

# 2014 ANNUAL REPORT



MIDDLE SNAKE TAMARAC  
RIVERS WATERSHED DISTRICT

**2014 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 45th Annual Report for the Middle-Snake-Tamarac Rivers Watershed District (MTRWD) for the year 2014.*

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 effective and efficient flow of waters throughout the District. This includes such things as the construction of flood damage reduction projects to reduce flooding and protect infrastructure and to achieve the "20% reduction of peak flow" goal in the Red River. This goal was set by the Red River Water Management Board, of which the MSTRWD is a member. There are five impoundments in the District, including Angus Oslo #1, Angus Oslo #4, Off Channel Storage Site, Agassiz Valley and Brandt-Angus Coulee. The total floodwater storage capacity in the District (with the inclusion of the MNDNR's Nelson Slough in East Park Township, and Marshall County Park at Florian) to an estimated ~ 30,500 acre-feet.

The Tamarac River Subwatershed Project Work Team is currently exploring options to increase floodwater storage and decrease flood damage in that watershed. In late 2014, discussions with the NRCS in regards to funding for preliminary studies and construction took place, however, funding cannot pay for activities prior to an agreement being executed. Therefore activities have been suspended until an agreement is signed.

The Watershed Restoration and Protection Strategy (WRAPS) process on the Tamarac, Snake/Middle and Grand Marais Rivers continues. It is the role of the Minnesota Pollution Control Agency (MPCA) to identify impediments to water quality. When the WRAPS studies are completed, the MPCA along with the District will determine what needs to be done to minimize contamination and the District will partner with landowners and agencies to implement contamination reduction activities.

Since its inception in 1970, the mission of the District has been to maintain the legal ditch systems in good repair, to provide flood damage reduction, to provide permits to landowners in need of drainage improvements and to work with governmental agencies to improve water quality.

We encourage participation from the public, the Advisory Board, Managers and staff to work together to attain the District's goals.

Respectfully submitted,



Ben Kleinwachter  
Chairman



David Bakke  
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 appoints six managers and Polk County appoints one manager. The terms are set so 2 Manager positions are appointed each year.



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

After serving on the MSTRWD Board for 13 years, Alvin Nybladh, Stephen, retired in 2014. His tenure on the Board began in 2002 with the inclusion of the Tamarac subwatershed. A plaque was presented to Mr. Nybladh by Danny Omdahl, Administrator.



Danny Omdahl presenting a plaque to Alvin Nybladh



Ben Kleinwachter presenting a plaque to Marvin Hedlund

Mr. Marvin Hedlund elected to not file for reappointment to the Board of Managers. His term on the Board of Managers began in 2009 and was to expire on August 20, 2014, however, Mr. Hedlund remained on the Board until December 2014, due in part to the Polk County Commissioners being unable to make an appointment to fill the position.

Marshall County Board of Commissioners, in July, re-appointed Ben Kleinwachter of Strandquist, who has served since 2005 and appointed Jim Jubie of Warren to a 3-year term.

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

| <b>Name</b>      | <b>Office</b>  | <b>Address</b>   | <b>County</b> | <b>Term Ends</b> |
|------------------|----------------|------------------|---------------|------------------|
| Ben Kleinwachter | President      | Strandquist, MN  | Marshall      | Aug 27, 2017     |
| John W Nelson    | Vice President | Oslo, MN         | Marshall      | Aug 27, 2016     |
| Tom Neibauer     | Treasurer      | Middle River, MN | Marshall      | Aug 27, 2016     |
| Marvin Hedlund   | Secretary      | Oslo, MN         | Polk          | Aug 26, 2014     |
| David Bakke      | Ass't Sec      | Newfolden, MN    | Marshall      | Aug 27, 2015     |
| Jim Jubie        | Manager        | Warren, MN       | Marshall      | Aug 27, 2017     |
| Roger Hille      | Manager        | Warren, MN       | Marshall      | Aug 27, 2015     |

### **STAFF**

The District employs 5 full-time staff:

*Administrator:* Danny Omdahl

*Administrative Ass't:* Connie Kujawa

*Engineer Technicians:* Ron Sorvig  
Deb Rynda

*Project Coordinator:* Nick Drees



*Danny, Nick, Connie, Ron*



*Debbie*

Debbie Rynda, began employment in November 2014, as an Engineering Technician, bringing with her 23 years of experience in the NRCS.



*Tony / Andrew*

Two students from the University of Minnesota-Crookston Campus interned with us. Andrew Buell and Tony Long worked at the District during the summer months.

The District also retained Heidi Hughes as a full-time Outreach Coordinator, however, in September Heidi left for another job opportunity.



## 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

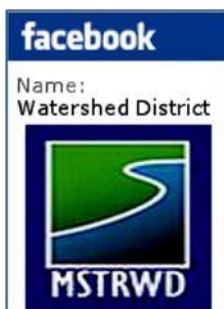
Fax: 218-745-5300

Email: [mstrwd@hotmail.com](mailto:mstrwd@hotmail.com)

## WEBSITE



The District maintains a website ([www.mstrwd.com](http://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.



## 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 p.m. 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](http://www.mstrwd.com).

## 2014 WATERSHED DISTRICT ADVISORY COMMITTEE

The Watershed District, on behalf of the Committee, 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 17, 2014 at the Community Room of the Bremer Bank in Warren, Minnesota. Attendance was again down from past years.

Danny Omdahl presented an overview of the history of the District and provided an update on activities and accomplishments in 2014. District staff maintained the legal ditch systems under the jurisdiction of MSTRWD (spraying approximately 135 miles, mowing approximately 215 miles, brushing various areas of eight ditches, maintained project sites, and issued 164 permits, 32 of which were for drain tile.

Other areas discussed were the Angus Oslo Site #1, Angus Oslo Site #4, the Off Channel Storage Site and the Richard P Nelson Floodway. The public was informed that the Agassiz Valley Project and the Brandt/Angus Impoundment have been operational for two seasons and a potential impoundment site along Judicial Ditch #14 is being explored with the District staff visiting with landowners in the area.

Nick Drees discussed the works of the Tamarac Project Work Team. He stated the goal is to raise the Nelson Slough dikes, store more floodwater and to rework the Operation and Maintenance Plan to allow for more emphasis of floodwater storage and timely release.

A discussion concerning the Polk Co. Commissioners request to the Board of Water and Soil Resources to Redistribute the MSTRWD Board of Managers ensued. At present, Marvin Hedlund's term has expired and no prospective replacement has offered them self for appointment by the Polk Commissioners.

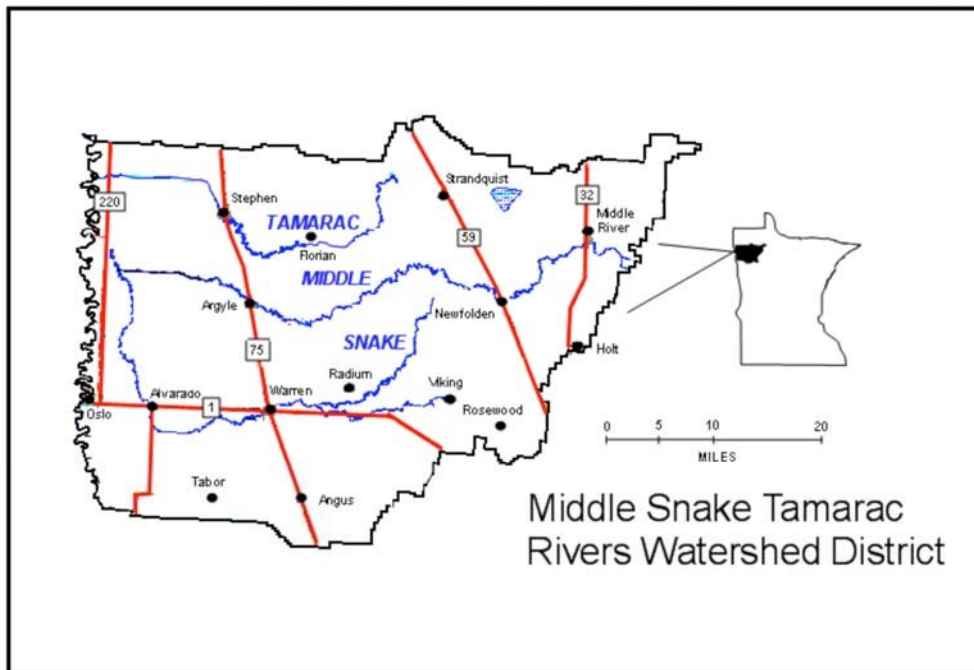
Nick Drees talked about the District working with the Border Township Association Group (BTAG), a group consisting of North Dakota and Minnesota Township officials, MNDOT and Houston Engineering to explore how modeling of the Red River and the bridges near Oslo could be utilized to develop a plan to efficiently pass the Red River's high flow events thru Oslo.

Also discussed was berms, levees and dikes, with the Advisory members requesting the District monitor diking activities. They asked that action toward any potential unpermitted activity be enforced.

## **2014 ADVISORY COMMITTEE**

| <b>Committee Members</b> | <b>Affiliation</b>                                         |
|--------------------------|------------------------------------------------------------|
| John W Nelson            | Vice President, Middle Snake Tamarac Rivers WD             |
| Tracy Anderson           | McCrea Township                                            |
| Eugene Mattson           | Northland Township                                         |
| Dean Danielski           | Farley Township                                            |
| Joe Pierce               | Farley Township                                            |
| Arlyn Dvergsten          | Huntly Township                                            |
| David Nelson             | Warrenton Township                                         |
| Todd Dvorak              | Sandsville Township                                        |
| Terry Potucek            | Comstock Township                                          |
| LeRoy Vonasek            | Marshall County Commissioner                               |
| Rolland Miller           | Marshall County Commissioner                               |
| Warren Strandell         | Polk County Commissioner                                   |
| Don Diedrich             | Polk County Commissioner                                   |
| Nick Drees               | Project Coordinator, Middle Snake Tamarac Rivers WD        |
| Danny Omdahl             | Administrator, Middle Snake Tamarac Rivers WD              |
| Deborah Rynda            | Technician, Middle Snake Tamarac Rivers Watershed District |
| Tony Nordby              | Houston Engineering, Thief River Falls                     |
| Ron Adrian               | Houston Engineering, Thief River Falls                     |
| Jeff Hane                | Attorney, Brink Sobolik, Severson et al                    |





## 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 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.

## 2014: YEAR IN REVIEW

Water storage in the *Brandt-Angus Coulee Project* was successful again; it became operational in 2013. This is the fourth major flood control project completed by the District in the past 10 years.

Three “**Total Maximum Daily Load**” (TMDL) and “**Watershed Restoration and Protection Strategy Study**” (WRAPS), required by the Minnesota Clean Water Accountability Act, are continuing in the MSTRWD. The MPCA asked that the District become its local partner and provided funding to hire consulting firms to conduct the studies: RESPEC Consulting & Services for the Snake–Middle Rivers; Houston Engineering, Inc (HEI) for the Tamarac River and Emmons and Olivier Resources, Inc. (EOR) for the Grand Marais Creek. This WRAPS is shared with the Red Lake Watershed District.

