



2017 ANNUAL REPORT

Middle Snake Tamarac Rivers
Watershed District

2017 Annual Report
Middle-Snake-Tamarac Rivers Watershed District

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Mission Statement

The mission of the Middle-Snake-Tamarac Rivers Watershed District is to manage the District's resources for the efficient movement of water across the District for purposes of reducing flooding, providing agricultural drainage and to protect and improve water quality.

Letter from the Chairman

Pursuant to the Minnesota Watershed Act, Chapter 103D, we submit this 48th Annual Report for the Middle-Snake-Tamarac Rivers Watershed District (MSTRWD) for the year 2017.

Greetings and welcome to the Annual Report of the Middle Snake Tamarac Rivers Watershed District. 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.


The District has hired a new administrator, he is Joel Praska. We have also hired 2 new technicians, Kyle Schlomann and Tyler Larson.

The District did receive funding for two Regional Conservation Partnership Program projects for planning and engineering purposes. The funding is part of a USDA program, and is administrated through the State NRCS. One project is located on the Judicial Ditch #14 ditch system near Viking, MN and the other project is located east of Strandquist, MN, within the Judicial Ditch #19 system. The goal of these two projects is to reduce flood damages while at the same time assisting with the conveyance of water in that area.

We are also working closely with the City of Newfolden as they look for ways to remove/protect a portion of the city from the 100 year flood plain. The Watershed has restarted the Project Team process in the Swift Coulee area as well, working with the local landowners and agencies to find ways to reduce flooding while maintaining drainage. We are also working with Houston Engineering and BTAG, to see what it would take to have access to Oslo, MN during flood events.

I invite you to read through the report, and if you have any questions or comments do not hesitate to contact us.

Respectfully Submitted,



John W Nelson

Chairman

Board of Managers

The Middle-Snake-Tamarac Rivers Watershed District is governed by a seven-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 two Manager positions are appointed each year.

The Marshall County Board of Commissioners, in July of 2017, appointed Mr. Bill Petersen of Middle River and Mr. Eric Johnson of Warren to the MSTRWD Board of Managers. The Polk County Commissioners, on November 28, 2017, re-appointed Mr. Robert Kovar, of East Grand Forks, to a second three-year term.



*Bill Petersen, Roger Mischel, John W. Nelson, Robert Kovar, David Bakke, Brad Blawat (L to R)
(Not Pictured: Eric Johnson)*



Mr. Ben Kleinwachter represented Marshall County and served four terms on the Board from 2005-2017. He did not seek reappointment when his term expired in August 2017.

The terms of the managers are for 3 years. The following table lists the position they hold, county represented and term.

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

NAME	OFFICE	HOMETOWN	COUNTY REPRESENTED	TERM ENDS
JOHN W NELSON	President	Oslo	Marshall	Aug 27, 2019
BILL PETERSEN	Vice President	Middle River	Marshall	Aug 27, 2020
DAVID BAKKE	Secretary	Newfolden	Marshall	Aug 26, 2018
ROBERT KOVAR	Treasurer	East Grand Forks	Polk	Jan 1, 2021
ROGER MISCHER	Ass't Sec/Treas	Warren	Marshall	Aug 27, 2018
BRAD BLAWAT	Manager	Viking	Marshall	Aug 27, 2019
ERIC JOHNSON	Manager	Warren	Marshall	Aug 27, 2020

Board Meetings

The Board of Managers held 24 regular scheduled meetings in 2017. These meetings are normally held on the first and third Monday of each month, at the District Office, at 8:30 a.m., (unless the date falls on a Federal holiday or postponement due to inclement weather).

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, posts a notice on the District website and the notice is sent by mail to those who request it.

Agendas for the upcoming meeting can be viewed here: <http://mstrwd.org/about/agendas/>
Meeting minutes can be viewed here: <http://mstrwd.org/about/minutes/>

The public is welcome at meetings. Anybody wishing to address the Board can do so, although it is appreciated if the office is notified prior to the meeting so guests can be placed on the agenda.

District Staff

Brent Silvis, who was hired as the District Administrator in July of 2016 terminated his employment with the District, in August 2017. Engineering Technician, Christina Slowinski, terminated her employment in October 2017.

In April 2017, Kyle Schlomann, was hired as an Engineer Technician; Joel Praska was hired as the District Administrator in August 2017; and Tyler Larson was hired as an Engineer Technician in October 2017. They join staff employees, Danny Omdahl, Engineer Technician and Connie Kujawa, Administrative Assistant.



Joel Praska
Administrator
joel.praska@mstrwd.org
218-230-5703



Connie Kujawa
Administrative Assistant
connie.kujawa@mstrwd.org
218-745-4741



Danny Omdahl
Engineer Tech 3
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218-201-0495



Kyle Schlomann
Engineer Tech
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218-230-4016



Tyler Larson
Engineer Tech
tyler.larson@mstrwd.org
218-230-1955

Office



Middle-Snake-Tamarac Rivers Watershed District Office

Address

453 North McKinley Street
Warren, MN 56762

Mail

PO Box 154
Warren, MN 56762

Office Hours

8:00 am to 4:30 pm
Weekdays

Phone: 218-745-4741

Fax: 218-745-5300

Email: info@mstrwd.org

Website

The District maintains a website (www.mstrwd.org) where 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 website is very user friendly. Once the website loads, the viewer will see multiple pictures from around the District. To get to the most recent announcements, one can either scroll down the page, or they can click on the “Announcements” tab. The viewer is also able to see a calendar on the right-hand side with all our upcoming meetings and events. Also, included on the right-hand of the screen is the contact information for the office and the District’s staff, map of office location, and office hours.



Screenshot of MSTRWD's website home page

The “About” tab contains information regarding the District’s Board Meeting’s Agendas and Minutes. It also has a History tab and contains some important documents such as the Mission statement, the 10 Year Management Plan, Rules & Regulations, and the Annual Report.

The “Permit” tab contains Permit Rules & Regulations, a PDF of Permit Application, a PDF of the Hunting Permit Application, and maps of the locations which one can hunt during official Minnesota hunting seasons. All applications can be printed off and sent to the MSTRWD office by mail, fax, or e-mail.

The “Projects” tab contains a list of all the current projects and project teams in the District. Each project has links to notes from every meeting and report.

The “Ditches” tab contains a user-friendly map that depicts the locations of all the drainage systems that the MSTRWD has jurisdiction over. One can click on the ditch system (or on the files above) to gain access to the historical data of that ditch system.

The “Impoundments” tab contains a list of all the impoundments in the District. Each Impoundment link then gives a brief historical background.

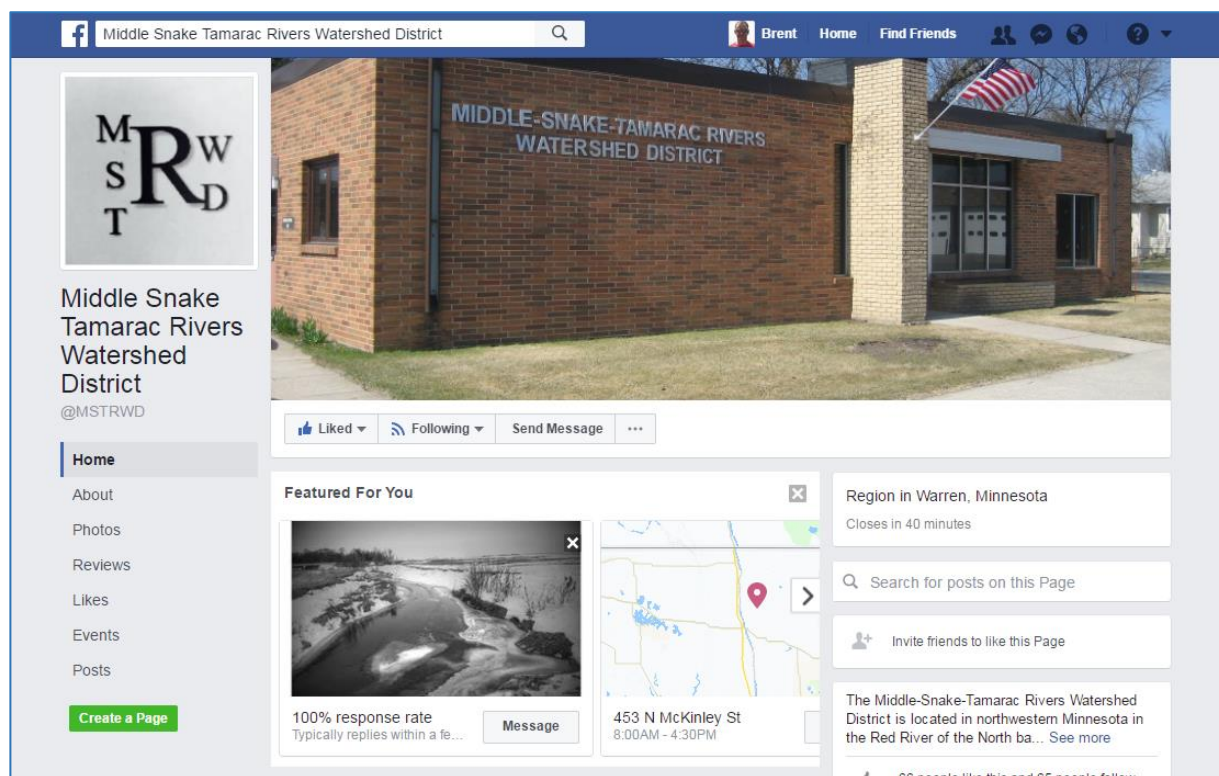
The “Contacts” tab lists the contact information for the District office, Board Members, and District staff.

The “Events/Photos” tab is an ongoing blog of what public outreach the District has participated in.

The “GIS” tab is an interactive map called an online watershed viewer, in which the viewer has access to many different informational layers such as soil types, FEMA floodplains and land use. This viewer is so that the public may have quick access to information that may be helpful for personal projects.

The “Links” tab includes links to other websites that may be useful for the public such as Federal, State, or County Government Organizations, Soil and Waters Conservation Districts and many other organizations.

[Facebook](#)



Screenshot of the MSTRWD's Facebook page

The Watershed District maintains a Facebook page. On the page, staff post images and messages about Watershed District projects, events and outreach activities. The District also

shares information from other organization's pages such as Board of Water and Soil Resources (BWSR) or local Soil and Water Conservation Districts (SWCD). Visitors are encouraged to participate in posts and/or submit pictures of plants, animals, scenery and outdoor recreation activities from around the District. One can find our page by searching in Facebook for Middle Snake Tamarac Rivers Watershed District or MSTRWD or by following this link <https://www.facebook.com/MSTRWD/>

Please like our page!



Partners

Engineering Services



Houston Engineering Inc. provides engineering for the Watershed District. The District also utilizes HDR Engineering.

Legal Services



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

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

Accounting Services



The District uses the accounting services of Brady Martz & Associates, P.C.

Watershed District Advisory Committee

The Watershed District, on behalf of the Committee, holds at least one Advisory Committee meeting every year. Statutorily, the Advisory committee has, if possible, a supervisor of a SWCD, a County Commissioner, a representative of a sporting group, and a representative of a farm organization that are selected by the Managers to provide recommendations on matters affecting the watershed district, including all contemplated projects and improvements. Along with landowners, this group can play an important role in ensuring that the watershed district is fulfilling the needs of the community and is aware of citizen concerns. The meeting is advertised in each county newspaper 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 and participate.

On November 20, 2017, the Advisory Committee meeting was held at the Bremer Bank in Warren, Minnesota. Attorney, Jeff Hane, opened the meeting and election of officers presided. Robin Johnson was nominated to serve as Chairman and by acclamation, Richard Lee, assumed the Secretary position.

2017 ADVISORY COMMITTEE ATTENDEES

Committee Members	Affiliation
John W Nelson	President, Middle-Snake-Tamarac Rivers WD
Bill Petersen	Vice President, Middle-Snake-Tamarac Rivers WD
Eric Johnson	Manager, Middle-Snake-Tamarac Rivers WD
Joel Praska	Administrator, Middle-Snake-Tamarac Rivers WD
Danny Omdahl	Technician, Middle-Snake-Tamarac Rivers WD
Kyle Schlomann	Technician, Middle-Snake-Tamarac Rivers WD
Tyler Larson	Technician, Middle-Snake-Tamarac Rivers WD
Dean Danielski	Farley Township
Virgil Wagner	Cedar Township
Tony Filipi	Tabor Township
Mark Weber	Wright Township
Mike Franks	Boxville Township
Tracy Anderson	Landowner
Robin Johnson	Warrenton Township
Jim Johnson	Warrenton Township
Jared Sands	Oak Park Township
Eugene Mattson	Landowner
Tony Nordby	Houston Engineering, Thief River Falls
Don Diedrich	Polk County Commissioner
LeRoy Vonasek	Marshall County Commissioner
Jeff Hane	Attorney
Richard Lee	Attorney

After introductions, District Administrator, Joel Praska and District Technician, Danny Omdahl presented a power point presentation which reviewed the history of the District, new staff members, current/completed projects and future works.

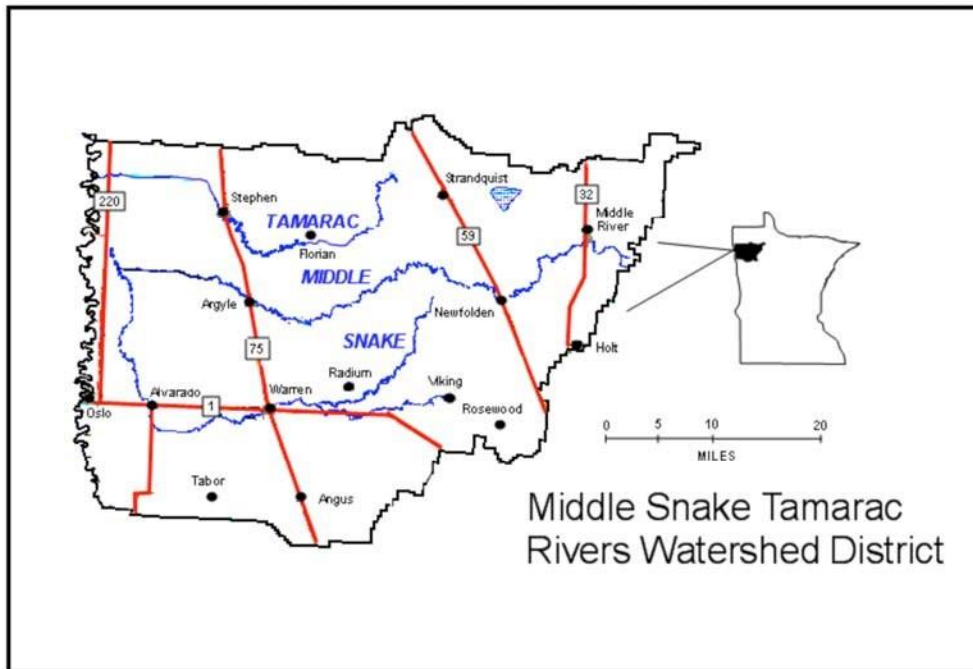
The attendees were briefed on the repair work planned on Judicial Ditch #29 and the repair to the outlet of Watershed Ditch #7 Improvement. Technician Omdahl reported the Marshall County SWCD would be funding a portion of the repairs to both systems.

Other items that were discussed and reviewed included:

- The 40 acre building site the District owns in Brislet Twp and volunteer groups removing undesirable underbrush;
- How does an individual know if a permit is required by the Middle Snake Tamarac Rivers Watershed;
- If there are plans to remove tree debris from the Snake River, NW of Alvarado and other areas;
- What options are available to fix the sloughing occurring on the Snake River at the March Impoundment;
- Future flood damage reduction along the Swift Coulee and protected waters;

The Advisory Committee set the 2018 meeting for November 19, 2018, at 1:30 p.m.

History of the Middle-Snake-Tamarac Rivers Watershed District



Map 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, 1999 and 2004.

In 1977, the Board entered 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.

Annual Reports

Under MN Statute 103D.351 the District Board of Managers are required to prepare a yearly report of the financial conditions of the watershed district, the status of all projects, the business transacted by the watershed district, other matters affecting the interest of the watershed district, and a discussion of the managers' plans for the succeeding year. Copies of the report must be transmitted to the Board of Water and Soil Resources, the commissioner, and the director within a reasonable time.

Copies of past annual reports are available online at <http://mstrwd.org/about/annual-report/> or a hard copy can be made available from the District's office, per request.

10-Year Plan

Under MN Statute 103D.401 the managers must adopt a watershed management plan for any or all of the purposes for which a watershed district may be established. The watershed management plan (WMP) must give a narrative description of existing water and water-related problems within the watershed district, possible solutions to the problems, and the general objectives of the watershed district. The Board of Managers are also required under MN Statute 103D.405 to revise or update a watershed management plan for the District every ten years.

