

**Shingle Creek Watershed Management Commission
2015-2016 Operating Budgets**

		2015 Budget	2016 Budget
REVENUE			
1	Application Fees	\$21,000	\$25,000
2	Wetland Reviews	0	0
3	Assessments	337,970	337,970
5	Interest and Dividends	100	100
	From Reserves	0	0
6	WMWA Education Reimbursement	29,250	30,000
7	WMWA Rain Garden Workshops	11,500	10,000
8	WMWA Implementation Activities	0	0
	TOTAL REVENUE	\$399,820	\$403,070
EXPENSES			
	ADMINISTRATION		
9	Administrative Services	\$70,000	72,000
10	Engineering Support	15,000	12,500
11	Project Reviews/WCA	2,000	1,800
12	Plan Amendments	0	0
	Subtotal	\$87,000	\$86,300
	ENGINEERING		
13	Engineering Services	55,000	55,000
14	Grant Application Writing	10,120	10,120
15	Project Reviews/WCA	33,000	35,000
16	TMDL 5 Yr Reviews /CIP Engineering	8,000	10,000
17	Construction Projects	0	0
	Subtotal	\$106,120	\$110,120
	LEGAL		
18	Legal Services	6,000	6,000
	\$6,000	\$6,000	\$6,000
	MISCELLANEOUS		
19	Bookkeeping	6,500	6,000
20	Audit	5,000	5,000
21	Contingency	0	0
22	Insurance & Bonding	2,000	3,000
23	Meeting Expense	3,200	3,400
	Subtotal	\$16,700	\$17,400
	PROGRAMS		
	<i>Monitoring</i>		
24	Citizen Assisted Lake Monitoring	3,600	3,800
25	Stream Monitoring	38,500	39,000
26	Monitoring Equipment	2,000	0
27	Vol Wetland Monitoring	2,000	2,000
28	Vol Stream Monitoring	3,000	3,000
29	Intensive Lake Monitoring	21,200	22,000
30	Annual Monitoring Report	12,000	13,450
	Subtotal	\$82,300	\$83,250

**Shingle Creek Watershed Management Commission
2015-2016 Operating Budgets**

		2015 Budget	2016 Budget
	<i>Water Quality Education</i>		
31	Education Program	15,000	13,000
32	WMWA Admin/Tech: SC Share	3,750	4,000
33	WMWA Admin/Tech: Partners Share	11,250	12,000
34	WMWA Impl Activities: SC Share	1,500	1,500
35	WMWA Impl Activities: Partners Share	4,500	4,500
36	Rain Garden Workshops: SC Share	3,000	3,000
37	Rain Garden Workshops: Partners Share	11,500	10,000
38	WMWA Educators: SC Share	4,500	4,500
39	WMWA Educators: Partners Share	13,500	13,500
40	CL TMDL (Fall Maint) Workshop	0	0
41	Education Grants	2,000	2,000
	Subtotal	\$70,500	\$68,000
	MANAGEMENT PLANS		
42	3 rd Gen Plan/Plan Amendments	1,200	2,000
43	Subwatershed BMP Assessment	20,000	20,000
	Subtotal	\$21,200	\$22,000
	PROJECTS		
44	Construction/Grant Matching Fund	0	0
45	Contribution to 4 th Generation Plan	10,000	10,000
46	Contribution to(from) Reserves	0	0
	Subtotal	\$20,000	\$10,000
	TOTAL OPERATING EXPENSE	\$399,820	\$403,070