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 of 2014 and will continue into 2015. This will improve the 2.7 mile road side slope west of MN Trunk Hwy #220. The Judicial Ditch #14 Redetermination of Benefits process was completed this year. The Judicial Ditch #25-1 Redetermination of Benefits process that began in 2012 was under appeal in the District court. Pursuant to a stipulated settlement agreement reached in the appeal, the Board of Managers, confirmed the Viewers Report and in July 2014, ordered damages be paid and set the levy. Judicial Ditch #15 sustained damages from two summer rains. FEMA funds have been sought to initiate repair of the ditch.

A Tamarac River Sub-watershed Project Team (PT) was established in February 2013. 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.

Visitation at the *Agassiz Valley Water Resource Management Project* along the one-mile road on top of the dike continues to be enjoyed by the public. 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.



Below is a photo of attendees at the January meeting in Oslo with BTAG, agency personnel and landowners in the Oslo area.



Pictured Left to Right are:

Representative Collin Peterson

Pat Downs, Red River Retention  
Authority

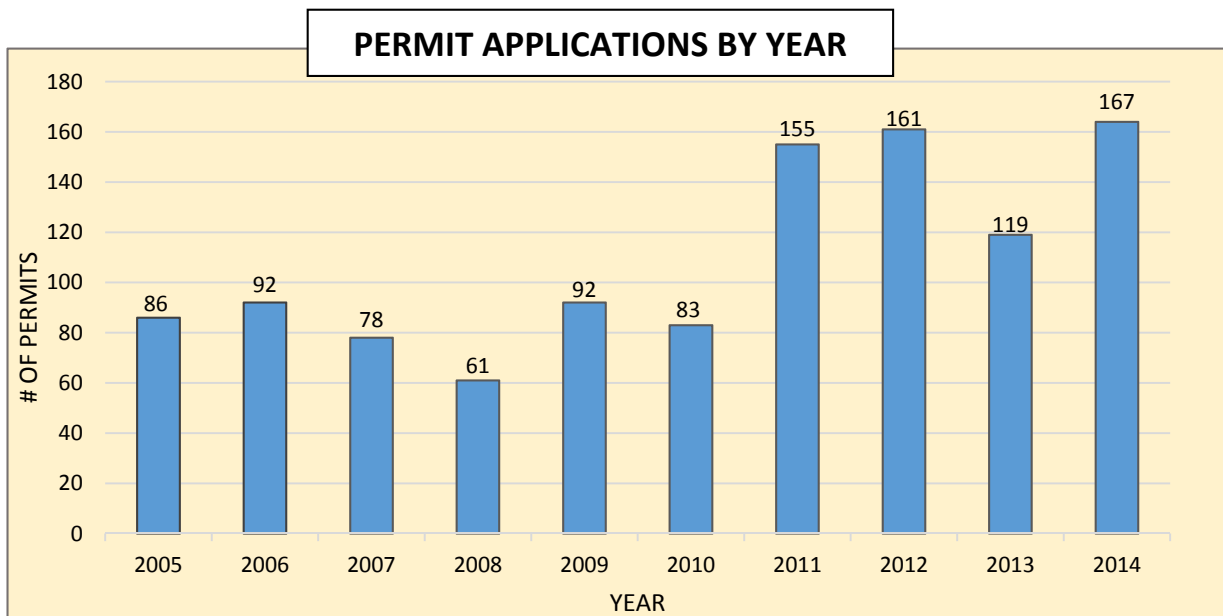
Nick Drees, MSTRWD

Ron Osowski, former MSTRWD  
Manager and former Red River  
Watershed Management Board member  
for the MSTRWD

## PERMITS

The District Board requests that all permit applications be submitted by Wednesday, at noon, prior to the next Board Meeting so allow for staff to gather information for the Managers.

In 2014, the Board reviewed 167 permit applications, of which eleven were denied. Two were withdrawn. Some approved permits had conditions, such as District staff setting the grade of culverts. The following table reflects the number of permit applications per year:

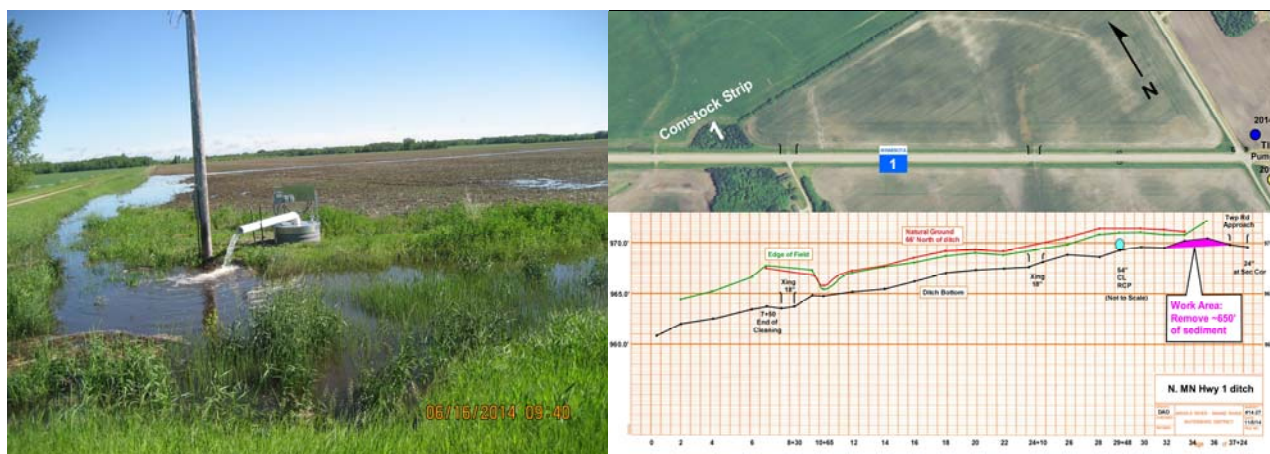




The breakdown of the 2014 permits are as follows:

34 install field drain tile  
 99 install/ replace culverts  
 10 crossings (repair, install, widen)  
 1 culvert trap  
 1 acquire water from an impoundment

3 pipeline  
 4 ditch sediment removal  
 7 construct a dike  
 1 alter a road  
 2 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.



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 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 WRAPS**

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. Work continued on the WRAPS but it is thought that this completion date will be pushed a year farther.

## **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 completed this year.





### **Snake & Middle River WRAP**

Through a grant from the MPCA, the District hired RESPEC, Inc. in 2013 to conduct the WRAPS process to assess the current health of Middle and Snake River watersheds and develop management strategies for their 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, some improvements were made to the dike on the west side of town and recertification was completed this year.

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 Projects within the Snake River Watershed**



## Agassiz Valley Water Resources Management Project

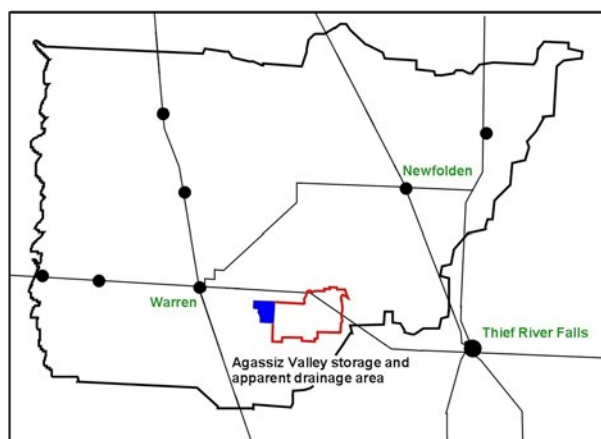


Agassiz - looking to the southeast from the outlet  
at the northwest corner into JD #25-1

The Agassiz Valley Water Resource Management Project (Agassiz) 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:            | (ac ft) | 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

Agassiz occupies 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.

Monitoring of wetlands took place this year. Funding came from the Flood Damage Reduction Group For a vegetation survey of the mitigated wetlands at Agassiz. 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 spring the District removed sediment from ~5,000' of the South Branch of the Snake River downstream from Agassiz. The works were done in agreement with the MN DNR Fisheries and Waters management plans. This will improve the flow of water from the augmentation pool to the Snake River.

Throughout 2014, increasing numbers of local and out-of-town photographers, birdwatchers, nature enthusiasts and hikers used the "wildlife drive" on top of the dike at Agassiz. The District hosted the Agassiz Audubon annual meeting, university student projects, the UND Community Connect "Warren Forum" field trip and the OLLI program. Agassiz was a featured stop on the Detroit Lakes Birding Festival international birding tour.

In 2014, activities at the Agassiz project consisted of habitat maintenance, wetlands & vegetation monitoring and educational tours. The WAO High School students started building kiosks for placement at various AGV locations. The facebook page for AGV is updated periodically. It's at [www.facebook.com/AgassizValley](http://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.

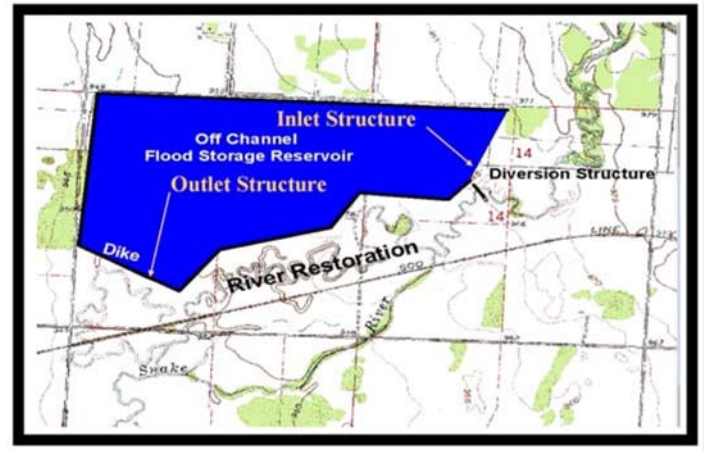




**Phase 2:** Construction on the Off-Channel Floodwater Storage Area, located in sections 14 & 15 of Comstock Twp, Marshall County began in 2002. The purpose of this impoundment is to offset and mitigate downstream impact of the diversion. The impoundment was operational in 2004, ready to receive waters 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.

District staff led tours of the diversion for University of MN Crookston 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, after two westerly 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 CSAH 3 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 thought to be exacerbated by the expiring of CRP land being farmed again 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 – 2014.

