

# **TWO RIVERS WATERSHED DISTRICT**

**IN ROSEAU, KITTSON, & MARSHALL COUNTIES**



## **2010 ANNUAL REPORT**

**410 South 5<sup>th</sup> Street, Suite 112, Kittson County Courthouse,  
Hallock, MN 56728**

# ***INTRODUCTION***

The Board of Managers of the Two Rivers Watershed District would like to present this 2010 Annual Report. It contains information about the District's projects, programs, and initiatives through the year.

The year brought not just one Presidential disaster declaration, but two – one for the spring flood and one for significant summer flooding. Projects and ditch systems under the District's jurisdiction were once again tested and utilized to handle the flows that surged through the system. The Nereson impoundment, Ross impoundment, and Horeshoe Lake impoundment were all utilized to reduce downstream flows.

Construction activities for 2010 included 3 different farmstead ring dikes in Kittson County, 5 miles of ditch cleaning, and several repairs from flood damages.

As in the past, District activities for the coming year(s) will continue to focus on drainage, flood control, water quality, and surface water management in general. The District is governed by Minnesota Statutes chapters 103D (Watershed Law) and 103E (The Drainage Code).

The mission statement of the District is “to carry out all facets of the Minnesota Watershed Act as set forth in Minnesota Statute. It is the District's further mission to carry forth all activities and powers given under the Minnesota Drainage Code. In carrying out its mission, the District will encourage the wise use of the water natural resources within its boundaries and promote the general health and welfare of the citizens residing there”.

The general purpose of the District is “to conserve the natural resources of the state by land use planning, flood control, and other conservation projects by using sound scientific principles for the protection of the public health and welfare and the provident use of the natural resources”.

The District looks forward to another busy year in 2011 regarding projects, programs, and initiatives. We welcome input from all citizens and would encourage you to visit or contact the District office or any members of the Board of Managers with any questions or concerns that you may have.

## ***LIST OF MANAGERS***

Roger Anderson, **President**  
1561 110<sup>th</sup> Street  
Drayton, ND 58225  
(218) 455-6269  
Term Expires: October, 2012

Jon Vold, **Vice President**  
2418 310<sup>th</sup> Street  
Hallock, MN 56728  
(218) 843-2556  
Term Expires: October 2012

Jim Kukowski, **Secretary**  
17485 County Road 6  
Strathcona, MN 56759  
(218) 781-2478  
Term Expires: October, 2011

Mike Ratzlaff, **Treasurer**  
2077 360<sup>th</sup> Ave  
Lake Bronson, MN 56734  
(218) 754-2693  
Term Expires: October 2013

Richard Novacek  
14225 260<sup>th</sup> St  
Greenbush, MN 56726  
(218) 782-2749  
Term Expires: October, 2012

O'Neil Larson  
4207 180<sup>th</sup> St  
Halma, MN 56729  
(218) 265-2613  
Term Expires: October 2013

Darrel Johnson  
2224 190<sup>th</sup> Ave  
Hallock, MN 56728  
(218) 843-2496  
Term Expires: October, 2011

## ***Office Staff***

Dan Money  
District Administrator  
[daniel.money@mn.nacdn.net](mailto:daniel.money@mn.nacdn.net)

Matt Thompson  
District Technician  
[matthew.thompson@mn.nacdn.net](mailto:matthew.thompson@mn.nacdn.net)

### **OFFICE HOURS, ADDRESS, & PHONE**

The Two River Watershed District offices are located in the lower level of the Kittson County Courthouse in Hallock, Minnesota. Our mailing address is 410 South 5<sup>th</sup> Street, Suite 112, Hallock MN 56728. Office hours are from 8:00 a.m. to 4:30 p.m. Monday through Friday. All Federal holidays are observed. Office staff can be reached by phone at (218) 843-3333, cell phone at (218) 689-2023, fax (218) 843-2020, or e-mails as listed above. Members of the Board of Managers can be reached as listed above. This information can also be found on the internet at [www.mnwatershed.org/two.htm](http://www.mnwatershed.org/two.htm).

# Office Information

## **OFFICE STAFF**

The District employs 2 full time staff persons. Their titles and duties are listed below.

- *District Administrator:* The Administrator carries out all administrative and technical duties as determined by the Board of Managers. Specific duties include long range plans, coordinating meetings, financial management, coordinating projects, processing permit applications, handling requests from the public, water quality sampling, flow monitoring, culvert inventory, survey work, managing a geographic information system, data analysis, and performing investigations relating to District projects.
- *District Technician:* The District Technician is responsible for field work relative to District programs, ditches, projects, and inventories. This includes survey work, stream flow monitoring, culvert inventory, reporting, permit review, modeling, geographic information systems, data analysis, and all other technical duties.

## **CONSULTANTS**

Engineering for 2010 was performed by J.O.R. Engineering, which has offices in Crookston and Alexandria. Other consulting engineers are used on an as needed basis at the discretion of the Board of Managers.

Legal services are provided by the law firm of Brink, Sobolik, Severson, Malm, & Albrecht, P.A. of Hallock.

Payroll services are provided by the accounting firm of Dahl, Hatton, Muir, & Reese, Ltd. of Hallock.

Auditing services are provided by the firm of Drees, Risky & Vallager, Ltd. of Crookston.

## **MEETINGS**

The Board of Managers meets the first Wednesday of each month in the District office in Hallock, MN beginning at 8:00 a.m. Special meetings are held from time to time at the discretion of the Board. Advisory meetings are held at least once per year and otherwise as determined by the Board. All meetings are properly posted as required by law.

# **ADVISORY COMMITTEE**

The District Technical and Citizen's Advisory Committees are made up of concerned citizens, appointed officials, and representatives of governmental agencies that in some way work with or affect the water resources of the District. These committees meet at least once per year to provide input and guidance to the Board of Managers regarding District programs and activities. The Advisory Committee members for the year 2010 are listed below.

## **Citizen's Advisory Committee**

<b>Name</b>	<b>Location</b>	<b>Representing</b>		<b>Name</b>	<b>Location</b>	<b>Representing</b>
Keith Cummins	Karlstad	Rural		Luke Novacek	Greenbush	Rural
Wayne Ruud	Karlstad	City		Jim Pederson	Karlstad	Township
Don Craigmile	Hallock	Rural		Bob Boychuck	Hallock	Rural
Rodney Sikorski	Lancaster	Rural		Vern Langaas	Karlstad	Rural
Mike Jensen	Drayton	Township		Leon Olson	Lancaster	Kittson County
Mark Foldesi	Greenbush	Roseau Co		S. Mortenson	Kennedy	City
Holly Anderson	Lancaster	Kittson EM		Mike Docken	Hallock	City
Scott Klein	Hallock	Rural		Terry Osowski	Hallock	Rural
Harold Moose	Donaldson	Township		Brach Svoboda	Greenbush	Rural
Ed Walsh	Badger	Rural		John Gaukerud	Badger	Rural
Shayne Isane	Greenbush	Rural		Ron Jacobson	Greenbush	Rural

