

# ANNUAL REPORT 2016



# LETTER FROM ADMINISTRATOR

## From the Administrator:



On behalf of the Board Managers and staff at Capitol Region Watershed District (CRWD) I would like to share some of our highlights from 2016.

In a highly developed environment, large-scale redevelopment projects offer a unique opportunity to implement innovative solutions for stormwater management for CRWD and its partners. In 2016, CRWD collaborated with the City of Saint Paul to complete a Sustainable Stormwater Management Study of the Ford site. The study illustrates a way to re-create Hidden Falls while treating runoff for the entire site. This approach doubles the benefit-

to-cost ratio, allows the land to be developed with greater efficiency and flexibility and creates a new amenity for the community. In the Snelling Midway neighborhood, CRWD is working with the City of Saint Paul and Minnesota United FC to investigate the benefits of a comprehensive stormwater management approach for the new stadium and surrounding area.

CRWD is using technology to maximize project effectiveness. The District worked in partnership with the City of Roseville to build a system that collects, filters and reuses rainwater for irrigation at the softball fields next to the B-Dale Club at Upper Villa Park. The system consists of two underground features including a cistern to collect rainwater for use at the ballfield and a series of 10-foot pipes, with thousands of holes in them, which capture water and allow it to slowly soak back into the ground. An emerging technology called Optimized Real Time Controls uses weather forecasting from the National Oceanic and Atmospheric Administration to create space in the cistern in advance of storms so more stormwater runoff can be treated. This smart control system provides 50% more flood protection at only 10% more cost.

In 2016, the District partnered with schools in Roseville and Saint Paul to build stormwater management projects that clean water and connect with student learning. The projects at Central High School filter 1.4 million gallons of water each year and include signage as well as monitoring devices so students can study the water before and after it flows through the system. The rain gardens at Harambee Elementary School in Roseville are closely tied with the school's environmental science curriculum. These projects and classroom connections are helping to develop the next generation of water stewards.

I am proud of the work we accomplished with our many partners in 2016 and would like to express my appreciation to CRWD's Board of Managers and Citizen Advisory Committee; the cities of Saint Paul, Falcon Heights, Maplewood, Roseville and Lauderdale; Saint Paul's District Planning Councils; Ramsey County; Ramsey Conservation District and residents for your continued support in helping protect and improve water quality in our lakes and the Mississippi River.

Respectfully,

*Mark Doneux*

Mark Doneux, Administrator



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Staff conduct fish survey on Lake McCarrons.



Partner grantee leads water education program.



Crosby Lake in Saint Paul.

Cover: Trout Brook Storm Sewer System repair project.



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# OUR ORGANIZATION

**Mission** To protect, manage and improve the water resources of Capitol Region Watershed District.

**Vision** Capitol Region Watershed District achieves cleaner waters through strategic initiatives and partnerships, using:

- research-based, informed decision making,
- effective water quality rules and
- education and outreach to promote changed attitudes toward water quality stewardship.

## Background

Capitol Region Watershed District (CRWD) is a local, special-purpose unit of government that works to protect, manage and improve lakes, streams, rivers and wetlands of the District. The District covers 40 square miles and includes portions of the cities of Falcon Heights, Lauderdale, Maplewood, Roseville and Saint Paul. All the water in the District eventually drains to the Mississippi River.

In 1998, a small group of dedicated citizens, concerned about water quality in Como Lake, petitioned the Minnesota Board of Water and Soil Resources to create CRWD. Some of the founding members are still active in the organization today on the Citizen Advisory Committee and Board of Managers. This is a testament to how much residents care about our local water resources.



# OUR ORGANIZATION

## Watershed Management Plan

The District's Watershed Management Plan (WMP) was adopted on September 1, 2010. The WMP is the blueprint for the work of CRWD and includes goals and objectives, watershed data, standards, priorities and implementation plans. A Midterm Review Report was developed in 2015 that included a list of 20 recommendations for CRWD's work through 2020.

In 2016, CRWD made progress on several recommendations outlined in the Midterm Review Report. Additional resources were allocated to support education and outreach activities and staff, including expanding CRWD's communications efforts to share details of District-led programs, projects and partnerships. Staff began completing an in-lake water quality driver's analysis for Como Lake. Invasive plant management activities were initiated in late 2016 as

part of an effort to restore Willow Reserve in Saint Paul's North End. Lastly, CRWD secured a Targeted Watershed Grant through the Clean Water, Land and Legacy Amendment to improve water quality in Como Lake and Lake McCarrons.

## Finances

State statutes 103B and 103D provide watershed districts with the authority to levy property taxes and this amount is included on property tax statements. A budget is developed annually and approved after comments are received and a public hearing is held. The funds received through the property tax levy can be used for projects, grants, programs and administration as recommended in the WMP. More specific information on CRWD's finances and a copy of the 2016 Financial Statement and Audit can be found in Appendix A.

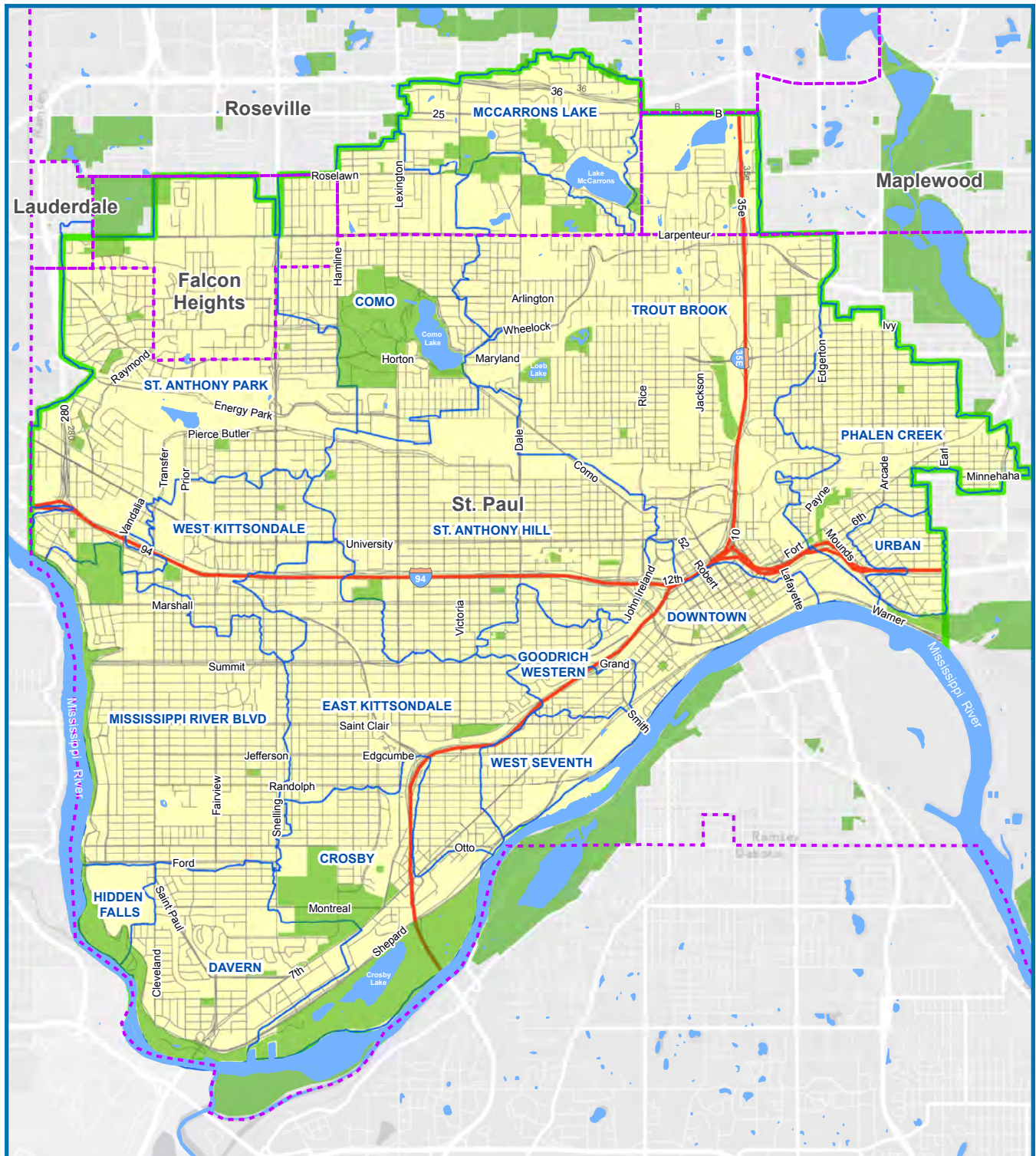


Hands-on learning led by District youth.



# OUR ORGANIZATION

## District Map



Capitol Region Watershed District is home to more than 225,000 people and the land area contains 42% impervious surfaces.

# OUR PEOPLE

## Board of Managers

CRWD is led by a five-person Board of Managers that guides the implementation of goals and objectives set forth in CRWD's Watershed Management Plan. Board Managers are appointed by the Ramsey County Board of Commissioners and serve a three-year term.



[Seitu Jones](#), Secretary | [Michael Thienes](#), Treasurer | [Mary Texer](#), Vice President | [Joe Collins](#), President  
[Shirley Reider](#), Education | [Mark Doneux](#), Administrator

## Citizen Advisory Committee

The Citizen Advisory Committee (CAC) assists the Board of Managers with organizational development and strengthens connections between CRWD and its residents. Meetings are held the second Wednesday of each month and are open to the public. 2016 members include David Arbeit, Bill Barton, Pat Cavanaugh, Steve Duerre, Claudia Hochstein, Mike MacDonald, Rick Sanders, Bob Simonet, Nicole Soderholm, Kathryn Swanson, Michelle Ulrich, Richard Weil and Gwen Willems.

## 2016 Consulting Engineers

Applied Ecological Services, 21938 Mushtown Road, Prior Lake, MN  
Barr Engineering, 4300 MarketPointe Drive, Minneapolis, MN  
Emmons & Olivier Resources, Inc., 651 Hale Ave N, Oakdale, MN  
Geosyntec, 100 South Washington Ave, Minneapolis, MN  
HR Green and Associates, 2550 University Ave W, Ste 400N, Saint Paul MN  
Houston Engineering, Inc., 6901 East Fish Lake Rd, Maple Grove MN  
SRF Consulting Group, Inc., One Carlson Pkwy, Ste 150, Minneapolis, MN  
Wenck Associates, 1800 Pioneer Creek Center, Maple Plain, MN

## 2016 Staff

[Mark Doneux](#), Administrator  
[Jessica Bromelkamp](#), Communications & Outreach Specialist  
[Gustavo Castro](#), Water Resource Specialist  
[Anna Eleria](#), Planning, Projects & Grants Division Manager  
[Bob Fossum](#), Monitoring & Research Division Manager  
[Belinda Gardner](#), Administrative Assistant  
[Elizabeth Hosh](#), BMP Inspector  
[Forrest Kelley](#), Regulatory Division Manager  
[Joe Sellner](#), Water Resource Technician  
[Britta Suppes](#), Monitoring Coordinator  
[Michelle Sylvander](#), Office Manager  
[Lindsay Schwantes](#), Community Outreach Coordinator  
[Maddie Vargo](#), Water Resource Technician  
[Sarah Wein](#), Water Resource Technician  
[Nate Zwonitzer](#), Water Resource Project Manager



# RECOGNITION & AWARDS

## 2016 Recognition and Awards Ceremony

CRWD recognized the contributions of residents, community organizations and businesses as well as CAC members and staff at the 2016 Recognition and Awards Ceremony. CAC members Gwen Willems and Mike MacDonald were recognized for five and 10 years of leadership and service to the District. Carrie Wasley of the Ramsey Conservation District was presented with a certificate of appreciation for her contributions to CRWD. CRWD's Regulatory Division Manager, Forrest Kelly, was recognized for 10 years of outstanding service to the District.

Additional awards included:

- 1 Watershed Citizens of the Year**  
Janna Caywood for her dedication to community engagement and clean water in Como Lake.
- 2 Watershed Citizens of the Year**  
Patricia Ohmans for her dedication to create meaningful resident-led clean water initiatives.
- 3 Watershed Stewards of the Year**  
Olive Murdoch Meyer and Bridget Moynihan for their leadership in Roots and Shoots as part of the Transforming Central project.
- 4 Watershed Partner Award**  
District 6 Planning Council for its leadership and support to build projects that clean water and connect residents with the natural environment.
- 5 Watershed Project Award**  
Bang Brewing for its rain gardens that clean water, support pollinators and add beauty to the District.
- 6 Lifetime Steward Award**  
David Arbeit for his leadership in the formation of CRWD and ongoing support to protect and improve water resources of the District.



CRWD board and staff at annual award's reception.



Photos (except top image): © carolineyang.com



# RECOGNITION & AWARDS

## State and National Project and Program Presentations

In 2016, staff members presented the work of CRWD at multiple conferences around the country and in Canada:

**Bob Fossum** and **Wes Saunders-Pierce**, City of Saint Paul  
*Sustainable Stormwater Manager Study of the Ford Site*

- Clean Water Summit
- American Public Works Association
- Minnesota Water Resources Conference

**Bob Fossum** and **Beth Wentzel**, Inter-Fluve  
*Trout Brook Nature Sanctuary*

- SE Wisconsin Watershed Conference

**Joe Sellner**, **Britta Suppes** and **Bob Fossum**  
*WISKI Load Script*

- National Water Quality Monitoring Conference
- StormCon: The Surface Water Quality Conference & Expo
- KISTERS User Group Conference
- Minnesota Water Resources Conference

### Forrest Kelley

*Upper Villa Stormwater Reuse Project*

- StormCon: The Surface Water Quality Conference & Expo
- Minnesota Water Resources Conference
- Minnesota Association of Watershed Districts

**Anna Eleria** and **Nate Zwonitzer**

*Clean Water Projects at CHS Field*

- International Low Impact Development Conference

**Lindsay Schwantes**, **Anna Eleria** and **Jana Larson**,

Hamline University's Center for Global Environmental Education

*Adopt-a-Drain Program*

- International Low Impact Development Conference
- Water Environment Federation Technical Exhibition and Conference

**Nate Zwonitzer** and **Anna Eleria**

*Urban School Retrofit Projects*

- Minnesota Water Resources Conference
- Minnesota Association of Watershed Districts

**Bob Fossum** and **Anna Eleria**

*Curtiss Pond Improvement Project*

- Clean Water Summit
- Conference on the Environment
- International Low Impact Development Conference

### Bob Fossum

*Villa Park Wetland Restoration Project*

- North American Lake Management Society

## Capitol Region Watershed District's 2016 Honors

### Sustainable Saint Paul Water Conservation Award

*For CHS Field Rainwater Reuse*

### Saint Paul Heritage Preservation Commission Award of Recognition

*For Dayton's Bluff Historic District Rain Gardens*

### Friends of the Parks and Trails of Saint Paul and Ramsey County Public Service Award

### D6 Community Neighborhood Honor Roll

### American Council of Engineering Companies of Minnesota Grand Award

*For Trout Brook Storm Sewer Interceptor Realignment*

### Water Environment Federation National Municipal Stormwater and Green Infrastructure Phase II Award, Overall Highest Score



Photo: Water Environmental Federation

# OUR WORK

## CRWD Water Resources

All of the water in CRWD eventually drains to the Mississippi River. The District includes five lakes: Como Lake, Crosby Lake, Little Crosby Lake and Loeb Lake in Saint Paul, and Lake McCarrons in Roseville. These lakes serve important recreational needs for CRWD residents and visitors, including fishing, boating and swimming. CRWD conducts water quality monitoring of District lakes in collaboration with Ramsey County Public Works, Ramsey Conservation District and the Minnesota Department of Natural Resources (DNR).

### Groundwater

Groundwater is the water found below ground in the cracks and spaces in soil, sand and rock. In Ramsey County it is used for heating and cooling as well as manufacturing processes. Saint Paul Regional Water Services also augments water from the Mississippi River with treated groundwater to meet drinking water demands.

Only a few natural wetlands remain in the District because they were filled or altered during urbanization and development over the past century. Today, the largest wetland tracts include: Woodview Marsh located near Larpenteur Avenue in Roseville, Willow Reserve located near Maryland Avenue in Saint Paul and Villa Park wetland located northwest of Lake McCarrons in Roseville.

### Como Lake

Located in the City of Saint Paul, Como Lake is a relatively shallow (approximately 16 feet deep), 70.5 acre lake located in a highly urbanized watershed. Como Lake and its associated parkland are a major regional recreational amenity within the metro area. The lake drains 1,856 acres of land in Saint Paul, Roseville and Falcon Heights.