#### **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 |

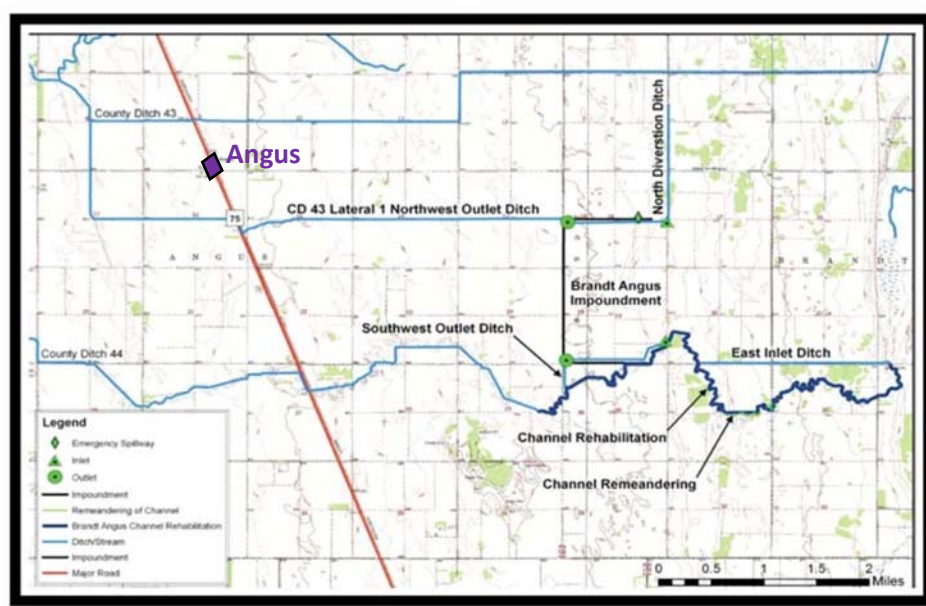
The drainage area above the project is approximately 23.4 square miles. The project can store 4,500 acre-feet of water (5.2 inches of runoff) - up to the emergency spillway.

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](http://www.facebook.com/Angus-Oslo#4).

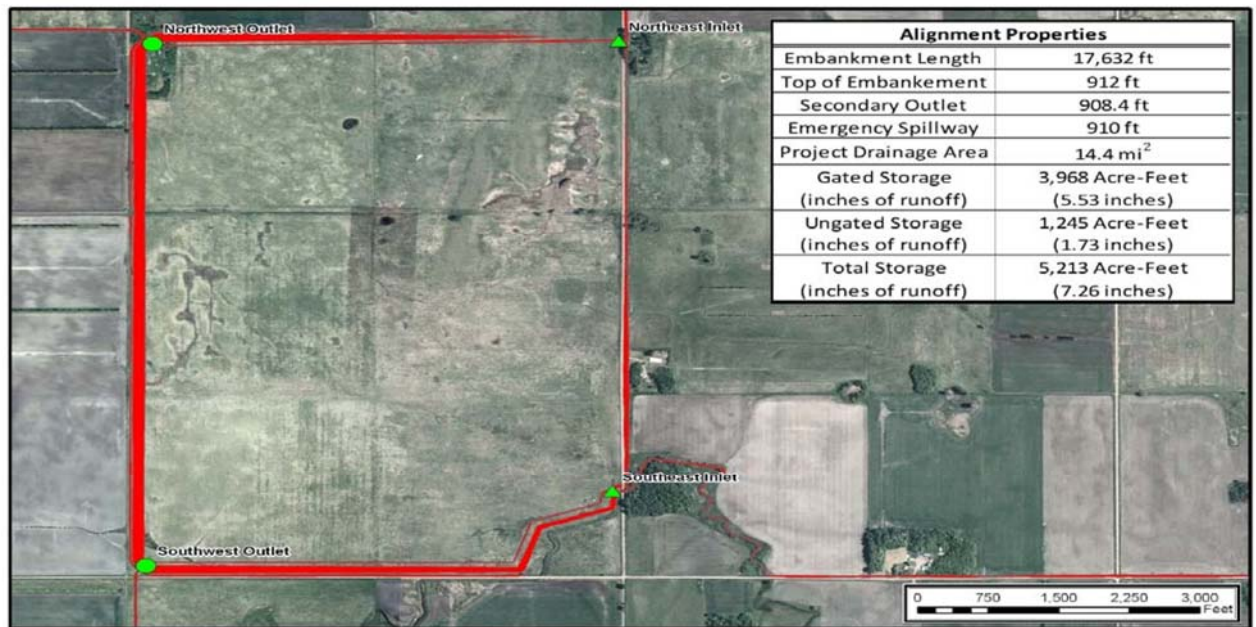
## **Brandt/Angus Coulee Project**



The Brandt/Angus impoundment is a multi-purpose off channel flood control project combining both flood control and environmental enhancement features through Wetland Reserve Program (WRP). Building this project directly relates to the management plan in reducing downstream flooding and improving water quality.



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. Secondary features are to provide for 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.

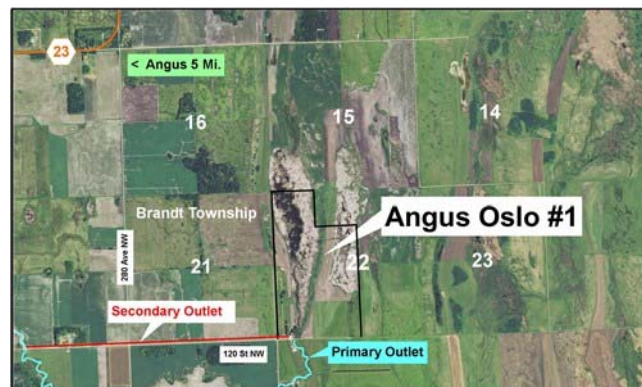
In 2010, the Project received Step II approval from the Red River Water Management Board and entered into a Flood Damage Reduction grant agreement with the Minnesota Department of Natural Resources. With the natural resource enhancements that have been incorporated into the project a 65% State 35% local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

In addition the District was able to utilize the Natural Resource Conservation Service Wetland Restoration Program (WRP) 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. Restoration of wetlands relates to the District's management plan by increasing quality wetlands. Seeding of native species for the WRP will commence in 2015.

Operation of Brandt/Angus began in 2013.

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](http://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. 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

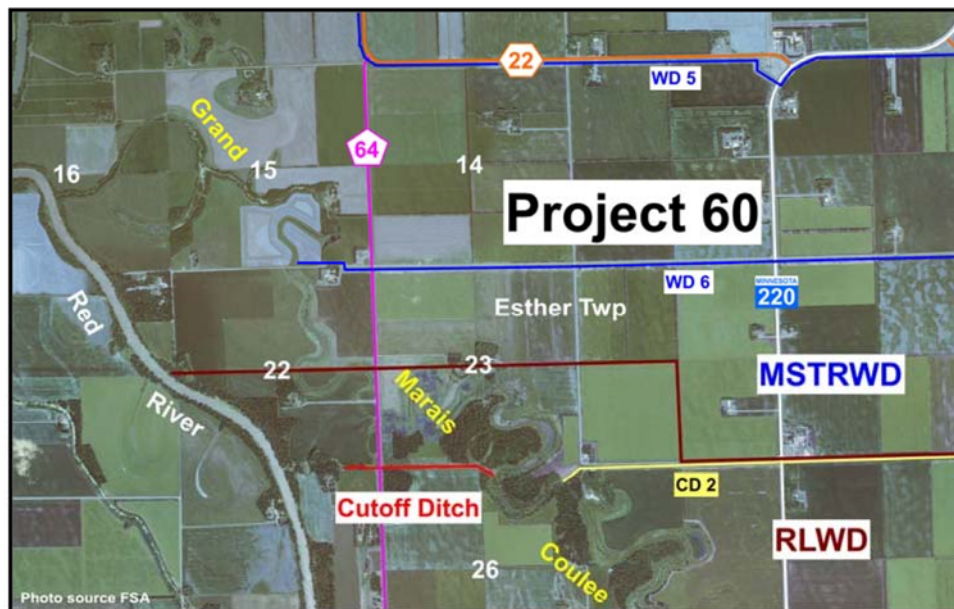
Commission on Minnesota Resources (LCMR), the Red River Watershed Management Board and the Middle River Snake River Watershed District project fund.



| 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   |

AO #1 drains

### 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.



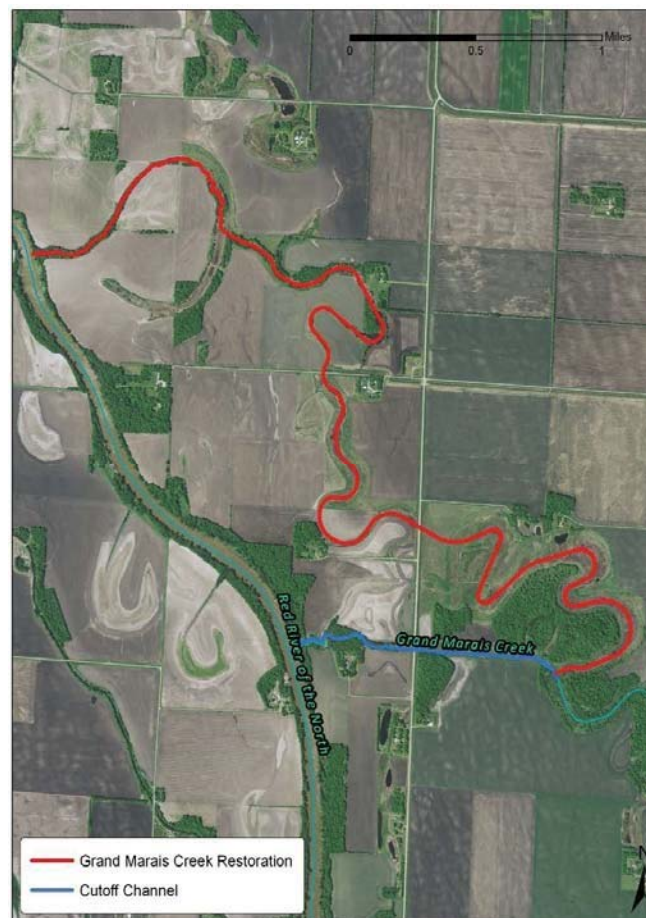
The original Grand Marais coulee was abandoned in the early 1900s. By re-establishing the flow characteristics of the original Grand Marais channel the excessive erosion and bank failures of the public drainage ditch should be significantly reduced. Also, the restoration of the coulee will enhance the 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 was completed in 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 2015. 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.



This channel restoration project has been a great achievement towards the District's management plan.

### **Grand Marais WRAPS**

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 2013-2014, the District contracted with the *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 Benefits redetermined 2014   | 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 Benefits redetermined 2014   | 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. Trees are removed, beaver and beaver dams are removed where necessary, sediment is removed on a regular basis and culverts are replaced when needed.



To control brush and weeds in 2014, the District hired contractors to spray legal drainage ditches under its jurisdiction. Ground and helicopter applicators sprayed a combined total of 135 miles of ditches.

In addition, the District mowed approximately 215 miles of the legal drainage systems and projects under its jurisdiction to control weeds and brush.

Approximately 9.0 miles of new grass strip seeding was completed this year.

Beaver and their dams continue to be a problem in drainage systems and in project areas. In 2014, contractors removed 60 beavers, their dams and debris from ditches, culverts and impoundment areas. Over the last few years beavers have moved to ditches at the west side of the District creating problems.



## **Redeterminations of Benefits**

The Judicial Ditch #14 Redetermination of Benefits (RoB) process began in 2013 with the District issuing an order directing the RoB and the appointment of Viewers on April 15, 2013. Judicial Ditch #14 was established in 1911. In 1973, the District Court transferred jurisdiction of the system to the District.

This system has 31.7 miles of ditch, located in Excel, New Solum and Viking Townships in Marshall County, and North and Norden Townships in Pennington County. Much of the system 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 Viewers completed their report in January 2014. The Board of Managers then invited landowners to meet with the Viewers for purposes of addressing individual concerns and to gain better information regarding the unique features, if any, of an individual property. This informational meeting was held March 6, 2014.

