

TWO RIVERS WATERSHED DISTRICT

IN ROSEAU, KITTSON, & MARSHALL COUNTIES



2011 ANNUAL REPORT

**410 South 5th 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 2011 Annual Report. It contains information about the District's projects, programs, and initiatives through the year.

2011 was another year that presented challenges and issues with regard to water management. The year was characterized as very wet in the first half, and then becoming very dry in the second half of the year. Data provided within this report shows that May through July were wetter than normal, but then August through December were drier than normal.

Projects and ditch systems under the District's jurisdiction were once again tested and utilized to handle the flows that surged through the various watercourses and drainage systems within the District. The Nereson impoundment, Ross impoundment, and Horseshoe Lake impoundment were all utilized to reduce downstream flows.

The District was able to focus on maintenance of ditch systems in 2011. Several of the ditches under the District's management were restored to their original grade and cross section, allowing for agricultural drainage. Some of these systems included Soler 4, Judicial Ditch 3, Judicial Ditch 10, and Kittson County Ditch 7. Several other systems were surveyed to determine the amounts of accumulated sediment.

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 2012 regarding projects, programs, and initiatives. A joint effort between the Middle-Snake-Tamarac Watershed District, the Joe River Watershed District, and the Two Rivers Watershed District will be undertaken to look at "TMDL's" and evaluate the water quality status of several sub-watersheds within the three Districts. 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.

2011 LIST OF MANAGERS

Roger Anderson, President

1561 110th Street

Drayton, ND 58225

(218) 455-6269

Term Expires: October, 2012

Jon Vold, Vice President

2418 310th 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 Resigned June 2011

2077 360th Ave

Lake Bronson, MN 56734

(218) 754-2693

Term Expires: October 2013

Richard Novacek

14225 260th St

Greenbush, MN 56726

(218) 782-2749

Term Expires: October, 2012

Paul Olsonawski

3762 285th Ave

Lancaster, MN 56735

(218) 762-1911

Appointed August, 2011

Term Expires: October 2013 - **Replaces**

Mike Ratzlaff

Darrel Johnson

2224 190th Ave

Hallock, MN 56728

(218) 843-2496

Term Expires: October, 2011

O'Neil Larson

4207 180th St

Halma, MN 56729

(218) 265-2613

Term Expires: October 2013

Office Staff

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

Matt Thompson
District 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: 8:00 am – 4:30 pm, M-F

Phone (218) 843-3333
Cellular (218) 689-2023

Fax (218) 843-2020
Internet: www.rrwmb.org/html/watersheds.cfm?ID=7

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 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 2012 was performed by Widseth, Smith, & Nolting – Crookston, Minnesota. 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 as required by law 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 2011 are listed below.

Citizen's Advisory Committee

Name	Location	Representing		Name	Location	Representing
Keith Cummins	Karlstad	Rural		Luke Novacek	Greenbush	Rural
Sue Dufalt	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		Todd Truedson	Kennedy	City
Holly Anderson	Kittson Co.	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
Mayor	Greenbush	City		Mayor	Badger	City

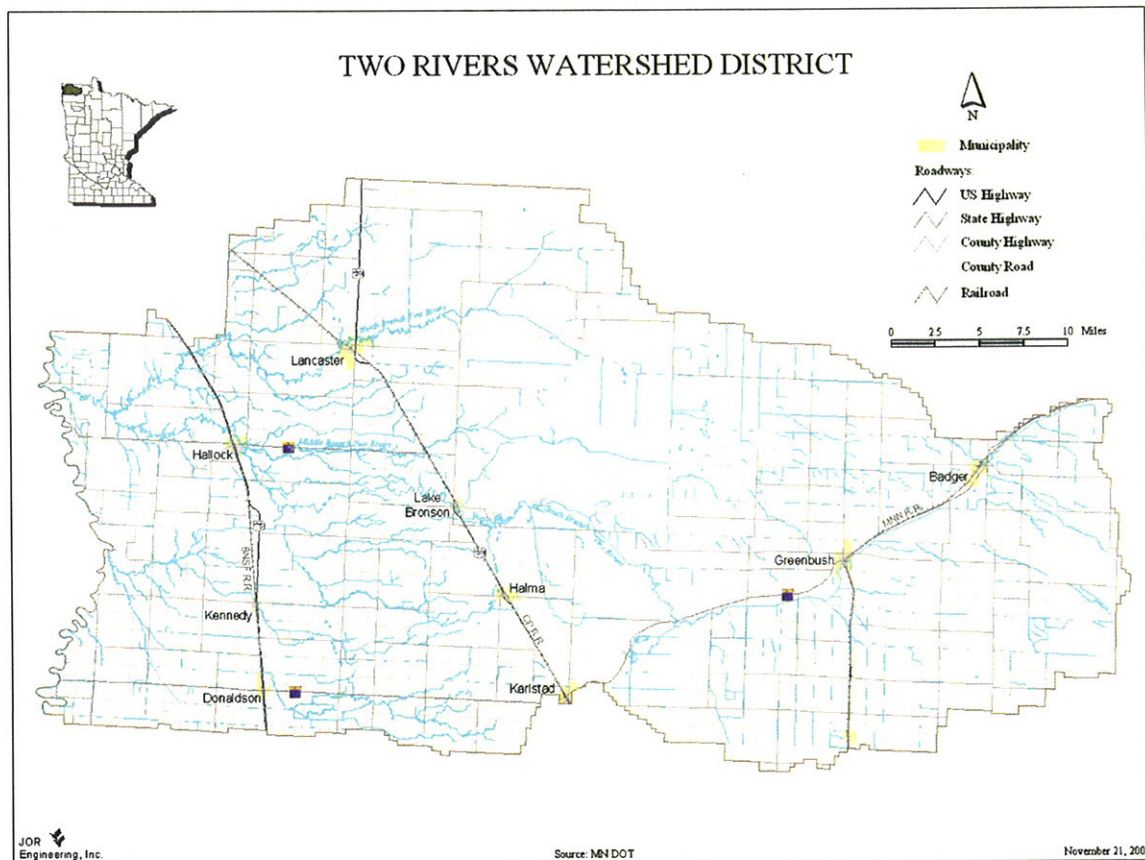
Technical Advisory Committee

Name	Location	Representing		Name	Location	Representing
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 Svc		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	Widseth, Smith, & Nolting
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.