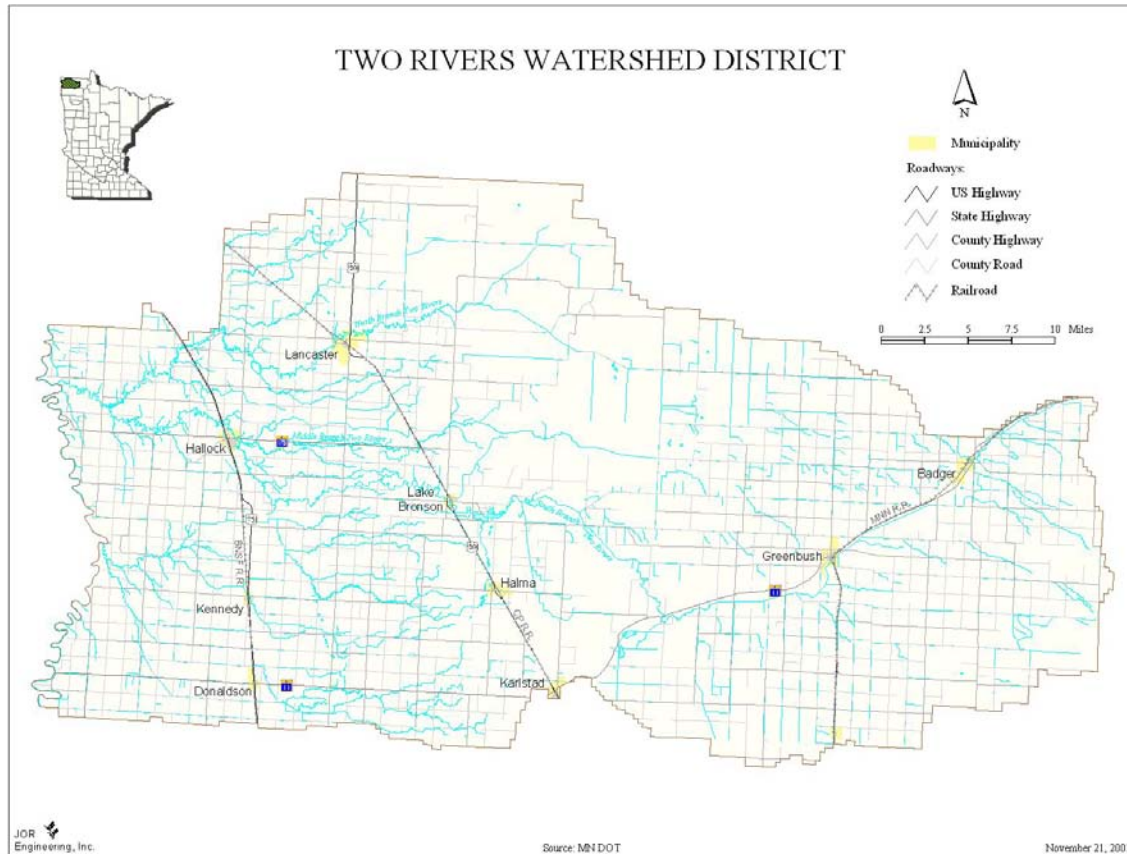
## **Technical Advisory Committee**

<b>Name</b>	<b>Location</b>	<b>Representing</b>		<b>Name</b>	<b>Location</b>	<b>Representing</b>
Kelly Bengtson	Hallock	Kittson Hwy Dept		Brian Kettring	Roseau	Roseau Hwy Dept
Darren Carlson	Hallock	Kittson SWCD		Russ Reisz	Karlstad	TNC
Laurie Fairchild	Middle River	US Fish & Wildlife Srvc		Jim Schwab	Hallock	NRCS
Cary Hernandez	Detroit Lakes	MN Pollution Control Agency		Brian Dwight	Bemidji	BWSR
Dennis Topp	Baudette	DNR Fisheries		Randy Prachar	Middle River	DNR Wildlife
Garry Bennet	Thief River Falls	DNR Waters		Blake Carlson	Crookston	JOR Engineering
Janine Lovold	Roseau	Roseau SWCD		Danni Halvorson	Viking	RRWMB

# BACKGROUND INFORMATION

The Two River Watershed District was established by order of the Minnesota Water Resources Board on October 30, 1957. It was the second watershed district to be organized within the State of Minnesota, and the first to write and approve an overall plan. The District is located in much of Kittson County, the western 1/3 of Roseau County, and extreme northwestern Marshall County, all in northwest Minnesota. The District operates under Minnesota Statutes 103D (the Watershed Law) and 103E (the Drainage Code).

The land area of the District encompasses 1,454 square miles. The District stretches 65 miles from the Red River on the western boundary to the eastern boundary just west of the City of Roseau. At its widest north-south point, the District stretches 33 miles. It is bordered to the north-west by the Joe River Watershed District; the north by the Province of Manitoba, Canada; the east by the Roseau River Watershed District; the south by the Middle-Snake-Tamarac Rivers Watershed District; and to the west by the Red River of the North, which is also the boundary with North Dakota.



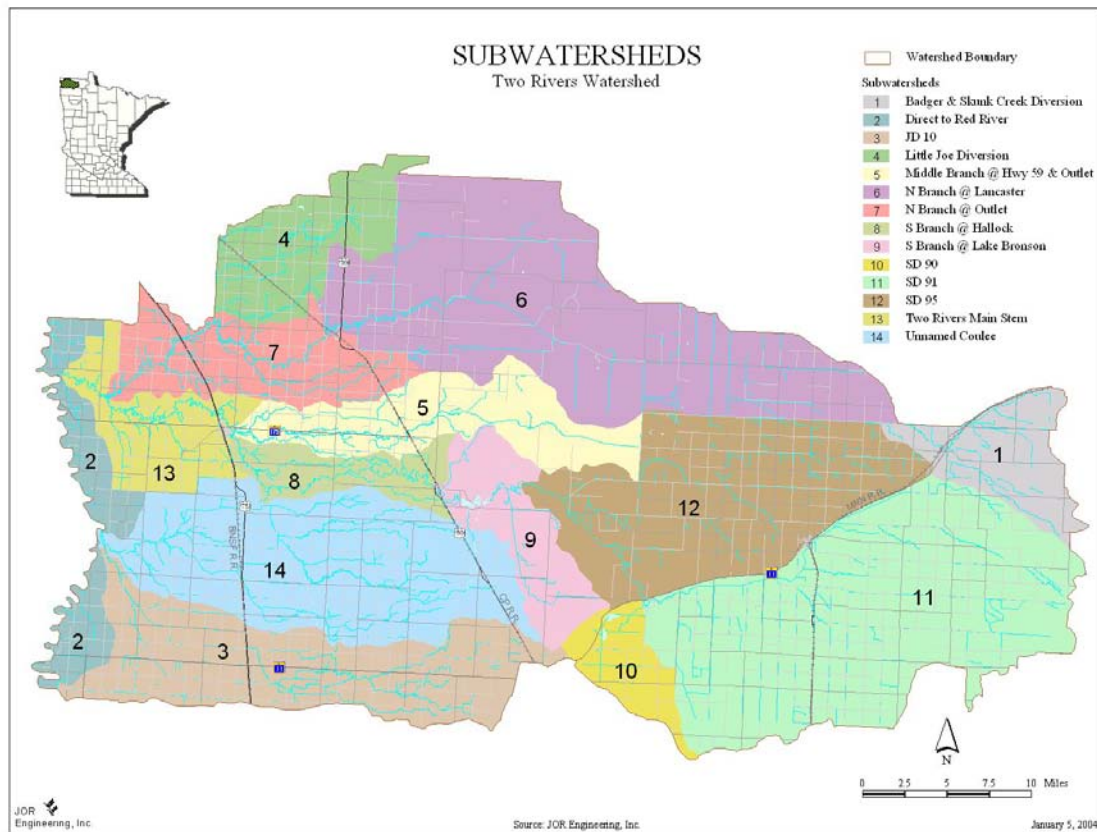
The Two Rivers actually consists of three branches – the North, Middle and South Branch. The South Branch arises southeast of Badger, Minnesota and flows in a westerly direction along the south side of Badger and through the cities of Greenbush, Lake Bronson, and Hallock. The Middle Branch drainage area begins east of the Kittson & Roseau County line and travels through the central portion of Kittson County, outletting into the South Branch just east of the city of Hallock. The North Branch drainage area begins in northwestern Roseau County, travels through Lancaster and Northcote, and

joins the South Branch to form the main stem three miles east of where it outlets into the Red River.

The southwest portion of the District is a 360 square mile stand alone drainage system that was added to the District in the mid 1980's. This drainage system is comprised of a series of coulees which outlet into legal drainage systems. These legal drainage systems in turn outlet into a series of coulee systems, and in turn they outlet into the Red River. This drainage system flows into the Red River at a point 10 miles south of the outlet of the Two Rivers.

The economy of the District is largely driven by agriculture. Of the approximately 931,150 acres of land in the District, 67% is pasture and crop land, 14% forested, 13% grassland, 5% wetland, and 1% roads, ditches, and urban. The primary crops grown are small grains, sugar beets, potatoes, and sunflowers. Other crops include flax, canola, beans, and corn.

Cities within the District include Badger, Greenbush, Strathcona, Karlstad, Halma, Lake Bronson, Lancaster, Donaldson, Kennedy, and Hallock. In addition, the unincorporated villages of Fox, Haug, Leo, Orleans, Pelan, Northcote, and Robbin are within the area of the District. Industry in the area is limited. The mining of gravel is prevalent in the beach ridge areas of glacial Lake Agassiz. A few manufacturing and assembly companies exist in the area, including a wood stove company, metal works, water purification, and a vehicle track company. Also, a bus assembly plant is located in Pembina, North Dakota, just across the Red River. Area population trends show a steady decline.



