

Middle-Snake-Tamarac Rivers Watershed District 2013 Annual Report



2013 Annual Report

Middle-Snake-Tamarac Rivers Watershed District

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LETTER FROM THE CHAIRMAN

Pursuant to the Minnesota Watershed Act, Chapter 103D, we submit this 44th Annual Report for the Middle-Snake-Tamarac Rivers Watershed District (MTRWD) for the year 2013.

The Middle Snake Tamarac Rivers Watershed District (MSTRWD) compiles a yearly report of matters affecting the District, the status of legal ditches, projects, an annual financial status report and plans for the upcoming year.

The District is committed to the construction of flood damage reduction projects to achieve the “20% reduction of peak flow” goal in the Red River – a goal set by the Red River Water Management Board to help alleviate flooding and flood damage basin-wide.

The construction of the Brandt-Angus Coulee (BAC) brings the number of impoundments in the District to five, including Angus Oslo #1, Angus Oslo #4, Off Channel Storage Site and Agassiz Valley. This brings floodwater storage capacity in the District (with the inclusion of the Minnesota DNR’s Nelson Slough in East Park Township, and Marshall County Park at Florian) to an estimated ~ 30,500 acre-feet.

The District created a new Project Work Team in the Tamarac River Subwatershed this year and we are currently exploring options to increase floodwater storage and decrease flood damage in that watershed.

Numerous individuals have contributed to the success of the District, but we would like to especially acknowledge the foresight of the District’s first Managers; Don Rivard of Argyle, Peter Tanberg of Newfolden, Iner Quern of Oslo, C. Einar Johnson of Warren and Milton O Sands of Alvarado.

Judicial Ditch 25-1 underwent a Redetermination of Benefits (RoB) in 2012 and a subsequent appeal in District Court by a minority of landowners. That appeal was settled through a mediation agreement. A RoB for Judicial Ditch 14 commenced in 2013 and is expected to be completed in 2014.

The District authorized re-sloping 2.7 miles of JD 1 in 2013, with construction planned for 2014.

The Watershed Restoration and Protection Strategies (WRAPS) process on the Tamarac River continues. It is the responsibility of the Minnesota Pollution Control Agency (MPCA) to identify impediments to water quality. The Snake-Middle Rivers WRAPS and the Grand Marais WRAPS also began this year. The Grand Marais flows from the Red Lake Watershed District into the MSTRWD. When the WRAPS studies are completed, the MPCA will determine what needs to be done to minimize pollution and the District will partner with landowners to implement pollution reduction tasks.

Nick Drees, one of the District’s first employees, began an official “Phased Out Retirement” in April of 2013. This option allows for a half-time schedule, which allows him to focus on flood damage reduction project activities. Danny Omdahl was promoted to the position of Co-Administrator. The District contracted with Agassiz Audubon for the part-time Education and Outreach services of Heidi Hughes.

In June, the Polk County Commissioners petitioned the Board of Waters and Soil Resources (BWSR) to Re-distribute the Managers of the District. A Public Hearing with BWSR's Northern Planning Committee Board Members was held in Warren in November, but no formal action has taken place.

Litigation continued in the MSTRWD in 2013. The District hopes to settle and reduce litigation costs in the foreseeable future.

Since its inception in 1970, the mission of the District has been flood damage reduction, keeping the legal ditch systems in repair and working with governmental agencies to improve water quality.

After 15 years of service, Doug Sorenson retired in 2013. During his tenure, three impoundments were built and the City of Warren was removed from the 100-year floodplain. His involvement, dedication and leadership will be missed by the staff, Managers and communities. Marshall County Commissioners appointed Tom Neibauer of Middle River to fill the vacancy on the Watershed Board of Managers.

We encourage communication from the public with the staff and Managers to work together to attain the District's goals.

Respectively Submitted,



Roger Hille, President



Marvin Hedlund, Secretary

BOARD OF MANAGERS

The Middle-Snake-Tamarac Rivers Watershed District is governed by a 7-member Board of Managers, appointed by the County Commissioners for Marshall and Polk Counties. Marshall County Commissioners appoint six managers and the Polk County Commissioners appoint one manager. Each manager serves a 3-year staggered term.



(L to R) Roger Hille , John W Nelson, Marvin Hedlund, Alvin Nybladh,
David Bakke,,Tom Neibauer, Ben Kleinwachter,

After serving on the Middle-Snake-Tamarac Rivers Watershed District Board for 15 years, Doug Sorenson, Warren, retired in 2013. His experience on the Board will be missed, but he leaves with the satisfaction of seeing his goals realized: the construction of five flood damage reduction projects during his tenure.



Marshall County Board of Commissioners re-appointed John W. Nelson of Oslo, who has served since 2004 and appointed Tom Neibauer of Middle River to a 3-year term.

The Middle-Snake-Tamarac Rivers Watershed District Board of Managers

Name	Office	Address	County	Term Ends
Roger Hille	President	Warren, MN	Marshall	Aug 27, 2015
Ben Kleinwachter	Vice Pres	Strandquist, MN	Marshall	Aug 27, 2014
David Bakke	Secretary	Newfolden, MN	Marshall	Aug 27, 2015
Alvin Nybladh	Treasurer	Stephen, MN	Marshall	Aug 27, 2014
Marvin Hedlund	Ass't Sec	Oslo, MN	Polk	Aug 26, 2014
Tom Neibauer	Manager	Middle River, MN	Marshall	Aug 27, 2016
John W Nelson	Manager	Oslo, MN	Marshall	Aug 27, 2016

STAFF

The District employs 5 full-time staff:

Co-Administrators: Nick Drees
Danny Omdahl

Administrative Ass't: Connie Kujawa

Engineer Technicians: Doug Mager
Ron Sorvig



L to R: Doug Mager, Ron Sorvig, Danny Omdahl,
Connie Kujawa, Nick Drees



Middle Snake Tamarac Rivers Watershed District

Office

453 North McKinley Street
Warren, MN 56762

Office hours

8:00 am to 4:30 pm
Weekdays

Mail

PO Box 154
Warren, MN 56762

Phone: 218-745-4741

Fax: 218-745-5300

Email: mrsrwd@wiktel.com

WEBSITE



The District maintains a website (www.mstrwd.com) on which staff posts Board Meeting agendas and minutes, reports and updates on District Projects, maps, and information about legal drainage systems (ditches) under MSTRWD jurisdiction and their benefited areas. The website also provides links to other websites that provide information of interest to our constituents



The District also maintains a facebook page on which staff posts images and messages about Watershed District projects, events and outreach activities. University of Minnesota – Crookston students have created facebook pages for individual projects. Visitors are encouraged to submit images of plants, animals, scenery and outdoor recreation activities for these project pages.

2013 WATERSHED DISTRICT ADVISORY COMMITTEE

The Watershed District holds at least one Advisory Committee meeting every year. Everyone is invited to attend. The meeting is advertised in at least 2 newspapers within the District, and the District sends invitations to previous attendees.

This year's meeting was held on November 18, 2013 at the Community Room of the Bremer Bank in Warren, Minnesota.

Danny Omdahl presented an overview of the history of the District and provided an update on activities and accomplishments in 2013. District staff maintained the legal ditch systems under the jurisdiction of MSTRWD (spraying approximately 53 miles, mowing approximately 200 miles and brushing approximately 10 miles), maintained project sites, issued 119 permits, completed the Brandt Angus Coulee project, opened the project sites to public access for outdoor recreation, started the Watershed Restoration and Protection Strategies (WRAPs) for the Grand Marais, Snake - Middle and Tamarac Rivers and initiated meetings for the Tamarac Sub-watershed Project Team (PT).

The District has contracted with Agassiz Audubon for Heidi Hughes to work part-time as an education and outreach coordinator for the Middle Snake Tamarac Rivers Watershed District. The District has received grant funding to develop a "Birding Trail" connecting flood control projects along US 75 from Crookston to Donaldson and east to Roseau. Hughes will apply for additional funding for this project and for a new visitor and education center at the Agassiz Valley Water Resources Management Project (AVWRMP).

Hughes reviewed the District's outreach activities in 2013 which included leading tours for birdwatchers and students, recruiting students from the University of Minnesota-Crookston and University of North Dakota to map the beach ridge at the Agassiz Valley Project and work on habitat restoration projects, the addition of Agassiz Valley as a site on the Pine to Prairie Birding Trail and several wildlife conservation projects including the installation and monitoring of nest boxes, Bufflehead duck surveys and a survey of birds using the impoundment during breeding season.

The following is a list of people who attended the 2013 Advisory Committee meeting:

2013 ADVISORY COMMITTEE

Committee Members	Affiliation
Alvin Nybladh	Treasurer Middle Snake Tamarac Rivers WD
Marvin Hedlund	Asst Sec/Treas Middle Snake Tamarac Rivers WD
David Bakke	Secretary Middle Snake Tamarac Rivers WD
John W Nelson	Manager Middle Snake Tamarac Rivers WD
Duane Vatsaas	North Township
Arlyn Dvergsten	Huntly Township
Dean Danielski	Farley Township
Bob Baird	Boxville Township
Warren Strandell	Polk County Commissioner
LeRoy Vonasek	Marshall County Commissioner
Neil Peterson	Pennington County Commissioner
Nick Drees	Administrator, Middle Snake Tamarac Rivers WD
Danny Omdahl	Asst. Administrator, Middle Snake Tamarac Rivers WD
Heidi Hughes	Outreach, Middle Snake Tamarac Rivers Watershed District
Tony Nordby	Houston Engineering, Thief River Falls

ENGINEERING SERVICES



Houston Engineering of Thief River Falls, MN provides engineering for the Watershed District.

LEGAL SERVICES



Brink, Sobolik, Severson,
Malm & Albrecht, P.A.

The District's general legal counsel is the law firm of Brink, Sobolik, Severson, Malm & Albrecht, P.A.

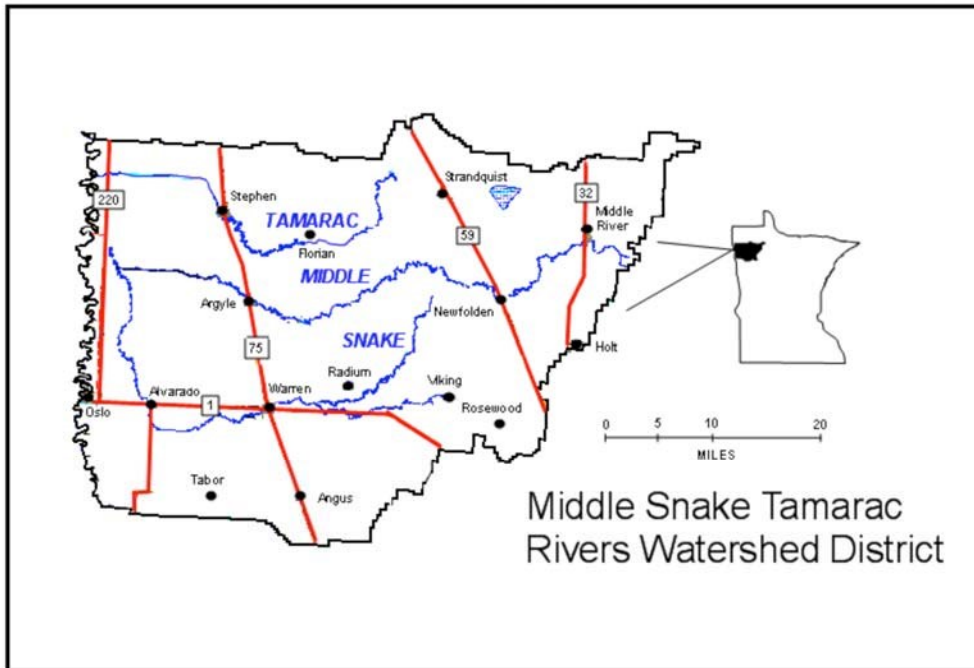


WATERSHED BOARD MEETINGS

The Board of Managers holds 24 regular scheduled meetings each year. These meetings take place at 4 pm on the first and third Monday of each month (unless the date falls on a Federal holiday) at the District office at 453 North McKinley Street in Warren, Minnesota.

The week prior to each meeting, the Watershed District posts a notice in the Watershed District office, publishes a notice in the Warren Sheaf and the Middle River Honker, and posts a notice on the District website.

Agendas for the upcoming meeting and the approved minutes are available on the District's website: www.mstrwd.com.



Middle Snake Tamarac Rivers Watershed District

The Middle-Snake-Tamarac Rivers Watershed District was established by an order of the Minnesota Board of Water and Soil Resources (BWSR) on August 28, 1970 to address water resource management issues and to alleviate flooding in the Red River Valley. Since its establishment the District has worked primarily to develop projects that manage surface water.

The District consists of approximately 1,476 square miles in Marshall, Polk, Pennington, Kittson and Roseau Counties. The boundary of the District has been modified five times by boundary change proceedings. The District includes the drainage basin of the Snake River (approximately 750 square miles), the Middle River, a tributary of the Snake River, (approximately 295 square miles), the Tamarac Watershed Area (approximately 431 square miles), and the drainage basin of several Legal Drainage Systems draining directly into the Red River of the North.

In 1973, jurisdiction over the judicial drainage systems within the District - Marshall County Ditch #1, Marshall County Ditch #4, Marshall County Ditch #39, Lateral #7 of Marshall County Ditch #44 and Polk County Ditch #175 - was transferred to the Watershed District Board of Managers by the District Court. At that time, approximately 310 miles of legal drainage systems were under the jurisdiction of the Board of Managers. In 1974, the District adopted rules that regulate certain works in the District. These rules were modified in 1978 and 1999. They were again modified in 2004. The District implements the current rules.

In 1977, the Board entered into a Joint Powers Agreement with the other Watershed Districts in the Red River Basin to form the Lower Red River Watershed Management Board whose name was changed (in 1991) to the Red River Watershed Management Board. This organization provides funding to member districts, primarily for floodwater detention structures that benefit more than one member District. The Red River Watershed Management Board currently consists of eight watershed districts.

In April 2002, at the request of residents, the Marshall County Board of Commissioners successfully petitioned BWSR to add the Tamarac Watershed area to the Middle River Snake River Watershed District.

The petition also requested two changes: increasing the number of District Managers from 5 to 7 members, and a new name: the Middle-Snake-Tamarac Rivers Watershed District.

In September 2002, BWSR granted the petition - which increased the area of the Watershed District by about 44% (440 square miles). Jurisdiction of the legal drainage systems in the Tamarac Watershed area did not change.

In 2003, both the Middle-Snake-Tamarac Rivers Watershed District and the Two Rivers Watershed District petitioned BWSR to change the District boundaries to follow (as much as possible) the hydrologic boundary. This petition was granted. The net effect of this petition was to move approximately 14 square miles into the Two Rivers Watershed District and to move about 2 square miles into the Middle-Snake-Tamarac Rivers Watershed District.

In 2004, the District petitioned BWSR to amend the *1994 Watershed Management Plan* to include the Tamarac Watershed area in the District. A hearing on the proposed Amended Plan was held in December 2004. In January 2005, the Board approved the Amended Plan. The Amended Plan was published in May of 2005.

