

TWO RIVERS WATERSHED DISTRICT

IN ROSEAU, KITTSOON, & MARSHALL COUNTIES



2017 ANNUAL REPORT

**410 South 5th Street, Suite 112, Kittson County Courthouse
Hallock, MN 56728**

www.tworiverswd.com

INTRODUCTION

The Board of Managers of the Two Rivers Watershed District would like to present this 2017 Annual Report. It contains information about the District's projects, programs, and initiatives through the year.

As a local unit of government, the Two Rivers Watershed District operates under Minnesota Statutes 103E – the drainage law – and 103D – the Watershed law. These statutes govern water management relative to lakes, rivers, streams, groundwater and other water related parameters. The District's water management focus is on flood control, drainage, water quantity, and water quality.

The District, organized in 1957, was the second watershed district in the State of Minnesota to be established, and is governed by a 7 member Board of Managers, two appointed by the Roseau County Commission and 5 appointed by the Kittson County Commission, each to serve a 3 year term. The District employs 2 full time staff to perform the duties of carrying out water management activities set forth in MN Statute 103D. It manages over 92 miles of legal ditch systems, operates and maintains 3 impoundments which store over 9,000 acre feet of flood water, and operates and maintains 6 other projects for drainage and flood control purposes. The District is also involved with water quality studies, flow monitoring, surveying, snow surveys, enforcement of the buffer law, and has adopted rules which require permits for construction of certain water related activities.

Several projects are in the planning stages, including the latest impoundment project, the "Klondike Clean Water Retention Project #11". This project will focus on flood control and providing an adequate drainage outlet for Lateral 1 of State Ditch #95. It will also provide a means to handle overflow flooding that comes from State Ditch 72 and the Roseau River. In addition, water quality benefits and natural resource enhancements will be accomplished. Plans are in the works which will give the project the ability to store approximately 40,000 acre feet of water.

For 2018 the District will continue with maintenance of existing projects and infrastructure, monitoring of stream flows and water quality, and planning for future projects. We strive to work with landowners to solve water related problems to ensure that drainage, flood control, and water quality concerns are addressed.

2017 LIST OF MANAGERS

Darrel Johnson, **President**
2224 190th Ave
Hallock, MN 56728
(218) 843-2496
Member since 2010
Term Expires: October, 2020

Paul Olsonawski, **Treasurer**
3762 285th Ave
Lancaster, MN 56735
(218) 762-1911
Member since 2011
Term Expires: October, 2019

Gary Johnson
2416 250th Street
Hallock, MN 56728
(218) 843-3528
Member since 2015
Term Expires: October 2018

Roger Anderson
1561 110th Street
Drayton, ND 58225
(218) 455-6269
Member since 2000
Term Expires: October, 2018

Daryl Klegstad, **Secretary**
4151 210th St,
Halma, MN 56729
(218) 265-2073
Member since 2013
Term Expires: October 2019

Allen Brazier, **Vice President**
20463 230th St
Greenbush, MN 56726
(218) 782-2456
Member since 2012
Term Expires: October 2018

Jim Kukowski,
17485 County Road 6
Strathcona, MN 56759
(218) 781-2478
Member since 2003
Term Expired: October 2017

Bruce Anderson
18960 170th Ave.
Greenbush, MN 56726
(218) 782-3147
Member since 2017
Term Expires: October, 2020
Replaces Jim Kukowski



2017 Board of Managers

Paul Olsonawski, Darrel Johnson, Allen Brazier, Jim Kukowski, Roger Anderson, Gary Johnson, Daryl Klegstad

Office Staff

Dan Money
District Administrator
daniel.money@mn.nacdnet.net

Matt Thompson
Head Technician
matthew.thompson@mn.nacdnet.net

Office Information:

Two Rivers Watershed District
410 South 5th Street, Suite 112
Hallock, MN 56728

Location: Lower Level, Kittson County Courthouse
Office Hours: 7:00 am – 5:00 pm, M-Th
8:00 am – 4:30 pm, F

Phone (218) 843-3333

World Wide Web: www.tworiverswd.com

Office Administration

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 staff supervision / human resources, long range plans, coordinating meetings, financial management, project management, ditch inspections, data practices compliance, water quality monitoring, data analysis, and performing investigations relating to District projects.
- *Head Technician:* The Technician is responsible for field work relative to District programs, ditches, projects, and inventories. This includes ditch survey work, stream flow monitoring, culvert inventory, reporting, processing permit applications & permit review, geographic information systems, data analysis, and other technical duties.

CONSULTANTS

Engineering services for 2017 were performed on a project specific basis by Widseth, Smith, & Nolting – Crookston, MN, and HDR Engineering, - Thief River Falls, MN. 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 Brady Martz & Associates, P.C., 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. Citizen's Advisory Committee meetings are held at least once per year as required by law and otherwise as determined by the Board. All meetings are properly posted as required by law.

GOVERNANCE

The TRWD established By-Laws and follows them accordingly for meetings and day to day activities. In addition, the Board prescribed their first ‘Overall Plan’ in 1958, which was the first overall plan of any watershed district in the state of Minnesota. This plan has been updated several times over the years, and was last extensively updated in 2004. The TRWD will be doing another update in the next 1-2 years either through the regular planning process or through the new “One Watershed, One Plan” process dictated by the State of Minnesota.

The District operates under Minnesota Statute, 103D, also known as the ‘Watershed Law’. This statute gives watershed districts authority to work on flood control, drainage, water quality, water supply, and other issues that affect water natural resources within rivers, lakes, streams and groundwater. Nine projects have been constructed and another is in the works to help with drainage and alleviate flooding. In addition, the District utilizes Minnesota Statute 103E (the Drainage Code) to maintain over 65 miles of legal drainage ditches.

Since its inception, the Board of Managers have established numerous policies regarding various management issues. Many of these relate to permits issued under the *Rules of the Two Rivers Watershed District*, and others relate to general activities of the District. The District follows its stated policies whenever possible, and uses discretion when applying these policies.

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 2017 are listed below.

Citizen’s Advisory Committee

| Name | Location | Representing | | Name | Location | Representing |
|---------------------|-----------------|---------------------|--|---------------|-----------------|---------------------|
| Keith Cummins | Karlstad | Rural | | Luke Novacek | Greenbush | Rural |
| City Representative | Karlstad | City | | Jim Pederson | Karlstad | Township |
| Don Craigmile | Hallock | Rural | | Bob Boychuck | Hallock | Rural |
| Rick Sikorski | Lancaster | Rural | | Vern Langaas | Karlstad | Rural |
| Mark Foldesi | Greenbush | Roseau Co | | Leon Olson | Lancaster | Kittson County |
| Todd Truedson | Kennedy | City | | Mike Docken | Hallock | City |
| Heather Peterson | Hallock | Rural/SWCD | | 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 |
| Brenda Sather | Greenbush | City | | Jim Rinde | Badger | City |
| Roger Green | Greenbush | Friends of LBSP | | | | |

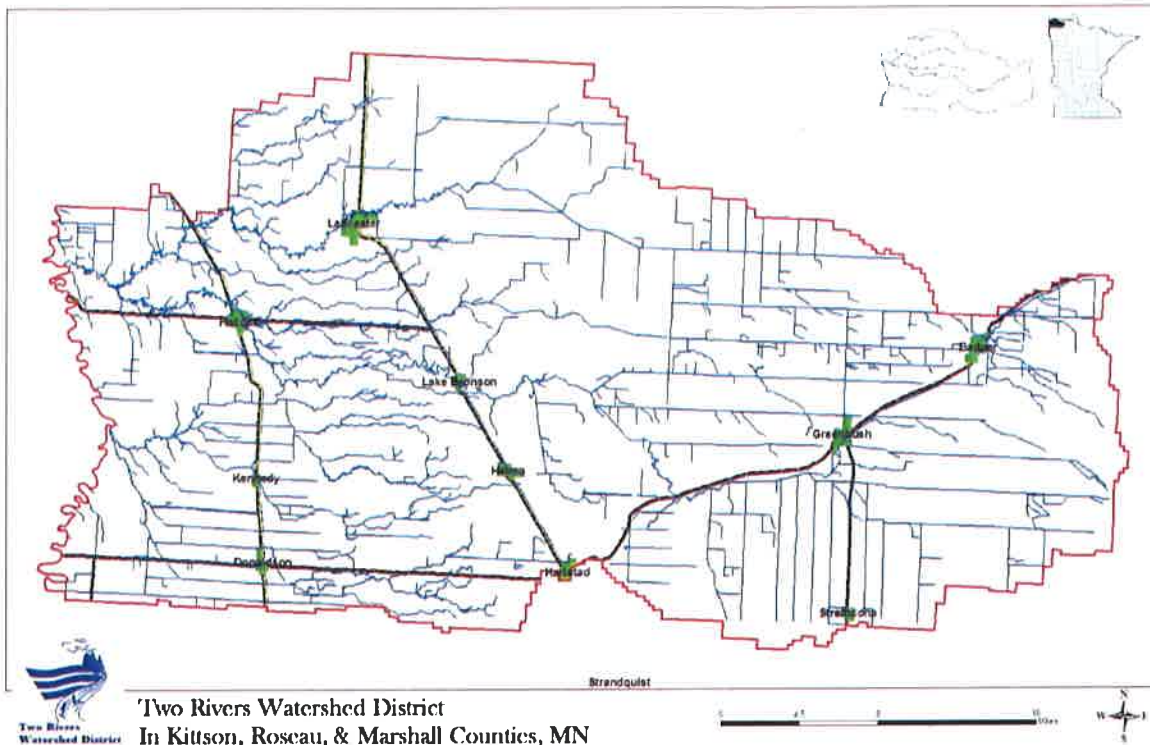
Technical Advisory Committee

| Name | Location | Representing | Name | Location | Representing |
|-------------------|-------------------|-----------------------------|-----------------|-------------------|-------------------------------|
| Kelly Bengtson | Hallock | Kittson Hwy Dept | Brian Kettring | Roseau | Roseau Hwy Dept |
| Jamie Osowski | Hallock | Kittson SWCD | Jonathon Eerkes | Karlstad | TNC |
| Laurie Fairchild | Middle River | US Fish & Wildlife Svc | Jim Schwab | Hallock | NRCS |
| Danielle Kvasager | Detroit Lakes | MN Pollution Control Agency | Matt Fischer | Bemidji | BWSR |
| Dennis Topp | Baudette | DNR Fisheries | Joel Huener | Middle River | DNR Wildlife |
| Stephanie Klamm | Thief River Falls | DNR Waters | Lane Nordin | Hallock | Kittson Co. Zoning |
| Janine Lovold | Roseau | Roseau SWCD | Danni Halvorson | Viking | International Water Institute |
| Barb O'Hara | Hallock | Kittson DEM | Nate Dalager | Thief River Falls | HDR Engineering |
| | | | Blake Carlson | Crookston | WSN Engineering |

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 boundary does not follow political boundaries, rather it follows drainage boundaries. The District stretches 65 miles from the Red River on the western boundary to the eastern boundary located between the cities of Badger & 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.