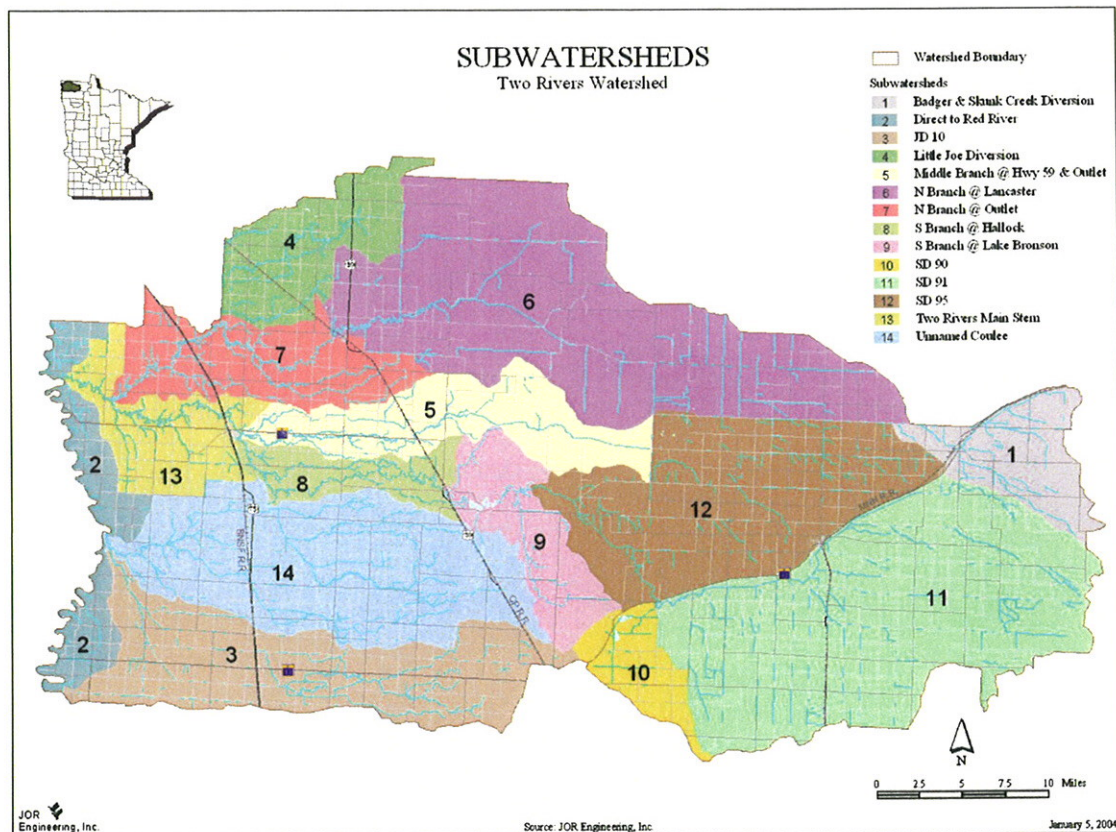
The Two Rivers actually consists of three branches – the North, Middle and South Branch. The South Branch arises southeast of Badger, Minnesota and flows in a westerly direction along the south side of Badger and through the cities of Greenbush, Lake Bronson, and Hallock. The Middle Branch drainage area 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.

<i>Project Name</i>	<i>Description</i>	<i>Location</i>	<i>Established</i>	<i>Status</i>
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
Springbrook PL566 Project #10	Set back dikes and Side water inlets along existing waterway	Springbrook Township sections 22,23,28,29,30; Davis Township sections 25,36	2011 - 2012	In design stage, construction to begin 2012

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
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PROJECTS NOT CONSTRUCTED

Stokes #3	Offlake 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
Klondike 1	Impoundment	Klondike Twp sect 27	Tabled 1991	USCOE litigation / EIS
Klondike 2	Impoundment	Klondike Twp sect 1-2-11-12	Tabled 1991	USCOE litigation / EIS
Quick	Impoundment	Polonia Twp sect 30	Tabled 1991	USCOE litigation / EIS
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, adequate outlet

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.

The recommendation of this project team was that impoundments should be investigated in the upstream areas of Badger Creek. A secondary recommendation was that if a satisfactory upstream impoundment could not be located, then a location at a downstream area should be investigated. It was noted that around 6,000 to 8,000 acre feet should be the target for storing water for the Badger Creek area. The Board of Managers is currently looking for a suitable site for this project.

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.

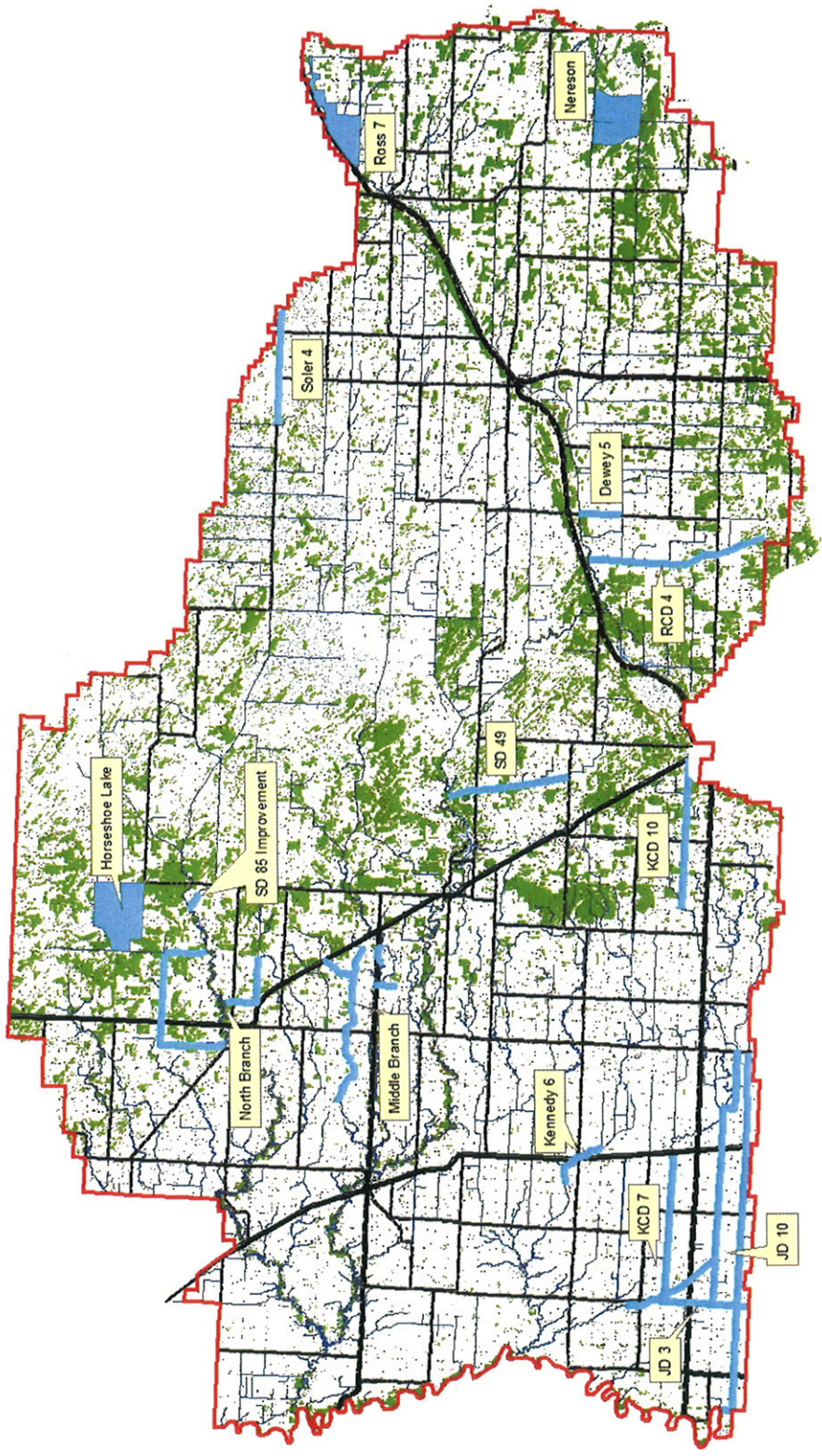
The table below lists both the ditch systems and the projects that the District administers.