Property Owner Reports were mailed and the Notice of the Final hearing on the Redetermination was published for three weeks and sent to the owners of the affected properties and said Notice was posted in the respective County Courthouses. The Hearing was held May 28, 2014 at the Newfolden Community Center and was continued by resolutions of the Board of Managers to June 16, July 21, September 2, and September 15, 2014, at the District office.

On September 15, 2014, at the reconvened Hearing, the Board of Managers confirmed that the benefits and damages determined in the original proceedings as well as the benefited and damaged areas determined in the original proceedings, do not reflect current, existing, actual benefits and benefited areas. The Drainage Authority adopted the Findings and Order accepting the Viewers' Reports and Adopting the Redetermined Benefits and deferred the acquisition of the grass buffer strip pending a review of a potential cost allocation of the acquisition to a potential flood damage reduction project within the sub-watershed of Judicial Ditch #14.

On April 10, 2014 the District received a Petition to remove certain lands from the benefitted area of Judicial Ditch #15. The petition was deferred until the RoB of Judicial Ditch #14 had been completed. On November 3, 2014, a hearing was held on the petition and the Board of Managers ordered the lands, stated in the petition, be removed from the benefitted area.

The Judicial Ditch #25-1 RoB, approved in 2012, had been under appeal in District Court. On March 20, 2014 the Stipulation of Settlement, Amendment of Viewers Report and Dismissal with Prejudice was signed with the District Court.

In an Order, dated July 21, 2014, the Board of Managers did confirm the Report of the Viewers Redetermining the Benefits of Judicial Ditch #25-1, as amended, which amendment was pursuant to the stipulated settlement agreement reached in the respective appeals and ordered the damages be paid for the establishment of the grass strip and that repair funds be established for the counties of Marshall, Polk and Pennington. Damages for the grass strip were issued to the landowners on record by the respective counties.

Subsequently to the JD 25-1 RoB, a Petition to remove Benefited lands in the JD 25-1, Lateral 1 and abandon 1 mile of ditch was received from adjacent landowners. A Hearing was held on December 1, 2014 and the Petition was approved by the Managers.

## **RED RIVER WATERSHED MANAGEMENT BOARD**

Mr. Ben Kleinwachter remains the MSTRWD representative on the Board.

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, MNDNR 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 and one in the summer for the University of North Dakota's Osher Lifelong Learning Institute (OLLI) program.



MSTRWD and Agassiz Audubon continued to collaborate on the Community Nest Watch program.



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.

The University of Minnesota Center for Changing Landscapes and Northwest Regional Sustainable Development Partnership at the University of Minnesota Crookston held an Open House, in May, at the Bremer Bank, in Warren, inviting the public to contribute ideas as their staff began the design process for nature-viewing and birdwatching sites on the “birding trail” connecting flood impoundment projects in Northwestern Minnesota.



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 2014.



The Richard P. Nelson Floodway and 550-acre impoundment near Radium are designed to protect Warren and downstream communities from a 100-year flood.



This 4-mile floodway channels excess water to the south and west around the city, then back into the Snake River. It is about 16 feet deep and an average of 160 feet wide at the top of its edges. WAO fourth grade teacher Stacy

Hanson, bottom right, toured the Richard P. Nelson Floodway and the impoundment structure with the Warren-Alvarado-Oslo fourth graders recently.

Warren, Minnesota

Shaf 6/11/14

WARREN



Middle-Snake-Tamarac Watershed District intern Tony Long shows campers how to monitor a nest box when Stephen-Argyle Central's Summer Science Camp spent an afternoon at the Agassiz Valley flood control project east of Warren last week. The nearly four dozen campers and staff explored the site, watched and photographed wildlife. Summer student interns Long and Andrew Buell of the Watershed District and Renee Tomala, Marshall County Soil and Water Conservation District, students at the University of Minnesota-Crookston, led tours

and showed science campers how to monitor nest boxes and identify birds. They spotted several species of waterfowl, as well as Turkey Vultures, Great Egrets, Eastern Bluebirds and the rare Franklin's Ground Squirrel. They also had several close encounters with frogs and toads. Middle-Snake-Tamarac Watershed District provides guided tours of the impoundment for youth and community groups at no charge. For additional information or to schedule a tour, contact Heidi Hughes, outreach coordinator at 218-745-4741





## Watershed District Flood Projects Featured at Ag Water Issues Forum in Strathcona

Three watershed district members of the Red River Watershed Management Board participated in a panel discussion about what local watersheds are doing to meet basin-wide goals for flood damage reduction in the Red River Valley. The panel was part of the 3rd Annual Minnesota Ag Water Issues Forum held at the Jim Kukowski Farm in Strathcona on July 16th.

The panel included Tracy Halstengard (Roseau River Watershed District), Dan Money (Two Rivers Watershed District) and Nick Drees (Middle-Snake-Tamarac Rivers Watershed District). They reviewed water management projects in their districts, explained how local flood damage reduction projects are developed and implemented, and encouraged landowners to get involved in water issues and participate in the Project Team process. The panel also answered questions about retention, tiling and ditch systems.

John Finney, President of the Red River Watershed Management Board provided a history of flood damage reduction efforts in the Valley and explained the role water retention plays in achieving the 20% flow reduction goal for the Red River Basin.

Don Baloun, State Conservationist with the Natural Resources Conservation Service (NRCS) reviewed what has been accomplished through NRCS funding and said there is no "silver bullet" for flood damage reduction. He discussed retention, wetlands mitigation banks, Conservation Partnerships, funding for drain tile control structures and other components of the new Farm Bill.

The Forum was sponsored by the MN Farm Bureau Federation and Northwest Minnesota County Farm Bureaus, the MN Agricultural Water Resource Center, the MN Association of Wheat Growers, Red River Val-

ley Sugar Beet Growers, MN Corn Growers Association and the MN Soybean Growers Association.

For More information about the Ag Water Issues Forums contact:  
Riley Maanum 320-260-6417  
NW Area Program Director  
riley.maanum@fbmn.org  
MN Farm Bureau

For More Information local Watershed Districts contact: Tracy Halstengard, Administrator  
218-463-0313

Roseau River Watershed District  
rrwd@mncable.net  
Dan Money, Administrator  
(218) 843-3333

Two Rivers Watershed District  
Daniel.Money@mn.nacdn.net

Nick Drees, Project Coordinator  
218-745-4741  
Middle-Snake-Tamarac Rivers  
mrsrwd@wiktel.com  
Watershed District



John Finney



Don Baloun



Watershed Administrators Panel



## **PROJECTIONS FOR 2015**

### **THE IMPOUNDMENTS:**

The District will continue to maintain the impoundments. Inspections take place by staff and engineers. Staff and consultants again monitored vegetation on mitigated wetlands at Agassiz Valley and started on Brandt Angus Coulee. The MSTRWD staff 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 Agassiz.

### **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. Therefore, we will 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.

### **DISTRICT MANAGEMENT PLAN**

Whether staff and the Board are working on the next flood damage reduction project, a ditch maintenance project or stream debris removal, the District will strive to incorporate its management plan which was last updated in May 2011.

## DITCH LEVIES

The following listing of the 2014 ditch levies for drainage systems under the jurisdiction of the Board of Managers and “Independent Auditors Report” for the year ending December 31, 2014.

Once the levies are set, they are given to the Marshall, Pennington and Polk County Auditors.

### 2014 Ditch Levies for Drainage Systems under the Jurisdiction of the Board of Managers

| System    | County | Portion | Year | Benefits  | 2014 Levy |         |
|-----------|--------|---------|------|-----------|-----------|---------|
|           |        |         |      |           | %         | (\$)    |
| JD #1     | Mar    | 13.56%  | 1992 | 497,195   | 1.00%     | 4,970   |
|           | Plk    | 86.44%  | 1992 | 3,168,795 | 4.00%     | 126,750 |
| WD #2     | Mar    | 100.00% | 1991 | 40,513    | 0.00%     | -       |
| SD #3     | Mar    | 100.00% | 1958 | 98,435    | 5.00%     | 4,920   |
| WD #4     | Mar    | 73.33%  | 1991 | 97,791    | 0.00%     | -       |
|           | Plk    | 26.67%  | 1991 | 35,575    | 0.00%     | -       |
| WD #5     | Plk    | 100.00% | 1998 | 2,568,049 | 0.50%     | 12,840  |
| WD #6     | Plk    | 100.00% | 1998 | 1,940,736 | 1.00%     | 19,400  |
| WD #6 BRF | Plk    | 100.00% | 1998 | 1,940,736 | 4.69%     | 91,080  |
| WD #7     | Mar    | 58.40%  | 2000 | 304,504   | 4.00%     | 12,180  |
|           | Plk    | 41.60%  | 2000 | 34,063    | 2.00%     | 680     |
| WD #7 Imp | Mar    | 58.40%  | 2000 | 76,133    | 0.00%     | -       |
|           | Plk    | 41.60%  | 2000 | 54,237    | 5.00%     | 2,710   |
| JD #14    | Mar    | 74.92%  | 2014 | 983,879   | 4.00%     | 39,355  |
|           | Pen    | 25.08%  | 2014 | 329,416   | 4.00%     | 13,177  |
| JD #15    | Mar    | 100.00% | 1980 | 1,535,665 | 1.00%     | 15,350  |
| JD #16    | Mar    | 100.00% | 1987 | 929,352   | 2.00%     | 18,580  |
| JD #17    | Mar    | 6.48%   | 1982 | 43,470    | 0.00%     | -       |
|           | Plk    | 93.52%  | 1982 | 627,149   | 0.25%     | 1,560   |
| JD #20    | Mar    | 100.00% | 1985 | 2,354,906 | 1.00%     | 23,540  |
| JD #21    | Mar    | 100.00% | 1985 | 279,838   | 0.00%     | -       |
| JD #24    | Mar    | 72.78%  | 1990 | 247,353   | 0.00%     | -       |
|           | Plk    | 27.22%  | 1990 | 92,494    | 0.00%     | -       |
| JD #25-1  | Mar    | 38.34%  | 2014 | 388,653   | 4.00%     | 15,546  |
|           | Plk    | 56.33%  | 2014 | 571,047   | 4.00%     | 2,2842  |
|           | Penn   | 5.33%   | 2014 | 54,032    | 4.00%     | 2,161   |
| JD #25-2  | Mar    | 9.21%   | 1989 | 70,810    | 1.00%     | 700     |
|           | Plk    | 55.66%  | 1989 | 427,954   | 0.500%    | 2,140   |
|           | Pen    | 35.13%  | 1989 | 270,062   | 0.00%     | -       |
| 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   | 1.00%     | 1,250   |
| CD #39i   | Mar    | 100.00% | 1996 | 108,466   | 3.00%     | 3,250   |
| CD #43    | Plk    | 100.00% | 1989 | 1,176,137 | 2.00%     | 23,520  |
| CD #44    | Plk    | 100.00% | 1989 | 1,001,112 | 1.00%     | 10,010  |
| JD #68    | Plk    | 100.00% | 1995 | 248,110   | 0.00%     | -       |
| JD #75    | Plk    | 100.00% | 1990 | 3,653,439 | 0.50%     | 18,260  |
| CD #175   | Plk    | 100.00% | 1997 | 1,180,524 | 0.50%     | 5,900   |

## CONCLUSION

Spring melt flows to the District's impoundments varied this year. It appeared that flows through natural waterways and overland had much of the earliest flow. The legal ditches took some time to open up as they were full of snow. The winter storms blowing both north and south caused the ditches to fill up and hardened the snow also, causing it to melt slower. The Brandt Angus Coulee Project saw water enter it perhaps a week sooner than Angus Oslo #4, 2 miles northeast.