The WMP is an important tool for identifying problems and issues, goals, and long and short term strategies to address these issues and attain the goals. The WMP also inventories resources, assesses resource quality, and establishes regulatory controls, programs, or infrastructure improvements needed to managed the resources within the watershed.

The original “Ten Year Updated Watershed Management Plan” was prepared with the assistance of the Soil and Water Conservation Districts (SWCDs) for Marshall, West Polk, and Pennington Counties; the Board of Commissioners for Marshall, Polk, and Pennington counties; the Minnesota Board of Water and Soil Resources (BWSR); the Department of Natural Resources (DNR), Division of Waters, Division of Wildlife, and Division of Fisheries; and the Minnesota Pollution Control Agency (MPCA). The latest plan revision was completed in 2011.

A copy of the latest 10 -Year Plan is available online at <http://mstrwd.org/about/10-year-plan/> or a hard copy can be made available from the District office, by request.

Ongoing Projects

NRCS RCPP Projects

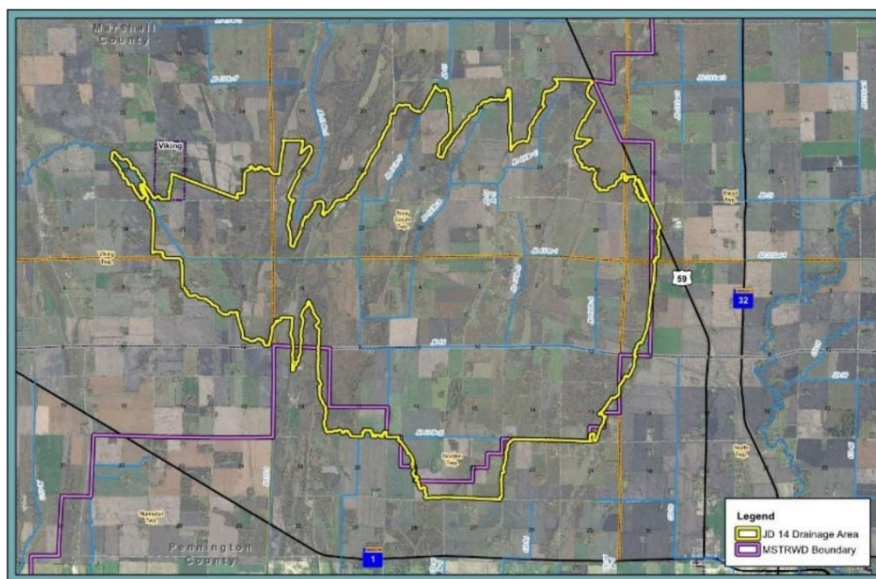
In the spring of 2015, the MSTRWD secured funding provided by the NRCS through the Regional Conservation Partnership Program (RCPP). This funding allocated \$12 million dollars to eligible applicants as determined by the Red River Retention Authority (RRRA). The RCPP funding was made available to the MSTRWD for watershed planning in the Judicial Ditch #14 and Judicial Ditch #19 subwatersheds. Because these funds are provided by the NRCS, watershed planning must follow NRCS agency guidelines for compliance with the National Environmental Protection Act (NEPA) requirements. Tasks required for the NRCS Watershed Plan are available in the *Feasibility Study and Plan of Work* document.

Judicial Ditch #14 RCPP Project Team

A Project Team was developed for the Judicial Ditch #14 RCPP Project. Manager Brad Blawat with Manager, Robert Kovar, as the alternate, serve as the MSTRWD Team representatives. Landowner representatives are John Hams, Carl Roger VanHorn, and Gregory Dyrdaahl, with Donovan Dyrdaahl as an alternate.

Both spring and summer flooding has resulted in many problems with the Judicial Ditch #14 watershed. The watershed is drained primarily by artificial channels which do not provide the capacity sufficient for most agricultural production nor does the channel systems have an adequate outlet. Large areas are becoming inundated from excessive runoff impacting agricultural production. Roads and culverts in the area are also impacted.

A grant agreement was entered with the NRCS on February 16, 2016, in the amount of \$500,000.00. The funding cost share is 70% NRCS and 30% Middle-Snake-Tamarac Rivers Watershed District. This work includes developing a Purpose and Projected Outcomes document, evaluating various flood damage reduction strategies, and working with impacted landowners in areas with potential to store runoff.



Drainage area of Judicial Ditch #14

A Feasibility Report and Plan of Work Review Point 1, prepared by Houston Engineering, has been submitted and approved by the NRCS. A Purpose and Needs Review Point 2 Report, also prepared by Houston Engineering, has been submitted to the NRCS and is awaiting approval. An Affected Environmental Review Point will be the next step taken in accordance with the Regional Conservation Partnership Program.

Up-to-date information about the project and project team can be found at <http://mstrwd.org/current-projects/jd-14-rcpp/>.

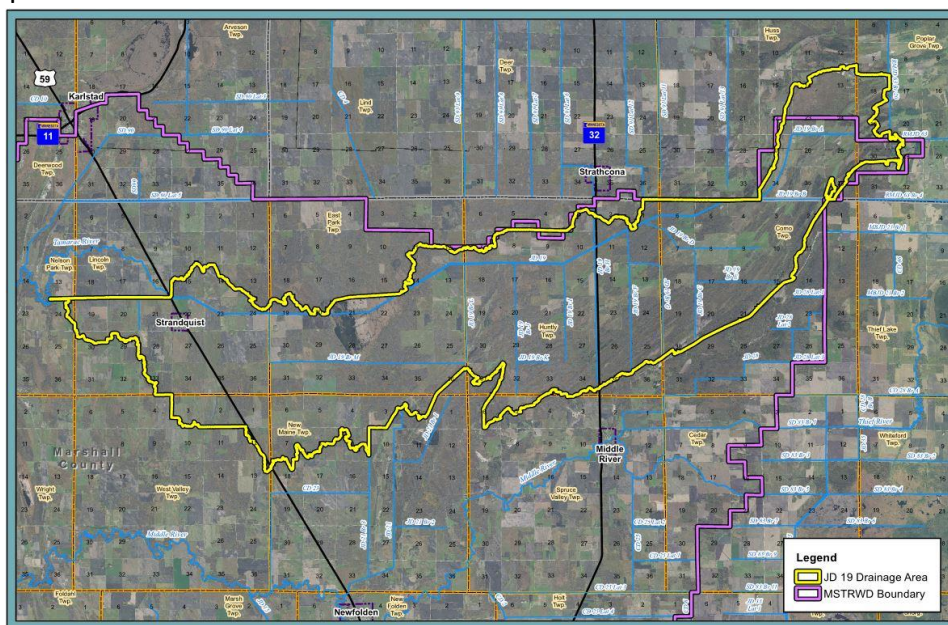
Judicial Ditch #19 RCPP Project Team

Judicial Ditch #19 RCPP Project Team, formerly known as the Tamarac Subwatershed Project Team, have Managers Bill Petersen and David Bakke serving as the MSTRWD representatives. Neil Widner, Larry Eftefield, Ken Borowicz, J Myron Larson, Mark Anderson, Dennis Olson, Richard Hanson, Paul St. Germain and Earl Anderson represent the landowner team members.

Both spring snowmelt and summer rainfalls have historically resulted in flooding problem throughout the agriculturally dominated landscape. Water resource problems in the Judicial Ditch #19 Watershed include recurrent flood damages to roads, culverts, agricultural fields, and artificial and natural waterways. Floodwaters from the Judicial Ditch #19 Watershed also contribute to a larger scale flooding and flood damages downstream of the Watershed outlet along the Tamarac River and the Red River of the North.

The District signed a grant agreement with the NRCS, in the amount of \$500,000.00, February 18, 2016 to perform technical studying and hydraulic analysis for a future flood damage reduction project within the Judicial Ditch #19 sub-watershed. The funding cost share is 70% NRCS and 30% Middle-Snake-Tamarac Rivers Watershed District.

A Feasibility Report and Plan of Work Review Point 1, prepared by Houston Engineering, has been submitted and approved by the NRCS. A Project Work Team meeting was held July 26th at the Strandquist Community Center. The purpose of the meeting was to review NRCS-RCPP guidelines, provide an update on where the process is at, review preliminary hydraulics and hydrology modeling results, and to review the draft Purpose and Need Statement.



Drainage area of Judicial Ditch #19

On November 14, another PWT meeting was held at the Strandquist Community Center. Purpose and Need for Action and a Scope of the Environmental Assessment, Review Point 2, was the focal point. At

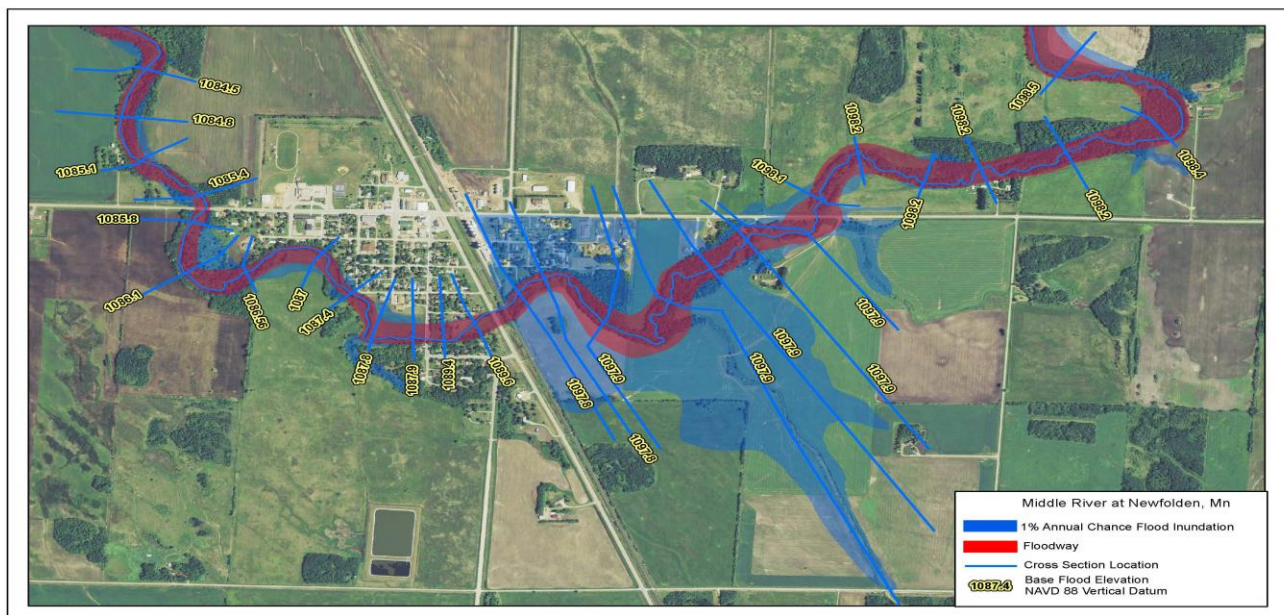
this time, Review Point 2 has been submitted to the NRCS by Houston Engineering and is awaiting approval.

Up-to-date information about the project and project team can be found at <http://mstrwd.org/current-projects/jd-19-rcpp/>.

Newfolden / Middle River Subwatershed Flood Damage Reduction Project Team

A Project Team was developed for the Newfolden / Middle River Subwatershed Flood Damage Reduction project. The City of Newfolden had been mapped for the 100-year Flood Plain Zoning (FPZ) for the first time, in 2015. The Federal Emergency Management Agency (FEMA) and the MNDNR produce Digital Flood Insurance Rate Maps (DFIRM) for selected counties in the state. These maps are often referred to as FEMA Floodplain maps.

This resulted in numerous properties with homes, on the east side of US Highway 59 and a few on the west side, in the 100 year FPZ. The City contacted HDR Inc. and reached out to the MSTRWD for guidance and assistance. An appeal was given to the MNDNR to seek alternatives.



Current mapping from DNR HEC-RAS Model as of May 6, 2016

David Bakke, Bill Petersen and Roger Mischel, as the alternate, serve as the MSTRWD Team representatives. Landowner representatives are David Lokstad, David Myhre, David Thompson, Roger Rivera, Jr., Glenn Meekma, Norman Lindemoen and Derrick Converse.

The PWT has discussed mitigation alternatives such as to construct a levee along the river, diverting a portion of water around the city, potentially adding culvert(s) to the Canadian Pacific Railway and

possible impoundment sites. The majority of 2017 was spent addressing the need to identify practicable alternatives for the City of Newfolden.

On January 31, 2017, a PWT meeting was held at the Newfolden Community Center to discuss the Purpose and Needs items to be included in the report HDR Engineering was developing. The purpose was clear, remove Newfolden from 1% annual (100 year) floodplain.

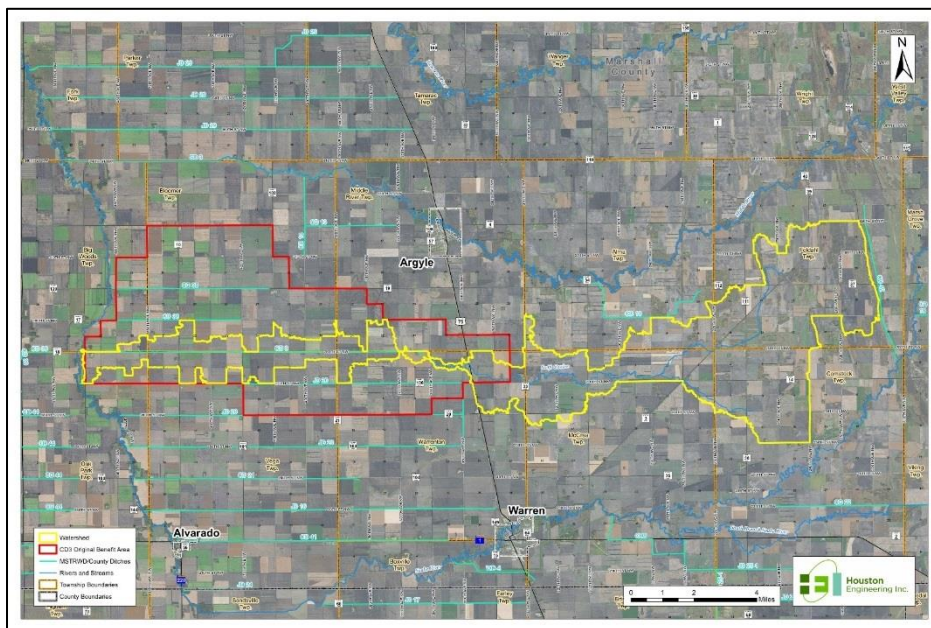
Two additional PWT meetings have since been held at the Newfolden Community Center. Currently, the PWT and HDR Engineering are reviewing several alternative plans. The Alternatives Analysis Study will be completed by HDR Engineering in early 2018.

Up-to-date information about the project and project team can be found at <http://mstrwd.org/current-projects/middle-river-sub-watershed-feasibility-study/>

Swift Coulee / Marshall County Ditch 3 Project Team

The Swift Coulee's drainage area starts approximately ½ mile southeast of the Old Mill State Park. It empties into Marshall County Ditch #3, which drains into the Snake River. Flooding issues along CD #3 see water leaving the ditch both on the north and south sides, as there is no set spoil or road height to control outbreaks. Much of the drainage area of the Swift is not in the Benefited Area of the Marshall County Ditch #3. There is also a sediment issue in the Swift Coulee causing a bottleneck to flows on the west side of US Highway 75.

The Project Team's District representatives are Roger Mischel and Brad Blawat, with Eric Johnson serving as the alternate. Landowner representatives are Ken L Johnson, Stuart Nordling, Jim Vansickle, Mark Yutrzenka and Fred Nicholls.



Comparison of Swift Coulee drainage area (yellow) and Marshall County Ditch 3 benefited area (red)

In the summer of 2017, District staff assisted Houston Engineering in surveying the Swift Coulee/County Ditch #3 area. The generated information will be used in the preliminary hydraulics and hydrology modeling report.

Up-to-date information about the project and project team can be found at <http://mstrwd.org/current-projects/swift-coulee-pt/>

Oslo Access Study

In December of 2014, the Middle-Snake-Tamarac Rivers Watershed entered into a grant agreement with the Minnesota Department of Transportation to conduct a hydraulic analysis of Minnesota Trunk Highway #1, in the vicinity of Oslo, Minnesota to analyze various options to address flooding.



Aerial photo of the City of Oslo

The Board of Managers executed a Client Services Agreement for Phase 2 of the Oslo Minnesota Area Hydraulic Analysis with Houston Engineering, and executed a grant agreement with the State of Minnesota, to conduct hydraulic modeling of alternative floodway options for the reach including upstream and downstream of the Minnesota and North Dakota agricultural levees near Oslo, Minnesota. This modeling must include evaluating removal of floodway flow obstructions, channel obstructions, transportation access and equalization of agricultural levee protection. This project

must be conducted in partnership with the Border Township Association Group (BTAG) representing four Minnesota townships and the City of Oslo and the three adjacent townships in North Dakota. The grant agreement with the State of Minnesota provides for 100% reimbursable expenses, not to exceed \$187,000.00, and expires June 30, 2018. The North Dakota State Water Commission is providing matching funds for the hydraulic analysis.