Shingle Creek Watershed Management Commission - 2015-2016 Member Assessments

	A	B	C	D	E	F	G	H	I
30	2015			Cost Allocation		Cost Based			
31	Community		2014 Tax Capacity	Based on Area		on Tax Capacity		Total Cost	
32		Acreage	per Henn County*	%age	Dollars	%age	Dollars	%age	Dollars
33	Brooklyn Center	3,720	11,957,391	13.07%	22,087.99	10.59%	17,901.33	11.70%	39,989.32
34	Brooklyn Park	7,080	26,288,934	24.88%	42,038.43	23.29%	39,356.99	24.38%	81,395.42
35	Crystal	2,480	7,813,554	8.71%	14,725.33	6.92%	11,697.62	7.72%	26,422.95
36	Maple Grove	5,020	22,622,183	17.64%	29,806.91	20.04%	33,867.52	18.85%	63,674.43
37	Minneapolis	1,950	6,926,428	6.85%	11,578.38	6.14%	10,369.51	6.46%	21,947.89
38	New Hope	2,070	9,861,926	7.27%	12,290.90	8.74%	14,764.22	7.99%	27,055.12
39	Osseo	300	1,590,935	1.05%	1,781.29	1.41%	2,381.78	1.61%	4,163.07
40	Plymouth	4,380	19,652,320	15.39%	26,006.83	17.41%	29,421.36	15.86%	55,428.18
41	Robbinsdale	1,460	6,161,724	5.13%	8,668.94	5.46%	9,224.68	5.41%	17,893.62
42	Total	28,460	112,875,395	100%	168,985	100%	168,985	100%	337,970
44	2016			Cost Allocation		Cost Based			
45	Community		201 Tax Capacity	Based on Area		on Tax Capacity		Total Cost	
46		Acreage		%age	Dollars	%age	Dollars	%age	Dollars
47	Brooklyn Center	3,720	12,999,301	13.07%	22,087.99	10.54%	17,817.87	11.70%	39,905.86
48	Brooklyn Park	7,080	28,240,781	24.88%	42,038.43	22.91%	38,709.05	24.38%	80,747.48
49	Crystal	2,480	8,831,618	8.71%	14,725.33	7.16%	12,105.31	7.72%	26,830.64
50	Maple Grove	5,020	24,366,851	17.64%	29,806.91	19.76%	33,399.14	18.85%	63,206.05
51	Minneapolis	1,950	7,105,468	6.85%	11,578.38	5.76%	9,739.32	6.46%	21,317.70
52	New Hope	2,070	10,689,505	7.27%	12,290.90	8.67%	14,651.88	7.99%	26,942.78
53	Osseo	300	2,422,437	1.05%	1,781.29	1.96%	3,320.38	1.61%	5,101.67
54	Plymouth	4,380	21,719,356	15.39%	26,006.83	17.62%	29,770.27	15.86%	55,777.10
55	Robbinsdale	1,460	6,910,280	5.13%	8,668.94	5.61%	9,471.78	5.41%	18,140.72
56	Total	28,460	123,285,597	100%	168,985	100%	168,985	100%	337,970

SHINGLE CREEK WATERSHED
MANAGEMENT COMMISSION

Financial Statements and
Supplemental Information
Year Ended
December 31, 2015

SHINGLE CREEK WATERSHED MANAGEMENT COMMISSION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Shingle Creek Watershed Management Commission
Plymouth, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Shingle Creek Watershed Management Commission (the Commission), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Commission as of December 31, 2015, the respective changes in the financial position thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (MD&A) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The Commission has not presented the MD&A that accounting principles generally accepted in the United States of America have determined necessary to supplement, although not required to be part of, the basic financial statements.

Prior Year Comparative Information

We have previously audited the Commission's financial statements for the year ended December 31, 2014 and, in our report dated April 20, 2015, we expressed an unqualified opinion on the financial statements of the governmental activities and major fund. The financial statements include prior year partial comparative information, which does not include all of the information required in a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended December 31, 2014, from which such information was derived.

Other Reporting

We have also issued our report dated April 11, 2016, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

Johnson & Company, Ltd.

April 11, 2016

BASIC FINANCIAL STATEMENTS

Shingle Creek Watershed Management Commission

Statement of Net Position and
Governmental Fund Balance Sheet

As of December 31, 2015

(with Comparative Actual Amounts as of December 31, 2014)