In 2009, the District began the process to update their *10 Year Management Plan*. The process continued thru 2010 and was approved at a hearing before BWSR in June 2011.

In 2010, the Polk County Commissioners gave jurisdiction of Polk County Ditches #43 and #44 (approximately 16 miles in Angus Township) to the District. This increases the total miles of legal drainage system in the District to 359.

2013: YEAR IN REVIEW

Construction of the ***Brandt-Angus Coulee Project*** was completed in 2013. This is the fourth major flood control project completed by the District in the past 10 years. Water from spring snowmelt was stored at the Brant-Angus impoundment to minimize the potential of downstream flooding. This created minor erosion on the dike, which was repaired.

Three “Total Maximum Daily Load” (TMDL) and “Watershed Restoration and Protection Strategy” (WRAPS) studies, required by the Minnesota Clean Water Accountability Act, are underway in the MSTRWD. The MPCA has provided funding to hire consulting firms to conduct the studies: RESPEC Consulting & Services - the Snake–Middle Rivers, Houston Engineering, Inc (HEI) - Tamarac River and Emmons and Olivier Resources, Inc. (EOR) - Grand Marais Creek.

The WRAPS are a 4-year process. They start with assessing the existing condition of the watershed to determine whether the watershed is impaired and if so, what’s causing the impairment. When completed, the WRAPS will provide a prioritization of watershed locations and describe the types of projects necessary to reduce pollutant loads and eliminate impairments. TMDLs are required by the US Environmental Protection Agency to establish the maximum amount of a pollutant that can enter an impaired body of water seasonally while still meeting water quality standards. It establishes load capacity for impaired bodies of water.

Work on re-sloping Judicial Ditch #1 in Polk County started in October. This will improve the slope to MN Trunk Hwy #220, three miles south of Alvarado. The Judicial Ditch #14 Redetermination of Benefits process began this year. The Judicial Ditch #25-1 Redetermination of Benefits, approved in 2012 is currently under appeal in the courts.

A Tamarac River Sub-watershed Project Team (PT) was established in February. The PT is looking at flood damage reduction projects in the Tamarac River watershed, specifically increasing water retention at the East Park Wildlife Management Area and on a private land site placed in the ReInvest in Minnesota / Wetlands Restoration Program (RIP/WRP).

There has been increased public visitation at the ***Agassiz Valley Water Resource Management Project*** along the one-mile road on top of the dike. The new road starts at the northwest corner and continues to a parking/viewing area turnout on south side of the dike.

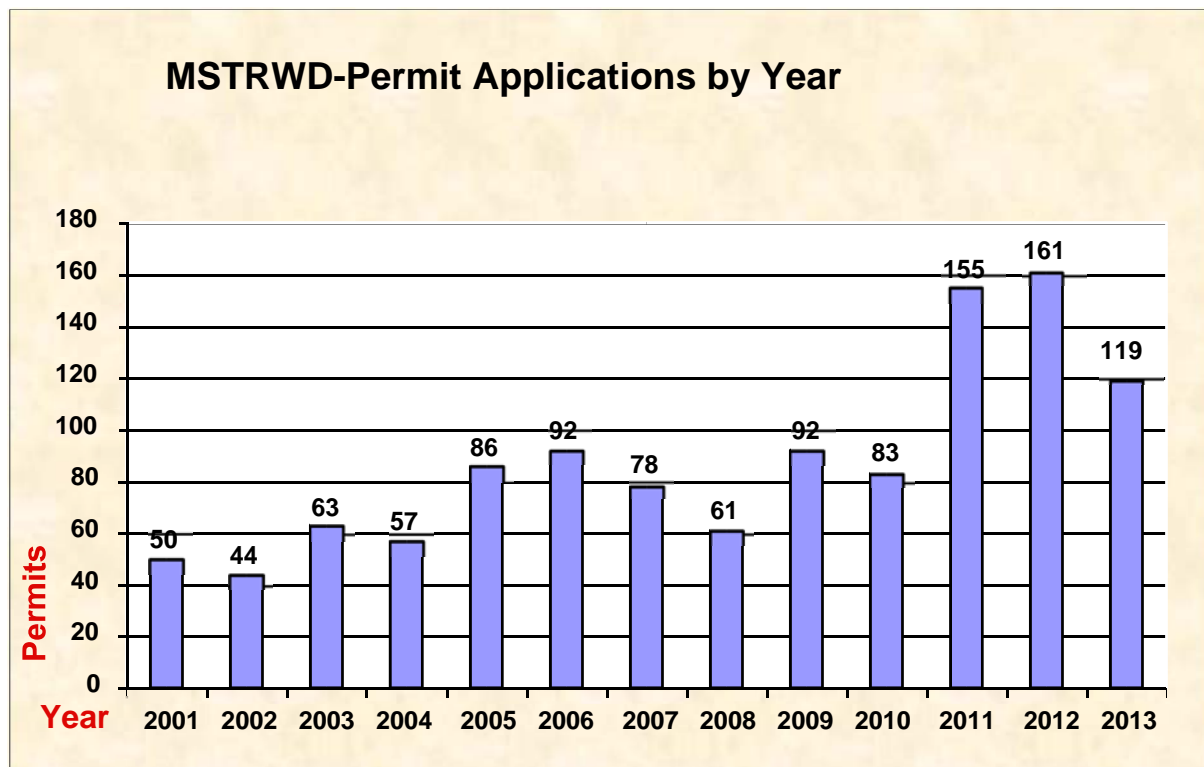


The new gravel “wildlife drive” and viewing area provides spectacular looks at wildlife in the pooled waters.

PERMITS

In 2013, the Board reviewed 119 permit applications. Three were denied. Two were withdrawn. Some approved permits had conditions, such as the District setting the grade of culverts. Here's the breakdown of permit applications in 2013:

36 install field drain tile	1 city sewer installation
51 install culverts	3 ditch sediment removal
19 crossings (repair, install, widen)	1 construct a dike
2 ditch construction/modification	2 alter a road
1 ditch block request (WRP)	3 construct a bridge



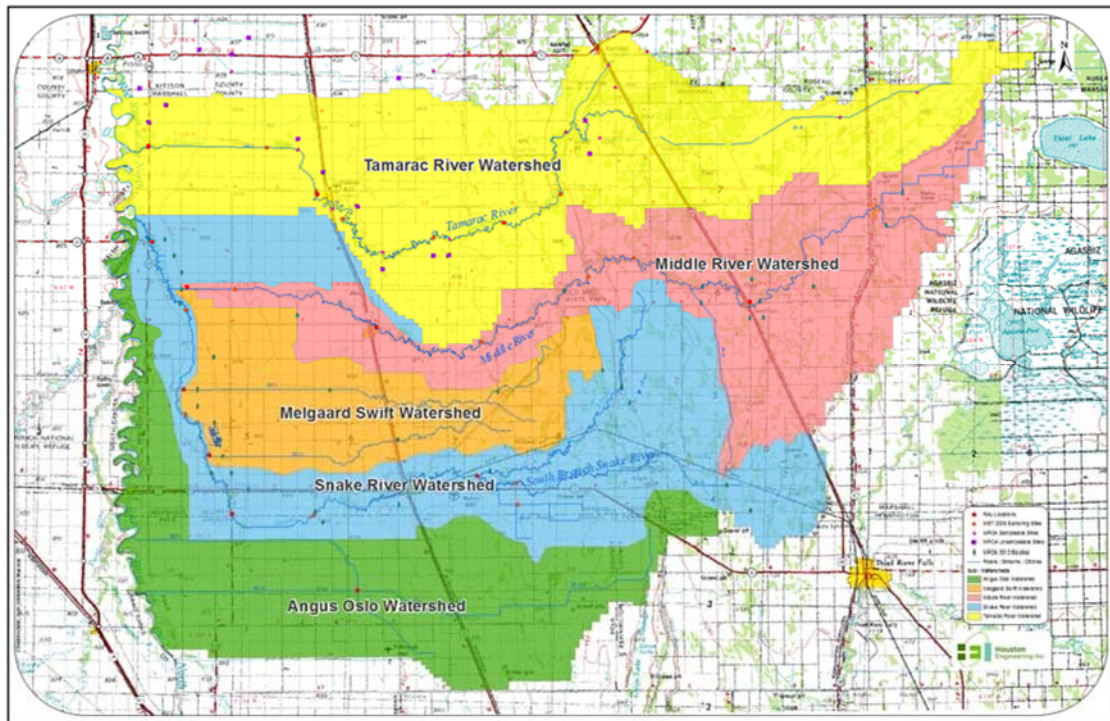
Watershed District Rules and Regulations

The following activities require a permit from the Board of Managers:

1. Construction of an artificial drainage way across a subwatershed into another watershed.
2. Diverting water to, or to cast water by artificial means into a legal drainage system.
3. Any alteration or repair of any legal drainage system.
4. Construction of a dike or levee.
5. Construction, removal or abandonment of a reservoir having surface area of five acres or more.
6. Construction of a bridge or placement of a culvert on a drainage way.
7. Change in the bed, banks or shores of natural drainage ways, lakes or marshes.
8. Placement of obstructions or disposal of wastes directly or indirectly into a natural or legal drainage system.
9. Any wetland reclamation which includes attempts to modify the hydrology for the purposes of restoring or increasing wetland areas including but not limited to, plugging culverts, constructing dams or dikes, or any other procedure which would modify the hydrology of a watershed which would restore or increase wetland areas.
10. Any other act which, in the opinion of the District, will alter the quantity of runoff, affect the public health, or have any impact on the surface or groundwater of the District.
11. All municipal sewer systems.
12. Construction or operation of a sanitary landfill.
13. Construction or operation of Waste Disposal Systems.
14. All water uses other than domestic use.
15. Placement of utilities across any drainage way or marsh.
16. Placement of underground utilities.
17. Installation of tile.

The Board considers permit applications at each regular monthly meeting. Anyone contemplating any work described above is urged to contact the Watershed District office for additional information. District staff must receive completed permit applications by noon on the Wednesday prior to scheduled monthly meeting.

FIVE PLANNING REGIONS in the MSTRWD



1. TAMARAC RIVER PLANNING REGION

In general, issues within this planning region are associated with flooding/runoff reduction, erosion and sediment control, channel maintenance, water quality, wildlife and land use management.

Flooding is common throughout the District during spring melt and heavy rains. Floodwaters from both the Tamarac and Middle Rivers frequently break out of the banks near Stephen and east of Argyle, which cause overland flooding. Additionally, runoff initially designated for the Roseau River is being diverted into this planning region and continues to aggravate flood conditions. The public has requested that Nelson Slough (east of Strandquist) be used more effectively for flood control purposes.

The region also struggles with providing adequate drainage, while minimizing erosion and maintaining channel stability. Throughout the region, channels appear to be undersized. This is evident by the widespread instability of the channels as they downcut and widen to handle flows. In addition to water erosion, soils within the region are highly susceptible to wind erosion.

Wildlife and water quality issues include fish passage concerns, low base flow conditions and the impaired status of the river.

Tamarac Subwatershed Project Team

The Middle Snake Tamarac Watershed District (MSTRWD) initiated a project team (PT) in January, 2013 to look at options to reduce flood damages along the Tamarac subwatershed and to help meet the basin-wide goal of a 20% reduction in peak flows reaching the Red River through retention.

The Project Team has focused on the possibility of increasing the floodwater storage capacity at both the East Park Wildlife Management Area (also known as Nelson's Slough) and on private property at a Wetland Reserve Program (WRP) easement site in Como Township.



Tamarac WRAP

Through a grant from the MPCA, Houston Engineering, Inc. was hired to conduct the WRAP process – to assess the current health of Tamarac River watershed and develop management strategies for its protection and restoration.

2. MIDDLE RIVER PLANNING REGION

The Middle River has a number of problem areas associated with flooding, erosion, channel instability, loss of habitat and water quality.

Accelerated runoff from the eastern portion of the region contributes to higher flows and flooding in the middle and western portions of the region. Despite the accelerated runoff, drainage systems in the eastern portion are undersized for the flow they receive. This contributes to the bank instability and erosion observed across the region. The accelerated runoff also creates low flow conditions in the region that do not adequately support aquatic life, as is evident by the presence of impaired areas on the river.

Issues unique to the Middle River include the need to establish or update floodplain maps near Newfolden, certify the municipal levees in place and improve ditch maintenance to keep up with ongoing sedimentation. The recertification of levees in Argyle began in 2012, was continued in 2013 and is scheduled to be completed in 2014.

Snake & Middle River WRAP

Through a grant from the MPCA, the District hired RESPEC, Inc. in 2013 to conduct the WRAP process to assess the current health of Middle and Snake River watersheds and develop management strategies for its protection and restoration.

3. SNAKE RIVER PLANNING REGION

Overland flooding, channel instability and insufficient channel size are persistent problems on the Snake River. Channel improvements and restoration projects are needed along the Snake River and contributing ditches and coulees to remove sediment and debris, to stabilize stream banks and to prepare the stream to handle the flows without floodwaters spilling over the banks.

There is need for storage to address accelerated runoff from the eastern portions and flow restrictions caused by ice or snow in the channel or culverts during spring melt, and to design spillways to prevent road washouts. Recertification of the municipal levee in Alvarado continued through 2013 and is scheduled to be completed in 2014.

There is concern about soil erosion caused by wind, conversion of CRP land and the farming of riparian buffer strips.

Wildlife management issues include:

- clarification of DNR permits/requirements when cleaning Protected Waters, ditches and streams
- request to shift emphasis from managing public land from waterfowl to all wildlife species
- the affect low base-flow conditions have on fish habitat.

Status of Snake River Projects

Agassiz Valley Water Resources Management Project

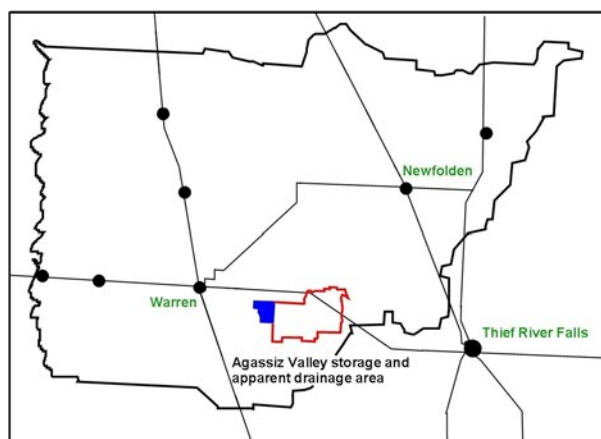


AVWRMP looking to the southeast from the outlet
at the northwest corner into JD #25-1

The Agassiz Valley Water Resource Management Project (AVWRMP) was developed as the result of the Mediation Agreement between the State of Minnesota and the Red River Watershed Management Board. The project was one of four funded by the State Legislature at a cost share of 75% State and 25% local. A multi-purpose project, it combines flood control and environmental enhancement features. Groundbreaking for the project was held June 24, 2008 and the entire flood control project was operational in the spring of 2010.

