



**Roseau River  
Watershed District**  
**Annual Report**

**2013**





108 3<sup>rd</sup> Ave SW ~ Roseau, MN 56751

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### *Chairman's Update*

In response to Minnesota Watershed Act Chapter 103D I submit this Annual report to the Roseau River Watershed District.

Since we had a fairly wet spring and summer, 2014 has been a rather busy one so far! The District has responded to an exceptional number of permits for local drainage issues. The District Technician, Torin McCormack, utilizes software and LiDAR to respond to permitting issues with very little ground work needed. He is able to provide the board with all of the information needed to respond to the applicant's request which reduces the need for engineering consultation. Nate Dalager, HDR Engineering, does offer assistance when needed, which is greatly appreciated.

The main goal of the District is effective water management. To meet that goal we have several flood damage reduction projects in various stages of development. The District works in cooperation with several partners including counties in the District, MN DNR, NRCS, BWSR, RRWMB and others to complete these projects. We have signed off on the completed Palmville Project and continue to operate it as needed. We are also working on completing construction on the Hay Creek / Norland project. We are waiting for a COE determination on an alternative mitigation plan before completion and signing off on the project. We have used this project to aid in flood control and it provides much needed flood peak reduction downstream.

We have several active Project Teams. One group is working on a Beltrami Island project with the intent of storing water and other projects with the intent of using what we can to control the amount of water coming from that area since it in the upper reaches of our watershed it will provide a great deal of flood control for the local area as well as having a much needed effect on the lower reaches of the Roseau River. We also have a Project Team working at the same time on the Roseau River Wildlife Management Area Pool 2 & Pool 3 Outlet Project. This project will improve control of water levels by allowing the management of water so that excess water can be allowed to flow west at a controlled rate when the river can take the water. Another Project Team has been created to start on the next project which is the Roseau Lake Bottom Project. This project with has been discussed by local landowners as a much needed project to make better use of the flood water storage potential available.

We have also been busy redoing the Districts' Rules. We have adopted an updated Personal Manual and District By-Laws. The permit application form has also be redesigned and simplified and we've created an application of tile drainage. The tile drainage permit form and guidelines were drafted with the aid of several landowners and a tile installer.

Torin has been busy working with a summer intern hired under a grant program to conduct a culvert inventory. With this information at hand, when a landowner requests a permit for a culvert, someone will not have to go out and make a visual count of the culverts in the vicinity. The intent is to do a complete inventory of what is out there, legal or otherwise throughout the whole Watershed.

The District has also been working on installation of side water inlets through a BWSR Clean Water Fund grant.

As you can see, besides aiding landowners flooding problems, washouts and other issues created by a wet spring, our Technician and Administrator have been busy. As the District's Chairman and RRWMB representative, as well as participating in several committee's and meetings, I have also been busy. May was especially hectic as I retired after XX years with Marvin Windows, was diagnosed with a brain tumor and had surgery to remove it. Thankfully it was benign with no need for further treatment and I've made a full recovery.

A big thank you to Torin and Tracy for all of their hard work which has this watershed functioning as it should.

Chairman elect,

## Table of Contents

<b>2013 District Information</b>	<b>Page 1</b>
Office Information	
Board of Managers	
Employees and Consultants	
<b>Background</b>	<b>Page 2</b>
Establishment	
Mission Statement	
<b>Roseau River Projects Map</b>	<b>Page 3</b>
<b>Projects</b>	
<b>Active Project Summaries</b>	<b>Pages 4 - 8</b>
Hay Creek – Norland	
Palmville	
Roseau River Wildlife Mgt Area	
Beltrami Island	
Roseau Lake Bottom	
<b>District Map</b>	<b>Page 11</b>
<b>Detailed Project Updates</b>	<b>Pages 10 - 13</b>
Completed Projects	
Projects Under Construction	
Projects Under Investigation	
<b>Programs</b>	<b>Page 14</b>
<b>Drainage Systems</b>	<b>Pages 14 - 15</b>
WD #1 & CD #16	
WD #3	
WD #51	
CD #8	
<b>District Activity</b>	<b>Page 16</b>
Website	
District Meetings	
Non-District Meeting	
<b>Financial</b>	<b>Page 17</b>
<b>Financial Summary</b>	<b>Page 18</b>
<b>Basic Financial Statements</b>	<b>Page 19</b>

# 2013 DISTRICT INFORMATION

## OFFICE INFORMATION

The Roseau River Watershed District (RRWD) office is located at 108 3<sup>rd</sup> Ave. SW, Roseau and is open 8 a.m. - 4 p.m., Monday - Friday. The phone number is (218) 463-0313, the fax number is (218) 463-0315 and the e-mail address is [rrwd@mncable.net](mailto:rrwd@mncable.net).

In 2013 the Board held regular business meetings, on the first Wednesday of each month, at 8:00 a.m. (April – Sept.) and 3 p.m. (Oct. – March). All of the meetings held by the Roseau River Watershed are open to the public.

