

2015

ANNUAL REPORT



MIDDLE SNAKE TAMARAC RIVERS
WATERSHED DISTRICT

2015 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 46th Annual Report for the Middle-Snake-Tamarac Rivers Watershed District (MTRWD) for the year 2015.

It's that time of the year again....Annual Report time! The Middle Snake Tamarac Rivers Watershed District (MSTRWD) each year publishes an annual report on the various activities and projects that are taking place within the District. This report also includes comments on the maintenance of the various ditch systems, the financial condition of the District, as well as other items that may be of interest to the public.

While the District did not begin construction on any major "new" projects this year, we have had a lot of discussion on several possible projects. We will soon sign a Regional Conservation Partnership Program contract with the NRCS to obtain USDA funding for a research and planning process on two projects. One possible project is in the Tamarac Watershed and the other is in the JD #14 system, near Viking, Minnesota. Also, we have had interest from landowners living on or near the Swift Coulee area to resume the Project Work Team for improvements to the drainage/flooding in that area. We plan to resume the meetings next year. The City of Newfolden has also met with us late in the year and we are committed to working with them in resolving issues with the first ever 100 year Flood Plain mapping in their town. Additionally, we continue to maintain the numerous miles of ditches within the Watershed as well as the various impoundments and holding areas.

We are also participating in three different Watershed Restoration and Protection Strategies processes, (WRAPS), in the Watershed. The Minnesota Pollution Control Agency has the lead role in identifying water quality impediments in the rivers throughout the District. At various stages in this process there will be public information meetings/hearings where the residents are invited and encouraged to attend to participate in the process. When areas of concern have been identified, the District along with various agencies and funding sources, will have to determine what solutions or strategies are available to improve the impediment.

As you can see, the District has a lot of various things going on that all work together for the overall improvement of the Watershed. We continue to take seriously our role in the quantity and quality of the water flow in the District, and invite you to join us in this ongoing process.

We hope you read through this report and if you have any questions or comments, please contact us.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ben Kleinwachter", written over a horizontal line.

Ben Kleinwachter
Chairman

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) Front: John W Nelson, Ben Kleinwachter, David Bakke, Roger Mischel
Back: Tom Neibauer, Jim Jubie, Robert Kovar

After serving on the MSTRWD Board for 6 years, as a Manager and as President of the Board, Mr. Roger Hille retired in 2015.



Chairman Ben Kleinwachter (L) and Danny Omdahl (R) presenting a plaque to Roger Hille (M).

Mr. Robert Kovar was appointed, by the Polk County Commissioners, February 3, 2015 to fill the manager's position vacated by the retirement of Mr. Marvin Hedlund in December of 2014.

The Marshall County Board of Commissioners, in July 2015, re-appointed David Bakke of Newfolden, and appointed Mr. Roger Mischel of Warren to the MSTRWD Board of Managers.

The terms of the managers are for 3 years.

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

Name	Office	Address	County	Term Ends
Ben Kleinwachter	President	Strandquist, MN	Marshall	Aug 27, 2017
John W Nelson	Vice President	Oslo, MN	Marshall	Aug 27, 2016
Jim Jubie	Treasurer	Warren, MN	Marshall	Aug 27, 2017
David Bakke	Secretary	Newfolden, MN	Marshall	Aug 26, 2018
Robert Kovar	Ass't Sec/Treas	East Grand Forks, MN	Polk	Feb 3, 2018
Tom Neibauer	Manager	Middle River, MN	Marshall	Aug 27, 2016
Roger Mischel	Manager	Warren, MN	Marshall	Aug 27, 2018

STAFF

This year the Staff of the District changed considerably. Nick Drees retired after 44 years of dedicated employment. Nick was the first employee hired to work at the District since it was formed in 1970. He started as the surveyor and ended his career as the Administrator. Ron Sorvig also retired after 15 years of employment. He too started as a surveyor and became the head surveyor during his tenure. In June 2015, Bryan Murphy joined the staff as an Engineering Technician.



*Administrator
Danny Omdahl*



*Administrative Ass't
Connie Kujawa*



*Technician
Ron Sorvig*



*Project Coordinator
Nick Drees*



*Technician
Deborah Rynda*



*Technician
Bryan Murphy*



OFFICE



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

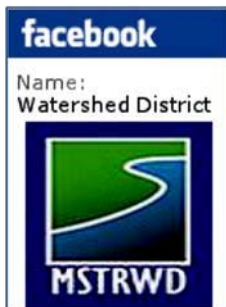
Fax: 218-745-5300

Email: mstrwd@hotmail.com

WEBSITE



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



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

ENGINEERING SERVICES



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

LEGAL SERVICES



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.

2015 WATERSHED DISTRICT ADVISORY COMMITTEE

The Watershed District, on behalf of the Committee, holds at least one Advisory Committee meeting every year. The meeting is advertised in at least 2 newspapers within the District, and the District sends invitations to previous attendees and township officials. The Advisory Committee meeting is open to the public and the public is encouraged to attend.

A July 30th meeting occurred in Newfolden to discuss the Governor's Buffer Strip Initiative at the request of Advisory Board Chairman Joe Pierce. Several agency personnel were present to answer questions from the public as how it may affect their properties. Of note, there was a discussion that alternative practices to a buffer strip are being reviewed within the Initiative to promote conservation and yet still producing income.

The Annual Meeting was held on November 16, 2015 in the Community Room of the Bremer Bank in Warren, Minnesota. Robin Johnson, was nominated to serve as Chairman and Stuart Nordling was nominated as the Secretary.

Danny Omdahl presented a power point presentation reviewing the District, the history of the District and some issues of highest priority facing the District.

The attendees were briefed on the significant amount of ditch spraying that was performed on the legal drainage ditches and impoundments by both ground and aerial applications and the degree of maintenance performed by both mowing and ditch repairs.

Other items that were discussed and reviewed included:

- 1) A discussion regarding the mediated settlement agreement among the regulatory agencies concerning construction impoundments;
- 2) The activities of Project 60 in Esther Township, Polk County;
- 4) The Project Work Team (PWT) for the Nelson slough project, along Judicial Ditch #19;
- 5) Judicial Ditch #14 and Judicial Ditch #19 Regional Conservation Partnership Program thru the NRCS;
- 6) Governor Dayton's Buffer Strip Initiative;
- 7) The hydraulic analysis being performed on improving the access to Oslo, Minnesota during flood events;
- 8) The retirement of Nick Drees and Ron Sorvig;
- 9) Swift Coulee Project Work Team.

Some questions posed by the Advisory Board members included:

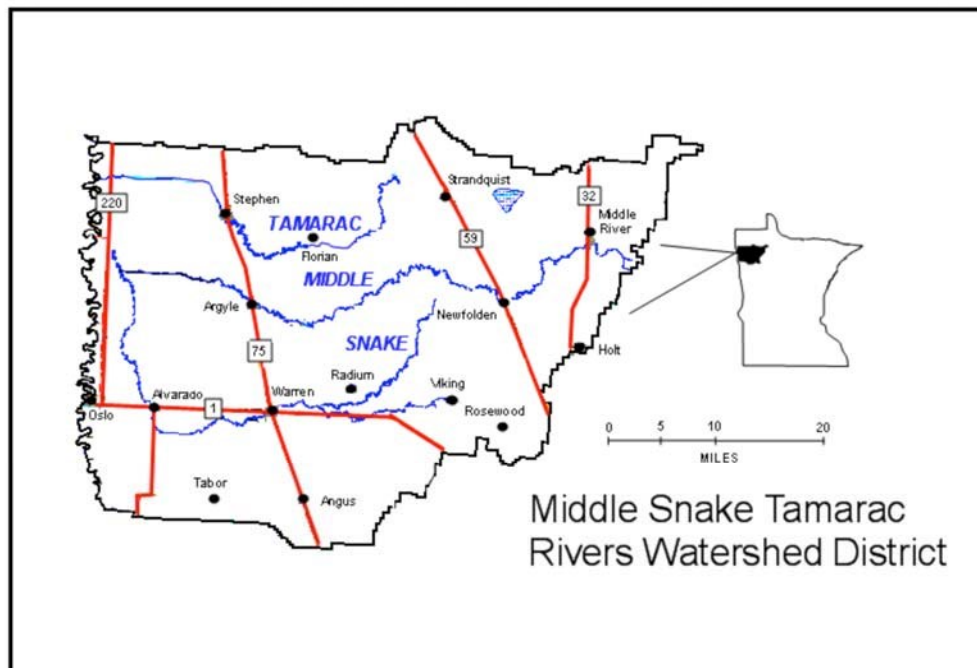
- 1) The location of the anticipated sediment removal on Judicial Ditch #15, Branch A;
- 2) The need for clearing and snagging on the Snake River, West of the City of Warren;
- 3) The importance of bank stabilization along the Snake River going West of the March Property;
- 4) The issue of landowners constructing unpermitted berms.

The Advisory Committee meeting for 2016 was set for November 21, 2016.

2015 ADVISORY COMMITTEE

Committee Members	Affiliation
Ben Kleinwachter	President, Middle Snake Tamarac Rivers WD
John W Nelson	Vice President, Middle Snake Tamarac Rivers WD
David Bakke	Secretary, Middle Snake Tamarac Rivers WD
Robert Kovar	Asst Sec/Treasurer, Middle Snake Tamarac Rivers WD
Roger Mischel	Manager, Middle Snake Tamarac Rivers Watershed District
Danny Omdahl	Administrator, Middle Snake Tamarac Rivers Watershed District
Dean Danielski	Farley Township
Tony Filipi	Tabor Township
Marvin Hedlund	Higdem Township
Mark Weber	Wright Township
Daniel Sustad	Viking Township

Stuart Nordling	Vega Township
David Nelson	Warrenton Township
Robin Johnson	Warrenton Township
Tracy Anderson	McCrea Township
Jared Sands	Oak Park Township
Tony Nordby	Houston Engineering, Thief River Falls
Don Diedrich	Polk County Commissioner
Jeff Hane	Attorney, Brink Sobolik, Severson et al
LeRoy Vonasek	Marshall County Commissioner
Sharon Bring	Marshall County Commissioner
Rolland Miller	Marshall County Commissioner
Darren Carlson	Marshall County SWCD
Thane Espe	Marshall County NRCS



History of the 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 square miles in Angus Township) to the District. This increased the total miles of legal drainage system in the District to 336.