A Steering Committee meeting was held on August 18 where a discussion was held on prioritization and implementation of restriction removal. All identified restrictions were arranged under five alternatives. An inundation map was used to help visualize the impacts of each alternative. The Steering Committee recommended that Houston Engineering include bridge modifications to the alternatives. The further modeling and hydraulic analysis for these modified alternatives was requested using 5, 10, 25 and 50 year events for analysis.

On December 20 another Steering Committee meeting was held where the committee reviewed the latest Technical Memorandum released by Houston Engineering, and to review probable cost estimates for a potential project. Two alternatives have been selected to focus on which incorporate the removal of certain flow restrictions within the study area, including bridge modifications and road grade raises. Alternative (A) which identifies 25 flow restrictions has an estimate cost of \$52 million. Alternative (B) which identifies 40 flow restrictions has an estimate cost of \$62 million. The committee agreed that a cost vs benefit analysis will be performed to help aid in support of a potential project.

The Board appointed Manager John W. Nelson as the District's representative to the steering committee and Manager Bill Petersen as the alternate.

Up-to-date information about the project and project team can be found at <http://mstrwd.org/current-projects/oslo-access-study/>

Watershed Restoration and Protection Strategies (WRAPS)

The Federal Clean Water Act was established in 1972, requiring states to set water quality standards for all surface waters and to develop a list containing all waterbodies that do not meet their water quality standards. These waters that do not meet their water quality standards are then required by the U.S. Environmental Protection Agency (USEPA) to have a Total Maximum Daily Load (TMDL) developed for that waterbody. A TMDL is designed to reduce the amount of pollutants in a waterbody and allow it to meet standards. A formula is used to calculate the maximum amount of a pollutant, like sediment or phosphorus, a waterbody can receive and still meet the state's water quality standards.

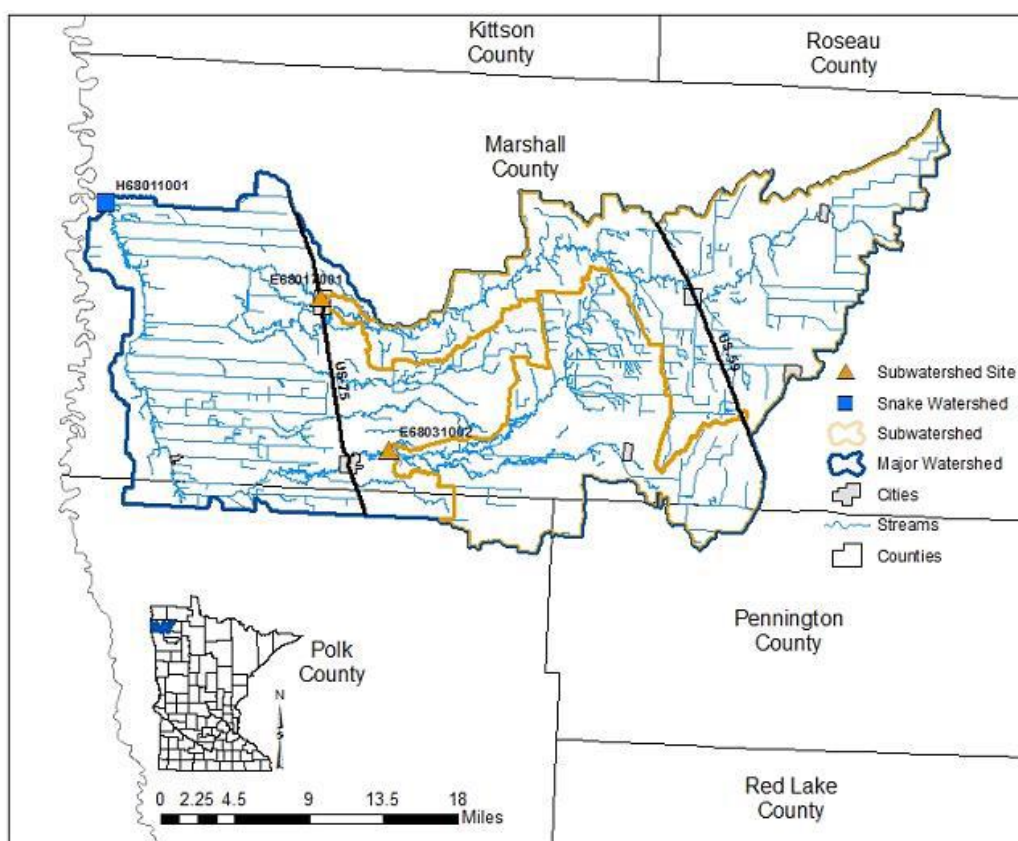
In 2013 the State of Minnesota established the Clean Water Accountability Act which ensures that pollution sources are properly identified and that state funding is targeted to areas that provide the max water quality benefit. It also defined and set WRAPS reports into law and made them the responsibility of the Minnesota Pollution Control Agency (MPCA). A WRAPS document is intended to establish the strategies used to restore impaired waters and protect waters that are not impaired. It creates a path for implementing the TMDLs and guides local implementation of management practices aimed at improving water quality, ensuring compliance with the Federal Clean Water Act.

The State of Minnesota adopted the "watershed approach" which sets a 10-year cycle for each major watershed to first monitor and assess impairment status for its surface waters, then establish work plans to improve/protect water bodies. When the 10-year cycle ends, it starts over again. The major benefit of this approach is the integration of monitoring resources to provide a more complete and systematic assessment of water quality at a geographic scale useful for the development and implementation of effective TMDLs, project planning, effectiveness monitoring and protection strategies.

Along with the Watershed approach, the MPCA developed a 4-step process to identify and address threats to water quality in each of the major watersheds.

- Step 1 begins with a two-year intensive monitoring program of lakes and streams which the MPCA determines their overall health and identifies impaired waters. The Monitoring and Assessment Report and a Stressor Identification Report are the outcomes of the first step.
- Step 2 is to assess the data based on the results. The MPCA determines whether a water resource meets water quality standards, list needed waters as impaired, identify waters to be protected and identify stressors affecting aquatic life in streams.
- Step 3 is to develop strategies to restore and protect the watershed's water bodies creating a WRAPS report and a TMDL. The two provide details on water quality issues and identifies what needs to be done to clean the stream and lakes that are impaired and to protect those that are at risk of becoming impaired.
- Step 4 is when restoration and protection projects are conducted in the watershed. Local units of government including watershed districts, municipalities and SWCDs take the lead in developing and carrying out plans.

Snake & Middle Rivers WRAPS



Watershed of Snake and Middle Rivers

Near mid-year of 2017, Phase 1 of the Snake River WRAPS was completed. Phase 1 included data collection, modeling of sediment sources and delivery, the identification of impairments within the rivers, the creation of a Watershed Conditions Report and community outreach.

At the end 2017, Phase 2 of project began. This will involve the development of Total Maximum Daily Loads for the various impaired reaches, the development of strategies to restore and protect water quality within the rivers, the development of a WRAPS report and community outreach.

The Snake and Middle River WRAPS project held its second community outreach event on July 27, 2017 at the Argyle Community Center in Argyle, Minnesota. The Middle-Snake-Tamarac Rivers Watershed as well as RESPEC and the Minnesota Pollution Control Agency (MPCA) planned the event. There was a great turn out of volunteers willing to share information about their organization/group. Those who participated included the MN Department of Natural Resources, MN Department of Health, Marshall County SWCD, Marshall County Environmental Services, Agassiz Audubon, Newfolden Restoration Committee and River Watch. The event had many activities for the community to partake in as well as crafts for the kids. Although, only a few landowners attended, the volunteers had a wonderful time learning from each other about what is going on in the community to improve the local rivers. Three speakers from the MPCA and Agassiz Audubon, were very informative speaking about the WRAPS process, how fish and biological data was collected and citizen science.

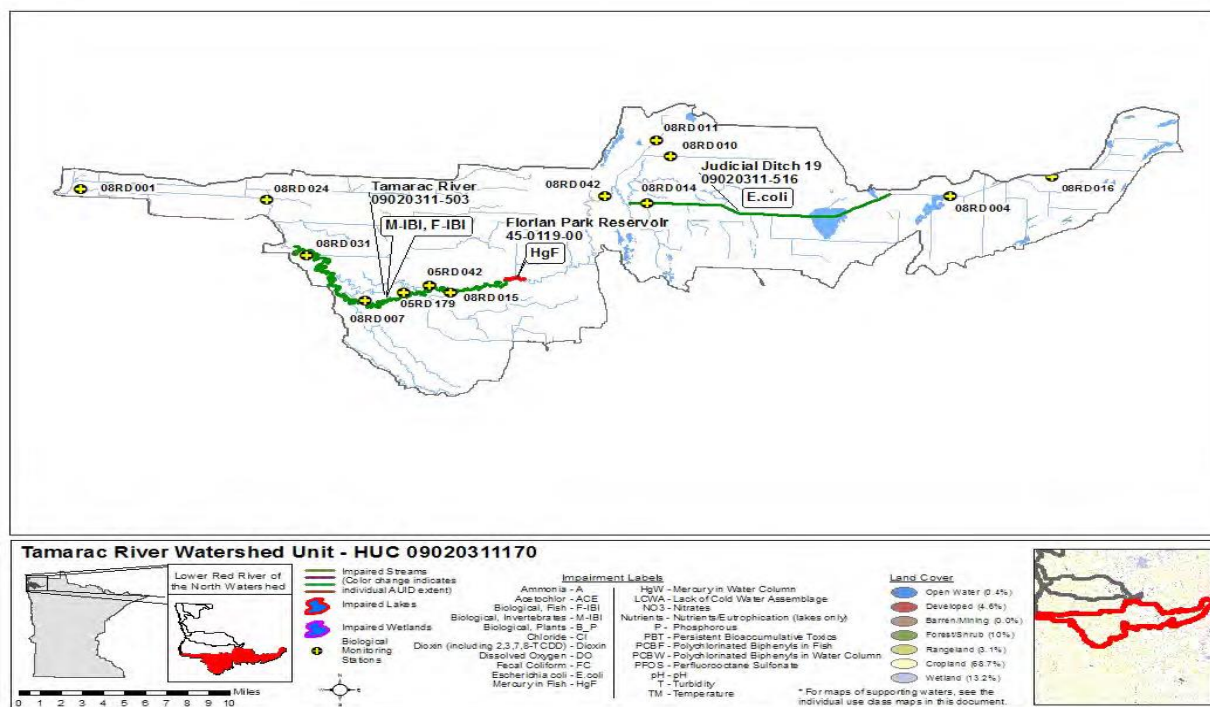
Up-to-date information regarding the Snake & Middle Rivers WRAPS can be found at <http://mstrwd.org/current-projects/snake-middle-rivers-watershed-restoration-and-protection-strategy-wraps/>.



Snake & Middle River WRAPS Open House-July 27, 2017

Lower Red River WRAPS

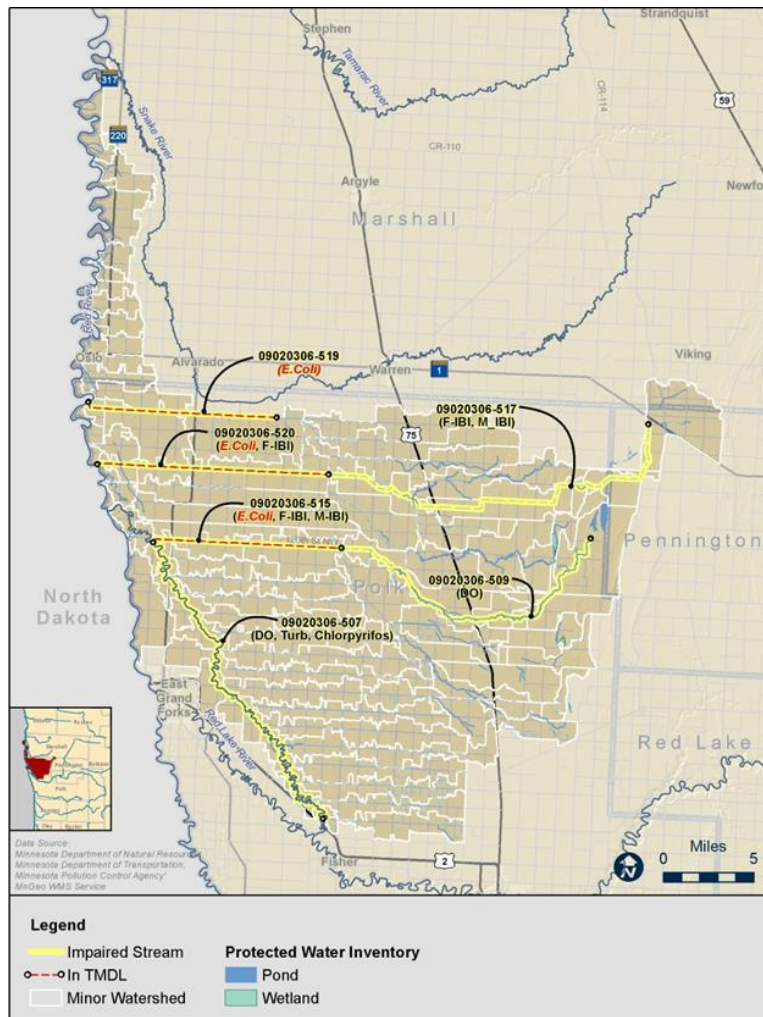
The WRAPS is a joint effort between the Two Rivers Watershed District (TRWD), the Joe River Watershed District (JRWD) and the MSTRWD. The Joe River, an unnamed coulee in the TRWD and the Tamarac River were coopted together according to a hydrologic unit code (HUC). The TRWD manages the grant funding from the MPCA. The WRAPS gathers research from all the water quality data available for a given watercourse. If the data is not sufficient, then additional water quality and stream flow data is collected to produce a “conditions report” to get a full picture of the quality of the resource. The data is then analyzed to determine if any portions of the sub-watershed are impaired or polluted in any way. If impairments are found, the project will do further investigation and research to determine the source of impairment and how best to address the problems, if possible.



Watershed of the Tamarac River.

Please refer to Two Rivers Watershed District’s website at <http://www.tworiverswd.com> or view their 2017 Annual Report for more information.

Grand Marais Creek WRAPS



Watershed of the Grand Marais Creek

Through a grant from the MPCA, the Red Lake Watershed District 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.

Emmons and Olivier Resources, Inc (EOR) staff and the Red Lake Watershed District staff have worked to create a draft Grand Marais Creek Watershed TMDL report and a draft Grand Marais Creek WRAPS report. The TMDL study addresses Escherichia (E. coli) impairments in three streams located in the Grand Marais Creek Watershed, Hydrologic Unit Code (HUC) 09020306. These waterways are tributaries to the Red River of the North, in northwestern Minnesota.

For more information please refer to Red Lake Watershed District's website:

<http://www.redlakewatershed.org>

or Red Lake's 2017 Annual Report at:

www.redlakewatershed.org/Annual%20Reports/2017%20Annual%20Report.pdf

Judicial Drainage Systems

Since 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, additional drainage systems have been transferred to the District and proceedings have been held concerning the establishment of legal drainage systems.

The following table lists the Public 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

Ditch Maintenance

The District maintains the legal drainage systems under its jurisdiction, and follows a maintenance schedule for individual ditch systems. Sediment removal, mowing, spraying and dam removal account for most of the maintenance work. There are designated ditches which culvert replacement is performed, as needed.

To control cattails, bulrushes and brush in 2017, the District hired an aerial applicator to spray legal drainage ditches under its jurisdiction and impoundment areas. The contractor sprayed 78 miles of ditch and 6 miles of ditches related to the impoundments.

Beavers and beaver dams continue to be a problem in drainage systems and in project areas. In 2017, contractors removed 34 beavers and their dams and debris from ditches, culverts and impoundment areas.

The District had approximately 165 miles mowed this year. The mowers also work at the District's impoundment properties. Typically, the related ditches and some areas of the impounds are mowed. Brushing and aerial spraying are also utilized as needed at the impoundments.

Judicial Ditch 1

A request to inspect sloughing in the last mile east of the Red River for a possible repair in 2018. Section 24 Sandville also saw a culvert replacement this year west of Polk County Highway 66.



Judicial Ditch 1 Sloughing East of Red River

State Ditch 3

The district received a grant from the SWCD to repair 10 culverts in 2018. The district is also looking at a sloughing repair in 2018 as well.

Watershed Ditch 5

This ditch saw ~1,100' of sediment removed east of Tabor. A 42" culvert will be replaced ¾ mile east of the Red River is scheduled for 2018.