The permitting of field drain tile was down again this year, we suspect that lower commodity prices continue to be the factor. However, the total number of various permits was up again to its recent average.

We received requests for sediment inspections on a few ditches later in the year. The surveys and potential sediment removal will take in 2015. On one particular ditch system we removed sediment from half of the system with the idea of finishing the cleaning in 2015. Communication from landowners is always been encouraged and useful when identifying problems with drainage.

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

Once an agreement has been signed with the NRCS work on the Tamarac and other Project Work Teams that may develop will continue. The ability to use NRCS project funds that Collin Peterson and others in Congress ascribed toward flood damage reduction projects has been very appreciative.

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.

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## **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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements - modified cash basis of 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, 2014, and the respective changes in financial position thereof for the period then ended in conformity with the basis of accounting described in Note 1.

### ***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's 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**

June 18, 2015

**MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

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, 2014, 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 49.

**FINANCIAL HIGHLIGHTS**

- The District's total revenues exceeded total expenditures, on the modified cash basis of accounting, by \$259,222 for the year.
- The general fund showed a decrease in fund balance in the amount of \$46,263 .
- The District's general fund ended the year with a fund balance of \$529,786 .
- The District's combined fund balance at the close of the current year was \$3,542,224 .

**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, 2014**

**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 as 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, 2014**

**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 \$259,222 between the years ended December 31, 2014 and 2013.

|                           | Governmental<br>Activities |                     | Change             |
|---------------------------|----------------------------|---------------------|--------------------|
|                           | 2014                       | 2013                | 13-14              |
| <u>ASSETS</u>             |                            |                     |                    |
| Cash and Cash Equivalents | \$ 4,042,224               | \$ 4,798,670        | \$ (756,446)       |
| Total Assets              | <u>4,042,224</u>           | <u>4,798,670</u>    | <u>(756,446)</u>   |
| <u>LIABILITIES</u>        |                            |                     |                    |
| Due To RRWMB              | <u>500,000</u>             | <u>1,515,668</u>    | <u>(1,015,668)</u> |
| Total Liabilities         | <u>500,000</u>             | <u>1,515,668</u>    | <u>(1,015,668)</u> |
| <u>NET POSITION</u>       |                            |                     |                    |
| Restricted for:           |                            |                     |                    |
| Capital Projects          | 3,521,545                  | 3,416,336           | 105,209            |
| Debt Service              | 891,470                    | 893,434             | (1,964)            |
| Unrestricted              | <u>(870,791)</u>           | <u>(1,026,767)</u>  | <u>155,976</u>     |
| Total Net Position        | <u>\$ 3,542,224</u>        | <u>\$ 3,283,002</u> | <u>\$ 259,222</u>  |

**MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**Changes in Net Position – Modified Cash Basis**

For the years ended December 31, 2014 and 2013, Net Position of Middle-Snake-Tamarac Rivers Watershed District changed as follows:

|                                            | Governmental<br>Activities |                     | Change              |
|--------------------------------------------|----------------------------|---------------------|---------------------|
|                                            | 2014                       | 2013                | 13-14               |
| <b>Revenues</b>                            |                            |                     |                     |
| Program Revenues                           |                            |                     |                     |
| Charges for Services                       |                            |                     |                     |
| & Special Assessments                      | \$ 786,327                 | \$ 874,097          | \$ (87,770)         |
| Operating Grants and                       |                            |                     |                     |
| Contributions                              | 544                        | 17,887              | (17,343)            |
| Capital Grants & Contributions             | 816,625                    | 1,780,317           | (963,692)           |
| General Revenues                           |                            |                     |                     |
| Property Taxes                             | 676,188                    | 623,261             | 52,927              |
| Intergovernmental                          | 15,970                     | 15,734              | 236                 |
| Investment Income                          | 4,482                      | 3,459               | 1,023               |
| <b>Total Revenues</b>                      | <u>2,300,136</u>           | <u>3,314,755</u>    | <u>(1,014,619)</u>  |
| <b>Expenditures</b>                        |                            |                     |                     |
| General Government                         | 513,935                    | 507,749             | 6,186               |
| Capital Projects                           | 1,339,991                  | 1,569,949           | (229,958)           |
| Debt Service                               | 186,988                    | 192,187             | (5,199)             |
| <b>Total Expenditures</b>                  | <u>2,040,914</u>           | <u>2,269,885</u>    | <u>(228,971)</u>    |
| <b>Increase (Decrease) in Net Position</b> | <u>\$ 259,222</u>          | <u>\$ 1,044,870</u> | <u>\$ (785,648)</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, 2014**

**A FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

- Agassiz Valley was the most active project expending \$353,045 for the year ended December 31, 2014.

**CAPITAL ASSET AND DEBT INFORMATION**

**Capital Assets – Modified Cash Basis**

At December 31, 2014, the District had an estimated \$2,657,841 invested in capital assets. There were no additions for the year ended December 31, 2014.

**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 Danny Omdahl 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, 2014**

| <u>ASSETS</u>             | <u>Total</u>        |
|---------------------------|---------------------|
| Cash and Cash Equivalents | \$ 4,042,224        |
| Total Assets              | <u>4,042,224</u>    |
| <br><u>LIABILITIES</u>    |                     |
| Due To RRWMB              | <u>500,000</u>      |
| Total Liabilities         | <u>500,000</u>      |
| <br><u>NET POSITION</u>   |                     |
| Restricted for:           |                     |
| Capital Projects          | 3,521,545           |
| Debt Service              | 891,470             |
| Unrestricted              | <u>(870,791)</u>    |
| Total Net Position        | <u>\$ 3,542,224</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, 2014**

| 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                                      | \$ 513,935          | \$ (131,934)       | \$ 85,517                                    | \$ 544                             | \$ -                             | \$ (295,940)                                        |
| Capital Projects:                                       |                     |                    |                                              |                                    |                                  |                                                     |
| Administrative                                          | 193,490             | -                  | -                                            | -                                  | -                                | (193,490)                                           |
| Maintenance                                             | 1,705               | -                  | 455,202                                      | -                                  | -                                | 453,497                                             |
| Construction                                            | 1,144,796           | 131,934            | 61,398                                       | -                                  | 816,625                          | (398,707)                                           |
| Debt Service                                            | 186,988             | -                  | 184,210                                      | -                                  | -                                | (2,778)                                             |
| Total Governmental Activities                           | <u>\$ 2,040,914</u> | <u>\$ -</u>        | <u>\$ 786,327</u>                            | <u>\$ 544</u>                      | <u>\$ 816,625</u>                | <u>\$ (437,418)</u>                                 |
| <u>General Receipts:</u>                                |                     |                    |                                              |                                    |                                  |                                                     |
| Property Taxes                                          |                     |                    |                                              |                                    |                                  | \$ 676,188                                          |
| Intergovernmental (not restricted to specific programs) |                     |                    |                                              |                                    |                                  | 15,970                                              |
| Investment Earnings                                     |                     |                    |                                              |                                    |                                  | <u>4,482</u>                                        |
| Total General Receipts                                  |                     |                    |                                              |                                    |                                  | <u>696,640</u>                                      |
| Change in Net Position                                  |                     |                    |                                              |                                    |                                  | 259,222                                             |
| Net Position - Beginning                                |                     |                    |                                              |                                    |                                  | <u>3,283,002</u>                                    |
| Net Position - Ending                                   |                     |                    |                                              |                                    |                                  | <u>\$ 3,542,224</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, 2014**

| <u>ASSETS</u>                        | General<br>Fund   | Capital Project<br>Administrative | Capital Project<br>Brandt/Angus | Capital Project<br>Agassiz Valley | JD #1             | JD #14           | JD #25-1         | WD #5 BRF         | Other Governmental<br>Funds | Total Governmental<br>Funds |
|--------------------------------------|-------------------|-----------------------------------|---------------------------------|-----------------------------------|-------------------|------------------|------------------|-------------------|-----------------------------|-----------------------------|
| Cash and Cash Equivalents            | \$ 175,628        | \$ 953,839                        | \$ -                            | \$ 153,759                        | \$ 464,269        | \$ -             | \$ -             | \$ 518,317        | \$ 1,776,412                | \$ 4,042,224                |
| Due From Other Funds                 | <u>354,158</u>    | <u>546,419</u>                    | <u>-</u>                        | <u>-</u>                          | <u>-</u>          | <u>-</u>         | <u>-</u>         | <u>-</u>          | <u>-</u>                    | <u>900,577</u>              |
| Total Assets                         | <u>\$ 529,786</u> | <u>\$ 1,500,258</u>               | <u>\$ -</u>                     | <u>\$ 153,759</u>                 | <u>\$ 464,269</u> | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 518,317</u> | <u>\$ 1,776,412</u>         | <u>\$ 4,942,801</u>         |
| <u>LIABILITIES AND FUND BALANCES</u> |                   |                                   |                                 |                                   |                   |                  |                  |                   |                             |                             |
| Liabilities:                         |                   |                                   |                                 |                                   |                   |                  |                  |                   |                             |                             |
| Due To RRWMB                         | \$ -              | \$ -                              | \$ 500,000                      | \$ -                              | \$ -              | \$ -             | \$ -             | \$ -              | \$ -                        | \$ 500,000                  |
| Due To Other Funds                   | <u>-</u>          | <u>-</u>                          | <u>354,158</u>                  | <u>-</u>                          | <u>-</u>          | <u>146,429</u>   | <u>170,484</u>   | <u>-</u>          | <u>229,506</u>              | <u>900,577</u>              |
| Total Liabilities                    | <u>-</u>          | <u>-</u>                          | <u>854,158</u>                  | <u>-</u>                          | <u>-</u>          | <u>146,429</u>   | <u>170,484</u>   | <u>-</u>          | <u>229,506</u>              | <u>1,400,577</u>            |
| Fund Balances:                       |                   |                                   |                                 |                                   |                   |                  |                  |                   |                             |                             |
| Restricted for Capital Projects      | -                 | 1,500,258                         | -                               | 153,759                           | 464,269           | -                | -                | -                 | 1,403,259                   | 3,521,545                   |
| Restricted for Debt Service          | -                 | -                                 | -                               | -                                 | -                 | -                | -                | 518,317           | 373,153                     | 891,470                     |
| Unassigned                           | <u>529,786</u>    | <u>-</u>                          | <u>(854,158)</u>                | <u>-</u>                          | <u>-</u>          | <u>(146,429)</u> | <u>(170,484)</u> | <u>-</u>          | <u>(229,506)</u>            | <u>(870,791)</u>            |
| Total Fund Balances                  | <u>529,786</u>    | <u>1,500,258</u>                  | <u>(854,158)</u>                | <u>153,759</u>                    | <u>464,269</u>    | <u>(146,429)</u> | <u>(170,484)</u> | <u>518,317</u>    | <u>1,546,906</u>            | <u>3,542,224</u>            |
| Total Liabilities and Fund Balances  | <u>\$ 529,786</u> | <u>\$ 1,500,258</u>               | <u>\$ -</u>                     | <u>\$ 153,759</u>                 | <u>\$ 464,269</u> | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 518,317</u> | <u>\$ 1,776,412</u>         | <u>\$ 4,942,801</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, 2014**