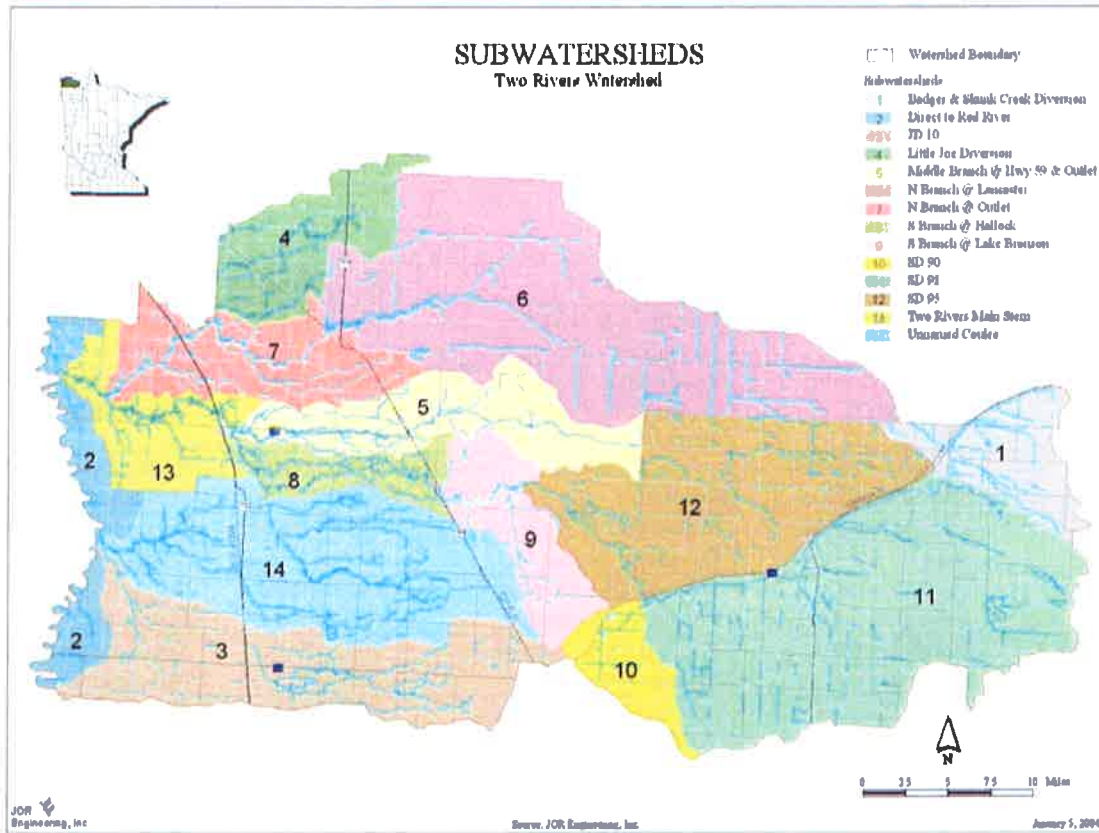
The Two Rivers actually consists of three branches – the North, Middle and South Branch. The South Branch arises southeast of Badger, Minnesota and flows in a westerly direction along the south side of Badger and through the cities of Greenbush, Lake Bronson, and Hallock. The Middle Branch drainage area 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, soy beans, sugar beets, and other crops such as seed potatoes, corn, canola and sunflowers.

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,

canola processing plant, powder coating, and a vehicle track company. Also, a bus assembly plant is located in Pembina, North Dakota, just across the Red River. Other major employers are a healthcare center, several school districts, and a county courthouse. Area population trends show a steady decline over the past 2 decades.



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.

| Project Name | Description | Location | Established | Status |
|------------------------------|---|---|---|---|
| Middle Branch Project #1 | 9.0 mile channel improvement | Thompson & Hazelton Townships, Kittson Co | 1968; PL 566 | Yearly Inspection & Maintenance |
| North Branch Project #2 | 11.8 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 | 2.6 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 |
| Springbrook Project #10 | Set back dikes and Side water inlets along 8.65 miles of waterway | Springbrook Township sections 22,23,28,29,30; Davis Township sections 25,36 | December 2013; Petition Project | Yearly Inspection & Maintenance |



North Branch drop structure – SD 84



North Branch Drop Structure – JD 31



Outlet Structure – Horseshoe Lake



North Branch Drop Structure



Soler 4 Ditch



Grade Stabilization – Springbrook #10



Ross #7 Impoundment



Wildlife Weier at Nereson Impoundment



Outlet Structure at Ross #7 Impoundment



Main Outlet Structure at Nereson Impoundment

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 & set back dikes – flood control | Sections 3,5,6 Springbrook & Sect. 1 Davis Twp, Kittson Co | August, 2008 | Maintenance responsibility of landowners |
|---------------------|---|--|--------------|--|



Meandering Channel w/ set back levy – County Road #61, Springbrook Twp, Kittson County

FARMSTEAD RING DIKES

After the historic flood of 1997, the District participated in a cost share program with the State of Minnesota and the Red River Watershed Management Board to design and install farmstead ring dikes. The dikes were designed and engineered by the TRWD and installed by local contractors. The landowner generally paid 12.5% of the cost, the state paid 75%, and 12.5% was paid by the RRWMB/TRWD. Using this program, 25 farmstead ring dikes were built.



PROJECTS NOT CONSTRUCTED

The following table shows several projects that were initiated but were dropped for various reasons.

| | | | | |
|------------------|------------------------|---------------------------------------|--------------------------------------|------------------------------|
| Stokes #3 | Offtake drainage ditch | Stokes Twp – 4 miles long | Dropped 1970's | Local opposition |
| Karlstad Project | Impoundment | Deerwood Twp sect. 8,9,16,17 | Dropped 1988 | Local opposition |
| Juneberry Ridge | Impoundment | Klondike & Polonia Townships | Dropped 1990 | Permitting/MCBS/Mediation |
| Nereson #8 | Impoundment | Nereson Twp, sect.2,3,11 | Dropped 2007 | Local opposition |
| Svea #9 | Drainage Ditch | Svea Twp, sect. 1 - 12 | Dropped 2006 | High cost, inadequate outlet |
| Polonia – Barto | Drainage Ditch | 12 miles sections 1-12 in 2 townships | Dropped in favor of Ross Impoundment | Inadequate outlet |

POTENTIAL PROJECTS / PROJECTS UNDER INVESTIGATION

Klondike Clean Water Retention Project #11:

During the wet years of the 1990's, a group of landowners came to the TRWD asking for help with severe and repeated flooding problems. The TRWD Board of Managers convened the 'Big Swamp Project Work Team' to study the problem and come up with solutions. From 2008 to 2012, the BSPWT met to identify the problem, discuss potential solutions, and come up with a range of alternatives.

From 2012-2015 the TRWD investigated the range of alternatives, and ultimately decided to move forward with a large scale impoundment. The impoundment was based upon the BSPWT recommendations and intended to accomplish significant flood damage reduction as well as achieving natural resource enhancements. The District purchased 12 square miles of land with the assistance of the Red River Watershed Management Board, and initiated the project.

Proceeding under MN Statute 103D, the TRWD appointed HDR Engineering to conduct the necessary survey work, soil borings, and other data collection needed to prepare an Engineer's Report. In addition, the TRWD was awarded cost share funding through the Natural Resources Conservation Service to prepare a Plan & Environmental Assessment for the proposed project.

The Engineer's Report was completed in accordance with MN Statute 103D, and a public hearing was held on November 1, 2017. The Board of Managers officially accepted the Engineer's Report and ordered the preparation of detailed plans and specifications. Work is proceeding with the NRCS Plan / EA, and once these documents are available, permitting, funding, and other project aspects will be started.

The project will be able to store up to 40,000 acre feet of floodwater, will provide an adequate outlet for Lateral 1 of State Ditch 95, will be able to store a portion of the overflows that enter the TRWD from the Roseau River, will help to protect and enhance a prairie complex (rich fen), and will have significant water quality benefits.

DITCH SYSTEMS

In addition to the above projects, the District is the ‘Ditch Authority’ for several legal ditch systems (See map & table below). Minnesota Statute 103E, the Drainage Law, governs how the TRWD must inspect, operate, and maintain these ditches.

A number of other watercourse projects have been established under Minnesota Statute 103D, the Watershed Law, which also governs how the TRWD inspects, operates, and maintains each project.

The table below lists both the ditch systems and the drainage projects that the District administers.

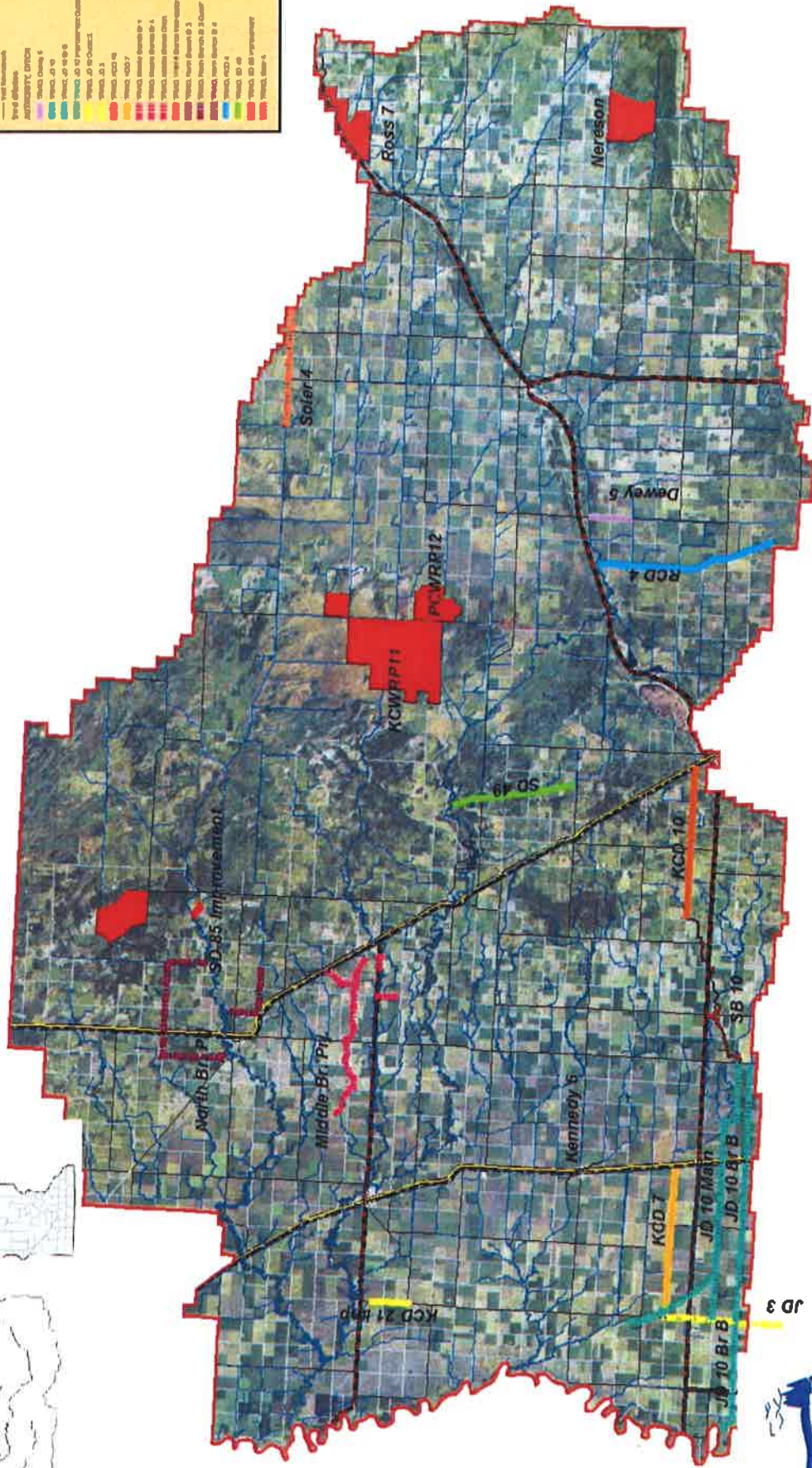
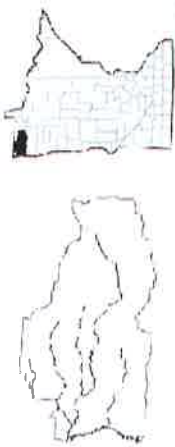
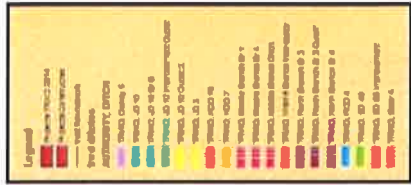
| Legal Ditches Statute 103E | Length (Miles) | Township(s); County | Fund Balance 12- 31-17 | 2018 Levy |
|--|---------------------------|--|-----------------------------------|-----------------------------|
| State Ditch #49 | 5.25 | Norway; Kittson Co | \$ 24,384 | \$ 10,000 |
| State Ditch #85 Improvement | 0.75 | Poppleton; Kittson Co | \$ 26,271 | \$ 5,000 |
| Judicial Ditch #3 | 5.5 | Teien; Kittson Co | \$ 32,927 | \$ 6,600 |
| Judicial Ditch #10 | 31 | Davis, Svea, Teien, Kittson Co | \$ 4,161 | \$ 25,200 |
| Kittson CD #7 | 6.5 | Svea; Kittson Co | \$ 8,842 | \$ 10,000 |
| Kittson CD #10 | 7.0 | Deerwood; Kittson Co | \$ 13,640 | \$ 7,500 |
| Roseau CD #4 | 7.5 | Lind, Dewey; Roseau Co | \$ 7,044 | \$ 15,000 |
| | | | | |
| Watercourse Projects Statute 103D | | | | |
| Middle Branch 1 | 9.6 | Hazelton, Thompson; Kittson Co. | \$ 33,449 | \$ 5,000 |
| North Branch 2 | 11.1 | Granville, Hampden; Kittson Co. | \$ 19,798 | \$ 10,000 |
| Nereson | Impoundment | Nereson; Roseau Co | N/A | N/A |
| Soler 4 | 5.0 | Soler; Roseau Co | \$ 19,208 | \$ 5,000 |
| Dewey 5 | 1.8 | Dewey; Roseau Co | \$ 9,241 | \$ 10,000 |
| Kennedy 6 | 1.5 | Tegner, Skane; Kittson Co. | \$ (74,439) | drainage lien \$ 10,000 |
| Ross 7 | impoundment | Ross; Roseau Co | \$ 35,477 | N/A |
| Springbrook 10 / PL566 | 9.0 | Springbrook & Davis Townships, Kittson Co | \$ (215,312) | Drainage lien + \$10,000 |

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.