PROJECT STATISTICS:

Drainage Area:	(sq mi)	31.6
Total Floodwater Storage:	(ac ft)	10,670=6.4 inches of runoff
Gated Flood Storage:	(ac ft)	6,840= 4.1 inches of runoff
Temporary Flood Storage:	(acft)	3,830=2.3 inches of runoff
Approximate Land Requirements:		2,700 acres
Prairie and emergent wetland areas:		~ 480 acres
Estimated Total Cost:		\$10,700,000



Agassiz Valley Water Resources Management Project
Project Location and Drainage Area

The AVWRMP occupies approximately four sections of land (2,600 acres) in Marshall and Polk Counties, Minnesota. The impoundment temporarily stores floodwater originating in the drainage area of Judicial Ditch #25-1. The structure is an off-channel impoundment in the vicinity of section 7 of Comstock (Strip) Township, section 12 of McCrea Strip Township in Marshall County and sections 7 and 18 of Helgeland Township, sections 12 and 13 of Brislet Township in Polk County. The project includes the construction of approximately 5.25 miles of embankment; associated inlet and outlet work; approximately 5.5 miles of inlet channels and approximately 2 miles of bypass channel.

This project has a significant impact in reducing flood damages in the Snake River Basin and also reduces flood damages in the Red River Basin, although to a lesser degree.

In addition to providing significant flood control and water quality benefits, the project provides grassland and woodland habitat, increased species diversity, educational and recreational opportunities, interpretive trails and overlooks, and a summer base flow augmentation for the Snake River.

In the summer of 2013, the Flood Damage Reduction Group funded a vegetation survey of the mitigated wetlands at AVWMP. The goal of this annual survey is to improve understanding of wetland habitats in the project area, to document changes in wetland habitats over time, and to document the response following periodic inundation events and restoration efforts.

In the fall of 2013, the Army Corps of Engineers, MPCA and DNR issued permits allowing the District to clean the outlet channel downstream from AVWRMP. This will improve the flow of water from the augmentation pool to the South Branch of the Snake River.

Throughout 2013, increasing numbers of local and out-of-town photographers, birdwatchers, nature enthusiasts and hikers used the “wildlife drive” on top of the dike at AVWRMP. The District hosted the Agassiz Audubon annual meeting, university student projects, the UND Community Connect “Warren Forum” field trip and the OLLI program. AVWRMP was a featured stop on the Detroit Lakes Birding Festival international birding tour.

In 2013, activities at the Agassiz Valley project consisted of habitat maintenance, wetlands vegetation monitoring and educational tours. University of Minnesota – Crookston students created a facebook page for this project: www.facebook.com/AgassizValley.

Snake River PL-566 Project

Throughout its history, the City of Warren has endured numerous floods. In 1996 and 1997, the city suffered 3 major floods that caused an estimated \$12.7 million dollars in damages. The late Mayor of the City of Warren, Richard P Nelson had a dream to spare his City from more years of ravaging floods from the Snake River. Mr. Nelson recognized the opportunity provided by the USDA/NRCS Small Watershed Program, and set out to make his dream become a reality.



In 1997, the City of Warren and the Middle Snake Tamarac Rivers Watershed District, the local sponsors of the project, asked the Natural Resources Conservation Service (NRCS) for assistance on planning and construction on the Snake River Watershed Project.

In November 1999, project plan consisted of 4 phases of construction: the lower mile of the floodway and outlet chute, the off-channel floodwater storage site, the Snake River diversion structure and upper 3 miles of floodway, and the establishment of the mitigation features.

In 2000, the Middle Snake Tamarac Rivers Watershed District held two public hearings and unanimously passed the Order for the Establishment of the PL-566 Project.

The Snake River PL-566 Project groundbreaking ceremony “*Soaring to a Bright Future*” was held on October 26, 2001.

Richard P. Nelson did not witness the benefits that this project would provide to the citizens of the City of Warren and the surrounding areas, due to his untimely passing away in 2006.

Although the project was not totally complete, it was operational in the spring of 2006 and it saved the City of Warren from flooding and an NRCS estimate of approximately \$8.7 million in flood damages to the immediate area.

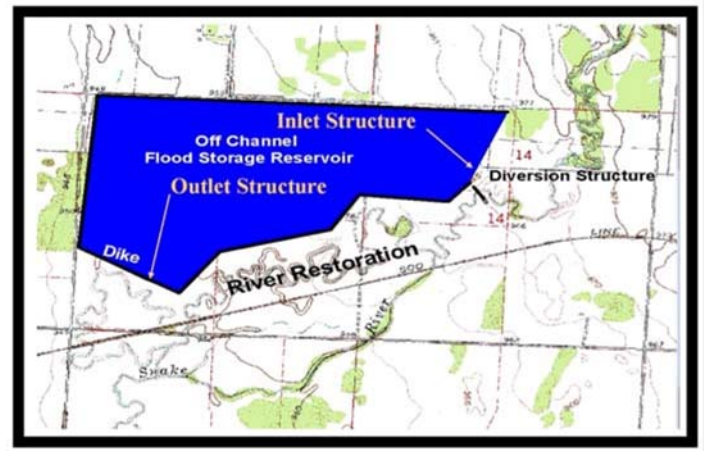
Phase 1 of the Snake River PL-566 Project consisted of the construction of the lower 4,000 feet of floodway and the outlet chute, in Section 2 of Boxville Twp, Marshall County. Construction began in November 2001 and was completed in August 2002.



Phase 2: Construction on the Off-Channel Floodwater Storage Area, located in sections 14 & 15 of Comstock Twp, Marshall County began in 2002. The purpose of this impoundment is to offset and mitigate downstream impact of the diversion. The impoundment was operational in 2004, ready to receive waters from approximately 57 square miles of drainage area. The storage site covers approximately 550 acres with a flood pool storage capability of about 6800 acre/ft. The earth embankment is approximately 4.5 miles in length, with the highest section approximately 22.5 feet high.

More than 1.3 million cubic yards of earth was used to construct the embankment.

Phase 3: Construction of the Snake River Diversion Structure, the upper 3 miles of floodway, three highway and two railroad crossings. Each road crossing was comprised of triple lines of 16' span x 10' rise precast concrete box culverts. The culverts are located on Minnesota Highway #1, US Highway 75 and Marshall County State Aid Highway #15.



Phase 4: The Mitigation Plan included mitigating the loss of directly and indirectly impacted wetland acres, as well as 7 acres of impacted forest affected by the construction of the Project.

With assistance from the Natural Resource Conservation Service, the District designed “Wetmore”, a 74.9 acre covenanted area within the Off-Channel Storage Site to offset the loss of the 38.73 impacted wetland acres. The District also established a 7 acre covenanted tree site to mitigate the 7 acres of impacted forest. This work was completed in 2008.

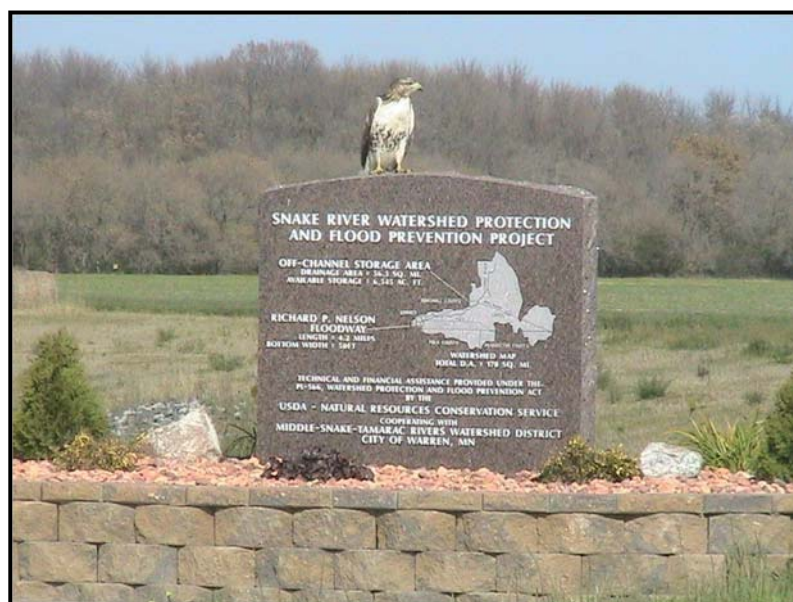


“WETMORE”

The Watershed District also constructed the Rock Riffle Project to stabilize erosion at the upstream inlet to the Off- Channel Storage Site.

The project was officially dedicated in the summer of 2010. The Natural Resources Conservation Service and the Middle Snake Tamarac Rivers Watershed District provided funding for the landscaping of the Richard P. Nelson monument.

In the summer of 2013, the District accepted bids for haying the diversion. District staff led tours of the diversion for college students. Volunteers monitored the Eastern Bluebird nest boxes installed along the access road on the north side of Minnesota Hwy 1.



4. MELGARD-SWIFT COULEE PLANNING REGION

The Melgard Coulee starts in the Radium area and flows west to County Ditch #21 and then to the Snake River. The Swift Coulee begins southeast of the Old Mill State Park and then flows southeast to US Hwy 75 for two more miles, then into County Ditch #3. The Minnesota DNR lists both coulees as “Protected Waters.”

Overland flooding is the major concern in this region, particularly in the vicinity of CSAH3 and TH 75. There are concerns about channel instability and capacity in the areas of CD3 and along the Melgard and Swift coulee channels.

Soil erosion caused by water and wind has been deposited in the channel beds. The process is exacerbated by the conversion of CRP land and the farming of riparian buffer strips, resulting in the need for more frequent channel maintenance.

Additional storage is likely needed to correct accelerated runoff timing and mitigate both minimum and peak flows.



Swift Coulee Project Team

The District held its first Swift Coulee / County Ditch #3 Project Team meeting in 2009. The purpose was to seek input from individuals, stakeholders and agencies in the process of defining water problems and solutions. No meetings were held 2010 – 2013.

5. ANGUS-OSLO PLANNING REGION

Overland flooding, channel stability, soil erosion and ditch maintenance are issues in this planning region. Specific problem areas include CD 43, CD 44, JD 1, CD 175 and JD 75. During flood events access to the city of Oslo is limited, and roads in Angus and Tabor Townships are under water. The channelization of streams in this region has reduced aquatic habitat diversity.

Status of Angus Oslo Projects

Angus Oslo #4 Impoundment



In December 1994, the Board of Managers initiated a petition by resolution for a new project to establish an off-channel impoundment in the vicinity of Sections 3 and 10 of Brandt Township, Polk County, Minnesota. Construction of the impoundment started in 1999 and has been operational since 2001. The Project site (approximately 960 acres) is located 30 channel miles upstream of the Red River of the North. The total estimated cost of the project is \$3.3 million.



ANGUS OSLO # 4 – Outlet Structure

The Red River Watershed Management Board funded approximately 85% of the cost of Angus Oslo #4 Project construction costs. The Watershed paid approximately 15%, with additional funding from a State of Minnesota Flood Damage Reduction Program Grant.

PROJECT STATISTICS		
Top of Dam		
Elevation	(ft-msl)	958.0
Storage	(ac-ft)	8068
Emergency Spillway		
Elevation	(ft-msl)	956.2
Storage	(ac-ft)	6431
Primary Spillway		
Elevation	(ft-msl)	954.0
Storage	(ac-ft)	4505
Gated Flood Control		
Storage	(ac-ft)	4505
Runoff	(inches)	3.62
Weir Flood Control		
Storage	(ac-ft)	1926
Runoff	(inches)	1.55
Drainage Area	(sq mi)	23.35

The drainage area above the project is approximately 23.4 square miles. The project can store 4,500 acre-feet of water (5.2 inches of runoff) - up to the emergency spillway.

The inlet structure is a 12' x 8' reinforced concrete box culvert and the outlet structure is a two-stage outlet with the lower stage a 48" reinforced concrete box culvert. The embankment length is approximately 5 miles and consists of approximately 750,000 cubic yards of earthen fill.

At the request of a landowner in 2012, project funds were used to re-grade 1.5 miles of township road ditch in sections 2 and 11 Brandt Township along the east line of the project. The ditch bottom was raised to allow for improved drainage to the southeast corner of the project.

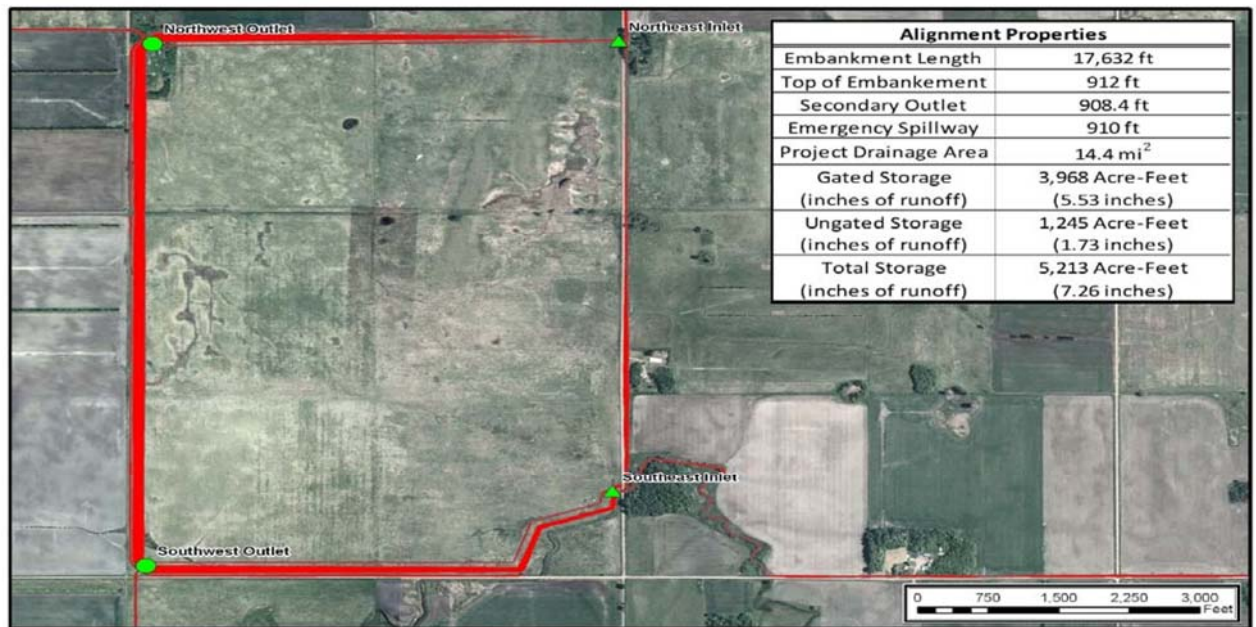
In 2013, activities at the Angus Oslo #4 project consisted of habitat maintenance (spraying brush) and educational tours. University of Minnesota – Crookston students created a facebook page for this project: www.facebook.com/Angus-Oslo#4.

Brandt/Angus Coulee Project



The Brandt/Angus impoundment is a multi-purpose off channel flood control project combining both flood control and environmental enhancement features.

Brandt/Angus occupies approximately 1.5 sections of land (960 acres) 3.5 miles southeast of Angus, Minnesota in Polk County. The impoundment can hold 5,213 acre-feet of water (3,968 acre feet of gated and 1,245 of un-gated to the emergency spillway) from a calculated 7.26" of runoff.