Ditches	Length (Miles)	Township(s)	Fund Balance 12-31-11	2012 Levy
State Ditch #49	5.25	Norway; Kittson Co	\$ 15,604	\$ 2,000
State Ditch #85 Improvement	0.75	Poppleton; Kittson Co	\$ 14	\$ 6,000
Judicial Ditch #3	5.5	Teien; Kittson	\$ (30,163)	\$ 4,000
Judicial Ditch #10	31	Davis, Svea, Teien, Kittson County	\$ (59,713)	\$ 25,500
Kittson CD #7	6.5	Svea; Kittson Co	\$ (17,997)	\$ 5,000
Kittson CD #10	7.0	Deerwood; Kittson Co	\$ (4,274)	\$ 3,000
Roseau CD #4	7.5	Lind, Dewey; Roseau Co	\$ 6,396	\$ 5,000
Springbrook / PL566	9 mile	Springbrook Township, Kittson Co	Petition Project In Progress	Not Applicable
Projects				
Middle Branch	9.6	Hazelton, Thompson; Kittson Co.	\$ 9,996	\$ 2,000
North Branch	11.1	Granville, Hampden; Kittson Co.	\$ 16,684	\$ 5,000
Soler 4	5.0	Soler; Roseau County	\$ 25,115	\$ 0
Dewey 5	1.8	Dewey; Roseau County	\$ 1,931	drainage lien
Kennedy 6	1.5	Tegner, Skane; Kittson Co.	\$ (118,482)	drainage lien

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
Ditch Systems and Flood Control Projects

2011 DISTRICT ACTIVITIES

BOARD MEETINGS

Twelve regular monthly board meetings were held during the course of 2011, each on the first Wednesday of each month. The Annual Meeting was held on January 5, 2011. Two special meeting of the Board was held during the year.

NON-DISTRICT MEETINGS

The District Managers and District staff attended several non-District meetings during the course of 2011 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 2011.

Excerpts From 2011 District Newsletter

Olsonawski Replaces Ratzlaff on TRWD Board of Managers

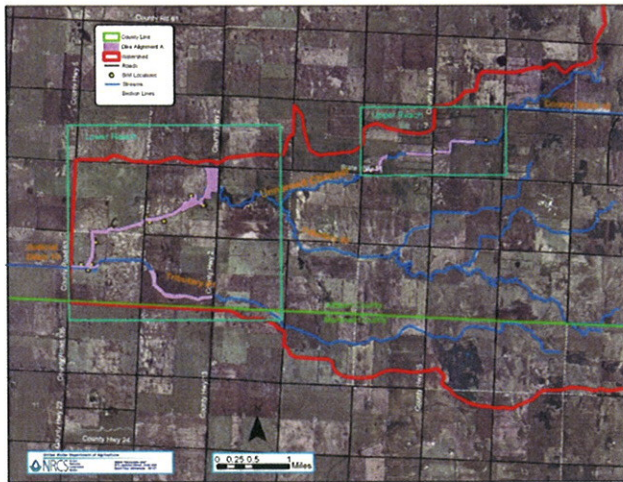
Paul Olsonawski of rural Lancaster, Minnesota was appointed by the Kittson County Commission to the Two Rivers Watershed District Board of Managers. He will fill the opening created by the resignation of Mike Ratzlaff of rural Lake Bronson. Olsonawski's term began in July 2011 and will end in October 2013. With Paul's appointment, the Board now consists of President Roger Anderson, Vice President Jon Vold, Secretary Jim Kukowski, Treasurer O'Neil Larson, Dick Novacek, Darrel Johnson, and Olsonawski.

Olsonawski has a family farming operation located in the far north-central part of Kittson County, consisting of small grains and cattle. He is a life-long resident of Kittson County. The Two Rivers Watershed District welcomes him to

the Board of Managers and looks forward his input on the Board and to working with him on water management issues!

Springbrook PL-566 Project #10 Moving Forward

The Two Rivers Watershed District's latest flood control project is moving forward with the planning and design phase. The "Springbrook PL 566 Project #10" is being designed by the USDA Natural Resources Conservation Service, and consists several project components including the construction of setback levees along approximately 9 miles of an existing natural watercourse, installation of side water inlets for local drainage, establishment of grass buffers, and streambank protection. The project is designed to prevent local flooding for up to what is known as the 10 year flood event. The project is located in Springbrook and Davis Townships in Kittson



County, about ½ way between the Cities of Karlstad and Donaldson.

This making Severe and 1993, and

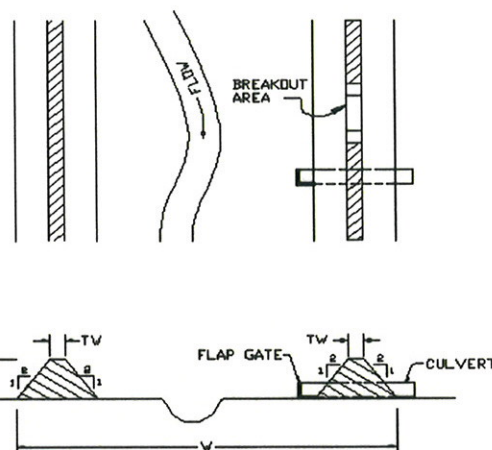
1993, 2002,

very large and is fed known as The water substantial coulee does able to

consequently the water overtops the coulee banks at several locations and flows overland through ag fields. In addition, the floodwaters overtop several roadways, causing damages to public infrastructure.

This project when complete will be a cooperative effort between Federal, State, and Local governments and private landowners to create a project that will solve the primary goal of directly reducing flood damages to ag land and public infrastructure. In addition, the project will improve water quality and habitat by reducing sediment that enters the coulee, planting grass filter strips, protecting streambanks from erosion, and providing systematic ag drainage.

The project timeline is to complete the plans and specifications in 2011, apply for and secure permit approval during the winter of 2012, let bids for the



project has been in the dating back to 1998. repeated flooding began in Federal disaster declarations were made in 1996, 1997, 1999, 2000, 2006, 2009, 2011. The Springbrook Coulee has a upstream drainage area, by a legal drainage ditch Kittson County Ditch #10. that comes to the Coulee is enough that the existing not have the capacity to be carry the water, and

project in the spring of 2012, and begin construction in summer 2012. It is anticipated that construction can be substantially completed by the end of 2012, however depending on weather and logistics, may take until 2013.