A map showing the locations of each ditch system and each project of the Two Rivers Watershed District is shown on the following page.



Two Rivers Watershed District Projects and Ditches



PROGRAM STATUS

Watershed Restoration & Protection Strategies - "WRAPS"

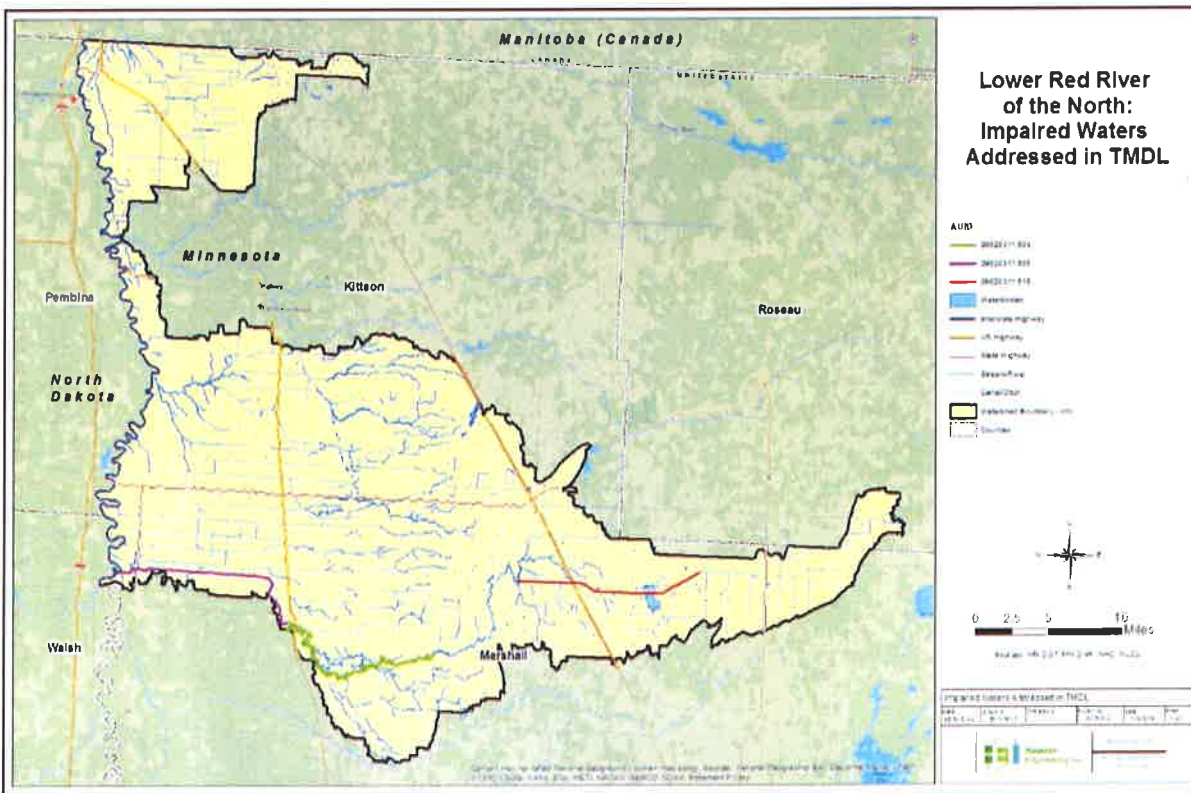
Lower Red River & Two Rivers WRAPS

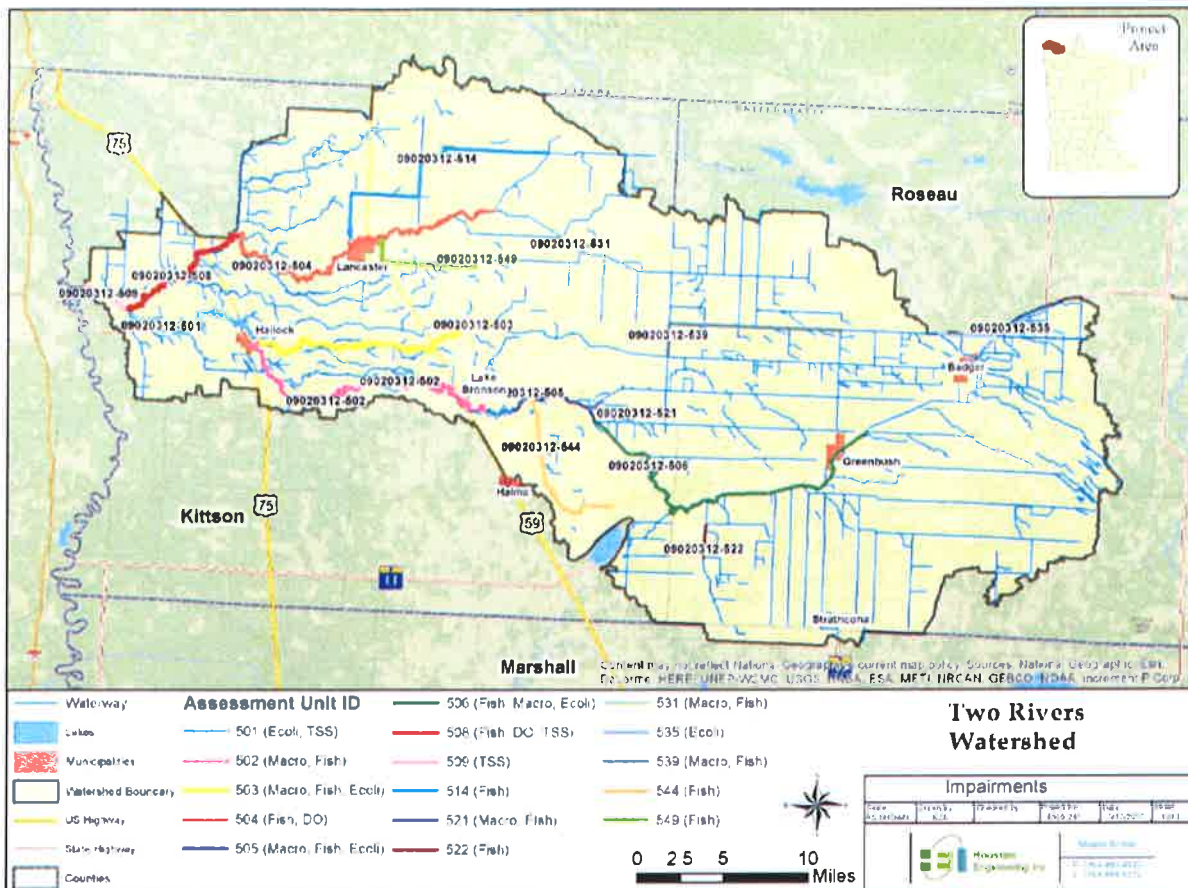
The "Lower Red River Watershed Restoration and Protection Strategy" (LRRWRAPS) project encompasses all of the Joe River, the Tamarac River, and an unnamed coulee within the Two Rivers Watershed District (see map below). The Two Rivers Watershed Restoration And Protection Strategy (TRWRAPS) contains the drainage area of the Two Rivers.

100% grant funding from the MN Pollution Control Agency was provided for both projects. The project is aimed first at researching all of the water quality data available for a given watercourse, then if necessary additional water quality and stream flow data is collected 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. Once impairments are identified, the project will do further investigation and research to determine the source of impairment and how best to address the problems, if possible.

A series of reports and documents were produced from all of this work, including a 'monitoring and assessment report', 'hydrology report', 'watershed restoration and protection strategy', 'stressor ID', and 'total maximum daily loads'. These reports are reviewed by the MN Pollution Control Agency and then submitted to the US Environmental Protection Agency for review and approval. Once the EPA approves, federal and state money is then made available to address the water quality impairments within the watershed.

All information at this point has been reviewed by the MPCA and has been submitted to the EPA. The District is currently waiting for their review and approval. Maps showing the study areas & water quality impairments are shown below.



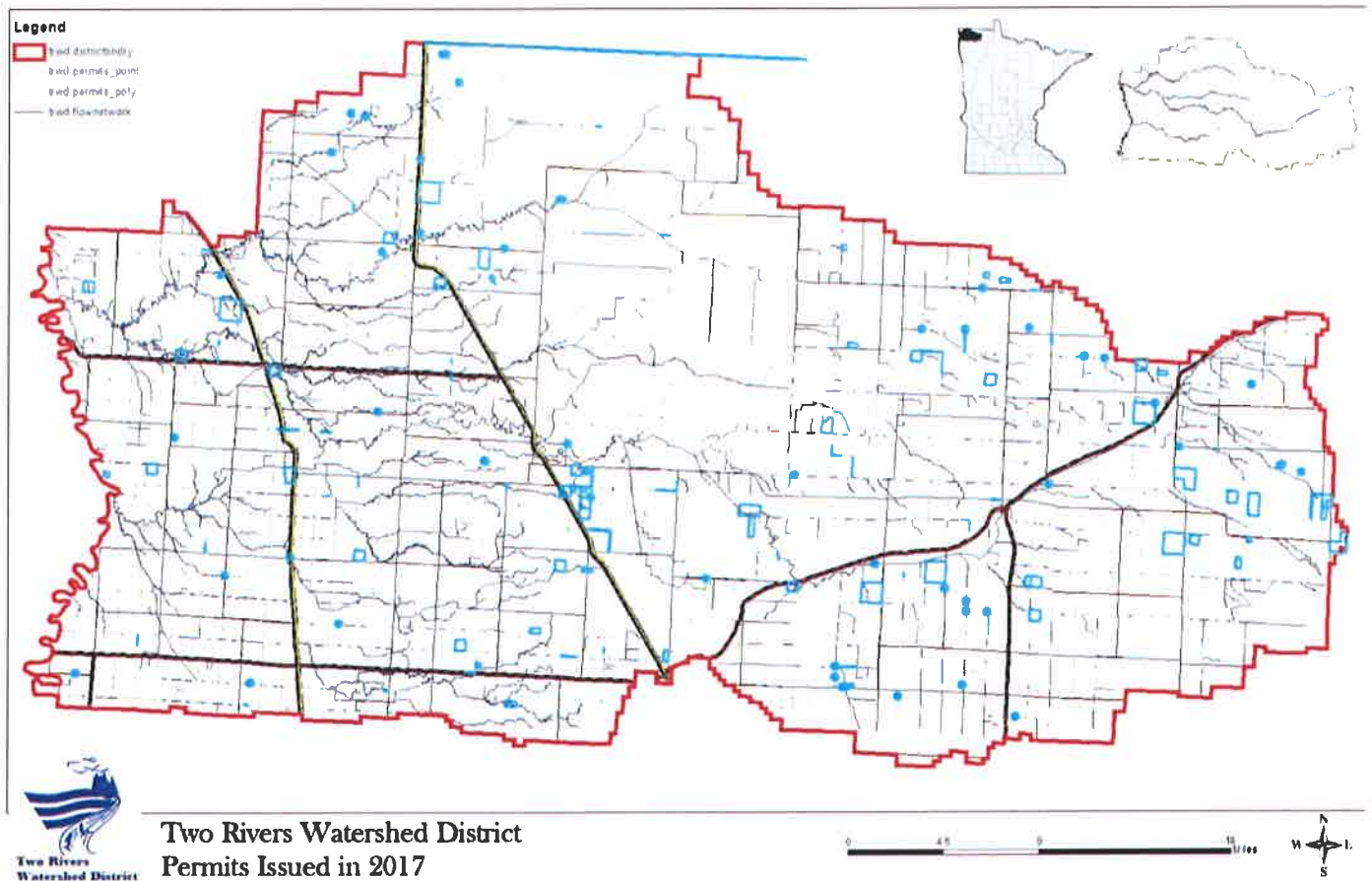


PERMITS

The Rules of the Two Rivers Watershed District were enacted in 1981, and under these Rules, a permit from the District is required for the following activities:

- Any sanitary sewer system which discharges to surface water, storm sewer, or other major utility project which affects surface water within the district.
- Any street, road, or highway construction project which by means of its construction has any effect on the quality or quantity of water runoff.
- Any construction or alteration of any drain tile or drainage ditch that drains an area in excess of 20 acres.
- Any works which include draining, filling, excavating, or dredging of any type 3, 4, 5, or 8 wetland as defined by the U.S. Fish & Wildlife Service Circular 39.
- Any construction or alteration of any bridge, dike, culvert, or drain across any drainageway, lake, wetland, or other water body.
- Any artificial or mechanical transfer of water from a water source including but not limited to gravel pits, ponds, rivers, wetlands, and other reservoirs consistent with the general purposes of the District.
- Any artificial drainageway cut across a subwatershed to thereby deliver water into another subwatershed.

