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Riley-Purgatory-Bluff Creek Watershed District
Appendix [6] - Public Purposes Expenditures Policy

Adopted as amended [_____]

Minnesota law mandates that governmental entities make expenditures only for public purposes and only as authorized to accomplish the purposes for which the entity was created. Minnesota law also requires that managers and employee be reimbursed for reasonable expenses incurred in performing their duties. Accordingly, the District shall pay the reasonable ordinary and necessary expenses incurred by a manager or employee in the performance of their duties including but not limited to travel, lodging, meals and appropriate incidental expenses related to the performance of official District functions as required by applicable law including but not limited to Minnesota Statutes (Minn. Stat.) § 103D.315, subd. 8. To that end, the Riley-Purgatory-Bluff Creek Watershed District (District) establishes the following policy and protocols t. The District administrator will be responsible for the implementation of this policy and associated protocols. Except as otherwise provided herein, expenditures must be approved in advance by the District’s administrator (the “administrator”) (for employees) or the District’s Board (the “Board”) (for managers and the administrator) and must be directly related to the performance of District functions. In no event shall the District reimburse expenses for alcoholic drinks, or illegal substances.

Commented [klf11]: Should we set a per diem for food and beverage - e.g. Federal or state gov per; diems?

1. **Travel. T**

- a. *Mileage.* An employee or manager will be reimbursed for mileage expenses incurred when using the employee’s or manager’s personal vehicle to conduct District business. Mileage will be reimbursed at the highest tax-deductible mileage rate set by the federal Internal Revenue Service for the date of travel (the “IRS Rate”) unless the Board by specific action sets a lower rate. Mileage expenses need not be approved in advance, but mileage expenses will be reimbursed only when accompanied by documentation of the date, number of miles traveled, purpose and destination(s). Mileage for employee commuting to and from the District offices will not be reimbursed. Whenever possible, an employee shall use a vehicle owned or leased by the District where travel is needed in the performance of an employee’s duties.
- b. *Overnight in-state travel.* Expenses eligible for reimbursement include:
 - i. Registration for workshops, conferences, seminars and other events pertaining to District business;
 - ii. Mileage as provided in paragraph a above when using a personal vehicle.
 - iii. Parking
 - iv. Meals;
 - v. Gratuities for meals, maid service and parking assistance (15 percent of expenses incurred);
 - vi. Lodging;
 - vii. Other actual expenses.
- c. *Overnight out-of-state travel.* All out-of-state travel must be approved in advance

1 by the Board of Managers. In determining whether to approve out-of-state travel,
2 the Board will give particular consideration to whether representation from the
3 District has been requested by a state or federal governmental office or other host
4 entity whose purpose or work particularly relates to the District's purposes,
5 projects or programs. If two or more managers or staff travel together by car,
6 only the driver will receive reimbursement. Expenses eligible for reimbursement
7 include:

- 8 i. Round-trip coach-class (or lesser-cost) airfare;
- 9 ii. Registration for workshops, conferences, seminars and other events
10 pertaining to District business;
- 11 iii. Mileage as provided in paragraph a above when using a personal vehicle.
- 12 iv. Parking
- 13 v. Meals;
- 14 vi. Gratuities for meals, maid service and parking assistance (15 percent of
15 expenses incurred);
- 16 vii. Lodging;
- 17 viii. Other actual expenses.
- 18 ix. expenses.

- 19 2. **Employee and manager training.** The District may pay reasonable registration, tuition,
20 travel and incidental expenses (including lodging and meals) for education, development
21 and training when expenditures are directly related to the performance of duties.
22 Expenditures must be approved in advance by the administrator (for employees) or Board
23 (for managers and the administrator), provided that the Board may approve any
24 expenditures for which advanced approval was not obtained when there was insufficient
25 time to obtain such approval in advance. No training may be approved if the amount of
26 expenditures will cause the aggregate amount expended for such training to exceed the
27 budget for training for the calendar without the approval of the Board. Each staff person
28 attending such training shall provide a copy of all materials obtained in connection with
29 the training to the administrator and shall submit a written. Each person attending such
30 training shall report on the purpose of the training, the skills and knowledge obtained as a
31 result of the training, recommendations for implementation of any skills or knowledge
32 obtained as well as, and recommendations on the value of future attendance of such
33 training. The administrator shall maintain a log of training paid for by the District and
34 include a report on staff and manager training in the monthly staff report. Similarly, the
35 administrator and each manager attending such training shall make all materials obtained
36 in connection with the training available to the administrator and other managers and
37 shall submit a report on the purpose of the training, the skills and knowledge obtained as
38 a result of the training, recommendations for implementation of any skills or knowledge
39 obtained as well as the value of future attendance at such training.
- 40 3. **Safety and health programs.** The District may pay for safety and health programs that
41 promote healthier and more productive employees and reduce costs to watershed
42 taxpayers, including costs associated with workers' compensation and disability benefits
43 claims, insurance premiums and lost time resulting from employee absences.
44 Expenditures for safety and health programs employees included in the District budget
45 must be approved **in advance** by the administrator. Expenditures for managers and the
46 administrator must be approved in advance by the Board.

Commented [kif12]: District should have a written policy on training, who, what, why criteria and benefit to District; perhaps a standard form.