Nonpoint source pollution in stormwater runoff is the most serious threat to the water quality of Como Lake because it carries sediment and nutrients — in the form of phosphorus from decomposing organic material and nutrients from lawn fertilizers — to the lake. Como Lake does not meet water quality standards for nutrients and is therefore listed as an impaired water body by the Minnesota Pollution Control Agency.

In 2002, CRWD developed the Como Lake Strategic Management Plan. The plan identifies management strategies and implementation activities to address priority issues. The plan identifies four priority areas of concern: water quality, aesthetics, recreation/lake use and natural resources. One of the key management goals from the plan is to reduce phosphorus loading to the lake by 60%.



Como Lake in Saint Paul.



# OUR WORK

## CRWD Water Resources (cont.)

### Loeb Lake

Loeb Lake is a 9.7 acre lake with an average depth of nine feet and maximum depth of 28 feet. It is located in Marydale Park at the intersection of Maryland Avenue and Dale Street in Saint Paul. Loeb Lake is stocked with fish and is a Minnesota Department of Natural Resources Fishing in the Neighborhood program site. The most common species found in the lake is bluegill. Water quality is generally very good given its location in a highly urbanized subwatershed. While nutrients are relatively low to moderate year-round, they are a pollutant of concern.

In 2009, CRWD completed the Loeb Lake-Willow Reserve Management Plan, which defines critical water-related issues for Loeb Lake and recommends management goals and activities to address the issues. The plan also considers goals and activities for Willow Reserve, a wetland and wildlife preserve located northeast of Loeb Lake. In 2016, CRWD staff began restoration activities at Willow Reserve that included finalizing the Willow Reserve Restoration Plan, and beginning invasive plant and tree removal on the site.

### Crosby Lake and Little Crosby Lake

Crosby Lake and Little Crosby Lake are located within the floodplain of the Mississippi River and are part of a complex of wetland and forested areas associated with the Mississippi River Valley. CRWD analyzes the lake monitoring data and identifies concerns and trends for the annual Monitoring Report. The land surrounding Crosby Lake is collectively known as Crosby Farm Regional Park and is managed by City of Saint Paul Department of Parks and Recreation. Crosby Farm is also part of the National Park Service's Mississippi National River and Recreation Area.

Crosby Lake is 45 acres in size with a maximum depth of 17 feet. Because the lake receives only a small amount of local drainage, the lake's water quality has generally been good with very good lake clarity. In recent years, however, the water quality in Crosby Lake has fluctuated due to extended inundations from Mississippi River flooding.



Loeb Lake in Saint Paul.



# OUR WORK

## CRWD Water Resources (cont.)

Little Crosby Lake is eight acres in size with an average depth of seven feet and a maximum depth of 34 feet. Little Crosby Lake is connected to Crosby Lake through an 825-foot-long marsh and bog area. The water quality in Little Crosby Lake has also recently fluctuated due to extended inundations from Mississippi River flooding.

In 2012, CRWD completed the Crosby Lake Management Plan which includes management goals and implementation projects. The plan was reviewed by both technical and citizen advisory groups and approved by the CRWD Board in 2012.

### Lake McCarrons

Lake McCarrons is a 75-acre lake located in the city of Roseville. With a maximum depth of 57 feet

and a 34% lake littoral area, it supports a variety of activities including swimming, boating and fishing. Starting in 2008, CRWD partnered with Ramsey Conservation District to design and construct restored shorelines on Lake McCarrons. At the close of 2016, 15 lakeshore residents with eroding shorelines completed restoration projects with joint cost-share funds from CRWD, Ramsey Conservation District and Minnesota Board of Water and Soil Resources. More than 2,079 feet of shoreline and an area of 61,500 square feet has been restored. One program participant whose project involved 600 feet of restored shoreline and 20,000 square feet of planting area annually hosts organizations and gardening groups for tours and education about shoreline restoration.



A restored shoreline on Lake McCarrons in Roseville.



# OUR WORK

## CRWD 2016 Projects

### Upper Villa Stormwater Reuse Project

Rainwater from nearly 250 acres of land in Roseville drains through Upper Villa Park and eventually flows into Lake McCarrons. McCarrons is one of the highest quality lakes in the metro area and is used by many residents for recreation. A recent downward trend in lake health led the District to study the area further and identify the following project to protect this valuable community resource.

CRWD worked in partnership with the City of Roseville to build a system that collects, filters and reuses rainwater for irrigation of the softball field at Upper Villa Park behind the B-Dale Club. The system consists of two underground features: a cistern to collect rainwater for use at the ballfield and a series of 10-foot pipes, with thousands of holes in them, that collect water and allow it to soak back into the ground. As water moves through the soil it is cleaned, removing pollutants that would have otherwise traveled through neighborhood storm drains into the Villa Park wetlands, and to Lake McCarrons.

An emerging technology called Optimized Real Time Controls (OptiRTC) was installed to maximize the project's effectiveness. OptiRTC uses weather forecasting from the National Oceanic and Atmospheric Administration to prepare for storms by opening a valve in the cistern and allowing the water to flow into the perforated pipes. This automated process creates space to capture and clean more rainwater.

The system is expected to prevent 50 pounds of phosphorous from flowing into Lake McCarrons each year. Phosphorous is a nutrient that supports algal growth. Too much phosphorous leads to algae blooms, often giving lakes a green soupy appearance during summer months. The system will also save up to 1.3 million gallons of drinking water by reusing rainwater for irrigation.

This project was funded by a \$275,000 Clean Water Partnership grant from the Minnesota Pollution Control Agency; \$360,000 Clean Water Fund grant from the Minnesota Board of Water and Soil Resources; CRWD and the City of Roseville.



Upper Villa Park in Roseville.



# OUR WORK

## CRWD 2016 Projects (cont.)

### Willow Reserve Restoration

Willow Reserve is a 23-acre bird and wildlife reserve located along Maryland Avenue between Arundel and Virginia Streets. The reserve was established by a neighborhood group and the City of Saint Paul in the 1960s. The City of Saint Paul owns and manages the property today. CRWD, the City of Saint Paul and the District 6 Planning Council met with residents on several occasions to discuss the project and gather input to develop the Willow Reserve Restoration Plan. The goals of the plan are to remove invasive trees and plants and create more diverse plant communities to support local wildlife including birds, amphibians and insects.

Project construction began in the winter of 2016-2017 with the removal of invasive trees at the reserve. Those trees were either chipped and used for new trails, burned onsite or hauled offsite. Invasive plants will be managed during the 2017 growing season with follow-up treatment and/or removal as needed through 2019. Once the District is confident invasive species are being managed effectively, native trees, shrubs and other plants will be added to the site through a combination of live plantings and seeding. Long-term management will be required to ensure the plants are successful and the invasive species do not return.



### Central High School Project

Construction recently completed at Saint Paul Central High School prepares the state's oldest high school for a more sustainable future, incorporating stormwater treatment features such as rain gardens, tree trenches, an underground filtration system and porous pavers near the front plaza. In addition to treating runoff from the plaza these features will capture and filter runoff from a portion of the roof and parking lot before it flows into storm drains in the street and eventually the Mississippi River. Together, the projects will prevent more than 1.4 million gallons of polluted stormwater from reaching the river each year. The project also includes the installation of educational signage and monitoring equipment so students at Central will learn more about how urban stormwater monitoring programs work.

Improvements to Central High School are the result of a partnership between Saint Paul Public Schools, the Transforming Central Committee and CRWD. The District awarded Central High School grant funds totaling \$252,350 to assist with design and installation of the clean water projects. The funds also serve as a match to a Clean Water Fund grant (from the Clean Water, Land, and Legacy Amendment) of \$175,000 through the Minnesota Board of Water and Soil Resources.





# OUR WORK

## CRWD 2016 Projects (cont.)

### Sustainable Stormwater Management on the Ford Site

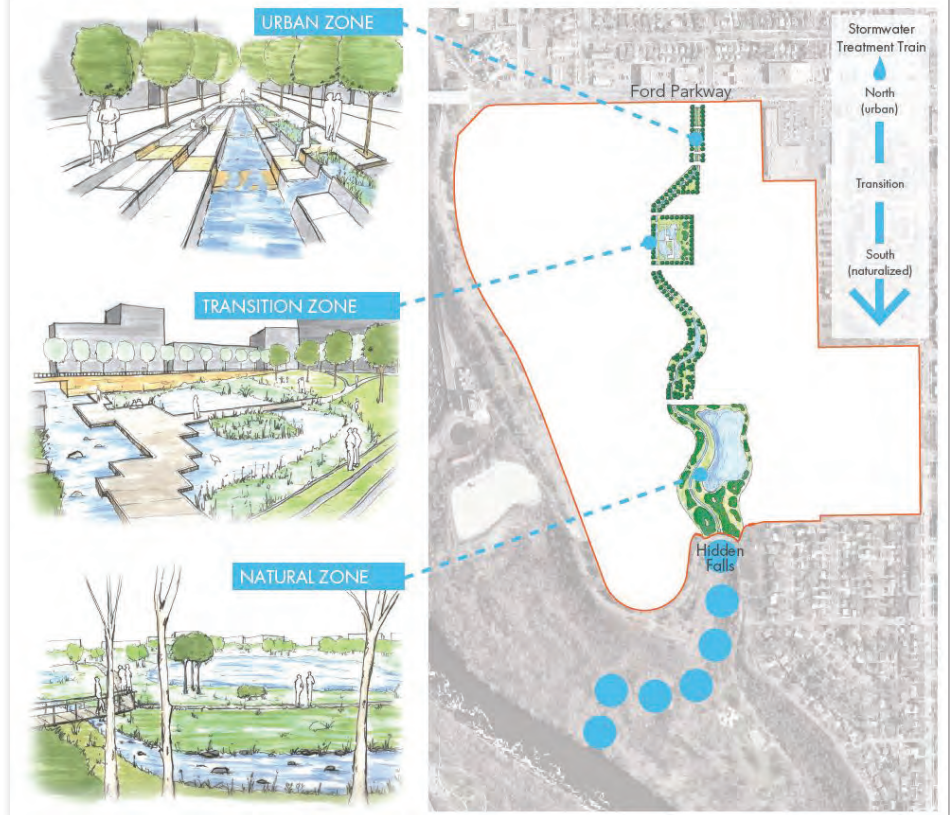
The Ford Site in the Highland Park neighborhood of Saint Paul represents a unique opportunity for redevelopment. A 21st Century Community will emerge on the over 122 acres of land situated along the Mississippi River that looks to the future with clean technologies and high quality design for stormwater, energy, buildings and infrastructure.

CRWD and the City of Saint Paul completed a Sustainable Stormwater Management Study to enhance potential outcomes for stormwater infrastructure on the Ford site. The study lays the groundwork for future stormwater infrastructure, with one of the goals being to better protect Hidden Falls Creek in Saint Paul's Highland Park neighborhood. This innovative approach draws from the City's adopted Great River Passage plan. The plan outlines transformation of the Ford site by featuring a stormwater-based amenity for the community that reconnects the community to parks and the Mississippi River.

The study illustrates a way to re-create the historic origin of the creek while also collecting and treating stormwater runoff for the entire development site. This comprehensive approach eliminates the need for individual underground treatment systems scattered across the site. Outlined in this study are financial, environmental and social benefit comparisons of

#### Aspirational Renderings of a "Centralized" Stormwater Management Approach

(Concept presented to the public at an open house on June 23, 2015, to test ideas)



a conventional versus a comprehensive innovative approach. Essentially, a comprehensive approach doubles the benefit-to-cost ratio and reduces the overall cost of managing stormwater on the Ford site by as much as 40% per acre treated, allowing for the land to be developed with greater efficiency and flexibility.

This study is meant to outline opportunities for an innovative stormwater management approach on the site and will inform the overall guiding framework for the full site.

# OUR WORK

## CRWD 2016 Projects (cont.)

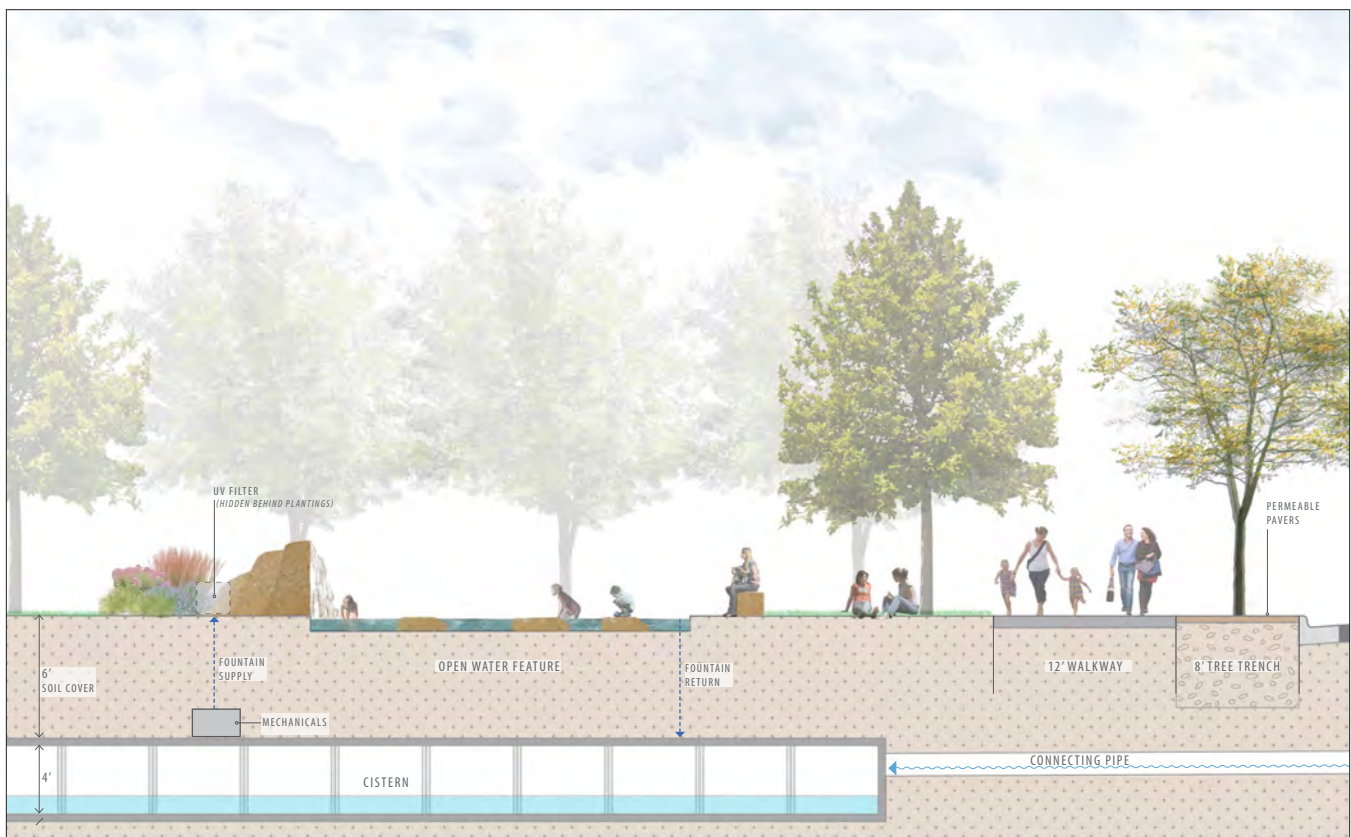
### Snelling-Midway Redevelopment Project

The 35-acre Snelling-Midway superblock along University Avenue in Saint Paul has long been viewed as a prime site for redevelopment and in the eyes of CRWD, also an opportunity to incorporate innovative, sustainable green infrastructure practices on a brownfield site to help improve the water quality of the Mississippi River. In late 2015, Minnesota United FC, Minnesota's professional men's soccer team, selected the site as the home for its future 20,000-seat soccer stadium. Following stadium development that is slated for completion in 2018, the remainder of the site, owned by private developer, will be redeveloped in a phased manner for mixed uses including commercial, residential, institutional and open space.

The City of Saint Paul and CRWD forged a partnership in early 2016 to investigate the feasibility of building a shared stormwater management system for the entire

35-acre site as part of the soccer stadium construction. The system would treat runoff from multiple parcels with shared practices that utilize landscape features and/or natural processes to provide environmental, social and economic benefits. The partners envision utilizing "rainwater as a resource" on the site and demonstrating its value to the thousands of stadium visitors and future residents and tenants.

The partners have shared a schematic design of the system with Minnesota United FC and the private developer. The system involves collecting runoff from the stadium's rooftop and the roofs of future buildings surrounding the stadium. Underground cisterns would be placed beneath the greenspace north of the stadium to collect the water. After treatment, the rain water could be used to irrigate landscaping around the stadium complex, flush toilets and create a water feature.



Concept rendering of the shared stormwater management system.