The primary purpose of the Brandt-Angus project is to reduce flood damages downstream, prevent damage to rural homes and structures, to reduce the frequency of summer storm flooding of agricultural land and to maintain/enhance the natural stream habitat in the Brandt Angus Coulee. The project provides flood flow reduction from an area of approximately 11 square miles plus environment enhancement features such as wet prairies, stream restoration and water quality benefits.



Brandt-Angus Impoundment

Secondary goals include reducing peak discharges, flood stages, and flood duration in the Angus/Oslo subwatershed and the legal drainage systems downstream to the Red River of the North. Another significant feature of the project is the restoration of the Brandt Angus Coulee.

Brandt/Angus Project partners are the Red River Watershed Management Board, the State of Minnesota Department of Natural Resources through the Flood Damage Reduction Program and the Middle Snake Tamarac Rivers Watershed District.

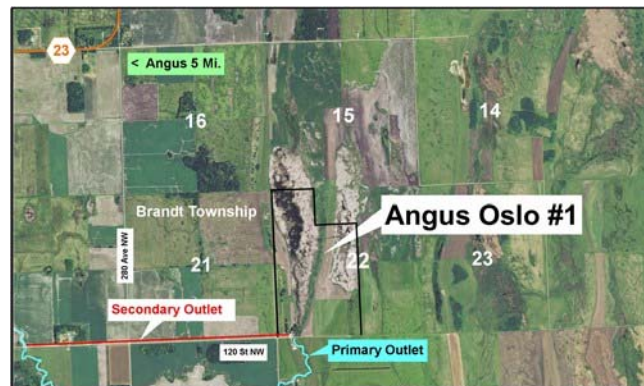
In 2010, the Project received Step II approval from the Red River Water Management Board and entered into a Flood Damage Reduction grant agreement with the Minnesota Department of Natural Resources. With the natural resource enhancements that have been incorporated into the project a 65% State 35% local cost share was obtained.

In addition the District was able to utilize the Natural Resource Conservation Service Wetland Restoration Program to offset land acquisition costs. Over (575) five hundred seventy five acres were enrolled into a conservation easement at a savings of over (\$450,000) four hundred fifty thousand dollars to the Project.

More than 90% of the project was completed in 2012. Final construction was completed in 2013. The southwest corner was seeded, and monitoring of the wetlands mitigation site began.

Other activities at the Brandt Angus project this year included habitat maintenance and educational tours. University of Minnesota – Crookston students created a facebook page for this project: www.facebook.com/BrandtAngusImpoundment.

Angus Oslo Site #1 Impoundment



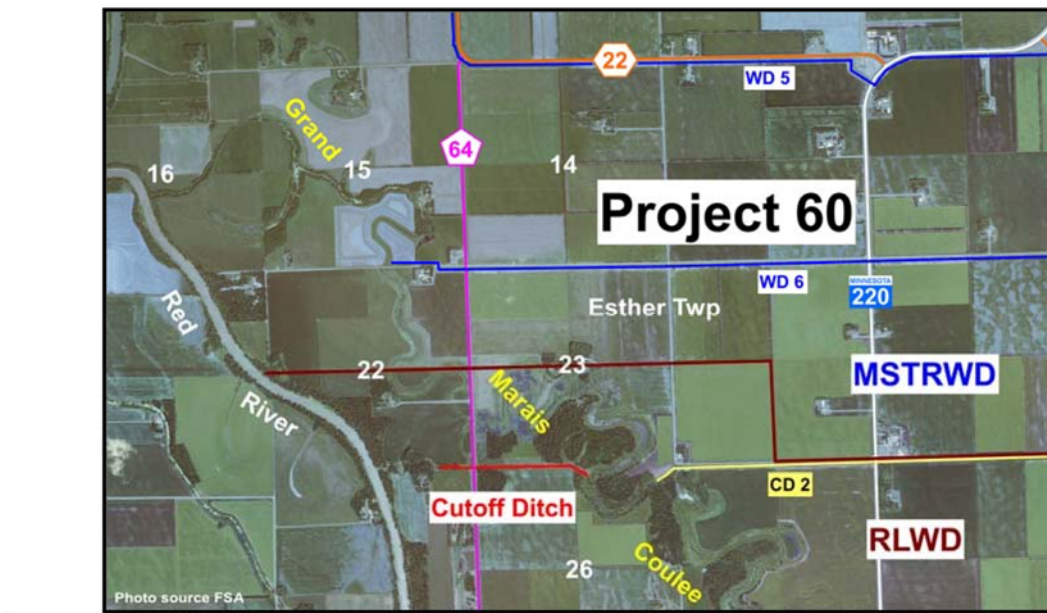
The Board of Managers of the Middle River Snake River Watershed District (now the Middle Snake Tamarac Rivers Watershed District) established the Angus Oslo Site #1 Impoundment in 1982. Primarily a flood control project, Angus-Oslo #1 also provides incidental wildlife benefits.



SELECTED STATISTICS		
100 yr		
Storage	(ft.-msl)	941.8
Volume	(ac-ft)	570
10 yr		
Storage	(ft.-msl)	940.8
Volume	(ac-ft)	340
Gated Storage		
Storage	(ft.-msl)	940.5
Volume	(ac-ft)	295
Drainage area	(sq mi)	3.1

The project included construction of the outlet structure and land acquisition. The affected area includes a wetland area totaling approximately 125 acres and approximately 145 acres of cropland. Completed in 1983, the \$152,000 project was funded by the Legislative Commission on Minnesota Resources (LCMR), the Red River Watershed Management Board and the Middle River Snake River Watershed District project fund.

Project 60 – Grand Marais Coulee



As part of Governor Pawlenty's 2003 Clean Water Initiative, the Red Lake Watershed District and the Middle Snake Tamarac Rivers Watershed entered into a Joint Powers Agreement and proposed the restoration of the original meander (~6 miles) of the Grand Marais Coulee in Esther Township, Polk County, Minnesota.

The original Grand Marais coulee was abandoned in the early 1900s. By re-establishing the flow characteristics of the original Grand Marais channel the excessive erosion and bank failures of the public drainage ditch should be significantly reduced. Also, the restoration of the coulee will enhance

the natural resources within the coulee corridor. The primary purpose is to benefit and enhance water quality and natural resources.

As local sponsor and project proposers, the Red Lake Watershed District/Middle Snake Tamarac Rivers Watershed District Joint Board initiated an environmental review by the preparation of a mandatory Environmental Assessment Worksheet to determine if the project had the potential for significant environmental effects.

Most of the “cut channel” was completed in 2012. This stabilizes the channel that outlets into the Red River of the North. The entire phase was completed in 2013 at an estimated cost of \$1 million.

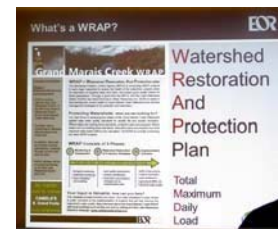
The second phase, “Channel Restoration” of the Grand Marais Coulee started in 2013 with approximately 80% of the works being completed. This restoration will improve fish passage from the Red River of the North upstream to the old Grand Marais Coulee that had been redirected in the early 1900's. The remainder of the construction is scheduled for completion in July 2014.

The “Diversion Structure” in the “Cut Channel” - the structure that forces two year flows past the “Cut Channel” down the newly restored channel of the Grand Marais Coulee - will be completed in the fall of 2014. This feature will allow high flows to continue west into the Red River of the North, while permitting low flows to continue north down the restored coulee. The total cost of the Project will be approximately \$5.8 Million. The final phase of the Project will be the establishment of 390 acres of native grasses in the Reinvest in Minnesota (RIM) program.



Grand Marais WRAP

Through a grant from the MPCA, the Red Lake Watershed hired Emmons & Olivier Resources, Inc. (EOR) to assist in documenting the current health of Grand Marais Creek Watershed and to develop management strategies for its protection and restoration. The first public meeting was held in East Grand Forks in April.



STREAM MAINTENANCE

In the winter of 2012-2013, the District contracted with the Tri County Community Corrections *Sentence-to-Serve* program to remove deadfall and debris identified by landowners from rivers and streams.

JUDICIAL DRAINAGE SYSTEMS

Starting in 1973, when the jurisdiction of the judicial drainage systems within the District was transferred by the District Court to the Board of Managers, the Board has been responsible for the maintenance and repair of legal drainage systems. Since that time a number of additional drainage systems have been transferred to the District and a number of proceedings have been held concerning the establishment of legal drainage systems.

The following table lists the legal drainage systems under the jurisdiction of the Board of Managers of the Middle-Snake-Tamarac Rivers Watershed District.

Drainage System	Date Established	Approximate Length (Miles)
JD 1	1903	16
JD 14	1912	30
JD 15	1911	39
JD 16	1910	11
JD 17	1910	6.5
JD 20	1910	36
JD 21	1910	13.5
JD 24	1911	3.5
JD 25-1	1912	12.5
JD 25-2	1912	17
JD 28	1913	16
JD 29	1917	40
JD 68	1919	1.5
JD 75	1928	21
MCD 1	1902 Became part of JD 29 in 1917	18.5
MCD 4	1902	2.5
MCD 4	Re-named to WD #4 in 1987	2.5
MCD 39	1948	2.5
MCD 39 Improvement	1996	.04
MCD 44 L7	1967 Re-named to WD 7 in 1999	3.25
PCD 175	1969	12
SD 3	1903	6
SD 5	1896	3
WD 1	Not constructed	
WD 2	1992	1
WD 3	Project dismissed	
WD 4	1990 Benefits re-determined	2
WD 5	1999	14
WD 7	1999	12.8
WD 7 Improvement	2000	.12
PCD 43	1903	10
PCD 44	1904	5

DRAINAGE SYSTEM MAINTENANCE

The District maintains the legal drainage systems under its jurisdiction, and follows a maintenance schedule for individual ditch systems. Mowing and spraying is used to control brush and weeds.

Larger trees are brushed, beaver and beaver dams are removed where necessary, sediment is removed on a regular basis and culverts are replaced when needed.

In 2009, the District entered into a Ditch Maintenance agreement with the Minnesota Board of Water and Soil Resources to upgrade ditch maintenance filling systems, this grant was completed in December 2010.



To control brush and weeds in 2013, the District hired contractors to spray legal drainage ditches under its jurisdiction. Ground and helicopter applicators sprayed a combined total of 85 miles of ditches.

In addition, the District mowed approximately 150 of the legal drainage systems and projects under its jurisdiction to control weeds and brush.

Approximately 2.25 miles of grass strip was seeding this year.



Beaver and their dams continue to be a problem in drainage systems and in project areas. In 2013, contractors removed 70 beaver (along with their dams and associated debris) from ditches, culverts and impoundment areas.

Redeterminations of Benefits

The Judicial Ditch #14 Redetermination of Benefits process began this year. This system has 30 miles of ditch, and much of it does not follow section lines. The topography of this area includes many beach ridges, consequently the branches are on the east side of the ridges and cross numerous property lines. There is also an abundance of smaller parcels, so the number of landowners in the Property Owner's Report is quite extensive.

The Redetermination will continue into 2014. It is thought that the Viewers and the District's engineering company, Houston Engineering, will have their tasks completed in the spring of 2014. A Public Hearing will be held in the spring.

The Judicial Ditch #25-1 Redetermination of Benefits, approved in 2012, is currently under appeal in District Court. Through discussions with legal representation we believe this matter will be resolved in 2014.

RED RIVER WATERSHED MANAGEMENT BOARD



In December 2013, Ronald Osowski of Oslo, past chairman of the MSTRWD Board of Managers, retired as the District representative to the Red River Watershed Management Board. Ben Kleinwachter was appointed to be the new MSTRWD representative.

The Middle Snake Tamarac Rivers Watershed District is a member of the Red River Watershed District. As a member, the District coordinates with the RRWMB on the following projects:

- The District cost-shares with the RRWMB on Flood Damage Reduction Projects.
- The District supports the RRWMB River Watch program with high schools in the Red River Basin. Students from WAO, Marshall Central and SAC collect water samples in the District.
- The District partners with the RRWMB on cost sharing with the US Geological Survey in the maintenance and operation of stream gauges.
- In 2010, the RRWMB entered into an agreement with the Red River Joint water resources Board in North Dakota to form the Red River Retention authority (RRR) whose purpose is to seek funds to construct flood retention projects on both sides of the Red River of the North.

MARSHALL COUNTY WATER RESOURCES ADVISORY COMMITTEE

The District is a member of the Marshall County Water Resources Advisory Committee (WRAC). District staff attends quarterly WRAC meetings along with landowner and Marshall County Township Association representatives and staff from the Minnesota Pollution Control Agency, Red Lake Watershed District, the Soil & Water Conservation District, the Natural Resources Conservation Services, US Fish & Wildlife Service, Board of Water and Soil Resources, Minnesota DNR and the Marshall County Commissioners.

EDUCATION & OUTREACH

District staff provided tours of MSTRWD flood control projects for college and high school students, birdwatchers, community groups, outdoor recreation clubs and tourists.



The District hosted two University of North Dakota bus tours to the Agassiz Valley during the University of North Dakota

Office of Community Engagement's "Community Connect Program" held in Warren in April.



MSTRWD and Agassiz Audubon continued to collaborate on the Community Nest Watch program. This year, Kittson Central High School students constructed 15 American Kestrel nest boxes. PKM Electric Co-operative donated "retired" power poles and both PKM and Otter Tail Power installed poles and boxes in Marshall, Kittson and Polk Counties. Employees of Enbridge and Viking Gas as well as UMC students and local residents volunteered to monitor the boxes. Kestrels laid eggs in three boxes (one each in Humboldt, Kennedy and Warren). Raptor researcher Tim Driscoll banded 8 birds (7 nestlings and 1 adult). This year, the banding "event" drew an audience of more than 40 on-lookers, including Valley News Live television.



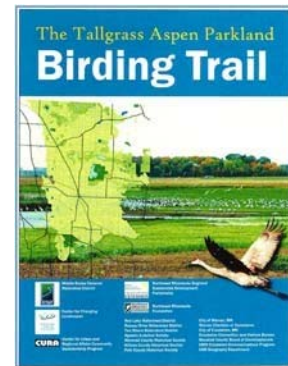
Watershed staff and Agassiz Audubon hosted tours of the Agassiz Valley Water Resources Management Project for the Detroit Lakes Birding Festival, the Detroit Lakes Birding Club, members of the Minnesota Ornithologists Union and the University of North Dakota's OLLI program.



In the fall, University of Minnesota Crookston students toured the Richard Nelson Floodway, Angus Oslo #4 Flood Control Project, and the Agassiz Valley Water Resource Management Project. Students in the UMC “Writing in Your Profession” class created facebook pages, a blog and other marketing collaterals promoting outdoor recreation at the impoundments. Students in the University of North Dakota’s graduate Geography Department created a visitor questionnaire, and a report on the geography of the beach ridge that borders the west side of the Agassiz Valley Project.



Co-Administrator Danny Omdahl shows University of Minnesota design student Erin Garnass-Holmes where the birds are in the MSTRWD



MSTRWD applied to the Center for Urban and Regional Affairs at the University of Minnesota for a graduate student to work on a tourism project – a birding trail - to connect flood control projects east of the US Highway 75 corridor in the Middle-Snake-Tamarac, Red Lake, Two Rivers and Roseau River Watershed Districts as an “Aspen Parkland Birding Trail.” University of Minnesota student Erin Garnass-Holmes delivered his report in December, 2013.



