

# **Black Dog Watershed Management Organization**

## **2013 ANNUAL ACTIVITY REPORT**



**Prepared for:**

**BLACK DOG WATERSHED  
MANAGEMENT COMMISSION**

**MAY 2014**

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## 2013 BOARD MEMBERS

The Black Dog Watershed Management Organization was established by a joint powers agreement. The member cities appoint Board Members (and alternates) to serve three-year terms. The 2013 Black Dog Watershed Management Organization Board Members and the city/cities they represent are listed below:

### Board Members:

### Term Ending

- |    |  |                |
|----|--|----------------|
| 1. | Roger Baldwin (Chair)<br>Representing the City of Burnsville                         | November, 2014 |
| 2. | Mary Hamann-Roland (Vice-Chair)<br>Representing the Cities of Apple Valley and Eagan | November, 2014 |
| 3. | Scott Thureen (Secretary/Treasurer)<br>Representing the City of Lakeville            | November, 2014 |
| 4. | Tom Harmening<br>Representing the City of Burnsville                                 | November, 2014 |
| 5. | Loren Knott<br>Representing the City of Burnsville                                   | November, 2014 |

### Alternate Board Members:

- |    |   |                |
|----|---|----------------|
| 1. | Greg Helms<br>Representing the Cities of Apple Valley and Eagan | November, 2014 |
| 2. | Mike Hughes<br>Representing the City of Burnsville              | November, 2014 |
| 3. | Tom Goodwin<br>Representing the City of Lakeville               | November, 2014 |

## CONSULTANTS

In accordance with Minnesota Statutes, Section 103B.227, Subdivision 5, the Black Dog Watershed Management Commission solicited interest proposals for engineering consulting, legal services, and auditor services in January 2012. As the statutes require the solicitation to occur every two years, the Black Dog Watershed Management Commission will solicit proposals again in 2014. The Black Dog Watershed Management Commission Board retains services from the following consultants:

Engineering: Barr Engineering Company  
Karen Chandler  
4700 West 77<sup>th</sup> Street  
Minneapolis, MN 55435-4803  
Phone: (952) 832-2600

Legal: Campbell, Knutson,  
Attorneys at Law  
Roger Knutson  
317 Eagandale Office Center  
1380 Corporate Center Drive  
Eagan, MN 55121  
Phone: (651) 452-5000

Auditor: MMKR  
Certified Public Accountants  
James Eichten  
5353 Wayzata Boulevard  
Suite 410  
Minneapolis, MN 55416  
Phone: (952) 545-0424

The Black Dog Watershed Management Organization currently does not employ any staff. Administrative support is provided by the City of Burnsville.

Administrator: City of Burnsville  
Daryl Jacobson  
13713 Frontier Ct.  
Burnsville, MN 55337  
Phone: (952) 895-4574

Website: [www.blackdogwmo.org](http://www.blackdogwmo.org)

## PERMITS AND VARIANCES

The Black Dog Watershed Management Organization does not have a permit program.

## WETLAND BANKING

The Black Dog Watershed Management Organization does not have a wetland banking program.

## **STATUS OF LOCAL PLAN ADOPTION AND IMPLEMENTATION**

Local water management plans adopted by member cities conform to the 2002 Black Dog Watershed Management Organization (BDWMO) Watershed Management Plan. The BDWMO adopted the 2012 Watershed Management Plan in October, 2012. All of the member cities will need to update their local water management plans to conform to the 2012 BDWMO Plan, per Minnesota Statute 103B.235.

## 2013 Black Dog WMO Activities

- Participated in the Metropolitan Council's Citizen-Assisted Lake Monitoring Program (CAMP) at the following Black Dog WMO-designated strategic water bodies: Crystal Lake, Keller Lake, Kingsley Lake, Lac Lavon, and Orchard Lake. Performed management level monitoring at Crystal Lake (see below). Completed water quality trend analyses on these lakes using the information gathered through CAMP and the more-detailed monitoring on Lac Lavon. 2013 CAMP total phosphorus data were not available for the trend analyses.
- Performed management level monitoring of Lac Lavon water quality, per guidance in the Black Dog WMO Plan. The monitoring consisted of collecting samples on 11 occasions—ice out (late March) and then May through September, twice per month. On each monitoring occasion, samples were collected at seven depths—a surface sample, plus six samples at one-meter intervals. All of the samples were analyzed for total phosphorus and total dissolved phosphorus, and the surface water samples were analyzed for chlorophyll-a. Field measurements of temperature, dissolved oxygen, pH, and specific conductivity were taken at each depth, at the deepest spot and at two other locations in the lake. In addition, Secchi disc readings were taken, and aquatic vegetation surveys were performed on two occasions over the monitoring season. A report summarizing the water quality monitoring results will be completed in 2014 and posted on the BDWMO website.
- Performed habitat monitoring of Crystal Lake. A redesigned habitat monitoring program was implemented beginning in 2011 with Kingsley Lake. The program now includes monitoring of a single water body on a cycle of once every five years. Monitoring included a meandering survey of the entire lake (in the submergent, emergent, and upland buffer zones), rather than only at sample plots, as done in the past. The City of Burnsville provided submergent zone aquatic plant survey data for Crystal Lake to Black Dog WMO. A memo summarizing the habitat monitoring results will be completed in 2014 and posted on the BDWMO website.
- Partnered with the Dakota County SWCD by providing funding and support to install 13 water quality improvement projects through the Blue Thumb program for Black Dog WMO residents, consistent with SWCD cost share policies.
- Partnered with the Dakota County SWCD to fund four Blue Thumb workshops in the Black Dog WMO area attended by 104 homeowners.
- Began developing a plan for accrual of funds in a capital improvement fund, to be used for future BDWMO internal load reduction projects stemming from TMDLs for lakes with intercommunity shoreline (Crystal Lake, Keller Lake, and Lac Lavon). The BDWMO's 2013 budget included the first of annual contributions to a Project Reserve Fund. This fund will serve as a savings account for future internal load reduction projects stemming from TMDLs.
- Conducted an annual evaluation of the watershed programs and report the results to member communities via the Watershed Annual Report and Annual Activity Report.

- Formulated and approved the 2014 Work Plan and Budget.
- Completed the 2012 Annual Audit.
- Developed an annual activity report and watershed annual report and distributed them via the Black Dog WMO website and through the member communities (see attached Watershed Annual Report). The annual activity report meets all of the State reporting requirements and is submitted to the Minnesota Board of Water and Soil Resources (BWSR).
- Reviewed and responded to any issues and opportunities brought to the attention of the Black Dog WMO.
- Maintained, updated, and revised the Black Dog WMO website.

\*\*Table 1 shows the Status of Implementation Tasks from the BDWMO *Watershed Management Plan*\*\*

## 2013 Black Dog WMO Expenditures

	<u>BUDGET</u>	<u>ACTUAL</u>
<b><u>General Engineering Support:</u></b>	<b>\$ 33,000</b>	<b>\$26,658</b>
Consulting services for engineering support, such as attending meetings, review/respond to issues and opportunities, review/comment on proposed water quality implementation projects, EAWs, revisions to local water management plans, comprehensive plans, and other plans; communications with agencies, meetings with member cities and agencies, track and report on impaired waters and TMDL issues, and other miscellaneous consulting/reviews.		
<b><u>Special Projects:</u></b>		
Projects undertaken by the Commission that are not ongoing.		
<b>Lac Lavon Management Level Monitoring</b>	<b>16,200</b>	<b>15,720</b>
Funding to conduct “management level” monitoring of the lake’s water quality, per guidance in the BDWMO Plan.		
<b>Dakota County SWCD – Community Conservation Cost Share Program Support</b>	<b>9,000</b>	<b>9,000</b>
Funds to partner with the Dakota County SWCD Community Conservation Cost Share programs for BDWMO residents.		
<b>2012 Work Carried into 2013</b>	<b>2,440</b>	<b>2,403</b>
Finalization of the 2012 Crystal Lake Monitoring Report.		
<b><u>Insurance:</u></b>	<b>3,000</b>	<b>2,306</b>
<b><u>Legal and Audit:</u></b>	<b>8,400</b>	<b>6,419</b>
Consulting fees for legal and annual audit services.		
<b><u>Administrative Support:</u></b>	<b>13,500</b>	<b>11,497</b>
City of Burnsville charges for providing administrative support to the Commission. This includes staff time, as well as printing and postage.		
<b><u>Public Education:</u></b>	<b>15,700</b>	<b>15,551</b>
Cost to produce and distribute the annual activity report and watershed annual report, funding support for the Dakota County SWCD Blue Thumb workshops and Community Conservation Cost Share grant program, and costs to maintain the BDWMO website		
<b><u>Water Quality Monitoring:</u></b>	<b>13,150</b>	<b>11,007</b>
Cost associated with water quality monitoring programs, including the habitat monitoring program, Metropolitan Council’s CAMP, and analysis of water quality data.		
<b><u>Conference / Publications:</u></b>	<b>500</b>	<b>253</b>
Commissioner training and educational materials.		



<b><u>Contingency:</u></b>	<b>5,000</b>	<b>0</b>
Funding for unexpected expenses and/or new program opportunities approved by the Commission.	_____	_____
<b>Project Reserve Fund:</b>	<b>17,550</b>	<b>17,550</b>
This fund serves as a savings account for future internal load reduction projects stemming from TMDLs.		
<b>Expenditure Total:</b>	<b>\$ 135,000</b>	<b>\$118,364</b>

## 2013 Black Dog WMO Revenues

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>Member City Contributions (Fees)</u>	\$ 135,000	\$ 135,000
<u>Interest</u>	100	34
<u>Grants (intergovernmental revenue)</u>	0	0
<u>Fund Balance Utilized</u>	0	0
	_____	_____
Revenue Total:	\$ 135,100	\$ 135,034

## 2014 Black Dog WMO Goals & Work Plan

1. Participate in Metropolitan Council's Citizen Assisted Water Quality Monitoring Program (CAMP) for the following strategic water bodies:

\* Crystal Lake                      \* Keller Lake                      \* Kingsley Lake  
\* Lac Lavon                              \* Orchard Lake

Complete water quality trend analyses on these lakes using the information gathered through CAMP and the more detailed monitoring on Orchard Lake.

2. Perform additional (management level) monitoring on Orchard Lake, as recommended in the Black Dog WMO Watershed Management Plan. The monitoring will consist of collecting samples on 11 occasions—ice-out and then May through September, twice per month. On each monitoring occasion, samples will be collected at eight depths at the deepest spot in the lake—a surface sample, plus seven samples at one-meter intervals. Field measurements will also be taken at the deepest spot in the lake. The work will also include preparation of a technical memo summarizing the monitoring results.
3. Implement the Habitat Monitoring Program. Habitat monitoring is performed at one strategic water body per year, such that all five strategic water bodies will be completed over a five-year cycle. In 2014, the program will include monitoring of Lac Lavon. Monitoring will include a meandering survey of the entire lake (in the submergent, emergent and upland buffer zones). If possible, the analysis and reporting of 2014 data will occur in 2014, but this may need to be carried over into 2015.
4. Conduct an annual evaluation of the watershed programs and report the results to member communities via a watershed annual report (this report is incorporated into the annual activity report submitted to the Minnesota Board of Water and Soil Resources).
5. Partner with the Dakota County SWCD by providing funding and support to install up to 18 water quality improvement projects through the Blue Thumb program for Black Dog WMO residents, consistent with SWCD cost share policies.
6. Partner with the Dakota County SWCD to fund four Blue Thumb workshops in the Black Dog WMO area.
7. Complete the 2013 annual audit.
8. Apply for grants and/or assist member cities with grant applications.
9. Formulate and approve the year 2015 Work Plan and Budget.
10. Review and respond to any issues and opportunities brought to the attention of the Black Dog WMO.
11. Maintain and update web site.
12. Respond to requests to partner with member communities and Dakota County on educational outreach programs.
13. Keep abreast of changes to the TMDL program, including additions to/removals from the impaired waters list and the listing criteria.
14. Review revisions to local water management and comprehensive plans as needed. Member cities will likely need to update their local water management plans to meet the requirements of the 2012 Black Dog WMO Watershed Management Plan. The Black Dog WMO will need to review and approve these plans.
15. Complete development of plan for accrual of funds in a capital improvement fund, to be used for future BDWMO internal load reduction projects stemming from TMDLs for lakes with intercommunity shoreline (Crystal Lake, Keller Lake, and Lac Lavon).