# ***PROJECT STATUS***

## **EXISTING AND COMPLETED PROJECTS**

The following are established and proposed projects of the Two Rivers Watershed District. They were built under Minnesota Statute 103D for various purposes including flood control, erosion control, water quality benefits, wildlife enhancement, and drainage for cropland. Each is inspected annually and operated and maintained by the District.

Detailed information regarding each project is on file at the TRWD office. Interested individuals can obtain copies of all project information upon request. A map of the project locations is provided below.

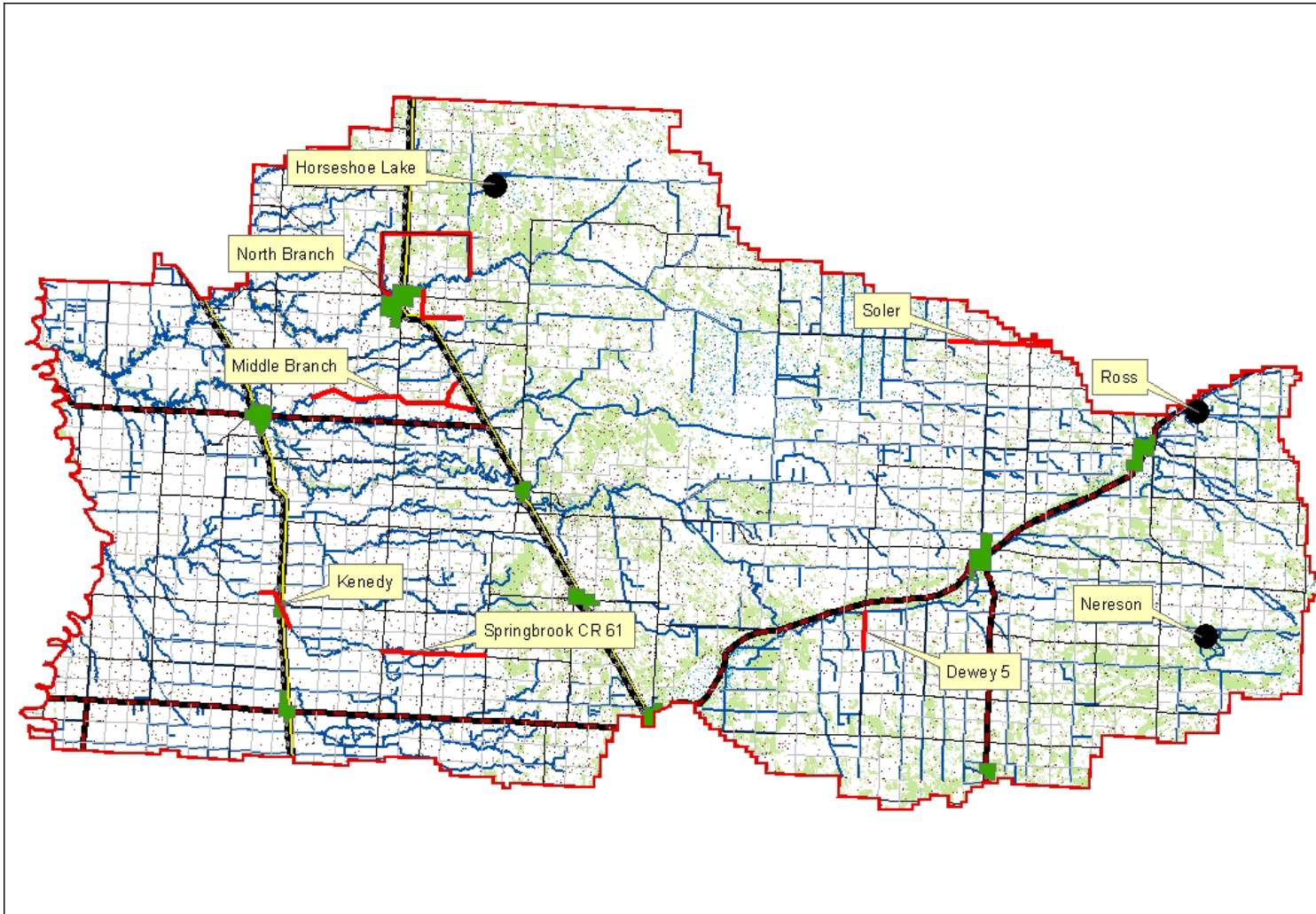
<b><i>Project Name</i></b>	<b><i>Description</i></b>	<b><i>Location</i></b>	<b><i>Established</i></b>	<b><i>Status</i></b>
Middle Branch Project #1	9.62 mile channel improvement	Thompson & Hazelton Townships, Kittson Co	1968; PL 566	Yearly Inspection & Maintenance
North Branch Project #2	11.13 mile channel improvement	Richardville, St. Joseph, Granville, & Poppleton Townships, Kittson Co.	1969; PL 566	Yearly Inspection & Maintenance
Soler Project #4	5 mile extension of State Ditch #72	Soler & Moose Townships, Roseau Co.	1979; Petition Project	Yearly Inspection & Maintenance
Dewey Project #5	1.8 mile lateral to State Ditch #91	Sections 26 & 35 Dewey Township, Roseau Co.	1980; Petition Project	Yearly Inspection & Maintenance
Nereson Impound Project	Flood Control Impoundment	Sections 27-28 Nereson Township, Roseau Co	1981; Board Initiated	Yearly Inspection & Maintenance
Nereson Modification Project	Flood Control Impoundment	Sections 33-34 Nereson Township, Roseau Co	2005; Board Initiated	Yearly Inspection & Maintenance
Dewey 5 Improvement Project	Improvement of Dewey #5 Ditch System	Sections 26 & 35 Dewey Township, Roseau Co	2002; Petition Project	Yearly Inspection & Maintenance
Horseshoe Lake Project	Drawdown Structure	Section 14, St. Joseph Township, Kittson Co	2006; Jointly by Kittson Co – DNR- TRWD	Yearly Inspection & Maintenance; Gate Operation
Kennedy Project #6	1.5 mile ditch to connect Kittson CD4 & CD27	City of Kennedy, MN	November 2009; Petition Project	Yearly Inspection & Maintenance
Ross Project #7	Flood Control Impoundment	Sections 26, 27, 28, 32, 33,34, Ross Township, Roseau Co	November 2007; Board Initiated	Yearly Inspection & Maintenance; Gate Operation

## **OTHER PROJECTS**

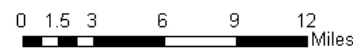
The project listed below was a project that utilized federal, state, and local funding. It was coordinated by the District, but is not an official project of the District and therefore future maintenance is the responsibility of the landowners along its course..

Springbrook / CR 61	3.75 mile meandering channel – flood control	Sections 3,5,6 Springbrook & Sect. 1 Davis Twp, Kittson Co	August, 2008	Maintenance responsibility of landowners
---------------------	--	--	--------------	--





**Two Rivers Watershed District**  
**Projects Completed and In Progress**



## **POTENTIAL PROJECTS / PROJECTS UNDER INVESTIGATION**

### **Big Swamp:**

A “Project Work Team” was assembled in 2008 to discuss potential flood control projects and activities in the vicinity of Juneberry, Polonia & Barto Townships in Roseau County and Peatland and Klondike Townships in Kittson County. The State Ditch 72 and State Ditch 95 systems have become overburdened with high and excessive water flows from upstream areas, and do not seem to have adequate capacity. In addition, the outlet for this water is limited. The PWT was appointed by the Board of Managers to look into the problems and identify a range of alternatives that could be implemented to help alleviate the flooding conditions.

Members of the PWT include representatives from local, state, and federal government, citizens living in the area, private organizations, and others with a vested interest in the area.

The PWT is focusing in on the State Ditch #95 system, and is looking at alternatives for an upstream impoundment that could possibly hold between 6,000 and 8,000 acre feet of water and control a 30 square mile contributing drainage area. This project will be further investigated during 2011.

### **DITCH SYSTEMS**

In addition to the above projects, the District operates and maintains several legal ditch systems (See map & table below), which have either been turned over by the County Boards of the County in which each ditch is located or they have been petitioned to the Watershed District by landowners under Minnesota Statute 103E.