Students from Warren-Alvarado-Oslo High School (Kevin Johnson, Science Teacher), Stephen-Argyle Central (Gary Kotts, Science Teacher) and Marshall County Central (Josh Tharaldson, Science Teacher) continued to monitor the Middle, Snake and Tamarac Rivers as part of the River Watch program.



Audubon Minnesota concluded their two-year pilot project – a survey of birds using the impoundments. The Prairie Pothole Joint Venture and the Red River Basin Flood Damage Reduction Work Group funded the study.

In the News

Feature stories about the Middle Snake Tamarac Rivers Watershed District and its activities appeared in the local and area news media in 2013 – including WDAZ-TV News, Valley News Live Television, Grand Forks Herald as well as in local and weekly newspapers and agency publications.



WARREN SHEAF

\$1.00

VOLUME CXXXIII NUMBER 13 (USPS 666-420) P.O. BOX 45, WARREN, MN 56762 email: warrensheaf@mcncable.net
WEDNESDAY, MARCH 27, 2013 14 PAGES PLUS SUPPLEMENTS

With Flood Protection, Warren Residents Breathe Easier

After a cold and snow-filled winter, talk in communities along the Red River inevitably turns to spring flood predictions, and for some, flood preparations. This year's combination of a large amount of snow, a late melting date and the possibility of rain could result in a major flood event.

Flooding is not uncommon along the tributaries of the Red River, including the Snake River in Warren. But when the Snake overflowed its banks three times in 12 months – in April 1996, May 1996 and again in April 1997 – the resulting property damages – nearly \$13 million – literally crippled the City of Warren.

It was after the floods of 1996 and 1997, the City of Warren and the Middle-Snake-Tamarac Rivers Watershed District (MSTRWD) worked with the Natural Resources Conservation Service (NRCS) to create a plan to protect the city. The plan was to build a water retention impoundment east of the city and a river diversion (a floodway) around the city.

The diversion – now known as the Richard P. Nelson Floodway – would direct floodwaters into a 5-mile long ditch, which would skirt the city, lessening the amount of water in the Snake River that flows through Warren – and the amount of water flowing overland.

The 540-acre “gated” impoundment near Radium would reduce the flow of floodwaters, help offset adverse impacts down stream and hold back water in a constructed “lake.” After the Snake River crested, water held back in the impoundment would be released slowly over time, back into the Snake River.

The late Richard Nelson, mayor of Warren at the time, tirelessly worked the halls of the U.S. Congress and the Minnesota State Legislature lobbying for project funding.

Most of the funds for this project came from the federal government and the State of Minnesota. The USDA-Natural Resources Conservation Service (NRCS) provided \$12.8 million. The State of Minnesota provided \$6.2 million. The rest, a total of \$27.1 million, came from the City of Warren.

Construction began in 2001, but the project was not fully operational before another flood threatened Warren in 2006. The Watershed District was able to divert the floodwaters into the diversion. Despite some minor flooding, the city was spared.

“Even though the flood gates at the diversion had not been installed, the NRCS estimated that the ditch alone saved Warren residents \$8.7 million in flood damages,” said Danny Omdahl of the MSTRWD.

The project provided another benefit to property owners in June 2007, when the Federal Emergency Management Agency issued a “Letter of Map Revision” (LOMA). This map revision took the city out of the 500-year floodplain, eliminating the need for Warren residents to purchase costly flood insurance.

Shannon Mortenson, Warren city administrator, informs, “After the floods of ‘96 and ‘97, any building permits that were issued mandated that any structure built had to be elevated above the floodplain (4-5 feet) or more to be permitted in the city. With the completion of the diversion, the city was taken out of the floodplain and building could resume at normal elevations. There was a huge surge in building after the completion. Residents no longer need to be concerned with the high cost of flood insurance that was once mandatory in Warren. Since the diversion took away the risk of future flooding, people are moving into the city.”

“Warren is seeing unprecedented growth at this time. Because

flood diversion has been a god-send to the community.”

According to the NRCS, PL-566 has generated more than \$1.26 million in annual benefits for the Warren community, including soil erosion savings, water conservation, road and bridge damage reduction, wetland-upland wildlife habitat creation, recreation and personal property protection.

In 2008, the watershed district started construction on a new impoundment to hold floodwaters flowing into the Snake River: the 4-square mile Agassiz Valley Water Resources and Management Project. Operational in 2010, “the Agassiz Valley project has helped make the floodway more effective in protecting Warren while

Flood – Cont. on Page 14



AGASSIZ VALLEY IMPOUNDMENT — This is an aerial view of the Agassiz Valley impoundment, which became operational in 2010. After three Warren floods in 1996 and 1997, the City of Warren and the Middle-Snake Tamarac Rivers Watershed District worked with the Natural Resources Conservation Service to create a plan to protect the city from overland

impoundment in Comstock Township and a river diversion around Warren. Construction on the project began in 2001 and was completed in 2007. Another project, the Agassiz Valley Impoundment, also reduces the flow on the Snake River. Construction began in 2008. The impoundments are designed to temporarily hold flood water, which is slowly released later, when



submitted photo
Rodger Hemphill (left) and Mike Majeski (right) of the Oakdale consulting firm Emmons & Oliver, spent the last week in August collecting geomorphology data in the Grand Marais Creek Watershed - which on the list of impaired rivers in the State of Minnesota. One of the study sites is west of the Kongsvinger Lutheran Church in northwestern Polk County. The field data Hemphill and Majeski collected will help scientists assess the health of streams and ditches - and determine what improvements are needed. The Minnesota Pollution Control Agency is funding this fieldwork in the Middle-Snake-Tamarac Rivers and the Red Lake River Watershed Districts.



Agassiz Valley project offers more than just flood reduction

October 2013 Snapshots

Three years after the Agassiz Valley Water Resources Management project (Agassiz Valley project) became operational, the benefits have far surpassed what the project team could ever have imagined.

Constructed after three debilitating floods struck the city of Warren, Minnesota (1996-1997), the \$10.7 million project spans four square miles and services a drainage area of 32 square miles.

The project team started work on Agassiz Valley more than 10 years ago. The team was comprised of representatives from the Middle-Snake-Tamarac Rivers Watershed District, Board of Water and Soil Resources, Department of Natural Resources, the Minnesota Pollution Control Agency, Natural Resources Conservation Service, Army Corps of Engineers, Polk Soil and Water Conservation District, Marshall County, Agassiz Audubon Society and landowners.

"It took a long time, but we achieved our goals," said Danny Omdahl, the Middle-Snake-Tamarac Rivers Watershed District co-administrator. "There's been a significant decrease in water, and downstream landowners, township officials and city employees say flood damage to farmland, roads and infrastructure has been significantly reduced."

While flood control has always been first and foremost, the project work team had other goals too: low flow augmentation, wetland prairie restoration, education and recreation, field research and maintaining



Picture: University of North Dakota students conduct a bird survey at Agassiz Valley in 2012.

Since the project was operational in 2010, numerous public use activities have been encouraged, including:

NORTHERN WATCH

"Northwest Minnesota's Regional Newspaper"

Vol. 23, No. 46 \$1.00

Saturday, November 16, 2013

324 Main Ave. N., Thief River Falls, MN 56701

<http://www.nwatch.com>

Grant to help assess birding trail options

The Middle-Snake-Tamarac Rivers Watershed District has received a \$16,800 grant from the Northwest Minnesota Foundation's Natural Resource Program to assess the impact birding enthusiasts may have in the region.

The Middle-Snake-Tamarac Watershed District is one of nine districts managed by the Red River Watershed Management Board. These local districts oversee flood water impoundments that store and slowly release water to prevent overland flooding. Staff and local residents found these holding ponds attract a wide variety of wildlife.

"The primary purpose of these impoundments is to protect communities, infrastructure and personal property from devastating

floods," said Nick Drees, MSTR Watershed District co-administrator.

"The Watershed District never thought of the impoundments as a nature tourism destination, but its happening. The impoundments have become a haven for an incredible diversity of wildlife. Birdwatchers, photographers and other wildlife enthusiasts go where the wildlife is - and they spend money in communities nearby. For example, the economic impact of the four-week sandhill crane watching season in Nebraska is estimated to be \$30 million a year. Our birding trail project will identify what we can do to create a world-class destination at the impoundments - for both tourists and local residents."

This potential birding (Continued on Page 8)

(Continued from Page 1) trail would link the communities of Crookston, Euclid, Angus, Warren, Alvarado, Stephen, Donaldson, Kennedy and Hallock along U.S. Highway 75. The end result will be a concept master plan for connecting these communities. This plan will address possible facility needs, assess the potential number of visitors, and look at ways to find signage. A bird trail map and guide will also be produced as part of the work.

"We've had nearly a thousand visitors to the Agassiz Valley project over the past three years," said Danny Omdahl, MSTR Watershed District co-administrator. "We've hosted 4-H clubs, Girl Scouts and Boy Scouts - including a camporee. We've provided tours for community groups, university students and local schools. While most of our visitors are from local communities and the Grand Forks area, we're starting to see more out-of-town birders and organized tours. Last spring, for example, the Detroit Lakes Birding Festival brought a bus full of birders from all over the country to Agassiz Valley - and it's on the schedule again in 2014."

The area is unique to visitors and home to others. "Northwest Minnesota is the only place in the entire United States where you can experience the Tallgrass Aspen Parkland biome, which harbors more species of breeding birds than any other physiographic area on the continent," said Heidi Hughes, Birding Trail Project coordinator for the MSTR Watershed District. "Connecting the impoundments with a birding trail will also raise awareness of this important biome - and connect visitors and residents to this unique landscape."

The project is also supported by the Center for Urban and Regional Affairs at the University of Minnesota, the Northwest Regional Sustainable Development Partnership at the University of Minnesota-Crookston, the University of North Dakota, and the Agassiz Audubon Society. Other local partners will provide technical assistance throughout the project.

"This type of collaborative planning between watershed districts is wonderful," said Nate Dorr, NMF program officer for grants. "Combine that with the expertise of all the partners involved, the project should be very comprehensive. We are eager to see the tourist potential around wildlife viewing here."

E2 Recreation Report

Dokken: E6

compass points

Grand Forks Herald
Sunday, September 29, 2013

GrandForksHerald.com

Proposed birding trail has promise

- Flood-control impoundments along U.S. Highway 75 are providing secondary benefits that could boost tourism

ANGUS, Minn. — The view from atop the new Brandt-Angus flood-control impoundment east of here was a birdwatcher's dream Thursday afternoon.

Sandhill cranes, hundreds of them; perhaps thousands.

"It's like central Nebraska," said Heidi Hughes, referring to the sandhill crane migration in the Platte River Valley that draws thousands of visitors to Nebraska annually. "And it's right here."

An avid birder, Hughes



Brad
Dokken

bdokken@gherald.com

The nearby Agassiz Valley Project impoundment last year was designated as a stop on the International Pine to Prairie Birding Trail, making it the first impoundment to be part of the route.

Thursday afternoon, Hughes hosted Marv

"We're not here as experts," Vogel said. "We're here as partners to learn about the potential for a birding trail. We're very impressed by the large number of entities that have said 'Yes, we're interested.'"

"I think the wildlife just... they saw it and they came," Hughes said. "There was a void there, and they took advantage of that."

The purpose of all these impoundments is flood control, but it's really nice to see the watersheds thinking about making these open to the public and nicer to be there."

Helping to connect

Lindy Kingery, executive director of the Northwest Regional Sustainable Development Partnership, said the birding trail could help people connect with the Tallgrass Aspen Parkland biome that bridges the gap between prairie and coniferous forest. Northwest Minnesota is the

PROJECTIONS FOR 2014

The IMPOUNDMENTS:

The District will continue to maintain the impoundments. Consultants will continue to survey vegetation on mitigated wetlands at Brandt-Angus and Agassiz Valley Water Resources Management Projects. The MSTRWD continues to work on proposals to fund habitat restoration projects, developing the birding trail sites and developing a field station and an outdoor classroom at the AVWRMP.

RED RIVER WATERSHED MANAGEMENT BOARD:

The District will continue to work with the Red Board in constructing flood control projects through the Mediation Agreement of 1998. The Middle Snake Tamarac Rivers WD is committed to the RRWMB goal of 20% reduction of peak flows on its tributaries into the Red River.

The District continues to support the River Watch Program and utilize them in the water monitoring of its flood control projects.

DITCH MAINTENANCE:

The MSTRWD will continue to respond to landowner requests for ditch maintenance on the legal drainage systems under the jurisdiction of the District, as well as continue its ditch maintenance program throughout the Watershed District; including, inspection for sediment, weeds, brush, beaver dams and other obstructions to flow.

STREAM MAINTENANCE:

The rivers and streams in the MSTRWD are important to the managing of surface water in the Middle Snake Tamarac Rivers WD. Thus, we plan to continue to assist landowners and agencies in the maintenance of these waters, using programs such as “Sentence to Serve.”

OUTREACH AND EDUCATION:

Several organizations have booked tours of the Agassiz Valley Water Resources Management Project in 2014, including the University of North Dakota OLLI program, University of Minnesota at Crookston and the Detroit Lakes Birding Festival. We will continue to “grow” the birding trail collaboration and expand programs and facilities at the Agassiz Valley project.

DITCH LEVIES

The following is a listing of the 2013 ditch levies for drainage systems under the jurisdiction of the Board of Managers and the “Independent Auditors Report” for the year ending December 31, 2013.