- See Attached Watershed Annual Report for information on the 2014 Budget -

**Table 1. Status of Implementation Tasks from 2012 BDWMO Watershed Management Plan - through December 31, 2013**

Implementation Task	Original Implementation Date from Plan	Status
<i>Administrative and Operational – Watershed-wide</i>		
General WMO administration, including reviewing and responding to issues and opportunities (not otherwise described in this table) as they arise. This may include services provided by: <ul style="list-style-type: none"> <li>• Administrator (City of Burnsville)</li> <li>• BDWMO consulting engineer</li> <li>• BDWMO Attorney</li> </ul>	Ongoing	BDWMO continues to perform these actions as needed/requested.
Revise joint powers agreement (JPA) to allow cost allocation apportionment specified in Section 4.7.4 – Policy 8 of the 2012 BDWMO Plan (funding of internal load reduction projects)	2013	Revision of the JPCA is not needed at this point.
Review Burnsville local watershed management plan	2014	BDWMO approval of last plan in 2008; review of updated plan anticipated in 2014. Major plan update expected in 2016.
Review Lakeville local watershed management plan	2014	BDWMO approval of last plan in 2008; review of updated plan anticipated in 2014
Review Apple Valley local watershed management plan	2014	BDWMO approval of last plan in 2007; review of updated plan anticipated in 2014
Review Eagan local watershed management plans	2014	BDWMO approval of last plan in 2007; review of updated plan anticipated in 2014
Miscellaneous reviews including, but not limited to: <ul style="list-style-type: none"> <li>• Review city comprehensive plan changes that require review by the Metropolitan Council</li> <li>• Review projects for consistency with the BDWMO plan, as requested by member cities or other governmental agencies</li> <li>• Review and approve any proposed changes to the intercommunity stormwater system that are inconsistent with an approved local plan</li> <li>• Review and approve changes to an approved local plan that would cause the local plan to be inconsistent with the BDWMO plan</li> </ul>	Ongoing	BDWMO continues to perform these reviews as needed/requested.
City technical staff (technical advisor) attendance at BDWMO meetings	Ongoing	City technical staff regularly attend BDWMO meetings

**Table 1. Status of Implementation Tasks from 2012 BDWMO Watershed Management Plan - through December 31, 2013**

<b>Implementation Task</b>	<b>Original Implementation Date from Plan</b>	<b>Status</b>
Facilitate intercommunity flood control, stormwater runoff, erosion, and sediment control projects	As needed	No facilitation of intercommunity projects currently planned
Apply for and/or assist member cities with grant applications	Ongoing	BDWMO continues to pursue these opportunities as they arise
Complete and submit annual audit to BWSR	Ongoing	Submitted annually
Update BDWMO Watershed Management Plan	2020	BDWMO adopted its latest Watershed Management Plan in 2012; planning for an updated Plan will begin in 2020
Development of TMDL Studies and Implementation Plans	Ongoing	BDWMO will perform these tasks as necessary; there are no TMDL studies or implementation plans currently planned by the BDWMO
Complete and publish watershed annual report (newsletter) and post on website	Ongoing	Published annually.
Complete and submit annual activity report to BWSR and post on website	Ongoing	Completed and published annually
Create, maintain and update web site—put plan, data, meeting agenda and minutes, watershed annual reports, water quality monitoring reports, educational materials, project updates, etc. on the site	Ongoing	Website is regularly updated as new material is available and hosted by Dakota SWCD
Educational outreach including, but not limited to: exploring social media and email list serves to expand communication with the public, sponsoring workshops in partnership with the Blue Thumb program, the promotion of awareness of groundwater resource issues, and seeking volunteers to participate in water quality and water quantity programs	Ongoing	Provided watershed annual report to member cities and posted to BDWMO website; maintained website (see above); Since 2009, BDWMO has partnered with the Dakota SWCD to fund Blue Thumb Program workshops in the BDWMO area; BDWMO funded 4 workshops in 2013.

**Table 1. Status of Implementation Tasks from 2012 BDWMO Watershed Management Plan - through December 31, 2013**

<b>Implementation Task</b>	<b>Original Implementation Date from Plan</b>	<b>Status</b>														
Implementation of small-scale best management practices on private property to improve water quality	Ongoing	<p>Since 2009, BDWMO has partnered with the Dakota County SWCD by providing funding and support to install water quality improvement projects through the Blue Thumb and Community Conservation Cost Share Programs for Black Dog WMO residents. Projects included rainwater gardens, shoreline improvements, and a bioretention site.</p> <table border="1" data-bbox="1268 500 1694 737"> <thead> <tr> <th>Year</th> <th>Number of projects</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>9</td> </tr> <tr> <td>2010</td> <td>7</td> </tr> <tr> <td>2011</td> <td>6</td> </tr> <tr> <td>2012</td> <td>18</td> </tr> <tr> <td>2013</td> <td>13</td> </tr> <tr> <td>Total</td> <td>53</td> </tr> </tbody> </table>	Year	Number of projects	2009	9	2010	7	2011	6	2012	18	2013	13	Total	53
Year	Number of projects															
2009	9															
2010	7															
2011	6															
2012	18															
2013	13															
Total	53															
Implement recommended internal phosphorus load reduction projects identified in UAA and/or TMDL for non-strategic waterbodies or strategic waterbodies without inter-community shoreline	As needed	BDWMO will implement these projects when watershed load reduction projects have been implemented and further water quality improvements are needed														
<b>Monitoring and Studies – Strategic Waterbodies</b>																
<p>Annual CAMP water quality monitoring, performing trend analysis, and establishing action levels for the following strategic waterbodies:</p> <ul style="list-style-type: none"> <li>• Crystal Lake</li> <li>• Keller Lake</li> <li>• Orchard Lake</li> <li>• Kingsley Lake</li> <li>• Lac Lavon</li> </ul>	Ongoing	CAMP monitoring completed annually; trend analysis completed annually														
<p>Management level water quality monitoring performed at 3-year intervals for the following strategic waterbodies:</p> <ul style="list-style-type: none"> <li>• Crystal Lake</li> <li>• Orchard Lake</li> <li>• Lac Lavon</li> </ul>	Ongoing	Performed for one lake annually; most recent monitoring includes Orchard Lake in 2011, Crystal Lake in 2012 and Lac Lavon in 2013														

**Table 1. Status of Implementation Tasks from 2012 BDWMO Watershed Management Plan - through December 31, 2013**

<b>Implementation Task</b>	<b>Original Implementation Date from Plan</b>	<b>Status</b>
Habitat monitoring at 5-year intervals for the following strategic waterbodies: <ul style="list-style-type: none"> <li>• Crystal Lake</li> <li>• Keller Lake</li> <li>• Orchard Lake</li> <li>• Kingsley Lake</li> <li>• Lac Lavon</li> </ul>	Ongoing	Implementation of the redesigned program began in 2011 (Kingsley Lake); habitat monitoring of Orchard Lake was performed in 2012, Crystal Lake in 2013 and is planned for Lac Lavon and Keller Lake in 2014 and 2015, respectively
Implement lake water quality management actions recommended in Table 4-1 of the 2012 BDWMO Plan, depending on water quality trends and comparison of recent water quality to action level, for the following strategic waterbodies: <ul style="list-style-type: none"> <li>• Orchard Lake</li> <li>• Kingsley Lake</li> <li>• Lac Lavon</li> </ul>	As needed	BDWMO will implement these actions as necessary; there are no actions currently planned
<b><i>Capital Projects – Crystal Lake</i></b>		
Implement recommended watershed projects to reduce runoff-borne phosphorus loads, as identified in the TMDL, that may include: <ul style="list-style-type: none"> <li>• Street sweeping</li> <li>• Native shoreline buffers</li> <li>• Public outreach and education</li> </ul>	Ongoing	Projects to be performed by member cities (Lakeville, Burnsville) with possible grant funding from BDMWO; BDWMO performs ongoing public education
Implement recommended internal phosphorus load reduction projects identified in the TMDL, that may include: <ul style="list-style-type: none"> <li>• In-lake alum treatment</li> <li>• Aquatic macrophyte management</li> <li>• Internal load reduction in upstream Keller Lake</li> </ul>	As needed	Potential future projects are listed in Table 5-3 of the 2012 BDWMO Plan; no projects are currently planned
<b><i>Capital Projects – Keller Lake</i></b>		

**Table 1. Status of Implementation Tasks from 2012 BDWMO Watershed Management Plan - through December 31, 2013**

<b>Implementation Task</b>	<b>Original Implementation Date from Plan</b>	<b>Status</b>
Implement recommended watershed projects to reduce runoff-borne phosphorus loads, as identified in the TMDL, that may include: <ul style="list-style-type: none"> <li>• Construction of a water quality treatment pond in Crystal Beach</li> <li>• Construction of a water quality treatment pond on southwest side of Keller Lake</li> <li>• Street sweeping</li> <li>• Native shoreline buffers</li> <li>• Public outreach and education</li> </ul>	Ongoing  2013 – 2015 (Crystal Beach project)  2018 (SW Keller Lake project)	Projects performed by member cities (Burnsville) with possible grant funding from BDMWO; BDWMO performs ongoing public education Crystal Beach project: the City of Burnsville expects to construct the project in 2015.
Implement recommended internal phosphorus load reduction projects identified in the TMDL, that may include: <ul style="list-style-type: none"> <li>• In-lake alum treatment</li> <li>• Aquatic macrophyte management</li> </ul>	As needed	Potential future projects are listed in Table 5-3 of the 2012 BDWMO Plan; no projects are currently planned
<b><i>Capital Projects – Orchard Lake, Kingsley Lake, and Lac Lavon</i></b>		
Implement water quality improvement measures in Orchard Lake, Kingsley Lake, and Lac Lavon as identified in future diagnostic feasibility studies, that may include: <ul style="list-style-type: none"> <li>• Watershed projects (e.g., stormwater treatment ponds, rainwater gardens, infiltration basins)</li> <li>• Internal load reduction projects (e.g., in-lake alum treatment, aquatic macrophyte management)</li> </ul>	As needed	BDWMO will implement projects as necessary; no projects are currently planned



# **2013 Watershed Annual Report**

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# **2013 Water Quality Data**

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The Black Dog WMO funds the water quality monitoring of its water bodies designated as “strategic” by the Black Dog WMO. In 2013, the strategic water bodies included:

1. Crystal Lake
2. Keller Lake
3. Kingsley Lake
4. Lac Lavon
5. Orchard Lake

Some of the water quality data for the strategic water bodies is presented on the following pages. First are a series of figures that summarize the historical summer average (late-May through early-September) total phosphorus, chlorophyll *a*, and Secchi disc transparency data. The figures also display the trend lines for the past 10 years’ water quality data, if a trend was observed. The linear best-fits were determined using a “least squares” regression analysis of the summer averages of the past 10 years (2004 – 2013) of data. Trend analyses were not performed for Keller Lake because there is less than 10 years of monitoring data since shutdown of the ferric chloride treatment system at the end of 2009. CAMP total phosphorus data for 2013 were not available. For lakes where only CAMP data was available in 2013, trend analyses for total phosphorus concentrations were not performed.

Second are a series of tables that show the results of the water quality monitoring for each data collection date in 2013.

Water quality monitoring data is also available for other “non-strategic” water bodies in the Black Dog WMO. In 2013, the member cities funded participation in the CAMP program for the following non-strategic water bodies

- Earley Lake (City of Burnsville)
- Twin Lake (City of Burnsville)
- Sunset Pond (City of Burnsville)
- Wood Pond (City of Burnsville)
- Lee Lake (City of Lakeville)

Results of the 2013 water quality monitoring of these water bodies is available from the Metropolitan Council’s CAMP program.