## BOARD OF MANAGERS

A Board of Managers governs the Roseau River Watershed District. The Board has five managers, four appointed by the Roseau County Board of Commissioners and one appointed by the Kittson County Board of Commissioners. The 2013 members were:

Chairman – LeRoy Carriere  
504 4<sup>th</sup> Ave NE  
Roseau, Minnesota 56751

Vice Chairman- Cody Schmalz  
4529 400<sup>th</sup> Street  
Lancaster, Minnesota 56756

Secretary – Floyd Haugen  
25241 County Road 16  
Badger, Minnesota 56714

Treasurer- Aaron Magnusson  
36576 270<sup>th</sup> Street  
Roseau, Mn 56751

Manager – Tony Wensloff  
37232 240th St  
Roseau, MN 56751

\*\* Manager LaVerne Voll resigned  
January 30, 2013

## EMPLOYEES AND CONSULTANTS

The District has a full time Administrator and a full time Technician. Citizens are encouraged to contact the administrator, technician, a manager, or the consultants at any time with their concerns or suggestions.

Administrator – Tracy Halstensgard

District Technician – Torin McCormack

Attorney – Michelle Moren, Roseau

Accounting Firm – Drees, Risky, & Vallager, Ltd. – Crookston, MN.

## **ESTABLISHMENT**

The Roseau River Drainage and Conservancy District, having been established by Order of the District Court, Roseau County, dated August 13, 1920, under the provisions of Chapter 13, Laws of 1919, Special Session. In 1963, the Governing Body of the Roseau River Drainage and Conservancy District having petitioned the District Court, Roseau County as authorized in Minnesota Statutes, 112.74 for the right to operate and exercise all the rights and authority contained in Sections 112.34 - 112.83 of Minnesota Statutes. The Court, having heard the evidence adduced by the petitioners in favor of granting their petition, did order on June 17, 1963 that from and after this date the, the Roseau River Drainage and Conservancy District and its Governing Board shall operate under and exercise all the rights and authority contained in Section 112.34 - 112.83 of Minnesota Statutes, known as the "Minnesota Watershed Act", and shall hereafter be a Watershed District in accordance with the terms and provisions of the said "Minnesota Watershed Act", and the County Board of Commissioners of Roseau and Kittson Counties having petitioned the Minnesota Water Resource Board on November 20, 1963, asking for a change in boundary, for a change in name of said District to Roseau River Watershed District, and to designate a place of business for the Watershed District, pursuant to the provisions of Minnesota Laws of 1955, Chapter 799, as amended, and the Minnesota Water Resource Board having held a hearing on February 19, 1964 in Roseau did order on March 18, 1964, the change in name of the Roseau River Drainage and Conservancy District to the Roseau River Watershed District, the City of Roseau to be the place of business of the Roseau River Watershed District, and did define the District's boundary.

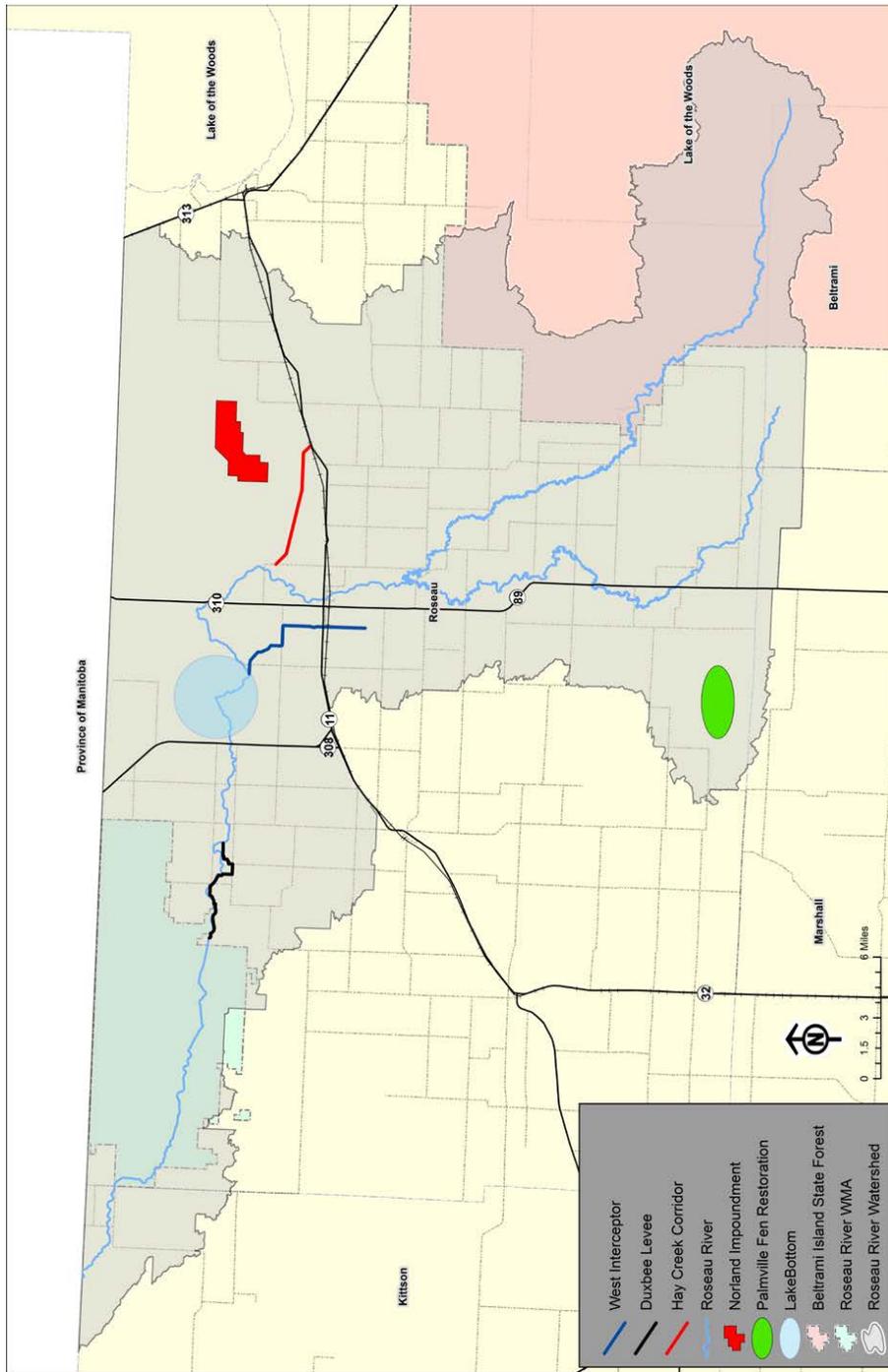
The board of managers initially adopted an Overall Plan for the RRWD on August 18, 1964. The plan was submitted to the Minnesota Water Resource Board. The Minnesota Water Resource Board on April 20, 1965 approved the Overall Plan. In June of 2004 the Board of Managers approved an update of the Overall Plan. The plan is on file in the Roseau River Watershed office and online at [www.roseauriverwd.com](http://www.roseauriverwd.com).