	Governmental Activities	
	<u>2015</u>	<u>2014</u>
Assets		
Investments	\$ 758,776	\$ 534,717
Accounts receivable	<u>1,126</u>	<u>2,548</u>
Total assets	<u>\$ 759,902</u>	<u>\$ 537,265</u>
Liabilities and Fund Balances/Net Position		
Liabilities		
Accounts payable	\$ 31,791	\$ 22,595
Deferred revenue	<u>95,954</u>	<u>100,000</u>
	127,745	122,595
Fund balances/net position		
Restricted fund balances/net position		
Restricted closed project funds	64,375	36,225
Restricted for capital improvements	585,087	337,500
Assigned fund balances/net position		
Assigned for fourth generation plan	30,000	20,000
Unrestricted/unassigned fund balances/net position	<u>(47,305)</u>	<u>20,945</u>
Total fund balances/net position	<u>632,157</u>	<u>414,670</u>
Total liabilities and fund balances/net position	<u>\$ 759,902</u>	<u>\$ 537,265</u>

Shingle Creek Watershed Management Commission

Statement of Activities and
Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances/Net Position
Budget and Actual

Year Ended December 31, 2015

(with Comparative Actual Amounts for the Year Ended December 31, 2014)

	Governmental Activities			
	2015		2014	
	Original and Final Budget	(Audited)	Over (Under)	(Audited)
Program/project expenditures/expenses				
General government				
Engineering	\$ 73,120	\$ 86,330	\$ 13,210	\$ 63,605
Project reviews	35,000	34,996	(4)	38,559
Blue line extension	-	3,405	3,405	-
Education	29,500	38,726	9,226	33,426
WMWA	21,000	23,428	2,428	18,221
Education grants	2,000	-	(2,000)	-
Stream monitoring	38,500	41,577	3,077	32,537
Invertebrate monitoring	-	3,000	3,000	5,000
Vol wetland monitoring	4,000	2,000	(2,000)	2,000
Vol stream monitoring	3,000	-	(3,000)	-
Lakes monitoring - citizen assisted	3,600	2,375	(1,225)	5,605
Intensive TMDL monitoring	21,200	20,948	(252)	21,093
CL TMDL/CIP engineering	18,000	-	(18,000)	18,285
Wetland 639W nutrient export reduction	-	-	-	25,250
Annual monitoring report	12,000	11,895	(105)	12,028
Third general management plan	1,200	3,769	2,569	3,255
Fourth general management plan	10,000	-	(10,000)	-
Subwatershed assessments	20,000	40,926	20,926	20,377
Green roof project	-	8,036	8,036	4,094
DO reaeration project	-	16,991	16,991	53
Biochar project	-	227	227	-
Connections at Shingle Creek stream	-	3,526	3,526	582
Minneapolis 37th Avenue Greenway	-	-	-	70
Plymouth Bass Lake pond	-	-	-	855
Cost share projects retrofit	-	554	554	544
Twin lake carp management	-	625	625	-
2015 levy expense	-	1,198	1,198	-
Total program/project expenditures/expenses	292,120	344,532	52,412	305,439
Program/project revenues				
General government				
Membership dues	337,970	337,970	-	329,600
Project reviews	21,000	16,000	(5,000)	30,400
Education reimbursements	40,750	36,588	(4,162)	37,207
Connections at Shingle Creek stream	-	4,046	4,046	-
Green roof project	-	7,910	7,910	624
DO reaeration grant	-	9,659	9,659	-
Wetland 639W nutrient export reduction	-	-	-	1,246
Cost share retrofit - 2014	-	48,254	48,254	-
Plymouth bass lake pond	-	202,678	202,678	-
Total program/project revenues	399,720	663,105	263,385	399,077
Net program/project revenues	107,600	318,573	210,973	93,638
General expenditures/expenses				
Administration	85,000	79,929	(5,071)	85,641
Insurance	2,000	1,719	(281)	2,870
Legal and audit services	11,000	11,483	483	9,541
Meeting expense	3,200	3,698	498	3,220
Bookkeeping	6,500	4,384	(2,116)	5,158
Total general expenditures/expenses	107,700	101,213	(6,487)	106,430
General revenues				
Interest and dividend income	100	127	27	99
Total general revenues	100	127	27	99
Net general revenues (expenditures/expenses)	(107,600)	(101,086)	6,514	(106,331)
Change in fund balances/net position	\$ -	217,487	\$ 217,487	(12,693)
Fund balances/net position				
Beginning of year		414,670		427,363
End of year		<u>\$ 632,157</u>		<u>\$ 414,670</u>

Shingle Creek Watershed Management Commission
Notes to Financial Statements
December 31, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization

The Shingle Creek Watershed Management Commission is formed under a Joint Powers Agreement, as amended according to Minnesota Statutes Sections 103B.201 through 103B.255 and Minnesota Rules Chapter 8410 relating to Metropolitan Area Local Water Management and its reporting requirements. Shingle Creek Watershed Management Commission was established in 1984 to protect and manage the natural resources of the Shingle Creek Watershed.