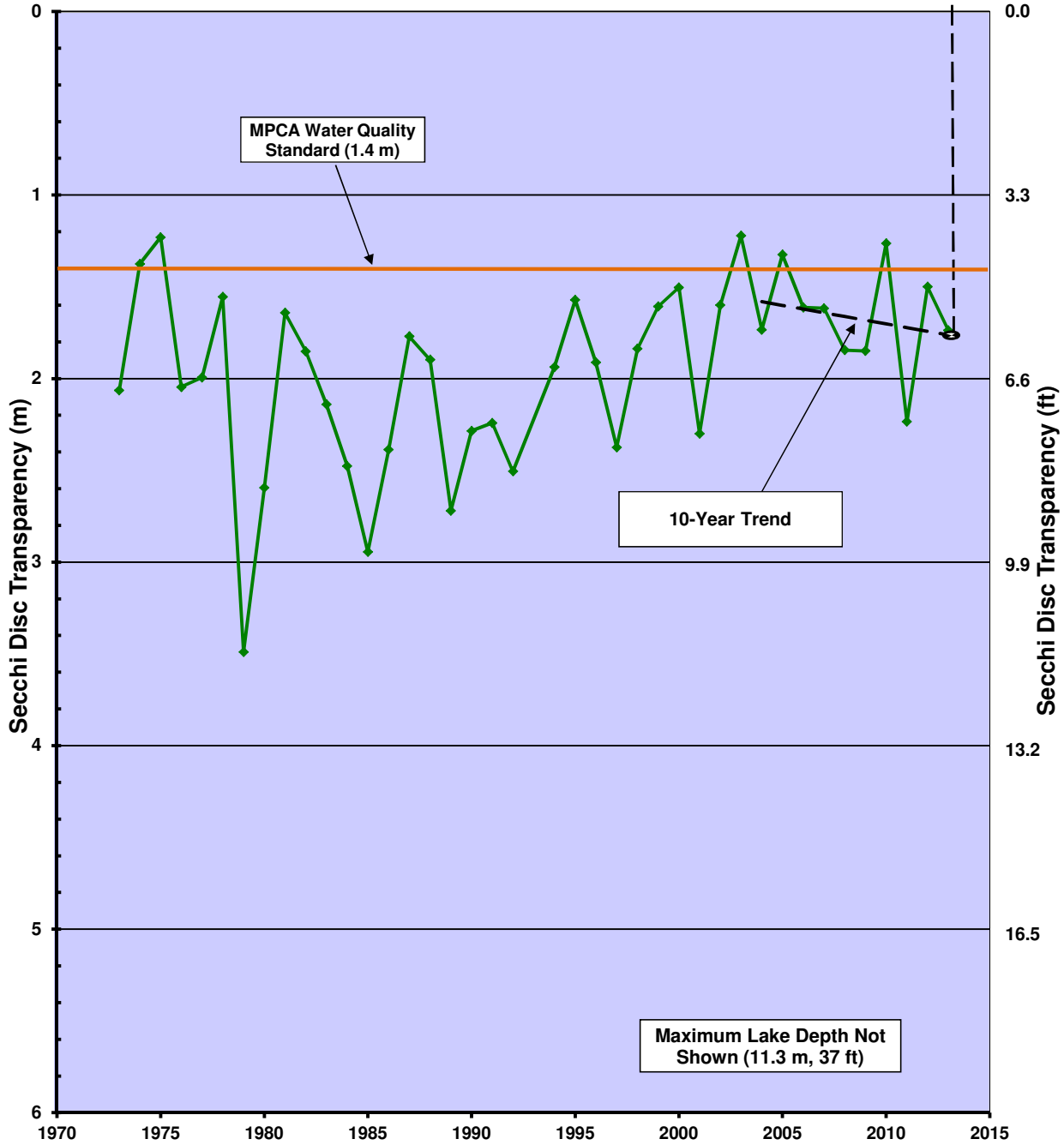
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**Historical Water Quality Data—Figures**

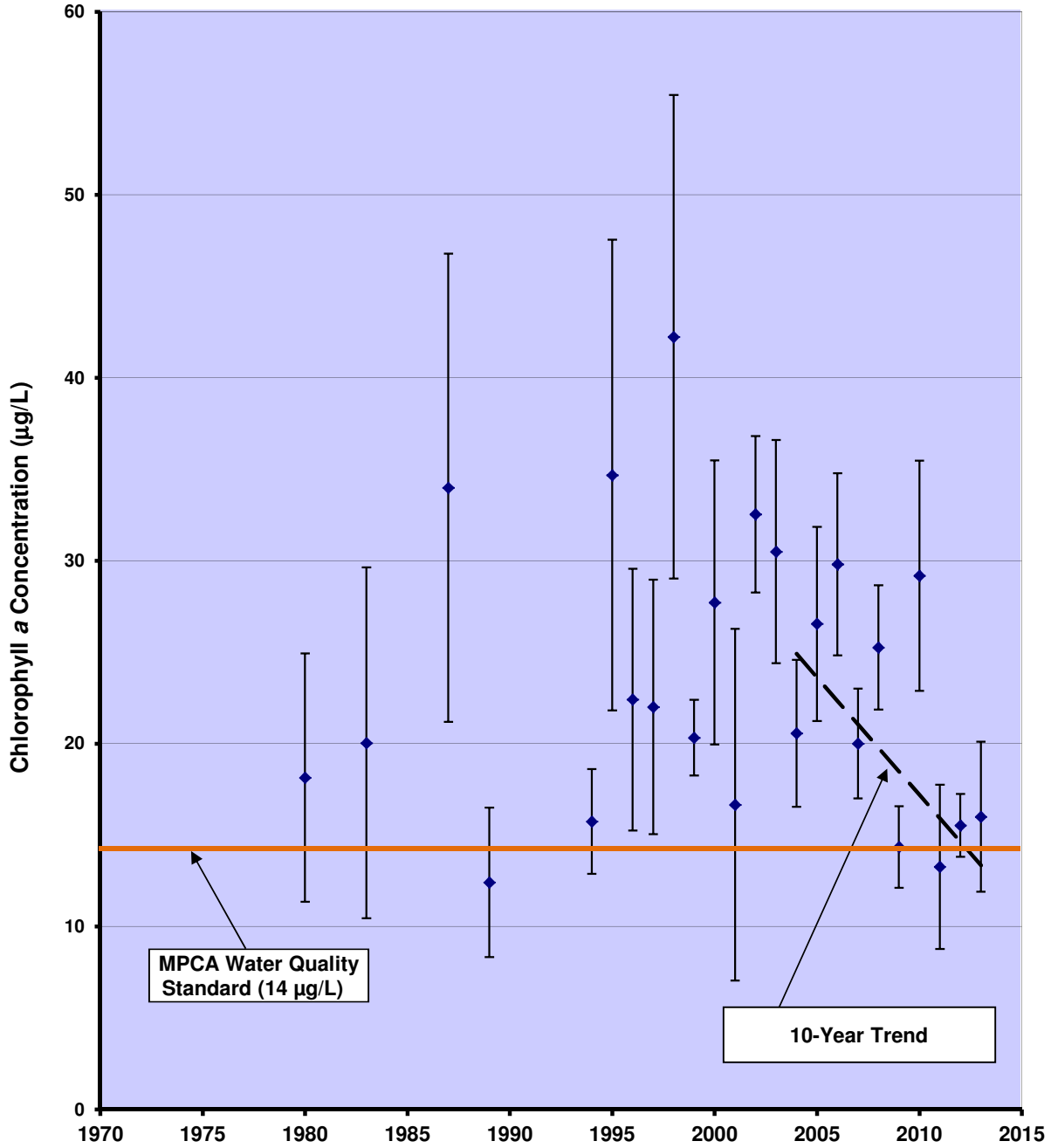
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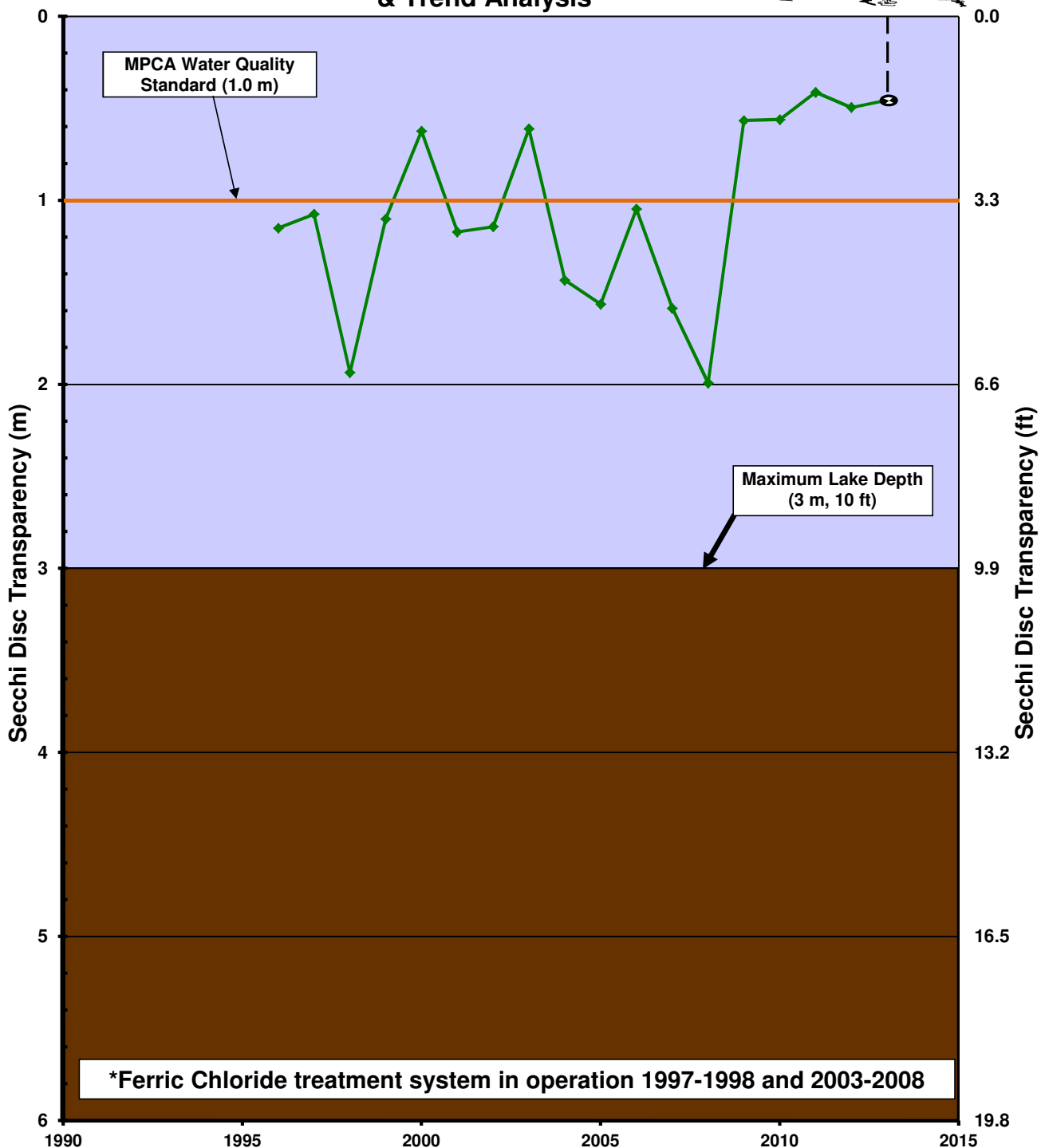
# Crystal Lake (Burnsville & Lakeville) Summer Average Water Clarity & Trend Analysis