# OUR WORK

## CRWD 2016 Projects (cont.)

### Trout Brook Storm Sewer Interceptor

CRWD owns, operates and maintains the Trout Brook Storm Sewer System, a “trunk conveyor” or interceptor storm sewer that receives runoff from the Cities of Saint Paul, Roseville, Falcon Heights and Maplewood as well as Ramsey County and Minnesota Department of Transportation. The system was constructed between the 1880s and 1950s and served as a combined sanitary and storm sewer system. TBI ranges from five to 11 feet in diameter and tunnel shapes include circular, rectangular and horseshoe. In 1988, the systems were separated. Today, TBI carries rainwater and snowmelt from city streets, parking lots and other hard surfaces to the Mississippi River.

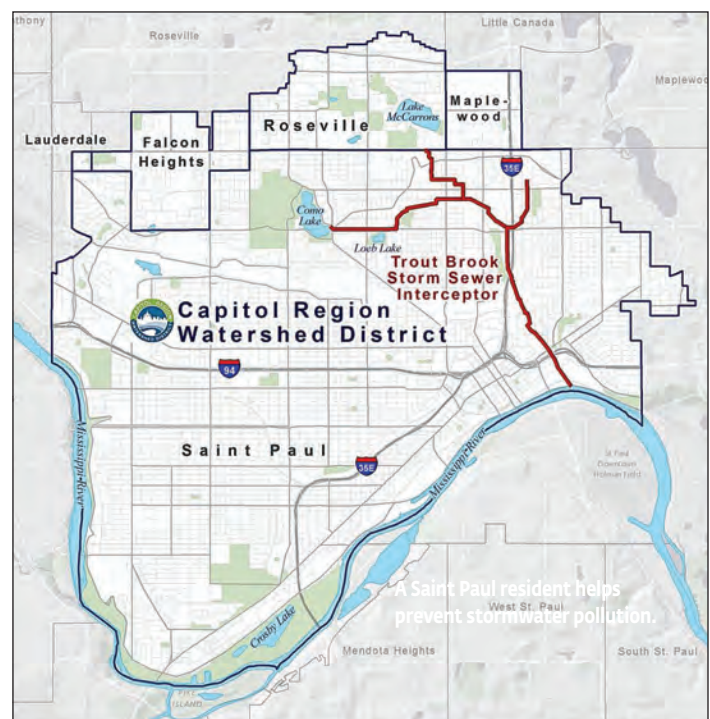
In late 2016, CRWD began repairing a half-mile stretch of the oldest section of TBI that starts just south of Phalen Boulevard and ends north of I-94 in Saint Paul. Most of this repair section is a 10-foot by 10-foot horseshoe arch comprised of limestone blocks in the arch portion and brick pavers on the bottom. Repairs include replacing damaged or missing mortar between joints of the limestone blocks, installing a concrete liner in a 500-foot section where there are higher amounts of defects and removing calcium deposits in the pipe. Unlike previous TBI repair projects conducted by CRWD, this 100-year old section of TBI was in better condition and did not warrant full replacement of any pipe sections.

### Stormwater Pollution Prevention Program

As mandated by federal and state environmental regulations, CRWD has a Stormwater Pollution Prevention Program (SWPPP) to manage stormwater runoff in the Trout Brook subwatershed. CRWD’s comprehensive, multi-faceted program involves six minimum control measures to improve water quality and minimize stormwater runoff: education and outreach, public involvement, illicit discharge detection and elimination, construction site erosion and sedimentation control, post-construction stormwater management and pollution prevention/good housekeeping of municipal operations. Highlights of the program in 2016 included partnering with City of Saint Paul’s Public Works Department to construct boulevard rain gardens as part of its street reconstruction projects and year three of implementing the Adopt-a-Drain program in partnership with the City of Saint Paul Public Works and Hamline University.



Mortar repair in the Trout Brook Storm Sewer system.



# OUR WORK

## 2016 Education and Outreach

### General Outreach

The goals of the Education and Outreach Program are to reduce nonpoint source pollution, and to increase clean water knowledge, participation and action among CRWD residents to protect our water resources. The District organized outreach for adults and youth in partnership with numerous community organizations and CRWD's member cities. Staff, partners and volunteers collaborated with 6,000 residents as part of 62 public events, trainings, presentations, resource assistance, school visits, field trips and tours within the District.

### A Year of Partnerships

In 2016, CRWD worked in collaboration with Ramsey-Washington Metro Watershed District and Mississippi Watershed Management Organization to create a Crisis Communications Plan. The plan was one of the primary recommendations outlined in the 2015 shared Strategic Communications Plan. As part of this process, key staff and several Board members attended a media training where we learned best practices for working with media during crises.

In May 2016, Freshwater Society and CRWD hosted a Water Reuse Workshop at CHS Field in Saint Paul. More than 120 professionals, from all sectors involved with reuse, attended the workshop to discuss barriers and identify solutions. Participants were also invited to tour the site to learn how rain water is being used to irrigate the ballfield and flush toilets. In urban areas with reduced spaces for water to soak into the ground, rain water reuse has been growing as a stormwater management strategy. This workshop was a first step for local professionals to better understand challenges faced when implementing reuse projects and how to address them to increase the practice in Minnesota.

CRWD helped sponsor the 2016 State of the River Report developed by Friends of the Mississippi River (FMR) and the National Park Service's Mississippi National River and Recreation Area (MNRA). The 2016 report highlights the status and trends of 14 key indicators of the Mississippi River's health, including bacteria, phosphorus, nitrate and sediment levels, as well as the river's viability for

recreation and wildlife. It also addresses new or emerging contaminants of concern, such as microplastic fibers and chloride. FMR and MNRA were invited to share their findings with the District's Citizen Advisory Committee as well as the public in November of 2016.

In November 2016, CRWD co-sponsored Freshwater Society's fall Moos Family Lecture Series presentation with Janet Attarian, Deputy Director of Planning and Development for the City of Detroit. Nearly 200 people attended to hear Ms. Attarian present "Designing for Our Future – Sustainable Infrastructure and the Triple Bottom Line." Ms. Attarian shared her years of experience integrating sustainable design into urban communities such as Chicago and Detroit. CRWD's Administrator, Mark Doneux participated on a panel with Anne Hunt, Environmental Policy Director for Saint Paul, about sustainable infrastructure in the Twin Cities.



Staff lead watershed education lesson at Lake McCarrons.



# OUR WORK

## 2016 Education and Outreach (cont.)

### Master Water Stewards

CRWD completed its inaugural year of the Master Water Stewards program in partnership with Freshwater Society. The program trains, certifies and supports community leaders to install clean water projects that educate community members, reduce pollutants from urban runoff and allow more water to soak into the ground instead of flowing into storm drains and the Mississippi River.

In 2016, 340 residents partnered with watershed districts, management organizations and cities throughout the Twin Cities metropolitan area to participate in this exciting new program. Classes concluded in July 2016 and since that time, Stewards have been busy completing their Capstone Projects. Examples include rain gardens installed in boulevards, on private property and at a local community organization. Stewards also complete an education and outreach project. One of CRWD's Stewards created a clean water campaign where they shared

water-friendly yard care practices in sidewalk chalk that directed people to CRWD's website. Other Stewards incorporated clean water messaging into an exhibit at the Little Mekong Night Market and helped promote the Adopt-a-Drain program.

### Adopt-a-Drain

CRWD partnered with Hamline University's Center for Global Environmental Education to conduct targeted outreach to promote the Adopt-a-Drain program in two Saint Paul neighborhoods. Participating residents adopt storm drains and keep them free and clear of debris. They are asked to report the amount of material collected throughout the year. The results are used to determine the program's collective impact on water quality. In 2016, 340 residents adopted 561 storm drains, preventing more than 10,000 pounds of material from entering storm drains and flowing into the Mississippi River. CRWD is pleased with the program's success and plans to expand it to Roseville in 2017.



Master Water Stewards build a rain garden.



# OUR WORK

## 2016 Education and Outreach (cont.)

### Metro Watershed Partners

CRWD is a member of Watershed Partners, a coalition of more than 70 organizations working to educate and inspire residents to protect Minnesota lakes and rivers. In 2016, Watershed Partners shifted away from purchasing media and developed a three-year campaign to more effectively engage residents in watershed protection efforts. A new website ([cleanwatermn.org](http://cleanwatermn.org)) was launched in 2016. It features seasonally-appropriate stories about metro area residents taking action to keep Minnesota waters clean. The stories were written for partners to use in communications via social media, websites and newsletters. A system of trackable links allows partners to measure engagement.



Clean Water Minnesota.

Watershed Partners partnered with Hamline University to host the Storm Drain Goalie photo booth and exhibit in the Eco Experience building at the Minnesota State Fair. The building hosted 262,322 visitors during the fair in 2016. Nearly 4,400 photos were taken as part of the Storm Drain Goalie booth. Forty-one percent of the people who took photos shared them on social media. Another exhibit, Storm Drain Goalie foosball table, was available to visitors at the Department of Natural Resources (DNR) building. Approximately 500,000 people visited the DNR building in 2016.

### Winter and Turfgrass Maintenance Workshops

CRWD partnered with Fortin Consulting to host a Winter Roads Maintenance Workshop for new public works snow fleet removal operators. The District also hosted one-hour refresher sessions for all previously certified Saint Paul Public Works employees. The training discussed the environmental importance of reducing the amount of salt used to keep our streets safe and application techniques to achieve reductions.

The District also sponsored a Winter Sidewalk and Parking Lot Workshop for 11 Saint Paul Public School (SPPS) snow removal operators. CRWD plans to offer a workshop for SPPS supervisors and new staff in 2017.

CRWD contracted with the University of Minnesota to present a Turfgrass Maintenance Workshop for 18 Saint Paul Parks and Recreation staff. The workshop was hands-on and incorporated several turfgrass experts in topics ranging from irrigation to seed selection to fertilizer application.



Saint Paul Parks and Recreation staff attend turfgrass maintenance workshop.



# OUR WORK

## CRWD Grant Programs

### Stewardship Grants

CRWD values collaboration with individuals and organizations, and sees the involvement of all residents as important to improving water resources in the District. Through the District's grant programs, we hope to encourage a strong ethic of water resource stewardship among residents.

Goals of the Stewardship Grant program are to:

1. improve water quality,
2. increase groundwater recharge,
3. protect plant and wildlife communities and
4. raise stormwater pollution prevention awareness among residents.

Grants are available to residents of the District as well as governmental agencies, businesses, schools and nonprofit organizations that are located and/or conduct work in the District. CRWD also offers free technical assistance for designing rain gardens and shoreline restoration projects.

In 2016, 11 grants were awarded, totaling \$103,652. In addition, 105 site evaluations were completed for Best Management Practices (BMPs), and 32 construction plans were developed for future projects. BMPs are activities, practices and structures that reduce the impacts of stormwater runoff. Previously awarded Stewardship Grants helped make possible 10 project installations including large rain gardens at Gloria Dei Lutheran Church, vegetated swales at Frogtown Farm, and rain gardens at Bang Brewing to collect and filter runoff.

### Gloria Dei Lutheran Church

Gloria Dei Lutheran Church is located at Highland Parkway and Snelling Avenue in Saint Paul. Founded in 1908, the church has 2,500 members in its congregation. CRWD was approached by the church to see if there were opportunities to treat stormwater runoff from the site. The goal was to install clean water projects along with other improvements to the church building and parking lot. CRWD provided a \$40,000 grant to install two large infiltration projects. One project consists of a vegetated swale with a series of check dams to slow and infiltrate water from the church before it reaches a rain garden surrounding an existing catch basin. The project captures runoff from nearly half an acre of rooftop and turf. The second rain garden captures and infiltrates runoff from 1.1 acres of parking lot and roof and another  $\frac{1}{4}$  acre of turf in a large infiltration/filtration basin. The basin was planted with a variety of native prairie plants, and educational signage was installed to provide project details.

### Frogtown Farm

Frogtown Farm is an urban farm located at Minnehaha Avenue and Milton Street in Saint Paul. The farm serves as a demonstration and focuses on community engagement and food education. The farm contacted CRWD for help addressing erosion on site. With assistance from the Ramsey Conservation District, a plan was developed to install a series of vegetated swales and tiered infiltration basins to capture and slow runoff from the farm. CRWD provided grant funds totaling \$34,031 and the BMPs were successfully installed in 2016.



Frogtown Farm's rain garden in Saint Paul.

# OUR WORK

## CRWD Grant Programs (cont.)

### Partner Grants

CRWD Partner Grants range from \$2,000 to \$20,000 and are awarded to organizations that share our mission to reduce polluted runoff and provide clean water education to residents of the District. The District gives priority to projects that help meet goals outlined in CRWD's Education and Outreach Plan.

In 2016, CRWD awarded \$81,500 to support eight partner organizations with implementing water-themed education projects and programs. These projects reached thousands of CRWD residents from a variety of communities, cultural backgrounds and age groups. CRWD is deeply grateful to Partner Grantees who allow us to share in their work for clean water.

Organization	Project Name and Description	Grant Award
Asian Economic Development	Little MeKong Clean Water Project	\$13,000
Como Active Citizen Network	7th Annual Como Curb Clean-up	\$5,000
Frogtown Green	Froglab Environmental Learning Space and Frog-a-Rimba Festival	\$10,000
Great River Greening	Field Learning for Teens Program	\$16,000
Public Art Saint Paul	West Sculpture Park Rain Garden and Water-Themed Art Activities	\$10,000
Saint Paul Natural Resources	Community Water Quality Education	\$12,000
Urban Roots	Conservation Youth Internships	\$12,000
Harambee Elementary School	Harambee Water Project	\$3,500



Frogtown Green's water festival at Hmongtown Marketplace.  
Photo: Hans Bremhorst



# OUR WORK

## CRWD Grant Programs (cont.)

### 2016 Special Grants

Special Grants are awarded to public and private landowners for large construction projects. Special Grant program goals are: to decrease polluted stormwater runoff, protect plant and wildlife communities adjacent to water resources, educate residents about water resources and/or provide demonstration opportunities

for innovative clean water projects. Typical recipients are cities, neighborhood associations and large businesses whose projects provide a high level of water quality improvement and public visibility. In 2016, CRWD received applications for six projects totaling \$1,003,725. A total of \$319,150 was awarded to the following grantees.

Project Name	Description	Grant Award
Maryland Payne Pocket Neighborhood Development	Feasibility study for stormwater management at a new "Pocket Neighborhood".	\$37,500
Selby Milton Victoria — Senior Housing & Business Development	Feasibility analysis and implementation of stormwater management projects.	\$95,000
Swede Hollow Park Stream Improvements	Implementation of designed water management and stream improvements.	\$136,650
North Lake Como Restoration	Lakeshore restoration, slope stabilization and habitat enhancement near Como Lake.	\$40,000



Great River School's cistern collects rooftop runoff for irrigation.



# OUR WORK

## CRWD Grant Programs (cont.)

### 2016 Special Grants (cont.)

Several previous Special Grant projects were completed in 2016. Central High School in Saint Paul installed a variety of BMPs including permeable pavers, tree trenches, rain gardens and a large underground infiltration system that will treat over 1.4 million gallons of runoff per year. The project also includes water monitoring opportunities for students and educational signage that explains the various project features. The project was funded in part by CRWD and a grant from the Minnesota Board of Water and Soil Resources through the Clean Water, Land, and Legacy Amendment.