## **MISSION STATEMENT**

It is the intention of the Board of Managers to manage the waters and related resources within the Roseau River Watershed District in a reasonable and orderly manner which will improve the general welfare and public health of the residents of the District.

The Board of Managers accepts the responsibilities with which they are charged as a governing body by Minnesota Statutes. Said Board of Managers, in the conduct of the duties and responsibilities conferred upon them, do not intend to usurp the authority or responsibilities of other agencies or governing bodies, however, said Board of Managers will not avoid their responsibilities and obligations.

It is the stated intent of the Managers herein that no person shall be deprived or divested of any previously established beneficial use or right, by any rules of the District, without due process of law. All rules of this district shall be construed according to this intention.



## Hay Creek-Norland



**Description/Location:** The project area includes the lower portion of the Hay Creek watershed and adjacent 37 square mile Norland sub-basin. Hay Creek drains into the Roseau River immediately downstream from the City of Roseau. The project includes three features: 7-mile corridor restoration and floodway enclosed by setback levees, an off-channel impoundment site, and a connection channel. This site provides a total of at least 9,500 acre-feet of gated and un-gated runoff storage.

### Project Benefits

#### Flood Control

- 50% reduction in the 10-yr & a 30% reduction in the 100-yr discharges from Hay Creek/Norland drainage area.
- Reducing backwater and flood durations in the City of Roseau.
- Reduce flooding to 13,300 acres of ag land, 24 miles of roads, 131 miles of ditches, and 27 culverts and bridges.

#### Habitat Restoration

- Stream flow augmentation, improved dissolved oxygen levels, enhanced fish habitat, riparian buffer corridor and wetland restorations.

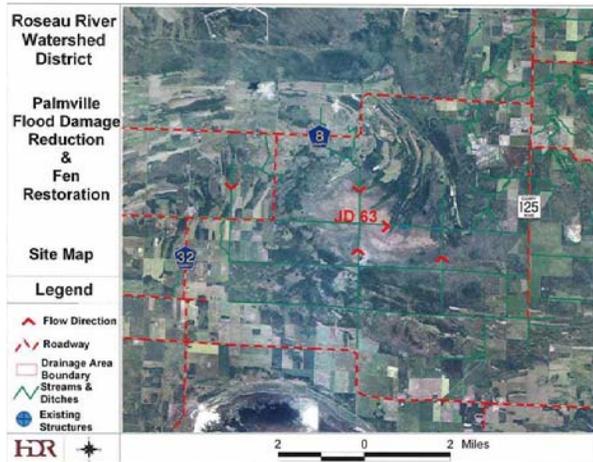
#### Erosion Reduction

- Reduction in riverbank erosion and bank sloughing on the Roseau River; buffers along the river and ditch and reduction in turbidity and suspended solids thereby improving water quality.