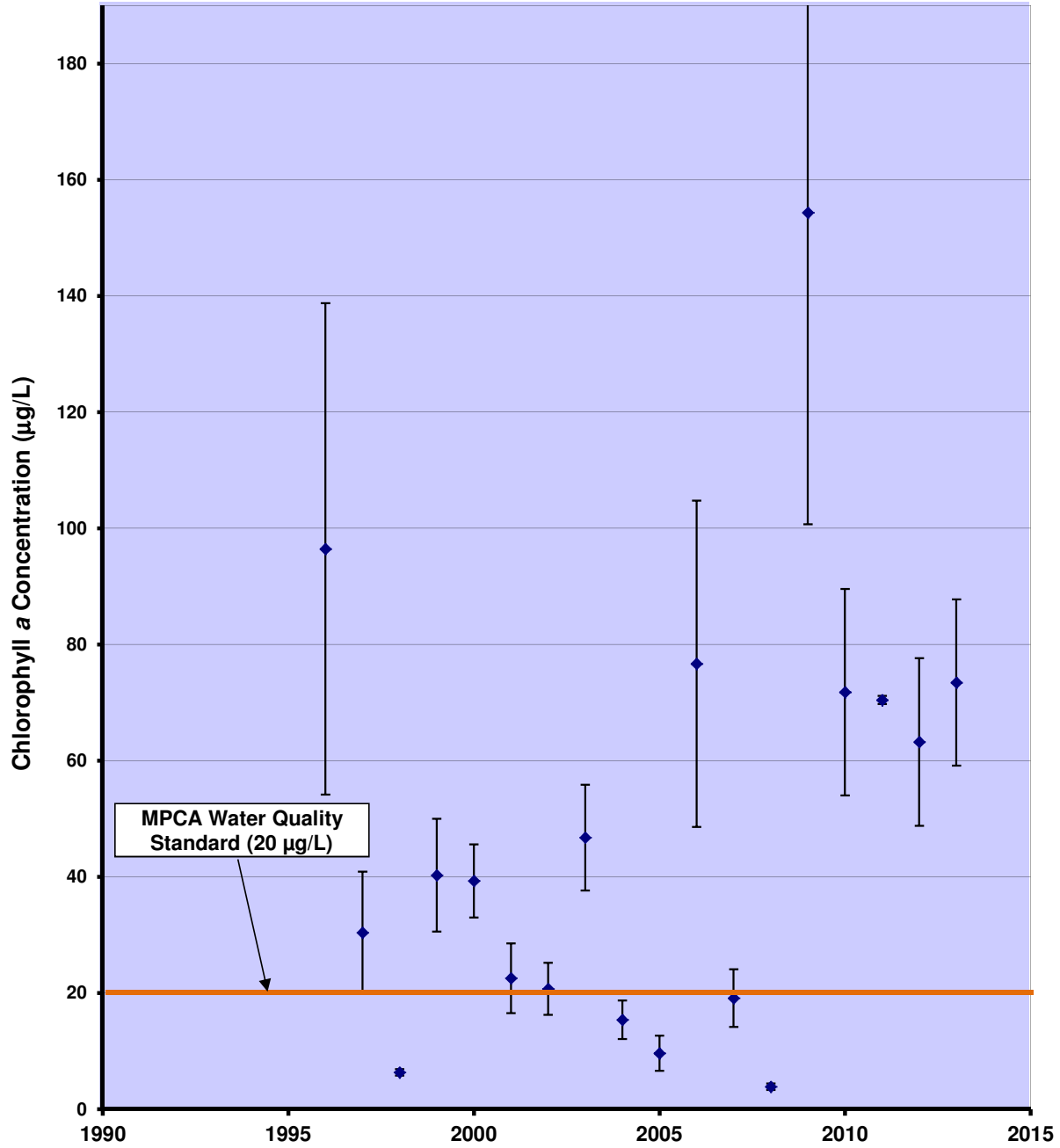
**Crystal Lake (Burnsville & Lakeville)**  
**Summer Average Surface Chlorophyll a Concentrations &**  
**Trend Analysis**  
**BDWMO Category I & MPCA Deep Lake**



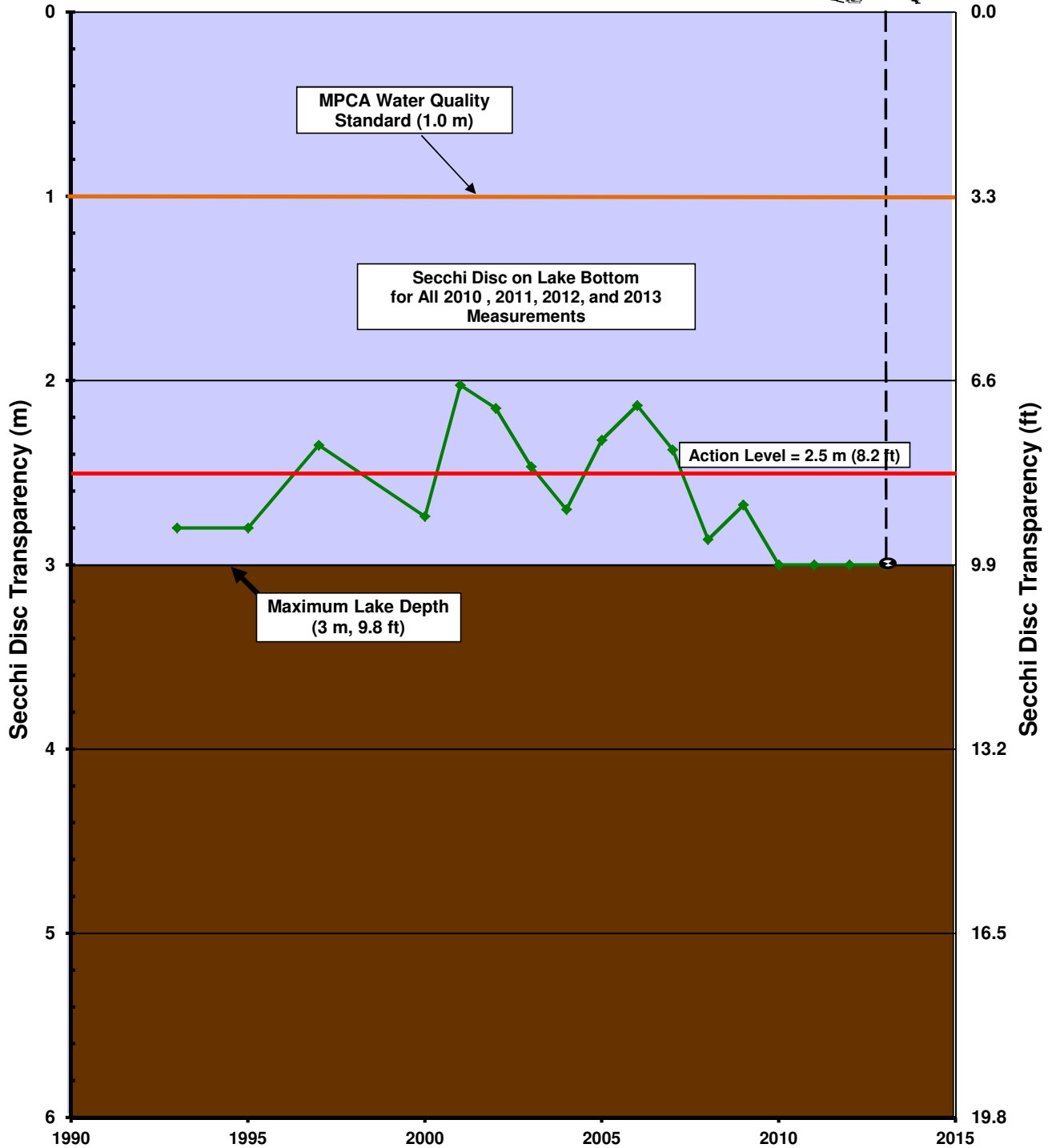
# Keller Lake (Burnsville) Summer Average Water Clarity & Trend Analysis



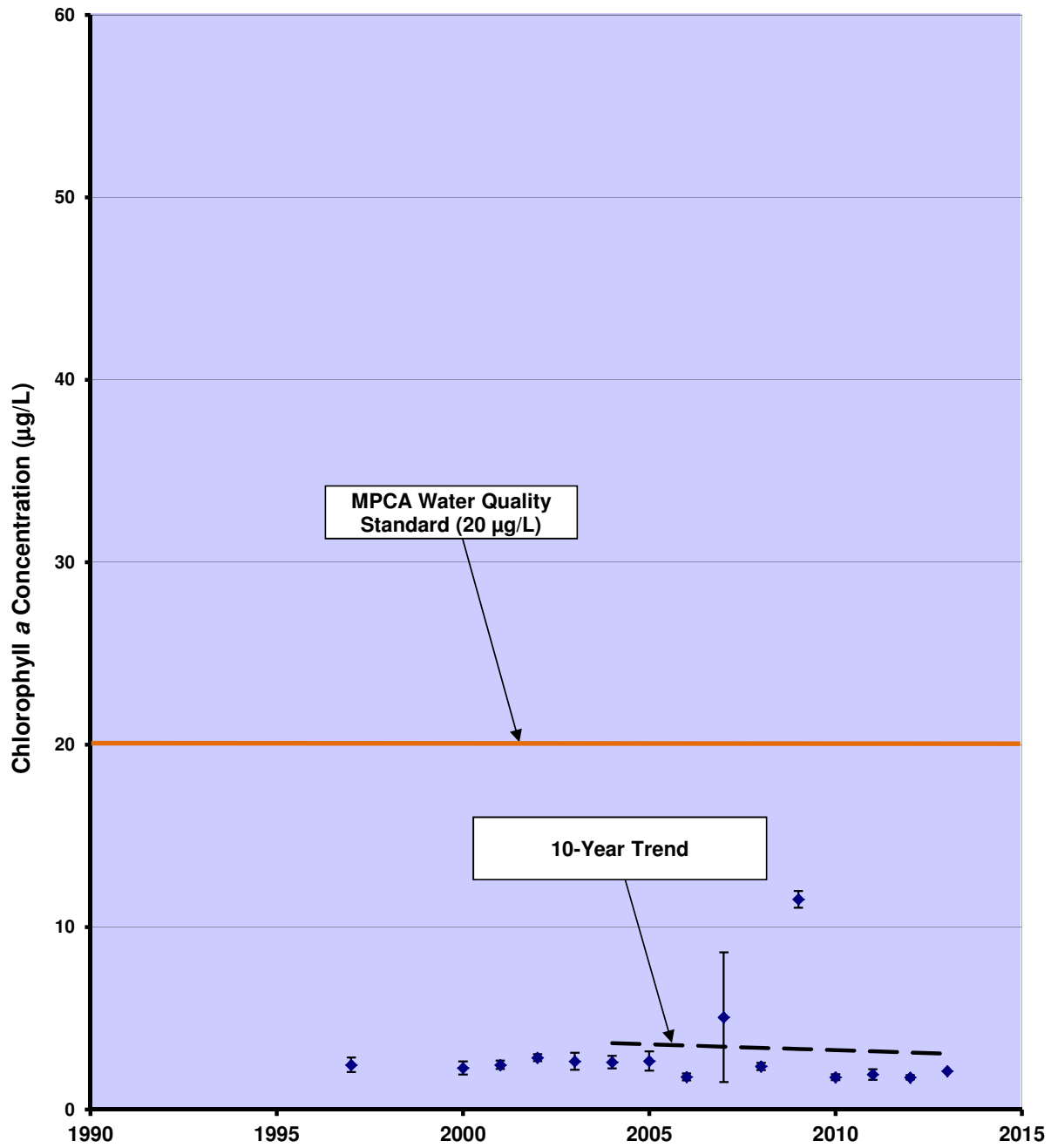
**Keller Lake (Burnsville)**  
**Summer Average Surface Chlorophyll a Concentrations &**  
**Trend Analysis**  
**BDWMO Category III & MPCA Shallow Lake**