2011 Projects Wrap-Up!

The 2011 construction season has officially come to a close, and the Two Rivers Watershed District can report excellent progress on several ditch maintenance projects. The District is the "ditch authority" for 61.7 miles of legal ditch under the Ditch Law – MN Statute 103E, and for another 30.2 miles of legal ditch under the Watershed Law – MN Statute 103D. As the ditch authority, the District is charged with inspecting, maintaining, and repairing any damages to these systems. Each year every mile of ditch is visually inspected for obstructions like beaver dams, sediment plugs, cattail, and brush. In addition, all ditches are on a rotating schedule to be surveyed at a minimum of once every 5 years. The inspections and surveys are used to prepare a maintenance plan for each ditch and to implement cleaning, spraying, or other activities. Below is a listing of the work completed in 2011:

- Kittson County Ditch #7: A survey of 6.2 miles revealed that about 4 miles was filled in with sediment. Laudal Construction was hired to clean out the 4 miles of ditch, and this work was completed in August. In addition, the benefitted area of the ditch was re-determined as dictated under Minnesota Statutes.
- Kittson County Ditch #10: A survey of 6.5 miles was completed, and this showed that about 1 to 1.5 miles of ditch needs to be cleaned. This work will be completed in 2012.
- Judicial Ditch #3: A survey was completed on 5.3 miles, and most of the ditch was cleaned of sediment. The work was completed by D.R. Blawat Construction.
- Judicial Ditch #10, Branch B: A survey completed in 2010 revealed that most of the ditch has excess sediment. Due to a lack of funding in the ditch fund, the Board of Managers made the determination to complete at least 3 miles per year until the ditch is finished. Therefore, 3.5 miles was done in 2010, and another 3 miles was done this year, working from the outlet to the upstream end. This will continue for the next few years until completed.
- Roseau County Ditch #4: 7.8 miles of ditch was surveyed this past summer, and the survey shows that a cleanout is needed. This work will be done during 2012.
- Soler 4: 5 miles of ditch were surveyed and about 1 to 2 miles will be cleaned in 2012.

Other:

- One ring dike was designed, bid, and constructed in 2011 for a private landowner under the federal EQIP program.
- Numerous beaver dams were removed from several ditch systems, and a beaver bounty was paid to individuals who were contacted to remove problem beavers.

74 permit applications were reviewed by the District for various works of improvement. A permit is required by the District for ditching, diking, culvert installation or alteration, water appropriation, tile drainage, road building, and any other project which may affect the quantity or quality of water resources.

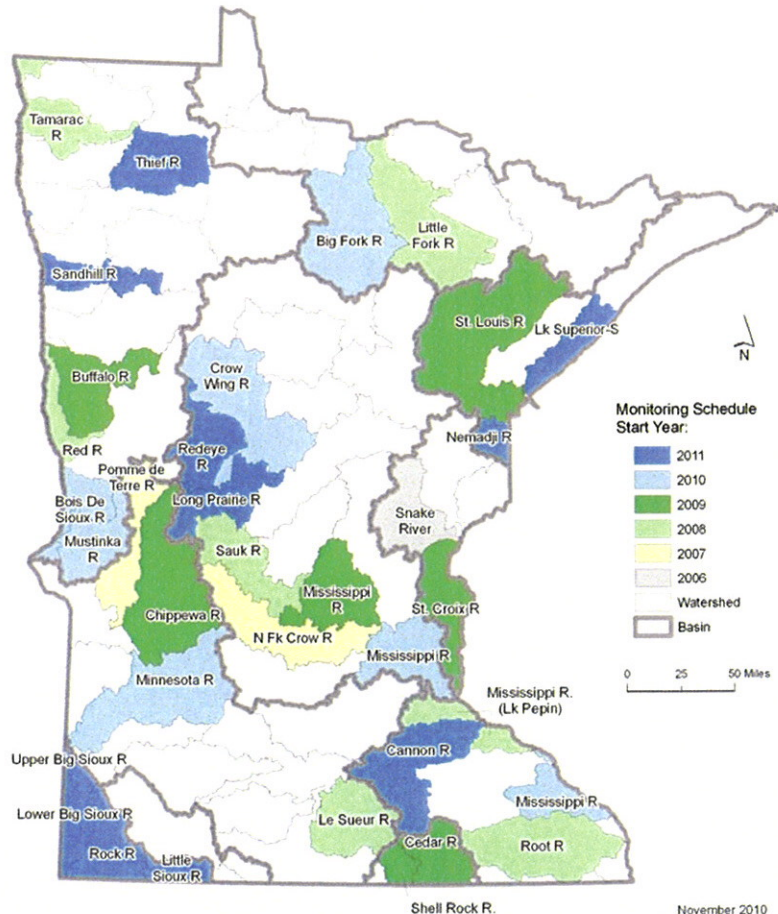
The TMDL's Are Coming!

The Two Rivers Watershed District has been approached by the Minnesota Pollution Control Agency to begin a watershed study on an unnamed coulee within the TRWD, to be combined with studies on the Joe River (JRWD) and the Tamarac River (MSTWD). These areas are the two shown in light green, located in extreme northwest part of the state, and labeled "Tamarac R" on the map below.

This is a part of the State's impaired waters process, and the MPCA proposes that a 4 year study period be led by the local agencies. They anticipate awarding a grant to the local agencies to the work of implementation of this planning and data collection process. The District will be working with the Joe River Watershed District, Middle Snake Tamarac River Watershed District, and Kittson and Marshall County Soil & Water Conservation District's and Comprehensive Local Water Planner's on the project.

The MPCA has suggested that a watershed approach be used, which is a 10-year rotation for addressing waters of the state on the level of Minnesota's

major watersheds. Since 2007, the MPCA and its partners have begun implementing this approach, as recommended by the Minnesota Clean Water Council and directed by the Minnesota Legislature.



Intensive Watershed Monitoring

Watershed approach steps

The steps of the watershed approach are as follows:

Step 1 — Monitor and gather data and information: MPCA employs an intensive watershed monitoring

schedule that will provide comprehensive assessments of all of the major watersheds on a ten-year cycle. This schedule provides intensive monitoring of streams and lakes within each major watershed to determine overall health of the water resources, to identify impaired waters, and to identify those waters in need of additional protection to prevent future impairments. This has been completed for the proposed study area.

Step 2 — Assess the data: Based on results of intensive watershed monitoring in step one, MPCA staff and its partners conduct a rigorous process to determine whether or not water resources meet water quality standards and designated uses. Waters that do not meet water quality standards are listed as impaired waters.

Step 3 — Establish implementation strategies to meet standards: Based on the watershed assessment, a Total Maximum Daily Load study and/or protection strategy is completed. Existing local water plans and water body studies are incorporated into the planning process.

Step 4 — Implement water quality activities: Included in this step are all traditional permitting activities*, in addition to programs and actions directed at nonpoint sources. Partnerships with state agencies and various local units of government, including watershed districts, municipalities, and soil and water conservation districts, will be necessary to implement these water quality activities.

*MPCA will continue routine regulation during all steps of the watershed approach process, as appropriate.

The 4 year study and planning phase will be getting underway in 2011, and will be led locally by the agencies named above. As a part of the process, public information meetings will be periodically held. For more information please contact the Two Rivers Watershed District.