2015: YEAR IN REVIEW

NRCS RCPP Projects

In the spring of 2015, The Red River Retention Authority, working with 7th District US Representative Collin Peterson, announced that funding to the National Resources Conservation Service, through the Regional Conservation Partnership Program (RCPP), will be available to watershed districts within the Red River Valley. The funds will be available, in a cost share basis with each district, to perform the technical studying and hydraulic analysis work for future flood damage reduction projects. Upon

completion of the study work it is thought that future construction funds will be available through the NRCS Public Law 566 program.

Tamarac Subwatershed Project Work Team

The MSTRWD Board therefore suspended the Tamarac PWT until finalization of the RCPP agreement and NRCS and District contract signatures take place.

Judicial Ditch #14 Project Work Team

The District completed the JD 14 Redetermination of Benefits in 2014. At that time there was strong support from landowners to initiate a flood damage reduction project. The RCPP opportunity prompted the Board to begin a PWT for JD 14. When an agreement is made with the NRCS, the PWT will become official.

WRAPS

The three “**Total Maximum Daily Load**” (TMDL) and “**Watershed Restoration and Protection Strategies**” (WRAPS), required by the Minnesota Clean Water Accountability Act, are continuing with the MPCA. Assisting consulting firms are: RESPEC Consulting & Services for the Snake–Middle Rivers; Houston Engineering, Inc for the Tamarac River; Emmons and Olivier Resources, Inc. for the Grand Marais Creek, which is shared with the Red Lake Watershed District. The WRAPS are for 4 years. They assess the existing conditions to determine the impairment and its source. They provide a prioritization of impairments and the steps to reduce pollutant loads to eliminate impairments. TMDLs are required by the US Environmental Protection Agency to establish the maximum pollutant that can enter an impaired body of water seasonally and still meet water quality standards.

Ditch Maintenance

Judicial Ditch #1: The resloping which started in 2014 was completed. The remaining 5 miles of the road (north) slope was made flatter and the township road was raised. The work had originally been Petitioned in 1992 as a method to raise the road to 1’ higher than the south spoilbank.

Judicial Ditch #15: It sustained damages from two summer rains in 2014. FEMA funds were obtained to repair about 2,100 feet of the ditch and CSAH #14 slope. Several erosion control measures were installed

Judicial Ditch 75: Landowners requested that the easterly 3 miles be resloped to a 4:1. The Board agreed with the request and the work was completed except for a 3,150 foot diagonal portion per landowner request. MN Trunk Highway #220 east to CD 43 field resloping has been completed, save for the diagonal reach.

County Ditch 175: This year sediment removal was completed. Landowner support was immense. One failed centerline culvert was replaced and several others are being monitored for stability.

Judicial Ditch 25-2: Upon multiple beaver dam removal activities it was discovered that a portion of a 190’ ridge culvert was failing. A survey was performed and Houston Engineering is drafting a replacement plan for 2016. It is downstream of Angus Oslo #4, therefore its corrective action will aid in AO #4’s storage release.

Ditch works: Several other ditches had numerous beaver dams removed.

Other

Grants: The District partnered with Marshall County to fund their grant writer to apply for grants to repair ditches and other projects.

Project 60: The project to restore the Grand Marais Coulee was completed. The natural resource and drainage benefits are quite extensive.

Newfolden River Restoration Committee: Residents and City officials formed this group in the fall, to provide for recreational opportunities along the Middle River in Newfolden. District Board and staff have participated in the meetings.

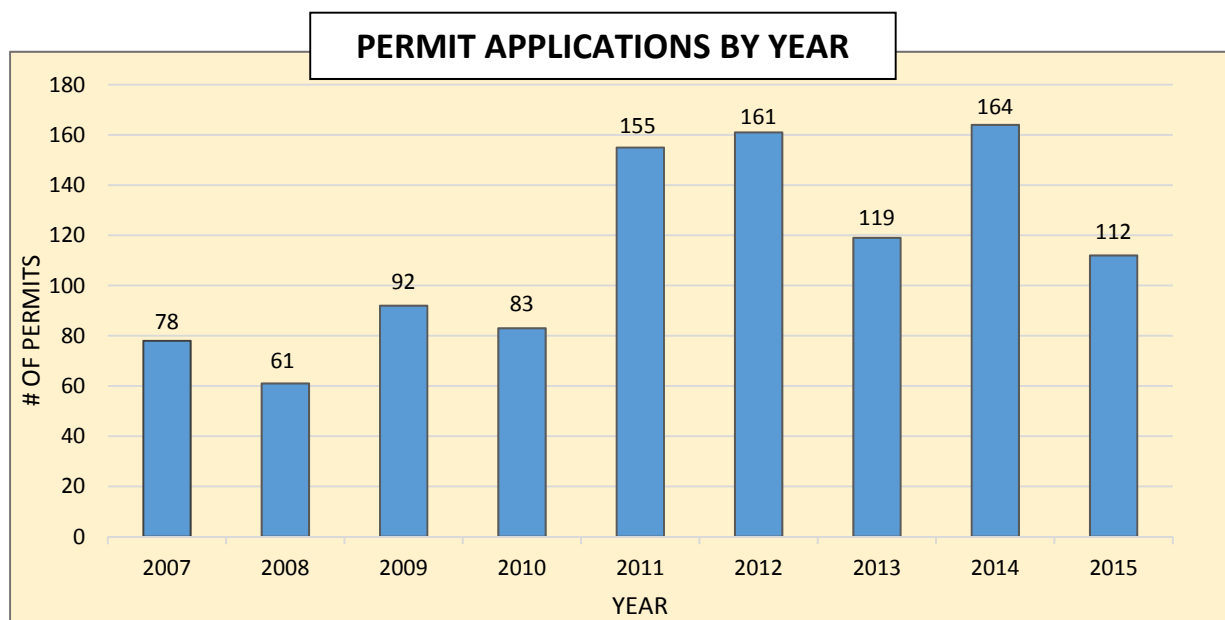
Newfolden Project Work Team: It's believed this PWT will be formed in 2016 to address Newfolden's new 100 Year Floodplain Zoning designation in the fall. The City of Newfolden had not been mapped previously. Staff has assisted with surveying of the affected properties and have consulted with the MN DNR and HDR Engineering. A wider scope of flood damage reduction will be incorporated.

Legal: The Zutz Elseth v Nelson Stroble action, initiated in 2008, continues.

PERMITS

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

In 2015, the Board reviewed 112 permit applications, of which seven were denied and six 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 categorization of the 2015 permits are as follows:

- 13 install field drain tile
- 64 install / replace culverts
- 22 crossings (repair, install, widen)
- 3 culvert flapgate
- 1 acquire water from an impoundment
- 1 pump

- 1 pipeline
- 1 irrigation
- 1 realign dike
- 2 construct dike
- 2 construct levee
- 1 construct bridge



Watershed District Rules and Regulations

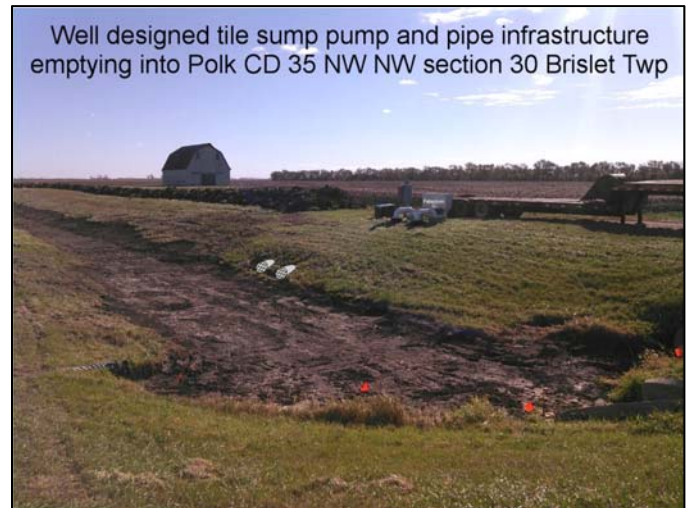
The following activities require a permit from the Board of Managers:

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

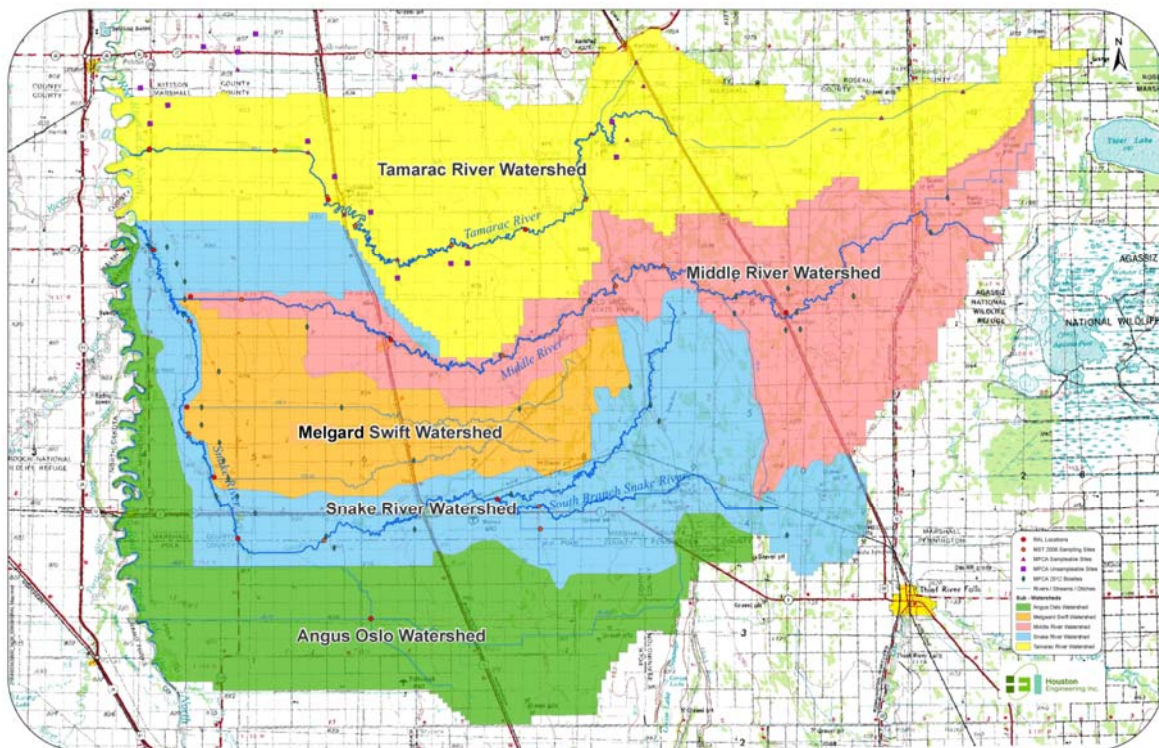
The Board reviews permit applications at each regular meeting. Anyone contemplating any work

described above is urged to contact the Watershed District office for additional information.

