Peterson Company Ltd

RESPONSE:

This letter correctly sets forth the understanding of Middle St. Croix Watershed Management Organization.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

MIDDLE ST. CROIX WATERSHED MANAGEMENT ORGANIZATION

455 Hayward Avenue N. Oakdale, MN 55128
Phone 651.330.8220 x22 fax 651.330.7747 www.mscwmo.org



MEMORANDUM

TO: Middle St. Croix WMO Board of Managers
FROM: Mike Isensee, Administrator
DATE: January 10, 2019

RE: 6e.) RBC Savings

The RBC Savings account is the accumulation of funds set aside each year for the 10 year plan update and the repair or replacement of water monitoring equipment. The current fund balance is \$63,010.00. The funds are currently held in a money market mutual fund, which has a 7 day yield of 1.33%.

No withdraws of the current funds are anticipated until 2022, when the MSCWMO begins the process of the 2025 Watershed Management Plan update. Staff request the board consider moving all, or a portion of the funds to a longer term CD with higher yields.

Current rates are the following:

12 month CDs are at 2.55%
24 month CD's are at 3.00%
60 month CD's are at 3.70%

RBC Savings

Motion by Board Member 1, seconded by Board Member 2, to approve moving all RBC savings funds from the current money market account to an XX month CD with a minimum interest rate of X.XX%

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MEMORANDUM

TO: Middle St. Croix WMO Board of Managers
FROM: Mike Isensee, Administrator
DATE: January 10, 2019

RE: 7a.) Peoples Church Native Prairie Restoration Reimbursement Request

On December 13, 2018 the MSCWMO Board of Managers approved cost share reimbursement of \$1,000 for the Peoples Church native prairie restoration project.

The Peoples Church of Bayport has completed the restoration of 2 acres of native prairie located at on the South side of 5th Avenue, across from the Bayport Fire Station. The total cost for the installation materials (the majority of the project was installed and maintained with volunteer labor) was \$5,200.00. To date the installation has cost \$4,290.75. The Washington Conservation District has reimbursed costs of \$3,900.00. The Peoples Church is requesting reimbursement of the remaining \$390.75 from the approved cost share from the MSCWMO.

Technical staff request rescinding the approval of \$1,000.00 cost share reimbursement made on December 13, 2018 and reimbursing costs not to exceed \$390.75 based on total expenditures of \$4,290.75.

Peoples Church Native Prairie Restoration Grant Application, Bayport

Motion by Board Member 1, seconded by Board Member 2, to rescind the December 13, 2018 motion to reimburse \$1,000, for the 2 acre prairie restoration located South of 5th Avenue N and East of Barkers Alps Park in Bayport, MN, and motion to approve reimbursement of \$390.75 based on total expenditures of \$4,290.75 and reimbursement from the Washington Conservation District of \$3,900.00.



Administrator's Report- January 2019

Administration

- 2019 insurance renewal
- Website updates
- 2018 savings transfers
- St. Mary's Point Local Surface Water Management Plan review
- BWSR grant reporting and extension request
- One Watershed One Plan information requests
- Minnesota Conservation Corps grant applications
- Minnesota Department of Agriculture grant application

Project Reviews

- Villas of Inspiration, Bayport
- Turner Residence, Baytown Township
- CSAH 24/14

Lily Lake Phase III Grant

Description: \$109,000 for stormwater quality improvements for areas discharging to Lily Lake (2014-2018). This grant is fully allocated to the Greeley Gully Stabilization Project.

Activities This Month: Close out paperwork.

Lake St. Croix Direct Discharge Phase I

Description: \$142,000 grant for stormwater quality improvements in Oak Park Heights, Stillwater and Bayport (2014-2018).

Activities This Month: Close out paperwork.

Lake St. Croix Direct Discharge Phase II

Description: \$151,000 grant for stormwater quality improvements in Oak Park Heights, Stillwater and Bayport (2015-2018).

Activities This Month: Legal agreement revisions.

Lily Lake Final – 45

Description: \$58,000 grant to identify and partially design stormwater practices to reduce phosphorous discharges to Lily Lake by at least 45 lbs. per year.

Activities This Month: No action.

Perro Creek Water Quality Improvements Phase I

Description: \$63,000 grant to design and install stormwater quality practices to reduce nutrients and bacteria discharging directly into Perro Creek and then to Lake St. Croix.

Activities This Month: 90% plan reviews and comments.

Beske Gully Stabilization Project

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Description: \$40,000 Washington Conservation District 319 grant to design and install stormwater quality practices to reduce erosion and nutrients discharging to Lake St. Croix from an actively eroding gully. \$30,000 St. Croix River Association Grant to reduce erosion and nutrients discharging to Lake St. Croix.

Activities This Month: Landowner communications.

Lake St. Croix Direct Phase III

Description: \$34,000 grant for stormwater quality improvements in Oak Park Heights, Stillwater and Bayport (2018-2021)

Activities This Month: None.

Meetings

- One Watershed One Plan Planning Meeting, December 3
- Washington County Water Consortium, December 5
- One Watershed One Plan planning meeting, December 6
- ASCE Operations and Maintenance Conference planning meeting, December 7
- Browns Creek Regulatory Meeting, December 12
- One Watershed One Plan Advisory Committee, December 13
- Minnesota Stormwater Research Council Subcommittee meeting, December 19
- One Watershed One Plan Advisory Committee, January 10

Up Coming:

- One Watershed One Plan Policy Committee Meeting, January 28th 4 p.m., Wyoming MN