|                                                      | General<br>Fund   | Capital Project<br>Administrative | Capital Project<br>Brandt/Angus | Capital Project<br>Agassiz Valley | JD #1             | JD #14              | JD #25-1            | WD #5 BRF         | Other Governmental<br>Funds | Total Governmental<br>Funds |
|------------------------------------------------------|-------------------|-----------------------------------|---------------------------------|-----------------------------------|-------------------|---------------------|---------------------|-------------------|-----------------------------|-----------------------------|
| <b>RECEIPTS</b>                                      |                   |                                   |                                 |                                   |                   |                     |                     |                   |                             |                             |
| Property Taxes                                       | \$ 242,602        | \$ 433,586                        | \$ -                            | \$ -                              | \$ -              | \$ -                | \$ -                | \$ -              | \$ -                        | \$ 676,188                  |
| Special Assessments                                  | -                 | -                                 | -                               | -                                 | 132,602           | 15,112              | 7,401               | 107,725           | 265,568                     | 528,408                     |
| Intergovernmental:                                   |                   |                                   |                                 |                                   |                   |                     |                     |                   |                             |                             |
| State of Minnesota:                                  |                   |                                   |                                 |                                   |                   |                     |                     |                   |                             |                             |
| MV-Credit                                            | 5,713             | 10,257                            | -                               | -                                 | -                 | -                   | -                   | -                 | -                           | 15,970                      |
| PERA                                                 | 544               | -                                 | -                               | -                                 | -                 | -                   | -                   | -                 | -                           | 544                         |
| MN Department of Natural Resources                   | -                 | 9,086                             | 374,229                         | -                                 | -                 | -                   | -                   | -                 | -                           | 383,315                     |
| Project Funding                                      | -                 | -                                 | -                               | 260,487                           | -                 | -                   | -                   | -                 | -                           | 260,487                     |
| Agassiz Audubon Society                              | -                 | -                                 | -                               | 3,383                             | -                 | -                   | -                   | -                 | -                           | 3,383                       |
| RRWMB                                                | 5,924             | 4,164                             | 134,321                         | 33,950                            | -                 | -                   | -                   | -                 | -                           | 178,359                     |
| Other                                                | -                 | -                                 | -                               | -                                 | -                 | -                   | -                   | -                 | 54,654                      | 54,654                      |
| Other:                                               |                   |                                   |                                 |                                   |                   |                     |                     |                   |                             |                             |
| Investment Income                                    | 1,362             | -                                 | -                               | 89                                | 671               | -                   | -                   | 521               | 1,839                       | 4,482                       |
| Rent                                                 | -                 | -                                 | 675                             | -                                 | -                 | -                   | -                   | -                 | 60,723                      | 61,398                      |
| Reimbursements                                       | 61,555            | -                                 | -                               | -                                 | -                 | -                   | -                   | -                 | -                           | 61,555                      |
| Miscellaneous                                        | 18,038            | 388                               | -                               | 52,967                            | -                 | -                   | -                   | -                 | -                           | 71,393                      |
| <b>Total Receipts</b>                                | <b>335,738</b>    | <b>457,481</b>                    | <b>509,225</b>                  | <b>350,876</b>                    | <b>133,273</b>    | <b>15,112</b>       | <b>7,401</b>        | <b>108,246</b>    | <b>382,784</b>              | <b>2,300,136</b>            |
| <b>DISBURSEMENTS</b>                                 |                   |                                   |                                 |                                   |                   |                     |                     |                   |                             |                             |
| General Governmental:                                |                   |                                   |                                 |                                   |                   |                     |                     |                   |                             |                             |
| Personnel Costs                                      | 338,133           | -                                 | -                               | -                                 | -                 | -                   | -                   | -                 | -                           | 338,133                     |
| Professional                                         | 82,099            | -                                 | -                               | -                                 | -                 | -                   | -                   | -                 | -                           | 82,099                      |
| Operations                                           | 81,666            | -                                 | -                               | -                                 | -                 | -                   | -                   | -                 | -                           | 81,666                      |
| Facilities                                           | 12,037            | -                                 | -                               | -                                 | -                 | -                   | -                   | -                 | -                           | 12,037                      |
| Projects                                             | (131,934)         | -                                 | -                               | -                                 | -                 | -                   | -                   | -                 | -                           | (131,934)                   |
| Capital Projects:                                    |                   |                                   |                                 |                                   |                   |                     |                     |                   |                             |                             |
| Professional                                         | -                 | 58,115                            | 5,622                           | 10,923                            | 24,301            | 17,182              | 16,227              | -                 | 45,649                      | 178,019                     |
| Project Costs                                        | -                 | 53,706                            | 93,627                          | 275,319                           | 243,901           | 28,244              | 57,601              | -                 | 268,515                     | 1,020,913                   |
| Taxes                                                | -                 | -                                 | 9,056                           | 3,319                             | -                 | -                   | -                   | -                 | 29,558                      | 41,933                      |
| Administrative                                       | -                 | 52,507                            | 10,722                          | 57,424                            | 12,739            | 573                 | 9,977               | -                 | 49,548                      | 193,490                     |
| Maintenance                                          | -                 | -                                 | -                               | -                                 | 1,705             | -                   | -                   | -                 | -                           | 1,705                       |
| Miscellaneous                                        | -                 | 19,361                            | -                               | 6,060                             | -                 | 4,116               | 839                 | -                 | 5,489                       | 35,865                      |
| Debt Service:                                        |                   |                                   |                                 |                                   |                   |                     |                     |                   |                             |                             |
| Principal                                            | -                 | -                                 | -                               | -                                 | -                 | -                   | -                   | 93,000            | 59,000                      | 152,000                     |
| Interest                                             | -                 | -                                 | -                               | -                                 | -                 | -                   | -                   | 21,175            | 13,813                      | 34,988                      |
| <b>Total Disbursements</b>                           | <b>382,001</b>    | <b>183,689</b>                    | <b>119,027</b>                  | <b>353,045</b>                    | <b>282,646</b>    | <b>50,115</b>       | <b>84,644</b>       | <b>114,175</b>    | <b>471,572</b>              | <b>2,040,914</b>            |
| <b>EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b> | <b>(46,263)</b>   | <b>273,792</b>                    | <b>390,198</b>                  | <b>(2,169)</b>                    | <b>(149,373)</b>  | <b>(35,003)</b>     | <b>(77,243)</b>     | <b>(5,929)</b>    | <b>(88,788)</b>             | <b>259,222</b>              |
| <b>FUND BALANCE JANUARY 1</b>                        | <b>576,049</b>    | <b>1,226,466</b>                  | <b>(1,244,356)</b>              | <b>155,928</b>                    | <b>613,642</b>    | <b>(111,426)</b>    | <b>(93,241)</b>     | <b>524,246</b>    | <b>1,635,694</b>            | <b>3,283,002</b>            |
| <b>FUND BALANCE DECEMBER 31</b>                      | <b>\$ 529,786</b> | <b>\$ 1,500,258</b>               | <b>\$ (854,158)</b>             | <b>\$ 153,759</b>                 | <b>\$ 464,269</b> | <b>\$ (146,429)</b> | <b>\$ (170,484)</b> | <b>\$ 518,317</b> | <b>\$ 1,546,906</b>         | <b>\$ 3,542,224</b>         |

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, 2014**

**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, 2014**

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:

| <b>Fund</b>                      | <b>Brief Description</b>                                                     |
|----------------------------------|------------------------------------------------------------------------------|
| Red River Water Management Board | Property Taxes are levied by district and submitted to the Management Board. |

**Major Funds**

| <b>Fund</b>                                                          | <b>Brief Description</b>   |
|----------------------------------------------------------------------|----------------------------|
| General Governmental                                                 | See above for description. |
| Capital Projects – Administrative,<br>Brandt/Angus, & Agassiz Valley | See above for description. |

**MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2014**

Capital Projects – Ditch Maintenance – JD #1,  
JD #25-1, & JD #14

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

Debt Service – WD #5

Debt Service Funds account for long-term debt held by the District that was issued for ditch maintenance projects.

**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, 2014**

**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, 2014**

**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**

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements. 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 the restricted component of net position.

**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:

**MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2014**

**A. DEFICIT FUND BALANCES**

For the year ended December 31, 2014, the following Funds had deficit balances:

**MAJOR FUNDS:**

|                    |              |           |
|--------------------|--------------|-----------|
| Capital Projects:  | Brandt/Angus | (854,158) |
| Ditch Maintenance: | JD #25-1     | (170,484) |
|                    | JD #14       | (146,429) |

**NON-MAJOR FUNDS:**

|                    |               |           |
|--------------------|---------------|-----------|
| Capital Projects:  | Angus-Oslo 1  | (1,694)   |
|                    | PL-566        | (113,628) |
|                    | Angus-Oslo #4 | (32,676)  |
| Ditch Maintenance: | CD #43        | (66,969)  |
|                    | CD #44        | (14,539)  |

No remedial action is deemed necessary.

These deficits will be funded by borrowings from the general fund and capital projects fund until they can be brought to a positive fund balance.

**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, 2014**

- 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, 2014, the carrying amount of the District's deposits was \$4,042,224 and the bank balance was \$4,079,017. 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 as 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, 2014**

**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](http://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, 2014**

**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 2014. 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 PERP members. The District's contributions to the Public Employees Retirement Fund for the years ended December 31, 2014 and 2013 were \$13,554 and \$12,936, 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, 2014, 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,<br>due in installments through February 1, 2020 bearing interest of 3.25 to 4.0%.<br>Principal repayments on these bonds began on February 1, 2007. | \$ 822,000        |
| Total Long-Term Debt                                                                                                                                                                                                           | <u>\$ 822,000</u> |

Repayment requirements are as follows:

| Year Ending<br>December 31 | Principal         | Interest         | Total             |
|----------------------------|-------------------|------------------|-------------------|
| 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                       | 130,000           | 7,800            | 137,800           |
| 2020                       | 130,000           | 2,600            | 132,600           |
| Total                      | <u>\$ 822,000</u> | <u>\$ 94,604</u> | <u>\$ 916,604</u> |



**MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
**AS OF DECEMBER 31, 2014**

**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 June 18, 2015, 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, 2014, \$500,000 is owed to the Red River Watershed Management Board on the project.