- 1 4. **Manager and employee recognition and appreciation.** The District may pay for
2 programs that recognize managers and employees for significant contributions to the
3 District's performance and demonstrated commitment to the District's effective and
4 efficient fulfillment of its purposes in accordance with an annual plan and budget for such
5 events, approved by the Board. The District may pay for occasional manager and
6 employee appreciation events or activities conducted in accordance with an annual plan
7 and budget for such events, approved by the Board. No expenditure for manager or
8 employee recognition will be made under this policy unless and until the structure,
9 purposes and criteria for recognition are approved by the Board.
- 10 a. The District will not pay employees direct non-salary payments (i.e., bonuses)
11 except as conditioned on achievement of performance goals specified in a written
12 employment agreement.
- 13 5. **Food and beverages.** The District may pay for food and beverages when necessary to
14 ensure meaningful, efficient and effective participation of employees, managers or the
15 public in activities, events and functions directly related to District purposes. Events and
16 functions directly related to District purposes be allowed include but are not limited to:
- 17 a. Food and/or beverages provided as part of a structured agenda of a conference,
18 workshop, work session, outreach meeting or seminar, when the topic or subject
19 of which relates to the official business of the District and the majority of the
20 participants are not District employees or managers;
- 21 b. Food and/or beverages may be provided as part of a workshop or formal meeting
22 primarily for District employees or managers where food and/or beverages are
23 necessary to facilitate the conduct of the meeting, to ensure continuity and support
24 the participation of employees, managers and other participants. Examples of
25 potential qualifying events include:
- 26 i. An extended planning or operational analysis meeting;
27 ii. An extended meeting to develop long-term strategic plans;
28 iii. A structured training session for employees generally; or
29 iv. Official meetings of the District Board, a committee, task force or
30 advisory group.
- 31 c. Food and/or beverages may be provided for occasional employee or manager
32 recognition and appreciation events and activities, when approved by the Board in
33 accordance with a District employee recognition and appreciation plan and
34 budget.
- 35 d. The District may pay for food and/or beverage expenses incurred in connection
36 with a meeting or event attended by employees and/or managers, the primary
37 purpose of which is to discuss, negotiate or evaluate a plan, program, project or
38 other endeavor directly related to District purposes.
- 39 e. District meetings, workshops and training sessions shall be scheduled to avoid the
40 need to provide food whenever possible.
- 41 6. **Outreach and stakeholder involvement.** The District may pay for community and
42 stakeholder outreach and involvement programs to ensure that efficient and effective
43 District programs, projects and meetings are conducted to gather public and
44 intergovernmental input and participation in District planning, research, rulemaking and
45 program or project design.
- 46 7. **Membership, donations.** The District may pay for membership in the Minnesota

1 Association of Watershed Districts in accordance with Minn. Stat. § 103D.335,
2 subdivision 20. The Board may approve the expenditure of District funds for
3 membership in other professional organizations if the organization is an association of a
4 civic, educational or governmental nature and its activities are directly related to District
5 purposes or the improvement of District operations. District funds may not be donated to
6 any professional, technical or charitable organization, person or private institution. The
7 District may contract for services rendered by such organizations.

8 **8. Protocols.** The following protocols are established to ensure compliance with above
9 policies:

- 10 a. For employees other than the administrator, the written approval of the
11 administrator must be secured prior to an event or activity to qualify as a District
12 expenditure.
- 13 b. All invoices or reimbursement requests must include or be accompanied by a
14 copy of the administrator's written approval and must include itemized receipts or
15 other appropriate documentation of expenses incurred. Documentation also must
16 include the date the expense(s) were incurred, location, purpose, participating or
17 attending individuals and relevant affiliation, explanation of the need for food
18 and/or beverage for the meeting, event or activity, and any other relevant
19 information.
- 20 c. Copies of all documentation specified herein will be recorded and maintained in
21 accordance with the District records retention policy.
- 22 d. No expenditure shall be made which will cause the aggregate expenditures in the
23 budget category which covers such expenditures to exceed the budget for that
24 category without authorization by the Board.

25 **9. Use of District property**

- 26 a. District property, including but not limited to computers, phones, fax machines
27 and other office equipment, will be used exclusively for District business, except
28 for incidental personal use by District staff that does not interfere with or impede
29 the conduct of District business to any substantial degree.
- 30 b. District property must be used for only its intended purposes.
- 31 c. The administrator may not dispose of any District property with a value of more
32 than \$1,000 without prior authorization of the Board.

33 **10. Miscellaneous.**

- 34 a. The District administrator will secure an approval described above for expenses
35 he or she will incur from the president of the Board, except that the administrator
36 may approve or pay expenses for District-conducted programs, events and
37 activities.
- 38 b. The District will not pay for alcoholic beverages under any circumstances.
39
40

1 **Riley-Purgatory-Bluff Creek Watershed District**

2 **Appendix [7] - Fund Balance Policy**

3 Adopted as amended [date of adoption]

4 **I. Purpose**

5 Pursuant to Statement No. 54 of the Governmental Accounting Standards Board concerning fund
6 balance reporting and governmental-fund type definitions, and the recommendation of its
7 auditor, the Riley-Purgatory-Bluff Creek Watershed District (the "District") hereby establishes
8 specific guidelines the District will use to maintain an adequate fund balance to provide for cash-
9 flow requirements and contingency needs because major revenue, most notably half of the
District's annual levy, is received in the second half of the District's fiscal year.

10 This policy also establishes specific guidelines the District will use to classify fund balances into
11 categories based primarily on the extent to which the District is legally required to expend funds
12 only for certain specific purposes.

13 **II. Classification of Fund Balances, Procedures**

14 **1. Nonspendable**

- 15 • This category includes funds that cannot be spent because they either (i) are
16 not in spendable form or (ii) are legally or contractually required to be
17 maintained intact. Examples include inventories, prepaid amounts, and
18 Financial Assurances other than cash deposits.

19 **2. Restricted**

- 20 • Fund balances are classified as restricted when constraints placed on those
21 resources are either (i) externally imposed by creditors, grantors, contributors,
22 or laws or regulations of other governments or (ii) imposed by law through
23 constitutional provisions or enabling legislation. Examples include: ??

24 **3. Committed**

- 25 • Fund balances that can only be used for specific purposes pursuant to
26 constraints imposed by action of the District's board of managers (the
27 "Board"). The committed amounts cannot be used for any other purpose
28 unless the District removes or changes the specified use by taking the same
29 type of action it employed to commit those amounts.
- 30 • The Board will annually or as deemed necessary commit specific revenue
31 sources for specified purposes by resolution. This action must occur prior to
32 the end of the reporting period, but the amount to be subject to the constraint
33 may be determined in the subsequent period.

Commented [kif13]: what are examples? Grants?
What about financial assurances?

Commented [kif14]: what are examples? Are the
budget items committed? Budget categories?

Commented [kif15]: what does this mean?

- The Board may remove a constraint on specified use of committed resources by resolution.

4. Assigned

Commented [k1f16]: what is an example?

- Amounts for which a specified purpose has been stated, but are neither restricted nor committed. Assigned fund balances include amounts that are intended to be used for specific purposes.
- Only the Board has the authority to assign and remove assignments of fund balance amounts for specified purposes.

5. Unassigned

Commented [k1f17]: What is an example? Cash in excess of the foregoing categories?

- A residual classification that includes amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes.

6. Other Principles and Procedures

- *Working capital.* The District will endeavor to maintain an unassigned fund balance of an amount not less than 50 percent of the next year's budgeted expenditures for working capital. This will assist in maintaining an adequate level of fund balance to provide for cash-flow requirements and contingency needs because major revenues, including property taxes and other government aids are received in the second half of the District's fiscal year.
- A negative residual amount may not be reported for restricted, committed, or assigned fund balances.