- Any drainage of water by any artificial means into any legal drainage system from any land not assessed to that drainage system.
- Construction, alteration, or removal of any dike or reservoir.



2017 DISTRICT ACTIVITIES

BOARD MEETINGS

Twelve regular monthly board meetings were held during the course of 2017, each on the first Wednesday of each month. The Annual Meeting was held on January 4, 2017. Five special meetings and one budget hearing of the Board were held during the year. Meeting minutes are available on the District’s website at www.tworiverswd.com.

NON-DISTRICT MEETINGS

The District Managers and District staff attended several non-District meetings during the course of 2017 that were related to information and ongoing education.

Twelve meetings of the Red River Watershed Management Board were attended regularly, various committees of the RRWMB, the Minnesota Association of Watershed District's Annual Meeting, NRCS – MN State Technical Committee meetings, 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 2017.

Excerpts From 2017 District Newsletter

Two Rivers Watershed District: Local Government Providing Drainage, Flood Control, and Water Quality Solutions

Who We Are:

The Two Rivers Watershed District is a local unit of government known as a 'Special District'. The TRWD was organized in October of 1957, and was the third Watershed District in the State. A 7 member Board of Managers is the governing body, made up entirely of local farmers, landowners and citizens. The Board is appointed by the County Commissions – 5 people from Kittson County and 2 people from Roseau County, and Board meetings are held on the first Wednesday of each month in the District office. The District employs two people, one Administrator and one Head Technician. A Citizen's Advisory Committee is appointed by the Board of Managers and meets at least once per year to discuss District activities and provide recommendations and feedback to the District.

Where We Are Located:

The Two Rivers Watershed District does not follow political boundaries, but rather follows drainage boundaries. Originally the land area that drains to the Two Rivers made up the boundary of the District. In the 1980's the land area that drains to an unnamed coulee was added. That area lies between US Highway 59 in the Karlstad and Halma area and drains west to the Red River. In all, the District today covers approximately 1,454 square miles, and contains the Cities of Badger, Greenbush, Strathcona, Karlstad, Halma, Lake Bronson, Lancaster, Hallock, Kennedy, and Donaldson. The District office is located in the Kittson County Courthouse in Hallock, MN.

What We Do:

The TRWD operates under Minnesota Statutes 103D and 103E, and the purposes of the District are largely for local water resources management concentrating on the areas of Flood Control, Agricultural Drainage, and Water Quality. To accomplish these purposes, the District has

constructed several projects, the first ones in the 1960's and the latest one in 2013. New projects to control flooding are currently in the research and development phase. These various projects are described below.

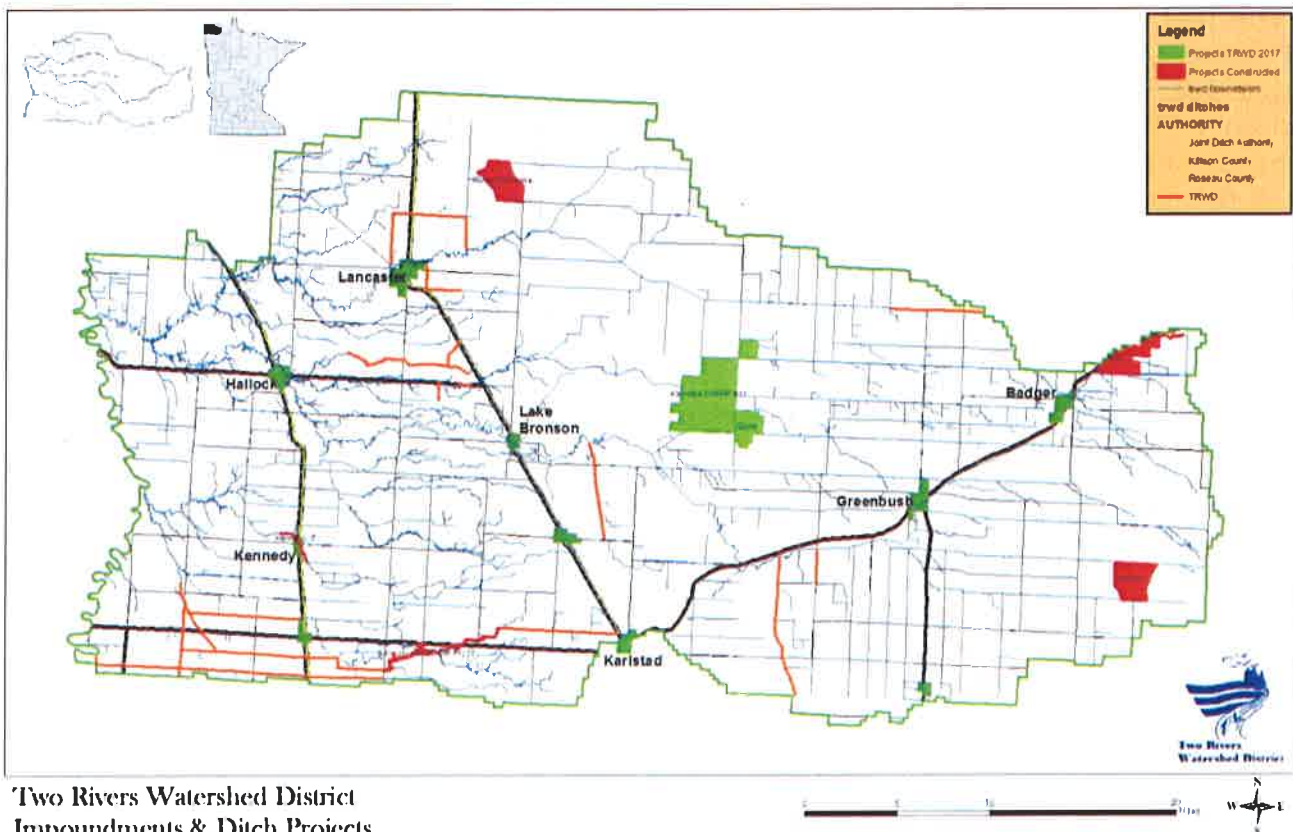
Impoundments: Three flood control impoundments have been constructed to store floodwaters in a confined area instead of allowing it to spread across the landscape. Water that is stored is measured in Acre-Feet. One acre-foot is the amount of water that would cover one acre of land to a depth of one foot, and equals 325,829 gallons. The impoundments that the TRWD has constructed together store over 9,200 acre-feet of storage

The **Horseshoe Lake Impoundment** was built in the 1968-1969 in the Skull Lake Wildlife Management Area, located north of the City of Lancaster. This impoundment provides benefits to the North Branch of the Two Rivers by holding 2,130 acre feet of water and also provides wildlife habitat.

The **Nereson Impoundment** and the **Nereson Sub-impoundment** were built in the late 1980's and early 1990's within the Nereson Wildlife Management Area. They were constructed to provide water storage on the State Ditch #91 system, which drains to the South Branch Two Rivers and also to provide habitat for migratory waterfowl. Located approximately 8 miles south and 3 miles east from the City of Badger, they together they provide 3,500 acre feet of storage from a 16 square mile drainage area.

The **Ross Impoundment** was completed in 2008 and is located 2 miles north east of the City of Badger. This impoundment stores 3,600 acre feet of water from an 18.2 square mile area that drains to 'Skunk Creek'. It has flood damage reduction as well as natural resource enhancement benefits.

A new project, called the **Klondike Clean Water Retention Project**, is in the research, design, and development stages. This very large project will utilize a 12 square mile area to store approximately 37,500 acre feet of water, effectively controlling the runoff from a 143 square mile area. Another smaller project known as the **Polonia/Quick Clean Water Retention Project** is planned to store 1,100 acre feet.



Two Rivers Watershed District
Impoundments & Ditch Projects

In addition to impoundments, the District is also responsible for 92 miles of **drainage ditches**. These ditches are known as 'legal ditches', and are governed by Minnesota Statute 103E. Their purpose is to provide drainage primarily for agricultural lands, and they also provide benefits to public infrastructure, cities, and rural residences. The District inspects these ditch systems annually and performs maintenance activities like brush, cattail, and beaver control, sediment removal, and erosion control when necessary.

Farmstead Ring Dikes: The District has worked with local landowners to provide cost share assistance, technical survey, design, inspection and contracting services for the construction of 22 farmstead ring dikes. These dikes provide protection to homes, bins, shops, barns and related structures associated with these farmsteads. They provide protection equivalent to the "100 year" flood event.

The Two Rivers Watershed District not only does construction projects, but has also developed many programs and provides services to address flooding, drainage, water quality, and erosion control. These are described as follows:

- **Stream Flow Monitoring** – During spring floods and summertime runoff events, the TRWD monitors flows on the rivers, ditches, and coulees to determine how much runoff there is, how high flood flows will be, and to help predict when crests will occur. The District works with the National Weather Service, USGS, MN DNR, and MN PCA in the collection and dissemination of this information. In addition, the District does a **Snow Survey** each year to measure snow depths and snow water content to help predict spring flooding.
- **Water Quality Monitoring** – The TRWD has a long history of monitoring the Two Rivers and tributaries to collect baseline information. A network of 12 monitoring stations has been established and long term data has been collected. Recently, the District has worked with the MPCA and MN DNR to intensify monitoring, determine reaches of river that have poor or bad water quality, and to determine how impaired rivers and streams can be cleaned up. Plans are being written, known as "Watershed Restoration And Protection Strategies", or WRAPS for short.
- **Permitting** – The District regulates activities that have an effect on the quantity or the quality of surface water runoff, and requires permits for activities like ditching, diking, tile drainage, culvert installation, road building, and pumping. Permits help to ensure the water is not conveyed from upper lands onto lower lands in a way that causes flooding, erosion, or unnecessary damages.
- **Survey Services** – The District provides survey assistance to landowners who are contemplating works of improvement. The District has had success with assisting people to obtain permits from the DNR to remove sediment and clean out waterways that are listed on the DNR 'Protected Waters' map.
- **Information & Education** – Watershed education is an important part the District's work, and staff participate in the **River Watch** program and the **Envirothon**, both of which help educate high school students. Also, the District collaborates with the Kittson SWCD to publish a **newsletter** known as the *Northland Conservation News* twice per year.
- **Local, State, Federal Liason** – Collaboration, communication, and networking is necessary to obtain funding for projects, implement various watershed related objectives, deliver programs and services, and uphold the water related laws of the state. The TRWD therefore works with citizens, government agencies, and private entities at the local, state, and federal levels to address water related issues.

How We Are Funded:

As a local unit of government operating under MN Statute 103D, the TRWD has taxing authority, and levies taxes for the general operations of the District and for maintenance of ditch systems. In addition, grant funding is frequently sought to aid in the planning and construction of projects. The TRWD has utilized bonding funds authorized through the MN Legislature, grant funding from various state agencies such as the DNR, MPCA, and BWSR, grant funding through federal agencies like NRCS and the USFWS. Grant funding is usually project specific and private

resources are also sought out when appropriate or available. The District is a member of the Red River Watershed Management Board, and therefore is eligible for cost share assistance through that organization.

Future Activities:

As 2017 unfolds, the TRWD will be working on new projects and watershed management strategies. Current events and issues will involve a major planning process known as 'One Watershed, One Plan', local decisions regarding the new Buffer Law, project planning for the 'Klondike Clean Water Retention Project', construction of the 'Polonia/Quick Clean Water Retention Project', improvement of the 'Kittson County Ditch #21', continuing to monitor and report environmental conditions, maintenance of existing ditches and projects, and working with landowners to provide water management solutions.

River Watch Program Helping to Educate Area Students on Watershed Science

The Two Rivers Watershed District has been busy this fall assisting the International Water Institute to re-establish a River Watch program in Mr. Weberg's environmental science class at Kittson Central School in Hallock, MN. This past month, passersby may have spotted students wearing waders and carrying nets, on the hunt for aquatic macroinvertebrates in the South Branch Two Rivers near Lake Bronson. This was not just a morning of skipping class, rather it was an outdoor, hands on experience for these students, gathering real world scientific data that gets used by real world scientists to help assess water quality and establish the health of the river.