**NOTE 10 SUBSEQUENT EVENTS**

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through June 18, 2015, 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, 2014**

|                                               | Budget Original<br>& Final | Actual<br>2014 | Variance    |
|-----------------------------------------------|----------------------------|----------------|-------------|
| <b>RECEIPTS</b>                               |                            |                |             |
| <u>Property Taxes</u>                         |                            |                |             |
| Marshall County                               | \$ 201,851                 | \$ 194,950     | \$ (6,901)  |
| Polk County                                   | 43,195                     | 42,845         | (350)       |
| Kittson County                                | 1,454                      | 1,370          | (84)        |
| Pennington County                             | 3,193                      | 3,157          | (36)        |
| Roseau County                                 | 307                        | 280            | (27)        |
| Total Property Taxes                          | 250,000                    | 242,602        | (7,398)     |
| <u>State Aids</u>                             |                            |                |             |
| MV Credit                                     | -                          | 5,713          | 5,713       |
| PERA                                          | -                          | 544            | 544         |
| Total State Aids                              | -                          | 6,257          | 6,257       |
| <u>Other Sources</u>                          |                            |                |             |
| Ditch Reimbursements                          | -                          | 61,555         | 61,555      |
| RRWMB                                         | -                          | 5,924          | 5,924       |
| Interest                                      | 1,000                      | 1,362          | 362         |
| Other                                         | -                          | 18,038         | 18,038      |
| Total Other Sources                           | 1,000                      | 86,879         | 85,879      |
| Total Receipts, Other Sources & Special Items | 251,000                    | 335,738        | 84,738      |
| <b>DISBURSEMENTS</b>                          |                            |                |             |
| <u>Administrative Personnel Costs</u>         |                            |                |             |
| Salaries                                      | -                          | 235,313        | -           |
| Managers                                      | -                          | 16,125         | -           |
| Managers Expense                              | -                          | 13,530         | -           |
| Employee Benefits                             | -                          | 55,908         | -           |
| Unemployment Compensation                     | -                          | 1,690          | -           |
| Dental Insurance                              | -                          | 350            | -           |
| Payroll Costs                                 | -                          | 15,217         | -           |
| Total Administrative Personnel Costs          | 345,000                    | 338,133        | 6,867       |
| <u>Professional</u>                           |                            |                |             |
| Accounting                                    | -                          | 8,665          | (8,665)     |
| Administrative                                | -                          | 11,051         | (11,051)    |
| Engineering                                   | 15,000                     | 3,556          | 11,444      |
| Legal                                         | 30,000                     | 58,827         | (28,827)    |
| Total Professional                            | 45,000                     | 82,099         | (37,099)    |
| <u>Operations</u>                             |                            |                |             |
| Insurance                                     | 15,000                     | 23,519         | (8,519)     |
| Dues                                          | 2,000                      | 2,691          | (691)       |
| Office                                        | 10,000                     | 171            | 9,829       |
| Printing and Advertising                      | 5,000                      | 7,079          | (2,079)     |
| Supplies & Miscellaneous                      | 24,000                     | 27,541         | (3,541)     |
| Telephone                                     | 4,000                      | 3,633          | 367         |
| Mileage                                       | 2,000                      | 4,091          | (2,091)     |
| Vehicle Expense                               | 15,000                     | 9,143          | 5,857       |
| Postage                                       | 2,000                      | 2,468          | (468)       |
| Outreach                                      | 20,000                     | 801            | 19,199      |
| Miscellaneous                                 | 1,000                      | 529            | 471         |
| Total Operations                              | 100,000                    | 81,666         | 18,334      |
| <u>Facilities</u>                             |                            |                |             |
| Maintenance                                   | 5,000                      | 6,559          | (1,559)     |
| Utilities                                     | 5,500                      | 5,478          | 22          |
| Total Facilities                              | 10,500                     | 12,037         | (1,537)     |
| Total Disbursements                           | \$ 500,500                 | \$ 513,935     | \$ (13,435) |
| Less: Allocated Expenses                      |                            | \$ 131,934     |             |
| Net Total Disbursements                       |                            | 382,001        |             |
| EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS |                            | (46,263)       |             |
| FUND BALANCE JANUARY 1                        |                            | 576,049        |             |
| FUND BALANCE DECEMBER 31                      |                            | \$ 529,786     |             |

See Note to Budgetary Comparison Schedule

**MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT**  
**NOTE TO BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**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, 2014**

| <u>RECEIPTS</u>                               | <u>GENERAL</u> | <u>ANGUS-<br/>OSLO-1</u> | <u>ANGUS-<br/>OSLO-4</u> | <u>BRANDT/<br/>ANGUS</u> | <u>MARCH<br/>IMPOUNDMENT</u> | <u>PL-566</u> | <u>FARMSTEAD<br/>RING DIKES</u> | <u>BIRDING (NEW)<br/>TRAIL</u> | <u>AGASSIZ<br/>VALLEY</u> | <u>TOTALS</u> |
|-----------------------------------------------|----------------|--------------------------|--------------------------|--------------------------|------------------------------|---------------|---------------------------------|--------------------------------|---------------------------|---------------|
| <u>Property Taxes</u>                         |                |                          |                          |                          |                              |               |                                 |                                |                           |               |
| Marshall County                               | \$ 348,034     | \$ -                     | \$ -                     | \$ -                     | \$ -                         | \$ 54,654     | \$ -                            | \$ -                           | \$ -                      | \$ 402,688    |
| Polk County                                   | 76,923         | -                        | -                        | -                        | -                            | -             | -                               | -                              | -                         | 76,923        |
| Pennington County                             | 5,667          | -                        | -                        | -                        | -                            | -             | -                               | -                              | -                         | 5,667         |
| Roseau County                                 | 503            | -                        | -                        | -                        | -                            | -             | -                               | -                              | -                         | 503           |
| Kittson County                                | 2,459          | -                        | -                        | -                        | -                            | -             | -                               | -                              | -                         | 2,459         |
| Total Property Taxes                          | 433,586        | -                        | -                        | -                        | -                            | 54,654        | -                               | -                              | -                         | 488,240       |
| <u>Intergovernmental</u>                      |                |                          |                          |                          |                              |               |                                 |                                |                           |               |
| <u>Federal Government</u>                     |                |                          |                          |                          |                              |               |                                 |                                |                           |               |
| FEMA                                          | -              | -                        | -                        | -                        | -                            | -             | -                               | -                              | -                         | -             |
| <u>State of Minnesota</u>                     |                |                          |                          |                          |                              |               |                                 |                                |                           |               |
| Homestead Credit                              | 10,257         | -                        | -                        | -                        | -                            | -             | -                               | -                              | -                         | 10,257        |
| Project Funding                               | -              | -                        | -                        | -                        | -                            | -             | -                               | -                              | 260,487                   | 260,487       |
| Agassiz Audubon Society                       | -              | -                        | -                        | -                        | -                            | -             | -                               | -                              | 3,383                     | 3,383         |
| MN Department of Natural Resources            | 9,086          | -                        | -                        | 374,229                  | -                            | -             | -                               | -                              | -                         | 383,315       |
| RRWMB                                         | 4,164          | -                        | -                        | 134,321                  | -                            | -             | -                               | -                              | 33,950                    | 172,435       |
| Total Intergovernmental                       | 23,507         | -                        | -                        | 508,550                  | -                            | -             | -                               | -                              | 297,820                   | 829,877       |
| <u>Other Income</u>                           |                |                          |                          |                          |                              |               |                                 |                                |                           |               |
| Rent                                          | -              | 1,153                    | 15,299                   | 675                      | 30,904                       | 13,367        | -                               | -                              | -                         | 61,398        |
| Miscellaneous                                 | 388            | -                        | -                        | -                        | -                            | -             | -                               | -                              | 52,967                    | 53,355        |
| Interest                                      | -              | -                        | 30                       | -                        | -                            | -             | -                               | -                              | 89                        | 119           |
| Total Other Income                            | 388            | 1,153                    | 15,329                   | 675                      | 30,904                       | 13,367        | -                               | -                              | 53,056                    | 114,872       |
| Total Receipts                                | 457,481        | 1,153                    | 15,329                   | 509,225                  | 30,904                       | 68,021        | -                               | -                              | 350,876                   | 1,432,989     |
| <u>DISBURSEMENTS</u>                          |                |                          |                          |                          |                              |               |                                 |                                |                           |               |
| Outreach                                      | 560            | -                        | -                        | -                        | -                            | -             | -                               | -                              | 2,915                     | 3,475         |
| Project Costs                                 | 53,706         | 759                      | 38,419                   | 93,627                   | -                            | 94,097        | -                               | -                              | 275,319                   | 555,927       |
| Miscellaneous                                 | 18,801         | 176                      | 152                      | -                        | 560                          | 1,548         | -                               | -                              | 3,145                     | 24,382        |
| Taxes                                         | -              | -                        | 10,610                   | 9,056                    | 4,340                        | 14,608        | -                               | -                              | 3,319                     | 41,933        |
| Administrative                                | 52,507         | 1,334                    | 2,022                    | 10,722                   | 848                          | 7,076         | -                               | -                              | 57,424                    | 131,933       |
| Professional                                  | 58,115         | 420                      | 167                      | 5,622                    | -                            | 1,347         | -                               | -                              | 10,923                    | 76,594        |
| Total Disbursements                           | 183,689        | 2,689                    | 51,370                   | 119,027                  | 5,748                        | 118,676       | -                               | -                              | 353,045                   | 834,244       |
| EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS | 273,792        | (1,536)                  | (36,041)                 | 390,198                  | 25,156                       | (50,655)      | -                               | -                              | (2,169)                   | 598,745       |
| FUND BALANCE JANUARY 1                        | 1,226,466      | (158)                    | 3,365                    | (1,244,356)              | 81,235                       | (62,973)      | 42,570                          | 15,298                         | 155,928                   | 217,375       |
| FUND BALANCE DECEMBER 31                      | \$ 1,500,258   | \$ (1,694)               | \$ (32,676)              | \$ (854,158)             | \$ 106,391                   | \$ (113,628)  | \$ 42,570                       | \$ 15,298                      | \$ 153,759                | \$ 816,120    |

**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, 2014**

| <u>RECEIPTS</u>                               | <u>Judicial<br/>Ditches</u> | <u>Watershed<br/>Ditches</u> | <u>County &amp; State<br/>Ditches</u> | <u>TOTALS</u>       |
|-----------------------------------------------|-----------------------------|------------------------------|---------------------------------------|---------------------|
| Tax Levies                                    | \$ 243,166                  | \$ 49,116                    | \$ 51,916                             | \$ 344,198          |
| Prorated Interest Revenue                     | <u>1,790</u>                | <u>268</u>                   | <u>129</u>                            | <u>2,187</u>        |
| Total Receipts                                | <u>244,956</u>              | <u>49,384</u>                | <u>52,045</u>                         | <u>346,385</u>      |
| <u>DISBURSEMENTS</u>                          |                             |                              |                                       |                     |
| Administrative                                | 48,809                      | 4,220                        | 8,528                                 | 61,557              |
| Professional                                  | 94,978                      | 1,733                        | 4,714                                 | 101,425             |
| Project Costs                                 | 419,386                     | 16,884                       | 28,716                                | 464,986             |
| Miscellaneous                                 | 7,347                       | -                            | 661                                   | 8,008               |
| Maintenance                                   | <u>1,705</u>                | <u>-</u>                     | <u>-</u>                              | <u>1,705</u>        |
| Total Disbursements                           | <u>572,225</u>              | <u>22,837</u>                | <u>42,619</u>                         | <u>637,681</u>      |
| EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS | (327,269)                   | 26,547                       | 9,426                                 | (291,296)           |
| FUND BALANCE JANUARY 1                        | <u>1,329,265</u>            | <u>254,827</u>               | <u>12,053</u>                         | <u>1,596,144</u>    |
| FUND BALANCE DECEMBER 31                      | <u>\$ 1,001,996</u>         | <u>\$ 281,374</u>            | <u>\$ 21,479</u>                      | <u>\$ 1,304,848</u> |