III. Monitoring and Reporting

The administrator will each month, monitor the status of fund balances in relation to this policy. The administrator will, within thirty days after the end of each quarter and annually (in conjunction with the annual audit report to the State of Minnesota) prepare a report on the status of fund balances in relation to this policy and present the report to the Board at the next regular meeting of the Board.

IV. Priority Use of Funds

When both restricted and unrestricted resources are available for use, it is the District's general policy to first use restricted resources, then use unrestricted resources as needed. When committed, assigned or unassigned resources are available for use, it is the District's general policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

Riley-Purgatory-Bluff Creek Watershed District

Appendix [8] - Internal Controls and Procedures for Financial Management

Adopted [date of adoption]

This policy is adopted to provide the Riley-Purgatory-Bluff Creek Watershed District (District) with written internal controls and procedures for financial management. Adherence to this policy and procedures will ensure that the District's finances are managed in accordance with generally accepted accounting principles and best practices, and will minimize District administrative costs.

- I. **Annual budget.** The District's administrator annually develops a proposed budget for presentation to the Board for review. After adjustments as directed by the Board, the District schedules and issues appropriate notice for a public hearing on the proposed budget. Following the public hearing but before September 15 each year, the Board adopts the annual budget and certifies it to the Hennepin County auditor.
 - a. Amounts in any approved budget category may not be reallocated or exceeded by more than 5 percent of the approved budget for such category without approval of the Board.
 - b. Actual expenditures may not materially deviate from the amount in an approved budget category.
- II. **Annual financial statements protocols.** Annual year-end financial statements are prepared by the District's accountants and reviewed and finalized by the District's administrator and Treasurer with the assistance of the District's accountant. After finalization of the year-end financial statements, the final financial statements are presented to the Board for acceptance and if accepted by the Board are submitted to the District's auditors appointed by the Board for the purpose of auditing the year-end financial statements as required by Minn. Stat. § 103D.355. After the annual financial statements are accepted by the Board, they shall be submitted to the Board of Water and Soil Resources and the Office of the State Auditor within 180 days of the end of each fiscal year.
 - a. In preparation for the annual audit of the District's year-end financial statements for the preceding calendar year, the administrator prepares the following documents: and submits them (or copies thereof) to the District's auditor:
 - i. Approved budgets and all budget amendments;
 - ii. Detailed general ledger (through year-end);
 - iii. Bank statements and reconciliations thereof;
 - iv. Disbursements and receipts;
 - v. Tax (levy) settlements from Hennepin County;
 - vi. The Certification of the tax levy for such year;
 - vii. List of accounts payable and copies of signed checks;
 - viii. Grant and other funding agreements;
 - ix. List of capital assets, showing all deletions and additions, date of acquisition and original cost basis;
 - x. All invoices;
 - xi. Approved minutes.
 - xii. Such other information as the auditor request in connection with the audit and the preparation of the audit report.

Commented [klf18]: what is this?

- b. The auditors audit the year-end financial statements and perform such other activities as required by the Minnesota State Auditor and engage with the administrator and Treasurer regarding any questions or issues arising in the course of the audit. Any management discussion and analysis required in connection with the audit is prepared by the administrator and the Treasurer in draft form and submitted to the Board for approval. The auditors then prepare a draft audit report which it submits to administrator. The administrator and Treasurer review the draft audit report and engage with the auditor regarding any issues raised in the audit report. After review by the administrator, the Treasurer, and the auditor presents the draft audit to the Board at a monthly meeting for review and comment. The auditor shall attend such meeting to answer questions from Board members. The If the Board then accepts or rejects the draft audit report of the year-end financial statements and/or the final audited year-end financial statements as well as the management discussion and analysis.
- c. The auditor makes any revisions it deems appropriate to the draft audit report, t and submits the final audit report to the Board for its acceptance.
- d. If the Board accepts either accepts or rejects the final audit report of the year-end financial statements and/or the final audited year-end financial statements, If the final audit report is accepted, the administrator submits a copy of such audit report to the Board of Soil and Water Resources as required as well as to the Minnesota State Auditor not later than June 30 of the year following the end of year being audited.

III. **Monthly financial management protocols.**

- a. The District contracts with a certified public accountant to manage the checking accounts and investment funds of the District.
- b. The administrative assistant :
 - i. opens the mail and scans all mail to the appropriate electronic file and files all paper copies in the appropriate physical file;
 - ii. scans checks and permit fees payments, saves them to the appropriate electronic file, enters appropriate date into a spreadsheet with link to copy, scans checks, saves the scan to the appropriate electronic file, prepares a deposit slip, enters the payment in the appropriate spreadsheet, updates log for fees and escrows; forwards all to the administrator or Treasurer for review, makes deposit upon receipt of approval by the administrator or Treasurer; completes checklist of action steps for checks and other deposits;
 - iii. scans all invoices and places them in an electronic file folder for the administrator's and/or Treasurer's review; enters the invoice in the appropriate spreadsheet with link to copy, forwards all plus any applicable contract (and where applicable, report of engineer or inspector) to the administrator or Treasurer for review, prepares a check for each invoice approved by the Treasurer or administrator, provides checks to administrator and Treasurer for review and approval at the next meeting of the managers; upon approval by the managers, obtains signature of appropriate officers, scans

Commented [kif19]: This should be come part of a formal checklist to be checked off and followed for each check and invoice
 Spreadsheet should contain fields for determining deadline for payment;
 Recall that