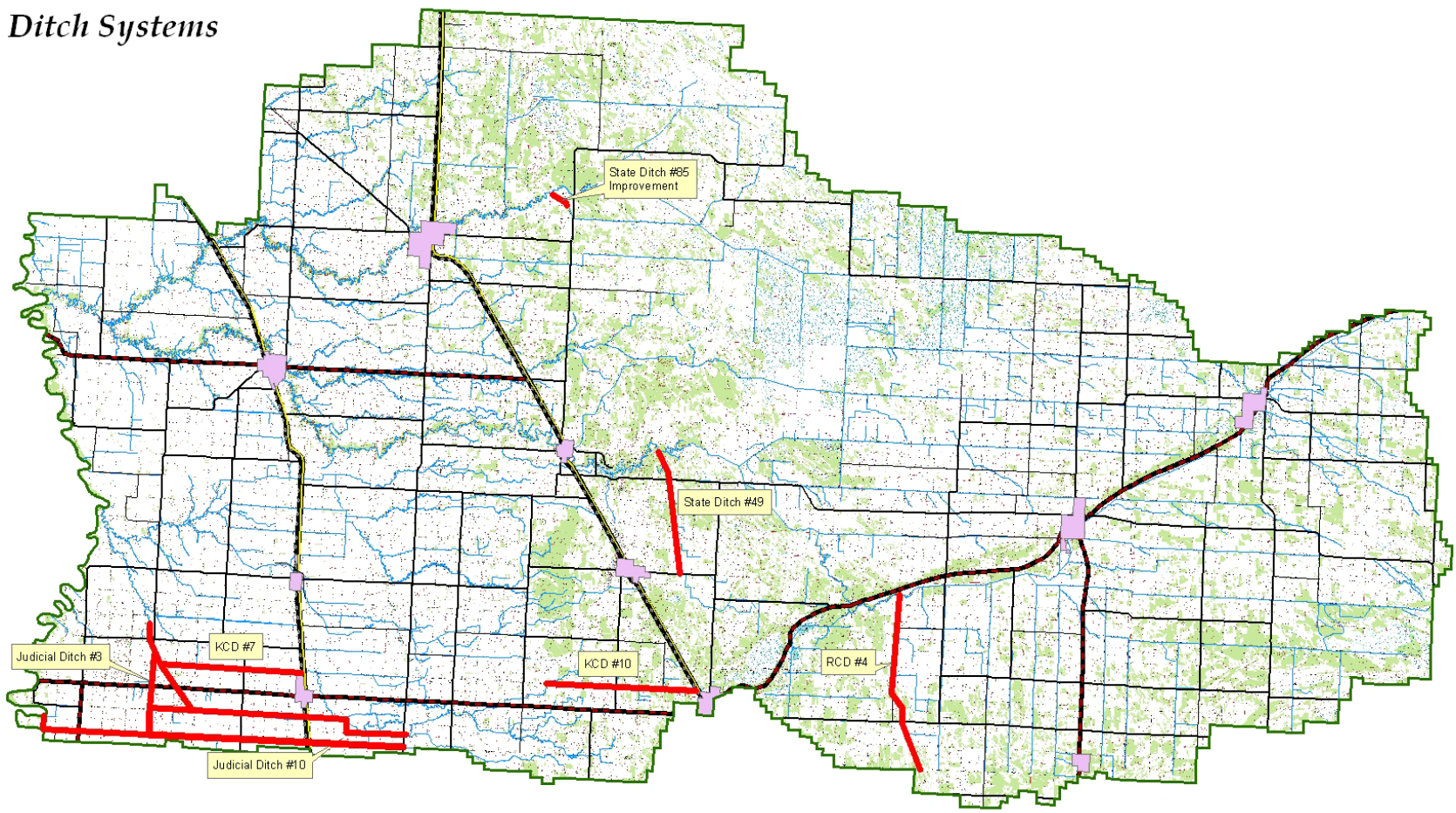
<b>Ditch Name</b>	<b>Length (Miles)</b>	<b>Township(s)</b>	<b>Fund Balance 12-31-10</b>	<b>2011 Ditch Levy</b>
State Ditch #49	5.25	Norway; Kittson Co	\$ 18,047	0
State Ditch #85 Improvement	0.75	Poppleton; Kittson Co	\$ (5,031)	\$ 5,000
Judicial Ditch #3	5.5	Teien; Kittson	\$ 18,738	0
Judicial Ditch #10	31	Davis, Svea, Teien, Kittson County	\$ (19,152)	\$ 12,500
Kittson CD #7	6.5	Svea; Kittson Co	\$ 7,839	\$ 3,000
Kittson CD #10	7.0	Deerwood; Kittson Co	\$11,758	\$ 2,000
Roseau CD #4	7.5	Lind, Dewey; Roseau Co	\$ 8,641	\$ 5,000
Springbrook / PL566	9 mile	Springbrook Township, Kittson Co	Petition Project In Progress	Not Applicable

These systems are inspected annually and maintenance activities are undertaken if deemed necessary. These activities range from beaver dam removal and beaver trapping to spraying of cattail and other nuisance vegetation to removal of silt and sediment to repair of sloughed side slopes or eroded culverts. Detailed maintenance reports are kept and filed each year in the ditch file.

The District as the ditch authority for these ditches is also responsible for maintaining a ditch fund to pay for maintenance expenses. Each year the District assesses the needs of each ditch and a tax is levied against the “benefited area” of each ditch, if necessary and if the funding is needed. Each year the District certifies this levy to the County Auditor of the County where the ditch is located.

# *Two Rivers Watershed District*

## *Ditch Systems*



# ***2010 DISTRICT ACTIVITIES***

## **BOARD MEETINGS**

Twelve regular monthly board meetings were held during the course of 2010, each on the first Wednesday of each month. The Annual Meeting was held on January 20, 2010. One special meeting of the Board was held during the year.

## **MEDIATION MEETINGS**

The Mediation Process continued over the course of the year 2010 with the District holding several 'Project Work Team' meetings regarding the Big Swamp project.

This is a process that was set up in 1998 as a result of a regional Red River Basin agreement that was signed by a group of Federal, State, Local, and Private organizations to address both flood damage reduction and natural resource enhancement projects. The agreement promoted the organization of local Project Work Teams (PWT) to discuss proposed projects, consider a range of alternatives, and assist in the permitting process.

The Two River WD's work team is made up of representatives of the Minnesota DNR, Minnesota Board of Water & Soil Resources, Minnesota Pollution Control Agency, Kittson & Roseau County Commissioners and Highway Departments, County Soil & Water Conservation Districts, local citizens, U.S. Fish & Wildlife Service, Audubon Society, Two Rivers Watershed District, Nature Conservancy, and township officials.

## **NON-DISTRICT MEETINGS**

The District Managers and District staff attended several non-District meetings during the course of 2010 that were related to information and ongoing education. Twelve meetings of the Red River Watershed Management Board were attended regularly, the Minnesota Association of Watershed District's Annual Meeting, several Red River Basin Monitoring Advisory Committee, and other meetings as needed.

## **TRAINING**

Managers and staff attended, as necessary, various training sessions and meetings that were pertinent to the operation of the District.

## **ADMINISTRATIVE ACTIONS**

The District employed a full time District Administrator and a full time Technician during 2010.

## Excerpts from 2010 District Newsletters:

### ***Big Swamp Project Work Team focuses on Badger Creek***

The TRWD has assembled a Project Work Team to look at flooding issues and solutions in the area of State Ditch #95. The name for this group is the Big Swamp Project Work Team (BSPWT), and it is comprised of people representing local landowners, townships, Roseau and Kittson Counties, conservation groups, and various state and federal agencies.

The BSPWT is studying the possibility of locating one or more impoundments either upstream or downstream from the City of Badger, MN. The idea is to create an impoundment similar to the District's Ross #7 impoundment, which is located on Skunk Creek just northeast of Badger. A new impoundment would be designed to store floodwaters that currently cause damages in the Badger Creek watershed, and downstream west all the way to the county line.

Picking a site that works for flood control is a key part of the process. Not only does it need to have the right topography with inlets and outlets, but it also needs to be in an area that is acceptable to local residents. As with the Ross Impoundment, the idea would be for it to be a 'dry impoundment', meaning it would be drained dry during times of non flooding. This operating plan also would lend itself for the land to be rented out for hay or limited cash crops.

The BSPWT has discussed several locations for a potential impoundment, and welcomes public input to this process. Currently the team has decided to focus efforts on locations upstream of the City of Badger. The idea is to provide multiple benefits potentially for several systems, including State Ditch 95, State Ditch 91, and the City of Badger.