Watershed Ditch 7 IMPROVED

This ditch saw a slope repair and channel stabilization project. A new 66' pipe now connects a coulee and new rock drop structures leading up to the Ag Levee along the Red River to protect against erosion.



*WD #7 IMP Channel Stabilization Project
Performed by Gowan's Construction*

Judicial Ditch 15

Branch A saw 3,700' of sediment removed a mile north of Highway 2 east of Viking. This was a continuation of the cleaning that started in the end of 2016.



Branch A of Judicial Ditch 15

Judicial Ditch 20

Branch A and B were surveyed and it was determined that they have the sediment removed. Due to limited time, the planned spot cleaning of 8 miles between the two branches was delayed until 2018. The grass strip was reseeded in 2016, so extra mowing took place this year to help prevent broadleaf plants from going to seed.

Judicial Ditch 21

The district had Sentence to Serve (STS) remove volunteer trees for half a mile along the section line of 2/3 New Maine township.

Judicial Ditch 28

Beaver activity has been identified as adding to blockage of flow in the ditch system. These dams are set to be removed in 2018.



Beaver Activity in the JD 28 System

Judicial Ditch 29

The downstream 1/2 mile of the Main was repaired for sloughing and the township road was moved to prevent the road from falling into the ditch. Rock stabilization structures were added to both Laterals 1 & 2 to reduce further erosion from occurring.



JD 29 Main Sloughing Repair



Drop Structure in Laterals of JD 29

County Ditch 39

A request to inspect 1,277' of the original CD39 occurred in the fall and resulted in the sediment being removed.



CD 39 Original Cleaning West of Highway 220

County Ditch 39 IMP

At the same time as CD 39, the Improved portion of CD 39 was cleaned on both sides of 280th St.



CD 39 Imp Cleaning North and South of 280th St

Judicial Ditch 75

Numerous rain events contributed to some road inslope failure along the Judicial Ditch #75 system. The District proposed to repair portions of the S2 of Section 36 Sandsville Township; the N2 of Section 1 of Northland Township; the S2 of Section 31 and 34 of Farley Township and the N2 of Section 3 and 6 of Tabor Township, all in Polk County and directed Houston Engineering to draw up the Engineers Report and Plans and Specifications. A public hearing was held on June 19, 2017 to present the Engineers Report and to hear testimony regarding the proposed repair. The proposed work consisted of flattening the ditch bank (side slope) from a 1:1 or 1.5 slope to a 4:1 slope in most locations and the relocation and reconstruction of the road on the North spoil. The majority of the road re-location occurred solely in Sandsville and Farley Townships, and some of the resloping work would occur in Northland and Tabor Townships. Bids for the work were solicited and Gladen Construction was awarded the contract. The work was completed in 2017.



Aerial photo showing affected areas of Judicial Ditch 75



County Ditch #175

In recent years, the District has received numerous comments and complaints related to drainage issues of Polk County Ditch #175. In 2016, public meetings were held with landowners, renters and agencies, to discuss the issues plaguing the ditch and to entertain possible solutions. On April 3, 2017, landowners presented a Petition for the Improvement of Polk County Ditch #175 and the Watershed Ditch #5 Outlet to the District Board. The petition seeks to alleviate the drainage problem at MN Trunk Highway #220; to provide uniform benefits to all properties in the existing benefited area of PCD #175, and to provide an adequate outlet. At the regular meeting of the Board of Managers, held April 17, 2017, the Board found the Petition to be adequate and appointed the Engineering Firm of Pribula Engineering to prepare a Preliminary Engineers Report.

The Preliminary Engineers Report was received and forwarded to the Minnesota DNR, MN Board of Soil and Water Resources, West Polk SWCD, Polk County Highway Engineer and Polk County Environmental Services, pursuant to MN Statute, for review and comments. A public hearing on the Preliminary Engineers Report was held on September 18, 2017 at the Watershed District office. The Board considered the Preliminary Engineers Report, the DNR's Preliminary Advisory Report and the comments and testimony received at the Hearing. Based on the Findings, the Board accepted and adopted the Preliminary Engineers Report, directed the Engineer to make a Detailed Engineers Plan and appointed Viewers to Determine and Redetermine the Benefits of Polk County Ditch #175. At present, the Viewers are progressing with the Determination and Redetermination of Benefits and it is anticipated the Viewers Report will be completed in the Spring of 2018.

Also, the District submitted a Multipurpose Drainage Management application to the Minnesota Board of Soil and Water Resources for funding through their Clean Water Competitive Grants Fund for the installation of 23 multipurpose drainage management practices on Polk County Ditch #175. These practices will include grade stabilization structures and grassed waterways with a continuous berm. The District has been awarded a Clean Water Competitive Grant, in the amount of \$144,000.00 from the Minnesota Board of Soil and Water Resources for the project.



Vicinity Map of Polk County Ditch #175

Beavers

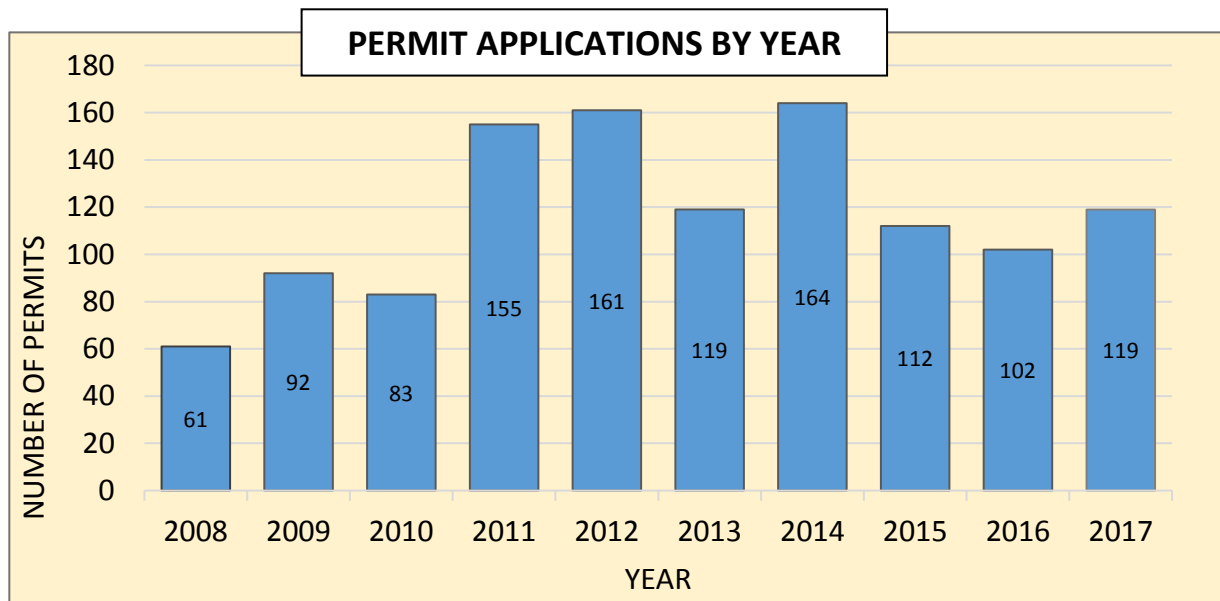
Again, in 2017 beavers continue to be a nuisance within the impoundments and legal drainage ditches of the District. The District hires trappers to remove the beavers and reimburses the trappers for each beaver trapped. For 2017, the trappers turned in 34 beaver. The District also hired contractors to remove beaver dams at the PL-566 Off-Channel Storage Site, Judicial Ditch #14 and Judicial Ditch #21 Branch 2.

The District does not participate in the trapping of beavers in rivers, unless they immediately affect a Legal Ditch or impoundment under the District's authority.

Permits

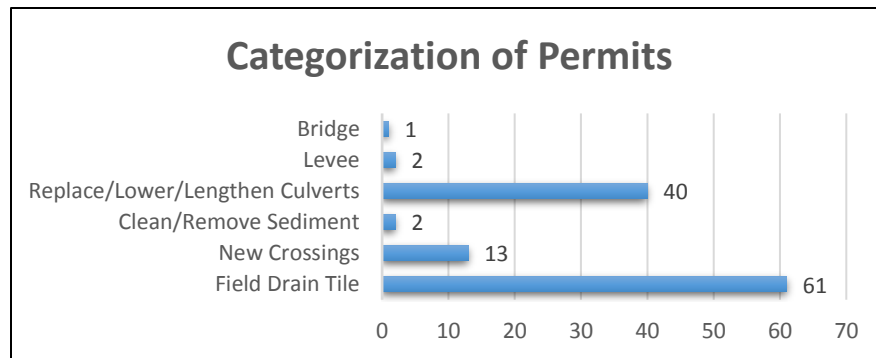
The District Board requests that all permit applications be submitted by Wednesday, at noon, prior to the next Board Meeting to allow for staff to gather information for the Managers in a timely manner.

In 2017, the Board reviewed 119 permit applications, of which one was denied and two were withdrawn. Some approved permits had conditions, such as District staff setting the grade of culverts. The following table reflects the number of permit applications per year:



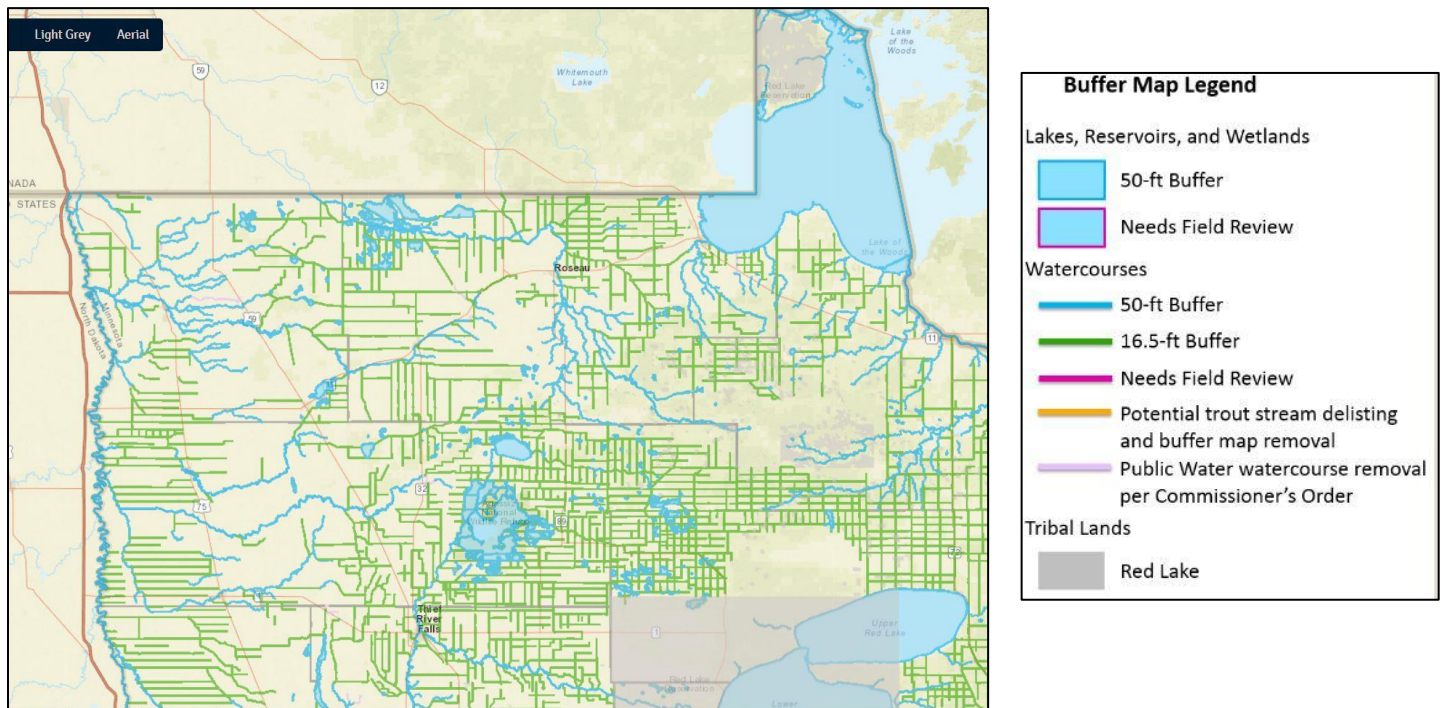
Graph of each year's total number of applications

The categorization of the 2017 permits are as follows:



Buffer Legislation

The buffer law which passed in 2015 requires perennial vegetation to be established along public waters and legal ditches throughout the State of Minnesota. The deadline for establishing buffers along public waters was November 1, 2017. The minimum buffer width along public waters is 30 feet with a required average of 50 feet measured from the top of the bank. Legal drainage systems require a minimum 16.5 foot buffer measured from the top of the constructed channel and must be installed by November 1, 2018. The local SWCD offices can provide assistance to determine the top of the bank or constructed channel. It is the responsibility of the landowner to attain compliance. The SWCD may have cost share funds available for the implementation of the buffers. Landowners may choose to plant hay or grass crops on their own and not be restricted to federal or state requirements. For more information, including cost share, please contact your respective SWCD office.



Minnesota DNR Buffer Map

The Board of Managers of the Middle Snake Tamarac Rivers Watershed, on June 14, 2017 adopted a Resolution electing jurisdiction of the Buffer Law on approximately 205.5 miles of public drainage ditches in Marshall County; approximately 9.5 miles in Pennington County and approximately 107.9 miles in Polk County.

Rainfall Program

The District has volunteers, throughout the Watershed, who record and submit monthly rainfall amounts. We appreciate our faithful reporters, and we are in need of others who would like to participate to be rainfall reporters. The District will supply the rain gauge, reporting forms, and stamped envelopes to mail your reports to the office. If you are interested in volunteering for the program, please contact the District office.

The following is the rainfall amounts for 2017, as reported.

2017 ANNUAL SUMMARY OF MONTHLY RAINFALL MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT													
Ref	Observer	Township	Sec	Twp	Rg	Apr	May	Jun	Jul	Aug	Sep	Oct	Total
13	Miles Quern	Higdem	21	154	50	1.17	1.20	3.65	2.11	0.85	5.67	0.40	15.05
24	Keith Ranum	Viking	11	155	45	0.49	1.35	3.23	1.80	0.85	6.41	0.34	14.47
31	Ron Ueland	New Maine	22	157	44	0.72	1.39	3.97	0.28	1.18	7.42	0.76	15.72
33	Myron Jesme	Rocksbury	4	153	43	1.31	1.88	4.61	0.92	1.35	5.35	0.53	15.95
36	Nick Drees	Excel	34	155	43	0.51	1.20	2.92	no report	3.93	5.79	no report	14.35
37	Harold Maijala	Spruce Valley	36	157	43	0.60	3.69	3.03	0.20	0.76	4.97	0.66	13.91
38	Harold Klamar	Rollis	33	157	40	0.83	0.78	5.02	0.64	0.63	5.16	0.82	13.88
54	Nick Smieja	West Valley	28	157	45	0.61	1.24	3.27	0.47	1.26	7.09	1.16	15.10
56	Dennis Erickson	Foldahl	31	156	46	0.55	0.56	2.68	1.06	0.93	5.71	0.25	11.74
90	Alvin Nybladh	Donnelly	35	158	49	1.50	1.40	4.42	0.40	0.55	4.20	0.20	12.67
91	Sharon Bring	West Valley	29	157	45	0.63	1.31	4.02	0.64	1.73	7.59	1.15	17.07
93	Peter Solem	Higdem	7	154	50	1.62	1.26	4.54	1.91	1.09	5.06	0.55	16.03
100	James E Johnson	Warrenton	32	155	48	1.45	1.81	2.86	3.33	0.98	5.56	0.56	16.55
101	J Bolduc	Parker	7	157	49	0.93	1.71	4.31	0.71	0.93	no report	no report	8.59
102	MSTRWD					0.77	1.56	2.83	2.21	1.47	5.75	0.46	15.05
104	Paul Morken	Comstock	10	155	46	0.93	1.69	3.46	0.067	1.36	5.8	no report	13.31
105	Dean Danielski	Farley	18	148	48	0.88	1.55	3.10	3.25	0.87	5.88	0.54	16.07

Watershed District Rules and Regulations

It is the intention of the Managers to promote the use of the waters and related resources within the District in a provident and orderly manner to improve the general welfare and public health for the benefit of its present and future residents.

The requirement for a permit from the Managers for certain uses of water or for certain works within the District are not intended to delay or inhibit development, rather the permits are needed so that the Managers are kept informed of planned projects. The Managers can advise, in some cases provide assistance and insure that development of the resources of the District is orderly and in accordance with the overall plan of the District.

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. All municipal sewer systems.
11. Construction or operation of a sanitary landfill.
12. Construction or operation of Waste Disposal Systems.
13. All water uses other than domestic use.
14. Placement of utilities across any drainage way or marsh.
15. Placement of underground utilities.
16. Installation of drain tile.
17. 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.