2011 Water Year Summary

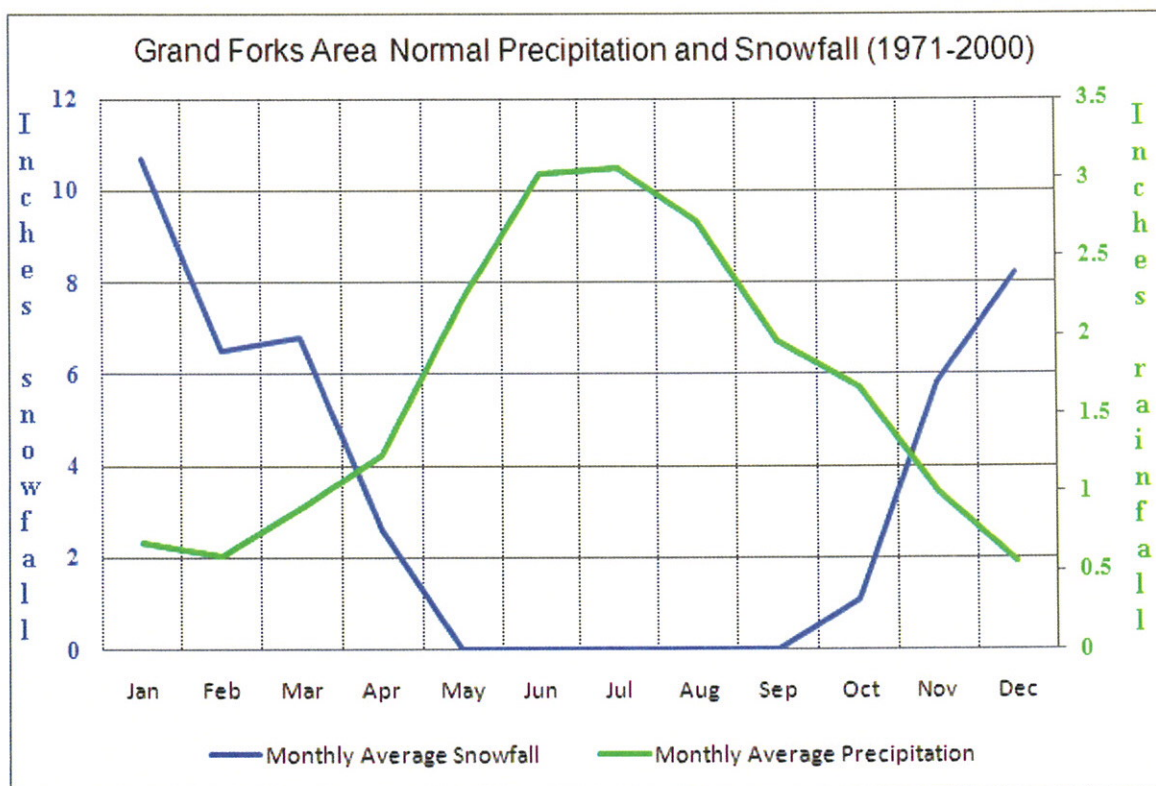
2011 PRECIPITATION

The year was characterized as being very wet during the first ½ of the year, and very dry during the second ½ of the year. The following maps, tables, and associated graphics show the snow conditions, snow water equivalents, selected rainfall amounts, and departures from normal conditions.

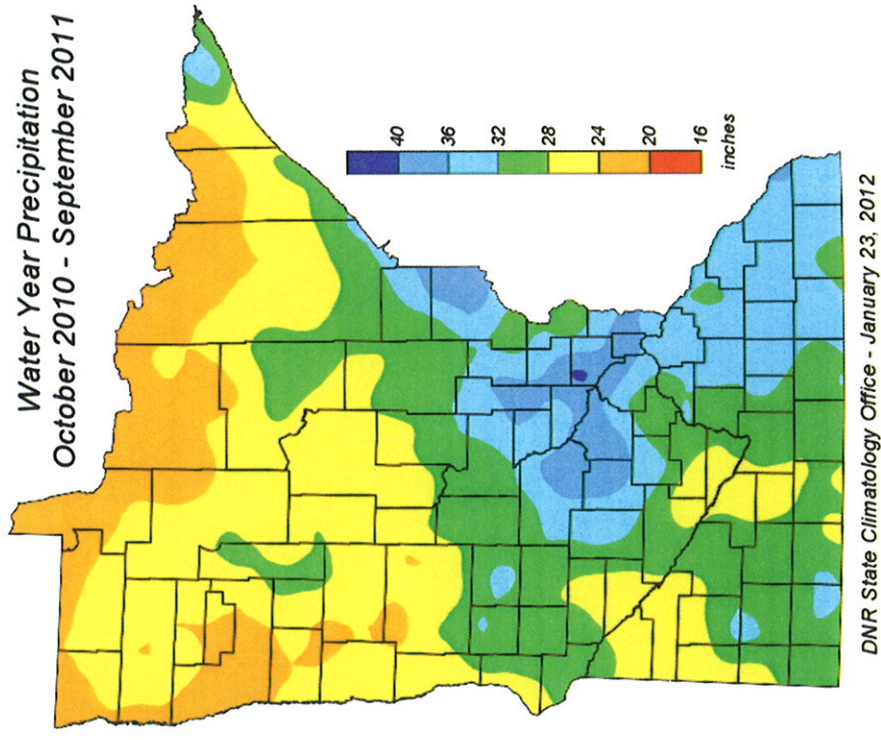
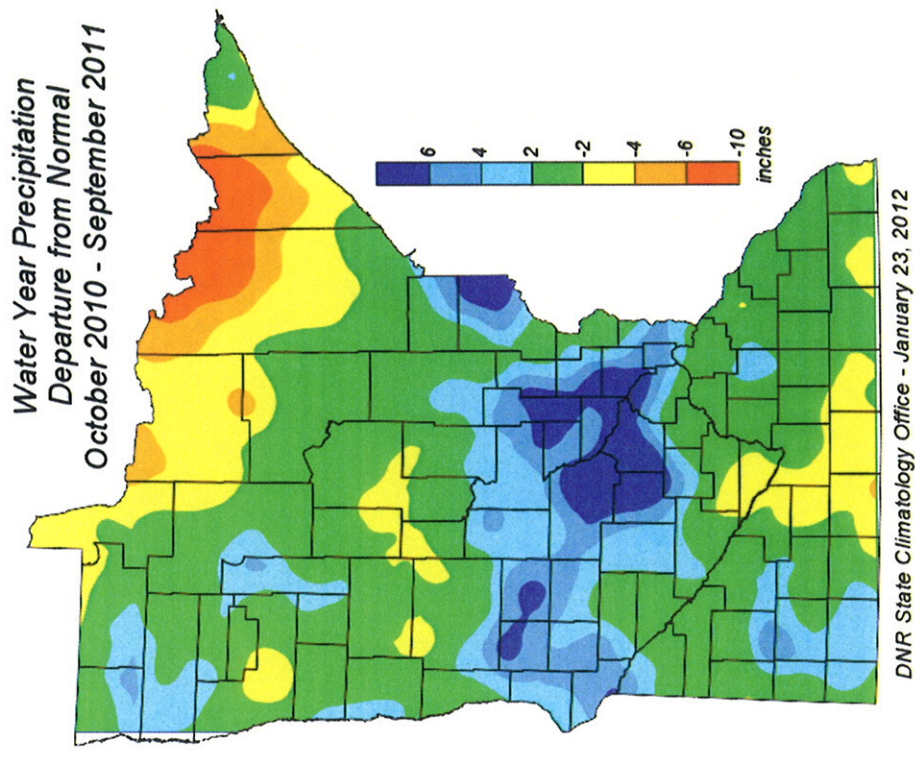
Kittson County Rainfall 2011 – Growing Season – Selected sites