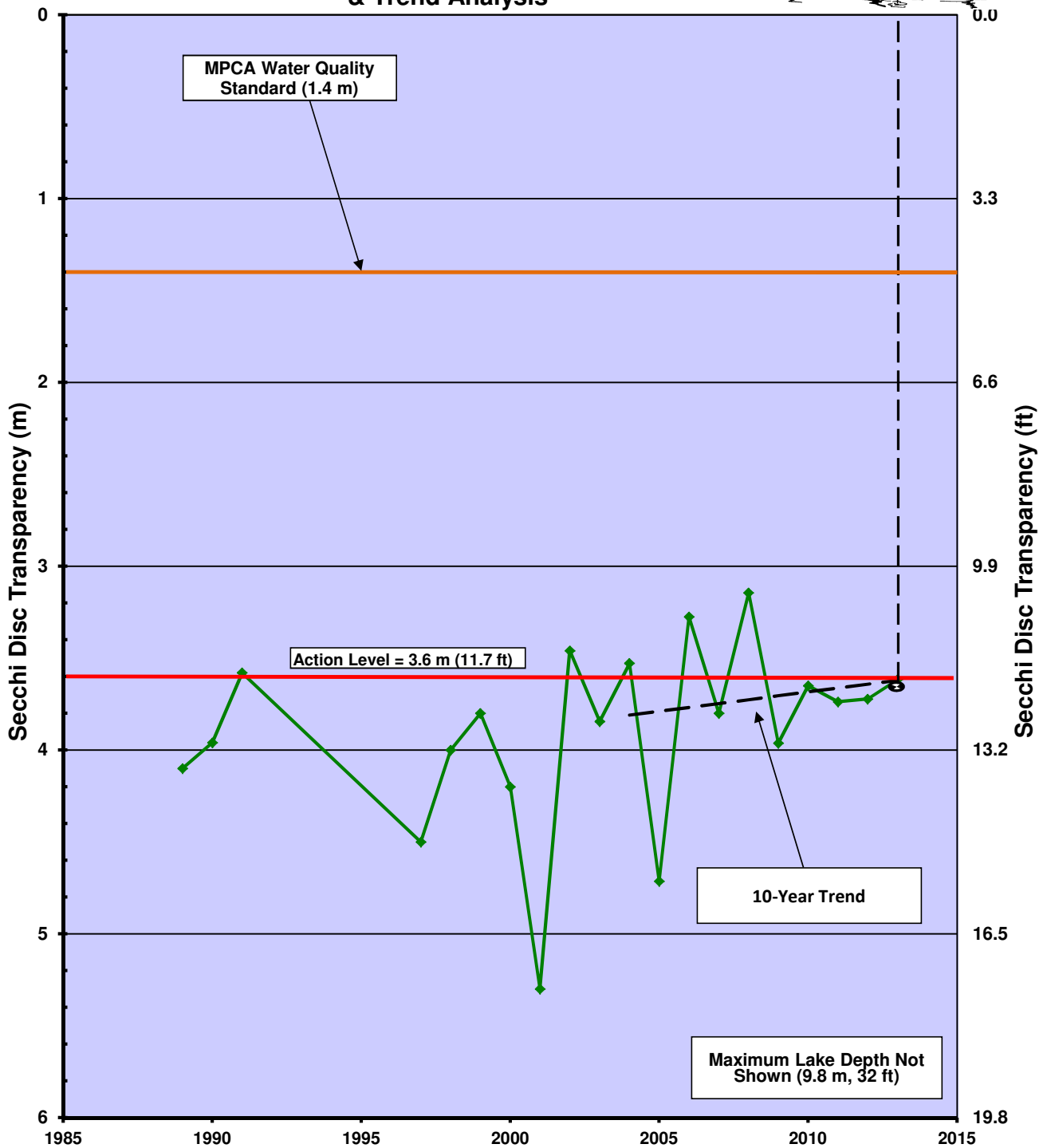
# Kingsley Lake (Lakeville) Summer Average Water Clarity & Trend Analysis



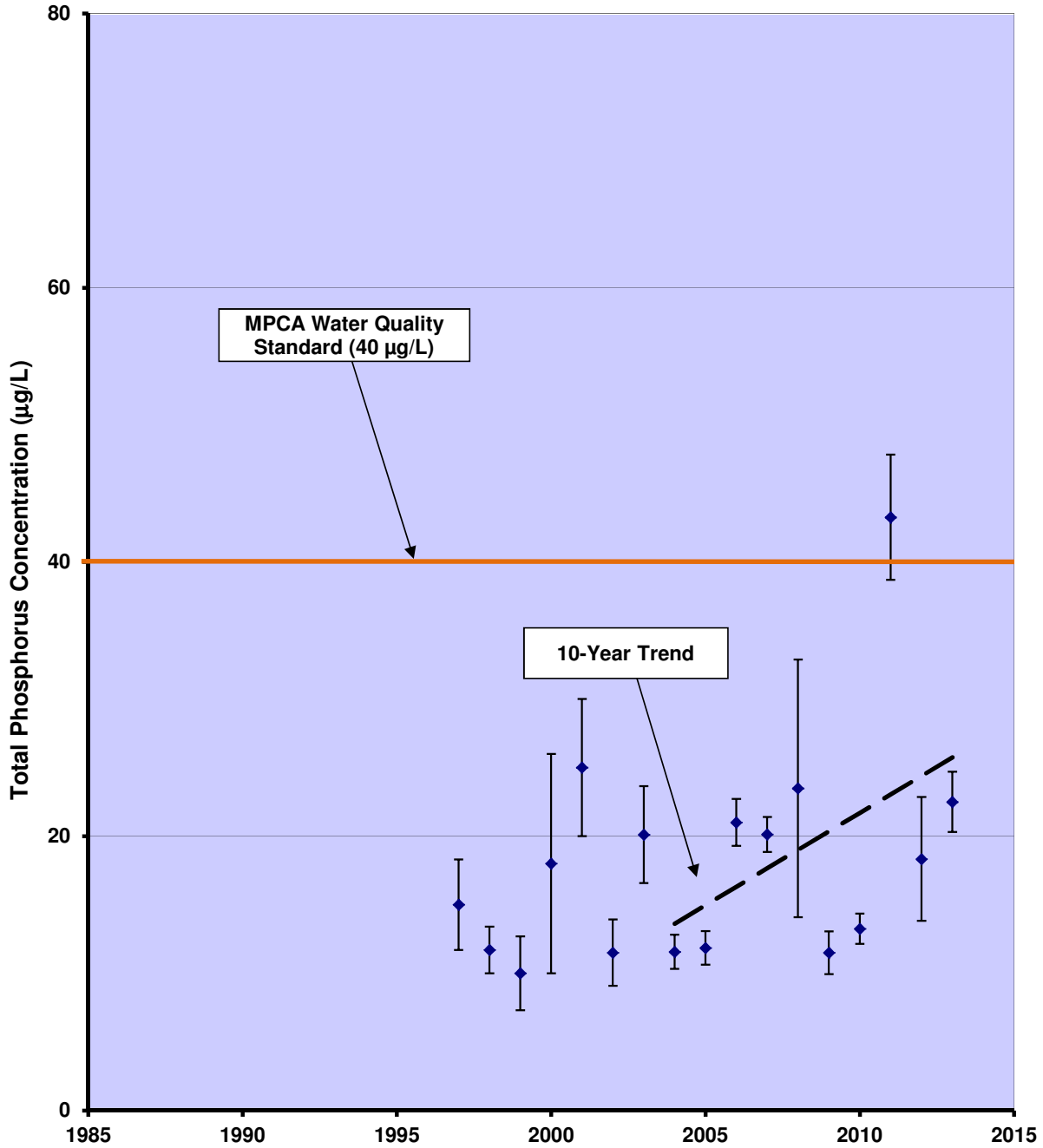
**Kingsley Lake (Lakeville)**  
**Summer Average Surface Chlorophyll *a* Concentrations &  
Trend Analysis**  
**BDWMO Category II & MPCA Shallow Lake**



# Lac Lavon Lake (Apple Valley & Burnsville) Summer Average Water Clarity & Trend Analysis

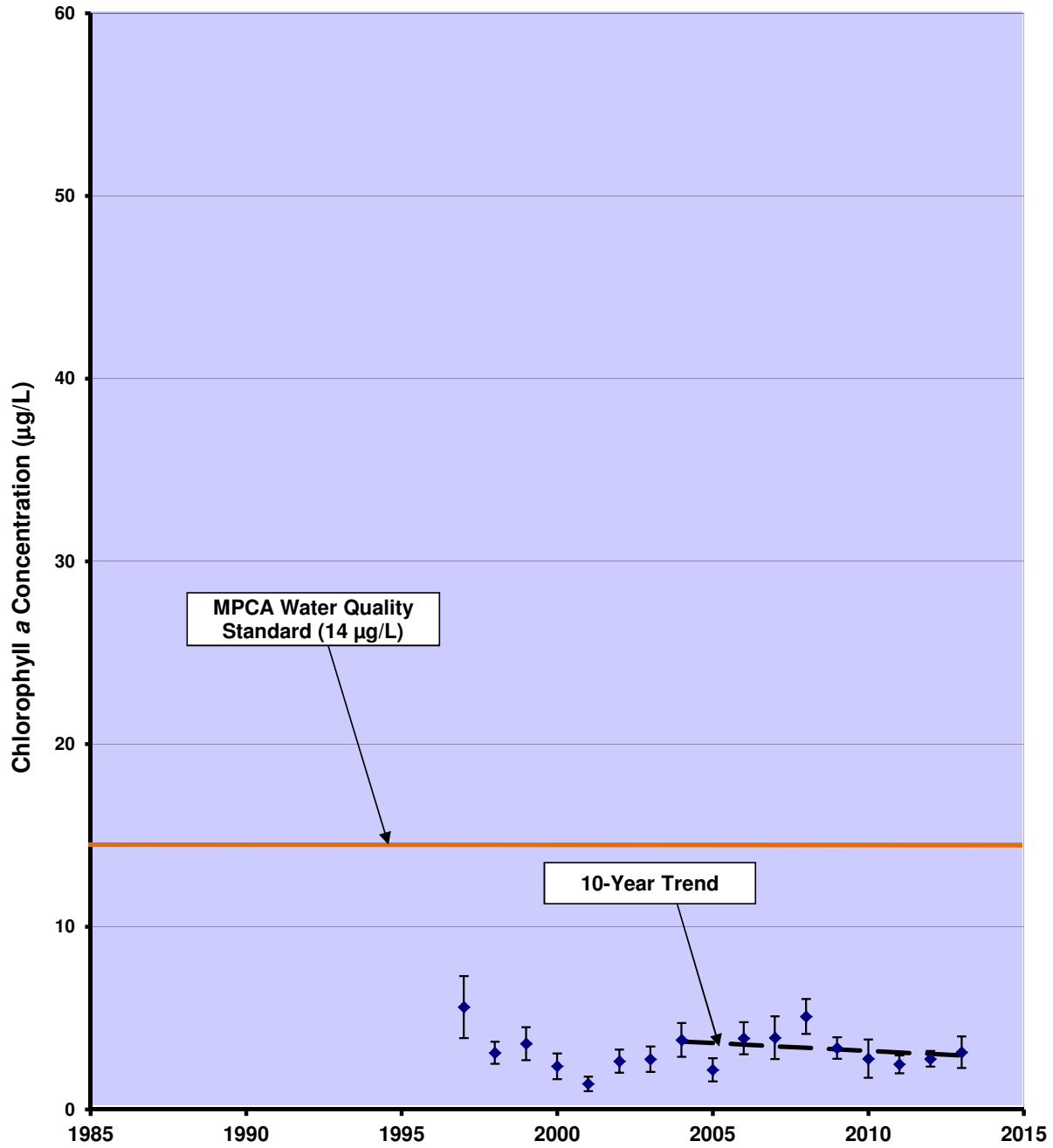


Lac Lavon Lake (Apple Valley & Burnsville)  
Summer Average Surface Total Phosphorus Concentrations  
& Trend Analysis  
BDWMO Category I & MPCA Deep Lake