To get a copy of the Rules & Regulations an individual may stop by the office or view and print them from the website: www.mstrwd.com.



FIVE PLANNING REGIONS in the MSTRWD



1. TAMARAC RIVER PLANNING REGION

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

Flooding is common throughout the District during spring melt and heavy rains. Floodwaters from both the Tamarac and Middle Rivers frequently break out of the banks near Stephen and east of Argyle, which cause overland flooding. Additionally, runoff initially designated for the Roseau River is being diverted into this planning region and continues to aggravate flood conditions.

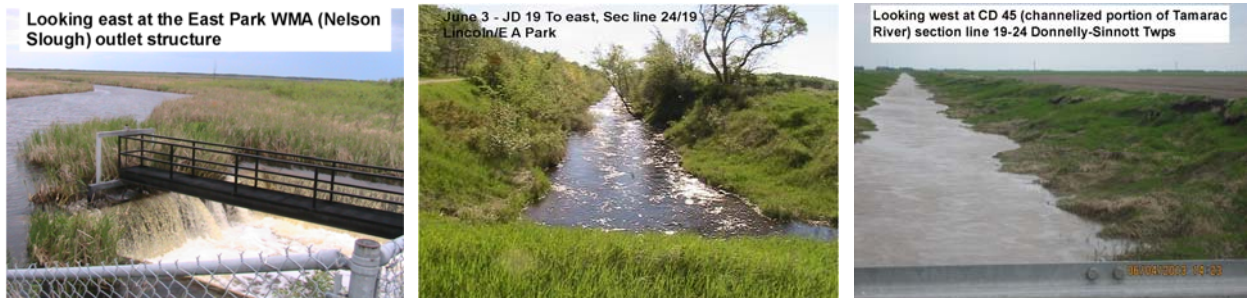
The public has requested that Nelson Slough (east of Strandquist) be used more effectively for flood control purposes. The region also struggles with providing adequate drainage, while minimizing erosion and maintaining channel stability. Throughout the region, channels appear to be undersized. This is evident by the widespread instability of the channels as they down cut and widen to handle flows. In addition to water erosion, soils within the region are highly susceptible to wind erosion.

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

Tamarac Subwatershed Project Team

The 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 to the east.



Lower Red River (Tamarac River) WRAPS

Through a grant from the MPCA, Houston Engineering, Inc. was hired to conduct the WRAPS process – to assess the current health of the Lower Red River area, including the 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 closer to the end of 2016.

2. MIDDLE RIVER PLANNING REGION

The Middle River drainage area is approximately 295 square miles. The River is approximately 98 miles in length and is a tributary to the Snake River. The towns it passes thru are Middle River, Newfolden, and Argyle. It has a number of problem areas associated with flooding, erosion, channel and slope 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.

The town of Newfolden received notice in the fall that mapping of the 100 Year Flood Plain was underway. It appears most homes east of the Canadian Pacific Rail Road may be affected along with some homes west of US Highway 59. District staff assisted Newfolden with obtaining elevation data at the affected properties.

Snake & Middle River WRAPS

In 2013, through a grant from the MPCA, the District hired RESPEC, Inc., to conduct the Watershed Restoration and Protection Strategy (WRAPS) process to assess the current health of Middle and Snake River watersheds and develop management strategies for their protection and restoration. The public was invited to attend an open house on September 22, 2015 in Argyle to discuss and gather public input regarding the WRAPS currently being developed for the Middle and Snake River Watersheds.



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.

There is also 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.



Agassiz Valley Water Resources Management Project

The Agassiz Valley Water Resource Management Project (Agassiz) was developed from the outcome 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.

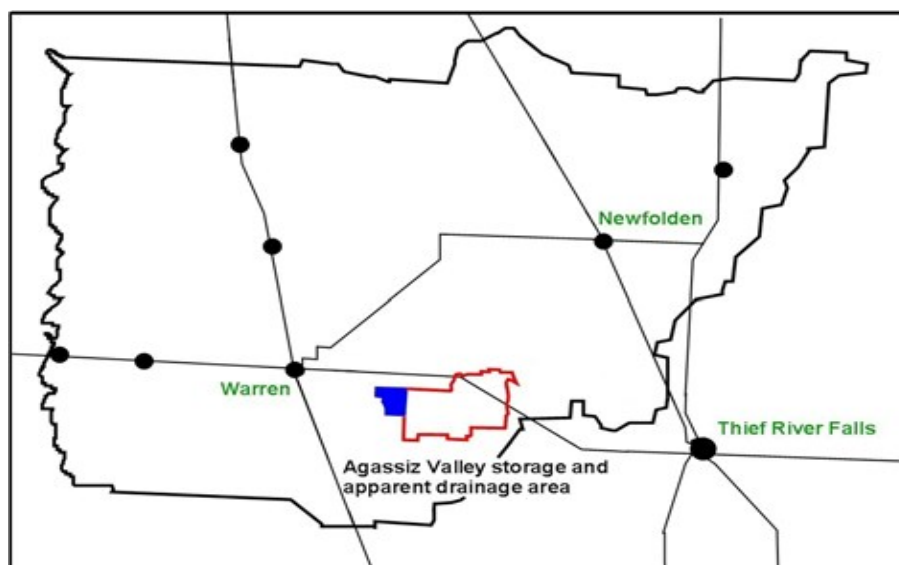
PROJECT STATISTICS:

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:		2,600 acres
Prairie and emergent wetland areas:		~ 480 acres
Estimated Total Cost:		\$10,700,000

Agassiz Valley aerial

Looking southeast, the outlet structure is at the bottom of the photo
JD #25-1 is the ditch that Agassiz outlets into, which flows to the Snake River





Agassiz Valley Water Resources Management Location and Drainage Area

Agassiz occupies four sections of land and includes inlet ditches to total approximately 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 Comstock Strip Township & McCrea Strip Township in Marshall County and Helgeland Township & 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.

Agassiz 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.

Agassiz Mitigated Wetlands Site



Monitoring of year four, of five, of the wetlands took place this year. Water depth in shallow wells is recorded and photos are taken to record vegetation growth. Houston Engineering staff inspects the site and creates a report which is forwarded to the Army Corps of Engineers. 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.

Laurie Fairchild, with the US Fish & Wildlife Service in Erskine, initiated a project to fund and plant approximately 16 acres of a native wetland vegetation mix in the Helgeland Coulee on the west side of the Agassiz Valley dike. Another approximate 17 acres of wetland seed was seeded adjacent to the Mitigated Wetlands Site, bringing a total of 33 acres of improved wetland vegetation at Agassiz.

Kiosks, Pollinator Garden and Tourism

Throughout 2015, 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.

In 2015, the WAO High School students completed the construction of four chimney swift tower and information kiosks for placement at various AGV locations. Carmen Simonet Designs, through a generous grant from the Northwest Minnesota Foundation, and in working with the Agassiz Audubon Sanctuary, designed panels for the kiosks and also developed the plans for a Pollinator Garden, located adjacent to Agassiz Valley.



Site preparation for the Northwest Minnesota Pollinating Garden began in the spring of 2015. Once the site was prepared, on June 20, 2015, local boy scouts, volunteers, Agassiz Audubon and

Watershed staff planted over 1,000 native plants grown from seed in greenhouses at the University of Minnesota-Crookston campus. The plant seeds were “local” genotypes supplied by Carlson Prairie Seed Farm.

Funding for the two plus acre garden was provided through grants to the MSTRWD from the Northwest Minnesota Foundation and the Minnesota Department of Agriculture Pesticide Branch. Donations were also made to the Agassiz Audubon Sanctuary in memory of Sarah Gunderson of Thompson, North Dakota; Christine Boman of Warren and Tom Valega of Linden, New Jersey.

Warren’s Boy Scout Troop #50 built 10 bee houses for the Agassiz Audubon Sanctuary, with most of the materials coming from Argyle Building Center. These have been placed at various impoundments within the Watershed District as well as at the pollinator garden.

The facebook page for Agassiz is updated periodically, at www.facebook.com/AgassizValley.

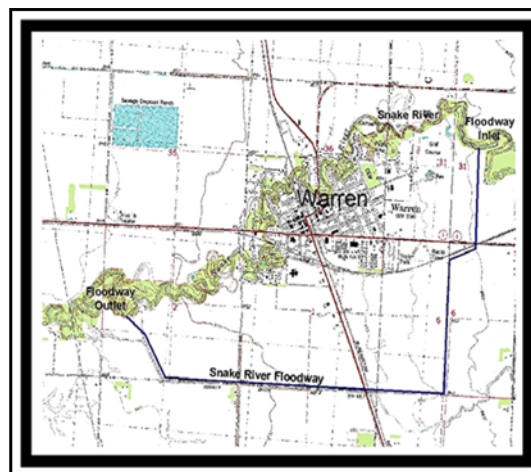


Kiosk panel

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.

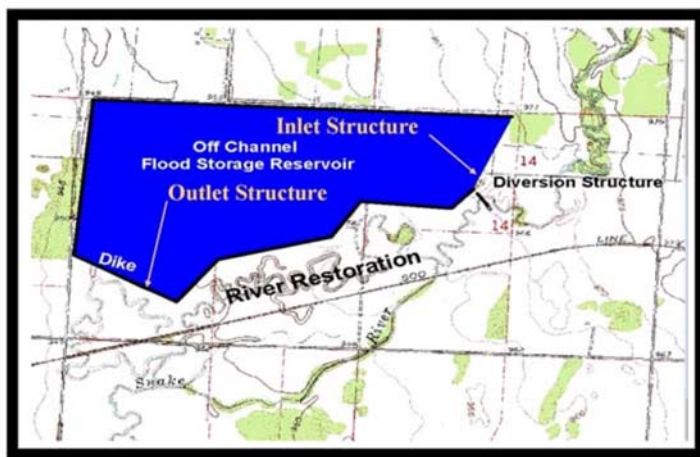
Mr. Nelson did not witness the benefits that this project would provide to the citizens of the City of Warren and the surrounding areas, due to his untimely passing away in 2006.

Although the project was not totally complete, it was operational in the spring of 2006 and it saved the City of Warren from flooding. The NRCS’s estimation was approximately \$8.7 million of flood damages that could have occurred.