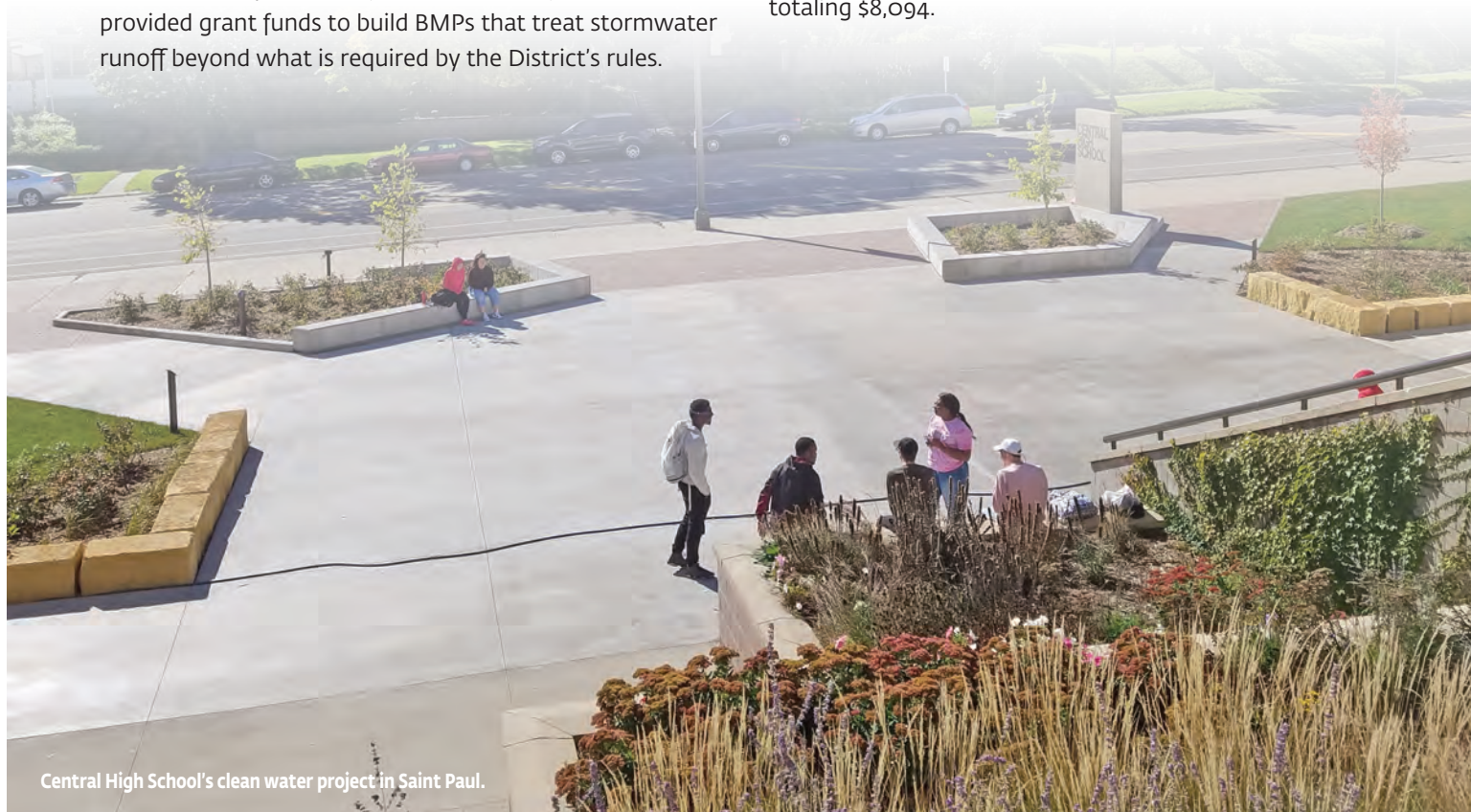
Harambee Elementary School in Roseville installed five large rain gardens to treat runoff from the parking lots and sidewalks. An existing parking lot island was expanded and converted to a series of three rain gardens. The other two rain gardens are highly visible at the entrance of the school. Students helped with some of the planting in the fall of 2016.

Midway Office Warehouse was constructed at the former Midway Stadium (Saint Paul Saints) site. CRWD provided grant funds to build BMPs that treat stormwater runoff beyond what is required by the District's rules.

This partial funding was provided for an underground infiltration system that uses tire derived aggregate, or TDA (shredded tires), to create storage space instead of rock. TDA is much less expensive than rock, which allowed the Saint Paul Port Authority to build a larger treatment system for the same cost. Monitoring wells were installed throughout the system and CRWD is partnering with the Port Authority and the Minnesota Pollution Control Agency to further investigate the effectiveness of this approach. In addition to the TDA storage, two different types of permeable hard surfaces were installed and educational signage will be added to explain the project's benefits.

### Well Sealing Grants

Abandoned wells pose a threat to public health since they provide a direct pathway for contaminants to enter groundwater. Groundwater is a source of drinking water for thousands of people in the metro area. Abandoned Well Sealing Grants are available to residents within the District who have a well that is no longer in use on their property. Wells must be sealed by a licensed well contractor. In 2016, 16 well sealing grants were awarded, totaling \$8,094.





# OUR WORK

## CRWD Grant Programs (cont.)

### Saint Paul Streets Boulevard Rain Gardens

CRWD partners with the City of Saint Paul's Public Works Department to build rain gardens during street reconstruction projects. This program, known as Saint Paul Streets, was designed to better utilize the boulevard area by planting clean water projects to prevent polluted runoff from flowing into storm drains and the Mississippi River. The City of Saint Paul offers residents the opportunity to host a garden, identifies suitable boulevards, constructs the basin and curb cut, installs a mix of sand and compost and lays mulch. Homeowners agree to plant and maintain the gardens.

In 2016, CRWD worked with the City of Saint Paul and the District 10 Planning Council to build two rain gardens near Como Lake. As part of the Como Chatsworth road reconstruction project, the City was required to provide stormwater treatment. Two existing traffic control islands at the intersection of Van Slyke Avenue and Churchill Street were converted to rain gardens with curb-cuts to intercept road runoff and meet stormwater requirements. Originally planned to be turf basins, the neighborhood and District 10 offered to "adopt" the islands and added plants to the basins. CRWD and the Ramsey Conservation District worked with the neighbors to develop planting plans, and CRWD provided an \$8,000 grant for the plants. District 10 coordinated a neighborhood planting event in the fall of 2016. There are currently 237 SPS rain gardens in Saint Paul.



## Inspiring Communities Program

In 2011, the City of Saint Paul's Department of Planning and Economic Development and CRWD began a partnership to enhance residential landscapes and achieve water quality benefits at foreclosed homes acquired by the city for rehabilitation. The Inspiring Communities Program (previously Neighborhood Stabilization Program) rehabilitates foreclosed and vacant housing in some of the most racially diverse and economically challenged areas of Saint Paul.

Landscape designs incorporate features that treat nearly all runoff onsite and include downspout redirections to rain gardens, rain barrels or green space. CRWD provides expert advice and design services to create a landscape plan, and both partners provide resources for installation and educational support for home buyers.

CRWD also provides a \$1,000 reimbursement for the construction of stormwater BMPs on each property and consultation during construction. In 2016, plans were developed for eight properties, and two previously designed properties were rehabilitated with new clean water landscapes.



# OUR WORK

## Water Quality Monitoring

Since 2005, CRWD has monitored stormwater quantity and quality from its 41-square-mile watershed in Saint Paul, Roseville, Maplewood, Falcon Heights and Lauderdale, which eventually drains to the Mississippi River. CRWD is highly urbanized with 225,000 residents and approximately 42% impervious land cover.

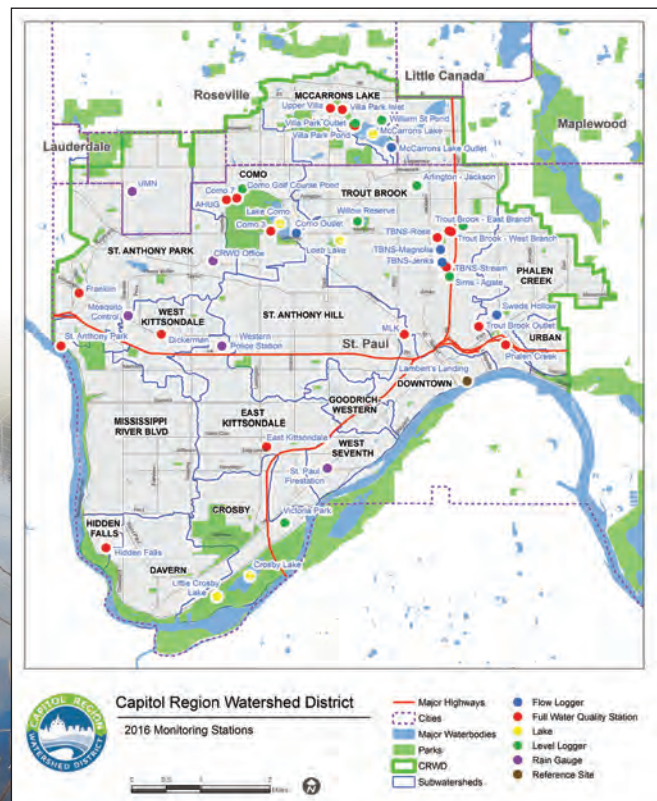
### Monitoring locations

Of the 16 major subwatersheds in CRWD (see map below), seven are currently monitored for water quantity and quality (St. Anthony Park, Hidden Falls, East Kittsondale, Phalen Creek, Trout Brook, McCarrons and Como). Within the monitored subwatersheds, CRWD collected water quality and quantity data at 19 monitoring sites in 2016. At nine stations, samples were collected during baseflow and stormflow periods. Water quality samples from all monitoring stations were analyzed for nutrients, sediment, metals and bacteria, which are used to calculate total pollutant loading. All water quality and quantity data and results are reported in CRWD's annual Stormwater Monitoring Report.

Additionally, CRWD monitored water quality in the five District lakes (Como Lake, Crosby Lake, Little Crosby Lake, Loeb Lake, Lake McCarrons) in partnership with Ramsey County Public Works Department (RCPW), Ramsey Conservation District (RCD) and the Minnesota Department of Natural Resources (DNR). CRWD collected continuous level data on Como Lake, Crosby Lake, Loeb Lake and Lake McCarrons from roughly April through November. Lakes were sampled by RCPW bi-monthly April through October for nutrients, sediment, water

clarity, chlorophyll-a, phytoplankton and zooplankton. RCD worked with CRWD to conduct macrophyte and biovolume surveys of each lake, which included plant species identification and estimations of relative plant abundance. CRWD also conducted fisheries surveys on Crosby Lake, Little Crosby Lake, Loeb Lake and Lake McCarrons in 2016. The DNR surveyed the fish in Como Lake as part of their overall monitoring plan for the state in 2016.

CRWD monitored 11 District wetlands in 2016 for plants. Previously, the plant and macroinvertebrate data collected was used to determine an Index of Biological Integrity (IBI) for each wetland, which evaluates and indicates general wetland health on a numerical scale based on other large depressional wetlands in Minnesota. In 2015, CRWD began monitoring only aquatic plants in order to use the Floristic Quality Assessment (FQA) method of monitoring and assessing District wetlands. The FQA was developed by the Minnesota Pollution Control Agency in 2012 and is currently used as the agency's main wetland monitoring and assessment approach.



Staff install level logger at Como Golf Course pond.



# OUR WORK

## Water Quality Monitoring (cont.)

### 2016 Climatological Summary

The 2016 calendar year was the wettest on record for the Twin Cities, with 40.66 inches of precipitation. This was +10.05 inches above the 30-year normal. Of note were above-average monthly precipitation totals from July through December. The month of August was especially rainy with 9.45 inches of rain, over twice as much as the 30-year monthly normal. Overall, the winter of 2016 was mild and with below average snowpack. March was especially warm, with multiple 70°F days occurring. Total snowfall for the year was only 37.70 inches, which was 16.7 inches less than the 30-year normal average. Because of high early spring temperatures and minimal snowpack depth, there was no recordable snowpack after February 23.

### Discharge Results Summary

Major CRWD subwatersheds that outlet to the Mississippi River generally recorded greater than average flows and water yields in 2016 due to the above-average precipitation year. Subsequently, total annual pollutant loading was generally higher than average because more water carried more pollutants. Of the four major CRWD subwatersheds, Trout Brook exported the greatest amount of water because it has the largest total subwatershed drainage area (8,000 acres).

### Lakes Results Summary

In 2016, water quality varied in each of CRWD's five lakes. Generally, all lakes improved in water quality from 2015. Como Lake failed to meet the state eutrophication standards for total phosphorus, chlorophyll-a or Secchi disk depth, and is therefore considered impaired. Additionally, Crosby Lake did not meet the state eutrophication standard for total phosphorus. Little Crosby Lake, Loeb Lake and Lake McCarrons met all eutrophication standards in 2016. This was the first year that Little Crosby Lake met the standards for all parameters in the six years it has been monitored.





# OUR WORK

## BMP Maintenance and Monitoring

Stormwater Best Management Practices (BMPs) are activities, practices and structures that reduce the impacts of stormwater runoff. CRWD owns and/or operates many stormwater BMP structures throughout the watershed, including 18 constructed in the Como Lake Subwatershed and 14 along the Green Line on University Avenue in Saint Paul.

Regular inspection and maintenance of all the BMPs and pretreatment units is coordinated by CRWD. Maintenance is crucial to ensure the BMPs are functioning properly. CRWD receives assistance with maintenance of some of the BMPs from citizen volunteers and other government entities. In 2016, most the maintenance was completed by a private contractor who is experienced with the construction and maintenance of stormwater BMPs.

### Arlington-Pascal Stormwater Improvement Project

The BMPs constructed in the Como Lake Subwatershed were built as part of the Arlington-Pascal Stormwater Improvement Project — in collaboration with the cities of Falcon Heights, Roseville and Saint Paul and Ramsey County — that aimed to reduce localized

flooding and improve the water quality of Como Lake. BMPs constructed include an underground stormwater storage and infiltration facility, a regional stormwater pond, eight rain gardens and eight underground infiltration trenches. The underground stormwater facility and infiltration trenches have pretreatment devices (a hydrodynamic separator, sumped catch basins and manholes) incorporated into their design to provide treatment of stormwater runoff by capturing trash, debris, oils and sediment before they flow into the BMP. These pretreatment units help maintain the performance of BMPs by removing pollutants and infiltrating stormwater runoff.

Since 2007, CRWD has collected water quality and quantity data on several BMPs constructed for the Arlington-Pascal project. BMPs are monitored to determine their overall effectiveness at reducing stormwater runoff and pollutant loads. All this monitoring data was used to calibrate a water quality model that simulated the amount of stormwater runoff and pollutants flowing to and from all 18 of the Arlington-Pascal Project BMPs. Modeling efforts are necessary because Minnesota winters prohibit monitoring data from being collected year round.





# OUR WORK

## BMP Maintenance and Monitoring (cont.)

This data, in addition to construction, design, operation and maintenance costs, was used to determine the cost-benefit ratio (the cost per pound of pollutants removed and the cost per unit of volume reduction) of each BMP. This data is presented in CRWD's *BMP Performance and Cost-Benefit Analysis: Arlington-Pascal Project 2007-2010*, published in spring 2012.

CRWD undertook additional monitoring efforts to determine the amount of gross solids (trash, organic matter, sand and gravel) that accumulated within the Arlington-Pascal Project BMPs as well as the gross solids captured by BMP pretreatment units. The amount of phosphorous contained in the gross solids was also determined. The results of this study were incorporated into the BMP performance analysis mentioned above. Detailed results can be found in CRWD's *Arlington-Pascal Project: Gross Solids Accumulation Study*, published spring 2012.

### Green Line Project

CRWD, the City of Saint Paul, Metropolitan Council (Met Council) and Ramsey County forged a partnership with a commitment to improve stormwater management, enhance the urban tree canopy and transform the aesthetics of the Green Line corridor

using highly visible green infrastructure practices. Four types of green infrastructure practices were constructed from 2010 to 2013 along University Avenue: an integrated tree trench system, rain gardens, stormwater planters and infiltration trenches. These practices incorporate natural landscape features and hydrologic processes to treat stormwater by allowing it to soak into the ground. They also integrate with the character and values of the surrounding community and serve as educational tools that help raise community awareness of stormwater.

CRWD has estimated that annually the entire project will reduce post-construction stormwater volume by over 50% or 134 acre-feet, sediment load by nine tons and phosphorus load by 109 pounds to the Mississippi River. This project contributes to the overall pollutant load reductions required by the state for this section of the Mississippi River. In 2014, CRWD developed a long-term monitoring plan of the Green Line BMPs to validate the estimated pollutant reduction projections. The Green Line monitoring plan will be ongoing for up to five years. In 2016, staff collected monitoring data for three stormwater sewers, three rain gardens, four stormwater planters, two tree trenches and three rain gauges within the Green Line Project. Eventually, the data will be compiled and analyzed to determine BMP performance and the cost-benefit of each BMP.



Staff and area youth help clean up Green Line projects.



# OUR WORK

## 2016 Watershed Rules and Permitting

### Watershed Rules

Water quality and stormwater management rules (Rules) were adopted by CRWD in September 2006. The Rules require stormwater management permits for projects disturbing more than one acre of land. Most of CRWD is fully developed, making it necessary to utilize stormwater improvement practices as part of redevelopment projects to reduce pollution flowing into CRWD's lakes and wetlands and the Mississippi River. To achieve CRWD's goal of cleaner water resources, the Rules require volume

reduction practices that capture 1.1 inches of rainfall over newly constructed impervious surfaces. This is most often achieved by infiltration of runoff into the soil. The Rules were revised in April 2015 to include the current volume reduction standard along with new filtration and enhanced filtration standards, address stormwater harvesting and reuse, and incorporate the National Oceanic and Atmospheric Administration's Atlas 14 rainfall data. The Joint Technical Advisory Committee convenes regularly to review the rules and permitting process.



Staff meet with contractors to inspect construction site.