For more information on this process or to be placed on the meeting mailing list, please call the District office at 218-843-3333.

### ***TRWD Welcomes new Board & Staff Members***

In the past several months, a couple of new faces have turned up at the Two Rivers Watershed District. One new Board member has been appointed by the Kittson County Commissioners, and also this past spring the District hired a new District Technician.

Darrel Johnson from rural Hallock was appointed to the Board of Managers to replace Jerod Hanson. He assumed duties on March 3, 2010. Darrel and his brother Peter own and operate a family farm located in Hallock, Skane, and South Red River Townships in Kittson County. He and his wife Jodi have three children. The District welcomes Darrel to the Board of Managers and looks forward to working with him.

Matt Thompson, was hired as the new technician at the Two River Watershed District and began his duties in March 2010. He currently lives in Karlstad with his wife Melissa,

who is an English teacher and head volleyball coach at Tri-County Schools, and their two daughters, Madison (15) and McKenzie (12). His parents are Roger and Sharon Thompson of Lake Bronson. His main interests outside of work are deer hunting and golf. Matt went back to college at the age of 34 and will complete his degree in Natural Resource Management at the University of Minnesota Crookston this fall. He looks forward to meeting and working with everyone in the Two River Watershed District.

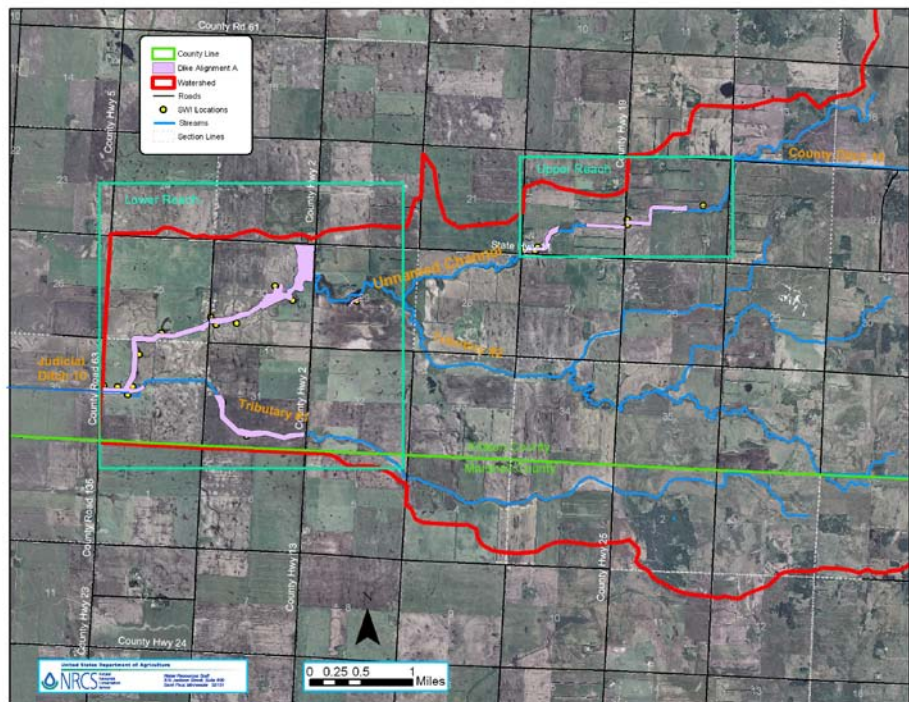


*District Technician Matt Thompson*

## **Springbrook PL 566 Project Progresses**

The Springbrook PL 566 project is one step closer to becoming a reality. This project is a flood control and ag drainage project located in downstream from Kittson County Ditch #10 and upstream from Judicial Ditch #10, in Springbrook and Davis Townships of Kittson County. The project components include the construction of set back levies along an existing watercourse, establishment of a legal drainage system, stream bank stabilization and erosion control, cleanout of the watercourse where necessary, installation of side water inlets, and establishment of a grass buffer.

The project is sponsored locally by the Two Rivers Watershed District, City of Karlstad, Kittson SWCD, and Springbrook Township. The local sponsors have applied through the USDA Natural Resources Conservation Service for funding and assistance. As a part of the process, the NRCS has completed a preliminary plan and environmental assessment, which then needed to go on a 30 day public review and comment period. This has now been completed, and the project will now be forwarded to the NRCS national office to be authorized for funding and implementation.



If all goes well, the District is hopeful that the project could be constructed beginning in 2011.

## ***BWSR Drainage Records Modernization Grant:***

The Two Rivers Watershed District was recently awarded a grant from the Minnesota Board of Water & Soil Resources in the amount of \$7,483 to do drainage records modernization. A prior grant for \$3,317 was used to scan records that were on file at the Minnesota Historical Society.

Most legal ditches in the watershed district were organized and constructed in the very early 1900's. Every legal ditch has numerous legal documents in a 'ditch file' that is generally kept at the county courthouse or with the watershed district. These documents include the original surveys, engineers reports, viewers reports, benefitted area maps, drainage area maps, court proceedings, and any other documentation associated with the ditch. Some of this important information is over 100 years old, and the paper copies it is stored on are beginning to show their age.

Therefore, drainage records modernization is the process to scan all of this aging documentation and ditch history into digital files, which will preserve the information and make it more readily available to the public users of the ditch and to the ditch authorities. This latest grant will be used to map ditch locations into a geographic information system (GIS), refine drainage areas, and map out the ditch right of ways using GIS. The work done under this grant must be completed within a 2 year period.

## ***NEW ORGANIZATION AIMS TO DEVELOP FLOOD RETENTION PROJECTS***

A newly formed organization hopes to provide The Red River Valley with additional retention projects that will keep the region protected from disastrous flooding.

Created in the fall of 2010, the *Red River Retention Authority* combines the levying power of both the Red River Watershed Management Board in Minnesota and the Red River Joint Water Resource District in North Dakota. The new organization will continue working to combat flooding by securing additional federal funding for water retention projects benefiting all citizens of the Red River Valley.

"This joint powers agreement is a major step in funding water retention projects in both Minnesota and North Dakota," says John Finney, President of the Red River Watershed Management Board in Minnesota. North Dakota state Senator, Cass County Joint Water Resource District Chair, and Red River Joint Water Resource District Basin Coordinator Tom Fischer agrees, "This partnership is about water retention efforts, and by working together we can significantly reduce flooding up and down the Red River valley."

The goal of the newly-created Red River Retention Authority is to initiate appropriate protection measures, facilitate those measures, and to assist local water boards with regulatory and permitting obstacles so they can implement effective water retention projects for the benefit of the entire Red River basin. The RRRRA will focus on funding and executing tangible water retention projects.

The joint powers agreement between the two Joint Boards, which pools resources from both flood protection entities, marks an important milestone in the continued flood fight. Terms of the agreement dictate that each organization will retain tax levy authority, but the two Joint Boards will coordinate their retention efforts to create a more cohesive and basin-wide approach to retention in the Valley.