**Partners:** Red River Watershed Management Board and State of Minnesota Flood Damage Reduction Program



# Palmville Flood Damage Reduction and Fen Restoration Project



**Description/Location:** The Palmville Fen is a major wetland area covering approximately 3,000 acres located in the upper watershed of the South Fork of the Roseau River, primarily on land owned and managed by the State of Minnesota Department of Natural Resources. The Fen has been degraded by the construction of judicial and county ditch systems over the last one hundred years. The Palmville project is a flood damage reduction (FDR) and natural resource enhancement (NRE) project. Flood control benefits will be provided to immediate areas downstream, the village of Wannaska and the city of Roseau. Fen restoration will hopefully be accomplished by encouraging a greater depth and duration of surface and subsurface flow to spill from the main channel and seep into the adjacent fen.

## Project Benefits

### Flood Damage Reduction (FDR)

- Reduce frequency of high water events to agricultural lands downstream
- Provide FDR downstream at Wannaska and Roseau;

### Habitat Restoration

- Restore fen to a more natural hydrologic condition.
- Stream flow augmentation, improved dissolved oxygen levels, enhanced fish habitat, improve water management capability

### Erosion Reduction

- Reduction in riverbank erosion and bank sloughing on the Roseau River.

**Partners:** Red River Watershed Management Board, Minnesota Department of Natural Resources and State of Minnesota Flood Damage Reduction Program



RRWD



2013 Annual Report

## Roseau River Wildlife Management Area Pool 3 Outlet Project



**Description/Location:** The Roseau River Wildlife Management (RRWMA) is located in northwestern Minnesota along the Canadian Border. This wildlife impoundment was constructed in 1952 and 1953. The stated purpose of the project was wildlife enhancement and flood control. The RRWMA project was modified in the late 1980's to extend its life and to increase its flood control benefits.

This impoundment has provided many years of flood control benefits to the area, but over the years of operations it has become evident that having the ability to transfer waters between the pools to aid in flood control is beneficial. Experience has also been shown that being able to discharge large volumes of water, from the impoundment, before the Roseau River flood reaches this area, would increase the flood damage reduction effectiveness of the available water storage, thereby lessening damages downstream on the Roseau River and the Two Rivers.

### Project Benefits

#### Flood Damage Reduction (FDR)

- Address the need to repair or replace the failing control structure between Pools 2 & 3;
- Improve water level management for vegetation management;
- Control pool bounce to improve nesting success;
- Provide more efficient flood storage and improve the timing of 8,000 A-F of flood storage in the RRWMA
- Provide FDR downstream at Caribou;
- Manage storage and flow release in beneficial consideration of Red River peak flows;
- Provide FDR in agricultural areas upstream and south of the Big Swamp along the Roseau River in Moose, Soler, Dieter and Pohlitz Townships.

#### Habitat Restoration

- Stream flow augmentation, improved dissolved oxygen levels, enhanced fish habitat, improve water management capability

#### Erosion Reduction

- Reduction in riverbank erosion and bank sloughing on the Roseau River.

**Partners:** Red River Watershed Management Board, Minnesota Department of Natural Resources and State of Minnesota Flood Damage Reduction Program.



# Upper Roseau and Hay Creek Water Management Project – Phase 1 Beltrami Island State Forest Region

## Proposers

Roseau River Watershed District

## Description/Location:

The Roseau River Watershed and its project team are working to develop an overall water management plan for this approximately 477 square mile subwatershed. This area is located in the upper portion of the Roseau River Watershed generally above the City of Roseau. This plan will identify both flood damage reduction and natural resource needs within the subwatershed. The plan will provide additional flood storage to assist with local, regional and basin flood damage reduction efforts. Due to the size of the planning region, it is anticipated that the project(s) will be implemented in 3-5 phases.



## Project Benefits:

### Flood Control

The overall project will provide approximately 55,000 ac-ft of gated retention within the Upper Roseau and Hay Creek Subwatersheds. This will provide both local and Red River flood damage reduction and is consistent with the Red River Basin Commission – Long-Term Flood Solutions Plan for reducing flows on the Red River.

### Water Quality

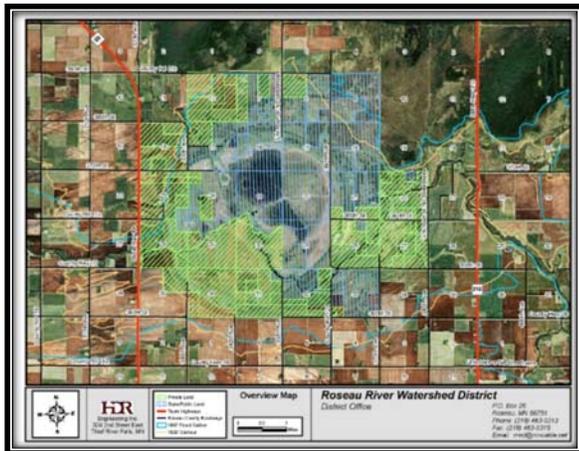
The Roseau River is currently listed as impaired water for turbidity. In addition, to reducing bank erosion, the retention site(s) will improve downstream water quality by allowing suspended sediment to settle out and reduce turbidity in the river.