- 1 signed check with approved invoice; mails signed checks with
2 copy of approved invoice to submitter of the invoice. Completes
3 checklist of action steps.
- 4 iv. collects staff expense reports and receipts for expense
5 reimbursement, including expense receipts for credit card charges,
6 on a weekly basis; scan them and saves them to the appropriate
7 electronic file and saves them in the appropriate physical file;
8 enters expenses in appropriate spreadsheet provides them to the
9 administrator and/or Treasurer for approval; upon approval enters
10 expenses into payment system.
- 11 v. collects manager per diem and expense claim forms, scans them
12 and saves them to the appropriate electronic file and saves them in
13 the appropriate physical file; provides all to Treasurer or
14 administrator for review; upon approval enters into payroll
15 payment system and prepares checks for approved amounts;
16 provides checks to administrator or Treasurer for signature upon
17 approval by board at next meeting of the managers.
- 18 c. The administrative assistant forwards bills and invoices from contractors
19 providing work on District projects to the District's engineer for review. The
20 District's engineer reviews the bills and invoices, verifies the services for
21 which payment is requested have been provided, the amount due for such services
22 and that such services have been, to the know edge of the District engineer
23 performed in accordance with the terms of any applicable contract and law and
24 recommends to the administrator how much of the bill or invoice should be paid.
- 25 d. Receipts are reviewed and approved by the administrator and invoices are
26 reviewed and approved by the administrator and Treasurer.
- 27 e. The administrator reviews the Excel spreadsheet prepared by the administrative
28 assistant, listing vendor, invoice number, invoice amount and general ledger
29 coding; a list of deposits with coding and a list of credit card charges with coding,
30 and emails this information to the accountant who enters the bills and invoices
31 and payments in the District's electronic financial books and accounts.
- 32 f. The administrator reviews the bills and invoices and the contracts to which they
33 relate, if any, and determines if the bills and invoices are correct and eligible for
34 payment, and recommends whether or not the bills and invoices should be paid.
- 35 g. The accountant prepares checks pursuant to these recommendations to pay the
36 monthly bills.
- 37 h. Payroll is processed through a third-party payroll service. The administrator
38 submits employee hours to the payroll service for each pay period. The payroll
39 service prepares payroll on a semi-monthly basis by direct deposit and is
40 responsible for all tax filing requirements, tax forms, and PERA payments or
41 filing requirements.
- 42 i. The District's accountant prepares a monthly treasurer's report that includes a
43 listing of the checks prepared for payment of the bills and invoices to be paid and
44 tracks account balances. The accountant also prepares an internal report for the
45 treasurer.
- 46 j. The administrator reviews the treasurer's report, notes any changes that should be

- 1 made and distributes the report to the Treasurer.
- 2 k. The treasurer reviews the bills and invoices to be paid to determine whether to
- 3 recommend payment. All bills are available for review by any member of the
- 4 Board on request.
- 5 l. At the monthly Board meeting, the treasurer presents the treasurer's report and the
- 6 list of checks to be issued in payment of bills and invoices. The Board receives
- 7 and discusses, as necessary, the treasurer's report, then authorizes payment of the
- 8 monthly bills as presented in the check register which it determines should be
- 9 paid
- 10 m. Promptly following the meeting at which the Board authorizes the issuance of
- 11 checks to pay approved bills and invoices, each check is signed by two authorized
- 12 officers of the District and the assistant administrator mails or delivers the signed
- 13 checks to as soon as possible to the payee but not later than three business days of
- 14 the signing of the checks.
- 15 IV. **Spending Authority.** All expenditures by the District must be approved in advance by
- 16 the Board, except that the Board by resolution may delegate to the administrator the
- 17 authority to bind the District, with or without countersignature, to a purchase of goods or
- 18 services, or to enter into a contract for same, when the cost thereof and any related
- 19 purchase or contract does not exceed \$10,000 in the aggregate or under other specified
- 20 conditions.
- 21 a. The Board has authorized the administrator to expend up to \$5,000 on a single
- 22 unrelated purchase without prior Board approval and affirms that authority in
- 23 adopting this policy.
- 24 b. The administrator may not purchase any real estate or easements on real estate
- 25 without prior authorization for the Board.
- 26 V. **Banking**
- 27 a. The District maintains a current signature card at the depository bank.
- 28 b. The administrator and treasurer may transfer funds between District accounts and
- 29 may deposit funds into District accounts.
- 30 c. Cash withdrawals from District accounts are prohibited.
- 31 d. The administrator, in consultation with the treasurer, is authorized to invest
- 32 District funds in accordance with Minnesota Statutes chapter 118A.
- 33 e. All deposits to District accounts must be made intact, and the District's bank is
- 34 instructed not to return cash from a deposit to a District account.
- 35 VI. **Checking**
- 36 a. The administrator is not an authorized signatory of District checks.
- 37 b. All checks, drafts or other orders for the payment of money, notes or other
- 38 evidence of indebtedness issued in the name of the District shall not be valid
- 39 unless signed by two managers, except that a check, draft or other order for
- 40 payment of less than \$100 is valid with one manager's signature.
- 41 VII. **Credit card use.** The administrator is authorized to incur charges to the District credit
- 42 card, with a maximum single charge of \$5,000 and allowable billing-period maximum
- 43 charges totaling \$10,000.
- 44 a. A receipt must be obtained for all District credit card purchases. Credit card
- 45 purchases for which a detailed receipt is not provided must be reimbursed by the
- 46 individual making the purchase.

- 1 VIII. **Reporting**
2 a. All expenditures and investments, receipts and disbursements made must be
3 compiled for presentation to the Board by the treasurer in a timely manner.
4 b. The annual audit will be filed with the Board of Water and Soil Resources and the
5 Office of the State Auditor within 120 days of the end of the District's fiscal year
6 (January 1 – December 31).
7 c. The administrator and treasurer will regularly review relevant records and
8 documents for any of the following, and report to the treasurer (for the
9 administrator) or the Board (for the treasurer) any of the following if found:
10 i. Unusual or unexplained discrepancy between actual performance and
11 anticipated results (including aggregate costs of more than 5% over the
12 budgeted amount);
13 ii. Receipts that do not match deposit slips;
14 iii. Disbursements to unknown and/or unapproved vendors;
15 iv. A single signature on a check or pre-signed blank checks;
16 v. Gaps in receipt or check numbers;
17 vi. Late financial reports;
18 vii. Disregard of internal control policies and procedures.

19 IX. **Depositories and collateralization.** In accordance with state law, the District names a
20 official depository or depositories at its January meeting each year (depository bank(s)).
21 In the event the Board does not designate a depository in any particular year, the last-
22 designated depository will continue in that capacity. Each depository bank provides the
23 District with a proof of collateralization in accordance with state law (**Minn. Stat.**
24 **§ 118.03**) for an amount equal to the amount on deposit at the close of the depository
25 bank's banking day beyond the amount covered by federal insurance, if any. The
26 collateral provided by each depository bank will be maintained in an account in the trust
27 department of a bank or other financial institution not owned or controlled by the same
28 (depository) bank or in a restricted account at a federal reserve bank. District funds are
29 managed pursuant to the Investment and Depository Policy, adopted January 8, 2020.

30 X. **Financial Assurances and Abandoned Property.** See District Policy for Management
31 of Financial Assurances and Abandoned Property, adopted November 21, 2012.