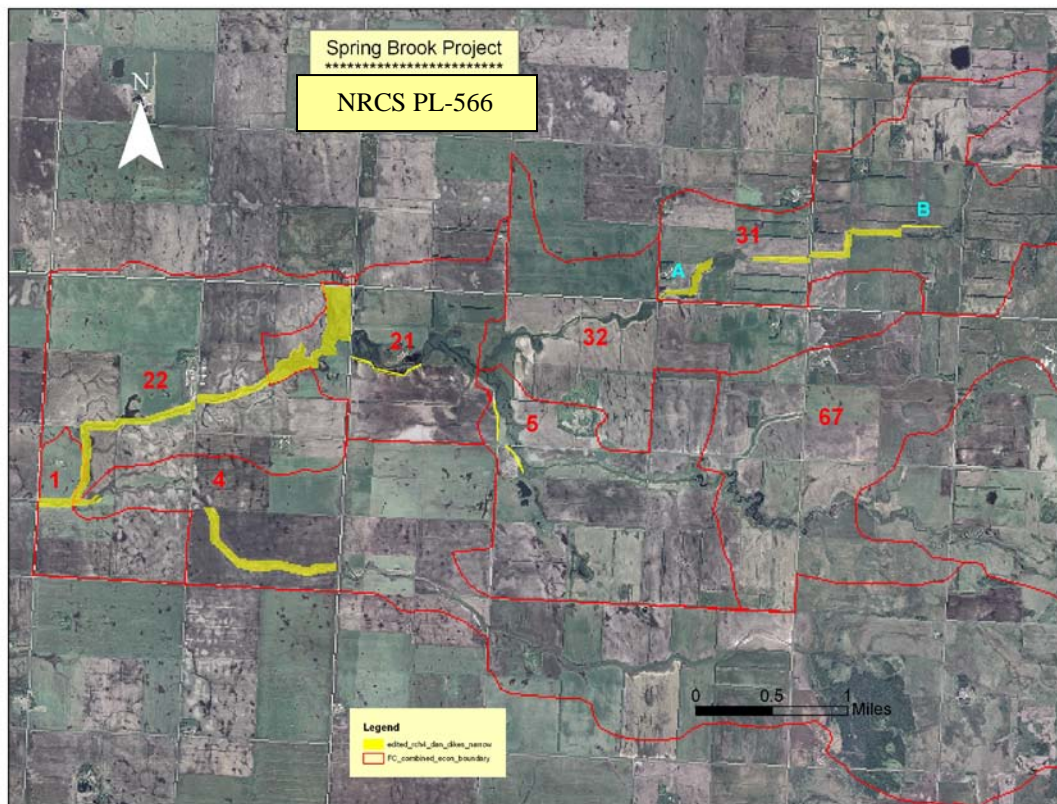
# OBJECTIVES FOR 2011

## PROJECT ACTIVITY

Springbrook PL-566: The Springbrook Coulee is a watercourse that has undergone severe and repeated flooding. The watercourse is not adequate to handle the flows that enter it, which results in water breaking out of the channel and running overland, washing out fields, roads, and culverts.

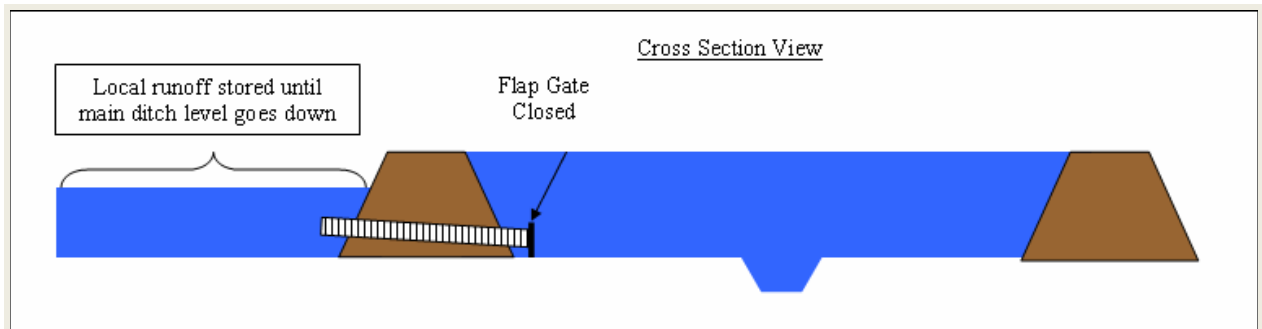
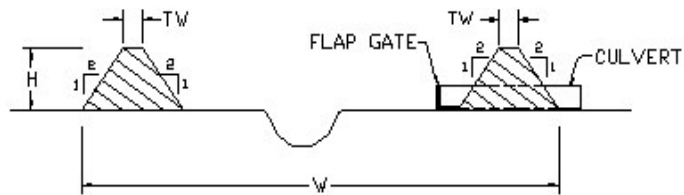
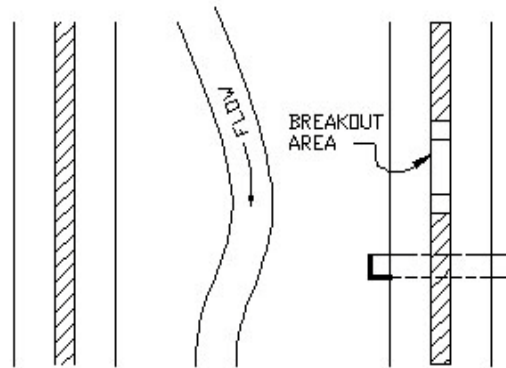
The Natural Resources Conservation Service has done survey work and hydrologic modeling, and has come up with a plan consisting of set back dikes, side water inlets, and channel work to address the problems. These structural elements will establish an adequate channel, provide diking to prevent channel breakouts, and provide a grassed buffer and waterway to prevent erosion.

Project funding on the Federal level has been approved for this project, and the District is seeking state funding as well. Final design now is being completed, permits will need to be approved, and then bids could be let. The District will be actively working on developing this project during the course of 2011, with construction hopefully for 2012.





Diagrams showing general plan design for PL 566 project.



## DITCHES

All District ditches will be inspected in 2011. Selected ditches will be surveyed. A maintenance schedule will be followed for each ditch, which will include cattail and brush spraying, beaver and beaver dam eradication, sediment removal, repair of any damages, and other activities as necessary. The table below will be followed as closely as practicable, at the Board of Managers discretion.

Two Rivers Watershed District		Ditch Maintenance Schedule					
Ditch	2010	2011	1012	2013	2014	2015	
RCD 4	Survey Cleanout	Survey	inspection	inspection	survey	inspection	
KCD 7	Survey	inspection Cleanout ~ redetermine benefitted area	inspection	inspection	survey	inspection	
KCD 10	inspection	survey	inspection	inspection	inspection	survey	
JD 3	inspection	inspection LO request review culverts	inspection	survey	inspection	inspection	
JD 10 main	inspection	inspection	inspection	survey	inspection	inspection	
JD 10 Br B	Survey Cleanout ~ LO request reslope last mile	inspection	inspection	inspection	survey	inspection	
SD 49	inspection	survey	inspection	inspection	inspection	survey	
SD 85 imp	inspection	inspection	survey	inspection	inspection	inspection	
Soler 4	inspection	survey	inspection	inspection	inspection	survey	
Dewey 5 Imp	inspection establish grass buffer	inspection	inspection	survey	inspection	inspection	
Kennedy 6	inspection establish grass buffer	inspection	inspection	survey	inspection	inspection	
Middle Branch	inspection	inspection	survey	inspection	inspection	inspection	
North Branch	inspection	inspection FEMA Repair	survey	inspection	inspection	inspection	
Pending survey info, cleanout to original grade & cross section may be needed.							
After inspections, action may be needed to repair sloughs, remove beavers, spray cattails, etc.							
	denotes completed	denotes not completed		denotes work item for 2011			

## IMPOUNDMENTS

The Big Swamp project work team will continue to work on project development to solve flooding and drainage problems in this area.

## PROGRAM ACTIVITY

Stream Flow Monitoring: Stream flow and velocities will continue to be monitored and recorded for each of the 28 sites that have been developed. The District will continue to recruit volunteers to read and record staff gage information for each site. Stream flows and velocities will be measured by District staff at each site during runoff events and data will be reported to interested agencies and persons, including the National Weather Service, DNR, and various other state and local agencies. The long-

range goal is to record data not only for the high flow events but for summer low flows as well.

#### Water Quality Monitoring:

The River Watch program that was initiated with the Lancaster and Kittson Central high schools will be continued in the year 2011 at Kittson Central. This hands on water quality program will also be expanded if cooperation is obtained from other interested schools.

Geographic Information Systems: Data will continue to be collected and input into the District's Geographic Information System. Data sets will continue to be developed, including culvert inventory, LiDar, drainage areas, water quality, stream flow, and information regarding the ditch systems administered by the District. This is an ongoing project that will be continued from year to year.



Stream Maintenance: The District will work to remove logjams from the main channels of the river. This will be done primarily in the winter months at selected sites and river reaches.

Permits: The District will continue to review permit applications for projects that affect the water resources of the District and permits will be approved accordingly.

Drainage Records Modernization: Utilizing 50% funding from the MN Board of Water & Soil Resources, the District will pursue digitizing historical ditch records. The goal of this project is to preserve and modernize existing records, and make them more accessible and readily available.

Newsletters: The District newsletter will continue to be published quarterly in cooperation with the Kittson Soil & Water Conservation District. This is an excellent way to communicate to the public the various programs, projects, and water management initiatives being contemplated by the District.