Township	May	June	July	Aug	Sept	Oct	Total
Springbrook	6.2	3.16	3.47	1.26	5.71	2.25	22.05
Percy	7.83	3.27	5.44	1.30	5.84	2.24	25.92
Granville	10.45	6.18	6.58	1.65	5.35	2.17	32.38
Tegner	6.03	5.66	2.93	1.12	4.8	2.04	22.58
Richardville	8.28	6.41	5.3	2.0	4.55	1.98	28.52
Hallock	8.12	3.79	4.04	1.73	4.7	1.88	24.26

Source – Kittson Soil & Water Conservation Service



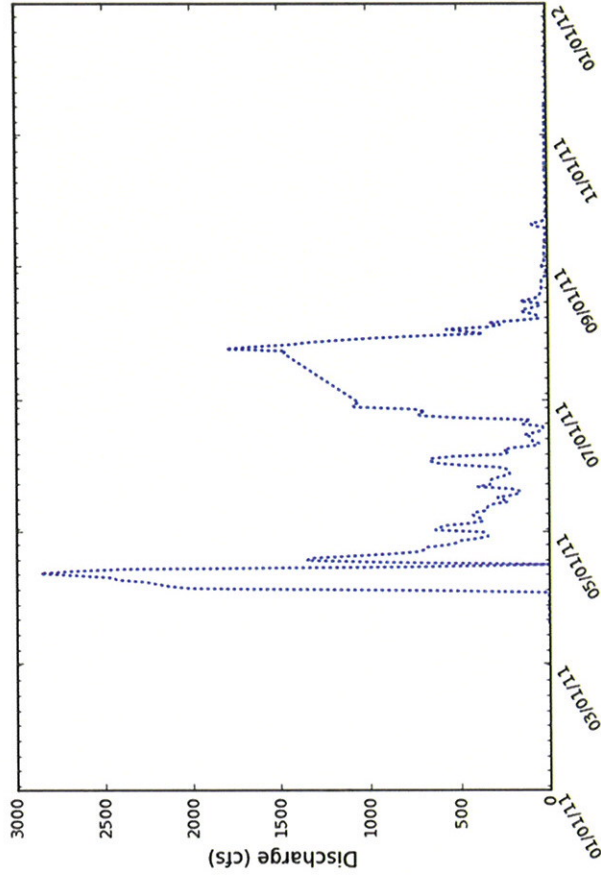
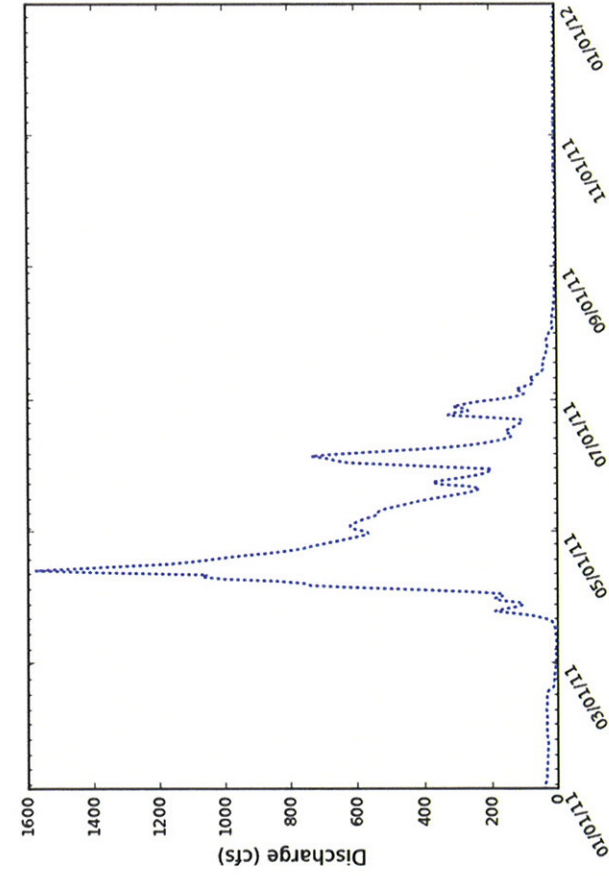
Source - National Weather Service: <http://www.crh.noaa.gov/fgf/climate/gfkf6.php>



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

2011 STREAM FLOW

Stream flows for 2011 were at or above normal from spring snowmelt runoff through July, and then fell below normal for the rest of the year. The following hydrographs depict streamflows within the Watershed District.



Top Right:

Stream Flows for South Branch Two Rivers at the City of Lake Bronson

Source: MN DNR http://www.dnr.state.mn.us/waters/csg/site_report.html?mode=getsitereport&site=70033001

Top Left

Stream Flows for the North Branch Two Rivers at Kittson County Road #4, near Northcote

Source: MN DNR http://www.dnr.state.mn.us/waters/csg/site_report.html?mode=getsitereport&site=70021001

OBJECTIVES FOR 2012

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.

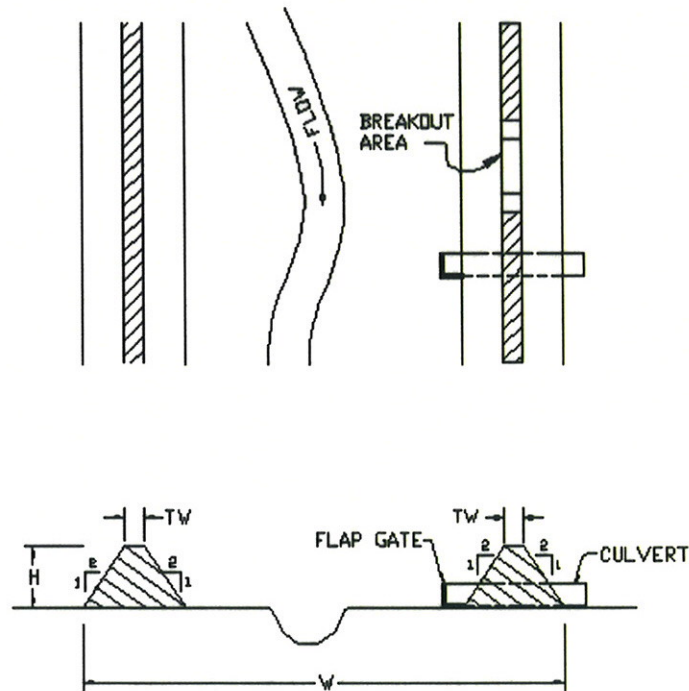
Project funding on the Federal level has been approved for this project, and the District is seeking state funding as well. Final design now is being completed, permits have been applied for, and pending permit approval, bids will be let. The District hopes to see substantial construction of this project in 2012.