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

Reporting Entity

A joint venture is a legal entity resulting from a contractual agreement that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain either an ongoing financial interest or an ongoing financial responsibility. The Commission is considered a joint venture.

As required by accounting principles generally accepted in the United States of America, these financial statements include the Commission (the primary government) and its component units. Component units are legally separate entities for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component's unit board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no component units required to be included in the Commission's financial statements.

Government-Wide and Fund Financial Statement Presentation

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

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. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

Shingle Creek Watershed Management Commission
Notes to Financial Statements (continued)
December 31, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenue (with the exception of the expenditure-driven grants) to be available if they are collected within 60 days of the end of the current fiscal period. The expenditure driven grants are considered available if received within one year from the balance sheet date. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Financial Statement Presentation

The accounts of the Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures. Resources are allocated to, and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The resources of the Commission are accounted for in one major fund:

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

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

Budgets

The amounts shown in the financial statements as "budget" represent the budget amounts based on the modified accrual basis of accounting. A budget for the General Fund is adopted annually by the Commission. Appropriations lapse at year-end and encumbrance accounting is not used. Budgetary control is at the fund level.

Use of Estimates

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

Members' Contributions

Members' contributions are calculated based on the member's share of the area and tax capacity of all real property within the watershed to the total area and tax capacity of all real property in the watershed.

Shingle Creek Watershed Management Commission
Notes to Financial Statements (continued)
December 31, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

Risk Management

The Commission is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; error and omissions; and natural disasters. The Commission participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property, casualty, and other miscellaneous insurance coverage's. LMCIT operates as a common risk management and insurance program for a large number of cities in Minnesota. The Commission pays an annual premium to LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance coverage during the year ended December 31, 2015.

Receivables

The Commission utilizes an allowance for uncollectible accounts to value its receivables; however, it considers all of its receivables to be collectible as of December 31, 2015 and 2014.

Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements.

Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended December 31, 2014, from which the summarized information was derived. Also, certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

Deferred Revenue

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

In 2014, the Commission was granted an award of \$200,000 from the State of Minnesota, acting through its Board of Water and Soil Resources. Receipts totaling \$100,000 have been received and the revenue has been deferred as of December 31, 2014. The use of those funds are restricted per the grant agreement.

Shingle Creek Watershed Management Commission
Notes to Financial Statements (continued)
December 31, 2015

NOTE 2 - ASSETS, LIABILITIES AND NET POSITION

A. Deposits

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

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk - In the case of deposits, this is the risk that in the event of a bank failure, the Commission's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The Commission has no additional deposit policies addressing custodial credit risk.

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

B. Investments

At December 31, 2015, the Commission held \$758,776 and \$534,717 (approximate cost and fair value), respectively, in investments with MBIA in Minnesota 4M Funds Holdings.

The 4M fund is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The 4M Fund is a customized cash management and investment program for Minnesota public funds that is allowable under Minnesota Statutes. The fair value of the position in the pool is the same as the value of the pool shares.

Shingle Creek Watershed Management Commission
Notes to Financial Statements (continued)
December 31, 2015

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

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk - For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the Commission would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission does not have a formal investment policy addressing this risk, but typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the Commission's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The Commission's investment policies do not further address credit risk.

Concentration Risk - This is the risk associated with investing a significant portion of the Commission's investment (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The Commission does not have an investment policy limiting the concentration of investments.

Interest Rate Risk - This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The Commission does not have an investment policy limiting the duration of investments.