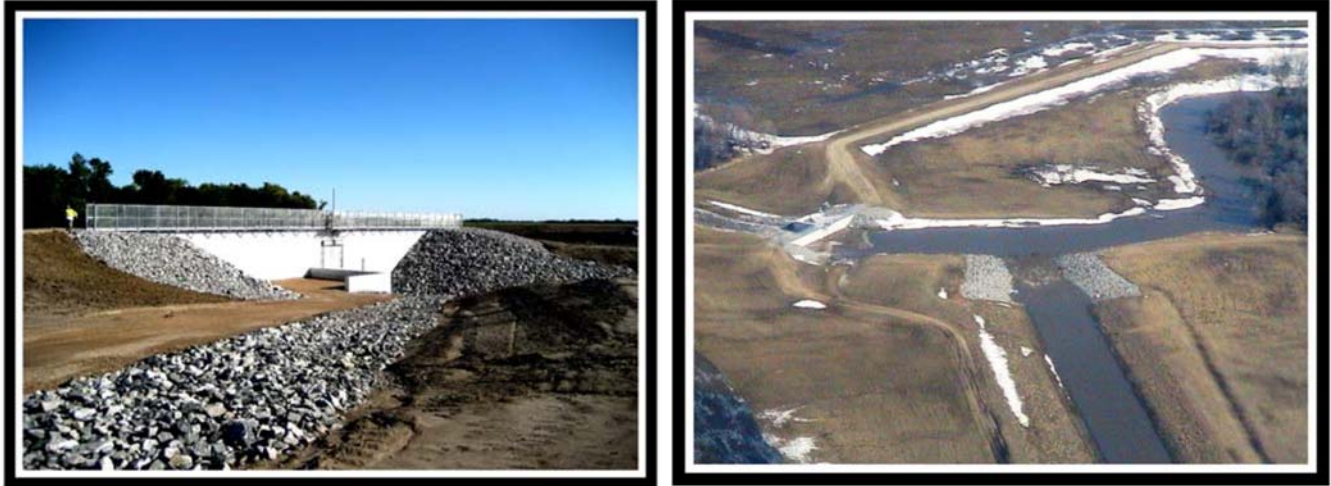
Phase 1 of the Snake River PL-566 Project consisted of the construction of the lower 4,000 feet of floodway and the outlet chute, in Section 2 of Boxville Twp, Marshall County. Construction began in November 2001 and was completed in August 2002.



Phase 2: Construction on the Off-Channel Floodwater Storage Site (OCSS), 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. Water enters the impoundment at a metal and concrete weir built adjacent to and only a few feet higher than the bottom of the river. During high flow water automatically enters the impound and will flow out through the outlet structure. The high flow events will cause the gate to be manually lowered.



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.

The Natural Resource Conservation Service designed “Wetmore”, a 74.9 acre covenanted area within the OCSS to offset the loss of the 38.73 impacted wetland acres.

Also established was a 7 acre covenanted tree site to mitigate the 7 acres of impacted forest. This work was completed in 2008.



To minimize erosion and reduce the velocity of the Snake's water into the OCSS, the Rock Riffle Project was constructed to stabilize the River at the upstream inlet to the Off-Channel Storage Site.

Five acres of large boulders were placed in the river along with smaller rocks between them. The boulders are consecutively larger going up Stream from the inlet weir. The rocks were tied into the existing riprap on both sides of the River.

Another feature was construction of a levee to prevent flows from leaving the channel upstream of the boulders. Vegetation such as willows and deep rooted grasses were planted to hold the river bank in place.



The PL-566 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 again led tours of the floodway, diversion gate, Agassiz Valley and Angus Oslo #4 impounds for University of MN Crookston students. Volunteers continue to monitor the Eastern Bluebird nest boxes installed along the diversion gate access road on the north side of Minnesota Hwy 1.



4. MELGARD-SWIFT COULEE PLANNING REGION

The Melgard Coulee starts in the Radium area approximately 8 miles northeast of Warren. It crosses US Highway 75 north of Warren 2 miles. Its flow continues west to County Ditch #21 and then to the Snake River. The Swift Coulee begins southeast of the Old Mill State Park approximately 1 mile and then flows southeast to US Highway 75. Its flow is two westerly miles, then it flows into Marshall County Ditch #3. The Minnesota DNR lists portions of both the Melgard and Swift 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 coulee sediment, instability and capacity which continues to CD3.

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 coulee edges, 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/County Ditch #3 Project Team



Swift Coulee N2 SW4 sec 2 Warrenton Twp

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. Discussions with landowners in 2015 instigated the Board to direct staff to resume the meetings beginning in 2016.

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. Restricted access to Oslo can be as long as five week. Portions of townships roads are under water with the worst problems being near the Red River. The channelization of streams in this region has reduced aquatic habitat diversity. Three of the District's five projects are in this Planning Region.

Angus Oslo #4 Impoundment



In December 1994, the Board of Managers initiated 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.

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.

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

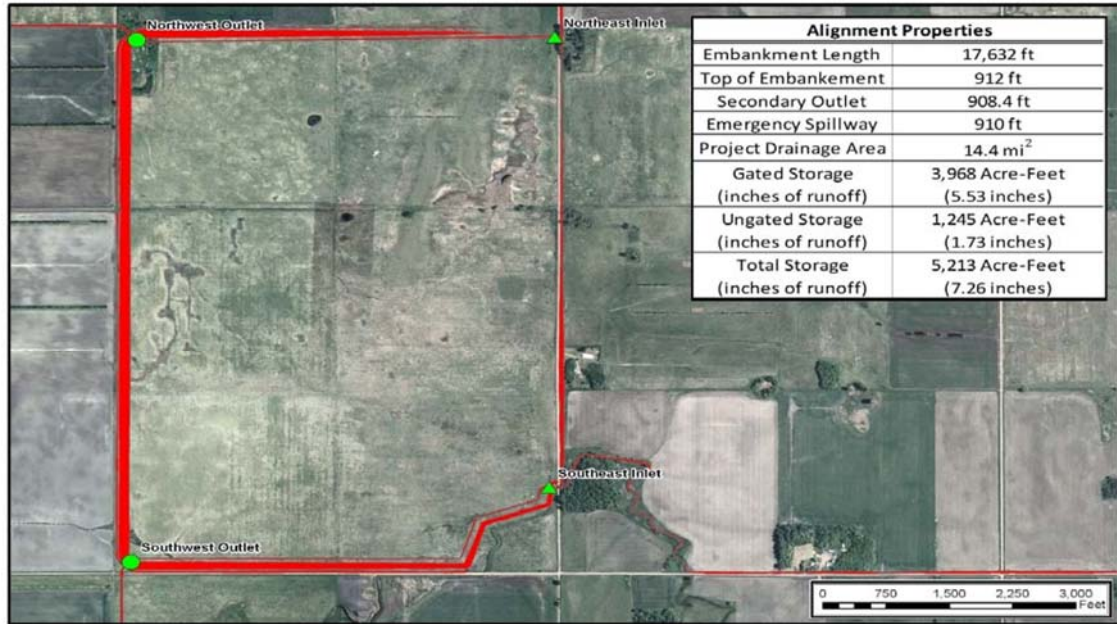
At the request of a landowner in 2012, project funds were used to re-grade 1.5 miles of township road ditch in sections 2 and 11 Brandt Township along the east line of the project. The ditch bottom was raised to allow for improved drainage to the southeast corner of the project.

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

Brandt/Angus Coulee Project



The Brandt/Angus impoundment is a multi-purpose off channel flood control project combining both flood control and environmental enhancement features through Wetland Reserve Program (WRP). Building this project directly relates to the management plan in reducing downstream flooding, improving water quality and working towards improving the natural resources of the District. It became operational in 2012 and it occupies approximately 1.5 sections of land (960 acres) 3.5 miles southeast of Angus 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, reduce the frequency of summer storm flooding of agricultural land and to restore/maintain/enhance the natural stream habitat in the Brandt Angus Coulee. Secondary features are to provide for environment enhancement features such as wet prairies, stream restoration and water quality benefits.



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.

Brandt/Angus Project partners are the Red River Watershed Management Board and the MN Department of Natural Resources through the Flood Damage Reduction Program and the MSTRWD.

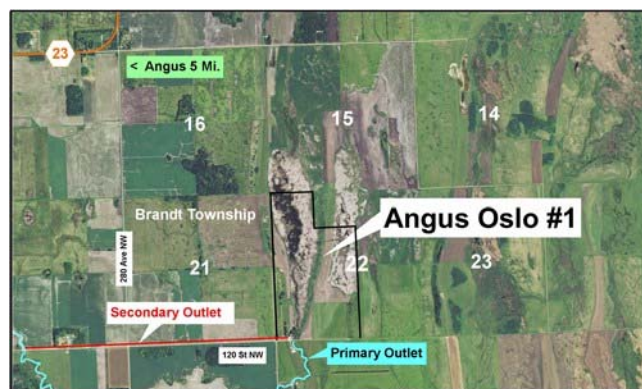
In 2010, the Project received Step II approval from the RRWMB and entered into a Flood Damage Reduction grant agreement with the MN DNR. With the natural resource enhancements that have been incorporated into the project, a 65% State 35% local cost share was obtained.

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

Wetland mitigation monitoring is in its third year. HDR Engineering and District staff partake in shallow well monitoring. Inspection and assessment of plant species and their communities also takes place to determine patterns of success. Tracking of the species growth will determine the success of the wetland mitigation.

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 at: www.facebook.com/BrandtAngusImpoundment.

