

**ELM CREEK
WATERSHED MANAGEMENT COMMISSION**

PLYMOUTH, MINNESOTA

FINANCIAL STATEMENT

DECEMBER 31, 2003

ELM CREEK WATERSHED MANAGEMENT COMMISSION

December 31, 2003

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March 22, 2004

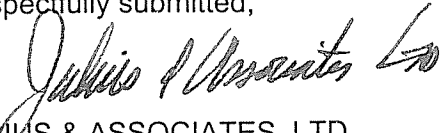
To the Members of the Commission
ELM CREEK WATERSHED MANAGEMENT COMMISSION
3235 Fernbrook Lane North
Plymouth, MN 55447

We have reviewed the accompanying Balance Sheet of **ELM CREEK WATERSHED MANAGEMENT COMMISSION** (a public agency) as of December 31, 2003 and 2002 and the related Statements of Revenues and Expenditures and Changes in Fund Balance for the years then ended and the Statement of Cash Flows for the year ended December 31, 2003 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the members of Elm Creek Watershed Management Commission.

A review consists principally of inquiries of the Commission personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting.

Respectfully submitted,



JULIUS & ASSOCIATES, LTD.
Certified Public Accountants

ELM CREEK WATERSHED MGT COMMISSION

BALANCE SHEET

As of December 31, 2003

(With comparative totals for December 31, 2002)

	<u>As of</u> <u>Dec. 31, 2003</u>	<u>As of</u> <u>Dec. 31, 2002</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents		
Cash in Bank - Checking	\$ 44,504.66	\$ 14,751.69
Total Cash and Cash Equivalents	44,504.66	14,751.69
Other Current Assets		
US Bancorp/Piper Jaffray Investment	33,312.58	33,051.79
Accounts Receivable	2,932.01	2,073.64
Total Current Assets	80,749.25	49,877.12
TOTAL ASSETS	<u>\$ 80,749.25</u>	<u>\$ 49,877.12</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 6,883.75	\$ 18,590.06
Total Current Liabilities	6,883.75	18,590.06
TOTAL LIABILITIES	6,883.75	18,590.06
<u>FUND EQUITY</u>		
FUND EQUITY		
Reserved Fund Balance-Financial Guarantee	500.00	500.00
Reserved Fund Balance-Monitoring	14,911.86	17,167.52
Fund Balance-Unreserved	58,453.64	13,619.54
TOTAL FUND EQUITY	73,865.50	31,287.06
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 80,749.25</u>	<u>\$ 49,877.12</u>

See accompanying notes to financial statements and accountant's report

ELM CREEK WATERSHED MGT COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCE

Cash Basis

For the 12 Months Ended December 31, 2003

(With comparative totals for twelve months ended December 31, 2002)

	12 Months Ended Dec. 31, 2003	12 Months Ended Dec. 31, 2002
REVENUE		
Membership Dues	\$ 115,000.00	\$ 96,500.00
WCA Administration Fees	3,700.00	1,860.00
Miscellaneous Income	622.00	185.00
Project Reviews	43,881.20	22,750.00
2nd Generation - Cooperative Fund	0.00	12,500.00
Water Monitoring - Lakes	2,932.01	4,761.13
Interest/Dividend Income	260.79	775.68
Total Revenue	166,396.00	139,331.81
EXPENDITURES		
Invertebrate Monitoring	4,000.00	4,000.00
Lakes Monitoring	2,210.00	3,190.00
Rain Gauge	105.25	131.89
Wetlands Monitoring	(763.11)	1,798.23
TCWQI	0.00	7,543.33
Project Reviews	10,218.64	11,281.60
Contingency	637.31	0.00
Watershed Management Plan	5,311.50	25,956.50
WCA - Administration	3,399.12	3,180.95
Stream Monitoring	17,558.00	9,627.00
Administration	62,329.95	57,481.27
Insurance	2,734.00	2,641.00
WCA - Technical Services	0.00	5,000.00
WCA - Legal	593.50	1,462.50
Legal/Audit Services	5,441.39	6,273.72
2nd Generation Plan	6,912.29	9,145.73
2nd Generation - Technical	0.00	7,548.16
Miscellaneous Expense	874.06	108.25
Total Expenditures	121,561.90	156,370.13
INCREASE/(DECREASE) IN FUND BALANCE	44,834.10	(17,038.32)
INCR/(DECR) IN RESERVED FUNDS	(2,255.66)	(1,000.00)
FUND BALANCE - BEGINNING OF YEAR	31,287.06	49,325.38
FUND BALANCE - END OF YEAR	\$ 73,865.50	\$ 31,287.06