32 XI. **Miscellaneous**

- 33 a. The District will not maintain a petty cash fund.
34 b. The District will not accept cash (currency) in payment of permit fees or financial
35 assurances.
36 c. The District will not cash personal or third-party checks.
37 d. The administrator must not fail to insure District property against theft and
38 casualty loss.

39 XII. **Significant Accounting policies**

40 In connection with the maintenance of the financial books and records of the dist. the following
41 policies shall apply:
42

43
44 A. General

45 In preparing its financial statements, the District shall comply with generally accepted
46 accounting principles generally applied in the preparation of financial statements in the United

1 States of America, and those principles established Governmental Accounting Standards Board
2 (GASB) and other applicable law including but not limited to the requirements of the Minnesota
3 State Auditor. The following accounting principles shall apply to the preparation of the
4 District's financial statement except to the extent that they are conflict with generally accepted
5 accounting principles generally applied in the preparation of financial statements in the United
6 States of America, and those principles established Governmental Accounting Standards Board
7 (GASB) and other applicable law including but not limited to the requirements of the Minnesota
8 State Auditor.

9
10 B. Reporting Entity. The District shall consider all potential units for which it is financially
11 accountable, and other organizations for which the nature and significance of their relationship
12 with the District are such that exclusion would cause the District's financial statements to be
13 misleading or incomplete in accordance with the Governmental Accounting Standards Board
14 (GASB) criteria to be considered in determining financial accountability. These criteria include
15 appointing a voting majority of an organization's governing body, and (1) the ability of the
16 primary government to impose its will on that organization or (2) the potential for the
17 organization to provide specific benefits to, or impose specific financial burdens on the primary
18 government. The District has no component units that meet the GASB criteria.

19
20 B. Government-wide and Fund Financial Statements

21 The government-wide financial statements (i.e., the statement of net position and the statement
22 activities) shall report information on all of the non-fiduciary activities of the District. Where
23 permitted by the GASB the effect of interfund activity shall be removed from these statements.
24 The statement of activities which is to be prepared and included in the financial statements shall
25 demonstrates the degree to which the direct expenses of a given function or segment is offset by
26 program revenues. Direct expenses are those that are clearly identifiable with a specific function
27 or segment. Amounts reported as program revenues shall include 1) charges to customers or
28 applicants who purchase, use, or directly benefit from goods, services, or privileges provided by
29 a given function or segment and 2) grants and contributions that are restricted to meeting the
30 operational or capital requirements of a particular function or segment. Other items not properly
31 included among program revenues shall be reported instead as general revenues. Separate
32 financial statements shall be provided for the major governmental fund. The major individual
33 governmental fund shall be reported as separate a column in the fund financial statements.

34
35 C. Measurement Focus, Basis of Accounting and Basis of Presentation

36 The government-wide financial statements shall be reported using the economic resources
37 measurement focus and the accrual basis of accounting. Revenues shall be recorded when
38 earned and expenses are recorded when a liability is incurred, regardless of the timing of related
39 cash flows. Grants and similar items shall be recognized as revenue as soon as all eligibility
40 requirements imposed by the provider have been met.

41
42 Governmental fund financial statements shall be reported using the current financial resources
43 measurement focus and the modified accrual basis of accounting. Revenues shall be recognized
44 as soon as they are both measurable and available. Revenues shall be considered to be available
45 when they are collectible within the current period or soon enough thereafter to pay liabilities of
46 the current period. For this purpose, the District shall consider revenues to be available if they

1 are collected within 60 days of the end of the current fiscal period. Expenditures shall generally
2 be recorded when a liability is incurred, as under accrual accounting. However, debt service
3 expenditures, as well as expenditures related to compensated absences and claims and
4 judgments, shall be recorded only when payment is due.

5
6 Charges for service, assessments to members, grants and interest associated with the current
7 fiscal period shall be considered susceptible to accrual and recognized as revenues of the current
8 fiscal period. All other revenue items shall be considered to be measurable and available only
9 when cash is received by the organization.

10
11 Revenue resulting from exchange transactions, in which each party gives and receives essentially
12 equal value, shall be recorded on the accrual basis when the exchange takes place. On a
13 modified accrual basis, revenue will be recorded in the year in which the resources are
14 measurable and become available.

15
16 Non-exchange transactions, in which the District receives value without directly giving equal
17 value in return, shall include grants, entitlement and donations. Eligibility requirements include
18 timing requirements, which specify the year when the resources are required to be used or the
19 year when use is first permitted, matching requirements, in which the District must provide local
20 resources to be used for a specified purpose, and expenditure requirements, in which the
21 resources are provided to the District on a reimbursement basis. Under the modified accrual
22 basis, revenue from non-exchange transactions shall also be available before it can be
23 recognized.

24
25 Unearned revenue shall be deemed to have arisen when assets are recognized before revenue
26 recognition criteria have been satisfied. Grants and entitlements received before eligibility
27 requirements are met are recorded as unearned revenue.

28
29 The Board shall establish the estimates and assumptions that affect certain reported amounts and
30 disclosures required in connection with the preparation of the financial statements by the
31 accounting principles generally accepted in the United States of America.

32
33 The District shall report the following major governmental funds:

34
35 The 509 Plan Implementation Fund - fund consisting of proceeds from an ad
36 valorem tax levy for the purpose of paying the increased costs of preparing a plan
37 under sections Minn. Stat. §§ 103B.231 and 103B.235 and the cost of projects
38 identified in the District's approved and adopted 10-plan pursuant to Minn. Stat.
39 § 103B.201. The proceeds of any tax levied under this section shall be deposited
40 in a separate fund and expended only for the purposes authorized by said sections.
41 The District may accumulate the proceeds of levies as an alternative to issuing
42 bonds to finance improvements.

43
44 As a general rule the effect of interfund activity has been eliminated from government-wide
45 financial statements.

46

1 D. Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources, and Net
2 Position/Fund Balance Deposits and Investments. The District's cash and temporary investments
3 shall be considered to be cash on hand, demand deposits and short-term investments with
4 original maturities of three months or less from the date of acquisition. Cash balances from all
5 funds shall be pooled and invested, to the extent available, in certificates of deposit and other
6 authorized investments. Earnings from such investments shall be allocated on the basis of
7 applicable participation by each of the funds.

8 The District may also invest idle funds as authorized by Minnesota statutes, and in accordance
9 with the District's Investment and Depository Policy.