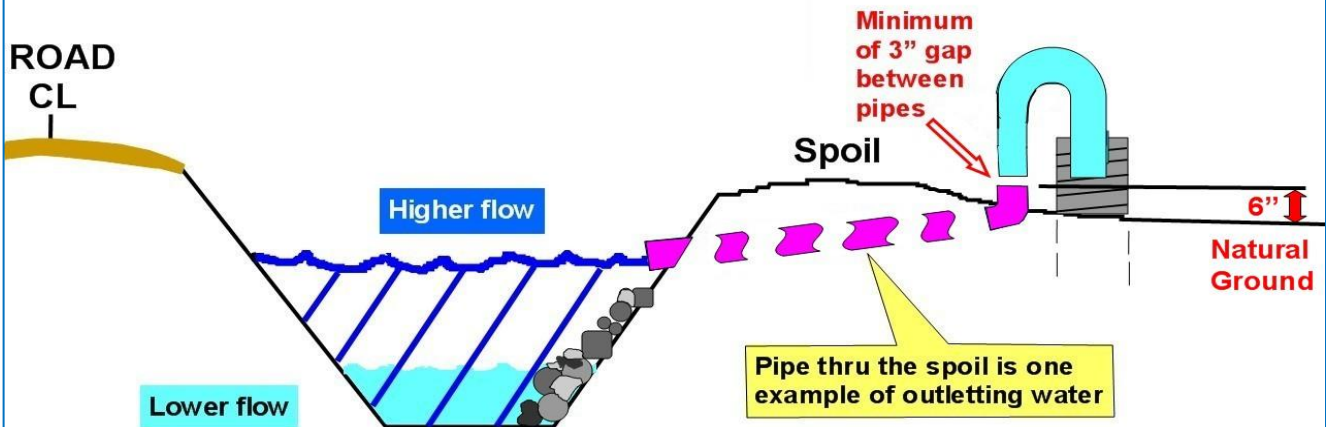
Example of a well-designed tile sump pump and pipe infrastructure emptying into Judicial Ditch 20 Branch A SW4 section 19 Vega Township

Permits need to be submitted by Wednesday at noon prior to the Board Meeting. 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 current Rules & Regulations an individual may stop by the office or view and print them from the website: <http://mstrwd.org/about/rules-and-regulations/>.

The Watershed District has been working on updating their rules and regulations starting in December of 2016. The new document focuses mostly on new rules and guidance on permits. A public hearing for the Watershed District's proposed amended rules was held in December 2017 with a public comment period following the hearing. The Board is looking at adopting a revised version of the rules in 2018.

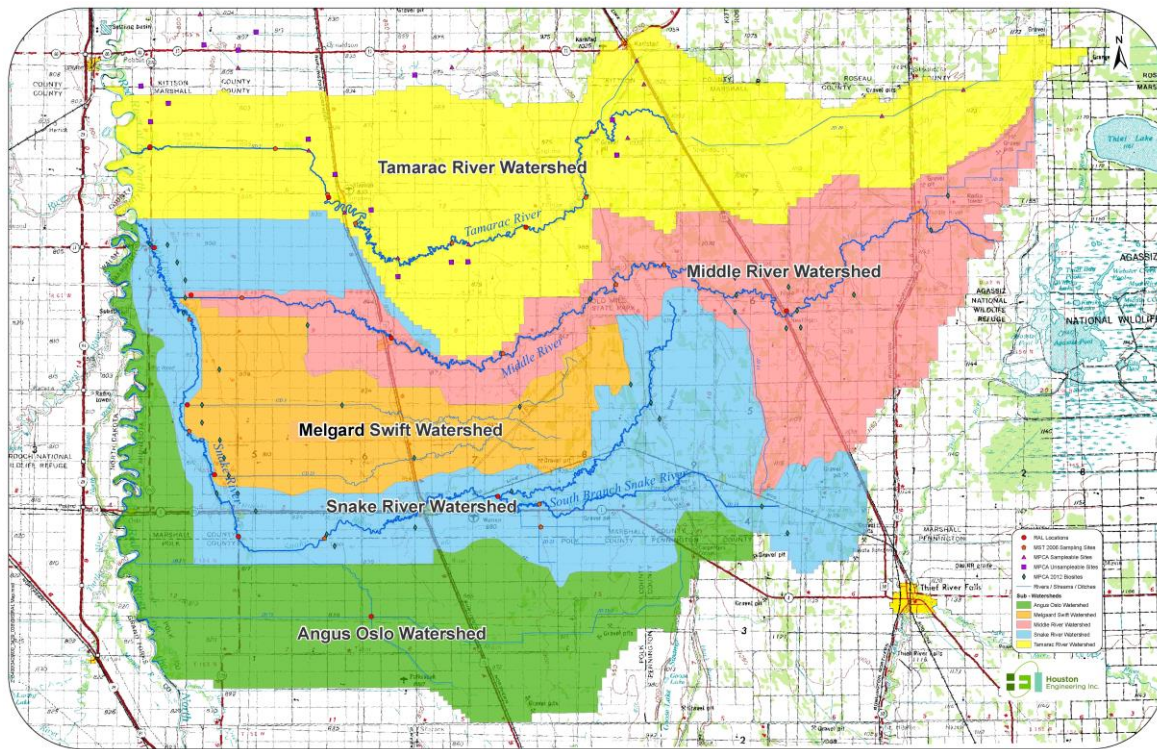
- When implementing a tile outlet pipe thru a road or spoilbank into a ditch there must be a gap of 3" between the pipe that comes from the sump hole (BLUE) and the pipe that goes thru the road or spoil (PINK).
- The inlet end of the pipe that goes thru the road or spoil cannot project higher than 6" from the natural ground in the vicinity.
- The diameter of the pipe that goes thru the road or spoil (PINK) must be larger than the diameter of the pipe that comes from the sump hole (BLUE)

Doing so will prevent water from entering the ditch during higher flows when the ditch has reached its capacity.



A diagram that demonstrates how the Board of Managers would like to see drain tile pumps and outlet pipes installed

Five Planning Regions of the MSTRWD



Each of the five planning regions of the MSTRWD are highlighted in different colors

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 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.

For more information on current projects within this planning region please see Judicial Ditch #19 RCPP Project Team and Tamarac River WRAPS under the Ongoing Projects section of this document.

2. Middle River Planning Region

As with the Tamarac River, the Middle River planning region exhibits a number of problem areas associated with flooding, erosion, channel stability, 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 created low flow conditions in the region that do not adequately support aquatic life, as is evident by the impaired status of the river.

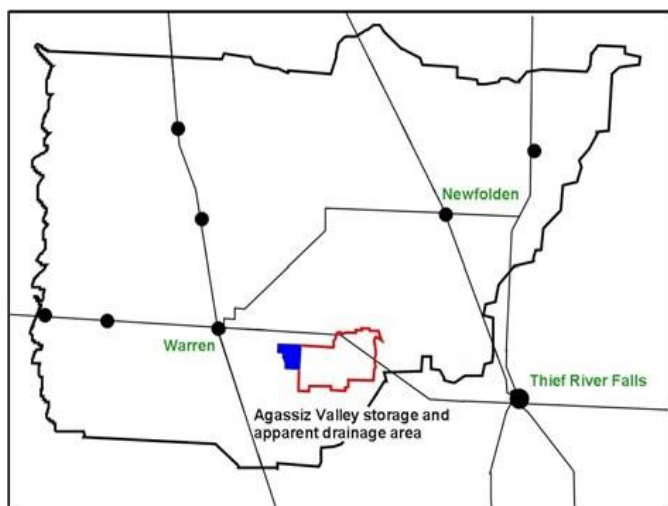
For more information on current projects within this planning region please see Newfolden/Middle River Subwatershed Flood Damage Reduction Project Team and the Snake & Middle River WRAPS under the Ongoing Projects section of this document.

3. Snake River Planning Region

Overland flooding, channel instability and insufficient channel size are persistent problems through this planning region. Channel improvements and restoration projects are needed along the Snake River, contributing ditches and coulees, to remove sediment and debris, to stabilize stream banks. The intent of these efforts is to prepare the stream to handle the flows without floodwaters spilling over the banks. As in other regions, soil erosion caused by wind, conversion of CPR land and the farming of riparian buffer strips are prevalent concerns. Wildlife management issues in the region include a need for clarification of DNR permits/requirements when cleaning Protected Waters, ditches and streams, a request to shift emphasis from managing public land from waterfowl to all wildlife species, and concerns about effect low base-flow conditions in the streams affecting fish habitat.

For more information on current projects within this planning region please see Judicial Ditch #14 RCPP Project Team and the Snake & Middle River WRAPS under the Ongoing Projects section of this document.

Agassiz Valley Water Resources Management Project



*Agassiz Valley Water Resource Management
Location and Drainage Area*

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 (square miles)	~31.6 square miles
Total Floodwater Storage (acre-feet)	10,670 acre-feet = 6.4 inches of runoff
Gated Flood Storage (acre-feet)	6,840 acre-feet = 4.1 inches of runoff
Temporary Flood Storage (acre-feet)	3,830 acre-feet = 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 occupies four sections of land and includes inlet ditches to total approximately 2,600 acres in the vicinity of Comstock Strip Township & McCrea Strip Township in Marshall County and Helgeland Township & Brislet Township in Polk County. The impoundment temporarily stores floodwater originating in the drainage area of Judicial Ditch #25-1. 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.



Figure 1 Agassiz Valley aerial photo looking southeast, the outlet structure is located at the bottom of the photo. JD #25-1 is the ditch that Agassiz outlets into, which flows to the Snake River.

Agassiz has a significant impact in reducing flood damages in the Snake River Basin and also reduces flood damages in the Red River Basin. In addition to providing significant flood control and water quality benefits, the project provides grassland and woodland habitat, increased species diversity, educational and recreational opportunities, interpretive trails and overlooks, and a summer base flow augmentation for the Snake River.

In 2017, the Watershed District and Audubon Minnesota partnered together to address

the issue of wetland habitat degradation within the Agassiz Valley Impoundment caused by the rapid expansion of invasive hybrid cattails. The project calls for the improvement of habitat for birds and other wildlife. Ideal conditions include a 50:50 ratio of open water and emergent vegetation within the impoundment. This environment will attract the highest diversity of wetland birds and promote optimal recruitment for population growth.

Audubon Minnesota has secured grant funding by the Legislative-Citizen Commission on Minnesota Resources through the Environment and Natural Resources Trust Fund program in the amount of \$195,000 with an in-kind resource amount of \$54,000 provided by the MSTRWD. The 3 year project will focus on monitoring of migratory and breeding birds species at the Agassiz Valley Impoundment before, during, and after invasive hybrid cattail removal/control management activities.

September saw the initial treatment of cattail management with the aerial application of herbicide using a wetland-approved glyphosate-based herbicide to 500 plus acres of land within the impoundment. Future activities will see the mowing of cattails and the management of water levels within the impoundment during optimal cattail germination periods.

The cattail management project will be a valuable experience that will help guide watershed districts and other governmental agencies when developing wildlife enhancement elements into floodwater management plans for existing and future impoundments throughout the region.

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.



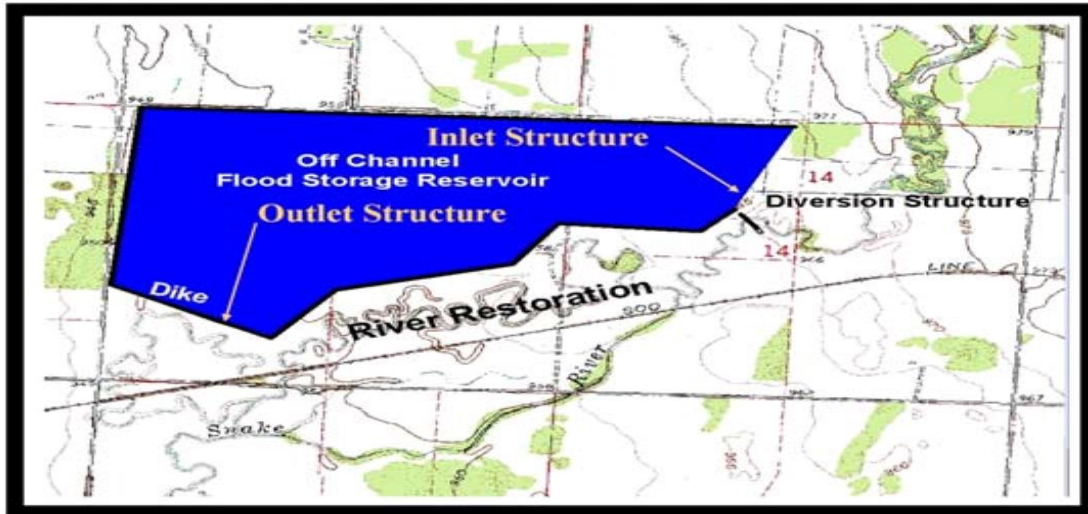
Map demonstrating how the Snake River interacts with the City of Warren

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.

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. 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.



Map showing the location of the Off-Channel Flood Storage Reservoir located in Comstock Township

The Off-Channel Flood Storage Reservoir and Diversion ditch were funded by PL-566 which requires that the NRCS do yearly inspections of the project. Dave Jones from the NRCS completed an inspection of the Snake River Off Channel Storage Site. Cracking and deterioration along the inlet channel to the outlet drop structure has not changed from the 2016 inspection. Varmint digging continues to be an issue on the outside face of the embankment. This will require ongoing maintenance by the watershed district. Dave Jones also inspected the Snake River Diversion Ditch. Everything is in good working condition.



Aerial photo of the Off-Channel Storage Reservoir located in Comstock Township

4. Melgard-Swift Coulee Planning Region

Overland flooding is the major concern in this region, particularly in the vicinity of CSAH 3 and TH 75. In addition, there is a general concern about channel instability and capacity in the areas of CD3 and along both the Melgard and Swift coulee channels. Soil erosion caused by water and wind has been deposited in the channel beds. The process is thought to be exacerbated by the conversion of CRP land to farmland and the farming of coulee edges, resulting in the need for more frequent channel maintenance. As with other regions, additional storage is likely needed to correct accelerated runoff timing and mitigate both minimum and peak flows. For more information on current projects within this planning region please see the Swift Coulee/ Marshall County Ditch 3 Project under the Ongoing Projects section of this document.

5. Angus-Oslo Planning Region



Map of Angus Oslo #4 Impoundment

Overland flooding, channel stability, soil erosion and ditch maintenance are issues in this planning region. During flood events access to the city of Oslo is limited. Restricted access to Oslo can be as long as five weeks. 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.

For more information on current projects within this planning region please see the Oslo Access Study and the Grand Marais Creek WRAPS under the Ongoing Projects section of this document.

Angus Oslo #4 Impoundment



Angus Oslo #4 Outlet Structure

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

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 total estimated cost of the project is \$3.3 million. The Red River Watershed Management Board funded approximately 85% of the construction cost. 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.