2013 Ditch Levies for Drainage Systems under the Jurisdiction of the Board of Managers

System	County	Portion	Year	Benefits	2013 Levy	
					%	(\$)
JD #1	Mar	13.56%	1992	497,195	1.00%	4,970
	Polk	86.44%	1992	3,168,795	4.00%	126,750
WD #2	Mar	100.00%	1991	40,513	0%	0
SD #3	Mar	100.00%	1958	98,435	5.00%	4,920
WD #4	Mar	73.33%	1991	97,791	0%	0
	Polk	26.67%	1991	35,575	0%	0
WD #5	Polk	100.00%	1998	2,568,049	0.50%	12,840
WD #5 BRF	Polk	100.00%	1998	2,568,049	5.77%	148,250
WD #6	Polk	100.00%	1998	1,940,736	0.50%	9,700
WD #6 BRF	Polk	100.00%	1998	1,940,736	4.90%	95,150
WD #7	Mar	58.40%	2000	304,504	4.00%	12,180
	Polk	41.60%	2000	34,063	2.00%	680
WD #7 Imp	Mar	58.40%	2000	76,133	0.00%	0
	Polk	41.60%	2000	54,237	2.00%	1,080
JD #14	Mar	68.80%	1913	44,935	25.00%	11,230
	Pen	31.20%	1913	20,375	25.00%	5,090
JD #15	Mar	100.00%	1980	1,535,665	0.50%	7,670
JD #16	Mar	100.00%	1987	929,352	1.00%	9,290
JD #17	Mar	6.48%	1982	43,470	0%	0
	Polk	93.52%	1982	627,149	0.25%	1,560
JD #20	Mar	100.00%	1985	2,354,906	0.00%	0
JD #21	Mar	100.00%	1985	279,838	0.00%	0
JD #24	Mar	72.78%	1990	247,353	0.00%	0
	Polk	27.22%	1990	92,494	0.00%	0
JD #25-1	Mar	34.81%	1912	17,204	22.00%	3,780
	Polk	65.19%	1912	32,218	10.00%	3,220
JD #25-2	Mar	9.21%	1989	70,810	0.00%	0
	Polk	55.66%	1989	427,954	1.00%	4,280
	Pen	35.13%	1989	270,062	0.00%	0
JD #28	Mar	100.00%	1913	55,990	5.00%	2,800
JD #29	Mar	100.00%	1981	2,237,910	1.00%	22,370
CD #39	Mar	100.00%	1990	125,681	3.00%	3,770
CD #39i	Mar	100.00%	1996	108,466	5.88%	6,370
CD #43	Polk	100.00%	1989	1,176,137	2.00%	23,520
CD #44	Polk	100.00%	1989	1,001,112	2.00%	20,020
JD #68	Polk	100.00%	1995	248,110	0.00%	0
JD #75	Polk	100.00%	1990	3,653,439	6.00%	219,200
JD #75BRF	Polk	100.00%	1990	3,653,439	2.79%	101,820
CD #175	Polk	100.00%	1997	1,180,524	0.00%	0
Totals				33,859,404		862,510
		Sub-totals	Mar	9,166,151		89,350
		Sub-totals	Polk	24,402,816		768,070
		Sub-totals	Pen	290,437		5,090
		Sub-totals	All 3	33,859,404		862,510

CONCLUSION

Completion of the Brandt Angus Coulee Project was the District's major accomplishment for the year. Though it was not completed in the spring (vegetation cover being the main factor) discussions were made between the Managers, the Project's designer HDR Engineering and staff to store the spring runoff. Staff was vigilant - monitoring water levels in the impoundment and the coulee both up and downstream from the Project.

Landowners voiced appreciation for the spring storage. The additional storage at Brandt Angus impoundment was sufficient to avert overtopping of roads downstream.

Stream maintenance along the Tamarac has been extensive. However, some areas may require additional work in the future.

The permitting of field drain tile slowed this year, perhaps commodity prices was a driving factor. The total number of permits was down also.

Litigation against the District is on-going. The District's legal representation has successfully satisfied these court actions.

If you have any questions concerning this or any other aspects of the District, please contact any of the Board of Managers or the District office.

INDEPENDENT AUDITOR'S REPORT



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Middle-Snake-Tamarac Rivers Watershed District
Warren, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Middle-Snake-Tamarac Rivers Watershed District as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements - modified cash basis accounting 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 the modified cash basis of accounting described in Note 1, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Middle-Snake-Tamarac Rivers Watershed District, as of December 31, 2013, and the respective changes in financial position thereof for the period then ended in conformity with the basis of accounting described in Note 1.

Emphasis of a Matter

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

Also discussed in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", as of and for the year ended December 31, 2013.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Middle-Snake-Tamarac Rivers Watershed District's basic financial statements. The accompanying supplementary statements and schedule as shown in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule and the supplementary statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

The Letter of Introduction and the management discussion and analysis section has not been subjected to the auditor procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

May 25, 2014

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Our discussion and analysis of the Middle-Snake-Tamarac Rivers Watershed District's final performance provides an overview of the District's financial activities for the fiscal period December 31, 2013, within the limitations of the District's modified cash basis of accounting. Please read it in conjunction with the District's financial statements that begin on page 50.

FINANCIAL HIGHLIGHTS

- The District's total revenues exceeded total expenditures, on the modified cash basis of accounting, by \$1,044,869 for the year.
- The general fund showed a decrease in fund balance in the amount of \$38,574.
- The District's General Fund ended the year with a fund balance of \$576,049.
- The District's combined fund balance at the close of the current year was \$3,283,002.

Using this Annual Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's modified cash basis of accounting.

Report Components

This annual report consists of five parts as follows:

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities on pages 49 & 50 provide information about the activities of the District government-wide (or "as a whole") and present a longer-term view of the District's finances.

Fund Financial Statements: The Fund financial statements (starting on page 51) focus on the individual parts of the District government. Fund financial statements also report the District's operations more in detail than the government-wide statements by providing information about the District's most significant ("major") funds. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

Notes to the Basic Financial Statements: The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide an expanded explanation and detail regarding the information reported in the statements.

Supplementary Information: This Management's Discussion and Analysis and the General Fund Budgetary Comparison Schedule (starting on page 63) represent financial information supplementary to the financial statements. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Supplementary Statements: This part of the annual report (starting on page 65) includes other supplemental financial information which is provided to address certain specific needs of various users of the District's annual report. These statements include Individual Fund Statements for Governmental Units.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

Basis of Accounting

The District has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the District's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except from unexpended grant funds.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the basic financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the District as a Whole

The District's Reporting Entity Presentation

This annual report includes all activities for which the Middle-Snake-Tamarac Rivers Watershed District Board of Directors is fiscally responsible. These activities, defined as the District's reporting entity, are operated within separate legal entities that make up the primary government. The District has no reportable component units.

The Government-Wide Statement of Net Position and the Statement of Activities

Our financial analysis of the District as a whole begins on page 46. The government-wide financial statements are presented on pages 49 & 50. One of the most important questions about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all of the District's assets and liabilities resulting from the use of the modified cash basis of accounting.

These two statements report the District's Net Position and changes in them. Keeping in mind the limitations of the modified cash basis of accounting, you can think of the District's Net Position-the difference between assets and liabilities-as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's Net Position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base and the condition of the District's infrastructure, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, the District has one type of activity:

Governmental Activities – The District's basic services are reported here, including the general administration and capital projects. Property taxes, state aids and state and federal grants finance most of these activities.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

The Fund Financial Statements

The fund financial statements begin on page 51 and provide detailed information about the most significant funds. Some funds are required to be established by state law and by bond covenants. However, the Board of Directors establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for causing certain taxes, grants and other money. The District's two kinds of funds - governmental and fiduciary - use different accounting approaches.

Governmental Funds – Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at period-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to assets and debt balances. The governmental funds statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you to determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The District considers the General Fund, and the various Capital Project Funds as significant or major governmental funds. All other governmental funds are aggregated in a single column entitled other governmental funds.

Fiduciary Funds – These fund types are often used to account for assets that are held in a trustee or fiduciary capacity such as pension plan assets, assets held per trust agreement and similar arrangements.

A FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position – Modified Cash Basis

The District's combined Net Position, resulting from modified cash basis transactions, increased \$1,044,869 between the years ending December 31, 2013 and 2012.

	Governmental Activities		Change
	2013	2012	12-13
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,798,670	\$ 3,753,801	\$ 1,044,869
Total Assets	<u>4,798,670</u>	<u>3,753,801</u>	<u>1,044,869</u>
<u>LIABILITIES</u>			
Due To RRWMB	<u>1,515,668</u>	<u>1,515,668</u>	<u>-</u>
Total Liabilities	<u>1,515,668</u>	<u>1,515,668</u>	<u>-</u>
<u>NET POSITION</u>			
Restricted for:			
Capital Projects	3,416,336	2,847,558	568,778
Debt Service	893,434	902,457	(9,023)
Unrestricted	<u>(1,026,767)</u>	<u>(1,511,882)</u>	<u>485,115</u>
Total Net Position	<u>\$ 3,283,002</u>	<u>\$ 2,238,133</u>	<u>\$ 1,044,869</u>

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

Changes in Net Position – Modified Cash Basis

For the years ended December 31, 2013 and 2012, Net Position of Middle-Snake-Tamarac Rivers Watershed District changed as follows:

	Governmental Activities		Change
	2013	2012	12-13
Revenues			
Program Revenues			
Charges for Services & Special Assessments	\$ 874,097	\$ 811,032	\$ 63,065
Operating Grants and Contributions	17,887	1,087	16,800
Capital Grants & Contributions	1,780,317	3,658,684	(1,878,367)
General Revenues			
Property Taxes	623,261	598,467	24,794
Intergovernmental	15,734	16,327	(593)
Investment Income	3,459	6,289	(2,830)
Total Revenues	<u>3,314,755</u>	<u>5,091,886</u>	<u>(1,777,131)</u>
Expenditures			
General Government	507,749	519,434	(11,685)
Capital Projects	1,569,949	4,944,369	(3,374,420)
Debt Service	192,187	203,250	(11,063)
Total Expenditures	<u>2,269,885</u>	<u>5,667,053</u>	<u>(3,397,168)</u>
Increase (Decrease) in Net Position	<u>\$ 1,044,869</u>	<u>\$ (575,167)</u>	<u>\$ 1,620,036</u>

Governmental Activities

To aid in the understanding of the Statement of Activities on page 50, some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenues, Expenditures and Changes in Fund Balance. You will notice that expenses are listed in the first column, with revenues for that particular program reported to the right. The result is a Net (Expense)/Revenue. This type of format highlights the relative financial burden of each of the functions on the District's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

**MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013**

A FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

- Brandt/Angus was the most active project expending \$1,150,188 for the year ended December 31, 2013.

CAPITAL ASSET AND DEBT INFORMATION

Capital Assets – Modified Cash Basis

At December 31, 2013, the District has an estimated \$2,657,841 invested in capital assets. There were additions for the year ended December 31, 2013 that included the Trimble GPS Unit for approximately \$27,258, and \$6,184 for a computer system.

Long Term Debt

See Note 7 to the financial statements on page 61 of the report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

See letter of Introduction and activities.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to provide our taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, Contact Nick Drees at the District's office at PO Box 154, Warren, Minnesota or by telephone at (218) 745-4741.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2013

<u>ASSETS</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 4,798,670
Total Assets	<u>4,798,670</u>
<u>LIABILITIES</u>	
Due To RRWMB	<u>1,515,668</u>
Total Liabilities	<u>1,515,668</u>
<u>NET POSITION</u>	
Restricted for:	
Capital Projects	3,416,336
Debt Service	893,434
Unrestricted	<u>(1,026,767)</u>
Total Net Position	<u>\$ 3,283,002</u>

The Notes To The Financial Statements Are An Integral Part Of These Statements

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Disbursements	Allocated Expenses	Program Receipts and Sources			Net (Expenses) Revenues and Changes in Net Position
			Special Assessments and Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:						
General Government	\$ 507,749	\$ (154,630)	\$ 73,915	\$ 17,887	\$ -	\$ (261,318)
Capital Projects:						
Administrative	216,441	-	-	-	-	(216,441)
Maintenance	118	-	524,777	-	-	524,659
Construction	1,353,390	154,630	93,104	-	1,780,317	365,401
Debt Service	192,187	-	182,301	-	-	(9,886)
Total Governmental Activities	<u>\$ 2,269,885</u>	<u>\$ -</u>	<u>\$ 874,097</u>	<u>\$ 17,887</u>	<u>\$ 1,780,317</u>	<u>\$ 402,415</u>
<u>General Receipts:</u>						
Property Taxes						\$ 623,261
Intergovernmental (not restricted to specific programs)						15,734
Investment Earnings						3,459
Total General Receipts						<u>642,454</u>
Change in Net Position						1,044,869
Net Position - Beginning						<u>2,238,133</u>
Net Position - Ending						<u>\$ 3,283,002</u>

The Notes To The Financial Statements Are An Integral Part Of These Statements

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2013

<u>ASSETS</u>	<u>General Fund</u>	<u>Capital Project Administrative</u>	<u>Capital Project Brandt/Angus</u>	<u>Capital Project Agassiz Valley</u>	<u>JD #1</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 268,719	\$ 1,226,466	\$ -	\$ 671,596	\$ 613,642	\$ 2,018,246	\$ 4,798,670
Due From Other Funds	<u>307,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,330</u>
Total Assets	<u>\$ 576,049</u>	<u>\$ 1,226,466</u>	<u>\$ -</u>	<u>\$ 671,596</u>	<u>\$ 613,642</u>	<u>\$ 2,018,246</u>	<u>\$ 5,106,000</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Due To RRWMB	\$ -	\$ -	\$ 1,000,000	\$ 515,668	\$ -	\$ -	\$ 1,515,668
Due To Other Funds	<u>-</u>	<u>-</u>	<u>244,356</u>	<u>-</u>	<u>-</u>	<u>62,973</u>	<u>307,330</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,244,356</u>	<u>515,668</u>	<u>-</u>	<u>62,973</u>	<u>1,822,998</u>
Fund Balances:							
Restricted for Capital Projects	-	1,226,466	-	155,928	613,642	1,420,298	3,416,336
Restricted for Debt Service	-	-	-	-	-	893,434	893,434
Unassigned	<u>576,049</u>	<u>-</u>	<u>(1,244,356)</u>	<u>-</u>	<u>-</u>	<u>(358,460)</u>	<u>(1,026,767)</u>
Total Fund Balances	<u>576,049</u>	<u>1,226,466</u>	<u>(1,244,356)</u>	<u>155,928</u>	<u>613,642</u>	<u>1,955,273</u>	<u>3,283,002</u>
Total Liabilities and Fund Balances	<u>\$ 576,049</u>	<u>\$ 1,226,466</u>	<u>\$ -</u>	<u>\$ 671,596</u>	<u>\$ 613,642</u>	<u>\$ 2,018,246</u>	<u>\$ 5,106,000</u>

The Notes To The Financial Statements Are An Integral Part Of These Statements

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

RECEIPTS	General Fund	Capital Project Administrative	Capital Project Brandt/Angus	Capital Project Agassiz Valley	JD #1	Other Governmental Funds	Total Governmental Funds
Property Taxes	\$ 244,759	\$ 378,502	\$ -	\$ -	\$ -	\$ -	\$ 623,261
Special Assessments	-	-	-	-	127,871	528,798	656,668
Intergovernmental:							
Federal							
FEMA	-	-	-	26,728	-	4,658	31,385
State of Minnesota:							
MV-Credit	6,168	9,566	-	-	-	-	15,734
PERA	1,087	-	-	-	-	-	1,087
MN Department of Natural Resources	-	-	1,116,926	-	-	-	1,116,926
Cost Share	-	4,658	-	23,741	-	-	28,399
Project Funding							
Northwest Minnesota Foundation	-	-	-	-	-	16,800	16,800
RRWMB	-	-	545,613	-	-	-	545,613
Other	-	-	-	-	-	52,074	52,074
Local:							
City of Warren	-	-	-	-	-	50,000	50,000
Other:							
Investment Income	492	-	-	65	669	2,233	3,459
Rent	-	-	675	35,274	-	57,155	93,104
Reimbursements	61,700	11,875	-	-	-	46	73,621
Miscellaneous	340	6,233	-	-	50	-	6,623
Total Receipts	<u>314,546</u>	<u>410,834</u>	<u>1,663,214</u>	<u>85,808</u>	<u>128,590</u>	<u>711,763</u>	<u>3,314,755</u>
DISBURSEMENTS							
General Governmental:							
Personnel Costs	338,987	-	-	-	-	-	338,987
Professional	67,709	-	-	-	-	-	67,709
Operations	91,666	-	-	-	-	-	91,666
Facilities	9,388	-	-	-	-	-	9,388
Projects	(154,630)	-	-	-	-	-	(154,630)
Capital Projects:							
Professional	-	14,068	17,434	11,849	14,631	45,404	103,386
Project Costs	-	957	994,726	6,270	4,300	261,303	1,267,556
Taxes	-	-	79,717	1,061	-	25,696	106,473
Administrative	-	47,738	56,067	32,687	11,295	68,655	216,441
Maintenance	-	-	-	-	-	118	118
Miscellaneous	-	15,369	2,245	7,422	812	4,756	30,604
Debt Service:							
Principal	-	-	-	-	-	152,000	152,000
Interest	-	-	-	-	-	40,187	40,187
Total Disbursements	<u>353,120</u>	<u>78,132</u>	<u>1,150,188</u>	<u>59,289</u>	<u>31,038</u>	<u>598,119</u>	<u>2,269,885</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(38,574)	332,702	513,027	26,519	97,551	113,644	1,044,869
FUND BALANCE JANUARY 1	<u>614,623</u>	<u>893,764</u>	<u>(1,757,383)</u>	<u>129,409</u>	<u>516,091</u>	<u>1,841,629</u>	<u>2,238,133</u>
FUND BALANCE DECEMBER 31	<u>\$ 576,049</u>	<u>\$ 1,226,466</u>	<u>\$ (1,244,356)</u>	<u>\$ 155,928</u>	<u>\$ 613,642</u>	<u>\$ 1,955,273</u>	<u>\$ 3,283,002</u>

The Notes To The Financial Statements Are An Integral Part Of These Statements

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Middle-Snake-Tamarac Rivers Watershed District, a public corporation, was established under the Minnesota Watershed Act. Its purpose is to carry out conservation of the natural resources of the state through land utilization, flood control, and other needs based upon sound scientific principles of the protection of the public health and welfare and the provident use of natural resources. The Middle-Snake-Tamarac Rivers Watershed District serves an area in Northwestern Minnesota.