Angus Oslo Site #1 Impoundment



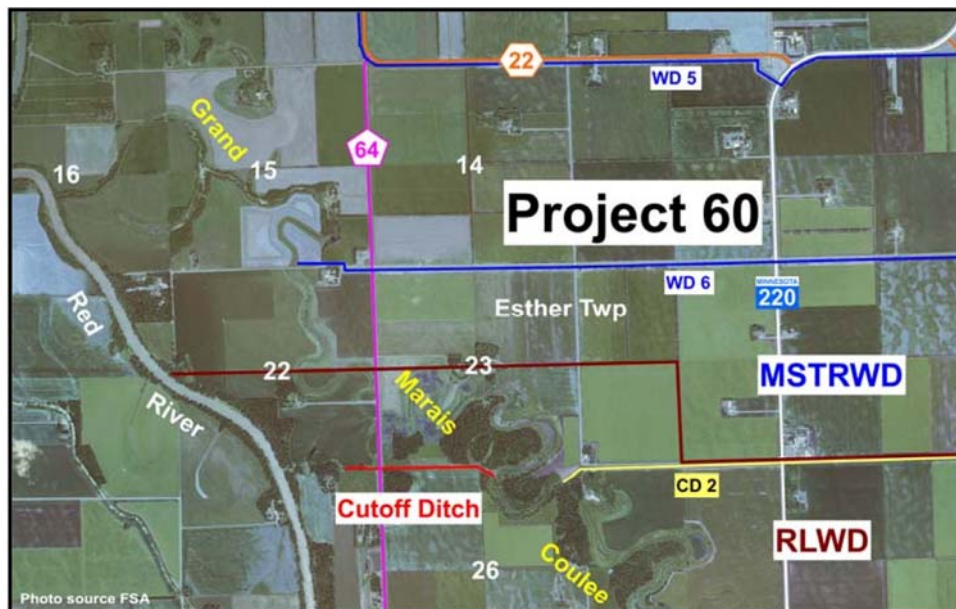
The Board of Managers of the Middle River Snake River Watershed District (now the Middle Snake Tamarac Rivers Watershed District) established the Angus Oslo Site #1 Impoundment in 1982. Primarily a flood control project, Angus-Oslo #1 also provides incidental wildlife benefits. The project included land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



AO #1 outlet structure

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	

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 will be significantly reduced. The restoration of the coulee enhances the natural resources within the coulee corridor. The primary purpose is to benefit and enhance water quality and natural resources.

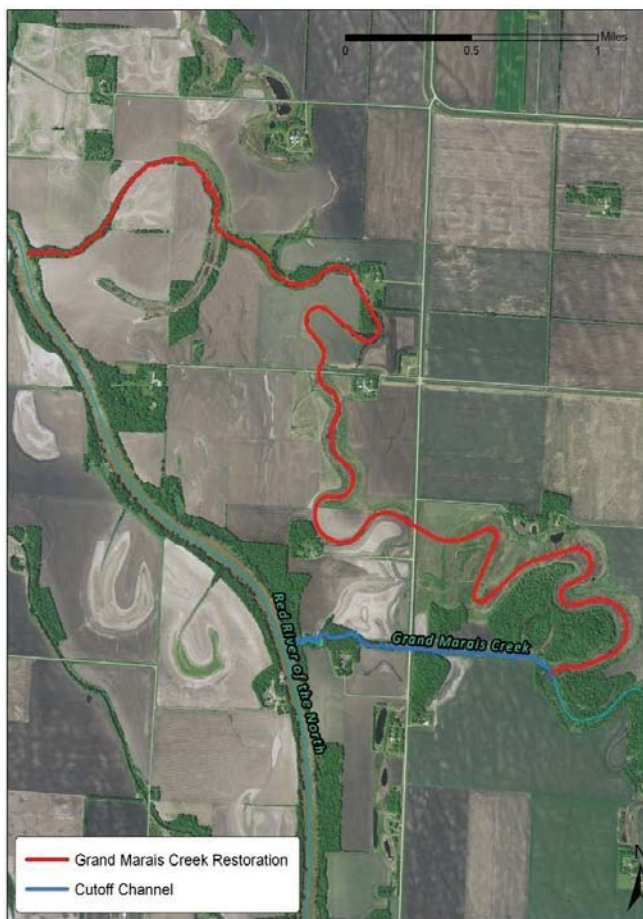
As local sponsor and project proposers, the Red Lake Watershed District/Middle Snake Tamarac Rivers Watershed District Joint Board initiated an environmental review by the preparation of a mandatory Environmental Assessment Worksheet to determine if the project had the potential for significant environmental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

Most of the “cut channel” restoration 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” is a structure that forces two year event flows northerly to the newly restored channel of the Grand Marais Coulee. This was 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 was 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. This project was initiated in 2012 and was funded by the MN Pollution Control Agency. The project covers lands in the Red Lake Watershed District and the Angus Oslo Planning region of the MSTRWD. On March 9, 2015, an open house, was held at the East Grand Forks Public Library Tech Room.



STREAM MAINTENANCE

In 2015, no deadfall or debris was removed from the rivers or streams. However, the District does contract with the *Sentence-to-Serve* program to remove debris from rivers. The District does not participate in the trapping of beavers, unless they immediately affect a Legal Ditch under the District's authority.

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	2.5
WD 5	1999	14
WD 6	1999	12.8
WD 7 Improvement	2000	.12
PCD 43	1903	10
PCD 44	1904	5

DRAINAGE SYSTEM MAINTENANCE

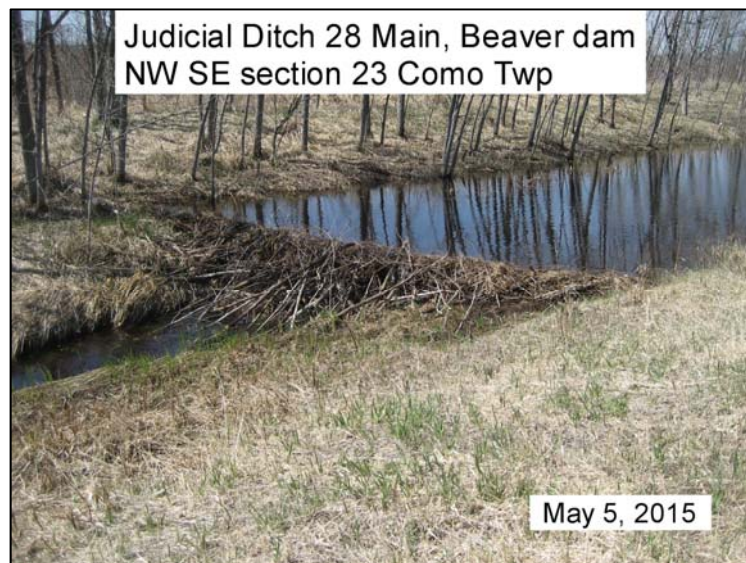
The District maintains the legal drainage systems under its jurisdiction, and follows a maintenance schedule for individual ditch systems. Mowing and spraying is used to control brush and weeds. Trees, beaver and beaver dams, and sediment is removed on a regular basis and culverts are replaced when needed.



To control cattails and brush in 2015, the District hired contractors to spray legal drainage ditches and impoundment areas under its jurisdiction. Ground applicators sprayed a total of 82 miles of ditches. A helicopter applicator sprayed 53 miles of legal ditches for cattails and 13 miles for brush. Approximately 215 miles legal ditches were mowed to control weeds and brush.

No grass strip seeding took place in 2015. Multiple mowing on a 2014 grass strip seeding took place to control weed pressure.

Beavers and dams continue to be a problem in drainage systems and in project areas. In 2015, contractors removed 80 beavers, their dams and debris from ditches, culverts and impoundment areas. Again this year beavers have been plugging ditches at the west side of the District creating problems.



DRAINAGE SYSTEM KEY PROJECTS

JUDICIAL DITCH #1

Bids were solicited for the repair of Judicial Ditch #1 in sections 13-15, 17 and 20-24 in Sandsville Township, Polk County. The Bids were received and publically opened on February 11, 2015 and the Board of Managers awarded the contract to the low bidder, R.J. Zavoral & Sons, Inc., on February 25, 2015. The work was completed in the 2015 construction season.



JUDICIAL DITCH #75

A segment of Judicial Ditch #75 has been found to be consistently susceptible to water overtopping the south spoil in the Northeast quarter of section 2 of Tabor Township. In addition to the problem of water overtopping, both the north and south slopes exhibited areas of erosion and sloughing.

At the request of adjacent landowners, the District solicited bids for the repair of the ditch in sections 1, 2 and 3 of Tabor Township, Polk County. Bids were received and publically opened on August 26, 2015, and on September 8, 2015 the Board of Managers awarded the contract to the low bidder, H & S Contracting, Inc of Fargo, North Dakota.



Looking W, JD 75 resloping NE4 sec 3 Tabor Twp, completed in October 2015.



The slopes in sections 3 and 1 were reggraded from a 3:1 to a 4:1. In section 2 the spoil bank height was raised to proper repair. On October 26, 2015, the project was considered substantially complete and the contractor was notified to suspend work. The final maintenance and permanent turf establishment will be completed by H & S Contracting, Inc., in the 2016 construction season, when conditions are suitable.

JUDICIAL DITCH 15

Over the past few years Branch B from the intersection of CSAH 38 and CSAH 14 to the east for nearly 2 miles experienced some sloughing. Two rainfall flooding events in 2014 caused erosion to the field and road slope. The District and Marshall County worked together on applying for FEMA funds for the repair. Repair bids were received and publically opened on February 25, 2015 and March 2, 2015 the Board of Managers awarded the contract to the low bidder, Davidson Construction.



Through the efforts of local landowner request and participation, including purchasing of an easement, The repair works were successful. The erosion control measures including installing 6 rock structures and erosion control blankets should provide protection to the slopes. The work was completed in the 2015 construction season.

COUNTY DITCH 175

Completion of sediment removal took place in 2015. The entire ditch had been surveyed in 2014. Sediment removal started in late fall of 2014, but was suspended due to frost. The remainder of the ditch was cleaned in 2015. A total of 8.5 miles of the 12 mile system were cleaned. A staff inspection in the early fall discovered a centerline culvert in need of replacement. Bids were received for the replacement, which was done in the fall also.

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 Warren-Alvarado-Oslo, Marshall County Central and Stephen-Argyle Central collect water samples in the District. The resulting data is forwarded to the International Water Institute

- 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, Agassiz National Wildlife Refuge, MN DNR and the Marshall County Commissioners.

EDUCATION & OUTREACH

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

The District hosted two University of North Dakota bus tours to the Agassiz Valley during the University of North Dakota Office of Community Engagement's "Community Connect Program" held in Warren in April 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, District staff and 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.

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) continue to monitor the Middle, Snake and Tamarac Rivers as part of the River Watch program.

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 2015.

District staff contacted local Boy Scout leaders to inquire if they would construct bee houses and install them at various impoundments, including at the new Bee Pollinator Garden.

Troop #50 had them made and installed in a matter of a few weeks.

A big thank you goes to them for their volunteering efforts.





Danny Omdahl, administrator of the Middle-Snake-Tamarac Rivers Watershed District, plants native wildflowers in the pollinator garden.



Sheila Hoerner, president of Agassiz Audubon Society, covers the ground around the native plants with mulch.



Willa Klammer of Plummer took charge of watering the plants throughout the day.

Volunteers Install Phase 1 Of New Pollinator Garden

The sky was cloudy and the birds were singing all day as volunteers put trowels in the black dirt at the Agassiz Audubon Center east of Warren on Saturday, June 20. Some were local, from Warren, Thief River Falls, Holt and Grand Forks, while others came from as far away as the Twin Cities, Ohio and Canada.