### **ADMINISTRATIVE ACTIVITIES**

The District will continue to employ a full time District Administrator, who will be responsible to keep the meeting minutes, financial reports, permits, and all other paperwork of the District. In addition, the administrator will be required to organize and file all information regarding any programs, projects, or activities of the District. The Administrator will also perform field investigations, data collection, and other technical duties as determined by the Board of Managers.

The District will also continue employing a permanent, full time Technician. The position performs surveying, monitoring and inventory, data management, reporting, permit review, and other duties as dictated by the Administrator.

## **BUDGET**

The District held a budget hearing in September 2010 to review, adopt, and approve an administrative budget for 2011. The approved budget is listed below.

<b>Administrative Budget</b>	
Administrative	78,000
Auto Expense	3,000
Capital Outlay	5,000
Conferences & Meetings	10,000
Dues & Subscriptions	2,000
Engineering	15,000
Information & Education	1,200
Insurance	3,700
Manager's Per Diem & Expense	14,000
Office Supplies & Miscellaneous	1,500
Payroll Tax Expense	28,000
Postage & Delivery	1,000
Printing & Advertising	1,000
Professional & Legal	14,000
Real Estate Tax	6,000
Rent	7,200
Stream Gage	3,750
Telephone	1,500
Water Quality	500
<b>Totals</b>	<b>196,350</b>

## ***FINANCIAL SUMMARY***

The following pages contain selected information from the annual audit for the Two Rivers Watershed District as supplied in accordance to state law by the certified public accounting firm of Drees, Risky & Vallager, LTD. This audit covers the period of January 1, 2010 to December 31, 2010. A complete version of the audit is available upon request.

## MANAGEMENT DISCUSSION AND ANALYSIS

## Two Rivers Watershed District Management Discussion and Analysis

As management of the Two Rivers Watershed District, we offer readers of the Two Rivers Watershed District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements following this section.

### **Financial Highlights**

- The cash assets of Two Rivers Watershed District exceeded its liabilities at the close of the recent fiscal year by \$859,853 (Net assets).
- The District's total net cash assets increased by \$356,365.
- The District's general fund ended the year with a fund balance of \$13,636.

### **Overview of the Financial Statements**

The discussion and analysis are intended to serve as an introduction to the Two Rivers Watershed District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Basis of Accounting.** The District has elected to present its financial statements on a cash basis of accounting. The modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. 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 cash basis of accounting, revenues, and expenses when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts and taxes receivable and related revenue not collected yet) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not paid yet) are not recorded in these 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.

**Government-Wide Financial Statements.** The government-wide financial statements are designed to display information about the Two Rivers Watershed District taken as a whole.

Over time, increased or decreased in net assets – cash basis may serve as a useful indicator of whether the financial cash position of the Two Rivers Watershed District is improving or deteriorating.

The government-wide financial statements can be found on pages 6 and 7 of this report.

**Fund Financial Statements.** The fund financial statements focus on the individual parts of the District. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Two Rivers Watershed District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of Two Rivers Watershed District are governmental funds.

## Two Rivers Watershed District Management Discussion and Analysis

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 during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Two Rivers Watershed District maintains two major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund.

The basic government fund financial statements can be found on pages 8 through 10 of this report.

**Notes to the financial statements.** The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11 through 17 of this report.

### TWO RIVERS WATERSHED DISTRICT'S NET CASH ASSETS

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 859,853	\$ 503,488
NET CASH ASSETS		
Restricted	\$ 846,217	\$ 568,621
Unrestricted (Deficit)	13,636	(65,133)
NET ASSETS	\$ 859,853	\$ 503,488

At the end of 2010 and 2009, the Two Rivers Watershed District is able to report positive balances in net cash assets.

### TWO RIVERS WATERSHED DISTRICT'S CHANGE IN NET CASH ASSETS

Governmental activities resulted in an increase of Two Rivers Watershed District's net assets from the fiscal year 2009 to the fiscal year 2010 in the amount of \$356,365. The details of the increase are as follows:

## Two Rivers Watershed District Management Discussion and Analysis

	2010	2009
<b>REVENUES</b>		
Special assessments and charges for services	\$ 170,667	\$ 81,954
Operating grants	23,395	4,468
Capital grants	169,864	157,634
General revenues:		
Property taxes	355,305	331,940
Other intergovernmental	42,526	50,954
Interest	4,725	5,856
<b>TOTAL REVENUES</b>	<b>766,482</b>	<b>632,806</b>
<b>EXPENSES</b>		
General and administration	169,576	186,221
Maintenance projects	29,841	19,004
Flood control projects	167,450	190,927
Drainage projects	43,250	87,622
<b>TOTAL EXPENSES</b>	<b>410,117</b>	<b>483,774</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 356,365</b>	<b>\$ 149,032</b>

### **Financial Analysis of the Government's Funds**

At the end of the current fiscal year, Two Rivers Watershed District's governmental funds reported combined ending fund balances (cash basis) of \$859,853. The total fund balance can be attributed to 1) General Fund, \$13,636; and 2) Capital Projects Fund, \$846,217.

The general fund increased by \$78,769 in 2010, which was due to a higher net increase in intergovernmental receipts over disbursements than was originally expected in the budget.

### **Budgetary Highlights**

**General Fund.** The General Fund actual receipts exceeded budgeted receipts by \$32,734 and had actual disbursements under budgeted amounts by \$23,685 for the year ended December 31, 2010.

### **Additional Information**

**Requests for information.** This financial report is designed to provide a general overview of Two Rivers Watershed District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Two Rivers Watershed District, 410 5<sup>th</sup> Street South, Suite 112, Hallock, Minnesota 56728 or contacting Dan Money at (218) 843-3333.



BASIC FINANCIAL STATEMENTS

TWO RIVERS WATERSHED DISTRICT  
STATEMENT OF NET CASH ASSETS  
DECEMBER 31, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ <u>859,853</u>
TOTAL ASSETS	\$ <u>859,853</u>
 NET CASH ASSETS	
Restricted	\$ 846,217
Unrestricted (deficit)	<u>13,636</u>
TOTAL NET ASSETS	\$ <u>859,853</u>

See notes to the basic financial statements.

TWO RIVERS WATERSHED DISTRICT  
STATEMENT OF ACTIVITIES ARISING FROM CASH TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2010

FUNCTION	Disbursements	Program Receipts and Sources			Net Cash Sources (Uses) and Change in Net Cash Assets
		Fees, Assessments and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General and administrative	\$ 169,576	\$ 3,778	\$ 23,395	\$ -	\$ (142,403)
Maintenance projects	29,841	23,650	-	27,483	21,292
Flood control projects	167,450	98,510	-	34,905	(34,035)
Drainage projects	43,250	44,729	-	107,476	108,955
Total Governmental Activities	410,117	170,667	23,395	169,864	(46,191)
General Receipts:					
Property taxes					355,305
Intergovernmental (not restricted for special program)					
MV and other credits					42,526
Interest earnings					4,725
Total General Receipts					402,556
Changes in Cash Net Assets					356,365
Net Cash Assets, January 1					503,488
Net Cash Assets, December 31					\$ 859,853

See notes to the basic financial statements.

TWO RIVERS WATERSHED DISTRICT  
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010

	<u>General</u>	<u>Capital Project Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 13,636	\$ 846,217	\$ 859,853
<b>CASH FUND BALANCE</b>			
Reserved	-	846,217	846,217
Unreserved (deficit) reported in General fund	<u>13,636</u>	<u>-</u>	<u>13,636</u>
<b>TOTAL CASH FUND BALANCE</b>	<u>\$ 13,636</u>	<u>\$ 846,217</u>	<u>\$ 859,853</u>

See notes to the basic financial statements.

TWO RIVERS WATERSHED DISTRICT  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>RECEIPTS</b>			
Taxes	\$ 190,548	\$ 164,757	\$ 355,305
Special assessments	-	51,507	51,507
Intergovernmental:			
Federal	-	147,624	147,624
State	22,788	41,978	64,766
Local	23,395	-	23,395
CRP and rents	1,500	16,872	18,372
Interest	4,725	-	4,725
Other	2,278	98,510	100,788
<b>TOTAL RECEIPTS</b>	<u>245,234</u>	<u>521,248</u>	<u>766,482</u>
<b>DISBURSEMENTS</b>			
General and administrative	166,465	3,111	169,576
Maintenance projects	-	29,841	29,841
Flood control projects	-	167,450	167,450
Drainage projects	-	43,250	43,250
<b>TOTAL DISBURSEMENTS</b>	<u>166,465</u>	<u>243,652</u>	<u>410,117</u>
Receipts Over (Under) Disbursements	78,769	277,596	356,365
Transfer from (to) Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenue and Other Sources Over (Under) Expenditures and Other Uses	78,769	277,596	356,365
Fund Balance - January 1	<u>(65,133)</u>	<u>568,621</u>	<u>503,488</u>
Fund Balance - December 31	<u>\$ 13,636</u>	<u>\$ 846,217</u>	<u>\$ 859,853</u>

See notes to the basic financial statements.