# OUR WORK

## 2016 Watershed Rules and Permitting (cont.)

### Permitting Program

CRWD reviews applications and issues permits to ensure compliance with the standards outlined in the Rules. Regulatory Division staff work with CRWD's consulting engineer to review applications and make recommendations to the Board of Managers. The Board votes to approve or deny permit applications based on their compliance with the Rules.

During construction, sites are inspected for compliance with erosion and sediment control regulations. When vegetation and topsoil are removed at construction sites, soil is exposed and can be transported to storm drains and water bodies during rainstorms. To ensure the proper Best Management Practices (BMPs) are installed and maintained, the District verifies that construction supervisors comply with permit conditions, to minimize the impact of sediment-laden discharge. Permitted sites are also inspected to ensure that permanent stormwater

BMPs are correctly installed. It is particularly important that infiltration practices are protected from turbid runoff and soil compaction during construction, and that vegetation is properly established.

CRWD's Permitting Program processed 33 permit applications in 2016. Almost 69% of the acreage included in the applications consisted of impervious surfaces such as roads, sidewalks and buildings. Runoff leaving those surfaces is accounted for and treated by stormwater BMPs that meet the standards specified in CRWD's Watershed Rules.

### CRWD Permits By Year

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Applications Received	30	33	31	33	30	30	36	41	41	33
Acres Disturbed	94	85	110	358	142	331	210	125	118	144
Acres Impervious	68	64	65	194	90	109	82	77	66	99
Alternative Compliance Sites	12	13	5	15	14	12	17	21	18	17
Standard Compliance Sites	15	18	26	18	13	17	19	20	23	16
Linear Projects	4	5	9	9	6	4	11	8	13	11
Total Linear Impervious (ac)	37	34	32	156	49.83	75.93	49.78	36.5	24.9	51
Total Linear Treatment (cf)	72,180	20,969	75,201	431,597	118,110	435,928	223,433	35,441	39,502	67,164
Infiltration Approved (cf)	120,349	148,131	163,297	425,289	275,781	91,100	124,856	96,889	220,236	102,599
Filtration Approved (cf)	73,861	65,959	35,649	198,844	179,448	474,887	348,543	176,183	117,065	207,756
Total Treatment Volume	194,210	214,090	198,946	624,133	455,229	565,987	473,399		339,019	310,355
Variances Requested	2	2	2	2	1	0	3	2	4	5
Variances Approved	1	2	1	2	1	0	3	2	4	5
Incomplete/Withdrawn Applications	3	2	0	0	3	1	2	2	3	0

# OUR WORK

## 2016 District Finance Summary

This is a summary and overview of CRWD's financial activities for the fiscal year ending December 31, 2016. The complete 2016 Annual Financial Report and Audit can be found in Appendix A.

### Operations

2016 budgeted revenue increased \$146,286 from a budgeted revenue of \$3,126,730 and actual revenue of \$3,273,016. This increase was largely due to a stormwater impact fund payment received from the City of St. Paul in 2016. Expenditures in 2016 were under budget. Budgeted expenditures were \$3,126,730 while actual expenditures were \$2,945,688, a difference of \$181,042. The decrease in expenditures was due to several programs and projects that were under budget.

### Capital Improvement Program (CIP)

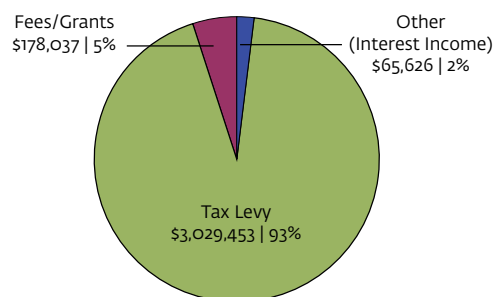
2016 budgeted revenue was \$1,375,203 and actual revenue was \$1,327,552. The decrease of \$47,651 in revenue was due to receiving delinquent tax revenue. Expenditures in 2016 decreased from the budgeted amount of \$5,328,365 to an actual amount of \$1,404,199. This reduction in expenditures was primarily due to the budgeted \$3,500,000 purchase and renovation of a new facility, which did not occur in 2016. Additionally, three main projects were under budget.

### Financial Highlights

2016 ended with the District spending approximately 53% of its overall budget. The significant difference is due to the District not finalizing its new facility purchase until 2017. Excluding the budgeted cost of this new facility of \$3,500,000, the District spent approximately 88% of the remainder of the budget. The fund balance increased to \$5,371,276 on December 31, 2016 from \$5,109,002 on January 1, 2016.

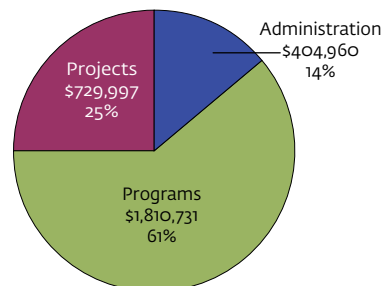
**2016 Operations Revenue (actual)**

Total \$3,273,016



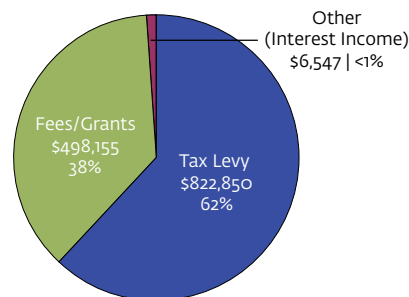
**2016 Operations Expenditures (actual)**

Total \$2,945,688



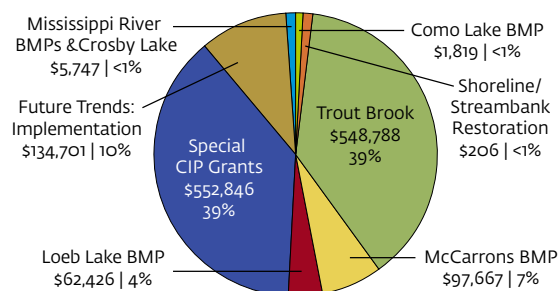
**2016 CIP Revenue (actual)**

Total \$1,327,552



**2016 CIP Expenditures (actual)**

Total \$1,404,199





# OUR PLANS

## 2016 Year In Review

Below is a complete list of 2016 CRWD projects:

Fund Name	Project Name
<b>Administration</b>	General Administration
	New Office
	Administrative Allocation
<b>Groundwater</b>	Groundwater Protection — Well Sealing
	District Groundwater Assessment
<b>Rulemaking/Rule Revisions</b>	Evaluate Rules and Conduct Annual TAC Meeting
<b>Permitting</b>	Implement Permit Program
	Permit Tracking and Database Management
	Construction Inspection
	Permit Closure and Post Construction Inspection and Maintenance
<b>Stewardship Grants</b>	Stewardship Grants
	Partner Grants
	Inspiring Communities Program
	RSVP Rain Garden Projects
<b>Monitoring and Data Collection</b>	Baseline Monitoring and Data Collection
	Lake Monitoring and Data Collection
	Villa Park Monitoring and Data Collection
	Wetland Bio-monitoring
	Long-term Monitoring Database Development
	Remote Data Access and Set Up
	BMP Monitoring
	Upper Villa Exfiltration Monitoring
<b>Education and Outreach</b>	General
	Community Capacity Assessment
	Clean Streets Outreach
	Municipal Outreach
	Website and Social Media
	Master Water Stewards
	Partnerships
	Events
	Awards and Recognition Programs
	Youth Outreach

# OUR PLANS

## 2016 Year In Review (cont.)

Fund Name	Project Name
<b>Technical Resources and Information Sharing</b>	Local and Agency Plan Review and Tech Committee
	BMP Database Maintenance/Updates
<b>Future Trends: Research and Positioning</b>	District Research Program
	Public Art Program
	Green Infrastructure Incentive Program
	Existing Site Stormwater Retrofit Strategy
	Climate Change Impacts — Research and Action
	Floating Island Pilot Project
<b>Geographic Information System</b>	GIS Program Development
	Data Acquisition
	Internal Mapping System
	Impervious Surfaces Data Set
<b>Safety Program</b>	Safety Training
	Safety Program Updates/Audits
	CSE Equipment
<b>Shoreline and Streambank Maintenance</b>	Lake McCarrons Shoreline Restoration Project
	Saint Paul Natural Resources Intern Program
	Loeb Lake Shoreline Assessment
	Crosby Lake Shoreline Assessment
<b>Como Lake Subwatershed</b>	Como Park Regional Park Stormwater Plan
	Como BMP Maintenance and Inspection
	Como Lake TMDL Reporting and Audit
	Como Lake Aquatic Plant Harvesting
	Curtiss Pond Opti RTC O&M
	Como Lake, In-lake Management Assessment
<b>Lake McCarrons Subwatershed</b>	Aquatic Plant Harvesting
	Aquatic Invasive Management Plan
	Lake McCarrons Internal Loading Assessment
<b>Loeb Lake Subwatershed</b>	Willow Reserve Management Plan



# OUR PLANS

## 2016 Year In Review (cont.)

Fund Name	Project Name
<b>Trout Brook Subwatershed</b>	Inspection and Annual Maintenance
	TBI Easement Verification and Documentation
	TBI Hydraulic/Hydrologic Model Calibration and Update
	TBI Subwatershed Study
	NPDES MS4 Stormwater Program
	Illicit Discharge Detection and Elimination Program
<b>Crosby Lake Subwatershed</b>	Crosby Lake Management Plan Implementation
	Highland Ravine BMP Maintenance
<b>Wetland, Stream and Ecosystem Restoration — Planning</b>	Wetland/Stream Reestablishment Feasibility Study
<b>Mississippi River Subwatershed</b>	Green Line Redevelopment SSGI Design
	Ford Site Planning
	Eustis Street Stormwater Improvement Project
	Green Line BMP Maintenance
<b>Watershed Management Planning</b>	Watershed Plan Audit
<b>Shoreline and Streambank Restoration</b>	Shoreline and Streambank Restoration Projects
	Ravine Stabilization Projects
<b>Como Lake BMPs</b>	Curtiss Field Opti RTC Maintenance
	Como Lake BMP Preliminary Engineering
<b>Lake McCarrons BMPs</b>	Upper Villa Park Stormwater Improvement Project
<b>Loeb Lake BMPs</b>	Willow Reserve Restoration Project
<b>Trout Brook BMPs</b>	TBI Repair — Farrington/Cottage
	Grand Round North Loop Green Infrastructure Practices — Phase I
	Lafayette Park Campus Stormwater Improvement Project
	TBI Repairs — St. 135+06 to 180+29
<b>Wetland, Stream and Ecosystem Restoration — Implementation</b>	Wetland Reestablishment — Implementation
	Trout Brook Nature Sanctuary Water Feature — Construction
	Victoria Park Water Features

# OUR PLANS

## 2016 Year In Review (cont.)

Fund Name	Project Name
<b>Mississippi River Subwatershed BMPs</b>	Green Line Redevelopment BMPs
	East Kittsondale Stormwater Retrofits
	Downtown Bike Loop Green Infrastructure Project
	Lauderdale Subwatershed Stormwater Improvement Project
<b>Special Projects and Grants</b>	Special Grants
	Stormwater Retrofit Program
	Central High School
<b>Future Trends: Implementation</b>	New Office Facility
<b>Debt Service</b>	Debt and Loan Service



# OUR PLANS

## 2017 Workplan

Fund Name	Project Name	Priority	Project Description
<b>Adminstration</b>	General Administration	Critical	General administration of District operations
	Administrative Allocation	Ongoing	Annual cost allocation to projects and programs
<b>Groundwater</b>	Groundwater Protection — Well Sealing	Beneficial	Provide grant reimbursements for well sealing
<b>Permitting</b>	District Permit Program	Critical	Continue Implementing District Permit Program
	Construction Inspection	Critical	Inspect active permits sites for compliance
	Permit Closure and Post Construction Inspection/Maintenance	Important	Inspect completed permit projects for compliance and maintenance
<b>Stewardship Grants</b>	Stewardship Grants	Important	Administration, promotion and outreach on Stewardship Grants
	Partner Grants	Important	Provide grants to partners to help Implement Education/Outreach programming
	Inspiring Communities Program	Important	Provide design and project funds for City ICP program
	RSVP Rain Garden Projects	Important	Assist City and residents with RSVP rain gardens
	TWP - Blvd Rain Gardens	Critical	Assist City and residents with RSVP rain gardens in Como and McCarrons subwatersheds
<b>Monitoring and Data Collection</b>	Baseline Monitoring and Data Collection	Critical	Monitoring of 7 baseline sites, 14 level logger sites and 4 rain gauges
	Lake Monitoring and Data Collection	Critical	Monitoring of 5 CRWD lakes, including chemistry and biological sampling and qualitative parameters
	Villa Park Monitoring and Data Collection	Critical	Monitoring of 2 FWQ sites in Villa Park as well as 2 level loggers and Lake McCarrons flow only station
	Wetland Bio-monitoring	Important	Annual Monitoring of CRWD wetlands including IBI assessments, water quality analysis, data analysis and reporting
	Long-term Monitoring Database Development	Critical	Development of a long term monitoring database for effective data management
	Remote Data Access and Set Up	Important	Implement Remote Data Access Program
	BMP Monitoring	Important	Monitoring of BMP sites — Como 7 (6), Green Line (2), Bdale (1) and 24 level logger sites
	Upper Villa Exfiltration Monitoring	Beneficial	Exfiltration monitoring of an underground infiltration BMP
	Data Analysis and Reporting Tool (DART)	Important	Phase I of web-based analytical and reporting tool

# OUR PLANS

## 2017 Workplan (cont.)

Fund Name	Project Name	Priority	Project Description
<b>Education and Outreach</b>	General	Critical	General Communication and Outreach
	Leaf and Litter Clean Ups	Critical	Implement a Leaf and Litter Clean Up Program
	Municipal Training	Important	Provide training for municipalities staff
	Website	Important	Maintenance and improvement of CRWD website
	Master Water Stewards	Important	Participate in Master Water Stewards Program
	Sponsorships and Partnerships	Beneficial	Sponsorship and support to partner organizations
	Events	Beneficial	Events: Community and CRWD-sponsored events and activities
	Awards Program	Important	Support CRWD Recognition Program
	Youth Outreach	Important	Develop and implement outreach programming to District youth
	Media Training	Important	Provide media training for staff, board and partners
	Adopt-a-Drain	Beneficial	Promote and implement Adopt-a-Drain Program
	Strategic Communications Plan	Important	Implement Strategic Communications Plan
	TWP — Adopt-a-Drain	Critical	Adopt-a-Drain Program in Como and McCarrons subwatersheds for TWP
	TWP — Leaf and Litter Clean Ups	Critical	Leaf and Litter Clean Ups in Como and McCarrons subwatersheds for TWP
	Social Media	Important	Maintain and update District social media accounts
<b>Technical Resources and Information Sharing</b>	Local and Agency Plan Review and Tech Committee	Critical	Review plans, serve on local, state, national committees related to stormwater/water quality
	BMP Database Maintenance/Updates	Critical	Provide maintenance and updates to BMP database
<b>Future Trends: Research and Positioning</b>	District Research Program	Important	Develop and implement comprehensive research program
	Public Art Program	Important	Develop art policy work with Watershed Artist in Residence
<b>Geographic Information Systems (GIS)</b>	GIS Program Development	Important	Manage GIS needs for CRWD
	Data Acquisition	Critical	Purchase and update data layers



# OUR PLANS

## 2017 Workplan (cont.)

Fund Name	Project Name	Priority	Project Description
<b>Safety Program</b>	Safety Training	Critical	Provide safety training for staff
	Safety Program Updates/Audits	Critical	Conduct safety audit including assessment of program plan, CSE protocols, office procedures and equipment
	Safety Equipment	Critical	Purchase, maintain and repair safety equipment
<b>Shoreline and Streambank Maintenance</b>	Saint Paul Natural Resources Intern Program	Important	Sponsor intern with Saint Paul for BMP maintenance or other activities
<b>Como Lake Subwatershed</b>	Como Regional Park Stormwater Plan	Important	Complete a Como Regional Park Stormwater Plan
	Como BMP Maintenance and Inspection	Critical	Maintain and Inspect Arlington-Pascal BMPs
	Curtiss Pond Opti RTC O&M	Important	Operate, maintain and inspect Opti RTC system
	TWP — Como Lake Project Development	Critical	Develop projects for the Como Lake TWP
	North and East Subwatershed Study	Important	Conduct subwatershed study for North and East Como subwatersheds
	Como Lake, In-Lake Management Assessment	Important	Conduct in-lake management assessment
<b>Lake McCarrons Subwatershed</b>	AIS Management	Beneficial	Manage aquatic invasive plants
	Aquatic Invasive Management Plan	Critical	Develop an Aquatic Invasive Species Mgt Plan
	Internal Loading Assessment	Important	Conduct an assessment of internal loading
	Upper Villa Maintenance	Critical	Upper Villa Maintenance
	TWP — Lake McCarrons Project Development	Critical	Develop projects for Lake McCarrons TWP
<b>Trout Brook Subwatershed</b>	Inspection and Annual Maintenance	Critical	Manage, operate, inspect, maintain and repair TBI, including 5-year comprehensive inspection
	TBI Easement Verification and Documentation	Critical	Complete TBI easement verification, acquisition and documentation work
	TBI Hydraulic/Hydrolic Model Calibration and Update	Critical	Update TBI model with Atlas 14 Data
	NPDES MS4 Stormwater Program	Critical	Implement Stormwater Management Plan and coordinate work to meet MS4 requirements
	Illicit Discharge Detection and Elimination Program	Critical	Refine and implement IDDE program. Include monitoring, notification protocols and year-end reporting
	East Branch Subwatershed Study	Completed	Conduct subwatershed study on TBI East Branch