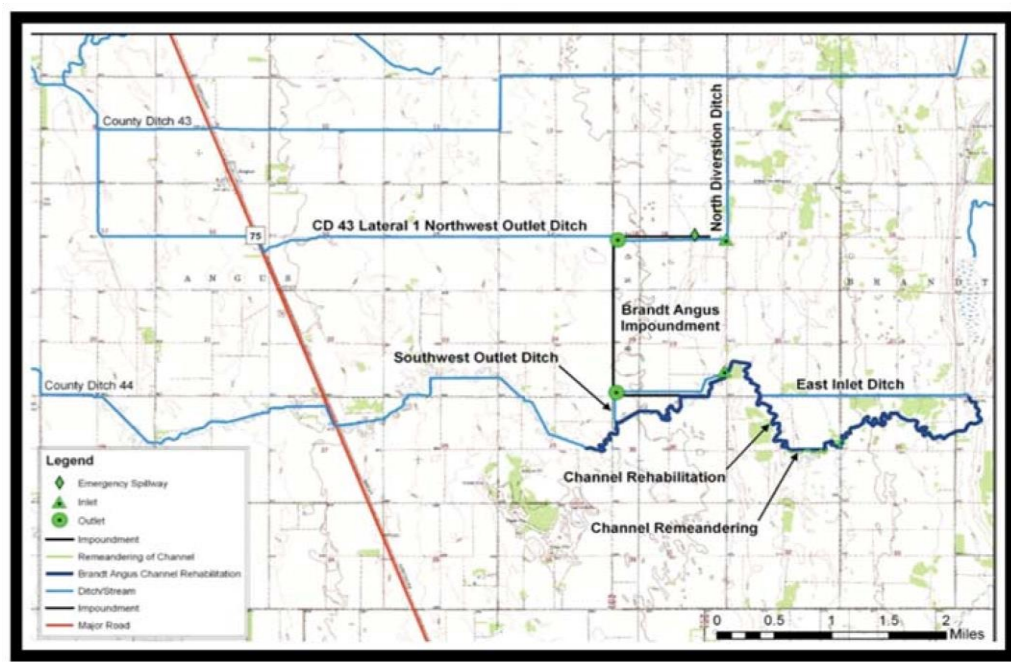
Angus Oslo #4 Project Statistics

Brandt/Angus Coulee Project

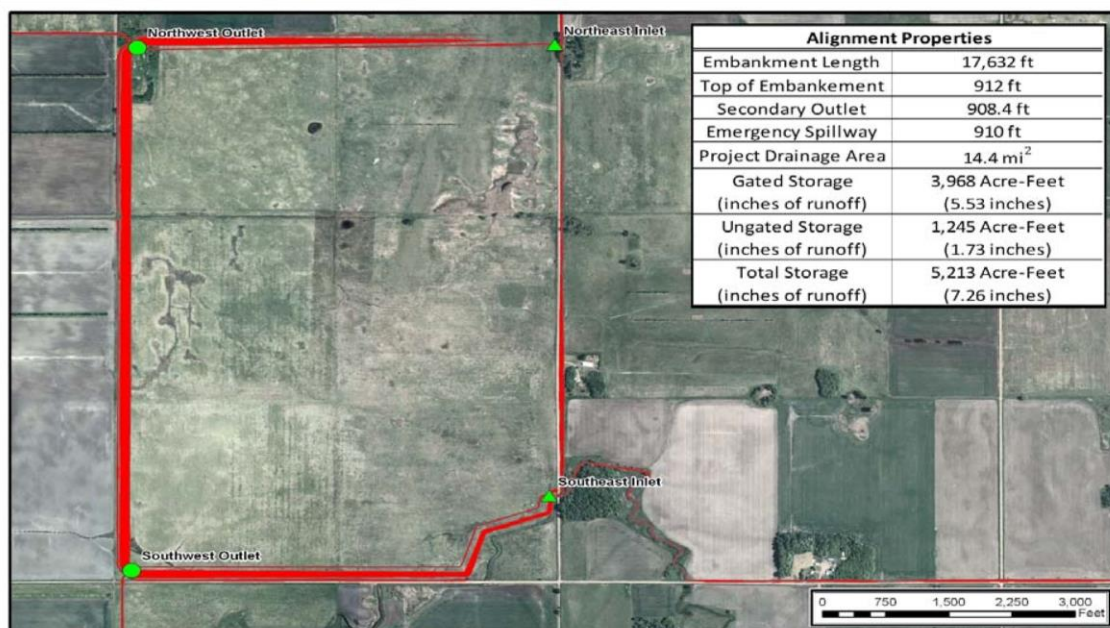
The Brandt/Angus impoundment is a multi-purpose off channel flood control project combining both flood control and environmental enhancement features through Wetland Reserve Program (WRP). It became operational in 2012 and it occupies approximately 1.5 sections of land (960 acres) 3.5 miles southeast 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.

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



Map of Brandt-Angus Impoundment



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.



Wetland Reserve Programs signs are posted around the property mapping the boundaries of the wetland restoration

The spring melt, caused flooding conditions at a residence in Section 17 of Angus Township. District staff along with HDR Engineering assessed the situation and determined a low head dam could be installed to divert waters around the property. The Board directed HDR Engineering to draw up plans and a cost estimate to construct a ring dike around the property. In August 2017, the Board directed HDR Engineering to solicit quotes for the construction of a ring dike and in September awarded the contract to Olson Construction TRF, Inc. Construction was completed October 2017.



Angus Oslo Site #1 Impoundment

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

Angus Oslo 1 statistics

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 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.



Map of Angus Oslo #1 Impoundment

The Red River Watershed Management Board

The Middle-Snake-Tamarac Rivers Watershed District is a member of the Red River Watershed Management Board. Manager Roger Mischel was appointed by the MSTRWD Board of Managers to replace Mr. Ben Kleinwachter who resigned from RRWMB Board of Managers in August 2017. Chairman John W Nelson, presented a token of appreciation, on behalf the RRWMB Board of Managers, to Mr. Ben Kleinwachter for his years of service on the RRWMB Board.



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 (RRRA) whose purpose is to seek funds to construct flood retention projects on both sides of the Red River of the North.

The RRWMB website www.rrwmb.org features RRWMB news, current projects, meeting documents, governing documents, policies, maps, contact information of RRWMB members and more!

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.

Polk County Water Resources Advisory Committee

The District is a member of the Polk County Water Resources Advisory Committee (WRAC). District staff attend quarterly WRAC meetings along with Polk County Commissioners, East Polk Soil & Water Conservation District, West Polk Soil & Water Conservation District, Board of Water & Soil Resources, Polk County Environmental Services, MN Department of Natural Resources, Sand Hill River Watershed District, Red Lake Watershed District, MN Pollution Control Agency, The Nature Conservancy, River Watch, and International Water Institute.

Education and Outreach

District staff encourage college and high school students, birdwatchers, community groups, outdoor recreation clubs and tourists to contact the District for tours of the MSTRWD flood control projects. The District continues to promote outdoor recreation at the impoundments, while working at developing the birding trail sites through habitat restoration projects.

Paul Aakre, a professor for the University of Minnesota Crookston has arranged educational tours of District flood control projects with staff member, Danny Omdahl, for a decade. 2017 marked Paul's farewell tour as he will retire in the coming year. The District would like to thank Paul for expanding the awareness of flood control and in all the components involved within a successful flood control project.

Birding



*All photos were taken by Heidi Hughes. **Top left:** American Goldfinch **Top right:** Baltimore Oriole
Bottom left: Eared Grebe **Bottom right:** Wilson's Snipe*

The ditch systems and impoundments in the MSTRWD bring lots of wildlife and birds to the area. Impoundments such as Agassiz Valley and Brandt Angus Coulee, have great viewing areas that are open to the public. There are a spectacular variety of water fowl especially during the migration seasons. The photos above, taken by Heidi Hughes who works with the Agassiz Audubon Society, are just a few birds that one can see. The Agassiz Audubon Society does bird conservation, habitat restoration, nature field trips, public programs, and more. They provide lots of opportunities to go birding and experience nature throughout the Red River Valley and the 480-acre property formerly known as the Agassiz Audubon Center at Wetlands Pines and Prairie Audubon Sanctuary. The property is owned and operated by the Middle-Snake-Tamarac Rivers Watershed District. If you would like more information about this organization, check out their Facebook page or e-mail at aggassizaudubon@gmail.com. You can even call to report bird sightings at 218-745-5663.

Hunting

The District has a public access permit procedure whereby an applicant reads and understands the District's access rules. The rules were developed from citizens within the District, which were edited and approved of by the District Board. 193 people obtained permits to hunt, trap and fish on the District's properties in 2017.

In the News

Warren Sheaf Wednesday, July 26, 2017 **3**

MST Watershed District To Hold Open House To Gather Public Input

The good news is that some streams in the Snake-Middle River Watershed are healthy enough to support fish and the aquatic critters fish rely on for food. The bad news is that there are quite a few that do not, mainly because there is too much sediment in the rivers. And even more bad news is that four streams do not support swimming and fishing due to high levels of bacteria.

Those who live, care about, or recreate within the watershed are invited to learn more about these local water quality issues and to share their ideas on how they might be addressed at an open house planned by the Middle-Snake-Tamarac Rivers Watershed District (MSTRWD) July 27 from 4-7 p.m. at the Argyle Community Center, 701 Pacific Avenue. There will be short presentations throughout the event and opportunities for participants to share their ideas and insights. There will also be activities for kids so families are welcome. Refreshments will be provided.

The water quality issues were identified as part of a Watershed Restoration and Protection Strategy (WRAPS) project. The WRAPS project is part of a state-wide effort, led by the Minnesota

Pollution Control Agency, to assess the health of every watershed and prepare plans to both restore degraded water bodies and protect good quality waters. Funding for this project has been made possible through the Clean Air, Land, and Legacy Amendment Act.

The Snake-Middle Watershed is approximately 956 square miles in size and contains all of the land that drains to either the Middle or Snake Rivers before depositing into the Red River. The majority of the watershed is located in Marshall County, with smaller portions located in Polk and Pennington Counties. Municipalities located in the watershed include Argyle, Alvarado, Warren, Viking, Newfolden, Holt, and Middle River.

For more information about the Middle Snake Rivers WRAPS and the informational open house, please call Christina Slowinski, MSTRWD Technician, at 218-745-4741 or Danielle Kvasager, MPCA Project Manager, at 218-846-8117.

ENVELOPES
Warren Sheaf
218-745-5174



Middle-Snake-Tamarac Rivers Watershed District Managers Ben Kleinwachter and John Nelson (center to right) - as well as MSTRWD Managers Roger Mischel and David Bakke and Administrator Brent Silvis (not pictured), attended the joint conference of the Red River Watershed Management Board (RRWMB) and Red River Basin Flood Damage Reduction Work Group on March 22 and 23. The conference program included updates from 8 watershed districts on the Minnesota side of the Red River of the North, workshops for Watershed District managers and Soil & Water Conservation District supervisors, information about the Regional Conservation Partnership Program and project funding, scientific and technical workshops and a progress report on the transition to "One Watershed One Plan." The Red River Watershed Management Board was created by an act of the Minnesota legislature in 1976 to create an organization to provide a basin-wide perspective on flood control. Previously, efforts to deal with flooding in the Red River Basin consisted of single projects within localized areas, planned with primary regard to local benefits. The Red River Watershed Management Board promotes a basin-wide perspective on water management, flood damage reduction and water quality.



Warren Boy Scouts Troop 50 volunteered at The Farmstead property adjacent to the Agassiz Valley Impoundment east of Warren this past Saturday for the third year in a row. They worked to get the property ready for winter. Pictured in the front row, left to right are, Brodie Wurtzel, Aiden Trueblood, Grant Nelson and Austin Fitak. Second row, Brian Wurtzel, Austin

Cordts, Brandon Wandrie, Andon Gornowicz, Mikey Wisk, Kelly Nordine and Gage Nelson. Third row, Zarek Metcalf, Austin Wittman, Quinten Nordine and Amanda Swanson. Fourth row, Logan Nordine, Shaye Thielsen, Spencer Wittman, Thomas Jones and John Hess.



Boy Scout Troop 50 of Warren enjoyed a hot dog lunch at the farmstead adjacent to the Agassiz Valley Impoundment east of Warren last Saturday. They volunteered their time and services to ready the place for winter. Clockwise, left

to right are Gage Nelson, Andon Gornowicz, Logan Nordine, Austin Wittman, Zarek Metcalf, Brandon Wandrie, Shaye Thielsen, and Austin Cordts.

Scout Volunteers Clear Brush At "The Farmstead" Site Adjacent To The Watershed District's Ag. Valley Impoundment

Boy Scout Troop 50 of Warren came out for a hot dog lunch at The Farmstead property east of Warren on Saturday. Then they stayed and worked to get the property ready for winter.

This is the third year in a row that Scout Troop 50 has worked on volunteer projects at the Watershed District property adjacent to the Agassiz Valley Impoundment - a flood control project which also provides habitat enhancement for wildlife and outdoor recreation opportunities for the community.

The first project the Scouts worked on was the construction and installation of boxes in which solitary pollinators - the Mason Bees - overwinter. Last year the Scouts came out and mulched the pollinator garden. This fall they signed up to do some heavy lifting - removing invasive buckthorn and honeysuckle, and hauling out tree debris from recent storms.

Sixteen Boy Scouts were accompanied by three adults - Brian Wurtzel, Amanda Swanson and Kelly Nordine - and joined by Agassiz Audubon volunteers, Sheila Hoerner and John Hess. The adults directed traffic, pulled plants and debris, and drove the vehicles the volunteers used to transport the plant debris over to the burn pile next door at the NW Minnesota Pollinator Garden.

"Troop 50 did an awesome job!" said Hoerner. "One of the Scouts told me this was the hardest he had ever worked in his life."

"We really appreciate all they've done," Hoerner said, "the Scouts and their leaders."

Agassiz Audubon is working on several projects out at The Farmstead and the Beach Ridge. They're looking for volunteers to help maintain and complete the installation of the NW Minnesota Pollinator Garden, to help collect data on the plants and animals at the Pollinator Garden and on the Beach Ridge, to build bird nest boxes and more. Want more information? Contact Agassiz Audubon: 218-745-5663.

Projections for 2018

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 at Agassiz.

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.

Water Quality

Phase 2 of the Middle and Snake Rivers WRAPS project will move ahead, with District staff focused on community outreach. Staff will also assist with the Lower Red River and Grand Maris Creek WRAPS projects, as needed. The District continues to support the River Watch Program and utilize them in the water monitoring of its flood control projects.

The 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.

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 expand programs linking impoundment sites and natural resources. The trail kiosks will be installed at Agassiz Valley, Brandt/Angus and the Agassiz Audubon Society location within the proceeding year. 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.

Drainage Management

With the increasing demand for tile drainage in the District, wetter conditions and continuously improving technology, the Watershed District will be updating its drainage policy to better manage water in the District.

Ditch Levies

On the following page is a listing of the 2017 ditch levies for drainage systems under the jurisdiction of the Board of Managers and “Independent Auditors Report” for the year ending December 31, 2017. Once the levies are set, they are given to the Marshall, Pennington and Polk County Auditors.

2017 Ditch Levies for Drainage Systems under the Jurisdiction of the MSTRWD

System	County	Portion	Redetermination of Benefits		2017 Levy	
			Year	Benefits	%	(\$)
JD #1	Marshall	13.56%	1992	\$497,195	3.00%	\$14,910
	Polk	86.44%	1992	\$3,168,795	1.00%	\$31,680
WD #2	Marshall	100.00%	1991	\$40,513	1.00%	\$400
SD #3	Marshall	100.00%	1958	\$98,435	10.00%	\$9,840
WD #4	Marshall	73.33%	1991	\$97,791	1.00%	\$970
	Polk	26.67%	1991	\$35,575	2.25%	\$800
WD #5	Polk	100.00%	1998	\$2,568,049	0.50%	\$12,840
WD #5 bond retirement fund	Polk	100.00%	1998	\$2,568,049	4.758%	\$122,190
WD #6	Polk	100.00%	1998	\$1,940,736	0.50%	\$9,700
WD #6 bond retirement fund	Polk	100.00%	1998	\$1,940,736	4.041%	\$78,430
WD #7	Marshall	58.40%	2000	\$304,504	0.00%	-
	Polk	41.60%	2000	\$34,063	0.00%	-
WD #7 Imp	Marshall	58.40%	2000	\$76,133	0.00%	-
	Polk	41.60%	2000	\$54,237	0.00%	-
JD #14	Marshall	74.92%	2014	\$983,879	3.00%	\$29,510
	Pennington	25.08%	2014	\$329,416	5.00%	\$16,470
JD #15	Marshall	100.00%	1980	\$1,535,665	2.50%	\$38,390
JD #16	Marshall	100.00%	1987	\$929,352	0.50%	\$4,640
JD #17	Marshall	6.48%	1982	\$43,470	0.00%	-
	Polk	93.52%	1982	\$627,149	1.00%	\$6,270
JD #20	Marshall	100.00%	1985	\$2,354,906	1.00%	\$23,540
JD #21	Marshall	100.00%	1985	\$279,838	0.50%	\$1,390
JD #24	Marshall	72.78%	1990	\$247,353	0.10%	\$240
	Polk	27.22%	1990	\$92,494	0.10%	\$90
JD #25-1	Marshall	38.34%	2014	\$388,653	4.00%	\$15,540
	Polk	56.33%	2014	\$571,047	4.00%	\$22,840
	Pennington	5.33%	2014	\$54,032	4.00%	\$2,160
JD #25-2	Marshall	9.21%	1989	\$70,810	3.00%	\$2,120
	Polk	55.66%	1989	\$427,954	3.00%	\$12,830
	Pennington	35.13%	1989	\$270,062	3.00%	\$8,100
JD #28	Marshall	100.00%	1913	\$55,990	10.00%	\$5,590
JD #29	Marshall	100.00%	1981	\$2,237,910	2.00%	\$44,750
CD #39	Marshall	100.00%	1990	\$125,681	1.00%	\$1,250
CD #39i	Marshall	100.00%	1996	\$108,466	.10%	\$100
CD #43	Polk	100.00%	1989	\$1,176,137	3.00%	\$35,280
CD #44	Polk	100.00%	1989	\$1,001,112	1.50%	\$15,010
JD #68	Polk	100.00%	1995	\$248,110	0.10%	\$240
JD #75	Polk	100.00%	1990	\$3,653,439	3.00%	\$109,600
CD #175	Polk	100.00%	1997	\$1,180,524	1.50%	\$17,700

Conclusion

2017 was a year of change for the District as it ushered in new Board Manager, Bill Petersen, Administrator, Joel Praska, Technician's Kyle Schlomann and Tyler Larson. With an eager and open approach, the District has a bright future and looks forward to serving the community it represents. The core component for success will continue to be communication between the public and the District. Individuals are encouraged to contact the District when they identify issues with drainage.