### Wildlife and Habitat:

The establishment of the permanent vegetation within portions of the watershed will improve wildlife habitat.



## Roseau River Wildlife Management Area – Lake Bottom Project



**Description/Location:** The Roseau River Wildlife Management (RRWMA) and Lake Bottom Unit area is located in northwestern Minnesota near the Canadian Border. The stated purpose of the project is wildlife enhancement and flood control.

The Lake Bottom Unit has provided many years of flood control benefits to the area, but over the years it has become evident that having the ability to control the timing of when the Roseau River floods the Lake Bottom would be beneficial. The Lake Bottom Unit currently floods with "early water", which diminishes or eliminates the available flood storage when the flood peak of the Roseau River moves through the area.

**Project Benefits** This is a multi-purpose project to:

### Flood Control

- improve water level management in the Lake Bottom Unit for vegetation management;
- control pool bounce to improve nesting success;
- provide more efficient flood storage and improve the timing of 60,000 A-F of flood storage in the Roseau River Wildlife Management Area – Lake Bottom Unit;
- provide flood damage reduction downstream at Caribou by decreasing peak flows at Caribou;
- manage storage and flow release in beneficial consideration of Red River peak flows;
- provide flood damage reduction in agricultural areas upstream and south of the Big Swamp along the Roseau River in Moose, Soler, Dieter, and Pohlitz Townships.

### Habitat Restoration

- Stream flow augmentation, improved dissolved oxygen levels, enhanced habitat, and improved water level management.

### Erosion Reduction

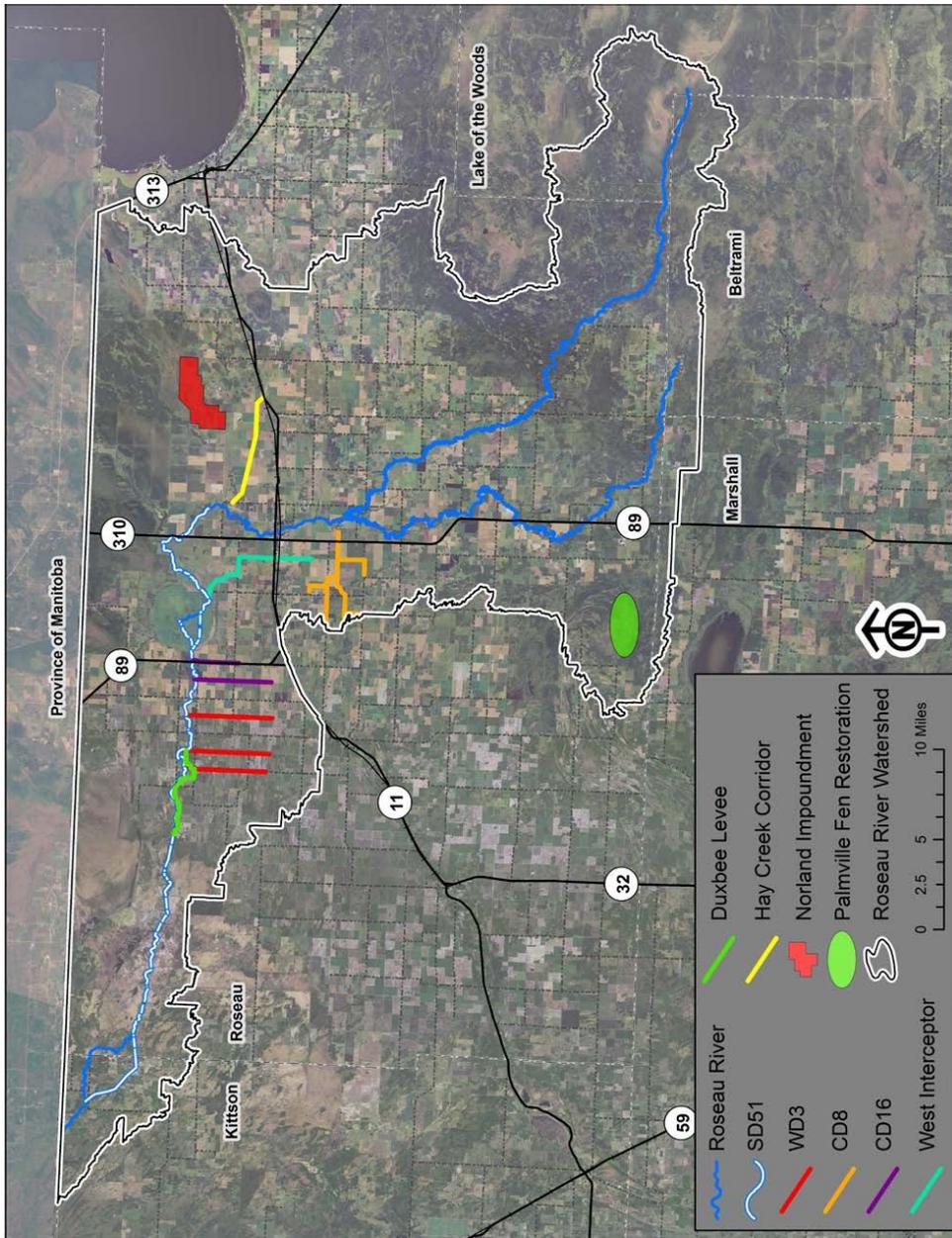
- Reduction in riverbank erosion and bank sloughing on the Roseau River.