10
11 The reported value of the pools shall be the same as the fair value of the pool shares. All
12 investment shall be in accordance with the District's Investment Policy.

13
14 The District shall categorize its fair value measurements within the fair value hierarchy
15 established by generally accepted accounting principles. The hierarchy shall be based on the
16 valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in
17 active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3
18 inputs are significant unobservable inputs.

19
20 **Property Taxes**

21 Delinquent taxes receivable includes the past six years' uncollected taxes. Delinquent taxes shall
22 be offset by a deferred inflow of resources for taxes not received within 60 days after year end in
23 the fund financial statements.

24
25 **Accounts Receivable**

26 Accounts receivable shall include amounts billed for services provided before year end. Prepaid
27 Items Certain payments to vendors shall reflect costs applicable to future accounting periods and
28 are recorded as prepaid items and are recorded as prepaid items. The District shall use the
29 consumption method to account for all prepaid items.

30
31 **Capital Assets**

32 Capital assets shall include land, land improvements and easements and shall be reported in the
33 applicable governmental activities columns in the government-wide financial statements.
34 Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an
35 estimated useful life in excess of one year. Such assets shall be recorded at historical cost or
36 estimated historical cost if purchased or constructed. Donated capital assets shall be recorded at
37 acquisition value at the date of donation.

38
39 The costs of normal maintenance and repairs that do not add to the value of the asset or
40 materially extend assets lives will not be capitalized.

41
42 Pursuant to GASB Statement No. 34 the District shall report and depreciate new infrastructure
43 assets effective with the beginning of the 2004 calendar year. Infrastructure assets include lake
44 improvements, dams and drainage systems. Neither their historical cost nor related depreciation
45 had historically been reported in the financial statements.

46

1 Major outlays for capital assets and improvements shall be capitalized as projects are
2 constructed. Interest incurred during the construction phase of capital assets is included as part
3 of the capitalized value of the assets constructed.

4
5 Capital assets of the District shall be depreciated using the straight-line method over the
6 following estimated useful lives:

Assets	Useful Lives Assets in Years
Building	30
Equipment, Boats and Vehicles	7 – 10
Intangibles	10

7
8
9 **Deferred Outflows of Resources**

10 In addition to assets, the statement of net position shall be reported in a separate section for
11 deferred outflows of resources. The separate financial statement element, deferred outflows of
12 resources, shall represent a consumption of net position that applies to a future period(s) and
13 will not be recognized as an outflow of resources (expense/expenditure) until such time.
14 Deferred pension resources, shall be reported only in the statements of net position. This item
15 results from actuarial calculations and current year pension contributions made subsequent to the
16 measurement date.

17
18 **Pensions**

19 For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and
20 pension expense, information about the fiduciary net position of the Public Employees
21 Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position
22 shall be determined on the same basis as they are reported by PERA except that PERA's fiscal
23 year end is June 30th. For this purpose, plan contributions shall be recognized as of employer
24 payroll paid dates and benefit payments and refunds are recognized when due and payable in
25 accordance with the benefit terms. Investments shall be reported at fair value. The general fund
26 is typically used to liquidate the governmental net pension liability.

Commented [k1f110]: What is the general fund?

27
28 **Compensated Absences**

29 It is the District's policy to permit employees to accumulate earned but unused vacation and sick
30 pay benefits, which is paid to the employee upon separation. All vacation pay shall be accrued
31 when incurred in the government-wide financial statements. A liability for these amounts shall
32 be reported in governmental funds only if they have matured, for example, as a result of
33 employee resignations and retirements. The 509 Plan Implementation fund is typically used to
34 liquidate governmental compensated absences payable.

Commented [k1f111]: What does this mean?

35
36 **Long-term Obligations**

37 In the government-wide financial statements, and proprietary fund types in the fund financial
38 statements, long-term debt and other long-term obligations shall be reported as liabilities in the
39 applicable governmental activities statement of net position. The recognition of bond premiums
40 and discounts shall be amortized over the life of the bonds using the straight-line method. Bonds

1 payable shall be reported net of the applicable bond premium or discount. Bond issuance costs
2 shall be reported as an expense in the period incurred.

3 4 Deferred Inflows of Resources

5 In addition to liabilities, the statement of net position and fund financial statements shall report a
6 separate section for deferred inflows of resources. This separate financial statement element,
7 deferred inflows of resources, shall represent an acquisition of fund balance that applies to a
8 future period(s) and shall not be recognized as an inflow of resources (revenue) until that time.

9 The District has only one type of item, which arises only under a modified accrual basis of
10 accounting that qualifies for reporting in this category. Accordingly, the item, unavailable
11 revenue, is reported only in the governmental funds balance sheet. The governmental funds shall
12 report unavailable revenues from property taxes. These amounts shall be deferred and
13 recognized as an inflow of resources in the period that the amounts become available. T

14 15 Fund Balance

16 In the fund financial statements, fund balance shall be divided into the five classifications set
17 forth in the District's Fund Balance Policy based primarily on the extent to which the District is
18 bound to observe constraints imposed upon the use of resources reported in the governmental
19 funds.

20 21 Net Position

22 Net position shall represent the difference between assets and deferred outflows of resources and
23 liabilities and deferred inflows of resources. Net position shall be displayed in three
24 components:

- 25 a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation
- 26 b. Restricted net position - Consists of net position balances restricted when there are limitations
27 imposed on their use through external restrictions imposed by creditors, grantors, laws or
28 regulations of other governments.
- 29 c. Unrestricted net position - All other net position balances that do not meet the definition of
30 "restricted" or "net investment in capital assets."

31 32 Stewardship, Compliance and Accountability

33 34 Budgetary Information

35
36 The modified accrual basis of accounting shall be used by the District for budgeting data. All
37 appropriations end with the fiscal year for which they were made. The District does not use
38 encumbrance accounting.

39
40 The District administrator and treasurer shall monitor budget performance on the fund basis each
41 month and report the status of the budget monthly to the Board at the Board's regular monthly
42 meeting. All amounts over budget must be approved by the Board.