The Board of Managers and District staff would like to thank you as we conclude another successful year of reducing flooding, providing continued maintenance of agricultural drainage and in protecting and improving water quality throughout the MSTRWD.

If you have any questions, comments or concerns related to the mission of the Middle-Snake-Tamarac Rivers Watershed District, please contact any of the Board of Managers or the District office.

Thank You

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[Management's Discussion and Analysis](#)

[Basic Financial Statements](#)

[Notes to Basic Financial Statements](#)

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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 modified cash basis 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, 2017, 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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, 2017, and the respective changes in modified cash basis financial position thereof for the year 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 from the Chairman 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 basic financial statements. Such 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 basic financial statements or to the basic 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.

The Letter from the Chairman 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 26, 2018

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Our discussion and analysis of the Middle-Snake-Tamarac Rivers Watershed District's financial performance provides an overview of the District's financial activities for the fiscal period ended December 31, 2017, 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 72.

FINANCIAL HIGHLIGHTS

- The District's total expenditures exceeded total revenues, on the modified cash basis of accounting, by \$39,175 for the year ended December 31, 2017.
- The general fund showed a decrease in fund balance in the amount of \$15,057
- The District's general fund ended the year with a fund balance of \$633,290
- The District's combined fund balance at the close of the current year was \$3,451,703

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 – Modified Cash Basis and the Statement of Activities – Modified Cash Basis on pages 72 & 73 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 74) focus on the individual parts of the District's 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 88) 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 91) 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, 2017**

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 69. The government-wide financial statements are presented on pages 72 & 73. 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 – Modified Cash Basis and the Statement of Activities – Modified Cash Basis 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 – Modified Cash Basis and the Statement of Activities – Modified Cash Basis, 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, 2017

The Fund Financial Statements

The fund financial statements begin on page 74 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 \$39,175 between the years ended December 31, 2017 and 2016.

	Governmental Activities		Change
	2017	2016	16-17
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,451,703	\$ 3,490,878	\$ (39,175)
Total Assets	<u>3,451,703</u>	<u>3,490,878</u>	<u>(39,175)</u>
<u>NET POSITION</u>			
Restricted for:			
Capital Projects	3,333,586	3,082,414	251,172
Debt Service	888,376	891,385	(3,009)
Unrestricted	<u>(770,259)</u>	<u>(482,921)</u>	<u>(287,338)</u>
Total Net Position	<u>\$ 3,451,703</u>	<u>\$ 3,490,878</u>	<u>\$ (39,175)</u>

**MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017**

Changes in Net Position – Modified Cash Basis

For the years ended December 31, 2017 and 2016, Net Position of Middle-Snake-Tamarac Rivers Watershed District changed as follows:

	Governmental Activities		Change
	2017	2016	16-17
Revenues			
Program Revenues			
Charges for Services & Special Assessments	\$ 806,774	\$ 889,442	\$ (82,668)
Operating Grants and Contributions	1,087	10,138	(9,051)
Capital Grants & Contributions	551,176	433,071	118,105
General Revenues			
Property Taxes	804,193	770,182	34,011
Intergovernmental	-	19,925	(19,925)
Investment Income	7,401	7,027	374
Miscellaneous Income	13,245	-	13,245
Total Revenues	2,183,876	2,129,785	54,091
Expenditures			
General Government	499,500	412,631	86,869
Administrative	226,745	190,579	36,166
Capital Projects	1,332,414	949,849	382,565
Debt Service	164,392	162,987	1,405
Total Expenditures	2,223,051	1,716,046	507,005
Increase (Decrease) in Net Position	(39,175)	413,739	(452,914)
Net Position - Beginning	3,490,878	3,077,139	413,739
Net Position - Ending	\$ 3,451,703	\$ 3,490,878	\$ (39,175)

Governmental Activities

To aid in the understanding of the Statement of Activities on page 73, 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, 2017**

A FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

- Judicial Ditch #75 was the most active project expending \$414,117 and had total receipts of \$110,222 for the year ended December 31, 2017.
- The General fund had total receipts of \$389,145 and disbursements of \$404,202 for the year ended December 31, 2017.
- The Capital Project Administrative fund had total receipts of \$874,318 and disbursements of \$438,706 for the year ended December 31, 2017.
- The Capital Project Brandt/Angus fund had total receipts of \$67,961 and disbursements of \$98,127 for the year ended December 31, 2017.
- The Capital Project PL-566 fund had total receipts of \$66,315 and disbursements of \$83,596 for the year ended December 31, 2017.
- The WD #5 BRF fund had total receipts of \$96,708 and disbursements of \$99,926 for the year ended December 31, 2017.

CAPITAL ASSET AND DEBT INFORMATION

Capital Assets – Modified Cash Basis

At December 31, 2017, the District had an estimated \$2,659,670 invested in capital assets. There was an addition for the year ended December 31, 2017 of a 2017 Chevrolet Traverse for \$29,717. The District also disposed of a 1997 Chevrolet Suburban with an original cost of \$27,888.

Long Term Debt

See Note 7 to the financial statements on page 84 of the report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

See letter from the chairman.

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, 2017

<u>ASSETS</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 3,451,703
Total Assets	<u>3,451,703</u>
 <u>NET POSITION</u>	
Restricted for:	
Capital Projects	3,333,586
Debt Service	888,376
Unrestricted	<u>(770,259)</u>
Total Net Position	<u>\$ 3,451,703</u>

See Notes to the Basic Financial Statements

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Allocated Expenses</u>	<u>Program Receipts and Sources</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>
			<u>Special Assessments and Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:						
General Government	\$ 499,500	\$ (115,298)	\$ 126,346	\$ 1,087	\$ -	\$ (256,769)
Capital Projects:						
Administrative	226,745	-	-	-	-	(226,745)
Maintenance	-	-	425,121	-	-	425,121
Construction	1,332,414	115,298	95,074	-	551,176	(801,462)
Debt Service	164,392	-	160,233	-	-	(4,159)
Total Governmental Activities	<u>\$ 2,223,051</u>	<u>\$ -</u>	<u>\$ 806,774</u>	<u>\$ 1,087</u>	<u>\$ 551,176</u>	<u>\$ (864,014)</u>
<u>General Receipts:</u>						
Property Taxes						\$ 804,193
Intergovernmental (not restricted to specific programs)						-
Investment Earnings						7,401
Miscellaneous						<u>13,245</u>
Total General Receipts						824,839
Change in Net Position						(39,175)
Net Position - Beginning						<u>3,490,878</u>
Net Position - Ending						<u>\$ 3,451,703</u>

See Notes to the Basic Financial Statements

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2017

<u>ASSETS</u>	<u>General Fund</u>	<u>Capital Project Administrative</u>	<u>Capital Project Brandt/Angus</u>	<u>Capital Project PL-566</u>	<u>JD #75</u>	<u>WD #5 BRF</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 633,290	\$ 882,482	\$ -	\$ -	\$ -	\$ 515,171	\$ 1,420,760	\$ 3,451,703
Due From Other Funds	-	1,403,549	-	-	-	-	-	1,403,549
Total Assets	<u>\$ 633,290</u>	<u>\$ 2,286,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515,171</u>	<u>\$ 1,420,760</u>	<u>\$ 4,855,252</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Due To Other Funds	\$ -	\$ -	\$ 471,504	\$ 152,666	\$ 131,278	\$ -	\$ 648,101	\$ 1,403,549
Total Liabilities	-	-	471,504	152,666	131,278	-	648,101	1,403,549
Fund Balances:								
Restricted for Capital Projects	-	2,286,031	-	-	-	-	1,047,555	3,333,586
Restricted for Debt Service	-	-	-	-	-	515,171	373,205	888,376
Unassigned	633,290	-	(471,504)	(152,666)	(131,278)	-	(648,101)	(770,259)
Total Fund Balances	<u>633,290</u>	<u>2,286,031</u>	<u>(471,504)</u>	<u>(152,666)</u>	<u>(131,278)</u>	<u>515,171</u>	<u>772,659</u>	<u>3,451,703</u>
Total Liabilities and Fund Balances	<u>\$ 633,290</u>	<u>\$ 2,286,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515,171</u>	<u>\$ 1,420,760</u>	<u>\$ 4,855,252</u>

See Notes to the Basic 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, 2017

<u>RECEIPTS</u>	General Fund	Capital Project Administrative	Capital Project Brandt/Angus	Capital Project PL-566	JD #75	WD #5 BRF	Non-Major Governmental Funds	Total Governmental Funds
Property Taxes	\$ 244,851	\$ 559,342	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 804,193
Special Assessments	-	-	-	-	110,222	95,896	379,002	585,120
Intergovernmental:								
USDA	-	81,900	-	-	-	-	-	81,900
State of Minnesota:								
PERA	1,087	-	-	-	-	-	-	1,087
Cost Share	2,368	177,364	-	-	-	-	111,295	291,027
Project Funding	-	-	-	51,301	-	-	19,040	70,341
MV-Credit	8,675	19,960	-	-	-	-	-	28,635
Other:								
RRWMB	-	35,752	41,763	-	-	-	-	77,515
Investment Income	5,817	-	-	-	-	812	772	7,401
Rent	-	-	25,964	15,014	-	-	54,096	95,074
Reimbursements	109,688	-	-	-	-	-	1,757	111,445
Miscellaneous	16,659	-	234	-	-	-	13,245	30,138
Transfers-In	-	-	-	-	-	-	20,000	20,000
Total Receipts	389,145	874,318	67,961	66,315	110,222	96,708	599,207	2,203,876
<u>DISBURSEMENTS</u>								
General Governmental:								
Personnel Costs	308,167	-	-	-	-	-	-	308,167
Professional	52,223	-	-	-	-	-	-	52,223
Operations	120,170	-	-	-	-	-	-	120,170
Facilities	18,940	-	-	-	-	-	-	18,940
Projects	(115,298)	-	-	-	-	-	-	(115,298)
Capital Projects:								
Professional	-	303,697	19,887	-	79,623	-	90,547	493,754
Project Costs	-	27,665	56,267	61,491	310,072	-	378,365	833,860
Taxes	-	-	13,156	16,012	-	-	30,639	59,807
Administrative	-	88,175	7,895	3,804	21,974	-	104,897	226,745
Miscellaneous	-	19,169	922	2,289	2,448	-	35,463	60,291
Debt Service:								
Principal	-	-	-	-	-	87,000	56,000	143,000
Interest	-	-	-	-	-	12,735	8,340	21,075
Other	-	-	-	-	-	191	126	317
Transfers-Out	20,000	-	-	-	-	-	-	20,000
Total Disbursements	404,202	438,706	98,127	83,596	414,117	99,926	704,377	2,243,051
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,057)	435,612	(30,166)	(17,281)	(303,895)	(3,218)	(105,170)	(39,175)
FUND BALANCE JANUARY 1	648,347	1,850,419	(441,338)	(135,385)	172,617	518,389	877,829	3,490,878
FUND BALANCE DECEMBER 31	\$ 633,290	\$ 2,286,031	\$ (471,504)	\$ (152,666)	\$ (131,278)	\$ 515,171	\$ 772,659	\$ 3,451,703

See Notes to the Basic Financial Statements

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2017

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 – Modified Cash Basis and Statement of Activities – Modified Cash Basis 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, 2017

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 &
PL - 566

See above for description.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2017

Fund	Brief Description
Debt Service – WD #5	Debt Service Funds account for long term debt held by the District that was issued for ditch maintenance projects.
Capital Projects – Ditch Maintenance – JD #75	Ditch Maintenance Funds account for assets held by the District for the maintenance of each of the District's ditch systems.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

MEASUREMENT FOCUS

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

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

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

BASIS OF ACCOUNTING

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

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

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

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2017

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, 2017

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, 2017

A. DEFICIT FUND BALANCES

For the year ended December 31, 2017, the following Funds had deficit balances:

MAJOR FUNDS:

Capital Projects:	Brandt/Angus	\$ (471,504)
	PL-566	(152,666)
Ditch Maintenance:	JD #75	(131,278)

NON-MAJOR FUNDS:

Capital Projects:	Angus-Oslo 1	\$ (752)
	Angus-Oslo #4	(49,409)
	Florian WMA	(62)
	Aggasiz Audubon	(48,042)
Ditch Maintenance:	CD #43	(12,032)
	CD #44	(18,028)
	CD #175	(75,582)
Ditch Maintenance:	JD #14	(115,582)
	JD #15	(49,773)
	JD #20	(2,636)
	JD #25-1	(109,898)
	JD #25-2	(77,173)
	JD #28	(40,591)
	JD #29	(48,541)

No remedial action is deemed necessary.

These deficits will be funded by future revenues and 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.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2017

- b. Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- c. General obligations of the State of Minnesota or any of its municipalities.
- d. Bankers Acceptance of United States banks eligible for purchases by the Federal Reserve System.
- e. Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality and maturing in 270 days or less.
- 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, 2017, the carrying amount of the District's deposits was \$3,451,703 and the bank balance was \$3,501,548. 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, 2017

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 Plan, which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

General Employees Retirement Plan 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 percent for Coordinated Plan members for each year of service. For all General Employees Retirement Plan 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 the General Employees Retirement Plan. 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, 2017

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. General Employees Retirement Plan Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5% respectively, of their annual covered salary in 2017. 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 7.5% for Coordinated Plan members. The District's contributions to the Public Employees Retirement Fund for the year ended December 31, 2017 was \$16,156. 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, 2017, 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.	\$ <u>373,000</u>
Total Long-Term Debt	\$ <u>373,000</u>

Repayment requirements are as follows:

Year Ending December 31	Principal	Interest	Total
2018	\$ 133,000	\$ 9,195	\$ 142,195
2019	120,000	5,400	125,400
2020	120,000	1,800	121,800
Total	<u>\$ 373,000</u>	<u>\$ 16,395</u>	<u>\$ 389,395</u>

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2017

NOTE 8 CONTINGENCIES

Grants

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

Claims and Litigation

As of June 26, 2018, there is ongoing litigation against the District regarding eminent domain. The ultimate outcome cannot be determined. Any unfavorable outcome would be covered, in part, by insurance and at this time it is unknown if the District will be liable for any additional payment. Any adjustments which might result from the resolution of these matters have not been reflected in the financial statements.

NOTE 9 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers during 2017 were as follows:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
Agassiz Audubon	General Fund (General Admin)	\$ 20,000

The purpose of the interfund transfer was to transfer payments received to the Agassiz Fund.

Due to/from other funds:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
Capital Project Administrative	Capital Project Brandt Angus	\$ 471,504
Capital Project Administrative	Capital Project PL-566	152,666
Capital Project Administrative	JD #75	131,278
Capital Project Administrative	Other Governmental Funds	648,101
		<u>\$ 1,403,549</u>

The purpose of the due to/due from was to cover negative fund balances for the various funds listed above.

NOTE 10 NEW PRONOUNCEMENTS

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is to improve accounting and financial reporting by state and local governments for

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2017

postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 80, *Blending Requirements for Certain Component Units and amendment of GASB Statement No. 14*, amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria require blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organization Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67 and No. 73*, provides further guidance regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement amends GASB Statements No. 67 and No. 68 to require the presentation of covered payroll to be defined as the payroll on which contributions to a pension plan are based, rather than the payroll of employees that are provided with pensions through the pension plan. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for AROs. It also establishes disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2017

governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements, improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement is effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Management has not yet determined what effect these statements will have on the District's financial statements.