Shingle Creek Watershed Management Commission
Notes to Financial Statements (continued)
December 31, 2015

NOTE 3 - FUND EQUITY

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

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

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

NOTE 4 - COMMITMENTS AND CONTRACTS

Restricted fund balance - capital improvement projects

During 2011, the Commission received \$244,611 from tax levies that is to be used for the Minneapolis 37 Avenue project. As of December 31, 2015, the city of Minneapolis has yet to complete the improvements. The Commission will hold the funds of \$244,611, amount of the levy, (less administrative costs) until completion.

During 2012, the Commission received \$92,148 from tax levies that is to be used for the Connections at Shingle Creek Stream Restoration project. As of December 31, 2015, the city has yet to complete the project. The Commission will hold the funds of \$92,148, amount of the levy, (less administrative costs) until completion.

During 2015, the Commission received \$202,678 from tax levies that is to be used for the Plymouth Bass Lake Pond project. As of December 31, 2015, the city has yet to complete the project. The Commission will hold the funds of \$202,678, amount of the levy, (less administrative costs) until completion.

During 2015, the Commission received \$48,254 from tax levies that is to be used for the cost-sharing Best Management Practices project. As of December 31, 2015, the city has yet to complete the project. The Commission will hold the funds of \$48,254, amount of the levy, (less administrative costs) until completion.

Shingle Creek Watershed Management Commission
Notes to Financial Statements (continued)
December 31, 2015

NOTE 4 - COMMITMENTS AND CONTRACTS (CONTINUED)

Restricted fund balance - closed project funds

At December 31, 2015, the Commission retained unspent funds collected through tax levies that exceeded the project costs and administrative fees totaling \$64,375. The use of those funds is restricted for other capital improvement projects.

Deficit net position/fund balance

At December 31, 2015, an unrestricted/unassigned net position/fund balance deficit of \$47,305. The deficit resulted from program/project expenditures exceeding program/project revenues.

NOTE 5 - MEMBERS' DUES

Dues received from members were as follows:

	For Year Ended December 31			
	2015		2014	
	Amount	Percentage	Amount	Percentage
Brooklyn Center	\$ 39,989	11.83%	\$ 38,579	11.70%
Brooklyn Park	81,395	24.08	80,369	24.38
Crystal	26,423	7.82	25,460	7.72
Maple Grove	63,674	18.84	62,144	18.85
Minneapolis	21,948	6.49	21,289	6.46
New Hope	27,055	8.01	26,328	7.99
Osseo	4,163	1.23	5,321	1.61
Plymouth	55,428	16.40	52,284	15.86
Robbinsdale	17,895	5.30	17,826	5.41
Total Members' Dues	\$337,970	100.00%	\$329,600	100.00%

OTHER REQUIRED REPORTS

Thomas J. Opitz, CPA, CVA
Bridget K. McKelvey, CPA, MBT, CVA
Thomas D. Johnson, CPA
Thomas A. Barber, CPA

MEMBER
American Institute of Certified Public Accountants
Minnesota Society of Certified Public Accountants
Private Companies Practice Section of
American Institute of Certified Public Accountants

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

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

Board of Directors
Shingle Creek Watershed Management Commission
Plymouth, MN

We have audited, in accordance with the auditing standards generally accepted in the United States of America the financial statements of the governmental activities and the major fund of the Shingle Creek Watershed Management Commission (the Commission) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated April 11, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Compliance and Other Matters

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



Purpose of this Report

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

Johnson + Company Ltd.

April 11, 2016

Thomas J. Opitz, CPA, CVA
Bridget K. McKelvey, CPA, MBT, CVA
Thomas D. Johnson, CPA
Thomas A. Barber, CPA

MEMBER
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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Directors
Shingle Creek Watershed Management Commission
Plymouth, Minnesota

We have audited the financial statements of the governmental activities and major fund of the Shingle Creek Watershed Management Commission (the Commission) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated April 11, 2016.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statute 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* covers six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories.

The results of our tests indicate that for the items tested, the Commission complied with the material terms and conditions of applicable legal provisions.

The purpose of this report on Minnesota legal compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statute 6.65. Accordingly, this report is not suitable for any other purpose.

Johnson & Company, Ltd.

April 11, 2016