As discussed further in Note 1.C, these financial statements are presented on a modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. FINANCIAL REPORTING ENTITY

The Middle-Snake-Tamarac Rivers Watershed District's Board of Managers ("Board") is the basic level of government which has financial accountability and control over the activities related to water management in the Middle-Snake-Tamarac Rivers Watershed District. The Board receives funding primarily from local sources and occasionally from state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board members are appointed by their respective County Commissioners and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operation and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14 which are included in the District's reporting entity.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. The District has only governmental activities generally which are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are typically organized into three major categories: governmental, fiduciary and proprietary. The District currently has no proprietary funds.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2013

An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Capital Project Funds

The Capital Project Funds are used to account for resources restricted for the acquisition, construction and maintenance of specific capital projects or items.

Debt Service Funds

The Debt Service Funds are used to accumulate resources to pay for various debts of the District.

Fiduciary Funds

Agency Funds

Agency funds account for assets held by the District in a purely custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The agency fund is as follows:

Fund	Brief Description
Red River Water Management Board	Property Taxes are levied by district and submitted to the Management Board.

Major Funds

Fund	Brief Description
General Governmental	See above for description.
Capital Projects – Administrative, Brandt/Angus, & Agassiz Valley	See above for description.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2013

Capital Projects - Ditch Maintenance – JD #1

Ditch Maintenance Funds account for assets held by the District for the maintenance of each the District's ditch systems.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “how” transactions are recorded within various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used to appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.

BASIS OF ACCOUNTING

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements, except for unexpended grant funds.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2013

D. ASSETS, LIABILITIES AND EQUITY

CASH AND CASH EQUIVALENTS

For the purposes of financial reporting, "cash and cash equivalents" include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of one year or less.

CAPITAL ASSETS

Capital assets arising from cash transactions are not accounted for in the Statement of Net Position or Statement of Activities.

EQUITY

Government-Wide Statements

Equity is classified as Net Position and displayed in two components:

- a. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws of other governments; or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net position – All other net positions that do not meet the definition of "restricted" or "invested in capital assets – net of related debt".

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

EQUITY CLASSIFICATION

Fund Financial Statements

Governmental fund equity is classified as fund balance. See subnote "F" on the next page for details.

E. REVENUES, EXPENDITURES AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities, cash basis revenues that are derived directly from each activity or from parties outside the District's taxpayers are reported as program revenues. The District has the following program revenues in each activity:

General Government	Tax Levies and Reimbursements
Capital Projects	Ditch Levies, Project Grants and Project Funding.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2013

F. 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 inventory and prepaid items.

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

Committed – consists of internally imposed constraints. These constraints are established by the Board of Directors.

Assigned – consists of internally imposed constraints. These constraints reflect specific purpose for which it is the District's intended use. These constraints are established by the Board of Directors and/or management.

Unassigned – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

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

G. NET POSITION

For the year ended December 31, 2013, the District implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in accordance with Concepts Statement No. 4, *Elements of Financial Statements*.

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements. Net investment in capital asset, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2013

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state, and local laws and contractual regulations. The following instances of noncompliance are considered material to the financial statements:

A. DEFICIT FUND BALANCES

For the year ended December 31, 2013, the following Funds had deficit balances:

MAJOR FUNDS:

Capital Projects:	Brandt/Angus	(1,244,356)
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NON-MAJOR FUNDS:

Capital Projects:	Angus-Oslo 1	(158)
	PL-566	(62,973)

Ditch Maintenance:	CD #43	(74,317)
	CD #44	(16,344)
	JD #14	(111,426)
	JD #25-1	(93,241)

No remedial action is deemed necessary.

NOTE 3 CASH AND INVESTMENTS

The District maintains a cash account at its depository bank. Investments are carried at fair value. The District considers Certificates of Deposit to be cash.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District may invest idle funds as authorized in Minnesota Statutes, as follows:

- a. Direct obligations or obligations guaranteed by the United States or its agencies.
- b. Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- c. General obligations of the State of Minnesota or any of its municipalities.
- d. Bankers Acceptance of United States banks eligible for purchases by the Federal Reserve System.
- e. Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality and maturing in 270 days or less.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2013

- f. Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- g. Futures contracts sold under authority of Minnesota Statutes 471.56, Subd. 5.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

Custodial credit risk - deposits

In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the District's Board, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all District deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

At December 31, 2013, the carrying amount of the District's deposits was \$4,798,670 and the bank balance was \$4,817,019. The bank balance was covered by Federal Depository Insurance and by collateral held by the District's agent in the District's name.

NOTE 4 PROPERTY TAXES

Property is assessed and property taxes attach as an enforceable lien as of January 2, of a given year. The tax then becomes due on the first Monday in January following the year of assessment. Taxes are paid to the County Treasurer. The first half is due by May 15, and the second half is due by October 15 of the year. Taxes are deemed delinquent on the first Monday following the year they should have been paid.

Upon receipt of the property taxes the County Treasurer makes full settlement with the County Auditor's of all receipts collected tax settlements are remitted to the District as soon possible after this date.

Property Tax revenues are recognized when cash payments are received.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2013

NOTE 5 DEFINED BENEFIT PENSION PLANS

A. PLAN DESCRIPTION

All full-time employees and certain part-time employees of the Middle-Snake-Tamarac Rivers Watershed District are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated Benefit Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 for Coordinated Plan members for each year of service. For all GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking earlier retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by public provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, MN, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2013

B. FUNDING POLICY

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The District makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25% respectively, of their annual covered salary in 2013. The Middle-Snake-Tamarac Rivers Watershed District is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERP members and 7.25% for Coordinated Plan PERF members. The District's contributions to the Public Employees Retirement Fund for the years ended December 31, 2013 and 2012 were \$12,936 and \$15,210, respectively. The District's contributions were equal to the contractually required contributions for each year as set by state statute.

Related-Party Investments

As of December 31, 2013, the District had no related party investments.

NOTE 6 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters.

The District manages these various risks of loss with the purchase of commercial insurance.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past four fiscal years.

NOTE 7 LONG-TERM DEBT

The Watershed District is indebted for the following long-term debt issued on behalf of the District:

Polk County General Obligation Watershed District Refunding Bonds of 2006, due in installments through February 1, 2020 bearing interest of 3.25 to 4.0%. Principal repayments on these bonds began on February 1, 2007.	<u>\$ 974,000</u>
Total Long-Term Debt	<u>\$ 974,000</u>

Repayment requirements are as follows:

Year Ending December 31	Principal	Interest	Total
2014	\$ 152,000	\$ 34,563	\$ 186,563
2015	143,000	29,070	172,070
2016	143,000	23,707	166,707
2017	138,000	18,370	156,370
2018	138,000	13,057	151,057
2019-2020	260,000	10,400	270,400
Total	<u>\$ 974,000</u>	<u>\$ 129,167</u>	<u>\$ 1,103,167</u>

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2013

NOTE 8 CONTINGENCIES

Grants

The District participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refunds of money received may be required. The District is not aware of any significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

Claims and Litigations

There are currently no material outstanding claims against the Watershed District. There is ongoing litigation against the District. As of May 25, 2014, the ultimate outcome of this litigation cannot be presently determined. However, in management's opinion, the likelihood of a material adverse outcome is remote. Accordingly, adjustments, if any, which might result from the resolution of these matters, have not been reflected in the financial statements.

NOTE 9 DUE TO RRWMB

The District has received a project loan/funding advance from the Red River Watershed Management Board for the Agassiz Valley project. The agreement is that the money received for the project is to be treated as an interest free loan and required to be paid back to the Board upon demand. At December 31, 2013, \$1,515,668 has been advanced on the project including a new \$1,000,000 advance from the Red River Watershed Management Board for the Brandt/Angus project during 2012 that was due December 31, 2013; however, the Red River Watershed Management Board has requested the start of repayment to commence after the grant agreements with the state are closed.

NOTE 10 SUBSEQUENT EVENTS

Two significant events occurred subsequent to the District's year end. The District paid in full to the Red River Watershed Management Board for the Agassiz Valley project loan in the amount of \$515,668. The District also paid one half of the \$1,000,000 due to Red River Watershed Management Board for the Brandt/Angus Project. Subsequent events have been evaluated through May 25, 2014, which is the date these financial statements were available to be issued.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>RECEIPTS</u>	<u>Budget Original & Final</u>	<u>Actual 2013</u>	<u>Variance</u>
<u>Property Taxes</u>			
Marshall County	\$ 204,704	\$ 200,627	\$ (4,077)
Polk County	40,304	39,220	(1,084)
Kittson County	1,514	1,512	(2)
Pennington County	3,145	3,115	(30)
Roseau County	<u>333</u>	<u>284</u>	<u>(49)</u>
Total Property Taxes	<u>250,000</u>	<u>244,759</u>	<u>(5,241)</u>
<u>State Aids</u>			
MV Credit	-	6,168	6,168
PERA	<u>-</u>	<u>1,087</u>	<u>1,087</u>
Total State Aids	<u>-</u>	<u>7,255</u>	<u>7,255</u>
<u>Other Sources</u>			
Ditch Reimbursements	-	61,700	61,700
Interest	5,000	492	(4,508)
Other	<u>-</u>	<u>340</u>	<u>340</u>
Total Other Sources	<u>5,000</u>	<u>62,532</u>	<u>57,532</u>
Total Receipts, Other Sources & Special Items	<u>255,000</u>	<u>314,546</u>	<u>59,546</u>
<u>DISBURSEMENTS</u>			
<u>Administrative Personnel Costs</u>			
Salaries	-	241,255	-
Managers	-	17,655	-
Managers Expense	-	11,763	-
Employee Benefits	-	52,639	-
Payroll Costs	<u>-</u>	<u>15,676</u>	<u>-</u>
Total Administrative Personnel Costs	<u>345,000</u>	<u>338,987</u>	<u>6,013</u>
<u>Professional</u>			
Accounting	-	7,950	(7,950)
Engineering	20,000	13,661	6,339
Legal	<u>40,000</u>	<u>46,097</u>	<u>(6,097)</u>
Total Professional	<u>60,000</u>	<u>67,709</u>	<u>(7,709)</u>
<u>Operations</u>			
Insurance	15,000	13,891	1,109
Dues	2,000	2,327	(327)
Office	10,000	299	9,701
Printing and Advertising	5,000	6,041	(1,041)
Supplies & Miscellaneous	53,300	48,308	4,992
Telephone	4,000	3,782	218
Mileage	2,000	1,024	976
Vehicle Expense	15,000	10,400	4,600
Postage	2,000	1,760	240
Outreach	-	3,570	(3,570)
Miscellaneous	<u>1,000</u>	<u>265</u>	<u>735</u>
Total Operations	<u>109,300</u>	<u>91,666</u>	<u>17,634</u>
<u>Facilities</u>			
Maintenance	5,000	4,901	99
Utilities	<u>5,500</u>	<u>4,487</u>	<u>1,013</u>
Total Facilities	<u>10,500</u>	<u>9,388</u>	<u>1,113</u>
Total Disbursements	<u>\$ 524,800</u>	<u>\$ 507,749</u>	<u>\$ 17,051</u>
Less: Allocated Expenses		\$ 154,630	
Net Total Disbursements		<u>353,120</u>	
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS			(38,574)
FUND BALANCE JANUARY 1		<u>614,623</u>	
FUND BALANCE DECEMBER 31		<u>\$ 576,049</u>	

See Note to Budgetary Comparison Schedule

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 BUDGETARY COMPARISON

Budgets are prepared for District Funds on the same basis and using the accounting practices as are used to account and prepare financial reports for the funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with the cash basis of accounting. All appropriations lapse at year-end.