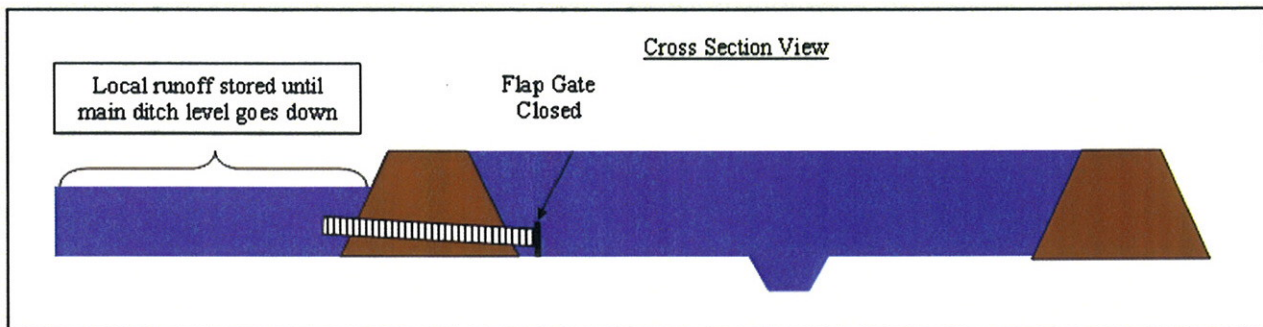
Springbrook PL 566 Project #10

NRCS - Two Rivers Watershed District - Kittson SWCD - Springbrook Township - City of Karlstad

Diagrams showing general plan design for PL 566 project.



Set back dikes will be constructed at varying widths on either side of the existing channel. Side water inlets consisting of a culvert through the dike with a trap on the wet side will be installed to allow for field drainage into the project. Breakout areas will be installed at specified locations to allow water to overtop the dikes for flows that are greater than the 10 year event.



DITCHES

All District ditches will be inspected in 2012. 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	2012	2013	2014	2015	2016
RCD 4	Survey	Survey	inspection Cleanout	inspection	inspection	survey	inspection
KCD 7	Survey	inspection Cleanout ~ redetermine benefitted area	inspection	inspection	survey	inspection	inspection
KCD 10	inspection	survey	inspection Cleanout 1 mi	inspection	inspection	survey	inspection
JD 3	inspection	survey Cleaned out	inspection	inspection	inspection	survey	inspection
JD 10 main	inspection	inspection	inspection	survey	inspection	inspection	inspection
JD 10 Br B	Survey Cleanout	inspection cleanout	inspection cleanout	inspection	survey	inspection	inspection
SD 49	inspection	survey	inspection	survey	inspection	inspection	inspection
SD 85 imp	inspection	inspection	survey	inspection	inspection	inspection	survey
Soler 4	inspection	survey	inspection cleanout	inspection	inspection	survey	inspection
Dewey 5 Imp	inspection	inspection	inspection	survey	inspection	inspection	inspection
Kennedy 6	establish grass buffer inspection	inspection	inspection	survey	inspection	inspection	inspection
Middle Branch	establish grass buffer inspection	inspection	survey	inspection	inspection	inspection	survey
North Branch	inspection	inspection FEMA Repair	survey	inspection	inspection	inspection	survey
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 2012	

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 2012

IMPOUNDMENTS

The Big Swamp project work team will continue to work on project development to solve flooding and drainage problems in the area of Badger Creek and lateral 1 of State Ditch #95.

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 will be implemented with the Tri County school and the Kittson County 4-H groups. This hands on water quality program will also be expanded if cooperation is obtained from other interested schools.

The Lower Red TMDL – watershed study will get underway in 2012. This is a study of the unnamed coulee system and series of legal ditches that include the Kennedy coulee and the JD 10 systems. It is funded by the MN Pollution Control Agency, and is a collaborative effort between the Joe River, Two Rivers, and Middle-Snake-Tamarac Rivers Watershed Districts. The process will involve analysis of existing data, collection of additional data, public information meetings, identification of sources of impairments, and implementation of correction strategies.

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.

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 2011 to review, adopt, and approve an administrative budget for 2012. The approved budget is listed below.

Administrative Budget	2012 adopted
Administrative	80,000
Auto Expense	3,000
Capital Outlay	20,000
Conferences & Meetings	8,000
Dues & Subscriptions	2,000
Engineering	25,000
Information & Education	1,000
Insurance	3,700
Manager's Per Diem & Expense	8,000
Office Supplies & Miscellaneous	1,000
Payroll Tax Expense	34,000
Postage & Delivery	750
Printing & Advertising	1,000
Professional & Legal	14,000
Real Estate Tax	0
Rent	5,000
Stream Gage	0
Telephone	1,400
Water Quality	0
Totals	207,850

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, 2011 to December 31, 2011. A complete version of the audit is available upon request.

Drees, Risky & Vallager, Ltd.
Certified Public Accountants

Grand Forks:
 1405 Library Circle
 Telephone (701) 746-4466
 FAX (701) 772-6659

Crookston:
 117 South Broadway
 Telephone (218) 281-3789
 FAX (218) 281-5245

INDEPENDENT AUDITORS' REPORT

Board of Directors
 Two Rivers Watershed District
 Hallock, Minnesota

We have audited the accompanying financial statements of the governmental activities, the major funds, and the remaining fund information of the Two Rivers Watershed District as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Two Rivers Watershed District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the Two Rivers Watershed District prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities, each major fund, and the remaining fund information of the Two Rivers Watershed District as of December 31, 2011 and the respective changes in financial position – cash basis for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2012, on our consideration of the Two Rivers Watershed District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Two Rivers Watershed District's financial statements as a whole. The schedules and statements listed as supplementary information listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of management and derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

DREES, RISKEY & VALLAGER, LTD.

Certified Public Accountants

May 9, 2012
Crookston, Minnesota

TWO RIVERS WATERSHED DISTRICT
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	<u>General</u>	<u>Capital Project Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 91,435	\$ 891,393	\$ 982,828
CASH FUND BALANCE			
Restricted	-	891,393	891,393
Unassigned	91,435	-	91,435
TOTAL CASH FUND BALANCE	<u>\$ 91,435</u>	<u>\$ 891,393</u>	<u>\$ 982,828</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, 2011

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total</u>
RECEIPTS			
Taxes	\$ 193,302	\$ 179,154	\$ 372,456
Special assessments	-	59,407	59,407
Intergovernmental:			
State	26,583	19,265	45,848
Local	15,936	-	15,936
CRP and rents	1,500	12,810	14,310
Interest	5,536	-	5,536
Other	7,614	41,064	48,678
TOTAL RECEIPTS	<u>250,471</u>	<u>311,700</u>	<u>562,171</u>
DISBURSEMENTS			
General and administrative	171,744	10,420	182,164
Maintenance projects	-	29,366	29,366
Flood control projects	-	48,258	48,258
Drainage projects	-	179,408	179,408
TOTAL DISBURSEMENTS	<u>171,744</u>	<u>267,452</u>	<u>439,196</u>
Receipts Over (Under) Disbursements	78,727	44,248	122,975
Transfer From (To) Other Funds	<u>(928)</u>	<u>928</u>	<u>-</u>
Excess Revenue and Other Sources Over (Under) Expenditures and Other Uses	77,799	45,176	122,975
Fund Balance - January 1	<u>13,636</u>	<u>846,217</u>	<u>859,853</u>
Fund Balance - December 31	<u>\$ 91,435</u>	<u>\$ 891,393</u>	<u>\$ 982,828</u>

See notes to the basic financial statements.