43

1
2 **RILEY PURGATORY BLUFF CREEK WATERSHED DISTRICT**

3 **Appendix [9] - INVESTMENT AND DEPOSITORY POLICY**

4
5 **Adopted [date of adoption]**

6
7 **1. PURPOSE**

8
9 The purpose of this policy is to establish investment objectives, establish specific
10 guidelines that the Riley Purgatory Bluff Creek Watershed District (District) will use in
11 the investment of funds, and establish District depository policy. It will be the
12 responsibility of the District's administrator to invest District funds in order to attain a
13 market rate of return while preserving and protecting the capital of the overall portfolio
14 and to ensure compliance with District policy and with statutory requirements applicable
15 to the District's designation a depository financial institution. Investments will be made in
16 compliance with statutory constraints and in safe, low-risk instruments that are approved
17 by the RPBCWD Board.

18
19 **2. SCOPE**

20
21 This policy applies to all cash, bonds, equity investments, certificates of deposits, deposit
22 accounts and similar investments of the District, including, funds held in escrow.
23

24
25 **3. SPECIFIC REVENUE SOURCES AND POOLING OF FUNDS**

26
27 The District will report proceeds of specific revenue sources as restricted, committed or
28 assigned for specific purposes, as applicable, and maintain its budget and accounts in a
29 manner consistent with these designations. Except for cash in these certain restricted,
30 committed and assigned funds, the District will consolidate cash and reserve balances from
31 all funds to maximize investment earnings and increase efficiencies with regard to
32 investment pricing, safekeeping and administration. Investment income will be allocated
33 to the various funds based on their respective participation and in accordance with
34 generally accepted accounting principles.
35

36 **4. DESIGNATION OF DEPOSITORY AND COLLATERALIZATION**

37
38 The District Board annually will designate a financial institution or institutions in the State
39 of Minnesota as the depository of District funds. In the event the Board does not designate
40 a depository in any particular year, the last-designated depository will continue in that
41 capacity. Each depository will furnish collateral, as necessary, in the manner and to the
42 extent required by Minnesota Statutes (Minn. Stat.) Section 118A.03, as it may be

1 amended, and other applicable law. Collateral will be held in safekeeping in compliance
2 with Section 118A.03, as it may be amended.

3
4
5 **5. DELEGATION OF AUTHORITY**

6
7 Minn. Stat. § 118A.02 provides that the governing body may authorize the treasurer or
8 chief financial officer to make investments of funds under §§ 118A.01 to 118A.06 or other
9 applicable law. See Minn. Stat. § 103D.320, subd. 3. The Board authorizes the Treasurer
10 with the assistance of the District administrator to invest District funds pursuant to state
11 law and this policy. In the event of a conflict between state law for and this policy, state
12 law shall prevail.

13
14 The Treasurer and the administrator shall assure compliance with this policy and further
15 develop and maintain adequate controls, procedures, and methods assuring security and
16 accurate accounting on a day-to-day basis.

17
18 **6. OBJECTIVES**

19
20 At all times investments of the District shall be made and maintained in accordance with
21 Minnesota Statutes Chapter 118A as it may be amended. The primary objectives of the
22 District investment activities shall be in the following order of priority:

23
24 **A. SECURITY**

25
26 Security of principal is the foremost objective of the investment portfolio.
27 Preserving capital and protecting investment principal shall be the primary
28 objective of each investment transaction. Specific risks will be managed as follows:

29
30 *Credit Risk.* Custodial credit risk for deposits and investments is the risk that in
31 the event of a bank failure, the District's deposits and investments may not be
32 returned or the District will not be able to recover collateral securities in the
33 possession of an outside party. Minnesota law requires that all District deposits be
34 protected by insurance, surety bond or collateral. The market value of collateral
35 pledged must equal 110 percent of the deposits not covered by insurance or bonds,
36 with the exception of irrevocable standby letters of credit issued by Federal Home
37 Loan Banks as this type of collateral only requires collateral pledged equal to 100
38 percent of the deposits not covered by insurance or bonds.

39
40 Authorized collateral in lieu of a corporate surety bond includes: United States
41 government Treasury bills, Treasury notes, Treasury bonds; Issues of United States
42 government agencies and instrumentalities as quoted by a recognized industry
43 quotation service available to the government entity; General obligation securities
44 of any state or local government with taxing powers which is rated "A" or better by

Commented [klf112]: Louis - elects officers
from among you - not
Could be the treasurer or the cfo

1 a national bond rating service, or revenue obligation securities of any state or local
2 government with taxing powers which is rated “AA” or better by a national bond
3 rating service; General obligation securities of a local government with taxing
4 powers may be pledged as collateral against funds deposited by that same local
5 government entity; Irrevocable standby letters of credit issued by Federal Home
6 Loan Banks to a municipality accompanied by written evidence that the bank’s
7 public debt is rated “AA” or better by Moody’s Investors Service, Inc., or Standard
8 & Poor’s Corporation; and Time deposits that are fully insured by any Federal
9 agency.

10
11 Designated depositories will comply with Minnesota law.

12
13 To ensure security when considering an investment, the District administrator and
14 Treasurer will cross-check all depositories under consideration against existing
15 investments to make certain that funds in excess of insurance limits are not
16 deposited with the same institution unless collateralized as outlined herein.
17 Furthermore, the Board will approve all financial institutions, brokers and advisers
18 with which the District will do business.

19
20 *Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of
21 a government's investment in a single issuer.

22
23
24 The District will diversify its investments according to type and maturity. The
25 District portfolio, to the greatest extent feasible, will contain a mixture of short-
26 term (shorter than one year) and long-term (more than one year) investments. The
27 District will attempt to match its investments with anticipated cash-flow
28 requirements. Maturities shall not exceed the three years without the approval of
29 the Board.

30
31 No investment in or collateral of any single issuer (other than the United States of
32 America or its agencies) shall exceed more than 5% of the District’s total fund
33 balance at any point in time.

34
35 *Interest Rate Risk.* Interest rate risk is the risk that the market value of securities in
36 the portfolio will fall due to changes in general interest rates. The District will
37 minimize interest rate risk by structuring its investment portfolio to ensure that
38 securities mature to meet cash requirements for ongoing operations, thereby
39 avoiding the need to sell securities on the open market prior to maturity.

40
41 *Custodial Risk.* The District will minimize deposit custodial risk, which is the risk
42 of loss due to failure of the depository bank (or credit union), by obtaining collateral
43 for all uninsured amounts on deposit, and by obtaining necessary documentation to
44 show compliance. (See section III.)

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B. LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet projected disbursement requirements. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Generally, investments will have short terms and/or “laddered” maturities so that funds become available on a regular schedule. Liquid funds will allow the District to meet possible cash emergencies without being significantly penalized on investments.