They installed more than 1,000 native plants in the new Northwest Minnesota Pollinator Garden.

Everyone went home with dirt on their hands and a sense of accomplishment. They helped create what promises to be a spectacular display of native plants to provide habitat and food for bird and insect pollinators.

The garden was designed by Carmen Simonet. All plants were grown from seed in greenhouses at the University of Minnesota-Crookston.

The plant seeds were "local" genotypes (from Minnesota's Tallgrass Prairies and Aspen Parkland) supplied by Carlson Prairie Seed Farm.

Other garden collaborators include: West Polk County Soil and Water Conservation District, Natural Resources Conservation Service, Army Corps of Engineers, the U.S. Fish and Wildlife Service (Partners for Fish and Wildlife Program) and the Agriculture and Natural Resources Department at the University of Minnesota-Crookston.

Funding for the first phase of the 2+ acre garden was provided through grants to the Middle-Snake-Tamarac Rivers Watershed District (from the Northwest Minnesota Foundation and the Minnesota Department of Agriculture Pesticide Branch) and donations to Agassiz Audubon Society in memory of Sarah Gunderson of Thompson, ND, Christine Boman of Warren and Tom Valega of Linden, NJ.

There are several garden funding and naming opportunities: a sitting wall, a pergola, additional plantings (shrubs, trees and wildflowers), pathways, mulch, boardwalks, signs and a bird blind. Call Agassiz Audubon for additional information.

PROJECTIONS FOR 2016

THE IMPOUNDMENTS:

The District will continue to maintain the impoundments. Inspections will continue by staff and engineers. Staff and consultants will again monitor vegetation on mitigated wetlands at Agassiz Valley and 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:

Tours of the PL-566 Richard P Nelson Floodway and Off Channel Storage Site, the Agassiz Valley Water Resources Management Project can be arranged. We will continue to "grow" the birding trail collaboration and expand programs and facilities at the Agassiz Valley project. We expect that trail kiosks will be installed at various locations. The walking trails created and maintained by the Agassiz Audubon Society are open for exploration during the growing season and cross country skiing in the winter months.

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. Our funding partners have been an important ally towards improving our natural resources and we anticipate more future opportunities.

DITCH LEVIES

The following listing of the 2015 ditch levies for drainage systems under the jurisdiction of the Board of Managers and “Independent Auditors Report” for the year ending December 31, 2015. Once the levies are set, they are given to the Marshall, Pennington and Polk County Auditors.

2015 Ditch Levies for Drainage Systems under the Jurisdiction of the Board of Managers

System	County	RoB		Benefits	2015 Levy	
		Portion	Year		%	(\$)
JD #1	Mar	13.56%	1992	497,195	1.00%	4,970
	Plk	86.44%	1992	3,168,795	2.00%	63,370
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	0.10%	2,560
WD #5 BRF	Plk	100.00%	1998	2,568,049	5.266%	135,220
WD #6	Plk	100.00%	1998	1,940,736	1.00%	19,400
WD #6 BRF	Plk	100.00%	1998	1,940,736	4.47%	86,800
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	3.00%	29,516
	Pen	25.08%	2014	329,416	3.00%	9,882
JD #15	Mar	100.00%	1980	1,535,665	4.00%	61,420
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%	22,840
	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	10.00%	5,590
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

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, 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 modified cash basis 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, 2015, and the respective changes in modified cash basis financial position thereof for the period then ended in conformity with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

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 management's discussion and analysis and budgetary comparison information, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying Letter of Introduction and supplementary statements 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 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 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.

A handwritten signature in black ink, reading "Brady Martz". The signature is written in a cursive, flowing style.

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

June 23, 2016

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015, 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 51.

FINANCIAL HIGHLIGHTS

- The District's total expenditures exceeded total revenues, on the modified cash basis of accounting, by \$465,085 for the year
- The general fund showed an increase in fund balance in the amount of \$66,195
- The District's general fund ended the year with a fund balance of \$595,981
- The District's combined fund balance at the close of the current year was \$3,077,139

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 51 & 52 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 53) focus on the individual parts of the District government. Fund financial statements also report the District's operations in more 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 expanded explanations 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 65) 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 67) 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, 2015

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 51 & 52. 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, 2015

The Fund Financial Statements

The fund financial statements begin on page 53 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, decreased \$465,085 between the years ended December 31, 2015 and 2014.

	Governmental Activities		Change
	2015	2014	14-15
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,077,139	\$ 4,042,224	\$ (965,085)
Total Assets	<u>3,077,139</u>	<u>4,042,224</u>	<u>(965,085)</u>
<u>LIABILITIES</u>			
Due To RRWMB	-	500,000	(500,000)
Total Liabilities	<u>-</u>	<u>500,000</u>	<u>(500,000)</u>
<u>NET POSITION</u>			
Restricted for:			
Capital Projects	3,195,841	3,521,545	(325,704)
Debt Service	892,194	891,470	724
Unrestricted	<u>(1,010,896)</u>	<u>(870,791)</u>	<u>(140,105)</u>
Total Net Position	<u>\$ 3,077,139</u>	<u>\$ 3,542,224</u>	<u>\$ (465,085)</u>

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015

Changes in Net Position – Modified Cash Basis

For the years ended December 31, 2015 and 2014, Net Position of Middle-Snake-Tamarac Rivers Watershed District changed as follows:

	Governmental Activities		Change
	2015	2014	14-15
Revenues			
Program Revenues			
Charges for Services			
& Special Assessments	\$ 905,106	\$ 786,327	\$ 118,779
Operating Grants and			
Contributions	10,864	544	10,320
Capital Grants & Contributions	348,766	816,625	(467,859)
General Revenues			
Property Taxes	678,345	676,188	2,157
Intergovernmental	17,639	15,970	1,669
Investment Income	3,966	4,482	(516)
Project Funding	-	-	-
Total Revenues	<u>1,964,686</u>	<u>2,300,136</u>	<u>(335,450)</u>
Expenditures			
General Government	500,629	513,935	(13,306)
Capital Projects	1,757,072	1,339,991	417,081
Debt Service	<u>172,070</u>	<u>186,988</u>	<u>(14,918)</u>
Total Expenditures	<u>2,429,771</u>	<u>2,040,914</u>	<u>388,857</u>
Increase (Decrease) in Net Position	<u>\$ (465,085)</u>	<u>\$ 259,222</u>	<u>\$ (724,307)</u>

Governmental Activities

To aid in the understanding of the Statement of Activities on page 52, 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, 2015**

A FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

- Judicial Ditch #1 was the most active project expending \$400,517 for the year ended December 31, 2015.

CAPITAL ASSET AND DEBT INFORMATION

Capital Assets – Modified Cash Basis

At December 31, 2015, the District had an estimated \$2,657,841 invested in capital assets. There were no additions for the year ended December 31, 2015.

Long Term Debt

See Note 7 to the financial statements on page 63 of the report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

See letter of Introduction.

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 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, 2015

<u>ASSETS</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 3,077,139
Total Assets	<u>3,077,139</u>
 <u>NET POSITION</u> 	
Restricted for:	
Capital Projects	3,195,841
Debt Service	892,194
Unrestricted	<u>(1,010,896)</u>
Total Net Position	<u>\$ 3,077,139</u>

See Notes to the Financial Statements

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

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
Governmental Activities:						
General Government	\$ 500,629	\$ (70,072)	\$ 221,136	\$ 10,864	\$ -	\$ (198,557)
Capital Projects:						
Administrative	269,856	-	-	-	-	(269,856)
Maintenance	-	-	433,157	-	-	433,157
Construction	1,487,216	70,072	78,826	-	348,766	(1,129,696)
Debt Service	172,070	-	171,987	-	-	(83)
Total Governmental Activities	<u>\$ 2,429,771</u>	<u>\$ -</u>	<u>\$ 905,106</u>	<u>\$ 10,864</u>	<u>\$ 348,766</u>	<u>\$ (1,165,035)</u>
<u>General Receipts:</u>						
Property Taxes						\$ 678,345
Intergovernmental (not restricted to specific programs)						17,639
Investment Earnings						<u>3,966</u>
Total General Receipts						699,950
Change in Net Position						(465,085)
Net Position - Beginning						<u>3,542,224</u>
Net Position - Ending						<u>\$ 3,077,139</u>

See Notes to the Financial Statements

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2015

<u>ASSETS</u>	<u>General Fund</u>	<u>Capital Project Administrative</u>	<u>Capital Project Brandt/Angus</u>	<u>JD #1</u>	<u>JD #75</u>	<u>WD #5 BRF</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 595,981	\$ 300,385	\$ -	\$ 134,133	\$ 195,654	\$ 520,544	\$ 1,330,442	\$ 3,077,139
Due From Other Funds	-	1,606,877	-	-	-	-	-	1,606,877
Total Assets	<u>\$ 595,981</u>	<u>\$ 1,907,262</u>	<u>\$ -</u>	<u>\$ 134,133</u>	<u>\$ 195,654</u>	<u>\$ 520,544</u>	<u>\$ 1,330,442</u>	<u>\$ 4,684,016</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Due To Other Funds	\$ -	\$ -	\$ 945,645	\$ -	\$ -	\$ -	\$ 661,232	\$ 1,606,877
Total Liabilities	-	-	945,645	-	-	-	661,232	1,606,877
Fund Balances:								
Restricted for Capital Projects	-	1,907,262	-	134,133	195,654	-	958,792	3,195,841
Restricted for Debt Service	-	-	-	-	-	520,544	371,650	892,194
Unassigned	595,981	-	(945,645)	-	-	-	(661,232)	(1,010,896)
Total Fund Balances	<u>595,981</u>	<u>1,907,262</u>	<u>(945,645)</u>	<u>134,133</u>	<u>195,654</u>	<u>520,544</u>	<u>669,210</u>	<u>3,077,139</u>
Total Liabilities and Fund Balances	<u>\$ 595,981</u>	<u>\$ 1,907,262</u>	<u>\$ -</u>	<u>\$ 134,133</u>	<u>\$ 195,654</u>	<u>\$ 520,544</u>	<u>\$ 1,330,442</u>	<u>\$ 4,684,016</u>

See Notes to the Financial 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, 2015