# OUR PLANS

## 2017 Workplan (cont.)

Fund Name	Project Name	Priority	Project Description
<b>Crosby Lake Subwatershed</b>	Highland Ravine BMP Maintenance	Critical	Maintain gully stabilization BMPs
<b>Mississippi River Subwatershed</b>	Green Line Redevelopment SSGI Design	Critical	Planning and design of Green Line SSGI and signage
	Snelling Midway Redevelopment	Important	Plan, design shared, stacked green infrastructure at Snelling Midway Redevelopment
	Ford Site Planning	Important	Provide design and planning assistance for former Ford site
	Green Line BMP Maintenance	Critical	Maintain and repair CRWD's green infrastructure along the Green Line
<b>Shoreline and Streambank Restoration</b>	Ravine Stabilization Projects	Important	Complete design and installation of ravine stabilization projects
<b>Como Lake BMPs</b>	TWP — Como BMP — McMurray	Critical	Implement McMurray Field stormwater BMP
<b>Lake McCarrons BMPs</b>	Upper Villa Park Stormwater Improvement Project	Critical	Complete construction of Upper Villa BMP
	TWP — McCarrons BMP — Parkview	Critical	Design Parkview Elementary BMP
<b>Loeb Lake BMPs</b>	Willow Reserve Restoration Project	Critical	Conduct Phase I of Ecological Restoration Project
<b>Trout Brook BMPs</b>	TBI Repairs — St. 0+00 to 28+49	Critical	Repairs for St. 0+00 to 28+49
<b>Wetland, Stream and Ecosystem Restoration</b>	Victoria Park Water Features	Beneficial	Design Victoria Park water features
<b>Mississippi River Subwatersheds BMPs</b>	Snelling Midway Redevelopment	Important	Construct Snelling Midway BMPs
	Lauderdale Subwatershed Stormwater Improvement Project	Important	Design and construct stormwater improvements



# OUR PLANS

## 2017 Workplan (cont.)

Fund Name	Project Name	Priority	Project Description
<b>Special Projects and Grants</b>	Special Grants	Critical	Implement Special Grant Program
	TWP — Grant Administration	Critical	Administer TWP Grant Program
	Central High School	Critical	Implement stormwater improvements
<b>Future Trends: Implementation</b>	New Office Facility	Critical	Purchase, due diligence, design and remodel of new office
<b>Debt Service</b>	Debt and Loan Service	Critical	Annual Payment for 2007A, CWF Loan and 2013A Debt

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# APPENDIX A

## Financial Statements and Audit



# **ANNUAL FINANCIAL REPORT**

**Year Ended December 31, 2016**

**Capitol Region Watershed District**

**Ramsey County, Minnesota**

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**CAPITOL REGION WATERSHED DISTRICT**  
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## **INTRODUCTORY SECTION**

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## **CAPITOL REGION WATERSHED DISTRICT**

### **ORGANIZATION**

December 31, 2016

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#### **Board of Managers**

Joseph Collins - President  
Seitu Jones - Secretary  
Mary Texer - Vice-President  
Michael R. Thienes - Treasurer  
Shirley Reider

#### **Watershed District Staff**

Mark Doneux, Administrator  
Belinda Gardner, Administrative Assistant  
Michelle Sylvander, Office Manager  
Jessica Bromelkamp, Communications and Outreach Specialist  
Lindsay Schwantes, Communication Outreach Coordinator  
Forrest Kelley, Regulatory and Conservation Program Manager  
Anna Eleria, Water Resource Project Manager  
Robert Fossum, Water Resource Project Manager  
Joe Sellner, Water Resource Technician  
Britta Suppes, Water Resource Technician  
Madeline Vargo, Water Resource Technician  
Sarah Wein, Water Resource Technician  
Nate Zwonitzer, Urban BMP Specialist  
Elizabeth Hosch, BMP Inspector

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## **FINANCIAL SECTION**



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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

### INDEPENDENT AUDITOR'S REPORT

Board of Managers  
Capitol Region Watershed District  
Saint Paul, Minnesota

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Capitol Region Watershed District as of and for the year ended December 31, 2016, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Capitol Region Watershed District as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Capitol Region Watershed District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

April 19, 2017



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Capitol Region Watershed District (the District) 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, 2016.

### **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 \$11,807,461 (Net position). Of this amount, \$1,380,849 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the District's fund designations and fiscal policies.

The District's total net position increased by \$104,208.

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balance was \$5,371,276 compared to \$5,109,002 the previous year.

### **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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**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 deferred outflows of resources, and liabilities and deferred inflows of resources 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.

(unaudited)

## Management's Discussion and Analysis

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. uncollected taxes and earned but unused vacation leave).

**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 funds of the District are 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 financial 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 of the District's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Operations Fund, Capital Improvement Fund and Debt Service Fund, which are considered to be major funds.

The District adopts an annual appropriated budget for the Operations Fund and the Capital Improvement Fund.

A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget.

**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.

(unaudited)

## Management's Discussion and Analysis

Following is a comparison of the District's net position between 2016 and 2015.

	2016	2015
Current and other assets	\$7,491,332	\$6,435,568
Capital assets	11,361,382	11,671,902
Total assets	<u>\$18,852,714</u>	<u>\$18,107,470</u>
Deferred outflows of resources related to pensions	<u>\$450,455</u>	<u>\$97,295</u>
Payables	\$1,220,760	\$1,314,373
Other long term liabilities	6,178,811	5,145,081
Total liabilities	<u>\$7,399,571</u>	<u>\$6,459,454</u>
Deferred inflows of resources related to pensions	<u>\$96,137</u>	<u>\$42,058</u>
Net position:		
Net investments in capital assets	\$10,345,819	\$10,585,834
Restricted	80,793	300,116
Unrestricted	1,380,849	817,303
Total net position	<u>\$11,807,461</u>	<u>\$11,703,253</u>

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

(unaudited)



## Management's Discussion and Analysis

### **Governmental Activities**

Governmental activities resulted in a increase of the District's net position by \$104,208. The details of the decrease are as follows:

#### **Capitol Region Watershed District's Changes in Net Position**

	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$31,000	\$26,000
Operating grants and contributions	151,251	-
Capital grants and contributions	498,155	551,560
General revenues:		
Property taxes	4,222,132	3,306,730
Grants and contributions not restricted to specific programs	-	-
Unrestricted investment earnings	8,395	979
Miscellaneous other	102,404	122,101
Total revenues	<u>5,013,337</u>	<u>4,007,370</u>
Expenses:		
General government	3,006,220	2,903,201
Conservation of natural resources	1,794,188	1,804,662
Interest on long term debt	108,721	114,818
Total expenses	<u>4,909,129</u>	<u>4,822,681</u>
Change in net position	<u>104,208</u>	<u>(815,311)</u>
Net position - January 1 as originally reported	11,703,253	13,129,316
Prior period adjustment	-	(610,752)
Net position - January 1 as restated	<u>11,703,253</u>	<u>12,518,564</u>
Net position - December 31	<u>\$11,807,461</u>	<u>\$11,703,253</u>

The increase in net position is mainly due to a decrease in budgeted general government expenses and in budgeted conservation of natural resources expenses. Several projects and programs were under budget and operating grant revenue received was over budget. In aggregate, revenues exceeded expenses by \$104,208.

### **Financial Analysis of the Government's Funds**

**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.

## Management's Discussion and Analysis

The Operations fund balance increased by \$327,328 in 2016, which was due to revenues exceeding expenditures. The District budgeted expenditures of \$3,126,730 however actual expenditures were \$181,042 less than expected. In addition, the District received a grant from the City of St. Paul for \$139,200 which was not included in the Operations fund budget.

The Capital Improvement fund balance decreased from prior year by \$76,647 in 2016, which was due to expenditures exceeding revenues. The primary reason Capital Improvement expenditures exceeded revenues was fund balance was planned to be used to fund a portion of 2016 expenditures.

The Debt Service fund balance increased from prior year by \$11,593 in 2016 which was primarily due to revenues exceeding expenditures. Debt Service payments were overestimated by \$11,591 in 2016.

### **Budgetary Highlights**

#### **Operations**

The operations expenditures were under budget by \$181,042. This was primarily due to numerous programs and projects that were under budget and the District receiving a grant from the City of St. Paul during 2016.

#### **Capital Improvement**

The capital improvement expenditures were under budget by \$3,885,566. This was primarily due to the budgeted \$3,500,000 purchase of a new facility which did not occur during 2016. Additionally, three main projects were under budget. Those projects include Wetland, Stream & Ecosystem Restoration, Mississippi River Subwatershed BMPs and Special Grants.

### **Capital Asset and Debt Administration**

**Capital assets.** The District's capital assets for its governmental activities as of December 31, 2016, amounts to \$11,361,382. This investment in capital assets is in construction in progress, equipment and infrastructure. Accumulated depreciation was \$3,157,374 with current depreciation charges of \$497,261.

## Management's Discussion and Analysis

### Capitol Region Watershed District's Capital Assets (Net of Depreciation)

	December 31,	
	2016	2015
Equipment	\$85,054	\$44,185
Infrastructure	11,146,136	11,627,717
Construction in progress	130,192	-
Total	<u>\$11,361,382</u>	<u>\$11,671,902</u>

**Debt administration.** Capitol Region Watershed District records the following long-term obligations:

	Compensated Absences	Loans Payable	Bonds Payable	Net Pension Liability
December 31, 2016	\$63,481	\$309,282	\$3,846,154	\$1,079,894
December 31, 2015	54,399	350,140	4,046,084	694,458
Increase (decrease)	<u>\$9,082</u>	<u>(\$40,858)</u>	<u>(\$199,930)</u>	<u>\$385,436</u>

In 2007, Capitol Region Watershed District issued \$1,555,000 in Watershed District Tax Supported Bonds, Series 2007A for the Capital Improvement fund for project costs. In 2013, the District issued \$3,000,000 in General Obligation bonds for watershed improvement projects.

### **2016 Financial Highlights**

2016 ended with the District spending approximately 51% of its overall budget. The significant difference is due to the District not finalizing its new facility purchase until 2017. Excluding the budgeted cost of this new facility, the District spent approximately 88% of the remainder of its budget.

**Requests for information.** This financial report is designed to provide a general overview of Capitol Region Watershed District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Capitol Region Watershed District, 1410 Energy Park Drive, Suite 4, St. Paul, MN, 55108, 651-644-8888.



## **BASIC FINANCIAL STATEMENTS**

**CAPITOL REGION WATERSHED DISTRICT****STATEMENT OF NET POSITION**

December 31, 2016

**Statement 1**

	Primary Government Governmental Activities
Assets:	
Cash and short term investments	\$7,294,706
Due from other governments	50,000
Accounts receivable	2,068
Property taxes receivable:	
Due from county	71,432
Delinquent	63,906
Prepaid items	9,220
Capital assets - net:	
Non-depreciable	130,192
Depreciable	11,231,190
Total assets	<u>18,852,714</u>
Deferred outflows of resources related to pensions	450,455
Total assets and deferred outflows of resources	<u><u>\$19,303,169</u></u>
Liabilities:	
Accounts payable	\$589,116
Contracts payable - retainage	41,707
Deposits payable	545,327
Accrued interest payable	44,610
Unearned revenue	880,000
Loans payable:	
Due within one year	41,679
Due in more than one year	267,603
Bonds payable:	
Due within one year	200,000
Due in more than one year	3,646,154
Compensated absences payable:	
Due within one year	63,481
Net pension liability	
Due in more than one year	1,079,894
Total liabilities	<u><u>7,399,571</u></u>
Deferred inflows of resources related to pensions	96,137
Net position:	
Net investments in capital assets	10,345,819
Restricted	80,793
Unrestricted	1,380,849
Total net position	<u><u>11,807,461</u></u>
Total liabilities, deferred inflows and net position	<u><u>\$19,303,169</u></u>

The accompanying notes are an integral part of these financial statements.

**CAPITOL REGION WATERSHED DISTRICT**
**STATEMENT OF ACTIVITIES**

For The Year Ended December 31, 2016

**Statement 2**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:					
Governmental activities:					
General government	\$3,006,220	\$31,000	\$151,251	\$ -	(\$2,823,969)
Conservation of natural resources	1,794,188	-	-	498,155	(1,296,033)
Interest on long term debt	108,721	-	-	-	(108,721)
Total governmental activities	<u>\$4,909,129</u>	<u>\$31,000</u>	<u>\$151,251</u>	<u>\$498,155</u>	<u>(4,228,723)</u>
General revenues:					
Property taxes					4,222,132
Unrestricted investment earnings					8,395
Miscellaneous other					102,404
Total general revenues					<u>4,332,931</u>
Change in net position					104,208
Net position - January 1					<u>11,703,253</u>
Net position - ending					<u>\$11,807,461</u>

The accompanying notes are an integral part of these financial statements.



**CAPITOL REGION WATERSHED DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2016

**Statement 3**

	Operations	Capital Improvement	Debt Service	Total Governmental Funds
<b>Assets</b>				
Cash and short-term investments	\$2,640,175	\$4,579,920	\$74,611	\$7,294,706
Due from other governments	50,000	-	-	50,000
Accounts receivable	1,010	1,058	-	2,068
Taxes receivable:				
Due from county	51,313	13,937	6,182	71,432
Delinquent	49,950	6,965	6,991	63,906
Prepaid items	9,220	-	-	9,220
<b>Total assets</b>	<b>\$2,801,668</b>	<b>\$4,601,880</b>	<b>\$87,784</b>	<b>\$7,491,332</b>
<b>Liabilities:</b>				
Accounts payable	\$293,666	\$295,450	\$ -	\$589,116
Contracts payable - retainage	-	41,707	-	41,707
Deposits payable	545,327	-	-	545,327
Unearned revenue	-	880,000	-	880,000
<b>Total liabilities</b>	<b>838,993</b>	<b>1,217,157</b>	<b>-</b>	<b>2,056,150</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	49,950	6,965	6,991	63,906
<b>Fund balance:</b>				
Nonspendable	9,220	-	-	9,220
Restricted	-	-	80,793	80,793
Assigned	-	3,377,758	-	3,377,758
Unassigned	1,903,505	-	-	1,903,505
<b>Total fund balance</b>	<b>1,912,725</b>	<b>3,377,758</b>	<b>80,793</b>	<b>5,371,276</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$2,801,668</b>	<b>\$4,601,880</b>	<b>\$87,784</b>	<b>\$7,491,332</b>
Fund balance reported above				\$5,371,276
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets net of related depreciation used in governmental activities are not financial resources, and, therefore, are not reported in the funds.				11,361,382
Deferred outflows of resources related to pensions - See Note 8.E.				450,455
Deferred inflows of resources related to pensions - See Note 8.E.				(96,137)
Long-term liabilities, including compensated absences, net pension liability, bonds payable, loans payable and related interest payable are not due and payable in the current period and, therefore, are not reported in the funds.				(5,343,421)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.				63,906
<b>Net position of governmental activities</b>				<b>\$11,807,461</b>

The accompanying notes are an integral part of these financial statements.

**CAPITOL REGION WATERSHED DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
For The Year Ended December 31, 2016

**Statement 4**

	Operations	Capital Improvement	Debt Service	Total Governmental Funds
Revenues:				
General property taxes	\$3,029,453	\$822,850	\$364,968	\$4,217,271
Intergovernmental:				
Grants and reimbursements	147,037	498,155	-	645,192
Interest income	2,780	5,489	126	8,395
Permit fees	31,000	-	-	31,000
Miscellaneous	62,746	39,658	-	102,404
Total revenues	<u>3,273,016</u>	<u>1,366,152</u>	<u>365,094</u>	<u>5,004,262</u>
Expenditures:				
Current:				
General government:				
Other services and charges	660,871	-	1,750	662,621
Salaries & benefits	1,086,835	-	-	1,086,835
Supplies	116,058	-	-	116,058
Noncapitalized equipment	19,817	-	-	19,817
Legal	27,136	-	-	27,136
Engineering	521,866	-	-	521,866
Projects and studies	456,556	-	-	456,556
Conservation of natural resources	-	1,312,607	-	1,312,607
Capital outlay	56,549	130,192	-	186,741
Debt services:				
Principal	-	-	235,858	235,858
Interest	-	-	115,893	115,893
Total expenditures	<u>2,945,688</u>	<u>1,442,799</u>	<u>353,501</u>	<u>4,741,988</u>
Revenues over (under) expenditures	327,328	(76,647)	11,593	262,274
Fund balance - January 1	<u>1,585,397</u>	<u>3,454,405</u>	<u>69,200</u>	<u>5,109,002</u>
Fund balance - December 31	<u><u>\$1,912,725</u></u>	<u><u>\$3,377,758</u></u>	<u><u>\$80,793</u></u>	<u><u>\$5,371,276</u></u>

The accompanying notes are an integral part of these financial statements.