C. RETURN ON INVESTMENT

The investment portfolio shall be designed to manage the funds to maximize returns consistent with items A and B above and within the requirements set forth in this policy. Subject to the requirements of the investment objectives herein, it is the policy of the District to offer financial institutions and companies within the District the opportunity to bid on investments; the District will seek the best investment yields.

Commented [k1f1.13]: needs revision

7. PRUDENCE

The “prudent person” standard shall be applied in managing District investments. All investment transactions shall be made in good faith with the degree of judgment and care, under the circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of their own affairs, in accordance with this policy.

8. ELIGIBLE INVESTMENTS

- All investments shall be in accordance with Minn. Stat. § 118A.04. as follows:
1. Direct obligations or obligations guaranteed by the United States or its agencies.
 2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
 3. General obligations of a state or local government with taxing powers rated “A” or better; revenue obligations rated “AA” or better.
 4. General obligations of the Minnesota Housing Finance Agency rated “A” or better.
 5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to Minn. Stat. § 126C.55.
 6. Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System.

1 7. Commercial paper issued by United States banks corporations or their Canadian
2 subsidiaries, of highest quality category by at least two nationally recognized rating
3 agencies, and maturing in 270 days or less.

4 8. Repurchase or reverse repurchase agreements and securities lending agreements with
5 financial institutions qualified as a “depository” by the government entity, with banks
6 that are members of the Federal Reserve System with capitalization exceeding
7 \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal
8 Reserve Bank of New York, or certain Minnesota securities broker-dealers.

9 9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States
10 commercial bank, a domestic branch of a foreign bank, a United States insurance
11 company, or its Canadian subsidiary, whose similar debt obligations were rated in one of
12 the top two rating categories by a nationally recognized rating agency.

13 14 **9. INVESTMENT RESTRICTIONS**

15
16 In addition to statutory prohibitions, no investment of District funds shall be made in
17 derivative products, structured notes, inverse index bonds, repurchase agreements or other
18 exotic products or investments not authorized by statute.

19 20 **10. SAFEKEEPING**

21
22 District investments, contracts and agreements will be held in safekeeping in compliance
23 with Minn. Stat. § 118A.06. In addition, before accepting any investment of District funds
24 and annually thereafter, the supervising officer of the financial institution serving as a
25 broker for the District shall submit a certification substantially in the form attached hereto
26 as Exhibit [] stating that the officer has reviewed the District Investment and Depository
27 Policy and incorporated statement of investment restrictions, as well as applicable state
28 law, agrees to act in a manner consistent with the policy and law, that the supervising
29 officer will promptly disclose any potential conflicts of interest or risk to public funds that
30 might arise out of business transactions between the firm and the District,; and that the
31 financial institution will undertake reasonable efforts to preclude imprudent transactions
32 involving the District funds. The District will annually provide the policy, as it may be
33 amended to each such supervising officer and will provide any amendment to the policy to
34 the supervising officer promptly upon the adoption of any such amendment.

Commented [A14]: Do we have a form of certification? If so attach as an example.

35 36 **11. CONFLICT OF INTEREST**

37
38 Any District manager or staff member involved in the investment process shall refrain from
39 personal business activity that could conflict with proper execution of the investment
40 program or which could impair his/her ability to make impartial investment decisions.

41 42 **12. INTERNAL CONTROLS AND REPORTING**

43
44 Internal controls are designed to prevent loss of public funds due to fraud, error,

1 misrepresentation, unanticipated market changes, or imprudent actions. Before the District
2 invests any surplus funds, competitive quotations shall be obtained. If a specific maturity
3 date is required, either for cash flow purposes or for conformance to maturity guidelines,
4 quotations will be requested for instruments which meet the maturity requirement. The
5 District will accept the quotation which provides the highest rate of return within the
6 maturity required and within the limits of this policy.

7
8 The District funds shall not be invested for a term exceeding three years unless so
9 authorized by the Board.

10
11 Monthly, the Treasurer with the assistance of the District administrator shall provide a
12 detailed investments report to the Board which report shall include but not limited to, the
13 following: the amount invested, the maturity date(s), the institution with which invested or
14 the investment type, and the interest rate. Investments shall be audited and reported with
15 financial statement annually. It shall be the practice of the District Board to review and
16 amend the investment policy from time to time as needed, but not less than once every two
17 years.

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Riley-Purgatory-Bluff Creek Watershed District
Appendix [10] - Policy on Permit Fee Reimbursement

Adopted July 2, 2014

Commented [k1f115]: Is this the current policy?

1. Permit fee deposits will be held in escrow and applied to reimburse the **Riley-Purgatory-Bluff Creek Watershed District** (District) for permit inspection-related costs incurred at the rates stated in a permit fee deposit and rate schedule established by the District’s Board of Managers (the “Board”).
2. When a permit application is approved, the deposit will be replenished to the applicable deposit amount by the applicant before the permit will be issued to cover actual costs incurred to monitor compliance with permit conditions and the District Rules.
3. No permit will be modified, renewed or extended if the applicable permit fee deposit balance is negative.
4. The administrator will return any unused portion of an applicant’s permit fee deposit to the permittee within 45 days of notice from the permittee that the permitted work has been completed, unless the District determines that the work has not been completed in accordance with the applicable permit.
5. All permit applicants and permittees shall replenish the permit fee deposit to the original amount or such lesser amount as the District administrator deems sufficient within 30 days of receiving notice that such deposit is due, and directing the administrator to close out the relevant application or permit and revoke prior approvals, if any, if the permit-fee deposit is not timely replenished;
6. On receipt of written notice of the withdrawal of a permit application with a request for fee refund, the administrator will analyze the permitting record to date and determine the costs the District has incurred, including but not limited to the costs of consultant services, analysis of proposed activities and inspection of property, and the administrator will prepare a written accounting of expenses incurred;
7. When District costs are less than the fee paid by the applicant, the administrator will forward reimbursement of the difference as a payable item at the next regular meeting of the Board, except that under all circumstances the District will retain the \$10 permit fee authorized by Minn. Stat. § 103D.345 to cover administrative costs.
8. When District costs exceed the fee paid by the applicant, the administrator will inform the applicant in writing that no reimbursement will be paid and forward to the applicant the accounting that is the basis for this determination, and the administrator will include the notice to the applicant and the accounting that is the basis for this determination to the

Commented [k1f116]: Application fee? Why single out the \$10?

- 1 Board at its next meeting.
2
3 9. Financial assurances provided by an applicant will be released in accordance with District
4 Rule 12.0.