TWO RIVERS WATERSHED DISTRICT  
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS  
AGENCY FUNDS  
DECEMBER 31, 2010

ASSETS

Cash and investments	<u>\$ 20,139</u>
----------------------	------------------

LIABILITIES

Due to Red River Water Management Board	<u>\$ 20,139</u>
---	------------------

See notes to basic financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

TWO RIVERS WATERSHED DISTRICT  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budget Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Final Budget</u> <u>to Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Variance</u>
<b>RECEIPTS</b>				
Property taxes:				
Roseau County	\$ 58,121	\$ 58,121	\$ 47,379	\$ (10,742)
Kittson County	151,926	151,926	140,619	(11,307)
Marshall County	2,453	2,453	2,550	97
Total property taxes	<u>212,500</u>	<u>212,500</u>	<u>190,548</u>	<u>(21,952)</u>
Intergovernmental:				
Federal	-	-	-	-
State:				
MV and other credits	-	-	22,788	22,788
Other state grants	-	-	-	-
Local	-	-	23,395	23,395
Total Intergovernmental	<u>-</u>	<u>-</u>	<u>46,183</u>	<u>46,183</u>
Other:				
CRP and rents	-	-	1,500	1,500
Interest	-	-	4,725	4,725
Other	-	-	2,278	2,278
Total Other	<u>-</u>	<u>-</u>	<u>8,503</u>	<u>8,503</u>
<b>TOTAL RECEIPTS</b>	<u>212,500</u>	<u>212,500</u>	<u>245,234</u>	<u>32,734</u>
<b>DISBURSEMENTS</b>				
Administrative:				
Salaries and benefits	99,000	99,000	66,087	32,913
Conference and meetings	10,000	10,000	7,802	2,198
Manager's per diem and expenses	12,000	12,000	8,650	3,350
Dues and subscriptions	2,000	2,000	1,092	908
Information and education	500	500	100	400
Engineering	15,000	15,000	29,598	(14,598)
Legal and accounting	14,000	14,000	13,301	699
Real estate taxes	5,500	5,500	5,488	12
Rent	7,200	7,200	804	6,396
Insurance	3,700	3,700	3,841	(141)
Telephone	1,500	1,500	1,318	182
Office supplies and miscellaneous	1,500	1,500	879	621
Postage and delivery	750	750	403	347
Printing and advertising	1,250	1,250	1,264	(14)
Vehicle expense	4,000	4,000	2,172	1,828
Capital outlay and projects	8,000	8,000	7,754	246
Total Administrative	<u>185,900</u>	<u>185,900</u>	<u>150,553</u>	<u>35,347</u>



TWO RIVERS WATERSHED DISTRICT  
BUDGETARY COMPARISION SCHEDULE - CASH BASIS  
GENERAL FUND

	Budget Amounts		Actual Amounts	Final Budget to Actual Variance
	Original	Final		
Projects:				
Mediation:	\$ -	\$ -	\$ -	\$ -
Administration	-	-	-	-
Conference and meetings	-	-	111	(111)
Engineering	-	-	15,710	(15,710)
Stream gauging	3,750	3,750	-	3,750
Water quality	500	500	91	409
Total Projects	<u>4,250</u>	<u>4,250</u>	<u>15,912</u>	<u>(11,662)</u>
 TOTAL DISBURSEMENTS	 <u>190,150</u>	 <u>190,150</u>	 <u>166,465</u>	 <u>23,685</u>
 Excess Revenues Over (Under) Expenditures	 22,350	 22,350	 78,769	 56,419
 Transfer to Other Funds	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Excess Revenue and Other Sources Over (Under) Expenditures and Other Uses	 22,350	 22,350	 78,769	 56,419
 Fund Balance (Deficit), January 1	 <u>(65,133)</u>	 <u>(65,133)</u>	 <u>(65,133)</u>	 <u>-</u>
 Fund Balance (Deficit), December 31	 <u>\$ (42,783)</u>	 <u>\$ (42,783)</u>	 <u>\$ 13,636</u>	 <u>\$ 56,419</u>

\* \* \* \* \*

BUDGET NOTES

Budgets are prepared by the District on the same basis of accounting used in the preparation of its financial statements. The budget presented in this report is presented in accordance with the cash basis of accounting. All appropriations lapse at year-end.

The budget is adopted through passage of a resolution by the board. Administration can authorize the transfer of budgeted amounts with the general fund. The State imposed an administrative budget limit on watershed districts of \$250,000 for the year ended December 31, 2010.

TWO RIVERS WATERSHED DISTRICT  
SCHEDULE OF FUND BALANCE BY PROJECT  
DECEMBER 31, 2010

	Receipts and Other Sources					Disbursements				Fund Balance 12/31/2010	
	Fund Balance 1/1/2010	Taxes and Special Assessments	MV Credit	Capital & Operating Grants	Other Receipts	Total	Adminstrative	Direct	Total		Transfers
GENERAL FUND:											
Adminstrative	\$ (65,133)	\$ 190,548	\$ 22,788	\$ 23,395	\$ 8,503	\$ 245,234	\$ 150,553	\$ 15,912	\$ 166,465	\$ -	\$ 13,636
CAPITAL PROJECTS FUND:											
Administrative Construction	1,496,327	164,757	19,738	-	-	184,495	-	3,111	3,111	(733,511)	944,200
Maintenance:											
Middle Branch	12,741	1,942	-	-	-	1,942	160	540	700	-	13,983
North Branch	(4,252)	4,836	-	21,838	-	26,674	400	423	823	-	21,599
Nereson	(200)	-	-	-	-	-	-	-	-	-	(200)
Ross	17,843	-	-	5,645	16,872	22,517	700	27,618	28,318	-	12,042
Flood Control:											
Ross #7 Impoundment	(733,501)	-	-	22,240	-	22,240	1	20,787	20,788	733,511	1,462
Nereson	(768)	-	-	-	-	-	160	-	160	-	(928)
Kennedy #6	(130,490)	-	-	-	-	-	360	2,761	3,121	-	(133,611)
Springbrook	(24,827)	-	-	-	-	-	-	-	-	-	(24,827)
Springbrook CR 61	(12,392)	-	-	12,665	-	12,665	-	-	-	-	273
Springbrook PL 566	(11,541)	-	-	-	-	-	1,040	190	1,230	-	(12,771)
Ring Dikes	(4,051)	-	-	-	98,510	98,510	10,480	131,671	142,151	-	(47,692)
Drainage:											
Roseau County Ditch #4	4,560	4,690	-	105	-	4,795	640	-	640	-	8,715
Kittson County Ditch #10	10,067	2,000	-	-	-	2,000	320	-	320	-	11,747
Dewey #5	1,335	-	-	-	-	-	-	-	-	-	1,335
Judicial Ditch #3	12,946	5,793	-	-	-	5,793	-	-	-	-	18,739
State Ditch #85 Improvement	(9,992)	4,960	-	-	-	4,960	-	-	-	-	(5,032)
Dewey #5 Improvement	(8,882)	4,470	-	-	-	4,470	40	-	40	-	(4,452)
Soler #4	36,093	455	-	-	-	455	2,520	335	2,855	-	33,693
Judicial Ditch #10	(110,600)	20,376	-	107,371	-	127,747	5,840	29,250	35,090	-	(17,943)
State Ditch #49	19,163	108	-	-	-	108	-	1,225	1,225	-	18,046
Kittson County Ditch #7	9,042	1,877	-	-	-	1,877	3,080	-	3,080	-	7,839
Total Capital Project Fund	568,621	216,264	19,738	169,864	115,382	521,248	25,741	217,911	243,652	-	846,217
TOTAL	\$ 503,488	\$ 406,812	\$ 42,526	\$ 193,259	\$ 123,885	\$ 766,482	\$ 176,294	\$ 233,823	\$ 410,117	\$ -	\$ 859,853