**Projected Project Cost: \$13,000,000**

**Status:** Proposed

**Partners:** Red River Watershed Management Board; State of Minnesota Flood Damage Reduction Program and Department of Natural Resources





# DETAILED PROJECT UPDATES

## PROJECTS COMPLETED

A) Ring Dikes -- To date the District has completed 14 farmstead ring dikes.

B) Trangsrud Bridge Public Water Access

**Background:** The RRWD in cooperation with the MN DNR and Roseau County established a public water access west of the CR #113 bridge over the Roseau River (SD #51). The access was completed with cement slat boards for access and a parking area for fishing and river enthusiasts.

C) West Interceptor Project

**Background:** The West Interceptor is a multipurpose flood control and native prairie/wetland restoration project that provides flood relief to the City of Roseau and natural resource enhancements for the area. The City of Roseau petitioned the RRWD Board of Managers in June of 2003 for the West Interceptor Project.

Funding for the project was received from the U.S. Economic Development Authority, Small Business Administration, State of Minnesota and RRWD. Total project cost was just over 4 million dollars.

The West Interceptor is a new 7.5 mile channel, 1 mile west of the City of Roseau, starting 2 miles south of Highway #89/MN Highway 11 to an outlet in State Ditch 51 approximately 5 miles northwest of Roseau. The project also included the conversion of 595 acres of agricultural land to prairie lands, grasslands and wetlands. Construction began in July 2006 with completion in November of 2008.

**Status:** The corridor and restoration area were mowed in the summer of 2013.

D) Roseau River Duxby Levee

**Background:** This Corps of Engineers local flood control project was planned, designed, and authorized under the provisions of the 1965 Flood Control Act (Public Law 89-298) and the 1988 Water Resources Development Act (Public Law 100-676).

The flood barrier consists of about 6 miles of earth levees; and road raises. Proper operation of the Duxby Levee flood control project will provide flood protection against a 5 year flood (a flood with 20% chance of occurring in any given year) on the Roseau River (SD #51). The levee is designed for a capacity of 2,600 cubic feet per second with 2.5 feet of freeboard.

The Corps started construction of the Duxby Levee feature independent of the rest of the Roseau River project in 1991. Construction was completed in 1992 and was finalized in 1993.

**Status:** Activities in 2013 were the required mowing and brushing.

## PROJECTS UNDER CONSTRUCTION

### A) Palmville Project

**Background:** The District, in the fall of 2006, hired Engineer Nate Dalager from HDR Engineering to coordinate the Project Team process and develop a preliminary engineering proposal for construction of a flood damage reduction and fen restoration project in the Palmville area. A petition was presented to the Roseau County Commissioners, a public hearing was held and the Commissioners accepted the project.

There has been extensive cooperation with the MN DNR and Wildlife Manager Randy Prachar in developing the project and also with the operation and maintenance plan.

Holte Construction was awarded the bid with construction taking place in the winter of 2007 and spring 2008. A Joint Powers Agreement was signed by the Watershed District, Roseau County and the MN DNR in the fall of 2012.

**Status:** During spring operation there was a failure of one of the structures. The reason for the failure is unknown, however several factors may have contributed to the damage. Repair work was completed in late summer 2013

### B) Hay Creek Project

**Background:** The Primary purpose of this project is to provide a 50% reduction in the 10-year and a 30% reduction in the 100-year discharges from the Hay Creek / Norland drainage area, contributing to the Roseau River at its confluence approximately 4 miles downstream of the City of Roseau. In the Hay Creek Norland area alone, the flood damage reduction would include increased protection, less flood depth, and reduced flooding duration, directly improving 13,300 acres of agricultural land, 24 miles of roads, 131 miles of ditches and 27 culverts and bridges previously prone to flood damages.

The District had initiated the Hay Creek Project, ordered an engineering study and purchased much of the land in the early 1990's. In 1993, the project was renamed (the previous name was the Lost River Project) and a Step 1 submittal was made to the Red River Watershed Management Board. In 1994, a draft Engineer's Report was completed and in 1995 the project was released by the Corps of Engineers. In 1996, the District revised an expanded version that provided increased storage capacity. This was done after a preliminary report on Norland's original design showed that while flows downstream, as well as the backwater effect in Roseau would have been reduced during the April flood, the project had a lesser effect on the higher flows associated with the 1997 May flood.