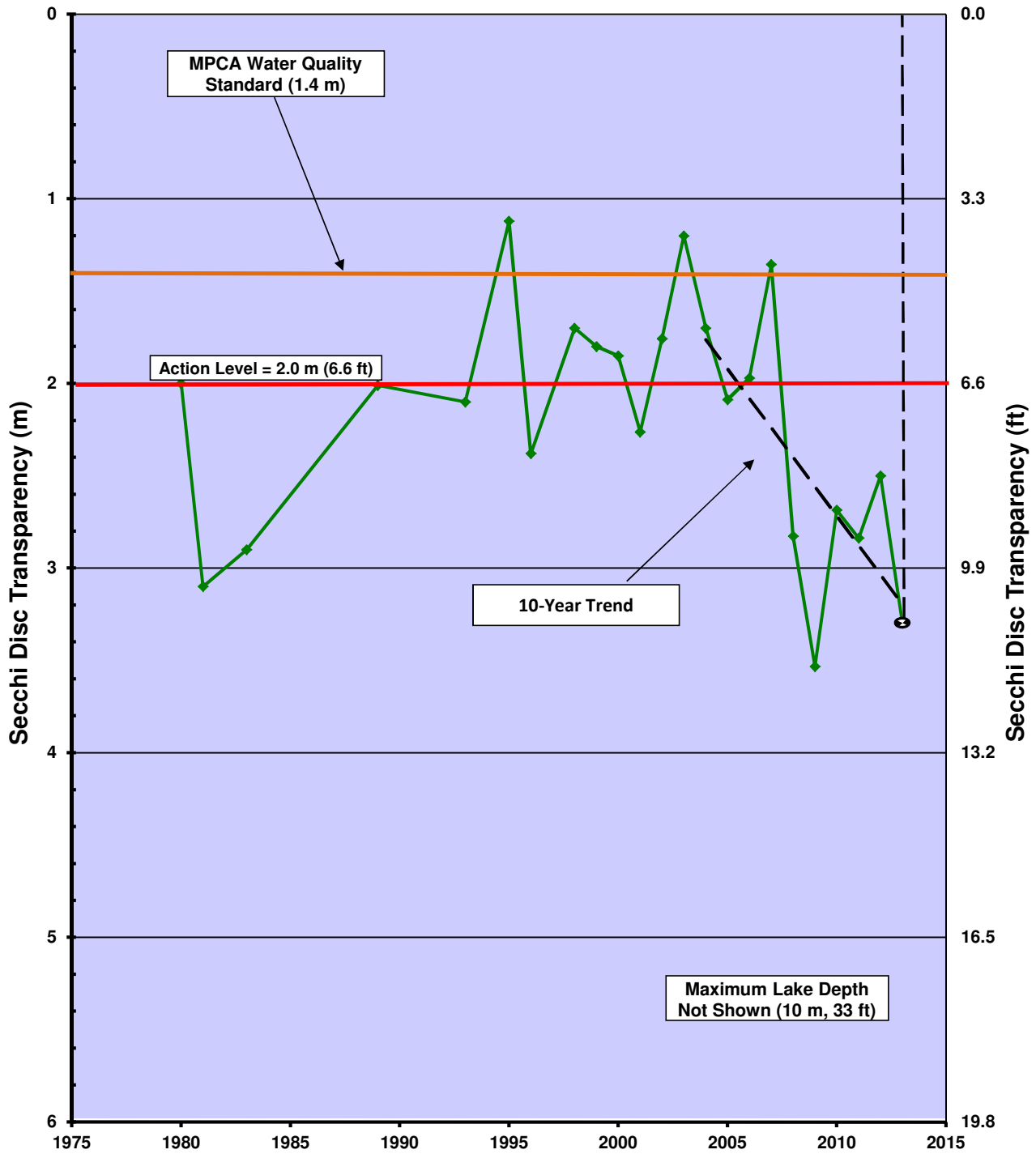




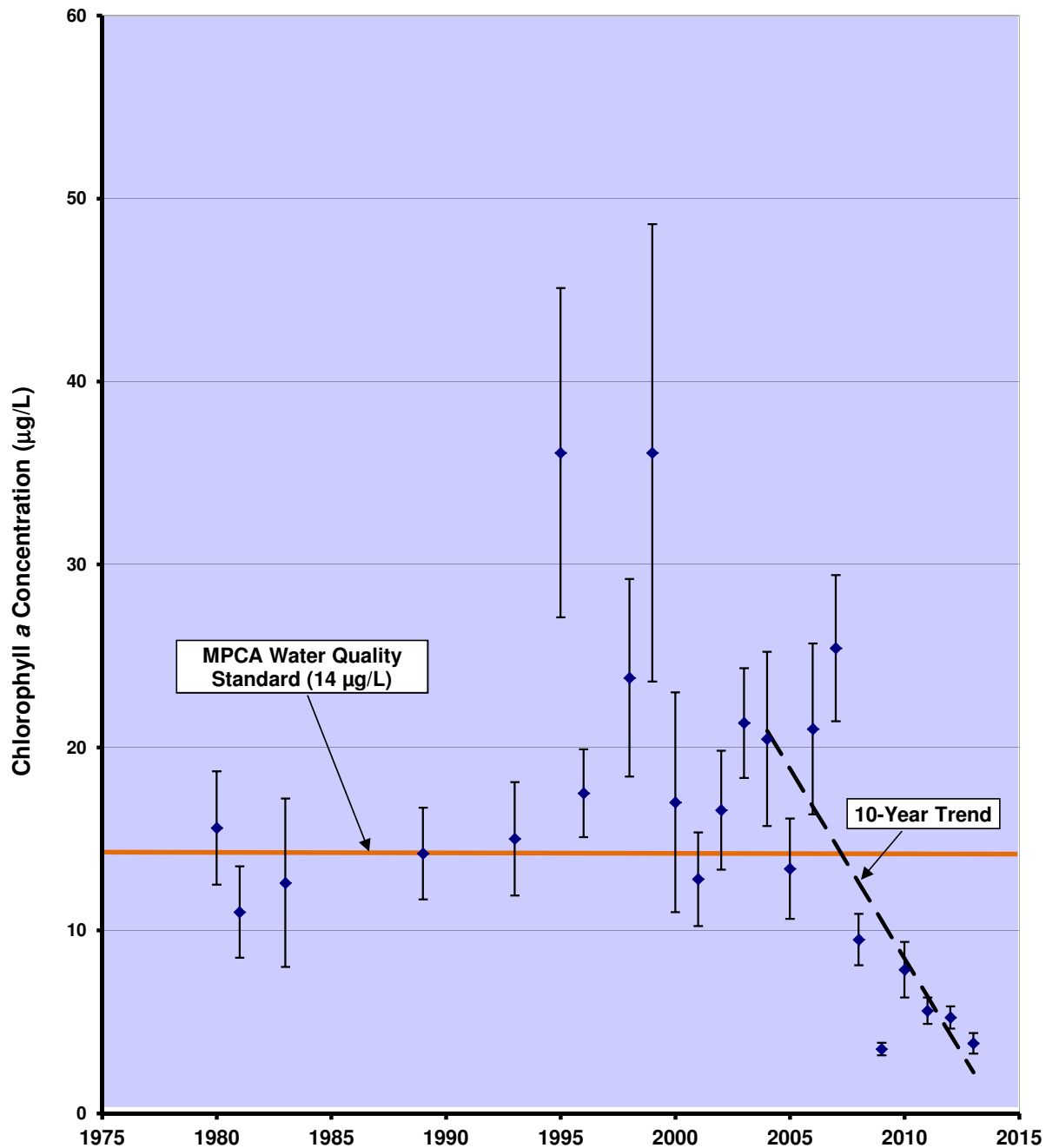
Lac Lavon Lake (Apple Valley & Burnsville)  
Summer Average Surface Chlorophyll *a* Concentrations &  
Trend Analysis  
BDWMO Category I & MPCA Deep Lake



# Orchard Lake (Lakeville) Summer Average Water Clarity & Trend Analysis



**Orchard Lake (Lakeville)**  
**Summer Average Surface Chlorophyll a Concentrations &**  
**Trend Analysis**  
**BDWMO Category I & MPCA Deep Lake**



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**2013 Water Quality Data—Tables**

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**Table 1: Crystal Lake 2013 Water Quality Data  
CAMP Data**

Date	Max. Depth (M)	Secchi Disc (M)	Sample Depth (M)	Chl. A (ug/L)	Turbidity (NTU's)	D.O. (mg/L)	Temp. (Celsius)	Specific Cond. (umho/cm @ 25 C)	Ortho P as P, Dissolved (mg/L)	Ortho P as P, Total (mg/L)	Total P (mg/L)	Total Fe (ug/l)	pH (Std. Units)	eh (mv)
4/30/2013		3.0	0	2.1			10.4							
5/19/2013		2.2	0	3.4			16.1							
5/27/2013		2.3	0	2.0			15.5							
6/14/2013		3.1	0	2.4			17.6							
6/28/2013		2.7	0	5.4			25.1							
7/11/2013		2.0	0	8.2			26.0							
7/23/2013		1.4	0	19			25.6							
8/6/2013		1.7	0	12			22.4							
8/22/2013		1.2	0	21			24.8							
9/2/2013		0.9	0	36			25.1							
9/16/2013		0.9	0	24			20.5							
10/1/2013		0.9	0	19			18.1							
10/14/2013		1.2	0	13			14.8							

**Table 2: Keller Lake 2013 Water Quality Data  
CAMP Data**

Date	Max. Depth (M)	Secchi Disc (M)	Sample Depth (M)	Chl. A (ug/L)	Turbidity (NTU's)	D.O. (mg/L)	Temp. (Celsius)	Specific Cond. (umho/cm @ 25 C)	Ortho P as		Total P (mg/L)	Total Fe (ug/l)	pH (Std. Units)	eh (mv)
									P, Dissolved (mg/L)	P, Total (mg/L)				
4/28/2013		0.9	0	25			10.5							
5/14/2013		1.4	0	4.2			15.7							
5/28/2013		> 0.7	0	31			15.4							
6/13/2013		> 0.7	0	21			20.5							
6/23/2013		1.0	0	15			25.2							
7/7/2013		0.3	0	86			27.2							
7/21/2013		0.3	0	72			26.5							
8/4/2013		0.4	0	27			22.7							
8/18/2013		0.4	0	100			23.8							
9/2/2013		0.4	0	120			23.5							
9/15/2013		0.3	0	130			19.9							
9/29/2013		0.3	0	90			17.8							
10/14/2013		0.45	0	77			12.7							



**Table 3: Kingsley Lake 2013 Water Quality Data  
CAMP Data**

Date	Max. Depth (M)	Secchi Disc (M)	Sample Depth (M)	Chl. A (ug/L)	Turbidity (NTU's)	D.O. (mg/L)	Temp. (Celsius)	Specific Cond. (umho/cm @ 25 C)	Ortho P as P, Dissolved (mg/L)	Ortho P as P, Total (mg/L)	Total P (mg/L)	Total Fe (ug/l)	pH (Std. Units)	eh (mv)
5/14/2013		*	0	2.0			15.0							
5/29/2013		*	0	1.8			16.0							
6/13/2013		*	0	3.2			22.0							
6/25/2013		*	0	< 1			26.1							
7/10/2013		*	0	1.4			27.0							
7/26/2013		*	0	2.3			24.4							
8/7/2013		*	0	2.5			24.6							
8/23/2013		*	0	2.1			22.0							
9/5/2013		*	0	2.3			23.6							
9/18/2013		*	0	2.1			19.4							
10/2/2013		*	0	3.4			15.0							

\* Secchi disk visible resting on vegetation or lake bottom.

**Table 4 - Lac Lavon 2013 Water Quality Data**

**Barr Data**

**C. Northeast Basin**

Date	Max. Depth (M)	Secchi Disc (M)	Sample Depth (M)	D.O. (mg/L)	Temp. (Celsius)	Specific Cond. (umho/cm @ 25 C)	pH (Std. Units)	eh (mv)
04/30/13	8.3	1.9	--	--	--	--	--	--
			0.0	11.5	13.2	537	8.3	217
			1.0	11.5	13.1	536	8.4	216
			2.0	11.5	13.1	537	8.6	214
			3.0	11.6	9.9	511	8.8	213
			4.0	12.9	6.6	627	8.4	216
			5.0	8.6	5.0	649	8.0	218
			6.0	5.3	4.8	656	7.7	217
			7.0	2.2	4.8	661	7.6	218
8.0	1.1	4.9	663	7.5	218			
05/28/13	8.5	2.5	--	--	--	--	--	--
			0.0	9.0	15.6	550	7.9	152
			1.0	9.0	15.6	551	8.0	151
			2.0	8.9	15.5	558	8.0	150
			3.0	8.6	15.2	555	8.0	150
			4.0	12.4	10.4	588	8.2	150
			5.0	9.8	7.0	632	7.9	156
			6.0	5.0	5.7	645	7.6	160
			7.0	0.6	5.3	658	7.4	161
8.0	0.1	5.3	660	7.3	159			

**Table 4 - Lac Lavon 2013 Water Quality Data**

**Barr Data**

**C. Northeast Basin**

Date	Max. Depth (M)	Secchi Disc (M)	Sample Depth (M)	D.O. (mg/L)	Temp. (Celsius)	Specific Cond. (umho/cm @ 25 C)	pH (Std. Units)	eh (mv)
06/10/13	8.5	2.4	--	--	--	--	--	--
			0.0	11.2	18.0	551	8.4	137
			1.0	11.2	18.0	554	8.4	137
			2.0	10.6	17.7	557	8.3	138
			3.0	10.0	17.3	558	8.3	138
			4.0	13.4	13.0	575	8.3	138
			5.0	10.5	8.2	638	7.8	146
			6.0	5.0	6.5	657	7.7	153
			7.0	0.9	6.0	665	7.4	156
			8.0	0.2	5.8	667	7.3	152
06/24/13	8.5	2.6	--	--	--	--	--	--
			0.0	10.1	25.2	530	7.8	93
			1.0	10.2	25.0	531	8.0	88
			2.0	10.2	24.7	530	8.0	87
			3.0	12.2	21.9	552	7.9	87
			4.0	14.8	16.1	567	7.6	86
			5.0	12.8	11.2	636	7.2	92
			6.0	7.6	8.3	662	7.0	103
			7.0	0.8	6.7	673	6.9	109
			8.0	0.2	6.5	675	7.0	77