The Red River Basin River Watch program was initiated in 1995 as a pilot project involving four schools in the Sand Hill River watershed. As of 2017, the River Watch program includes over 30 schools/communities monitoring over 150 sites on rivers, creeks and ditches in northwest Minnesota and North Dakota. Over the years, River Watch has intermittently been done locally within the Two Rivers watershed at local school districts - Kittson Central, Lancaster, Tri-County, and in the Kittson County 4H program.

The International Water Institute's (IWI) River Watch (RW) program enhances watershed

understanding and awareness for tomorrow’s decision-makers through direct hands-on, field-based experiential watershed science. Schools throughout the Red River of the North Basin participate in a variety of unique and innovative watershed engagement opportunities suited to their school, community, and watershed needs. These include:

Water Quality Monitoring: Collect and record conditions at local rivers and streams using state-of-the-art scientific methods and equipment. Ph, dissolved oxygen, conductivity, water transparency (clarity), and water temperature recorded.

Biological Monitoring: Macroinvertebrate (bugs that live in the water) monitoring provides additional insights on watershed health. Certain species can tolerate higher levels of pollution better than other species.

River Explorers: Guided kayak excursions on local rivers to observe and document watershed conditions.

Ongoing **Teacher Training** provides access to resources and experts on current watershed issues.

River Watch Forum: Annual regional opportunity for students share with other schools and learn about emerging watershed issues.

New to River Watch!

- **Snow Study:** Students collect snow depth, snow water equivalency, and infiltration rate to help accurately forecast spring flooding.
- **River of Dreams:** Introducing elementary students to watershed science and terminology through geography, reading, writing, and art.

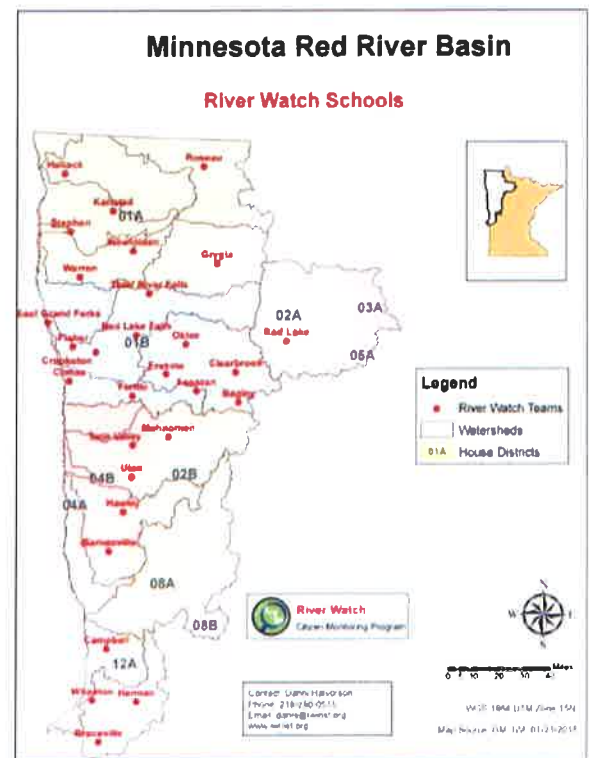
Support for the Red River Basin RW program is provided by the Red River Watershed Management Board, the Two Rivers Watershed District, and other regional partners. This collaboration has built a sustainable watershed education foundation across the Red River Basin. The RW program provides training to students who monitor physical and chemical conditions of local rivers using standard scientific operating procedures. RW teams have collected data at 150 sites totaling over 10,000 visits to rivers, streams, and agricultural ditches in the Red River Basin. Data are used by the MN Pollution Control Agency, National Weather Service, and local agencies to assess surface water conditions and provide flood forecasting.

Clean Water funds enable the IWI to build on this watershed education foundation by providing additional learning opportunities, specifically River of Dreams and the Snow Study. These new activities will expand the educational opportunities and provide a more comprehensive understanding of watersheds, promoting land and water stewardship to protect and improve Minnesota’s valuable natural resources.



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Back at the South Branch Two Rivers, students pick through the specimens they have found, identifying, sorting, and categorizing in order to rank and rate the water quality conditions for each site on the river. In the near future they will be heading back out to monitor water quality conditions at several locations on the South and Middle Branches of the Two Rivers. They will compile the data and present their findings at a River Watch conference to be held in March 2018 at the Alerus Center in Grand Forks, ND. Learning opportunities are being achieved both outside and inside of the classroom, and valuable lessons are being learned regarding the local environment.



For more information on water quality & river watch:

www.tworiverswd.com

www.iwinst.org

Klondike Clean Water Retention Project #11 Flood Damage Reduction Progress Report

Since its inception in 1957, the Two Rivers Watershed District has constructed 3 flood control impoundments, 22 farmstead ring dikes, and six channel projects to carry or control floodwater. In addition, the TRWD manages over 61 miles of legal ditch systems. Its latest undertaking is an impoundment project known as the Klondike Clean Water Retention Project #11. This project is proposed to be located on the Roseau and Kittson County line about half way between the cities of Greenbush and Lake Bronson.



The project was conceived when a group of landowners approached the District looking for solutions to the severe and repeated flooding that occurs along Lateral 1 of State Ditch #95, west of the City of Badger to the county line. This ditch was constructed in the mid 1940's and diverted Badger and Skunk Creeks from their original outlet in the Roseau River west into the Two Rivers. The ditch was not built large enough to handle flows from the large upstream drainage area, and the result is overland flooding, damages to ag land, road overtopping and washouts, culvert erosion, and farmstead flooding.

Exacerbating the problem is that when larger flood events happen, the Roseau River overflows its banks, and spills south into the Two Rivers watershed. This inundates State Ditch #72, and water in turn comes south overland and enters the State Ditch 95 system. Floodwaters continue west affecting all three branches of the Two Rivers, working their way to Lake Bronson on the South Branch Two Rivers, Hallock on the Middle Branch Two Rivers, and Lancaster on the North Branch Two Rivers, and all points in between. Ultimately the floodwaters enter the Red River of the North.



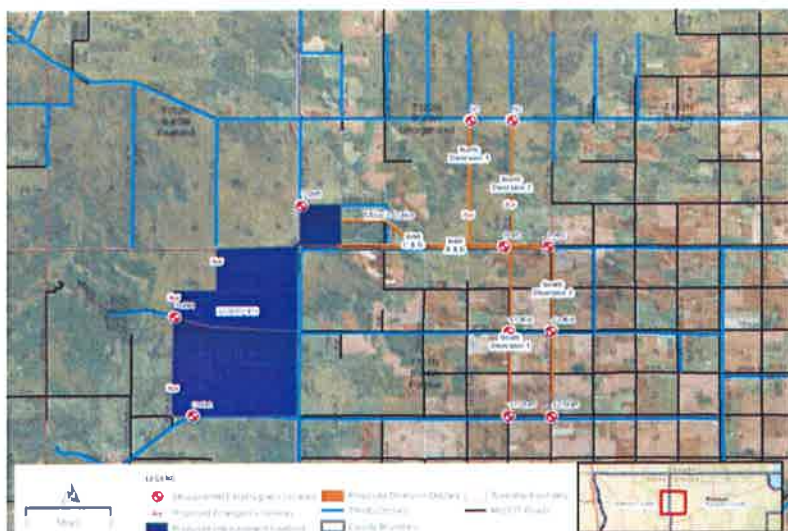
The TRWD assembled a project team consisting of local landowners, township and county officials, Soil & Water Conservation Districts, nongovernmental organizations, and state and federal agencies. This team discussed solutions for flood damage reduction and also discussed natural resource enhancements that could be achieved. The result was a recommendation to construct an impoundment to hold back water during a flood and release it after the flood has passed. It was envisioned that this would reduce flooding in the State Ditch #72 and State Ditch #95 systems and also downstream on the three branches of the Two Rivers. It would also provide benefits to reduce flood peaks on the Red River.



Natural resource benefits are also planned to be achieved. The area being considered is adjacent to a naturally occurring ecologically sensitive large habitat area known as a prairie rich fen. The soils, groundwater movement, topography and other factors combine to form a unique area where only certain plants can grow. The area has been deemed by the MN DNR and The Nature Conservancy to be one of the most biologically diverse areas within the state. Therefore the legislature directed the DNR and the TRWD to jointly write a plan for the fen to protect, enhance, and improve it. The KCWRP#11 will consider the fen, and in addition will consider other environmental enhancements to improve water quality and stream flow conditions downstream at Lake Bronson and the 3 branches of the Two Rivers.



The TRWD is following the process under MN Statute 103D to plan, design, and build this project. The project is envisioned to store approximately 40,000 acre feet of floodwater on an area 12 square miles in size. The project will construct a dike around the perimeter that is on average 7 feet high. Outlet structures will be built to meter the water to all 3 branches of the Two Rivers. A diked inlet ditch 6-8 miles in length is planned to bring water in, and a north inlet diversion ditch and south inlet diversion ditch are also planned, along with associated inlet structures. The project cost is estimated between \$39 million and \$43.5 million. Funding is being pursued from the State of Minnesota at 75% and local / other sources at 25%. The Red River Watershed Management Board is considering a contribution of \$7.2 million and the TRWD \$3.7 million. Additional funding has been procured from USDA (\$0.5 million) and Enbridge (\$100,000).



The TRWD has completed an Engineer's Report and is holding a public hearing to provide project details and gather input and comments from the public and stakeholders. The hearing, held at the Kittson County Courthouse in Hallock, MN on Wednesday, November 1, 2018, will help the TRWD Board of Managers with the next steps in the process. The Board will next begin environmental permitting and detailed design of specific project components. Funding will also need to be sought out and procured. Construction will most likely be done in 3 phases over a period of 10 to 15 years. If all goes well, it is expected that construction on phase 1 could be completed in approximately 3 to 4 years.

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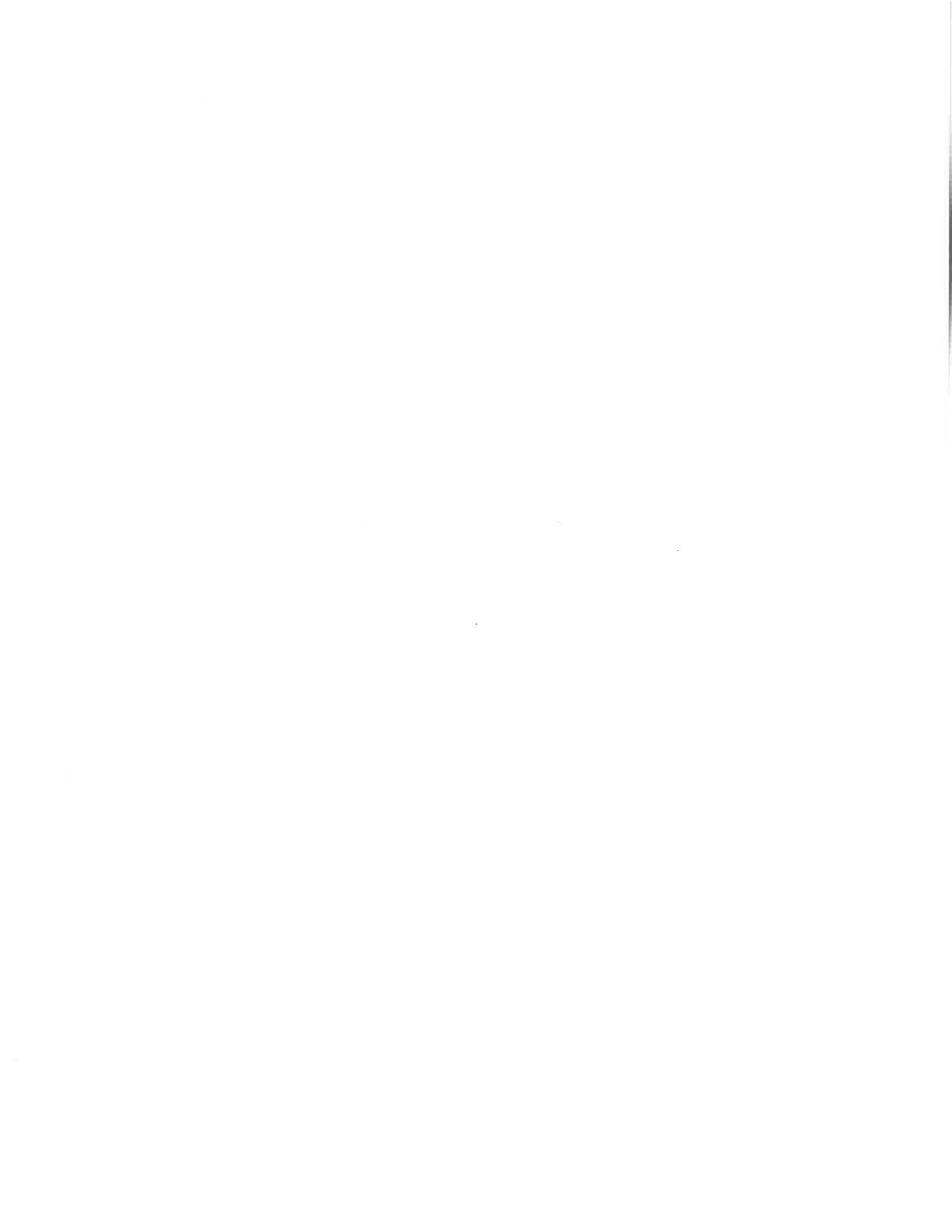
2017 Water Year Summary