The budget is adopted through the passage of a resolution. Administration can authorize the transfer of budgeted amounts within any fund. Any revisions that alter total expenditures must be approved by the Board of Managers.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS AND CHANGES IN FUND BALANCE – CAPITAL PROJECTS FUND –
CONSTRUCTION – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>RECEIPTS</u>	<u>GENERAL</u>	<u>ANGUS- OSLO-1</u>	<u>ANGUS- OSLO-4</u>	<u>BRANDT/ ANGUS</u>	<u>MARCH IMPOUNDMENT</u>	<u>PL-566</u>	<u>FARMSTEAD RING DIKES</u>	<u>BIRDING (NEW) TRAIL</u>	<u>AGASSIZ VALLEY</u>	<u>TOTALS</u>
<u>Property Taxes</u>										
Marshall County	\$ 310,064	\$ -	\$ -	\$ -	\$ -	\$ 50,360	\$ -	\$ -	\$ -	\$ 360,424
Polk County	60,822	-	-	-	-	-	-	-	-	60,822
Pennington County	4,831	-	-	-	-	-	-	-	-	4,831
Roseau County	441	-	-	-	-	-	-	-	-	441
Kittson County	2,344	-	-	-	-	-	-	-	-	2,344
Total Property Taxes	378,502	-	-	-	-	50,360	-	-	-	428,862
<u>Intergovernmental</u>										
<u>Federal Government</u>										
FEMA	-	-	-	-	-	-	-	-	26,728	26,728
<u>State of Minnesota</u>										
Homestead Credit	9,566	-	-	-	-	-	-	-	-	9,566
Cost Share	4,658	-	-	273,152	-	50,000	214	-	23,741	351,765
Northwest Minnesota Foundation	-	-	-	-	-	-	-	18,300	-	18,300
MN Department of Natural Resources	-	-	-	843,774	-	-	-	-	-	843,774
RRWMB	-	-	-	545,613	-	-	-	-	-	545,613
Total Intergovernmental	14,224	-	-	1,662,539	-	50,000	214	18,300	50,469	1,795,746
<u>Other Income</u>										
Rent	-	1,531	15,299	675	29,428	10,897	-	-	35,274	93,104
Miscellaneous	6,233	-	-	-	-	-	-	-	-	6,233
Reimbursements	11,875	-	-	-	-	-	-	-	-	11,875
Interest	-	-	22	-	-	-	-	-	65	87
Total Other Income	18,108	1,531	15,321	675	29,428	10,897	-	-	35,339	111,299
Total Receipts	410,834	1,531	15,321	1,663,214	29,428	111,257	214	18,300	85,808	2,335,907
<u>DISBURSEMENTS</u>										
Outreach	4,010	-	-	-	-	-	-	-	7,422	11,432
Project Costs	957	495	46,838	994,726	-	15,607	-	-	6,270	1,064,892
Miscellaneous	11,359	-	-	2,245	-	695	-	3,002	-	17,301
Taxes	-	618	11,294	79,717	3,756	10,028	-	-	1,061	106,473
Administrative	47,738	827	7,375	56,067	-	8,398	1,871	-	32,687	154,962
Professional	14,068	-	64	17,434	-	811	-	-	11,849	44,226
Total Disbursements	78,132	1,941	65,570	1,150,188	3,756	35,539	1,871	3,002	59,289	1,399,287
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	332,702	(410)	(50,249)	513,027	25,672	75,718	(1,657)	15,298	26,519	936,620
FUND BALANCE JANUARY 1	893,764	252	53,614	(1,757,383)	55,563	(138,691)	44,227	-	129,409	(719,245)
FUND BALANCE DECEMBER 31	\$ 1,226,466	\$ (158)	\$ 3,365	\$ (1,244,356)	\$ 81,235	\$ (62,973)	\$ 42,570	\$ 15,298	\$ 155,928	\$ 217,375

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS AND CHANGES IN FUND BALANCE – CAPITAL PROJECTS
FUND – DITCH MAINTENANCE FUNDS – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>RECEIPTS</u>	Judicial Ditches	Watershed Ditches	County & State Ditches	TOTALS
Tax Levies	\$ 390,905	\$ 31,216	\$ 52,247	\$ 474,367
Miscellaneous	50	-	-	50
Federal Agencies - FEMA	-	4,658	-	4,658
Reimbursements	46	-	-	46
Prorated Interest Revenue	<u>1,648</u>	<u>239</u>	<u>130</u>	<u>2,017</u>
Total Receipts	<u>392,649</u>	<u>36,113</u>	<u>52,377</u>	<u>481,138</u>
<u>DISBURSEMENTS</u>				
Administrative	50,343	3,941	7,194	61,479
Professional	58,281	-	879	59,160
Project Costs	130,068	20,079	52,517	202,664
Miscellaneous	1,736	-	135	1,871
Maintenance	<u>118</u>	<u>-</u>	<u>-</u>	<u>118</u>
Total Disbursements	<u>240,547</u>	<u>24,020</u>	<u>60,725</u>	<u>325,292</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	152,102	12,093	(8,348)	155,846
FUND BALANCE JANUARY 1	<u>1,177,163</u>	<u>242,734</u>	<u>20,401</u>	<u>1,440,298</u>
FUND BALANCE DECEMBER 31	<u>\$ 1,329,265</u>	<u>\$ 254,827</u>	<u>\$ 12,053</u>	<u>\$ 1,596,144</u>

STATEMENT 3

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT

**COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS AND CHANGES IN FUND BALANCE – CAPITAL PROJECTS
FUND – JUDICIAL DITCH MAINTENANCE FUNDS – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>RECEIPTS</u>	<u>JD #1</u>	<u>JD #14</u>	<u>JD #15</u>	<u>JD #16</u>	<u>JD #17</u>	<u>JD #20</u>	<u>JD #21</u>	<u>JD #24</u>
Marshall County	\$ 2,785	\$ 5,922	\$ 4,955	\$ 6,194	\$ -	\$ -	\$ -	\$ -
Polk County	125,086	-	-	-	1,479	-	-	-
Pennington County	-	158	-	-	-	-	-	-
Miscellaneous	50	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-	-
Prorated Interest Revenue	<u>669</u>	<u>-</u>	<u>58</u>	<u>87</u>	<u>89</u>	<u>75</u>	<u>66</u>	<u>104</u>
Total Receipts	<u>128,590</u>	<u>6,080</u>	<u>5,013</u>	<u>6,281</u>	<u>1,568</u>	<u>75</u>	<u>66</u>	<u>104</u>
<u>DISBURSEMENTS</u>								
Administrative	11,295	8,537	3,697	2,578	324	3,656	1,159	278
Professional	14,631	37,117	-	-	-	1,663	-	-
Project Costs	4,300	18,312	6,602	12,262	-	9,180	4,526	675
Miscellaneous	812	234	-	-	-	-	-	-
Maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Disbursements	<u>31,038</u>	<u>64,199</u>	<u>10,299</u>	<u>14,840</u>	<u>324</u>	<u>14,499</u>	<u>5,685</u>	<u>953</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	97,551	(58,119)	(5,286)	(8,559)	1,245	(14,424)	(5,619)	(849)
FUND BALANCE JANUARY 1	<u>516,091</u>	<u>(53,307)</u>	<u>49,697</u>	<u>74,378</u>	<u>69,642</u>	<u>64,561</u>	<u>54,312</u>	<u>81,913</u>
FUND BALANCE DECEMBER 31	<u>\$ 613,642</u>	<u>\$ (111,426)</u>	<u>\$ 44,411</u>	<u>\$ 65,819</u>	<u>\$ 70,887</u>	<u>\$ 50,137</u>	<u>\$ 48,693</u>	<u>\$ 81,064</u>

STATEMENT 3

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT

**COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS AND CHANGES IN FUND BALANCE – CAPITAL PROJECTS
FUND – JUDICIAL DITCH MAINTENANCE FUNDS – MODIFIED CASH BASIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>RECEIPTS</u>	<u>JD #25-1</u>	<u>JD #25-2</u>	<u>JD #28</u>	<u>JD #29</u>	<u>JD #68</u>	<u>JD #75</u>	<u>TOTALS</u>
Marshall County	\$ 2,124	\$ -	\$ 854	\$ 13,893	\$ -	\$ -	\$ 36,726
Polk County	3,199	4,245	-	-	-	220,012	354,021
Pennington County	-	-	-	-	-	-	158
Miscellaneous	-	-	-	-	-	-	50
Reimbursed Expenses	-	-	-	-	-	46	46
Prorated Interest Revenue	-	51	8	61	30	350	1,648
	<u>-</u>	<u>51</u>	<u>8</u>	<u>61</u>	<u>30</u>	<u>350</u>	<u>1,648</u>
Total Receipts	<u>5,322</u>	<u>4,296</u>	<u>862</u>	<u>13,954</u>	<u>30</u>	<u>220,408</u>	<u>392,649</u>
<u>DISBURSEMENTS</u>							
Administrative	7,633	1,155	697	2,302	204	6,829	50,343
Professional	2,744	-	-	-	-	2,127	58,281
Project Costs	464	22,046	4,678	33,983	525	12,516	130,068
Miscellaneous	-	-	-	-	-	690	1,736
Maintenance	118	-	-	-	-	-	118
	<u>10,959</u>	<u>23,201</u>	<u>5,375</u>	<u>36,285</u>	<u>729</u>	<u>22,163</u>	<u>240,547</u>
Total Disbursements	<u>10,959</u>	<u>23,201</u>	<u>5,375</u>	<u>36,285</u>	<u>729</u>	<u>22,163</u>	<u>240,547</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,636)	(18,904)	(4,513)	(22,331)	(699)	198,245	152,102
FUND BALANCE JANUARY 1	<u>(87,605)</u>	<u>50,724</u>	<u>8,398</u>	<u>67,242</u>	<u>23,798</u>	<u>257,319</u>	<u>1,177,163</u>
FUND BALANCE DECEMBER 31	<u>\$ (93,241)</u>	<u>\$ 31,820</u>	<u>\$ 3,885</u>	<u>\$ 44,911</u>	<u>\$ 23,099</u>	<u>\$ 455,564</u>	<u>\$ 1,329,265</u>

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT

**COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS AND CHANGES IN FUND BALANCE – CAPITAL PROJECTS
FUND – WATERSHED DITCH MAINTENANCE FUNDS – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>RECEIPTS</u>	<u>WD#2</u>	<u>WD#4</u>	<u>WD#5</u>	<u>WD#6</u>	<u>WD#7</u>	<u>WD#7 IMP</u>	<u>UNAPPORTIONED</u>	<u>TOTALS</u>
Marshall County	\$ -	\$ -	\$ -	\$ -	\$ 7,364	\$ -	\$ -	\$ 7,364
Polk County	-	-	12,718	9,271	677	1,186	-	23,852
Federal Agencies - FEMA	-	4,658	-	-	-	-	-	4,658
Prorated Interest Revenue	<u>11</u>	<u>58</u>	<u>65</u>	<u>41</u>	<u>20</u>	<u>44</u>	-	<u>239</u>
Total Receipts	<u>11</u>	<u>4,716</u>	<u>12,783</u>	<u>9,312</u>	<u>8,061</u>	<u>1,230</u>	-	<u>36,113</u>
<u>DISBURSEMENTS</u>								
Administrative	235	278	1,813	1,239	377	-	-	3,941
Project Costs	<u>375</u>	-	<u>9,581</u>	<u>9,133</u>	<u>990</u>	-	-	<u>20,079</u>
Total Disbursements	<u>610</u>	<u>278</u>	<u>11,393</u>	<u>10,372</u>	<u>1,367</u>	-	-	<u>24,020</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(599)	4,438	1,390	(1,060)	6,694	1,230	-	12,093
FUND BALANCE JANUARY 1	<u>9,173</u>	<u>42,565</u>	<u>51,547</u>	<u>57,770</u>	<u>15,103</u>	<u>34,001</u>	<u>32,575</u>	<u>242,734</u>
FUND BALANCE DECEMBER 31	<u>\$ 8,574</u>	<u>\$ 47,003</u>	<u>\$ 52,937</u>	<u>\$ 56,710</u>	<u>\$ 21,797</u>	<u>\$ 35,231</u>	<u>\$ 32,575</u>	<u>\$ 254,827</u>

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT

**COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS AND CHANGES IN FUND BALANCE – CAPITAL PROJECTS
FUND – COUNTY & STATE DITCH MAINTENANCE FUNDS – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>RECEIPTS</u>	<u>SD#3</u>	<u>CD#39</u>	<u>CD#39 IMP</u>	<u>CD#43</u>	<u>CD#44</u>	<u>CD#175</u>	<u>TOTALS</u>
Marshall County	\$ 3,802	\$ 2,072	\$ 3,479	\$ -	\$ -	\$ -	\$ 9,353
Polk County	-	-	-	23,352	19,536	6	42,894
Prorated Interest Revenue	49	26	-	-	-	55	130
Total Receipts	<u>3,851</u>	<u>2,098</u>	<u>3,479</u>	<u>23,352</u>	<u>19,536</u>	<u>61</u>	<u>52,377</u>
<u>DISBURSEMENTS</u>							
Professional	-	-	-	-	879	-	879
Project Costs	4,222	290	-	20,865	21,250	5,890	52,517
Miscellaneous	-	-	3	105	27	-	135
Administrative	516	231	-	2,381	1,186	2,880	7,194
Total Disbursements	<u>4,738</u>	<u>521</u>	<u>3</u>	<u>23,351</u>	<u>23,342</u>	<u>8,770</u>	<u>60,725</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(887)	1,577	3,476	1	(3,806)	(8,709)	(8,348)
FUND BALANCE JANUARY 1	<u>41,736</u>	<u>20,557</u>	<u>(2,663)</u>	<u>(74,318)</u>	<u>(12,538)</u>	<u>47,627</u>	<u>20,401</u>
FUND BALANCE DECEMBER 31	<u>\$ 40,849</u>	<u>\$ 22,134</u>	<u>\$ 813</u>	<u>\$ (74,317)</u>	<u>\$ (16,344)</u>	<u>\$ 38,918</u>	<u>\$ 12,053</u>

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS AND CHANGES IN FUND BALANCE – DEBT SERVICE FUND
– MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>RECEIPTS</u>	<u>WD #5 BRF</u>	<u>WD #6 BRF</u>	<u>TOTALS</u>
Polk County	\$ 112,801	\$ 69,500	\$ 182,301
Interest Revenue	<u>530</u>	<u>333</u>	<u>863</u>
Total Receipts	<u>113,331</u>	<u>69,833</u>	<u>183,164</u>
<u>DISBURSEMENTS</u>			
Bond Principal	93,000	59,000	152,000
Bond Interest & Fees	<u>24,357</u>	<u>15,830</u>	<u>40,187</u>
Total Disbursements	<u>117,357</u>	<u>74,830</u>	<u>192,187</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,026)	(4,997)	(9,023)
FUND BALANCE JANUARY 1	<u>528,272</u>	<u>374,185</u>	<u>902,457</u>
FUND BALANCE DECEMBER 31	<u>\$ 524,246</u>	<u>\$ 369,188</u>	<u>\$ 893,434</u>

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS AND CHANGES IN AMOUNTS DUE TO
OTHER GOVERNMENTAL UNITS –
TRUST AND AGENCY FUND – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

RECEIPTSProperty Taxes

Marshall County	\$ 310,064
Polk County	60,822
Kittson County	2,344
Pennington County	4,831
Roseau County	441
State - MV	<u>9,566</u>

Total Property Taxes	<u>388,068</u>
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TOTAL RECEIPTS	<u>388,068</u>
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DISBURSEMENTS

Red River Watershed Management Board	<u>388,068</u>
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EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	-
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AMOUNT DUE TO OTHER GOVERNMENTAL UNITS, JANUARY 1	<u>-</u>
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AMOUNT DUE TO OTHER GOVERNMENTAL UNITS, DECEMBER 31	<u><u>\$ -</u></u>
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CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Managers
Middle-Snake-Tamarac Rivers Watershed District
Warren, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Middle-Snake-Tamarac Rivers Watershed District of Warren, Minnesota as of and for the year ended December 31, 2013 and the related notes to the financial statements, and have issued our report thereon dated May 25, 2014.

Legal Compliance

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor Pursuant to Minn. § Stat. 6.65 contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions.

In connection with our audit, nothing came to our attention that caused us to believe that Middle-Snake-Tamarac Rivers Watershed District 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 District's noncompliance with the above reference provisions.

Purpose of the Report

The report is intended solely for the information and use of those charged with governance and management of Middle Snake Tamarac Rivers Watershed District and the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Brady Martz".

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

May 25, 2014