**CAPITOL REGION WATERSHED DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2016

**Statement 5**

	<u>2016</u>
Amounts reported for governmental activities in the Statement of Activities (Statement 2) are different because:	
Net changes in fund balances - total governmental funds (Statement 4)	\$262,274
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:	
Capital outlay	186,741
Depreciation expense	(497,261)
Accrued interest payable:	
At December 31, 2016	(44,610)
At December 31, 2015	46,852
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Principal payment	235,858
Amortization of premium	4,930
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable revenue:	
At December 31, 2016	63,906
At December 31, 2015	(59,045)
Net adjustment in revenues and expenses arising from recording the net pension liability	(86,355)
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 payable:	
At December 31, 2016	(63,481)
At December 31, 2015	54,399
Change in net position of governmental activities (Statement 2)	<u><u>\$104,208</u></u>

The accompanying notes are an integral part of these financial statements.



**CAPITOL REGION WATERSHED DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Capitol Region Watershed District conform to generally accepted accounting principles (GAAP).

**A. FINANCIAL REPORTING ENTITY**

The Capitol Region Watershed District (the District) was organized in September 1998 under the provisions of Minnesota Statutes Chapter 103D. Additional powers and duties are contained in Minnesota Statutes Chapters 103B and 103E. A watershed district is a “special purpose” unit of local government, which has taxing authority and can promulgate and implement rules that have the effect and force of law.

The purpose of the District is to provide for surface and groundwater management within the District’s geographic boundaries. The District is approximately 42 square miles in size and contains portions of the cities of Falcon Heights, St. Paul, Maplewood, Roseville, and Lauderdale. The University of Minnesota St. Paul Campus and Minnesota State Fair Grounds are also within this district.

The District is governed by a board of managers who are appointed by the Ramsey County Board of Commissioners. Managers serve three-year terms.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported. There are no *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not 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 FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as

**CAPITOL REGION WATERSHED DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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revenues in the year for which they are levied. 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 all 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, debt service expenditures are recorded only when payment is due. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be 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 District.

The District reports the following major governmental funds:

Operations Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in the Capital Improvements Fund and Debt Service Fund.

Capital Improvements Fund is established to account for expenditures related to the preparation and implementation of the watershed management plan. Funding for these projects is through grants and special revenues and bond proceeds.

Debt Service Fund is established to account for debt associated with the District's activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, that are similarly treated when they involve other funds of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. General revenues include all taxes.

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

**D. BUDGETS**

Budgets are legally adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are legally adopted for the Operations Fund and Capital Improvements. Budgeted expenditure appropriations lapse at year end.

**E. LEGAL COMPLIANCE – BUDGETS**

The District prepares annual revenue and expenditure budgets for the District's Operations Fund and the Capital Improvement Fund. The District monitors budget performance on the fund basis. All amounts over budget have been approved by the Board through the budget extension process. 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.

**F. CASH AND INVESTMENTS**

The District invests in an external investment pool, the Minnesota Municipal Money Market (4M) Fund, through the League of Minnesota Cities. The investment is measured at amortized cost. Investment income is accrued at the balance sheet date.

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

**G. PROPERTY TAX REVENUE RECOGNITION**

The Board of Managers annually adopts a tax levy and certifies it to Ramsey County in October (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 City, 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. Delinquent collections for November and December are received the following January. The District has no ability to enforce payment 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 the taxes were levied. Uncollectible property taxes are not material and have not been reported.

**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

**CAPITOL REGION WATERSHED DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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received at the 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 deferred inflow of resources because they are not available to finance current expenditures.

**H. INVENTORIES**

The original cost of materials and supplies has been recorded as expenditures at the time of purchase. The District does not maintain material amounts of inventories.

**I. LONG-TERM OBLIGATIONS**

In the government-wide financial statements long-term debt is reported as a liability in the statement of net position. Material bond premiums and discounts are amortized over the life of the bond. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued 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.

**J. NET POSITION CLASSIFICATIONS**

Net position in the government-wide financial statements is classified in the following categories:

Net investment in capital assets

The amount of net position representing capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position

The amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position

The amount of net position that does not meet the definition of restricted or net investment in capital assets.



## **K. FUND BALANCE CLASSIFICATIONS**

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

*Nonspendable* - consists of amounts that are not in spendable form, such as prepaid items.

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

*Committed* - consists of internally imposed constraints. These constraints are established by Resolution of the District.

*Assigned* - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the District's intended use. These constraints are established by the District Administrator.

*Unassigned* - is the residual classification for the Operations Fund and also reflects negative residual amounts in other funds.

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

When committed, assigned or unassigned resources are available for use, it is the District's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

## **L. CAPITAL ASSETS**

Capital assets, which include construction in progress, equipment and infrastructure assets (e.g., storm sewer, manholes, control structures, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of one year. 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.

Equipment and infrastructure of the District is depreciated using the straight-line method over the following estimated useful lives:

Equipment	8 years
Rain gardens	20 years
Trenches	20 years
Other Infrastructure	30 years

The District implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* effective January 1, 2010. GASB Statement No. 51 required the District to capitalize and amortize intangible assets. Intangible assets include easements and computer software. For governmental entities

**CAPITOL REGION WATERSHED DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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with total annual revenues of less than \$10 million for the fiscal year ended December 31, 1999, the retroactive reporting of intangible assets is not required under the provision of GASB Statement No. 51. The District has elected not to report intangible assets acquired in years prior to 2010. The District did not acquire any intangible assets for the year ending December 31, 2016.

**M. COMPENSATED ABSENCES**

It is the District's policy to permit employees to accumulate earned but unused paid time off benefits. All paid time off benefits that are vested as severance pay are 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.

**N. PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**O. REVENUES AND EXPENDITURES**

REVENUES

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, revenues for nonexchange transfers are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs. The modified accrual basis of accounting is used by the Operations, Capital Improvements and Debt Service Funds. Under this basis, revenue is not recognized in the financial statements unless it is available to finance current expenditures.

IMPOSED NONEXCHANGE TRANSACTIONS

Imposed nonexchange transactions result from assessments by governments on non-governmental entities and individuals. Property taxes are imposed nonexchange transactions. Revenues from property taxes are recognized in the fund financial statements in the period for which the taxes were levied, to the extent they are collected in the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes receivable but not available are reported as deferred inflows of resources – unavailable revenue and will be recognized as revenue in the fiscal year that they become available.

INTERGOVERNMENTAL

Government-mandated nonexchange transactions occur when a government at one level provides resources to a government at another level and requires that government to use them for specific purposes. The provider government establishes purpose restrictions and also may establish time requirements. Federal and state grants mandating the District perform particular programs are government-mandated nonexchange transactions. Revenues are recognized when eligibility and time requirements are met, usually when the corresponding expenditure is incurred.

**CAPITOL REGION WATERSHED DISTRICT**  
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Voluntary nonexchange transactions result from legislative or contractual agreements, such as grants, entitlements, appropriations, and donations. The provider may establish purpose restrictions or eligibility requirements. Revenues are recognized in the year to which they apply according to the statute or contract.

**EXCHANGE TRANSACTIONS**

Investment income is recognized as revenue when earned.

**EXPENDITURES**

Expenditure recognition for the Operations and Capital Improvement Funds includes only amounts represented by current liabilities.

**P. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position reports 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 government has one item that qualifies for reporting in this category. It is the pension related deferred outflows reported in the government-wide Statement of Net Position.

In addition to liabilities, the statement of financial position reports 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) or reduction of expense until that time. The government has pension related deferred inflows of resources reported in the government-wide statement of Net Position and consists of differences between expected and actual pension plan economic experience and pension plan changes in proportionate share. The government has a type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes.

**Q. UNEARNED REVENUE**

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received but not yet earned.

**R. USE OF ESTIMATES**

The preparation of financial statements in accordance with GAAP requires management to make estimates that could affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

**S. DEFINED BENEFIT PENSION PLANS**

*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 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. Plan investments are reported at fair value.

**T. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including compensated absences, bonds payable, loans payable and related interest payable, are not due and payable in the current period and, therefore, are not reported in the funds”. The details of this (\$5,343,421) difference are as follows:

Bonds payable	(\$3,846,154)
Loans payable	(309,282)
Compensated absences	(63,481)
Net pension liability	(1,079,894)
Accrued interest	<u>(44,610)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>(\$5,343,421)</u></u>



**CAPITOL REGION WATERSHED DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between *net changes in fund balances – total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds”. The details of this \$884,861 difference are as follows:

Unavailable revenue:	
At December 31, 2015	(\$59,045)
At December 31, 2016	<u>63,906</u>
Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u><u>\$4,861</u></u>

Another element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this (\$310,520) difference are as follows:

Capital outlay	\$186,741
Depreciation expense	<u>(497,261)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u><u>(\$310,520)</u></u>

Another element of that reconciliation states that “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”. The details of this (\$9,082) difference are as follows:

Compensated absences payable:	
At December 31, 2015	\$54,399
At December 31, 2016	<u>(63,481)</u>
Net adjustments to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u><u>(\$9,082)</u></u>

**Note 2    DEPOSITS AND INVESTMENTS**

**A. DEPOSITS**

In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the District, 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% of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the District or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes, treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) 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;
- d) Unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) 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
- f) Time deposits that are fully insured by any federal agency.

The District has no deposits at December 31, 2016.

**B. INVESTMENTS**

Minnesota Statutes authorize the District to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) Obligations of the State of Minnesota or any of its municipalities as follows:
  - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;

**CAPITOL REGION WATERSHED DISTRICT**  
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- 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
- 3) a general obligation of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve system.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements 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; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.

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. Pooled investments are not required to be categorized.

As of December 31, 2016, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Pooled with 4M fund	NA	\$ 7,294,706

The District's external investment pool is with the 4M fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M fund is an unrated pool and the fair value of the position in the pool is the same as the value of pool shares. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1. The pool measures their investments in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost.

The 4M Liquid Asset Fund has no redemption requirements. The 4M Plus Fund requires funds to be deposited for a minimum for 14 calendar days. Withdrawal prior to the 14-day restriction period are subject to a penalty equal to 7 days interest on the amount withdrawn.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. The District follows State Statutes in regards to credit risk of investments. The District does not have an investment policy which further limits its investment choices.

**CAPITOL REGION WATERSHED DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Interest Rate Risk.** Interest rate risk is the risk that changes in the interest rates of debt investments could adversely affect the fair value of an investment. The District does not have an investment policy which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the District's investment in a single issuer. The District does not have an investment policy which addresses the concentration of credit risk.

**Custodial Credit Risk.** For investments in securities, custodial credit risk is the risk that in the event of a failure of the counterparty, the District will not be able to recover the value of its investment securities that are in the possession of an outside party. As of December 31, 2016, all of the District's investments were pooled with the 4M fund.

**Note 3 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.

Workers compensation coverage for District employees and board members is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The District pays an annual premium to LMCIT. The District is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the District is not subject to a deductible. The District workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid. Other insurance coverage is provided through a pooled self-insurance program through the LMCIT. The District pays annual premium to LMCIT. The District is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The District retains risk for the deductible portions of the insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the previous three years.



**CAPITOL REGION WATERSHED DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**Note 4 UNAVAILABLE REVENUES**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	<u>Property Taxes</u>
Operations	\$ 49,950
Capital Improvement	6,965
Debt Service	6,991
Total unavailable revenue	<u>\$ 63,906</u>

**Note 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Construction in progress	<u>\$ -</u>	<u>\$130,192</u>	<u>\$ -</u>	<u>\$130,192</u>
Capital assets depreciated				
Equipment	44,185	56,549	-	100,734
Infrastructure	<u>14,287,830</u>	<u>-</u>	<u>-</u>	<u>14,287,830</u>
Total capital assets being depreciated	14,332,015	56,549	-	14,388,564
Less accumulated depreciation for:				
Equipment	-	15,680	-	15,680
Infrastructure	<u>2,660,113</u>	<u>481,581</u>	<u>-</u>	<u>3,141,694</u>
Total accumulated depreciation	2,660,113	497,261	-	3,157,374
Total capital assets depreciated, net	<u>11,671,902</u>	<u>(440,712)</u>	<u>-</u>	<u>11,231,190</u>
Total capital assets, net	<u>\$11,671,902</u>	<u>(\$310,520)</u>	<u>\$ -</u>	<u>\$11,361,382</u>

**CAPITOL REGION WATERSHED DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:	
General government	\$15,680
Conservation of natural resources	481,581
Total	<u>\$497,261</u>

**Note 6 LONG-TERM DEBT**

The District issued a Tax Supported Bonds Series 2007A to provide funds for capital improvements. In 2013, the District issued 2013A General Obligation Bonds to finance watershed improvement projects. In addition, in 2013, the District issued a loan payable for the Enhanced TP Removal in Urban Wetland CWP Project.

**GOVERNMENTAL ACTIVITIES**

As of December 31, 2016, the governmental long-term bonded debt and loans payable of the District consisted of the following:

	Interest Rates	Date	Final Maturity Date	Original Issue	Payable 12/31/16
Tax Supported Bonds:					
\$1,555,000 Series 2007A	3.75-4.75%	1/4/2007	2/1/2027	\$1,555,000	\$1,010,000
\$3,000,000 Series 2013A	2.00-3.00%	4/17/2013	2/1/2034	3,000,000	2,755,000
Unamortized premium				101,924	81,154
Total bonded indebtedness - governmental activities				<u>4,656,924</u>	<u>3,846,154</u>
Loans payable:					
MPCA Loan Payable	2%	12/15/2013	12/15/2023	430,000	309,282
Total District indebtedness - governmental activities				<u>\$5,086,924</u>	<u>\$4,155,436</u>

**CAPITOL REGION WATERSHED DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

Annual debt service requirements to maturity are as follows:

	Revenue (Tax Supported) Bonds				Loans payable	
	Series 2007A		Series 2013A		MPCA	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$75,000	\$40,406	\$125,000	\$63,287	\$41,679	\$5,979
2018	75,000	37,406	130,000	60,737	42,517	5,141
2019	80,000	34,306	135,000	58,087	43,372	4,286
2020	85,000	30,953	135,000	55,387	44,243	3,414
2021	85,000	27,447	140,000	52,638	45,132	2,525
2022	90,000	23,838	140,000	49,838	46,039	1,617
2023	95,000	20,022	145,000	46,988	46,300	692
2024	100,000	15,937	145,000	44,088	-	-
2025	105,000	11,581	150,000	40,950	-	-
2026	110,000	7,013	155,000	37,519	-	-
2027	110,000	2,338	155,000	34,032	-	-
2028	-	-	160,000	30,488	-	-
2029	-	-	165,000	26,625	-	-
2030	-	-	165,000	22,500	-	-
2031	-	-	170,000	18,100	-	-
2032	-	-	175,000	13,356	-	-
2033	-	-	180,000	8,250	-	-
2034	-	-	185,000	2,775	-	-
Totals	<u>\$1,010,000</u>	<u>\$251,247</u>	<u>\$2,755,000</u>	<u>\$665,645</u>	<u>\$309,282</u>	<u>\$23,654</u>

Governmental Activities	Beginning Balance	Additions	Reductions	Amortized Premiums	Ending Balance	Due Within One Year
Bonds payable:						
2007A Revenue bonds	\$1,080,000	\$ -	(\$70,000)	\$ -	\$1,010,000	\$75,000
2013A Revenue bonds	2,880,000	-	(125,000)	-	2,755,000	125,000
Total bonds payable	3,960,000	-	(195,000)	-	3,765,000	200,000
Premium on bonds	86,084	-	-	(4,930)	81,154	-
Total bonded indebtedness	4,046,084	-	(195,000)	(4,930)	3,846,154	200,000
Loans payable						
MPCA loan payable	350,140	-	(40,858)	-	309,282	41,679
Total long-term liabilities	<u>\$4,396,224</u>	<u>\$ -</u>	<u>(\$235,858)</u>	<u>(\$4,930)</u>	<u>\$4,155,436</u>	<u>\$241,679</u>

Bonded debt is paid from the Debt Service Fund

**Note 7 OPERATING LEASE**

The District leases office space from an unrelated third party. The lease is classified as an operating lease. The term of the lease is April 1, 2012 through March 31, 2015, renewed through March 31, 2017. Lease expenditures including the District's share of operating costs for the year ended December 31, 2016 amounted to \$106,536.