Since the initial submittal, the project focus has changed. The COE attempted a Section 206 (Aquatic Ecosystem restoration). After numerous delays the RRWD Board of Managers was informed in January of 2005 that funding from the COE was no longer available.

In the summer of 2006 the District hired Nate Dalager from HDR Engineering to coordinate and develop a preliminary engineering plan. There were several Project Team meetings held in accordance with the Mediation Agreement. In 2008 the district purchased the property required for the project.

In 2009 the RRWD Board of Managers awarded the construction of Phase 1 (Hay

Creek Corridor) to North Pine Excavating, Phase 3 (Connection Channel) to All Seasons Excavating and Phase 2A (Outlet Structures) to Wagner Construction and ICS. Construction of Phases 1 and 3 was completed in 2010.

Phase 2 was awarded to Spruce Valley Corporation in 2010. Construction of Phase 2 continued through the winter of 2011 and was completed in 2012.

**Status:** The RRWD Board has been working on the Operation and Maintenance (O & M) Plan for the project. The District is still waiting for the US COE's determination on an adaptive wetland mitigation proposal that was presented in December of 2011.

C) Roseau River Wildlife Management Area (RRWMA)

**Background:** The RRWMA is a 63,000 acre wildlife management area located in the Northwest portion of Roseau County consisting of wet meadows, lowland brush, marshes, aspen stands and four open water pools. In August of 1986 the District entered into an agreement with the State of Minnesota to construct two emergency spill ways in the RRWMA as part of a project undertaken by the Department of Natural Resources. The total project consisted of upgrading 26 miles existing wildlife dikes, replacing three outlet control structures and replacing three sheet pile emergency spillways at a cost of \$1,100,000.00. As a project participant, the RRWD receives additional floodwater retention in pools #2 and #3 for spring runoff. The RRWD has an agreement with the State of Minnesota for Pool #2 to be drawn down to an elevation of 1029.0 and for Pool #3 to be drawn down to 1024.0 every year in the fall. The possibility of improving the ability to manage the water in Pool 3 as well as allow for better timing of flood water storage is being investigated by the RRWD Board and the Mn DNR. Project Team meetings were held to discuss the proposed project. In June of 2006 a draft Alternatives Analysis was completed. From 2007 to 2009 discussions on funding and preferred alternatives took place between the RRWD Board and MN DNR personnel without resolution.

In 2011 the District identified HDR Engineering as the primary engineer and proceeded with a preliminary engineering study. The RRWD met with representatives from the MN DNR in October and the project team also in October for their approval for the RRWMA project. A Step 1 submittal was presented to the RRWMB in November and accepted at the December RRWMB meeting after a tour of the site.

**Status:** HDR Engineering presented the Preliminary Engineer's Report in February of 2013. The district continued to hold Project Team meetings and pursued various funding options.

## PROJECTS UNDER INVESTIGATION

In 2013 the District's primary focus was on ways to reduce damage from excess floodwaters. The District is continuing to investigate possible project areas upstream of Roseau (Beltrami Island State Forest), and downstream of Roseau (Roseau River Wildlife Management Area, and the old Roseau Lakebed).

### A) Beltrami Island Projects

**Description:** The District continues to pursue water management and natural resource enhancement goals in the Beltrami Island State Forest area. Utilizing the Project Team process, the Board will continue to work with Federal, State and local agencies in the pursuit of FDR and NRE goals.

**Status:** In 2013 and District and Project Team took a new direction. Utilizing information presented in the *Roseau River Watershed District Expanded Distributed Detention Strategy*, the Project Team has reviewed several options and areas where water retention is a possibility. The Team will continue to review various scenarios to accomplish the goals of the District as well as the MN DNR.

### B) Roseau Lake Bottom Project

**Description:** The District has identified the rehabilitation of the Roseau Lake in the RRWD Overall Plan. The purpose of this project, as mentioned in the Comprehensive Water Management Plan (Appendix 13 of the RRWD Overall Plan), is to improve the benefits from the available storage while also restoring some NRE benefits to the lakebed. The District will continue to work with MN DNR representatives in evaluating project proposals for this area. In 2011 Administrator Sando coordinated with Commissioner Falk in identifying and organizing a Roseau Lake Citizen's Advisory Committee which met three times during the early spring of 2011. The Committee focused on issue identification and prioritization. The information will be utilized by the current project team.

**Status:** In 2013 this project was not actively pursued by the RRWD Board.

### C) Malung Impoundment

**Description:** The Roseau River Watershed District Board of Managers in 2009 established the Malung Impoundment as a project. The proposed dry impoundment would hold approximately 3,500 acre feet of water and would offer a direct benefit to the City of Roseau when operated during high water events.

**Status:** In 2013 this project was not actively pursued by the RRWD Board.

# PROGRAMS

## **Side Water Inlets**

In 2012 the State of Minnesota Board of Water and Soil Resources awarded the District a \$48,250 grant for Conservation Drainage. The grant is to design and construct side water inlets in the WD 3 system. The goal of these inlets is to reduce erosion from field drainage thereby reducing sedimentation and turbidity in the legal drainage system as well as down stream. Four such inlets were designed and constructed in 2013. The District Technician and HDR Engineering prioritized and designed additional sites to be installed in 2014.