**Table 4 - Lac Lavon 2013 Water Quality Data**

**Barr Data**

**C. Northeast Basin**

Date	Max. Depth (M)	Secchi Disc (M)	Sample Depth (M)	D.O. (mg/L)	Temp. (Celsius)	Specific Cond. (umho/cm @ 25 C)	pH (Std. Units)	eh (mv)
07/08/13	8.2	5.2	--	--	--	--	--	--
			0.0	8.4	27.0	534	8.3	42
			1.0	8.6	26.7	534	8.3	42
			2.0	8.4	26.2	534	8.2	43
			3.0	8.0	25.7	535	8.1	44
			4.0	11.9	21.3	575	7.8	47
			5.0	13.4	15.4	623	7.5	50
			6.0	6.5	9.5	669	6.9	60
			7.0	1.5	7.9	682	6.8	65
	8.0	0.2	7.5	686	6.8	45		
	8.5	0.1	7.3	689	7.0	-3		
07/22/13	8.5	3.9	--	--	--	--	--	--
			0.0	7.6	27.2	513	8.8	46
			1.0	7.7	27.2	512	8.8	46
			2.0	7.8	27.2	512	8.8	46
			3.0	7.8	27.2	513	8.8	46
			4.0	9.4	25.8	534	8.6	50
			5.0	13.5	19.4	614	8.4	54
			6.0	10.6	13.3	665	7.9	61
			7.0	4.6	9.6	688	7.5	70
	8.0	0.1	8.5	695	7.4	73		

**Table 4 - Lac Lavon 2013 Water Quality Data**

**Barr Data**

**C. Northeast Basin**

Date	Max. Depth (M)	Secchi Disc (M)	Sample Depth (M)	D.O. (mg/L)	Temp. (Celsius)	Specific Cond. (umho/cm @ 25 C)	pH (Std. Units)	eh (mv)
08/09/13	8.5	4.5	--	--	--	--	--	--
			0.0	9.8	23.7	495	8.9	100
			1.0	9.9	23.5	495	9.0	97
			2.0	9.9	23.5	494	9.0	94
			3.0	9.9	23.4	494	9.0	93
			4.0	9.8	23.4	495	9.0	92
			5.0	10.1	22.0	550	8.5	100
			6.0	9.6	17.1	634	8.0	108
			7.0	6.4	11.9	665	7.8	112
			8.0	0.0	9.9	672	7.5	118
08/22/13	9.0	3.6	--	--	--	--	--	--
			0.0	9.7	25.1	490	8.5	70
			1.0	9.7	25.1	490	8.8	69
			2.0	9.7	25.1	490	8.9	68
			3.0	9.9	24.7	491	8.9	68
			4.0	10.1	24.3	491	8.8	68
			5.0	9.9	23.2	519	8.5	74
			6.0	9.3	18.6	628	7.7	88
			7.0	5.4	14.3	657	7.4	94
			8.0	0.0	10.7	677	7.2	88
			8.5	0.0	9.9	695	7.2	-61

**Table 4 - Lac Lavon 2013 Water Quality Data**

**Barr Data**

**C. Northeast Basin**

<b>Date</b>	<b>Max. Depth (M)</b>	<b>Secchi Disc (M)</b>	<b>Sample Depth (M)</b>	<b>D.O. (mg/L)</b>	<b>Temp. (Celsius)</b>	<b>Specific Cond. (umho/cm @ 25 C)</b>	<b>pH (Std. Units)</b>	<b>eh (mv)</b>
09/06/13	9.0	3.5	--	--	--	--	--	--
			0.0	8.5	24.5	545	8.3	135
			1.0	8.5	24.5	543	8.4	130
			2.0	8.5	24.5	543	8.5	128
			3.0	8.5	24.5	542	8.5	126
			4.0	6.5	24.1	556	8.2	129
			5.0	3.6	21.3	658	7.3	136
			6.0	0.0	17.4	712	7.0	139
			7.0	0.0	12.4	727	7.0	136
			8.0	0.0	9.8	739	6.9	71
		8.5	0.0	8.6	770	6.9	-30	
09/20/13	8.5	4.1	--	--	--	--	--	--
			0.0	8.9	20.8	512	9.0	66
			1.0	8.9	20.9	511	9.0	68
			2.0	8.8	20.9	511	8.9	70
			3.0	8.8	20.9	511	8.9	72
			4.0	8.6	20.9	512	8.9	73
			5.0	7.7	20.8	520	8.7	77
			6.0	6.1	20.3	552	8.3	86
			7.0	0.0	17.1	665	7.6	96
			8.0	0.0	12.8	683	7.4	-29

**Table 4 - Lac Lavon 2013 Water Quality Data  
CAMP Data**

**D. Main Basin**

Date	Max. Depth (M)	Secchi Disc (M)	Sample Depth (M)	Chl. A (ug/L)	Turbidity (NTU's)	D.O. (mg/L)	Temp. (Celsius)	Specific Cond. (umho/cm @ 25 C)	Ortho P as P, Dissolved (mg/L)	Ortho P as P, Total (mg/L)	Total P (mg/L)	Total Fe (ug/l)	pH (Std. Units)	eh (mv)
5/5/2013		2.2	0	9.4			9.1							
5/21/2013		3.9	0	<1			17.1							
6/3/2013		3.1	0	9.3			17.5							
6/14/2013		4.0	0	3.2			21.0							
6/30/2013		4.1	0	1.5			25.8							
7/14/2013		4.4	0	2.2			27.9							
7/28/2013		4.7	0	2.7			23.6							
8/11/2013		4.4	0	1.4			24.3							
8/26/2013		3.9	0	1.6			26.7							
9/8/2013		4.1	0	2.9			25.2							
9/21/2013		3.2	0	3.4			20.3							
10/6/2013		3.0	0	4.0			16.7							
10/20/2013		2.6	0	3.3			12.2							

**Table 5: Orchard Lake 2013 Water Quality Data  
CAMP Data**

Date	Max. Depth (M)	Secchi Disc (M)	Sample Depth (M)	Chl. A (ug/L)	Turbidity (NTU's)	D.O. (mg/L)	Temp. (Celsius)	Specific Cond. (umho/cm @ 25 C)	Ortho P as		Total P (mg/L)	Total Fe (ug/l)	pH (Std. Units)	eh (mv)
									P, Dissolved (mg/L)	Ortho P as P, Total (mg/L)				
5/12/2013		2.0	0	2.6			12.5							
5/20/2013		3.8	0	4.5			17.7							
5/30/2013		2.2	0	3.4			16.7							
6/17/2013		4.9	0	1.7			21.4							
6/26/2013		4.1	0	2.8			26.4							
7/11/2013		3.3	0	2.2			26.8							
7/25/2013		3.2	0	3.8			25.2							
8/8/2013		3.0	0	2.9			23.7							
8/22/2013		3.1	0	4.4			24.9							
9/6/2013		2.1	0	7.6			24.7							
9/20/2013		2.7	0	5.2			18.9							
10/6/2013		1.9	0	5.3			15.7							
10/19/2013		2.9	0	4.3			12.2							



# **2013 Auditors' Report**

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**PRINCIPALS**

Thomas M. Montague, CPA  
Thomas A. Karnowski, CPA  
Paul A. Radosevich, CPA  
William J. Lauer, CPA  
James H. Eichten, CPA  
Aaron J. Nielsen, CPA  
Victoria L. Holinka, CPA

May 21, 2014

Board of Commissioners and Management  
Black Dog Watershed Management Organization

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the Board of Commissioners, administration, or those charged with governance of the Black Dog Watershed Management Organization (the Organization).

**OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA**

We have audited the financial statements of the governmental activities and major fund of the Organization as of and for the year ended December 31, 2013, and the related notes to the financial statements. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate the following information related to our audit.

**PLANNED SCOPE AND TIMING OF THE AUDIT**

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

**AUDIT OPINION AND FINDINGS**

Based on our audit of the Organization's financial statements for the year ended December 31, 2013:

- We have issued an unmodified opinion on the Organization's financial statements. Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.
- We reported one finding related to the Organization's internal controls over financial reporting for having inadequate segregation of duties in internal control. This finding is considered a material weakness.
- We reported no findings based on our testing of the Organization's compliance with Minnesota laws and regulations.

### **SIGNIFICANT ACCOUNTING POLICIES**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year.

We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

### **CORRECTED AND UNCORRECTED MISSTATEMENTS**

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

### **ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS**

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

- **Depreciation** – Management's estimates of depreciation expense are based on the estimated useful lives of the assets.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### **DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT**

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

### **DISAGREEMENTS WITH MANAGEMENT**

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

#### **MANAGEMENT REPRESENTATIONS**

We have requested certain representations from management that are included in the management representation letter dated May 21, 2014.

#### **MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS**

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

#### **OTHER AUDIT FINDINGS OR ISSUES**

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

#### **OTHER MATTERS**

With respect to the introductory section accompanying the financial statements, our procedures were limited to reading this other information, and in doing so we did not identify any material inconsistencies with the audited financial statements.

#### **CLOSING**

We will be pleased to respond to any questions that you have about the foregoing. We appreciate the opportunity to be of service to the Organization.

The purpose of this report is solely to provide those charged with governance of the Organization, management, and those who have responsibility for oversight of the financial reporting process comments resulting from our audit process. Accordingly, this report is not suitable for any other purpose.

*Malloy, Montague, Karnowski, Radosevich & Co., P.A.*

MALLOY, MONTAGUE, KARNOWSKI, RADOSEVICH & CO., P.A.  
Minneapolis, Minnesota

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**BLACK DOG WATERSHED  
MANAGEMENT ORGANIZATION**

Financial Statements and  
Supplemental Information  
Year Ended  
December 31, 2013

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BLACK DOG WATERSHED  
MANAGEMENT ORGANIZATION

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INTRODUCTORY SECTION

BLACK DOG WATERSHED  
MANAGEMENT ORGANIZATION

Board of Commissioners and Administrators  
as of December 31, 2013

**BOARD OF COMMISSIONERS**

Roger Baldwin	Chairman
Mary Hamann-Roland	Vice Chairman
Scott Thureen	Secretary/Treasurer/Commissioner
Tom Harmening	Commissioner
Loren Knott	Commissioner
Thomas Goodwin	Commissioner (Alternate)
Greg Helms	Commissioner (Alternate)
Michael Hughes	Commissioner (Alternate)

**ADMINISTRATORS**

Daryl Jacobson	Administrator
----------------	---------------

FINANCIAL SECTION

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PRINCIPALS

Thomas M. Montague, CPA  
Thomas A. Karnowski, CPA  
Paul A. Radosevich, CPA  
William J. Lauer, CPA  
James H. Eichten, CPA  
Aaron J. Nielsen, CPA  
Victoria L. Holinka, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners and Management  
Black Dog Watershed Management Organization

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of the governmental activities and major fund of the Black Dog Watershed Management Organization (the Organization) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Organization'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 Organization'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 Organization'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.