**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, 2014**

| <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                               | \$ 4,913          | \$ 10,958           | \$ 12,669       | \$ 14,782        | \$ -             | \$ 13,038        | \$ -             | \$ -             |
| Polk County                                   | 127,689           | -                   | -               | -                | 1,592            | -                | -                | -                |
| Pennington County                             | -                 | 4,154               | -               | -                | -                | -                | -                | -                |
| Prorated Interest Revenue                     | 671               | -                   | 3               | 88               | 94               | 59               | 63               | 109              |
| Total Receipts                                | <u>133,273</u>    | <u>15,112</u>       | <u>12,672</u>   | <u>14,870</u>    | <u>1,686</u>     | <u>13,097</u>    | <u>63</u>        | <u>109</u>       |
| <u>DISBURSEMENTS</u>                          |                   |                     |                 |                  |                  |                  |                  |                  |
| Administrative                                | 12,739            | 573                 | 6,642           | 2,911            | 1,956            | 4,160            | 669              | 306              |
| Professional                                  | 24,301            | 17,182              | 18,392          | 2,583            | 2,209            | 2,592            | -                | -                |
| Project Costs                                 | 243,901           | 28,244              | 22,661          | 649              | -                | 12,789           | 3,600            | 1,586            |
| Miscellaneous                                 | -                 | 4,116               | 729             | -                | -                | -                | 200              | -                |
| Maintenance                                   | 1,705             | -                   | -               | -                | -                | -                | -                | -                |
| Total Disbursements                           | <u>282,646</u>    | <u>50,115</u>       | <u>48,424</u>   | <u>6,143</u>     | <u>4,165</u>     | <u>19,541</u>    | <u>4,469</u>     | <u>1,892</u>     |
| EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS | (149,373)         | (35,003)            | (35,752)        | 8,727            | (2,479)          | (6,444)          | (4,406)          | (1,783)          |
| FUND BALANCE JANUARY 1                        | <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>    |
| FUND BALANCE DECEMBER 31                      | <u>\$ 464,269</u> | <u>\$ (146,429)</u> | <u>\$ 8,659</u> | <u>\$ 74,546</u> | <u>\$ 68,408</u> | <u>\$ 43,693</u> | <u>\$ 44,287</u> | <u>\$ 79,281</u> |

**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, 2014**

| <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                               | \$ 3,994            | \$ 436           | \$ 1,540        | \$ 22,718        | \$ -             | \$ -              | \$ 85,048           |
| Polk County                                   | 3,407               | 2,271            | -               | -                | -                | 18,978            | 153,937             |
| Pennington County                             | -                   | 27               | -               | -                | -                | -                 | 4,181               |
| Prorated Interest Revenue                     | -                   | 32               | 3               | 51               | 31               | 586               | 1,790               |
| Total Receipts                                | <u>7,401</u>        | <u>2,766</u>     | <u>1,543</u>    | <u>22,769</u>    | <u>31</u>        | <u>19,564</u>     | <u>244,956</u>      |
| <u>DISBURSEMENTS</u>                          |                     |                  |                 |                  |                  |                   |                     |
| Administrative                                | 9,977               | 1,154            | 1,583           | 1,289            | 59               | 4,791             | 48,809              |
| Professional                                  | 16,227              | -                | -               | -                | -                | 11,492            | 94,978              |
| Project Costs                                 | 57,601              | 15,438           | 1,856           | 13,731           | -                | 17,330            | 419,386             |
| Miscellaneous                                 | 839                 | 1,024            | 439             | -                | -                | -                 | 7,347               |
| Maintenance                                   | -                   | -                | -               | -                | -                | -                 | 1,705               |
| Total Disbursements                           | <u>84,644</u>       | <u>17,616</u>    | <u>3,878</u>    | <u>15,020</u>    | <u>59</u>        | <u>33,613</u>     | <u>572,225</u>      |
| EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS | (77,243)            | (14,850)         | (2,335)         | 7,749            | (28)             | (14,049)          | (327,269)           |
| FUND BALANCE JANUARY 1                        | <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>    |
| FUND BALANCE DECEMBER 31                      | <u>\$ (170,484)</u> | <u>\$ 16,970</u> | <u>\$ 1,550</u> | <u>\$ 52,660</u> | <u>\$ 23,071</u> | <u>\$ 441,515</u> | <u>\$ 1,001,996</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, 2014**

| <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                               | \$ -            |                  | \$ -             | \$ -             | \$ 4,863         | \$ 6,624         | \$ -                 | \$ 11,487         |
| Polk County                                   | -               | -                | 14,425           | 19,818           | 676              | 2,710            | -                    | 37,629            |
| Prorated Interest Revenue                     | <u>11</u>       | <u>59</u>        | <u>71</u>        | <u>46</u>        | <u>31</u>        | <u>50</u>        | -                    | <u>268</u>        |
| Total Receipts                                | <u>11</u>       | <u>59</u>        | <u>14,496</u>    | <u>19,864</u>    | <u>5,570</u>     | <u>9,384</u>     | -                    | <u>49,384</u>     |
| <u>DISBURSEMENTS</u>                          |                 |                  |                  |                  |                  |                  |                      |                   |
| Administrative                                | 160             | 1,401            | 1,268            | 1,080            | 311              | -                | -                    | 4,220             |
| Professional                                  | -               | 1,733            | -                | -                | -                | -                | -                    | 1,733             |
| Project Costs                                 | <u>375</u>      | <u>-</u>         | <u>9,164</u>     | <u>6,906</u>     | <u>375</u>       | <u>-</u>         | <u>64</u>            | <u>16,884</u>     |
| Total Disbursements                           | <u>535</u>      | <u>3,134</u>     | <u>10,432</u>    | <u>7,986</u>     | <u>686</u>       | <u>-</u>         | <u>64</u>            | <u>22,837</u>     |
| EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS | (524)           | (3,075)          | 4,064            | 11,878           | 4,884            | 9,384            | (64)                 | 26,547            |
| FUND BALANCE JANUARY 1                        | <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>    |
| FUND BALANCE DECEMBER 31                      | <u>\$ 8,050</u> | <u>\$ 43,928</u> | <u>\$ 57,001</u> | <u>\$ 68,588</u> | <u>\$ 26,681</u> | <u>\$ 44,615</u> | <u>\$ 32,511</u>     | <u>\$ 281,374</u> |

## STATEMENT 5

**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, 2014**

| <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                               | \$ 4,881         | \$ 2,400         | \$ 4,695         | \$ -               | \$ -               | \$ -             | \$ 11,976        |
| Polk County                                   | -                | -                | -                | 23,655             | 10,464             | 5,821            | 39,940           |
| Prorated Interest Revenue                     | <u>52</u>        | <u>30</u>        | <u>2</u>         | <u>-</u>           | <u>-</u>           | <u>45</u>        | <u>129</u>       |
| Total Receipts                                | <u>4,933</u>     | <u>2,430</u>     | <u>4,697</u>     | <u>23,655</u>      | <u>10,464</u>      | <u>5,866</u>     | <u>52,045</u>    |
| <u>DISBURSEMENTS</u>                          |                  |                  |                  |                    |                    |                  |                  |
| Professional                                  | -                | -                | -                | -                  | 72                 | 4,642            | 4,714            |
| Project Costs                                 | 2,540            | 341              | -                | 15,146             | 7,884              | 2,805            | 28,716           |
| Miscellaneous                                 | -                | -                | -                | 106                | 26                 | 529              | 661              |
| Administrative                                | <u>768</u>       | <u>46</u>        | <u>-</u>         | <u>1,055</u>       | <u>677</u>         | <u>5,982</u>     | <u>8,528</u>     |
| Total Disbursements                           | <u>3,308</u>     | <u>387</u>       | <u>-</u>         | <u>16,307</u>      | <u>8,659</u>       | <u>13,958</u>    | <u>42,619</u>    |
| EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS | 1,625            | 2,043            | 4,697            | 7,348              | 1,805              | (8,092)          | 9,426            |
| FUND BALANCE JANUARY 1                        | <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>    |
| FUND BALANCE DECEMBER 31                      | <u>\$ 42,474</u> | <u>\$ 24,177</u> | <u>\$ 5,510</u>  | <u>\$ (66,969)</u> | <u>\$ (14,539)</u> | <u>\$ 30,826</u> | <u>\$ 21,479</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, 2014**

| <u>RECEIPTS</u>                               | <u>WD #5<br/>BRF</u> | <u>WD #6<br/>BRF</u> | <u>TOTALS</u>     |
|-----------------------------------------------|----------------------|----------------------|-------------------|
| Polk County                                   | \$ 107,725           | \$ 76,485            | \$ 184,210        |
| Interest Revenue                              | <u>521</u>           | <u>293</u>           | <u>814</u>        |
| Total Receipts                                | <u>108,246</u>       | <u>76,778</u>        | <u>185,024</u>    |
| <u>DISBURSEMENTS</u>                          |                      |                      |                   |
| Bond Principal                                | 93,000               | 59,000               | 152,000           |
| Bond Interest & Fees                          | <u>21,175</u>        | <u>13,813</u>        | <u>34,988</u>     |
| Total Disbursements                           | <u>114,175</u>       | <u>72,813</u>        | <u>186,988</u>    |
| EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS | (5,929)              | 3,965                | (1,964)           |
| FUND BALANCE JANUARY 1                        | <u>524,246</u>       | <u>369,188</u>       | <u>893,434</u>    |
| FUND BALANCE DECEMBER 31                      | <u>\$ 518,317</u>    | <u>\$ 373,153</u>    | <u>\$ 891,470</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, 2014**

RECEIPTSProperty Taxes

|                   |               |
|-------------------|---------------|
| Marshall County   | \$ 348,034    |
| Polk County       | 76,923        |
| Kittson County    | 2,459         |
| Pennington County | 5,667         |
| Roseau County     | 503           |
| State - MV        | <u>10,257</u> |

|                      |                |
|----------------------|----------------|
| Total Property Taxes | <u>443,843</u> |
|----------------------|----------------|

|                |                |
|----------------|----------------|
| TOTAL RECEIPTS | <u>443,843</u> |
|----------------|----------------|

DISBURSEMENTS

|                                      |                |
|--------------------------------------|----------------|
| Red River Watershed Management Board | <u>443,843</u> |
|--------------------------------------|----------------|

|                                               |   |
|-----------------------------------------------|---|
| EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS | - |
|-----------------------------------------------|---|

|                                                   |          |
|---------------------------------------------------|----------|
| AMOUNT DUE TO OTHER GOVERNMENTAL UNITS, JANUARY 1 | <u>-</u> |
|---------------------------------------------------|----------|

|                                                     |                    |
|-----------------------------------------------------|--------------------|
| AMOUNT DUE TO OTHER GOVERNMENTAL UNITS, DECEMBER 31 | <u><u>\$ -</u></u> |
|-----------------------------------------------------|--------------------|



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, 2014 and the related notes to the financial statements, and have issued our report thereon dated June 18, 2015.

### 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**

June 18, 2015