<u>RECEIPTS</u>	General Fund	Capital Project Administrative	Capital Project Brandt/Angus	JD #1	JD #75	WD #5 BRF	Other Governmental Funds	Total Governmental Funds
Property Taxes	\$ 243,711	\$ 434,634	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 678,345
Special Assessments	-	-	-	69,902	18,524	105,337	411,382	605,145
Intergovernmental:								
FEMA	-	-	-	-	-	-	50,080	50,080
State of Minnesota:								
MV-Credit	-	17,639	-	-	-	-	-	17,639
PERA	10,864	-	-	-	-	-	-	10,864
Cost Share	-	198,238	-	-	-	-	-	198,238
Project Funding	-	-	-	-	-	-	52,062	52,062
Agassiz Audubon Society	20,000	-	-	-	-	-	-	20,000
RRWMB	-	11,779	-	-	-	-	-	11,779
Local:								
City of Warren	-	-	-	-	-	-	16,606	16,606
Other:								
Investment Income	1,041	-	-	479	-	473	1,973	3,966
Rent	-	-	675	-	-	-	78,151	78,826
Reimbursements	197,191	-	-	-	-	-	-	197,191
Miscellaneous	23,945	-	-	-	-	-	-	23,945
Total Receipts	496,752	662,290	675	70,381	18,524	105,810	610,254	1,964,686
<u>DISBURSEMENTS</u>								
General Governmental:								
Personnel Costs	326,887	-	-	-	-	-	-	326,887
Professional	81,859	-	-	-	-	-	-	81,859
Operations	80,331	-	-	-	-	-	-	80,331
Facilities	11,552	-	-	-	-	-	-	11,552
Projects	(70,072)	-	-	-	-	-	-	(70,072)
Capital Projects:								
Professional	-	118,046	7,241	27,134	36,788	-	47,828	237,037
Project Costs	-	105,920	60,086	337,495	191,741	-	545,925	1,241,167
Taxes	-	-	13,242	-	-	-	42,984	56,226
Administrative	-	28,366	10,598	34,939	33,457	-	162,496	269,856
Miscellaneous	-	2,954	995	949	2,399	-	15,561	22,858
Debt Service:								
Principal	-	-	-	-	-	86,000	57,000	143,000
Interest	-	-	-	-	-	17,583	11,487	29,070
Total Disbursements	430,557	255,286	92,162	400,517	264,385	103,583	883,281	2,429,771
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	66,195	407,004	(91,487)	(330,136)	(245,861)	2,227	(273,027)	(465,085)
FUND BALANCE JANUARY 1	529,786	1,500,258	(854,158)	464,269	441,515	518,317	942,237	3,542,224
FUND BALANCE DECEMBER 31	\$ 595,981	\$ 1,907,262	\$ (945,645)	\$ 134,133	\$ 195,654	\$ 520,544	\$ 669,210	\$ 3,077,139

See Notes to the Financial Statements

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015

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 61 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 generally has only governmental activities 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 THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2015

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Capital Project Funds

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

Debt Service Funds

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

Fiduciary Funds

Agency Funds

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

Fund

Red River Water Management Board

Brief Description

Property Taxes are levied by district and submitted to the Management Board.

Major Funds

Fund

General Governmental

Brief Description

See above for description.

Capital Projects – Administrative &
Brandt/Angus

See above for description.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2015

Capital Projects – Ditch Maintenance – JD #1
& JD #75

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 THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2015

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 THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2015

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 purposes 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 THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2015

A. DEFICIT FUND BALANCES

For the year ended December 31, 2015, the following Funds had deficit balances:

MAJOR FUNDS:

Capital Projects:	Brandt/Angus	\$ (945,645)
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NON-MAJOR FUNDS:

Capital Projects:	Angus-Oslo 1	\$ (1,899)
	PL-566	(124,545)
	Angus-Oslo #4	(49,822)
Ditch Maintenance:	CD #43	(53,428)
	CD #44	(11,090)
	CD #175	(43,148)
Ditch Maintenance:	JD #25-1	(146,394)
	JD #14	(150,912)
	JD #15	(37,465)
	JD #25-2	(9,931)
	JD #28	(32,598)

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.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2015

- 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.
- 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, 2015, the carrying amount of the District's deposits was \$3,077,139 and the bank balance was \$3,232,631. 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 Auditors 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 THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2015

NOTE 5 DEFINED BENEFIT PENSION PLANS

A. PLAN DESCRIPTION

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

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

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

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

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

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

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

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2015

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 2015. The Middle-Snake-Tamarac Rivers Watershed District is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members and 7.25% for Coordinated Plan members. The District's contributions to the Public Employees Retirement Fund for the years ended December 31, 2015 and 2014 were \$15,955 and \$13,554, 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, 2015, 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 three fiscal years.

NOTE 7 LONG-TERM DEBT

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

Polk County General Obligation Watershed District Refunding Bonds of 2006, due in installments through February 1, 2020 bearing interest of 3.25 to 4.0%. Principal repayments on these bonds began on February 1, 2007.	\$ 679,000
Total Long-Term Debt	<u>\$ 679,000</u>

Repayment requirements are as follows:

Year Ending December 31	Principal	Interest	Total
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>\$ 679,000</u>	<u>\$ 65,534</u>	<u>\$ 744,534</u>

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2015

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.

NOTE 9 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through June 23, 2016, 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, 2015

RECEIPTS	Budget Original & Final	Actual 2015	Variance
<u>Property Taxes</u>			
Marshall County	\$ 204,699	\$ 200,259	\$ (4,440)
Polk County	41,155	39,451	(1,704)
Kittson County	1,172	1,119	(53)
Pennington County	2,718	2,638	(80)
Roseau County	<u>256</u>	<u>244</u>	<u>(12)</u>
Total Property Taxes	<u>250,000</u>	<u>243,711</u>	<u>(6,289)</u>
<u>State Aids</u>			
PERA	-	10,864	10,864
Total State Aids	-	<u>10,864</u>	<u>10,864</u>
<u>Other Sources</u>			
Reimbursements	20,000	20,000	-
Lieu of taxes	500	-	500
Ditch Reimbursements	-	197,191	197,191
Interest	1,000	1,041	41
Other	<u>6,500</u>	<u>23,945</u>	<u>17,445</u>
Total Other Sources	<u>28,000</u>	<u>242,177</u>	<u>214,677</u>
Total Receipts, Other Sources & Special Items	<u>278,000</u>	<u>496,752</u>	<u>219,252</u>
<u>DISBURSEMENTS</u>			
<u>Administrative Personnel Costs</u>			
Salaries	-	217,260	-
Managers Expense	-	31,368	-
Employee Benefits	-	44,445	-
Dental Insurance	-	311	-
Payroll Costs	-	<u>33,503</u>	-
Total Administrative Personnel Costs	<u>267,000</u>	<u>326,887</u>	<u>(59,887)</u>
<u>Professional</u>			
Accounting	-	8,000	(8,000)
Administrative	-	12,903	(12,903)
Engineering	15,000	1,124	13,876
Legal	<u>30,000</u>	<u>59,832</u>	<u>(29,832)</u>
Total Professional	<u>45,000</u>	<u>81,859</u>	<u>(36,859)</u>
<u>Operations</u>			
Insurance	20,400	19,974	426
Dues	2,600	4,073	(1,473)
Office	10,000	-	10,000
Printing and Advertising	5,000	7,470	(2,470)
Supplies & Miscellaneous	24,000	20,248	3,752
Telephone	4,000	4,009	(9)
Mileage	4,000	10,756	(6,756)
Vehicle Expense	15,000	10,923	4,077
Postage	2,000	1,619	381
Miscellaneous	<u>1,000</u>	<u>1,259</u>	<u>(259)</u>
Total Operations	<u>88,000</u>	<u>80,331</u>	<u>7,669</u>
<u>Facilities</u>			
Maintenance	5,000	6,372	(1,372)
Utilities	<u>5,500</u>	<u>5,180</u>	<u>320</u>
Total Facilities	<u>10,500</u>	<u>11,552</u>	<u>(1,052)</u>
Total Disbursements	<u>\$ 410,500</u>	<u>\$ 500,629</u>	<u>\$ (90,129)</u>
Less: Allocated Expenses		\$ 70,072	
Net Total Disbursements		<u>430,557</u>	
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS		66,195	
FUND BALANCE JANUARY 1		<u>529,786</u>	
FUND BALANCE DECEMBER 31		<u>\$ 595,981</u>	

See Note to the Budgetary Comparison Schedule

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

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.

The budgetary comparison schedule shows expenditures in excess of appropriations less allocated expenses by \$20,057.

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, 2015

<u>RECEIPTS</u>	<u>GENERAL</u>	<u>ANGUS- OSLO-1</u>	<u>ANGUS- OSLO-4</u>	<u>BRANDT/ ANGUS</u>	<u>MARCH IMPOUNDMENT</u>	<u>PL-566</u>	<u>FARMSTEAD RING DIKES</u>	<u>BIRDING TRAIL</u>	<u>AGASSIZ VALLEY</u>	<u>TOTALS</u>
<u>Property Taxes</u>										
Marshall County	\$ 356,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 356,240
Polk County	71,176	-	-	-	-	-	-	-	-	71,176
Pennington County	4,759	-	-	-	-	-	-	-	-	4,759
Roseau County	440	-	-	-	-	-	-	-	-	440
Kittson County	2,019	-	-	-	-	-	-	-	-	2,019
Total Property Taxes	434,634	-	-	-	-	-	-	-	-	434,634
<u>State of Minnesota</u>										
Homestead Credit	17,639	-	-	-	-	-	-	-	-	17,639
Project Funding	-	-	-	-	-	52,057	-	-	5	52,062
Cost Share	198,238	-	-	-	-	16,606	-	-	-	214,844
RRWMB	11,779	-	-	-	-	-	-	-	-	11,779
Total Intergovernmental	227,656	-	-	-	-	68,663	-	-	5	296,324
<u>Other Income</u>										
Rent	-	1,298	15,299	675	30,955	16,867	-	-	13,732	78,826
Interest	-	-	32	-	-	-	-	-	88	120
Total Other Income	-	1,298	15,331	675	30,955	16,867	-	-	13,820	78,946
Total Receipts	662,290	1,298	15,331	675	30,955	85,530	-	-	13,825	809,904
<u>DISBURSEMENTS</u>										
Project Costs	105,920	431	14,704	60,086	10,089	72,987	-	-	50,166	314,383
Miscellaneous	2,954	-	1,279	995	-	712	-	-	1,642	7,582
Taxes	-	555	10,746	13,242	4,888	16,064	-	-	10,731	56,226
Administrative	28,366	517	5,328	10,598	1,912	6,396	-	-	19,490	72,607
Professional	118,046	-	420	7,241	-	288	-	-	5,959	131,954
Total Disbursements	255,286	1,503	32,477	92,162	16,889	96,447	-	-	87,988	582,752
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	407,004	(205)	(17,146)	(91,487)	14,066	(10,917)	-	-	(74,163)	227,152
FUND BALANCE JANUARY 1	1,500,258	(1,694)	(32,676)	(854,158)	106,391	(113,628)	42,570	15,298	153,759	816,120
FUND BALANCE DECEMBER 31	\$ 1,907,262	\$ (1,899)	\$ (49,822)	\$ (945,645)	\$ 120,457	\$ (124,545)	\$ 42,570	\$ 15,298	\$ 79,596	\$ 1,043,272