See accompanying notes to financial statements and accountant's report

ELM CREEK WATERSHED MGT COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND BALANCE
 Actual and Budget
 For the 12 Months Ended December 31, 2003

	12 Months Ended Dec. 31, 2003 Actual	12 Months Ended Dec. 31, 2003 Budget	Variance
REVENUE			
Membership Dues	\$ 115,000.00	\$ 115,000.00	\$ 0.00
WCA Administration Fees	3,700.00	5,950.00	(2,250.00)
Miscellaneous Income	622.00	0.00	622.00
Project Reviews	43,881.20	24,000.00	19,881.20
Water Monitoring - Lakes	2,932.01	3,000.00	(67.99)
Interest/Dividend Income	260.79	2,000.00	(1,739.21)
Total Revenue	166,396.00	149,950.00	16,446.00
EXPENDITURES			
Invertebrate Monitoring	4,000.00	4,000.00	0.00
Lakes Monitoring	2,210.00	3,400.00	(1,190.00)
Rain Gauge	105.25	130.00	(24.75)
Wetlands Monitoring	(763.11)	0.00	(763.11)
Project Reviews	10,218.64	20,500.00	(10,281.36)
Contingency	637.31	1,000.00	(362.69)
Education	0.00	2,000.00	(2,000.00)
Special Projects	0.00	1,000.00	(1,000.00)
Watershed Management Plan	5,311.50	0.00	5,311.50
WCA - Administration	3,399.12	5,750.00	(2,350.88)
Stream Monitoring	17,558.00	15,000.00	2,558.00
Administration	62,329.95	54,000.00	8,329.95
Insurance	2,734.00	3,200.00	(466.00)
WCA - Technical Services	0.00	5,250.00	(5,250.00)
WCA - Legal	593.50	3,000.00	(2,406.50)
Legal/Audit Services	5,441.39	13,000.00	(7,558.61)
2nd Generation Plan	6,912.29	33,733.00	(26,820.71)
Miscellaneous Expense	874.06	1,500.00	(625.94)
Total Expenditures	121,561.90	166,463.00	(44,901.10)
INCREASE/(DECREASE) IN FUND BALANCE	44,834.10	(16,513.00)	61,347.10
INCR/(DECR) IN RESERVED FUNDS	(2,255.66)	10,000.00	(12,255.66)
FUND BALANCE - BEGINNING OF YEAR	31,287.06	31,287.06	0.00
FUND BALANCE - END OF YEAR	\$ 73,865.50	\$ 24,774.06	\$ 49,091.44

See accompanying notes to financial statements and accountant's report

ELM CREEK WATERSHED MGT COMMISSION
Statement of Cash Flows
For the 12 months Ended December 31, 2003

	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income/(Loss)	\$ 44,834.10
Adjustments to reconcile Net Income	
Decrease/(Increase) in Operating Assets:	
Investments	(260.79)
Accounts Receivable	(858.37)
Increase/(Decrease) in Operating Liabilities:	
Accounts Payable	(11,706.31)
Accrued Liabilities	<u>0.00</u>
Total Adjustments	<u>(12,825.47)</u>
Net Cash Provided By/(Used in) Operating Activities	32,008.63
CASH FLOWS FROM FUND EQUITY	
Increase/(Decrease) in Reserved Funds	<u>(2,255.66)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT	29,752.97
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>14,751.69</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 44,504.66</u>

See accompanying notes to financial statements and accountant's report

ELM CREEK WATERSHED MANAGEMENT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Elm 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. Elm Creek Watershed Management Commission was established in February 1973 to protect and manage the natural resources of the Elm Creek Watershed.