2017 PRECIPITATION

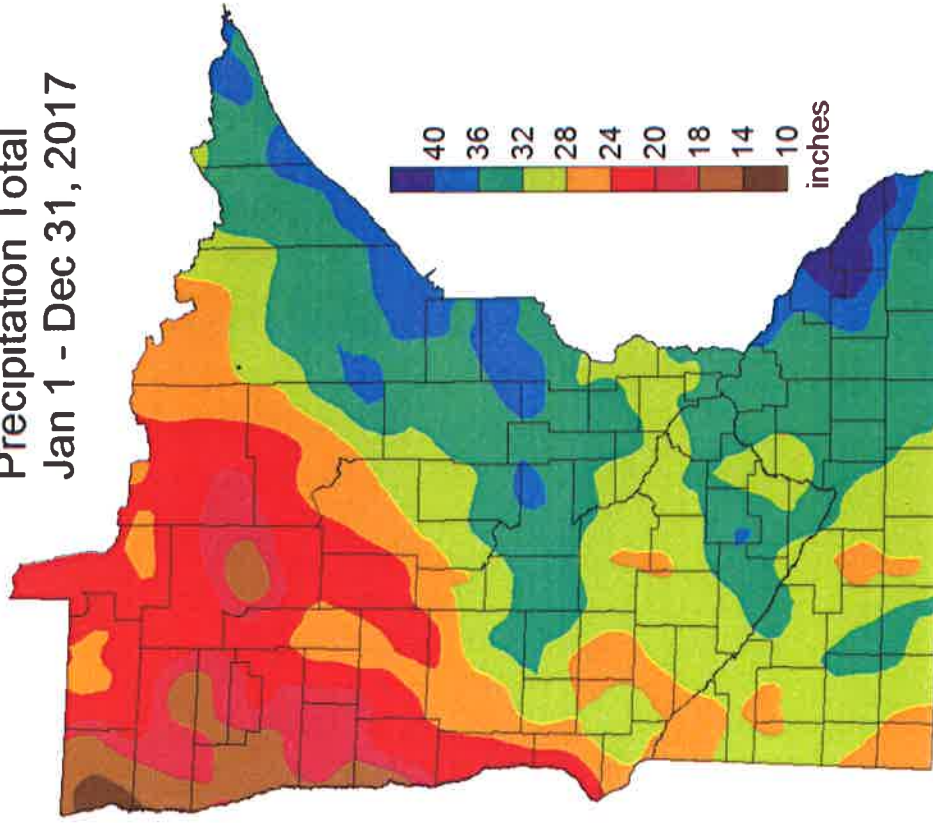
The year was characterized as having below average moisture in the western portion of the watershed district, and near normal in the eastern portion. Yearly average precipitation was between 4 and 12 inches below normal in western portions of the Two Rivers Watershed District and 0 to 2 inches above normal in eastern portions. The following maps, tables, and associated graphics show the rainfall, stream flows, and departures from normal.

| mon | year | Lk Bro | Hallock | Greenbush | Lancaster |
|-------|------|--------|---------|-----------|-----------|
| Jan | 2017 | 1.03 | .90 | 3.26 | 1.03 |
| Feb | 2017 | .53 | .46 | 2.07 | 0.59 |
| Mar | 2017 | .42 | T | 1.47 | 0.42 |
| Apr | 2017 | .96 | .69 | 1.17 | 0.83 |
| May | 2017 | 1.35 | .84 | 1.02 | 1.05 |
| Jun | 2017 | 3.15 | 2.34 | 6.16 | 2.24 |
| Jul | 2017 | .69 | 1.42 | 1.20 | 1.47 |
| Aug | 2017 | 1.05 | .84 | 0.82 | 0.62 |
| Sep | 2017 | 4.35 | 3.47 | 5.66 | 4.04 |
| Oct | 2017 | .79 | .29 | 0.88 | 0.23 |
| Nov | 2017 | .95 | .51 | 0.94 | 0.73 |
| Dec | 2017 | .97 | .46 | 2.77 | 0.70 |
| Total | | 16.24 | 12.22 | 27.42 | 13.95 |