**CAPITOL REGION WATERSHED DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

The District also leases a copier from an unrelated third party. The lease is classified as an operating lease. The term of the lease is November 1, 2013 through October 31, 2018. Lease expenditures for the year ended December 31, 2016 amounted to \$11,021.

Total annual minimum future lease payments under the operating leases are as follows:

	<u>Office Space</u>	<u>Copier</u>	<u>Total</u>
2017	\$105,995	\$7,192	\$113,187
2018	-	5,394	5,394
Total	<u>\$105,995</u>	<u>\$12,586</u>	<u>\$118,581</u>

**Note 8    DEFINED BENEFIT PENSION PLANS**

**A. PLAN DESCRIPTION**

All full time and certain part-time employees of the District are covered by a defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan, which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security and Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Retirement Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

**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.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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.



#### Benefits

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 and Basic Plan members. Members hired prior to July 1, 1989 receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year 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. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

### **C. CONTRIBUTIONS**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

#### GERF Contributions

Basic Plan members and Coordinated Plan members and Minneapolis Employees Retirement Fund members were required to contribute 9.1% and 6.50%, and 9.75%, respectively, of their annual covered salary in calendar year 2016. The District was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members and 9.75% for Minneapolis Employees Retirement Fund members in calendar year 2016. The District's contributions for the General Employees Retirement Plan for the year ended December 31, 2016, were \$64,434. The District's contributions were equal to the required contributions as set by state statute.

### **D. PENSION COSTS**

#### GERF Pension Costs

At December 31, 2016, the District reported a liability of \$1,079,894 for its proportionate share of the General Employees Retirement Plan's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2016. 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 \$14,131, the total net pension liability recorded by the State and District associated with the District is \$1,094,025. The net pension liability was measured as of June 30, 2016, 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 proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates

**CAPITOL REGION WATERSHED DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the District's proportion was .0133% which was a decrease of .0001% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the District recognized pension expense of \$150,789 for its proportionate share of the General Employees Retirement Plan's pension expense. In addition, the District recognized an additional \$4,214 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Retirement Plan.

At December 31, 2016, the District reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$87,725
Changes in actuarial assumptions	211,444	-
Difference between projected and actual investment earnings	204,969	
Changes in proportion	-	8,412
Contributions paid to PERA subsequent to the measurement date	34,042	-
Total	<u>\$450,455</u>	<u>\$96,137</u>

The \$34,042 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2017	\$89,111
2018	89,113
2019	103,045
2020	39,007
2021	-

## **E. ACTUARIAL ASSUMPTIONS**

The total pension liability in the June 30, 2016, actuarial valuation was determined using the individual entry-age normal actuarial cost method and 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 disabilitants were based on RP-2014 tables for the GERP adjustments. Cost of living increases for retirees are assumed to be 1% per year for all future years for the GERP.

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERP was completed in 2015.

The following changes in actuarial assumptions occurred in 2016:

### **General Employees Fund**

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- 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% to 3.25% for payroll growth and 2.50% for inflation.

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 arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%
Total	100%	

**CAPITOL REGION WATERSHED DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**F. DISCOUNT RATE**

The discount rate used to measure the total pension liability was 7.5%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers of the General Employees Retirement Plan will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees Retirement Plan was projected to be available to make all projected future benefit payments of current active and inactive 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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Capitol Region's proportionate share of the General Employees Retirement Plan net pension liability	\$1,533,770	\$1,079,894	\$706,024

**H. PENSION PLAN FIDUCIARY NET POSITION**

Detailed information about each 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), or by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088, or by calling 651-296-7460 or 1-800-652-9026.

**Note 9 COMPENSATED ABSENCES**

Changes in compensated absences during 2016 are:

Balance January 1, 2016	\$54,399
Additions	89,769
Deductions	(80,687)
Balance December 31, 2016	<u>\$63,481</u>
Due within one year	<u>\$63,481</u>



**CAPITOL REGION WATERSHED DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**Note 10 FUND BALANCE**

**A. CLASSIFICATIONS**

At December 31, 2016, a summary of the governmental fund balance classifications are as follows:

	<u>Operations</u>	<u>Capital Improvement</u>	<u>Debt Service Fund</u>	<u>Total</u>
Nonspendable:				
Prepaid items	\$9,220	\$ -	\$ -	\$9,220
Total nonspendable	<u>9,220</u>	<u>-</u>	<u>-</u>	<u>9,220</u>
Restricted to:				
Debt service	-	-	80,793	80,793
Total restricted	<u>-</u>	<u>-</u>	<u>80,793</u>	<u>80,793</u>
Assigned to:				
Capital improvement	-	3,377,758	-	3,377,758
Total assigned	<u>-</u>	<u>3,377,758</u>	<u>-</u>	<u>3,377,758</u>
Unassigned	<u>1,903,505</u>	<u>-</u>	<u>-</u>	<u>1,903,505</u>
Total	<u>\$1,912,725</u>	<u>\$3,377,758</u>	<u>\$80,793</u>	<u>\$5,371,276</u>

**Note 11 RECENTLY ISSUED ACCOUNTING STANDARDS**

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements:

**Statement No. 73** *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

**Statement No. 74** *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

**Statement No. 75** *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

**Statement No. 80** *Blending Requirements for Certain Component Units.* The provisions of this Statement are effective for reporting periods beginning after June 15, 2016.

**CAPITOL REGION WATERSHED DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**Statement No. 81 *Irrevocable Split-Interest Agreements*.** The provisions of this Statement are effective for reporting periods beginning after December 15, 2016.

**Statement No. 83 *Certain Asset Retirement Obligations*.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2018.

**Statement No. 84 *Fiduciary Activities*.** The provisions of this Statement are effective for reporting periods beginning after December 15, 2018.

**Statement No. 85 *Omnibus 2017*.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 75 will have a material impact.

**Note 12 SUBSEQUENT EVENT**

The District purchased a building for a new facility in February, 2017 for \$1,350,000.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CAPITOL REGION WATERSHED DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - OPERATIONS FUND**  
For The Year Ended December 31, 2016

**Schedule 1**

	Budgeted Amounts		2016 Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Tax levy	\$3,065,730	\$3,065,730	\$3,029,453	(\$36,277)
Intergovernmental:				
Grants and reimbursements	-	-	147,037	147,037
Interest income	1,000	1,000	2,780	1,780
Permit fees	20,000	20,000	31,000	11,000
Miscellaneous	40,000	40,000	62,746	22,746
Total revenues	<u>3,126,730</u>	<u>3,126,730</u>	<u>3,273,016</u>	<u>146,286</u>
Expenditures:				
Administrative	459,950	459,950	404,960	54,990
Programs	1,879,389	1,879,389	1,810,731	68,658
Projects	787,391	787,391	729,997	57,394
Total expenditures	<u>3,126,730</u>	<u>3,126,730</u>	<u>2,945,688</u>	<u>181,042</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	327,328	<u>\$327,328</u>
Fund balance - January 1			<u>1,585,397</u>	
Fund balance - December 31			<u>\$1,912,725</u>	

The accompanying notes are an integral part of these financial statements.



**CAPITOL REGION WATERSHED DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY\*** -  
**GENERAL EMPLOYEES RETIREMENT FUND**  
For The Year Ended December 31, 2016

**Schedule 2**

Measurement Date	Fiscal Year Ending	Capitol Region's Proportionate (Percentage) of the Net Pension Liability	Capitol Region's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with Capitol Region (b)	Capitol Region's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with Capitol Region (a+b)	Covered Payroll (c)	Capitol Region's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2016	December 31, 2016	0.0133%	\$1,079,894	\$14,131	\$1,094,025	\$825,946	132.5%	68.9%
June 30, 2015	December 31, 2015	0.0134%	\$694,458	\$ -	\$694,458	\$790,289	87.9%	78.2%

\* The schedule is provided prospectively beginning with the District's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**CAPITOL REGION WATERSHED DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS\* - GENERAL EMPLOYEES RETIREMENT FUND**  
For The Year Ended December 31, 2016

**Schedule 3**

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Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
December 31, 2016	\$64,434	\$64,434	\$0	\$859,120	7.5%
December 31, 2015	\$53,516	\$61,749	(\$8,233)	\$823,317	7.5%

\* The schedule is provided prospectively beginning with the District's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

The accompanying notes are an integral part of these financial statements.

**CAPITOL REGION WATERSHED DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO RSI**  
December 31, 2016

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**Note A    LEGAL COMPLIANCE – BUDGETS**

The Operations Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level. Total fund expenditures did not exceed appropriations in the Operations Fund.

The Board of Managers adopts an annual budget for the Operations Fund of the District. During the budget year, supplemental appropriations and deletions are or may be authorized by the Board. 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 through the disbursement approval process.

**Note B    PENSION INFORMATION**

**PERA – General Employees Retirement Plan**

*2016 Changes*

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- 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% to 3.25% for payroll growth and 2.50% for inflation.

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## **SUPPLEMENTARY INFORMATION**



**CAPITOL REGION WATERSHED DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT**  
For The Year Ended December 31, 2016

**Schedule 4**

	Budgeted Amounts		2016 Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues:				
General property taxes	\$832,703	\$832,703	\$822,850	(\$9,853)
Intergovernmental:				
Grants and reimbursements	542,500	542,500	498,155	(44,345)
Interest income	-	-	5,489	5,489
Miscellaneous	-	-	39,658	39,658
Total revenues	<u>1,375,203</u>	<u>1,375,203</u>	<u>1,366,152</u>	<u>(9,051)</u>
Expenditures:				
Current:				
Conservation of natural resources:				
Shoreline and streambank restoration	27,200	27,200	206	26,994
Como BMP	55,600	55,600	1,819	53,781
McCarron's BMP	183,900	183,900	97,667	86,233
Loeb Lake BMP	121,700	121,700	62,426	59,274
Trout Brook BMP	127,530	127,530	548,788	(421,258)
Crosby Lake BMP	-	-	999	(999)
Wetland, Stream and Ecosystem Restoration - Implementation	189,560	189,560	547	189,013
Mississippi River Subwaters - Implementation	307,840	307,840	4,748	303,092
Special projects and grants	815,035	815,035	590,898	224,137
Future trends: Implementations	-	-	4,509	(4,509)
Total conservation of natural resources	<u>1,828,365</u>	<u>1,828,365</u>	<u>1,312,607</u>	<u>515,758</u>
Capital outlay	<u>3,500,000</u>	<u>3,500,000</u>	<u>130,192</u>	<u>3,369,808</u>
Total expenditures	<u>5,328,365</u>	<u>5,328,365</u>	<u>1,442,799</u>	<u>3,885,566</u>
Revenues over (under) expenditures	(\$3,953,162)	(\$3,953,162)	(76,647)	\$3,876,515
Other financing sources:				
Proceeds from bond issuance	<u>3,500,000</u>	<u>3,500,000</u>	<u>-</u>	<u>(3,500,000)</u>
Net change in fund balance	<u>(\$453,162)</u>	<u>(\$453,162)</u>	<u>(\$76,647)</u>	<u>\$376,515</u>
Fund balance - January 1			3,454,405	
Fund balance - December 31			<u>\$3,377,758</u>	

The accompanying notes are an integral part of these financial statements.

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## **APPENDIX B**

### **Stormwater Pollution Prevention Annual Report**

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## APPENDIX C

### Performance Review & Assistance Program

# METRO WATERSHED DISTRICT PERFORMANCE STANDARDS

## Capitol Region Watershed District

Performance Area	Performance Standard		Level of Review	Rating	
				Yes, No, or Value	
	★ Benchmark standard	■ Basic practice or statutory requirement (see instructions for explanation of standards)	I Annual Compliance II BWSR Staff Review & Assessment (1/5 yrs)	YES	NO
Administration	■	Activity report: annual, on-time	I	x	
	■	Financial report & audit completed on time	I		x
	■	Drainage authority buffer strip report submitted on time	I	n/a	
	■	eLink Grant Report(s): submitted on time	I	x	
	■	Rules: date of last revision or review	II	4/1/15	
	■	Personnel policy: exists and reviewed/updated within last 5 yrs	II	x	
	■	Data practices policy: exists and reviewed/updated within last 5 yrs	II	x	
	■	Manager appointments: current and reported	II	x	
	■	Consultant RFP: within 2 yrs for professional services	II	x	
	★	Administrator on staff	II	x	
	★	Board training: orientation & cont. ed. plan and record for each board member	II	x	
	★	Staff training: orientation & cont. ed. plan and record for each staff person	II	x	
	★	Operational guidelines exist and current	II	x	
	★	Public drainage records: meet modernization guidelines	II	n/a	
Planning	■	Watershed management plan: up-to-date	I	x	
	■	City/twp. local water plans not yet approved	II	0%	
	■	Capital Improvement Program: reviewed every 2 yrs	II	x	
	★	Biennial Budget Request submitted within last 24 months	II	x	
	★	Strategic plan identifies short-term priorities	II	x	
Execution	■	Engineer Reports: submitted for DNR & BWSR review	II	x	
	■	Total expenditures per year (past 10 yrs)	II	see below	
	★	Water quality trends tracked for priority water bodies	II	x	
	★	Watershed hydrologic trends monitored / reported	II	x	
Communication & Coordination	■	Website: contains annual report, financial statement, board members, contact info, grant report(s), watershed mgmt plan	I	x	
	■	Functioning advisory committee(s): recommendations on projects, reports, 2-way communication with Board	II	x	
	■	Communication piece: sent within last 12 months	II	x	
	★	Website: contains meeting notices, agendas & minutes; updated after each board mtg; additional content	II	x	
	★	Obtain stakeholder input: within last 5 yrs	II	x	
	★	Track progress for I & E objectives in Plan	II	x	
	★	Coordination with County Bd and City/Twp officials	II	x	
	★	Partnerships: cooperative projects/tasks with neighboring districts, counties, soil and water districts, non-governmental organizations	II	x	

# METRO WATERSHED DISTRICT PERFORMANCE STANDARDS

## Capitol Region Watershed District

Performance Area	Performance Standard		NOTES
	★	Benchmark standard	
	■	Basic practice or statutory requirement (see instructions for explanation of standards)	
Administration	■	Activity report: annual, on-time	Final to BWSR 4/30/16
	■	Financial report & audit completed on time	Audited financials completed 4/30/17
	■	Drainage authority buffer strip report submitted on time	n/a
	■	eLink Grant Report(s): submitted on time	yes
	■	Rules: date of last revision or review	4/1/15
	■	Personnel policy: exists and reviewed/updated within last 5 yrs	Updated 10/16
	■	Data practices policy: exists and reviewed/updated within last 5 yrs	Reviewed 2014
	■	Manager appointments: current and reported	yes, see page 5
	■	Consultant RFP: within 2 yrs for professional services	yes, 01/17
	★	Administrator on staff	yes, see page 5
	★	Board training: orientation & cont. ed. plan and record for each board member	yes
	★	Staff training: orientation & cont. ed. plan and record for each staff person	yes
	★	Operational guidelines exist and current	yes, updated 01/17
	★	Public drainage records: meet modernization guidelines	n/a
Planning	■	Watershed management plan: up-to-date	2010; mid-term review 2015
	■	City/twp. local water plans not yet approved	0%
	■	Capital Improvement Program: reviewed every 2 yrs	yes
	★	Biennial Budget Request submitted within last 24 months	yes
	★	Strategic plan identifies short-term priorities	yes
Execution	■	Engineer Reports: submitted for DNR & BWSR review	n/a
	■	Total expenditures per year (past 10 yrs)	see below
	★	Water quality trends tracked for priority water bodies	yes, see page 24
	★	Watershed hydrologic trends monitored / reported	yes, see page 25
Communication & Coordination	■	Website: contains annual report, financial statement, board members, contact info, grant report(s), watershed mgmt plan	yes, see capitolregionwd.org
	■	Functioning advisory committee(s): recommendations on projects, reports, 2-way communication with Board	yes, see page 5
	■	Communication piece: sent within last 12 months	yes
	★	Website: contains meeting notices, agendas & minutes; updated after each board mtg; additional content	yes, see capitolregionwd.org
	★	Obtain stakeholder input: within last 5 yrs	Mid-Watershed Plan review completed 2015
	★	Track progress for I & E objectives in Plan	yes
	★	Coordination with County Bd and City/Twp officials	yes
	★	Partnerships: cooperative projects/tasks with neighboring districts, counties, soil and water districts, non-governmental organizations	yes