B. Basis of Accounting

The accounting policies of the Commission conform to generally accepted accounting principles as applicable to governmental units.

The Commission accounts for receipts and disbursements on the cash basis, with accruals recorded at year-end for expenses budgeted and incurred in the current year, yet not approved and paid until the month following year-end.

C. Budgets

Annual budgets are adopted by the Commission and are to be consistent with the reporting of actual financial information.

Budget data is presented for financial analysis purposes only. This information does not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles.

D. Cash and Cash Equivalents

In accordance with Minnesota Statutes, the Commission maintains deposits at depositories authorized by the Commission. Minnesota Statutes require that all deposits held by the Commission be protected by insurance, surety bond or collateral.

E. Members' Contributions

Members' contributions are calculated based on a formula which factors in the net tax capacity of all property within boundaries of the watershed each year compared to the total area in the watershed district.

ELM CREEK WATERSHED MANAGEMENT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (cont.) December 31, 2003

NOTE 2 - CASH AND CASH EQUIVALENTS

Excess cash receipts over disbursements are deposited into the checking account or savings accounts maintained by the Commission. These accounts are held at its depository bank as authorized by the Commission.

In accordance with Minnesota Statutes, these deposits are fully insured as of December 31, 2003.

Balances at December 31, 2003:

	<u>Per Books</u>	<u>Per Bank</u>
Checking Acct - US Bank	\$ 44,504.66	\$ 46,164.66

NOTE 3 - INVESTMENTS

The Commission also invest funds in fully-insured investments and are recorded at cost. These investments are held in the name of the Commission.

Balance at December 31, 2003:

1st Am Govt Obligation - Piper Jaffray	\$ 33,312.58
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NOTE 4 - ACCOUNTS RECEIVABLE

Accounts Receivable is recorded at the amount the Commission expects to receive on balances outstanding at year-end. The Commission closely monitors outstanding balances to accurately reflect collectible receivables.

NOTE 5 - ACCOUNTS PAYABLE

Accounts payable include expenses incurred during the current year. They are approved by the Commission and paid in January of the following year.

ELM CREEK WATERSHED MANAGEMENT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (cont.) December 31, 2003

NOTE 6 - RESTRICTED AND UNRESTRICTED FUNDS

Unrestricted Fund Balance - These funds are received and available for use in the normal operations of this Commission.

Restricted Fund Balance - Monitoring Guarantee are funds received for wetland mitigation projects. The initial monitoring fee is set by the commission per project and is to be reduced equally over a five-year period provided the project meets the requirements of the mitigation.

Restricted Fund Balance - Financial Guarantee are funds received as a guarantee that the mitigation will perform as required. Upon completion and the project meets the qualified plan requirements, these financial guarantees are refunded.

NOTE 7 - LETTERS OF CREDIT

Letters of credit have been obtained as replacement plan/monitoring guarantees for the following projects:

Lake Jubert Estates - Project 2000-001	\$ 15,000.00
Greg Ebert - Project 98-076	13,000.00
Preserve - Hidden Oaks - Project 2001-013	75,000.00

NOTE 8 - MEMBERS' CONTRIBUTIONS

For the year ended December 31, 2003, members' contributions were as follows:

<u>Member</u>	<u>Total Received</u>	<u>Percentage</u>
Champlin	\$ 6,391.03	5.56
Corcoran	8,570.57	7.45
Dayton	6,711.23	5.84
Hassan	6,107.38	5.31
Maple Grove	62,069.47	53.97
Medina	7,469.42	6.50
Plymouth	5,474.13	4.76
Rogers	<u>12,206.77</u>	<u>10.61</u>
Total Members' Contributions	\$ 115,000.00	100.00