Source - Minnesota Climatology Working Group: <http://climate.umn.edu/>

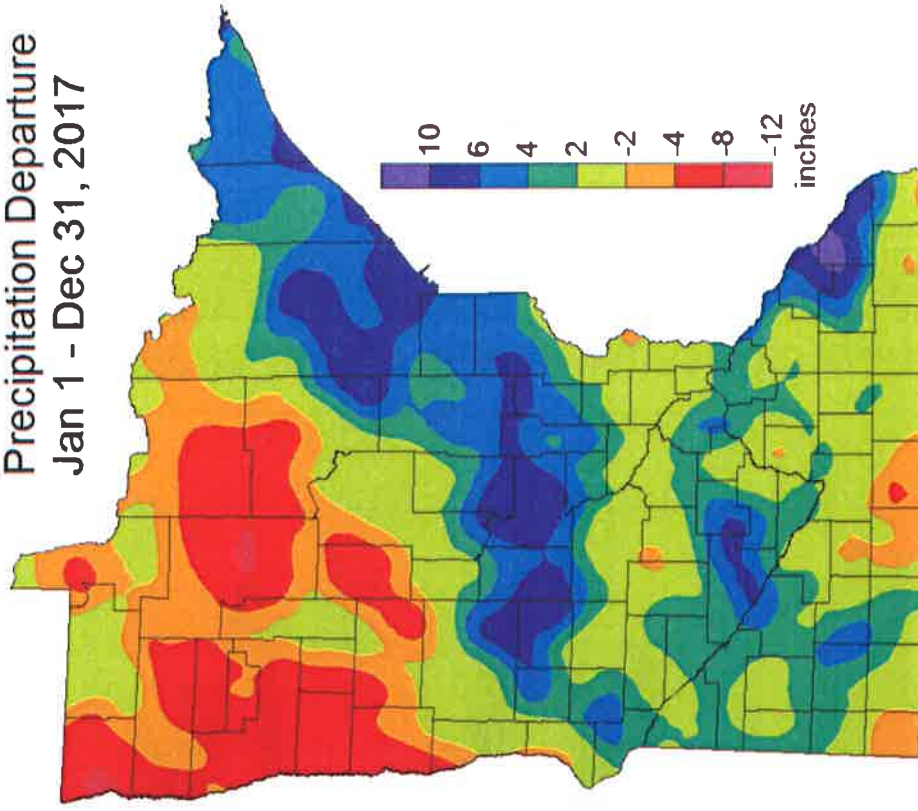


Precipitation Total
Jan 1 - Dec 31, 2017



DNR State Climatology Office, May 14, 2018

Precipitation Departure
Jan 1 - Dec 31, 2017

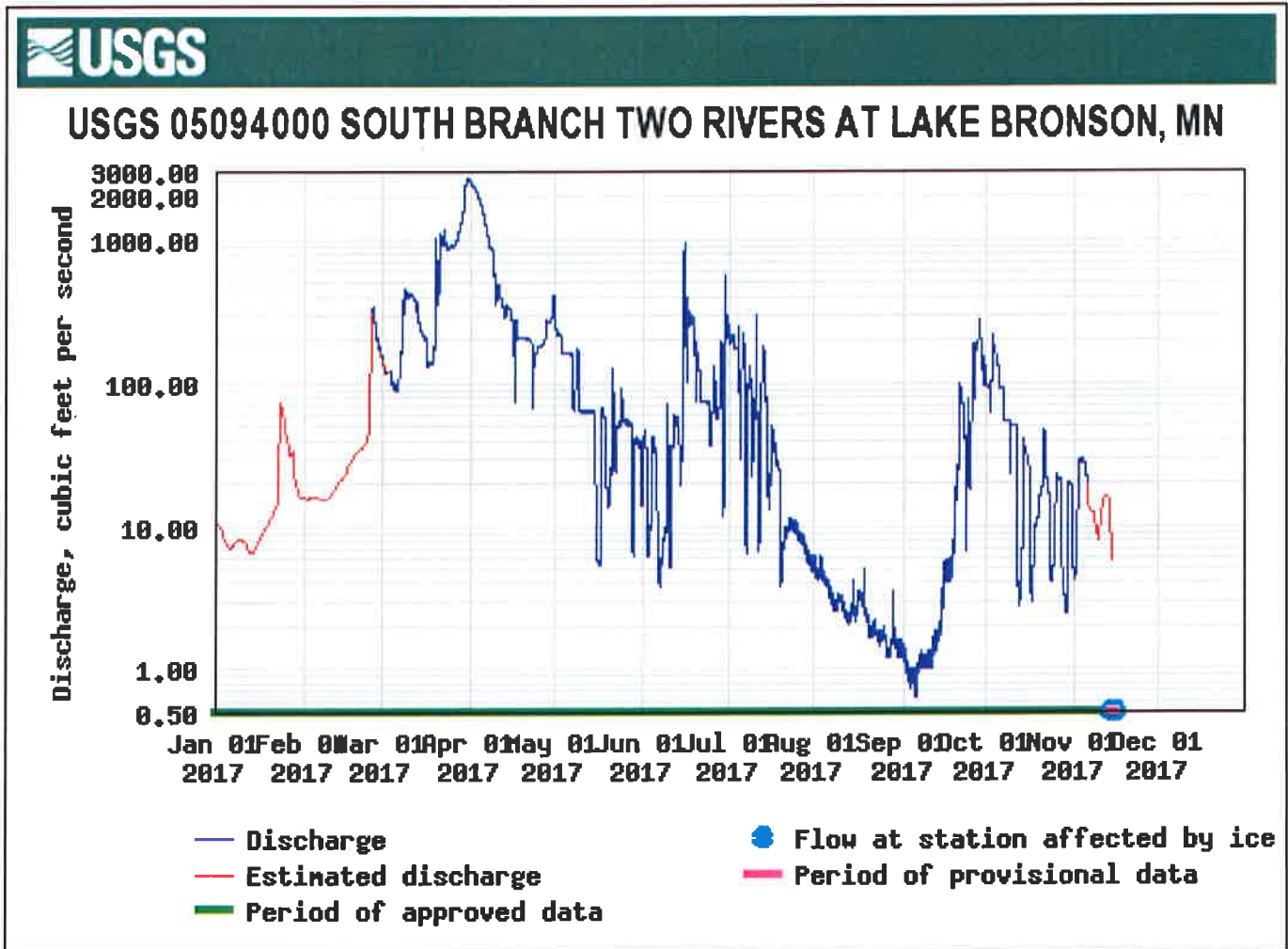


DNR State Climatology Office - May 14, 2018

Source - Minnesota Climatology Working Group: <http://climate.umn.edu/>

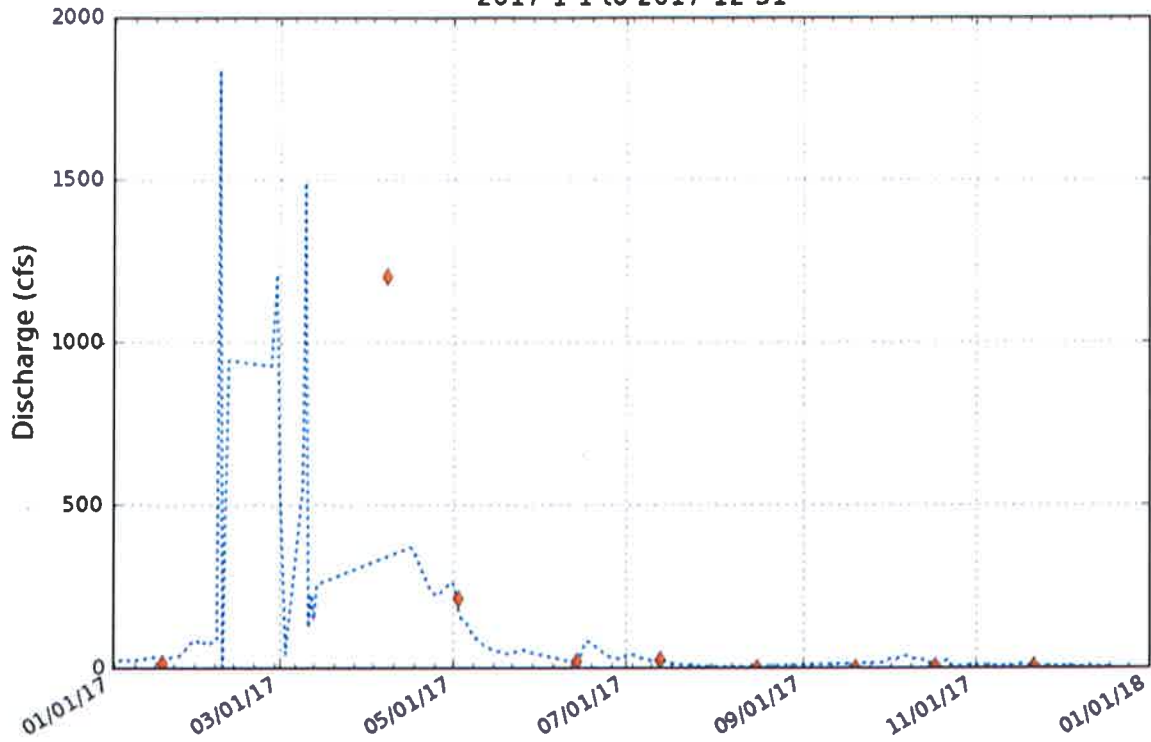
2017 STREAM FLOW

Stream flow and water levels throughout the year were varied by location. The following hydrographs depict streamflows within the Watershed District during 2017. Lack of rainfall led to very low flows after the spring runoff in most areas.



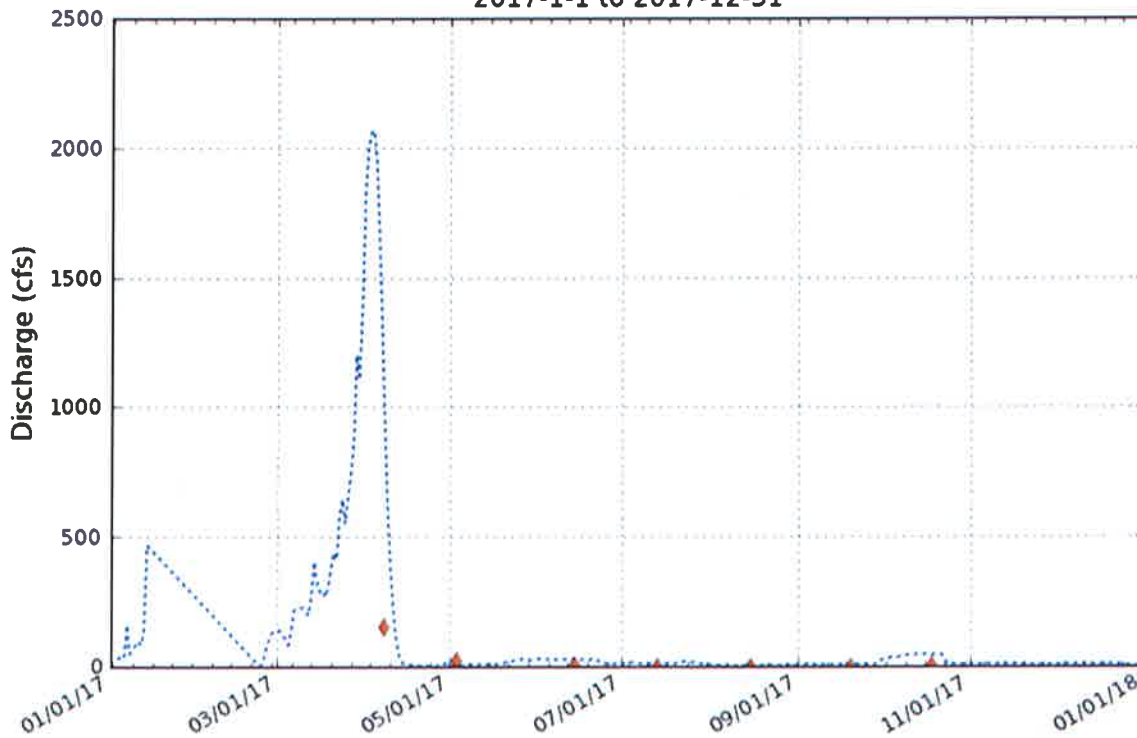
2017 Stream Flows in Cubic Feet Per Second for South Branch Two Rivers at the City of Lake Bronson
Source: US Geological Survey

North Branch Two Rivers nr Northcote, CR65 (70020002)
2017-1-1 to 2017-12-31



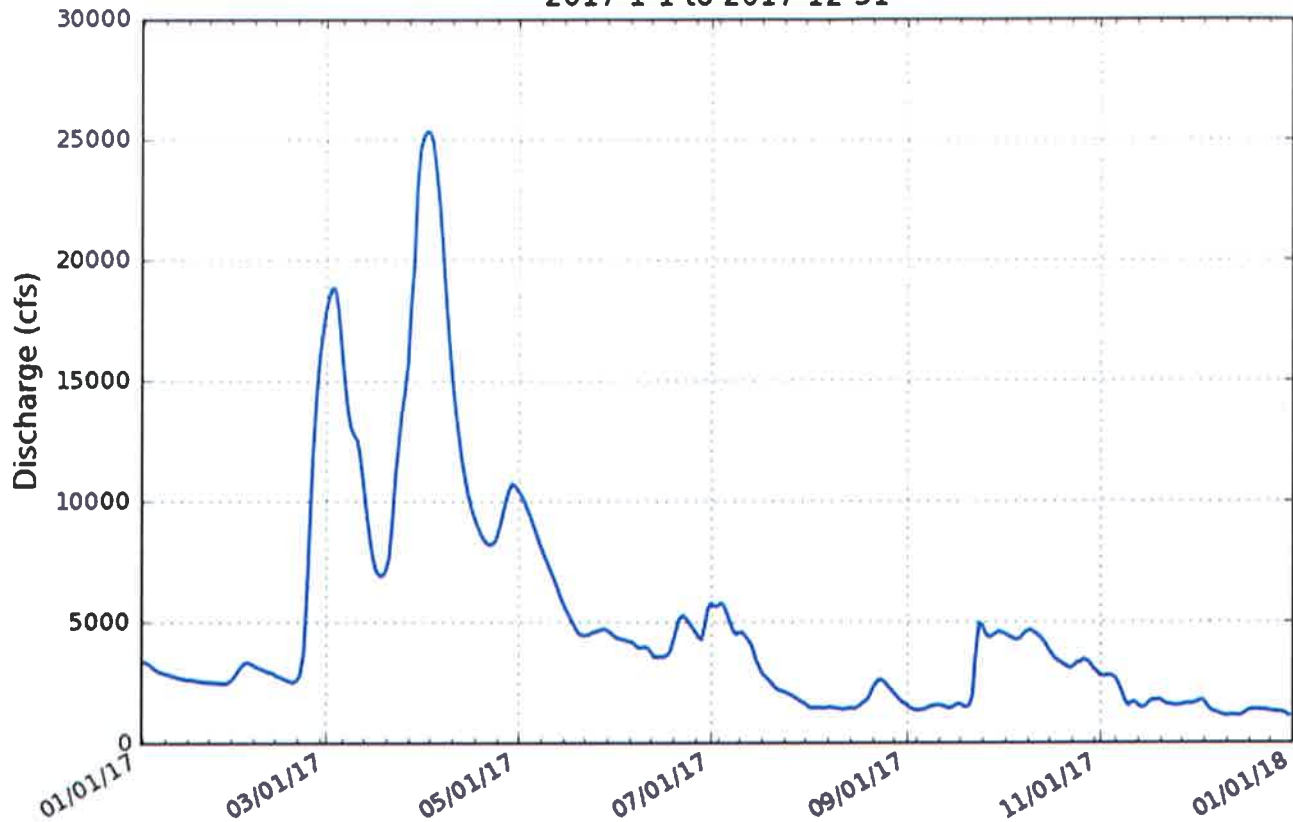
2017 Stream flow discharge for the North Branch Two Rivers at Kittson County Road #4, downstream of Northcote
Source: MN DNR http://www.dnr.state.mn.us/waters/csg/site_report.html?mode=get_site_report&site=70020002

Kittson CD27 nr Kennedy, CSAH1 (69014001)
2017-1-1 to 2017-12-31



2017 Stream flow discharge for the Unnamed Coulee at Kittson CSAH #1, Section 19, Skane Township, Kittson County, MN Source: MN DNR - http://www.dnr.state.mn.us/waters/csg/site_report.html?mode=get_site_report&site=69014001

Red River or the North at Drayton, ND (69030001)
2017-1-1 to 2017-12-31



2017 Stream flow discharge for the Red River at Drayton ND. Source: MN DNR

OBJECTIVES FOR 2018

PROJECT ACTIVITY

Inspection and maintenance will be done on all existing projects. Normal maintenance activities include mowing of right of way, removal of brush, spraying vegetation, beaver removal and other obstructions, and repair of any sloughing or erosion and damage to any structures.

Kittson County Ditch #21 Diversion Improvement - A project petition was received in 2016 to improve an existing ditch. Following ditch law, MN Statute 103E, an engineer was appointed, a public hearing was held, and viewers were appointed. Bids were let in the fall of 2017 and the project will be constructed in 2018.

IMPOUNDMENTS

Klondike Clean Water Retention Project #11 – The District in 2018 will be working on a federal environmental analysis through the PL 566 program, drawing

detailed engineering plans, permitting and environmental concerns, and funding issues. Tentatively it is hoped that this phase will be completed in one year and phase one construction could be undertaken in 2 to 3 years.

Polonia Clean Water Retention Project #12 (Quick) – The ‘Quick’ project will continue to be jointly developed with the Natural Resources Conservation Service. This is a wetland restoration and flood control project on over 1,500 acres located in Polonia Township, Roseau County. The purpose of the project is to restore wetlands, habitat, and provide flood control. Plans and specifications for the site will be developed, permits will be applied for, and construction will hopefully be underway in 2018 and completed by early 2019.

PROGRAM ACTIVITY

Stream Flow Monitoring: Stream flow and velocities will continue to be monitored and recorded for selected sites on the rivers, coulees, and ditches. 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 Lower Red WRAPS and the Two Rivers WRAPS will continue until the EPA approves the TMDL reports. Once that is done, strategies will be developed and funding sought to address the water quality impairments.

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.

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.

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.

Education: The District will continue to support and participate in activities for students, specifically the Envirothon and River Watch. These are outdoor, hands on, real world water quality and environmental experiences for high school students.

ADMINISTRATIVE ACTIVITIES

The District will continue to employ a full time District Administrator, who will be responsible to keep the meeting minutes, financial reports, ditch inspection reports, 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, and will represent the District at local, regional and state meetings with government agencies, legislators, and the public.

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

DITCHES

All District ditches will be inspected in 2018. State Ditch #49, the Dewey #5 Improvement, and the Kennedy #6 project 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.

BUDGET

The District held a budget hearing in September 2017 to review, adopt, and approve an administrative budget for 2018. The approved budget is listed below. The TRWD levied taxes in the amount of \$250,000 for payable 2017, and levied \$240,000 for payable 2018. In addition, the TRWD is a member of the Red River Watershed Management Board. The RRWMB also sets an annual levy, and for 2018 their tax levy for the area within the Two

| Administrative Budget | 2018 Adopted |
|---------------------------------|-------------------------|
| Administrative | 91,242 |
| Auto Expense | 3,000 |
| Capital Outlay | 5,000 |
| Conferences & Meetings | 12,000 |
| Dues & Subscriptions | 4,000 |
| Engineering | 15,000 |
| Information & Education | 3,000 |
| Insurance | 4,500 |
| Manager's Per Diem & Expense | 16,000 |
| Office Supplies & Miscellaneous | 2,000 |
| Payroll Expense | 34,000 |
| Postage & Delivery | 1,000 |
| Printing & Advertising | 1,000 |
| Professional & Legal | 20,000 |
| Rent | 11,500 |
| Stream Gage | 3,000 |
| Telephone | 1,400 |
| Water Quality | 1,000 |
| | |
| Totals | 228,642 |

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 Brady Martz & Associates, P.C. This audit covers the period of January 1, 2017 to December 31, 2017. A complete version of the audit is available upon request.