NOTE 11 SUBSEQUENT EVENTS

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through June 26, 2018, 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, 2017

<u>RECEIPTS</u>	<u>Budget Original & Final</u>	<u>Actual 2017</u>	<u>Variance</u>
<u>Property Taxes</u>			
Marshall County	\$ 196,571	\$ 192,272	\$ (4,299)
Polk County	49,176	48,473	(703)
Kittson County	1,016	958	(58)
Pennington County	3,028	2,960	(68)
Roseau County	208	188	(20)
Total Property Taxes	249,999	244,851	(5,148)
<u>State Aids</u>			
PERA	-	1,087	1,087
MV-Credit	-	8,675	8,675
Cost Share	-	2,368	2,368
Total State Aids	-	12,130	12,130
<u>Other Sources</u>			
Lieu of Taxes	1,500	-	(1,500)
Ditch Reimbursements	65,000	109,688	44,688
Investment Income	1,000	5,817	4,817
Miscellaneous	6,500	16,659	10,159
Total Other Sources	74,000	132,164	58,164
Total Receipts, Other Sources & Special Items	323,999	389,145	65,146
<u>DISBURSEMENTS</u>			
<u>Administrative Personnel Costs</u>			
Salaries	260,000	227,922	32,078
Managers Expense	25,000	28,145	(3,145)
Employee Benefits	-	17,514	(17,514)
Dental Insurance	-	7	(7)
Payroll Costs	-	34,579	(34,579)
Total Administrative Personnel Costs	285,000	308,167	(23,167)
<u>Professional</u>			
Accounting	10,000	11,325	(1,325)
Administrative	-	29,661	(29,661)
Engineering	-	350	(350)
Legal	30,000	10,887	19,113
Total Professional	40,000	52,223	(12,223)

See Note to the Budgetary Comparison Schedule

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS –
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget Original & Final	Actual 2017	Variance
<u>Operations</u>			
Insurance	\$ 23,000	\$ 25,752	\$ (2,752)
Dues	4,000	4,150	(150)
Office	10,000	-	10,000
Printing and Advertising	6,000	9,821	(3,821)
Supplies & Miscellaneous	22,000	22,869	(869)
Telephone	5,000	5,542	(542)
Mileage	2,000	6,181	(4,181)
Vehicle Expense	12,000	8,817	3,183
Postage	2,000	2,225	(225)
Miscellaneous	700	3,616	(2,916)
Equipment	-	31,197	(31,197)
Total Operations	<u>86,700</u>	<u>120,170</u>	<u>(33,470)</u>
<u>Facilities</u>			
Maintenance	5,000	14,760	(9,760)
Utilities	<u>5,500</u>	<u>4,180</u>	<u>1,320</u>
Total Facilities	<u>10,500</u>	<u>18,940</u>	<u>(8,440)</u>
Transfers Out	<u>-</u>	<u>20,000</u>	<u>(20,000)</u>
Total Disbursements	<u>\$ 422,200</u>	<u>\$ 519,500</u>	<u>\$ (97,300)</u>
Less: Allocated Expenses		\$ 115,298	
Net Total Disbursements		<u>404,202</u>	
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS		(15,057)	
FUND BALANCE JANUARY 1		<u>648,347</u>	
FUND BALANCE DECEMBER 31		<u>\$ 633,290</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, 2017

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 appropriations in excess of expenditures less allocated expenses by \$17,998.

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS AND CHANGES IN FUND BALANCE – CAPITAL PROJECTS FUND –
CONSTRUCTION – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

<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>FLORIAN WMA</u>	<u>AGASSIZ AUDUBON</u>	<u>OMDAHL ENDOWMENT</u>	<u>RIPARIAN AID</u>	<u>TOTALS</u>
<u>Property Taxes</u>														
Marshall County	\$ 438,379	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 438,379
Polk County	111,518	-	-	-	-	-	-	-	-	-	-	-	-	111,518
Pennington County	6,810	-	-	-	-	-	-	-	-	-	-	-	-	6,810
Roseau County	432	-	-	-	-	-	-	-	-	-	-	-	-	432
Kittson County	2,203	-	-	-	-	-	-	-	-	-	-	-	-	2,203
Total Property Taxes	<u>559,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>559,342</u>
<u>Intergovernmental</u>														
<u>Federal Government</u>														
USDA	81,900	-	-	-	-	-	-	-	-	-	-	-	-	81,900
<u>State of Minnesota</u>														
Homestead Credit	19,960	-	-	-	-	-	-	-	-	-	-	-	-	19,960
Project Funding	-	-	-	-	-	51,301	-	-	-	-	19,040	-	-	70,341
Cost Share	177,364	-	-	41,763	-	-	-	-	-	-	-	-	16,812	235,939
RRWMB	35,752	-	-	-	-	-	-	-	-	-	-	-	-	35,752
Total Intergovernmental	<u>314,976</u>	<u>-</u>	<u>-</u>	<u>41,763</u>	<u>-</u>	<u>51,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,040</u>	<u>-</u>	<u>16,812</u>	<u>443,892</u>
<u>Other Income</u>														
Transfers In	-	-	-	-	-	-	-	-	-	-	20,000	-	-	20,000
Rent	-	1,298	13,549	25,964	24,599	15,014	-	-	14,650	-	-	-	-	95,074
Miscellaneous	-	-	-	234	-	-	-	-	-	-	-	-	-	234
Reimbursements	-	-	-	-	-	-	-	-	-	-	-	-	1,757	1,757
Interest	-	-	39	-	-	-	-	-	395	-	-	-	-	434
Total Other Income	<u>-</u>	<u>1,298</u>	<u>13,588</u>	<u>26,198</u>	<u>24,599</u>	<u>15,014</u>	<u>-</u>	<u>-</u>	<u>15,045</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>1,757</u>	<u>117,499</u>
Total Receipts	<u>874,318</u>	<u>1,298</u>	<u>13,588</u>	<u>67,961</u>	<u>24,599</u>	<u>66,315</u>	<u>-</u>	<u>-</u>	<u>15,045</u>	<u>-</u>	<u>39,040</u>	<u>-</u>	<u>18,569</u>	<u>1,120,733</u>
<u>DISBURSEMENTS</u>														
Project Costs	27,665	352	8,060	56,267	9,383	61,491	-	-	16,604	-	3,133	-	-	182,955
Miscellaneous	19,169	-	-	922	-	2,289	-	-	755	-	28,160	-	54	51,349
Taxes	-	561	11,384	13,156	4,985	16,012	-	-	5,637	-	8,072	-	-	59,807
Administrative	88,175	239	1,592	7,895	2,346	3,804	-	-	6,949	-	3,871	-	2,186	117,057
Professional	303,697	-	-	19,887	-	-	-	-	3,112	-	360	-	1,274	328,330
Total Disbursements	<u>438,706</u>	<u>1,152</u>	<u>21,036</u>	<u>98,127</u>	<u>16,714</u>	<u>83,596</u>	<u>-</u>	<u>-</u>	<u>33,057</u>	<u>-</u>	<u>43,596</u>	<u>-</u>	<u>3,514</u>	<u>739,498</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	435,612	146	(7,448)	(30,166)	7,885	(17,281)	-	-	(18,012)	-	(4,556)	-	15,055	381,235
FUND BALANCE JANUARY 1	<u>1,850,419</u>	<u>(898)</u>	<u>(41,961)</u>	<u>(441,338)</u>	<u>139,829</u>	<u>(135,385)</u>	<u>42,570</u>	<u>15,300</u>	<u>54,200</u>	<u>(62)</u>	<u>(43,486)</u>	<u>110,004</u>	<u>-</u>	<u>1,549,192</u>
FUND BALANCE DECEMBER 31	<u>\$ 2,286,031</u>	<u>\$ (752)</u>	<u>\$ (49,409)</u>	<u>\$ (471,504)</u>	<u>\$ 147,714</u>	<u>\$ (152,666)</u>	<u>\$ 42,570</u>	<u>\$ 15,300</u>	<u>\$ 36,188</u>	<u>\$ (62)</u>	<u>\$ (48,042)</u>	<u>\$ 110,004</u>	<u>\$ 15,055</u>	<u>\$ 1,930,427</u>

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, 2017

<u>RECEIPTS</u>	<u>Judicial Ditches</u>	<u>Watershed Ditches</u>	<u>County & State Ditches</u>	<u>TOTALS</u>
Tax Levies	\$ 323,432	\$ 24,990	\$ 76,465	\$ 424,887
Miscellaneous	94,483	-	-	94,483
Prorated Interest Revenue	<u>1,653</u>	<u>605</u>	<u>10,987</u>	<u>13,245</u>
Total Receipts	<u>419,568</u>	<u>25,595</u>	<u>87,452</u>	<u>532,615</u>
<u>DISBURSEMENTS</u>				
Administrative	85,976	9,783	13,929	109,688
Professional	146,251	4,196	14,979	165,426
Project Costs	563,341	28,098	59,466	650,905
Miscellaneous	<u>7,652</u>	<u>30</u>	<u>1,260</u>	<u>8,942</u>
Total Disbursements	<u>803,220</u>	<u>42,107</u>	<u>89,634</u>	<u>934,961</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(383,652)	(16,512)	(2,182)	(402,346)
FUND BALANCE JANUARY 1	<u>170,511</u>	<u>274,498</u>	<u>(43,053)</u>	<u>401,956</u>
FUND BALANCE DECEMBER 31	<u>\$ (213,141)</u>	<u>\$ 257,986</u>	<u>\$ (45,235)</u>	<u>\$ (390)</u>

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT
COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS AND CHANGES IN FUND BALANCE – CAPITAL PROJECTS FUND –
JUDICIAL DITCH MAINTENANCE FUNDS – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

<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	\$ 8,436	\$ 17,082	\$ 25,036	\$ 3,353	\$ -	\$ 14,685	\$ 880	\$ 145
Polk County	32,693	-	-	-	6,175	-	-	90
Pennington County	-	19,079	-	-	-	-	-	-
Miscellaneous Revenue	<u>327</u>	<u>-</u>	<u>-</u>	<u>203</u>	<u>70</u>	<u>-</u>	<u>9</u>	<u>71</u>
Total Receipts	<u>41,456</u>	<u>36,161</u>	<u>25,036</u>	<u>3,556</u>	<u>6,245</u>	<u>14,685</u>	<u>889</u>	<u>306</u>
<u>DISBURSEMENTS</u>								
Administrative	8,014	6,568	9,539	1,135	1,397	15,076	4,022	1,938
Professional	17,240	1,619	830	-	-	2,383	1,224	-
Project Costs	9,959	15,688	38,761	465	-	28,042	945	6,268
Miscellaneous	<u>5</u>	<u>1,268</u>	<u>427</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>975</u>	<u>5</u>
Total Disbursements	<u>35,218</u>	<u>25,143</u>	<u>49,557</u>	<u>1,605</u>	<u>1,402</u>	<u>45,506</u>	<u>7,166</u>	<u>8,211</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	6,238	11,018	(24,521)	1,951	4,843	(30,821)	(6,277)	(7,905)
FUND BALANCE JANUARY 1	<u>158,523</u>	<u>(126,600)</u>	<u>(25,252)</u>	<u>100,305</u>	<u>30,544</u>	<u>28,185</u>	<u>9,927</u>	<u>43,829</u>
FUND BALANCE DECEMBER 31	<u>\$ 164,761</u>	<u>\$ (115,582)</u>	<u>\$ (49,773)</u>	<u>\$ 102,256</u>	<u>\$ 35,387</u>	<u>\$ (2,636)</u>	<u>\$ 3,650</u>	<u>\$ 35,924</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, 2017

<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	\$ 8,031	\$ 1,012	\$ 2,402	\$ 27,566	\$ -	\$ -	\$ 108,628
Polk County	23,402	13,114	-	-	229	110,222	185,925
Pennington County	2,079	7,721	-	-	-	-	28,879
Cost Share	-	-	-	94,483	-	-	94,483
Miscellaneous Revenue	<u>933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>1,653</u>
Total Receipts	<u>34,445</u>	<u>21,847</u>	<u>2,402</u>	<u>122,049</u>	<u>269</u>	<u>110,222</u>	<u>419,568</u>
<u>DISBURSEMENTS</u>							
Administrative	3,852	2,215	1,946	8,144	156	21,974	85,976
Professional	11,896	441	150	30,845	-	79,623	146,251
Project Costs	1,218	20,659	5,790	125,274	200	310,072	563,341
Miscellaneous	<u>628</u>	<u>965</u>	<u>307</u>	<u>604</u>	<u>5</u>	<u>2,448</u>	<u>7,652</u>
Total Disbursements	<u>17,594</u>	<u>24,280</u>	<u>8,193</u>	<u>164,867</u>	<u>361</u>	<u>414,117</u>	<u>803,220</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	16,851	(2,433)	(5,791)	(42,818)	(92)	(303,895)	(383,652)
FUND BALANCE JANUARY 1	<u>(126,749)</u>	<u>(74,740)</u>	<u>(34,800)</u>	<u>(5,723)</u>	<u>20,445</u>	<u>172,617</u>	<u>170,511</u>
FUND BALANCE DECEMBER 31	<u>\$ (109,898)</u>	<u>\$ (77,173)</u>	<u>\$ (40,591)</u>	<u>\$ (48,541)</u>	<u>\$ 20,353</u>	<u>\$ (131,278)</u>	<u>\$ (213,141)</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, 2017

<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	\$ 239	\$ 780	\$ -	\$ -	\$ 137	\$ -	\$ -	\$ 1,156
Polk County	-	800	12,798	10,236	-	-	-	23,834
Miscellaneous Revenue	<u>9</u>	<u>40</u>	<u>91</u>	<u>149</u>	<u>86</u>	<u>230</u>	<u>-</u>	<u>605</u>
Total Receipts	<u>248</u>	<u>1,620</u>	<u>12,889</u>	<u>10,385</u>	<u>223</u>	<u>230</u>	<u>-</u>	<u>25,595</u>
<u>DISBURSEMENTS</u>								
Administrative	193	284	3,418	2,860	808	2,220	-	9,783
Professional	-	-	-	-	-	4,196	-	4,196
Project Costs	-	88	13,754	14,256	-	-	-	28,098
Miscellaneous	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>-</u>	<u>30</u>
Total Disbursements	<u>198</u>	<u>377</u>	<u>17,177</u>	<u>17,121</u>	<u>813</u>	<u>6,421</u>	<u>-</u>	<u>42,107</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	50	1,243	(4,288)	(6,736)	(590)	(6,191)	-	(16,512)
FUND BALANCE JANUARY 1	<u>4,721</u>	<u>19,064</u>	<u>49,537</u>	<u>81,120</u>	<u>43,848</u>	<u>47,137</u>	<u>29,071</u>	<u>274,498</u>
FUND BALANCE DECEMBER 31	<u>\$ 4,771</u>	<u>\$ 20,307</u>	<u>\$ 45,249</u>	<u>\$ 74,384</u>	<u>\$ 43,258</u>	<u>\$ 40,946</u>	<u>\$ 29,071</u>	<u>\$ 257,986</u>

MIDDLE-SNAKE-TAMARAC RIVERS WATERSHED DISTRICT

**COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS AND CHANGES IN FUND BALANCE – CAPITAL PROJECTS FUND –
COUNTY AND STATE DITCH MAINTENANCE FUNDS – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

<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	\$ 5,580	\$ 745	\$ 84	\$ -	\$ -	\$ -	\$ 6,409
Polk County	-	-	-	36,846	15,485	17,725	70,056
Miscellaneous Revenue	<u>926</u>	<u>39</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,987</u>
Total Receipts	<u>6,506</u>	<u>784</u>	<u>106</u>	<u>36,846</u>	<u>15,485</u>	<u>27,725</u>	<u>87,452</u>
<u>DISBURSEMENTS</u>							
Professional	-	-	-	-	-	14,979	14,979
Project Costs	17,010	-	-	11,380	10,633	20,443	59,466
Miscellaneous	5	5	5	136	123	986	1,260
Administrative	<u>1,919</u>	<u>2,416</u>	<u>274</u>	<u>983</u>	<u>668</u>	<u>7,669</u>	<u>13,929</u>
Total Disbursements	<u>18,934</u>	<u>2,421</u>	<u>279</u>	<u>12,499</u>	<u>11,424</u>	<u>44,077</u>	<u>89,634</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,428)	(1,637)	(173)	24,347	4,061	(16,352)	(2,182)
FUND BALANCE JANUARY 1	<u>42,121</u>	<u>21,348</u>	<u>11,176</u>	<u>(36,379)</u>	<u>(22,089)</u>	<u>(59,230)</u>	<u>(43,053)</u>
FUND BALANCE DECEMBER 31	<u>\$ 29,693</u>	<u>\$ 19,711</u>	<u>\$ 11,003</u>	<u>\$ (12,032)</u>	<u>\$ (18,028)</u>	<u>\$ (75,582)</u>	<u>\$ (45,235)</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, 2017

<u>RECEIPTS</u>	<u>WD #5 BRF</u>	<u>WD #6 BRF</u>	<u>TOTALS</u>
Polk County	\$ 95,896	\$ 64,337	\$ 160,233
Interest Revenue	<u>812</u>	<u>338</u>	<u>1,150</u>
Total Receipts	<u>96,708</u>	<u>64,675</u>	<u>161,383</u>
<u>DISBURSEMENTS</u>			
Bond Principal	87,000	56,000	143,000
Bond Interest & Fees	12,735	8,340	21,075
Bond Bank Fees	<u>191</u>	<u>126</u>	<u>317</u>
Total Disbursements	<u>99,926</u>	<u>64,466</u>	<u>164,392</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,218)	209	(3,009)
FUND BALANCE JANUARY 1	<u>518,389</u>	<u>372,996</u>	<u>891,385</u>
FUND BALANCE DECEMBER 31	<u>\$ 515,171</u>	<u>\$ 373,205</u>	<u>\$ 888,376</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, 2017

RECEIPTSProperty Taxes

Marshall County	\$ 438,379
Polk County	111,518
Kittson County	2,203
Pennington County	6,810
Roseau County	432
State - MV	<u>19,960</u>

Total Property Taxes	<u>579,302</u>
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TOTAL RECEIPTS	<u>579,302</u>
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DISBURSEMENTS

Red River Watershed Management Board	<u>579,302</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 modified cash basis 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, 2017 and the related notes to the financial statements, and have issued our report thereon dated June 26, 2018.

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

June 26, 2018