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, 2015

<u>RECEIPTS</u>	<u>Judicial Ditches</u>	<u>Watershed Ditches</u>	<u>County & State Ditches</u>	<u>TOTALS</u>
Tax Levies	\$ 339,975	\$ 40,245	\$ 52,937	\$ 433,157
Federal Agencies - FEMA	50,080	-	-	50,080
Prorated Interest Revenue	<u>1,544</u>	<u>346</u>	<u>108</u>	<u>1,998</u>
Total Receipts	<u>391,599</u>	<u>40,591</u>	<u>53,045</u>	<u>485,235</u>
<u>DISBURSEMENTS</u>				
Administrative	162,801	13,028	21,420	197,249
Professional	89,191	12,284	3,608	105,083
Project Costs	805,402	31,670	89,712	926,784
Miscellaneous	<u>14,900</u>	<u>-</u>	<u>376</u>	<u>15,276</u>
Total Disbursements	<u>1,072,294</u>	<u>56,982</u>	<u>115,116</u>	<u>1,244,392</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(680,695)	(16,391)	(62,071)	(759,157)
FUND BALANCE JANUARY 1	<u>1,001,996</u>	<u>281,374</u>	<u>21,479</u>	<u>1,304,848</u>
FUND BALANCE DECEMBER 31	<u>\$ 321,301</u>	<u>\$ 264,983</u>	<u>\$ (40,592)</u>	<u>\$ 545,691</u>

STATEMENT 3

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT

**COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS AND CHANGES IN FUND BALANCE – CAPITAL PROJECTS
FUND – JUDICIAL DITCH MAINTENANCE FUNDS – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

<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	\$ 7,172	\$ 34,572	\$ 63,055	\$ 25,523	\$ -	\$ 33,715	\$ -	\$ -
Polk County	62,730	-	-	-	1,532	-	-	-
Pennington County	-	10,771	-	-	-	-	-	-
Federal Agencies - FEMA			50,080		-			
Miscellaneous Revenue	<u>479</u>	<u>-</u>	<u>-</u>	<u>141</u>	<u>98</u>	<u>86</u>	<u>41</u>	<u>108</u>
Total Receipts	<u>70,381</u>	<u>45,343</u>	<u>113,135</u>	<u>25,664</u>	<u>1,630</u>	<u>33,801</u>	<u>41</u>	<u>108</u>
<u>DISBURSEMENTS</u>								
Administrative	34,939	13,262	22,203	1,596	3,049	8,894	6,890	5,346
Professional	27,134	713	16,042	665	574	708	1,060	1,606
Project Costs	337,495	32,680	118,486	473	-	26,894	22,607	747
Miscellaneous	<u>949</u>	<u>3,171</u>	<u>2,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>-</u>
Total Disbursements	<u>400,517</u>	<u>49,826</u>	<u>159,259</u>	<u>2,734</u>	<u>3,623</u>	<u>36,496</u>	<u>30,957</u>	<u>7,699</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(330,136)	(4,483)	(46,124)	22,930	(1,993)	(2,695)	(30,916)	(7,591)
FUND BALANCE JANUARY 1	<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>
FUND BALANCE DECEMBER 31	<u>\$ 134,133</u>	<u>\$ (150,912)</u>	<u>\$ (37,465)</u>	<u>\$ 97,476</u>	<u>\$ 66,415</u>	<u>\$ 40,998</u>	<u>\$ 13,371</u>	<u>\$ 71,690</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, 2015**

<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	\$ 16,735	\$ 912	\$ 8,741	\$ 30,740	\$ -	\$ -	\$ 221,165
Polk County	21,359	2,146	-	-	-	18,069	105,836
Pennington County	2,203	-	-	-	-	-	12,974
Federal Agencies - FEMA	-	-	-	-	-	-	50,080
Prorated Interest Revenue	-	7	-	96	33	455	1,544
	<u>40,297</u>	<u>3,065</u>	<u>8,741</u>	<u>30,836</u>	<u>33</u>	<u>18,524</u>	<u>391,599</u>
Total Receipts							
<u>DISBURSEMENTS</u>							
Administrative	7,164	11,760	8,493	5,355	393	33,457	162,801
Professional	2,490	880	531	-	-	36,788	89,191
Project Costs	5,549	17,125	29,772	21,715	118	191,741	805,402
Miscellaneous	1,004	201	4,093	155	-	2,399	14,900
	<u>16,207</u>	<u>29,966</u>	<u>42,889</u>	<u>27,225</u>	<u>511</u>	<u>264,385</u>	<u>1,072,294</u>
Total Disbursements							
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	24,090	(26,901)	(34,148)	3,611	(478)	(245,861)	(680,695)
FUND BALANCE JANUARY 1	<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>
FUND BALANCE DECEMBER 31	<u>\$ (146,394)</u>	<u>\$ (9,931)</u>	<u>\$ (32,598)</u>	<u>\$ 56,271</u>	<u>\$ 22,593</u>	<u>\$ 195,654</u>	<u>\$ 321,301</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, 2015**

<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	\$ 86	\$ -	\$ -	\$ -	\$ 17,257	\$ 374	\$ -	\$ 17,717
Polk County	-	-	249	18,915	676	2,688	-	22,528
Miscellaneous Revenue	<u>9</u>	<u>52</u>	<u>67</u>	<u>87</u>	<u>63</u>	<u>68</u>	<u>-</u>	<u>346</u>
Total Receipts	<u>95</u>	<u>52</u>	<u>316</u>	<u>19,002</u>	<u>17,996</u>	<u>3,130</u>	<u>-</u>	<u>40,591</u>
<u>DISBURSEMENTS</u>								
Administrative	1,001	2,909	4,129	4,220	769	-	-	13,028
Professional	-	9,599	2,685	-	-	-	-	12,284
Project Costs	<u>2,300</u>	<u>-</u>	<u>16,250</u>	<u>12,136</u>	<u>984</u>	<u>-</u>	<u>-</u>	<u>31,670</u>
Total Disbursements	<u>3,301</u>	<u>12,508</u>	<u>23,064</u>	<u>16,356</u>	<u>1,753</u>	<u>-</u>	<u>-</u>	<u>56,982</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,206)	(12,456)	(22,748)	2,646	16,243	3,130	-	(16,391)
FUND BALANCE JANUARY 1	<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>
FUND BALANCE DECEMBER 31	<u>\$ 4,844</u>	<u>\$ 31,472</u>	<u>\$ 34,253</u>	<u>\$ 71,234</u>	<u>\$ 42,924</u>	<u>\$ 47,745</u>	<u>\$ 32,511</u>	<u>\$ 264,983</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, 2015**

<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	\$ 7,097	\$ 1,774	\$ 4,625	\$ -	\$ -	\$ -	\$ 13,496
Polk County	-	-	-	23,657	9,871	5,913	39,441
Miscellaneous Revenue	60	33	15	-	-	-	108
Total Receipts	<u>7,157</u>	<u>1,807</u>	<u>4,640</u>	<u>23,657</u>	<u>9,871</u>	<u>5,913</u>	<u>53,045</u>
<u>DISBURSEMENTS</u>							
Professional	1,136	1,033	-	-	797	642	3,608
Project Costs	4,376	3,645	-	8,712	4,937	68,042	89,712
Miscellaneous	-	-	-	352	-	24	376
Administrative	<u>7,250</u>	<u>1,251</u>	<u>-</u>	<u>1,052</u>	<u>688</u>	<u>11,179</u>	<u>21,420</u>
Total Disbursements	<u>12,762</u>	<u>5,929</u>	<u>-</u>	<u>10,116</u>	<u>6,422</u>	<u>79,887</u>	<u>115,116</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,605)	(4,122)	4,640	13,541	3,449	(73,974)	(62,071)
FUND BALANCE JANUARY 1	<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>
FUND BALANCE DECEMBER 31	<u>\$ 36,869</u>	<u>\$ 20,055</u>	<u>\$ 10,150</u>	<u>\$ (53,428)</u>	<u>\$ (11,090)</u>	<u>\$ (43,148)</u>	<u>\$ (40,592)</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, 2015

<u>RECEIPTS</u>	<u>WD #5 BRF</u>	<u>WD #6 BRF</u>	<u>TOTALS</u>
Polk County	\$ 105,337	\$ 66,650	\$ 171,987
Interest Revenue	<u>473</u>	<u>334</u>	<u>807</u>
Total Receipts	<u>105,810</u>	<u>66,984</u>	<u>172,794</u>
<u>DISBURSEMENTS</u>			
Bond Principal	86,000	57,000	143,000
Bond Interest & Fees	<u>17,583</u>	<u>11,487</u>	<u>29,070</u>
Total Disbursements	<u>103,583</u>	<u>68,487</u>	<u>172,070</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	2,227	(1,503)	724
FUND BALANCE JANUARY 1	<u>518,317</u>	<u>373,153</u>	<u>891,470</u>
FUND BALANCE DECEMBER 31	<u>\$ 520,544</u>	<u>\$ 371,650</u>	<u>\$ 892,194</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, 2015

RECEIPTSProperty Taxes

Marshall County	\$ 356,240
Polk County	71,176
Kittson County	2,019
Pennington County	4,759
Roseau County	440
State - MV	<u>17,639</u>

Total Property Taxes	<u>452,273</u>
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TOTAL RECEIPTS	<u>452,273</u>
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DISBURSEMENTS

Red River Watershed Management Board	<u>452,273</u>
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EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	-
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AMOUNT DUE TO OTHER GOVERNMENTAL UNITS, JANUARY 1	<u>-</u>
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AMOUNT DUE TO OTHER GOVERNMENTAL UNITS, DECEMBER 31	<u>\$ -</u>
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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, 2015 and the related notes to the financial statements, and have issued our report thereon dated June 23, 2016.

Legal Compliance

The *Minnesota Legal Compliance Audit Guide for Other 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, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because the District does not have any.

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 Other 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 referenced 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.

Brady Martz

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

June 23, 2016