TWO RIVERS WATERSHED DISTRICT
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>to Actual</u>
				<u>Variance</u>
RECEIPTS				
Property taxes:				
Roseau County	\$ 62,275	\$ 62,275	\$ 51,249	\$ (11,026)
Kittson County	146,715	146,715	138,527	(8,188)
Marshall County	3,510	3,510	3,526	16
Total property taxes	212,500	212,500	193,302	(19,198)
Intergovernmental:				
Federal	-	-	-	-
State:				
MV and other credits	-	-	19,848	19,848
Other state grants	-	-	6,735	6,735
Local	-	-	15,936	15,936
Total Intergovernmental	-	-	42,519	42,519
Other:				
CRP and rents	-	-	1,500	1,500
Interest	-	-	5,536	5,536
Other	-	-	7,614	7,614
Total Other	-	-	14,650	14,650
TOTAL RECEIPTS	212,500	212,500	250,471	37,971
DISBURSEMENTS				
Administrative:				
Salaries and benefits	106,000	106,000	63,330	42,670
Conference and meetings	10,000	10,000	9,812	188
Manager's per diem and expenses	14,000	14,000	9,275	4,725
Dues and subscriptions	2,000	2,000	1,274	726
Information and education	1,200	1,200	65	1,135
Engineering	15,000	15,000	40,238	(25,238)
Legal and accounting	14,000	14,000	14,097	(97)
Real estate taxes	6,000	6,000	6,318	(318)
Rent	7,200	7,200	5,340	1,860
Insurance	3,700	3,700	3,751	(51)
Telephone	1,500	1,500	1,385	115
Office supplies and miscellaneous	1,500	1,500	1,692	(192)
Postage and delivery	1,000	1,000	492	508
Printing and advertising	1,000	1,000	70	930
Vehicle expense	3,000	3,000	3,686	(686)
Capital outlay and projects	5,000	5,000	211	4,789
Total Administrative	192,100	192,100	161,036	31,064

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

	Budget Amounts		Actual	Final Budget
	Original	Final	Amounts	to Actual
				Variance
Projects:				
Mediation:	\$ -	\$ -	\$ -	\$ -
Administration	-	-	-	-
Conference and meetings	-	-	176	(176)
Engineering	-	-	10,276	(10,276)
Stream gauging	3,750	3,750	45	3,705
Permit review	-	-	211	(211)
Water quality	500	500	-	500
Total Projects	4,250	4,250	10,708	(6,458)
 TOTAL DISBURSEMENTS	 196,350	 196,350	 171,744	 24,606
 Excess Revenues Over (Under) Expenditures	 16,150	 16,150	 78,727	 62,577
 Transfer to Other Funds	 -	 -	 (928)	 (928)
 Excess Revenue and Other Sources Over (Under) Expenditures and Other Uses	 16,150	 16,150	 77,799	 61,649
 Fund Balance (Deficit), January 1	 13,636	 13,636	 13,636	 -
 Fund Balance (Deficit), December 31	 \$ 29,786	 \$ 29,786	 \$ 91,435	 \$ 61,649

* * * * *

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, 2011.

TWO RIVERS WATERSHED DISTRICT
SCHEDULE OF FUND BALANCE BY PROJECT
DECEMBER 31, 2011

	Fund Balance 1/1/2011	Receipts and Other Sources				Disbursements			Fund Balance 12/31/2011
		Taxes and Special Assessments	MV Credit	Capital & Operating Grants	Other Receipts	Total	Administrative	Direct	
GENERAL FUND:	\$ 13,636	\$ 193,302	\$ 19,848	\$ 22,671	\$ 14,650	\$ 250,471	\$ 161,036	\$ 10,708	\$ 91,435
Administrative									
CAPITAL PROJECTS FUND:									
Administrative Construction	944,200	179,154	19,265	-	-	198,419	7,968	2,452	1,132,199
Maintenance:									
Middle Branch	13,983	89	-	-	-	89	1,380	1,928	10,764
North Branch	21,599	5,078	-	-	-	5,078	2,420	6,621	17,636
Nereson	(200)	-	-	-	-	-	1,280	-	(1,480)
Ross	12,042	-	-	-	12,810	12,810	1,120	14,617	9,115
Flood Control:									
Ross #7 Impoundment	1,462	-	-	-	-	-	-	-	1,462
Nereson	(928)	-	-	-	-	-	-	-	-
Kennedy #6	(133,611)	18,590	-	-	-	18,590	80	3,380	(118,481)
Springbrook	(24,827)	-	-	-	-	-	700	1,823	(27,350)
Springbrook CR 61	273	-	-	-	-	-	-	-	273
Springbrook PL 566	(12,771)	-	-	-	-	-	580	991	(14,342)
Ring Dikes	(47,692)	-	-	-	41,064	41,064	2,400	38,304	(47,332)
Drainage:									
Roseau County Ditch #4	8,715	4,821	-	-	-	4,821	5,580	1,486	6,470
Kittson County Ditch #10	11,747	2,864	-	-	-	2,864	9,920	8,976	(4,285)
Dewey #5	1,335	5,048	-	-	-	5,048	-	-	6,383
Judicial Ditch #3	18,739	-	-	-	-	-	6,700	42,201	(30,162)
State Ditch #85 Improvement	(5,032)	5,045	-	-	-	5,045	-	-	13
Dewey #5 Improvement	(4,452)	-	-	-	-	-	-	-	(4,452)
Soler #4	33,693	382	-	-	-	382	3,160	5,800	25,115
Judicial Ditch #10	(17,943)	14,203	-	-	-	14,203	3,380	51,384	(58,504)
State Ditch #49	18,046	175	-	-	-	175	920	1,698	15,603
Redetermination Kittson CD 7	-	-	-	-	-	-	-	9,254	(9,254)
Kittson County Ditch #7	7,839	3,112	-	-	-	3,112	6,780	22,169	(17,998)
Total Capital Project Fund	846,217	238,561	19,265	-	53,874	311,700	54,368	213,084	891,393
TOTAL	\$ 859,853	\$ 431,863	\$ 39,113	\$ 22,671	\$ 68,524	\$ 562,171	\$ 215,404	\$ 223,792	\$ 982,828

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, 2011

RECEIPTS

Taxes

Kittson County

\$ 128,413

Marshall County

3,268

Roseau County

47,471

Intergovernmental:

MV credits

19,265

TOTAL RECEIPTS

198,417

DISBURSEMENTS

Payments to RRWMB

199,294

Receipts Over (Under) Disbursements

(877)

Due to (from) Other Government - January 1

20,139

Due to (from) Other Government - December 31

\$ 19,262