(continued)

## **OPINIONS**

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Organization as of December 31, 2013, the respective changes in 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. The Organization has omitted the MD&A that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The introductory section, 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 introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Malloy, Montague, Karnowski, Radosevich & Co., P.A.*

Minneapolis, Minnesota  
May 21, 2014



BASIC FINANCIAL STATEMENTS

BLACK DOG WATERSHED  
MANAGEMENT ORGANIZATION

Statement of Net Position – Governmental Activities and Balance Sheet – General Fund  
as of December 31, 2013

	Balance Sheet – General Fund	Adjustments (Note 3)	Statement of Net Position
Assets			
Cash and investments	\$ 269,865	\$ –	\$ 269,865
Capital assets			
Buildings	–	37,600	37,600
Equipment	–	110,138	110,138
Less accumulated depreciation	–	(127,998)	(127,998)
Total capital assets, net of depreciation	–	19,740	19,740
Total assets	\$ 269,865	19,740	289,605
Liabilities			
Accounts payable	\$ 9,032	–	9,032
Due to other governmental units	15,567	–	15,567
Total liabilities	24,599	–	24,599
Fund balance			
Unassigned	245,266	(245,266)	–
Total liabilities and fund balance	\$ 269,865	(245,266)	24,599
Net position			
Net investment in capital assets		19,740	19,740
Unrestricted		245,266	245,266
Total net position		\$ 265,006	\$ 265,006

See notes to basic financial statements

BLACK DOG WATERSHED  
MANAGEMENT ORGANIZATION

Statement of Activities – Governmental Activities and Revenue, Expenditures,  
and Changes in Fund Balances – General Fund  
Year Ended December 31, 2013

	General Fund	Adjustments (Note 3)	Statement of Activities
Expenditures/expenses			
General government			
System operations	\$ 64,824	\$ –	\$ 64,824
Administrative services	33,720	–	33,720
Depreciation	–	940	940
Total expenditures/expenses	98,544	940	99,484
Revenues			
General government			
Charges for services			
Management fees	135,000	–	135,000
General revenues			
Interest earnings	34	–	34
Total revenues	135,034	–	135,034
Change in fund balance/net position	36,490	(940)	35,550
Fund balance/net position			
Beginning of year	208,776	20,680	229,456
End of year	\$ 245,266	\$ 19,740	\$ 265,006

See notes to basic financial statements

BLACK DOG WATERSHED  
MANAGEMENT ORGANIZATION

Statement of Revenue, Expenditures, and Changes in Fund Balances  
Budget and Actual  
General Fund  
Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Management fees	\$ 135,000	\$ 135,000	\$ 135,000	\$ -
Interest earnings	100	100	34	(66)
Total revenues	135,100	135,100	135,034	(66)
Expenditures				
General government				
System operations				
Water quality monitoring	13,150	13,150	11,007	(2,143)
Special projects	25,200	25,200	24,853	(347)
Engineering	33,000	33,000	26,658	(6,342)
Insurance	3,000	3,000	2,306	(694)
Administrative services				
Legal and audit	8,400	8,400	6,419	(1,981)
Administrative costs	13,500	13,500	11,497	(2,003)
Public education	15,700	15,700	15,551	(149)
Project Reserve Fund	17,550	17,550	-	(17,550)
Contingency	5,000	5,000	-	(5,000)
Conferences, publications, and reports	500	500	253	(247)
Total expenditures	135,000	135,000	98,544	(36,456)
Net change in fund balance	\$ 100	\$ 100	36,490	\$ 36,390
Fund balance				
Beginning of year			208,776	
End of year			\$ 245,266	

See notes to basic financial statements

BLACK DOG WATERSHED  
MANAGEMENT ORGANIZATION

Notes to Basic Financial Statements  
December 31, 2013

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Black Dog Watershed Management Organization (the Organization) was established as a watershed management organization under Minnesota Statutes in 1984 through a joint powers agreement among the member cities of Burnsville, Lakeville, Apple Valley, and Eagan. The Organization is governed by eight commissioners who are appointed by the member cities.

The purpose of the Organization is to provide an organization to regulate the natural water storage and retention of the Black Dog watershed to (a) protect, preserve, and use natural surface and ground water storage and retention systems; (b) minimize public capital expenditures needed to correct flooding and water quality problems; (c) identify and plan for means to effectively protect and improve surface and ground water quality; (d) establish more uniform local policies and official controls for surface and ground water management; (e) prevent erosion of soil into surface water systems; (f) promote ground water recharge; (g) protect and enhance fish and wildlife habitat and water recreational facilities; and (h) secure the other benefits associated with the proper management of surface and ground water.

Each member city annually contributes management fees in amounts necessary to fund the general activities of the Organization based upon the adopted budget for that year. Each member city may also be required to contribute amounts to fund improvement projects. The Organization may also fund improvement projects by issuing debt and levying an ad valorem tax.

**B. Financial 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 Organization, as described above, is considered a joint venture of the member cities.

As required by accounting principles generally accepted in the United States of America, these financial statements include the Organization (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 includes whether or not the primary government appoints the voting majority of the potential component unit's 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 Organization's financial statements.

**C. Entity-Wide Financial Statement Presentation**

The entity-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the Organization. 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.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The entity-wide financial statements are reported using the economic resources 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. The Organization applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

### **D. Fund Financial Statement Presentation**

The accounts of the Organization 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 Organization are accounted for in one fund:

- **General Fund (governmental fund type)** – This fund is used to receive management fees and other revenues which may be disbursed for any and all purposes authorized by the bylaws of the Organization.

Typically, separate fund financial statements are provided for governmental funds. However, due to the simplicity of the Organization’s operation, the governmental fund financial statements have been combined with the entity-wide statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if collected within 60 days after year-end. Major revenue that is susceptible to accrual includes management fees and interest earnings.
2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred.

### **E. Cash and Temporary Investments**

Investments are generally stated at fair value, except for investments in 2a7-like external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers’ acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the balance sheet date.

### **F. Budgetary Data**

The Organization adopts an annual budget. While the member cities do not approve the annual budget as proposed by the Organization, if a majority objects to it, the budget cannot be adopted. However, a majority of the member cities must approve plans for capital improvements. The amounts shown in the financial statements present both original and final budgeted amounts for the year. The joint powers agreement specifies procedures regarding the adoption of the General Fund budget. The budget for the ensuing year is adopted through passage of a commission resolution, normally in June of each year. The budget is effective January 1 of each year and is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations lapse at year-end and encumbrance accounting is not used. Budgetary control is at the fund level.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### G. Net Position

In the entity-wide financial statements, net position represent the difference between assets and liabilities. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

### H. 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, inventory, and other long-term assets.
- **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 that are established by resolution of the Board of Commissioners. Those committed amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the Organization for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.
- **Unassigned** – The residual classification for the General Fund which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, the Organization first uses restricted resources, then uses unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, the Organization uses resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **I. Use of Estimates**

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## **NOTE 2 – CASH AND INVESTMENTS**

### **A. Deposits**

In accordance with applicable Minnesota Statutes, the Organization maintains a checking account authorized by the Board of Commissioners.

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 Organization’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 Organization has no additional deposit policies addressing custodial credit risk.

At year-end, the carrying amount of the Organization’s deposits was (\$0), and the balance on the bank records was \$0. The Organization maintains a checking account with US Bank, the balance of which is swept into the Organization’s investments at the end of each business day. At December 31, 2013, deposits were fully covered by federal depository insurance.

### **B. Investments**

At December 31, 2013, the Organization held \$269,865 in investments with the Minnesota Municipal Money Market Fund (4M Fund).

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 Organization’s investment in the 4M Fund is measured at the net position value per share provided by the pool, which is based on an amortized cost method that approximates fair value.



## NOTE 2 – CASH AND INVESTMENTS (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 Organization would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Organization 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 Organization'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 Organization does not have an investment policy that further addresses credit risk.

**Concentration Risk** – This is the risk associated with investing a significant portion of the Organization'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 Organization 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 Organization does not have an investment policy limiting the duration of investments.

## NOTE 3 – CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are recorded in the entity-wide financial statements. Such assets are recorded at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Organization defines capital assets as those with an initial, individual cost of \$500 or more with an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset are not capitalized.

Capital asset amounts reported for governmental activities in the Statement of Net Position are different than the balances in the General Fund Balance Sheet because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the General Fund. The General Fund reports capital outlays as expenditures. In the governmental activities Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

### NOTE 3 – CAPITAL ASSETS (CONTINUED)

Property, plant, and equipment of the Organization are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40 years
Equipment	15 years

Capital asset activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, depreciated				
Buildings	\$ 37,600	\$ –	\$ –	\$ 37,600
Equipment	110,138	–	–	110,138
Total capital assets, depreciated	<u>147,738</u>	<u>–</u>	<u>–</u>	<u>147,738</u>
Less accumulated depreciation for				
Buildings	16,920	940	–	17,860
Equipment	110,138	–	–	110,138
Total accumulated depreciation	<u>127,058</u>	<u>940</u>	<u>–</u>	<u>127,998</u>
Governmental activities capital assets, net	<u>\$ 20,680</u>	<u>\$ 940</u>	<u>\$ –</u>	<u>\$ 19,740</u>

### NOTE 4 – RISK MANAGEMENT

The Organization is exposed to various risk of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to protect against these risks of loss, the Organization purchases commercial insurance through the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool. This pool currently operates common risk management and insurance programs for municipal entities. The Organization pays an annual premium to LMCIT for its insurance coverage. LMCIT is self-sustaining through commercial companies for excess claims. The Organization is covered through the pool for any claims incurred but unreported; however, the Organization retains risk for the deductible portion of its insurance policies. The amounts of these deductibles are considered immaterial to the financial statements.

During the year ended December 31, 2013, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the Organization's commercial coverage in any of the past three years.

**NOTE 5 – RELATED PARTIES**

In 2013, the member cities contributed management fees of \$135,000 to the Organization to be used for general administration, minor improvements, and normal maintenance of the facilities constructed by the Organization. The annual contribution made by each member is based 50 percent on the assessed valuation of all property within the watershed and 50 percent on the basis of the total of each member within the boundaries of the watershed each year in comparison to the total area in the watershed.

Management fees received from each member city during 2013 were as follows:

City of Apple Valley	\$ 11,520
City of Burnsville	101,346
City of Eagan	619
City of Lakeville	<u>21,515</u>
Total	<u>\$ 135,000</u>

Expenditures/expenses of \$11,497 for special projects, supplies, and administrative services with the City of Burnsville were incurred for the year ended December 31, 2013. This amount is included in amounts shown as “due to other governmental units” in the General Fund Balance Sheet and on the Statement of Net Position.

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OTHER REQUIRED REPORTS

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INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING

Board of Commissioners and Management  
Black Dog Watershed Management Organization

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements of the governmental activities and major fund of the Black Dog Watershed Management Organization (the Organization) as of and for the year ended December 31, 2013, and the related notes to the financial statements, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified one deficiency in internal control that we consider to be a material weakness.

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 a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2013-001 to be a material weakness.

**ORGANIZATION'S RESPONSE TO FINDING**

The Organization's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Organization's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

(continued)

**PURPOSE OF THIS REPORT**

This communication is intended solely for the information and use of management, the Board of Commissioners of the Organization, others within the Organization, and the state of Minnesota and is not intended to be, and should not be, used by anyone other than these specified parties.

*Malloy, Montague, Karnowski, Radosevich & Co., P.A.*

Minneapolis, Minnesota  
May 21, 2014



INDEPENDENT AUDITOR'S REPORT  
ON MINNESOTA LEGAL COMPLIANCE

Board of Commissioners and Management  
Black Dog Watershed Management Organization

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and major fund of the Black Dog Watershed Management Organization (the Organization) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated May 21, 2014.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statute § 6.65, covers seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our study included all of the listed categories, except that we did not test for compliance in public indebtedness and tax increment financing, because the Organization does not utilize public indebtedness or tax increment financing.

In connection with our audit, nothing came to our attention that caused us to believe that the Organization failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Organization's noncompliance with the above referenced provisions.

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

*Malloy, Montague, Karnowski, Radosevich & Co., P.A.*

Minneapolis, Minnesota  
May 21, 2014

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BLACK DOG WATERSHED  
MANAGEMENT ORGANIZATION

Schedule of Findings and Responses  
Year Ended December 31, 2013

**A. FINDINGS – INTERNAL CONTROLS – MATERIAL WEAKNESS**

**2013-001 SEGREGATION OF DUTIES**

**Finding** – Generally, a system of internal control contemplates a segregation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have the responsibility or authority to record the transaction. The Black Dog Watershed Management Organization (the Organization) does not have proper segregation of duties due to the size of the Organization’s staff. This lack of ideal segregation of duties subjects the Organization to a higher risk that errors or fraud could occur and not be detected in a timely manner. This limited segregation of duties exists in most of the Organization’s transaction cycles, including cash receipts and cash disbursements.

**Recommendation** – This condition is common to organizations of your size. We recommend that the Organization segregate duties as best it can within the limits of the staff available. Any modifications in internal controls in this area should be viewed from a cost/benefit perspective.

**Management Response** – There is no disagreement with the audit finding. The Organization reviews and makes improvements to its internal control structure on an ongoing basis and attempts to maximize the segregation of duties in all areas within the limits of the staff available. However, the Organization does not consider it cost beneficial at this time to increase the size of its staff in order to further segregate accounting functions.

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