TWO RIVERS WATERSHED DISTRICT
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

| | General | Capital Project Fund | Total |
|------------------------------------|-----------------------|----------------------------|-----------------------|
| ASSETS | | | |
| Cash and investments | \$ <u>305,020</u> | \$ <u>438,925</u> | \$ <u>743,945</u> |
| CASH FUND BALANCE | | | |
| Restricted | \$ - | \$ 438,925 | \$ 438,925 |
| Unassigned | <u>305,020</u> | <u>-</u> | <u>305,020</u> |
| TOTAL CASH FUND BALANCE | <u>\$ 305,020</u> | <u>\$ 438,925</u> | <u>\$ 743,945</u> |

See Notes to the Financial Statements

TWO RIVERS WATERSHED DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>General</u> | <u>Capital Projects Fund</u> | <u>Total</u> |
|--|-------------------|--------------------------------------|-------------------|
| RECEIPTS | | | |
| Taxes | \$ 242,132 | \$ 238,511 | \$ 480,643 |
| Special assessments | - | 189,146 | 189,146 |
| Intergovernmental: | | | |
| State | 9,370 | 20,398 | 29,768 |
| Federal | - | 110,281 | 110,281 |
| Rents | - | 112,133 | 112,133 |
| Interest | 3,394 | - | 3,394 |
| Other | 4,135 | 18,837 | 22,972 |
| TOTAL RECEIPTS | <u>259,031</u> | <u>689,306</u> | <u>948,337</u> |
| DISBURSEMENTS | | | |
| General and administrative | 217,515 | 3,930 | 221,445 |
| Maintenance projects | - | 93,530 | 93,530 |
| Flood control projects | - | 290,614 | 290,614 |
| Drainage projects | - | 97,556 | 97,556 |
| TOTAL DISBURSEMENTS | <u>217,515</u> | <u>485,630</u> | <u>703,145</u> |
| Excess Revenue and Other Sources Over (Under) Expenditures and Other Uses | 41,516 | 203,676 | 245,192 |
| Fund Balance - January 1 | <u>263,504</u> | <u>235,249</u> | <u>498,753</u> |
| Fund Balance - December 31 | <u>\$ 305,020</u> | <u>\$ 438,925</u> | <u>\$ 743,945</u> |

See Notes to the Financial Statements

TWO RIVERS WATERSHED DISTRICT
BUDGETARY COMPARISON SCHEDULE – CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Budget Amounts | | Actual | Final Budget |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | Original | Final | Amounts | to Actual |
| | | | Variance | |
| RECEIPTS | | | | |
| Property taxes: | | | | |
| Roseau County | \$ 48,129 | \$ 48,129 | \$ 45,380 | \$ (2,749) |
| Kittson County | 194,445 | 194,445 | 189,267 | (5,178) |
| Marshall County | 7,426 | 7,426 | 7,485 | 59 |
| Total property taxes | <u>250,000</u> | <u>250,000</u> | <u>242,132</u> | <u>(7,868)</u> |
| Intergovernmental: | | | | |
| State: | | | | |
| MV and other credits | - | - | 9,370 | 9,370 |
| Total Intergovernmental | - | - | 9,370 | 9,370 |
| Other: | | | | |
| Interest | - | - | 3,394 | 3,394 |
| Other | - | - | 4,135 | 4,135 |
| Total Other | - | - | 7,529 | 7,529 |
| TOTAL RECEIPTS | <u>250,000</u> | <u>250,000</u> | <u>259,031</u> | <u>9,031</u> |
| DISBURSEMENTS | | | | |
| Administrative: | | | | |
| Salaries and benefits | 129,910 | 129,910 | 122,083 | 7,827 |
| Conference and meetings | 12,000 | 12,000 | 13,342 | (1,342) |
| Manager's per diem and expenses | 16,000 | 16,000 | 17,250 | (1,250) |
| Dues and subscriptions | 2,500 | 2,500 | 2,308 | 192 |
| Information and education | 1,500 | 1,500 | 2,649 | (1,149) |
| Engineering | 15,000 | 15,000 | 15,015 | (15) |
| Legal and accounting | 15,000 | 15,000 | 17,661 | (2,661) |
| Rent | 11,500 | 11,500 | 11,474 | 26 |
| Insurance | 4,500 | 4,500 | 4,635 | (135) |
| Telephone | 1,400 | 1,400 | 1,258 | 142 |
| Office supplies and miscellaneous | 2,000 | 2,000 | 3,250 | (1,250) |
| Postage and delivery | 1,000 | 1,000 | 462 | 538 |
| Printing and advertising | 1,000 | 1,000 | 287 | 713 |
| Vehicle expense | 3,000 | 3,000 | 2,914 | 86 |
| Capital outlay and projects | 5,000 | 5,000 | 514 | 4,486 |
| Total Administrative | <u>221,310</u> | <u>221,310</u> | <u>215,102</u> | <u>6,208</u> |

TWO RIVERS WATERSHED DISTRICT
BUDGETARY COMPARISON SCHEDULE – CASH BASIS
GENERAL FUND – CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>Budget Amounts</u> | | Actual | Final Budget to Actual |
|--|-----------------------|-------------------|-------------------|---------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Variance</u> |
| Projects: | | | | |
| Stream gauging | \$ 3,000 | \$ 3,000 | \$ 2,163 | \$ 837 |
| Water quality | <u>3,000</u> | <u>3,000</u> | <u>-</u> | <u>3,000</u> |
| Total Projects | <u>6,000</u> | <u>6,000</u> | <u>2,413</u> | <u>3,587</u> |
| | | | | |
| TOTAL DISBURSEMENTS | <u>227,310</u> | <u>227,310</u> | <u>217,515</u> | <u>9,795</u> |
| | | | | |
| Excess Revenue and Other Sources Over (Under) Expenditures and Other Uses | 22,690 | 22,690 | 41,516 | 18,826 |
| | | | | |
| Fund Balance, January 1 | <u>263,504</u> | <u>263,504</u> | <u>263,504</u> | <u>-</u> |
| | | | | |
| Fund Balance, December 31 | <u>\$ 286,194</u> | <u>\$ 286,194</u> | <u>\$ 305,020</u> | <u>\$ 18,826</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, 2017.

**TWO RIVERS WATERSHED DISTRICT
SCHEDULE OF FUND BALANCES BY PROJECT – CASH BASIS
DECEMBER 31, 2017**

| | Receipts and Other Sources | | | | Disbursements | | | Fund | | |
|-----------------------------------|----------------------------|-------------------------------------|--------------|----------------------------------|-------------------|----------------|----------------|----------------|----------------|-------------------------------|
| | Balance 1/1/2017 | Taxes and Special Assessments | MV Credit | Capital & Operating Grants | Other Receipts | Total | Administrative | Direct | Total | Fund Balance 12/31/2017 |
| GENERAL FUND: | | | | | | | | | | |
| Administrative | \$ 263,504 | \$ 242,132 | \$ 9,370 | \$ - | \$ 7,529 | \$ 259,031 | \$ 215,102 | \$ 2,413 | \$ 217,515 | \$ 305,020 |
| CAPITAL PROJECTS FUND: | | | | | | | | | | |
| Administrative Construction | 2,206,358 | 238,512 | 9,217 | - | 18,837 | 266,566 | - | 2,236 | 2,236 | 2,470,688 |
| Project Development | (5,109) | - | - | - | - | - | - | - | - | (5,109) |
| Buffer Law Enforcement | - | - | - | 11,181 | - | 11,181 | 1,354 | 340 | 1,694 | 9,487 |
| Maintenance: | | | | | | | | | | |
| Middle Branch | 27,105 | 9,751 | - | - | - | 9,751 | 5,600 | - | 5,600 | 31,256 |
| North Branch | 12,354 | 10,147 | - | - | - | 10,147 | 5,200 | 683 | 5,883 | 16,618 |
| Nereson | (1,000) | - | - | - | - | - | - | - | - | (1,000) |
| Ross | 35,477 | - | - | - | 15,109 | 15,109 | 5,243 | 17,398 | 22,641 | 27,945 |
| TRWDRPP TMDL | 1,321 | - | - | - | - | - | 640 | 8,176 | 8,816 | (7,495) |
| LRRWRPP | (6,895) | - | - | - | - | - | - | - | - | (6,895) |
| KCWRP | 76,074 | - | - | - | 97,024 | 97,024 | - | 50,590 | 50,590 | 122,508 |
| Flood Control: | | | | | | | | | | |
| Nereson | (720) | - | - | - | - | - | 1,240 | - | 1,240 | (1,960) |
| Ross #7 Impoundment | (1,476) | - | - | - | - | - | - | - | - | (1,476) |
| Polonia | (10,898) | - | - | - | - | - | - | 11,377 | 11,377 | (22,275) |
| Kennedy #6 | (78,102) | 9,052 | - | - | - | 9,052 | 1,080 | 4,765 | 5,845 | (74,895) |
| Springbrook | (248,019) | 43,007 | - | - | - | 43,007 | 960 | 7,378 | 8,338 | (213,350) |
| Springbrook PL 566 | (38,725) | - | - | - | - | - | - | - | - | (38,725) |
| Polonia-Quick | (298,814) | - | - | - | - | - | - | - | - | (298,814) |
| Quick | (63,138) | - | - | - | - | - | - | - | - | (63,138) |
| Klondike | (8,803) | - | - | - | - | - | - | - | - | (8,803) |
| Project Devel KCPRP 11 | (1,410,401) | - | - | - | - | - | - | 133,035 | 133,035 | (1,543,436) |
| KCWRP 11 | (23,292) | - | - | 110,281 | - | 110,281 | 27,600 | 102,429 | 130,029 | (43,040) |
| KCWRP 11 - Other | - | - | - | - | - | - | - | 750 | 750 | (750) |
| Drainage: | | | | | | | | | | |
| Roseau County Ditch #4 | (5,871) | 16,300 | - | - | - | 16,300 | - | - | - | 10,429 |
| Kittison County Ditch #10 | 17,685 | 3,837 | - | - | - | 3,837 | 5,220 | 2,675 | 7,895 | 13,627 |
| Dewey #5 | 3,281 | 10,742 | - | - | - | 10,742 | - | - | - | 14,023 |
| Judicial Ditch #3 | 25,964 | 7,022 | - | - | - | 7,022 | 260 | - | 260 | 32,726 |
| State Ditch #85 Improvement | 21,866 | 5,001 | - | - | - | 5,001 | 280 | 438 | 718 | 26,149 |
| Dewey #5 Improvement | (4,782) | - | - | - | - | - | - | - | - | (4,782) |
| Soler #4 | 14,921 | 4,806 | - | - | - | 4,806 | 520 | - | 520 | 19,207 |
| Judicial Ditch #10 | (25,873) | 40,857 | - | - | - | 40,857 | (4,400) | 14,135 | 9,735 | 5,249 |
| State Ditch #49 | 15,230 | 10,107 | - | - | - | 10,107 | 80 | 875 | 955 | 24,382 |
| (10,000) | (10,000) | - | - | - | - | - | - | - | - | (10,000) |
| Drainage water manage grant | (880) | - | - | - | - | - | - | - | - | (880) |
| Redetermination Kittison CD #7 | 27,606 | 18,516 | - | - | - | 18,516 | 1,260 | 35,861 | 37,121 | 9,001 |
| Kittison County Ditch #7 | (7,195) | - | - | - | - | - | 2,720 | 37,632 | 40,352 | (47,547) |
| Total Capital Project Fund | 235,249 | 427,657 | 9,217 | 121,462 | 130,970 | 689,306 | 54,857 | 430,773 | 485,630 | 438,925 |

TWO RIVERS WATERSHED DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENT AND CHANGES
IN AMOUNT DUE TO (FROM) OTHER GOVERNMENTS –
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

RECEIPTS

Taxes

Kittson County

\$ 186,178

Marshall County

7,368

Roseau County

44,966

Intergovernmental:

MV credits

9,217

TOTAL RECEIPTS

247,729

DISBURSEMENTS

Payments to RRWMB

261,368

Receipts Over (Under) Disbursements

(13,639)

Due to (from) Other Government - January 1

37,085

Payments to Two Watershed District for Previous Years Overcollections

(18,837)

Due to (from) Other Government - December 31

\$ 4,609