## **Comprehensive Culvert Inventory**

In October of 2013, the District was awarded a \$25,000 grant from the Northwest Minnesota Foundation to conduct a Comprehensive Culvert Inventory. The money will be used to hire an intern to collect field data. That data will then be entered into a GIS data layer for future reference.

## **Permits**

In 2013 the district evaluated the highest volume of permit applications recorded for a single calendar year. There were a total of 40 permit applications for the following activities: installation of culverts for field drainage and driveway accesses, ditch slope repair, ag tiling and culvert replacement.

# DRAINAGE SYSTEMS

The Roseau River Watershed District is the Ditch Authority for the following systems.

## **Watershed Ditch No.1 and Roseau County Ditch No. 16**

WD No.1 is a one mile ditch plus additional outlet for lands drained by Roseau County Ditch Number 16. It is located on the west side of Sections 34 and 27, Dieter Township and drains lands in Dieter and Ross Townships.

CD No. 16 is located in Dieter and Ross Townships, was turned over for administration and management to the Watershed District.

The 2013 inspection showed the rest of the ditch to be in good repair.

## **Watershed Ditch No.3**

This ditch system consists of three laterals draining lands in Ross, Moose, Dieter, and Pohlitz Townships. A segment of lateral 1 was completed in the fall of 2006 from County Road #10 south along the east side of section 32 of Dieter Township south ¾ mile. The described portion of the ditch was moved to the east approximately 65 feet in order to provide a 4:1 side slope to prevent sloughing that was occurring along the road. Cleaning of lateral 3 was completed in the summer of 2011. There were several FEMA

cleanout areas identified in the Lateral 2 and were addressed in 2011. General maintenance that took place in 2012 was; brushing, mowing and spraying. Since the above mentioned work has been completed, the ditch system is considered to be in good repair.

The District applied for and received a Clean Water grant for the installation of side water inlets along laterals 2 and 3 of WD #3. (see Section 5)

#### **State Ditch No. 51**

Originally established by the State of Minnesota it consisted of 10 river cutoffs constructed in 1906-1907 time frame. In 1914 to 1918, the ditch was improved when the State of Minnesota dug the river channel from the Canadian border to and around the Roseau Lakebed. That expansion paralleled Cutoff Number 10 in Kittson County and followed the other cutoffs constructed in 1906 and 1907. In 1988, SD 51 was expanded when the Roseau County Board of Commissioners turned over the Roseau River and Roseau Lake Bottom portions of Judicial Ditch No. 61 and State Ditch No. 37 to the Roseau River Watershed District. Under Minnesota Statute Authority, these ditches were combined with State Ditch No. 51 at a hearing conducted on October 11, 1988 and continued and concluded on November 1, 1988. The redetermination of benefits process found in excess of 9 million dollars in ditch benefits.

During the late fall and winter of 2013 the Board oversaw the removal of debris in a majority of the length of the channel.

#### **Roseau County Ditch No.8**

This ditch, located in Jadis and Stafford Townships, was turned over for administration and management to the Watershed District. The ditch capacity is under designed and past attempts to consider improvements have failed. In 2005 the RRWD Board of Managers directed JOR Engineering to do a complete survey of the ditch system, to determine the condition of the system.

The 2013 inspection showed the ditch to be in good repair. General maintenance that took place in 2013 was; brushing and spraying.

# DISTRICT ACTIVITY

## Website

The RRWD Board contracted with SandPiper Designs to create and maintain a District website. The website can be viewed at [www.roseauriverwd.com](http://www.roseauriverwd.com). The District minutes, rules and permit forms are available online. The Website is still under development.

## District Meetings

In 2013, the Board held 12 regular monthly meetings, 2 special meetings and various Project Team meetings. The Board minutes are available online at [www.roseauriverwd.com](http://www.roseauriverwd.com) and at the office.

## Non-District Meetings:

**MAWD** - In December of 2013, Managers LeRoy Carriere and Aaron Magnusson as well as Administrator Halstengard and Technician McCormack, attended the annual meeting of the Minnesota Association of Watershed Districts (MAWD) held in Alexandria, Minnesota. The district is a member of MAWD which provides assistance on issues that affect watershed districts.

**RRWMB** - The Red River Watershed Management Board (RRWMB) delegate in 2013 was Manager LeRoy Carriere. The District also participates in an annual conference sponsored by RRWMB and FDRWG held in March of each year.

**RRIW** - The Roseau River International Watershed (RRIW) was created in 2000 with representation from both the United States (Minnesota) and Canada (Manitoba). The group continues to meet to address water related issues and concerns within the Roseau River Basin. The two RRWD board members delegated to represent the RRWD in 2013 were Managers LaVerne Voll and Floyd Haugen.

**Citizens Advisory Committee (CAC)** - On February 8<sup>th</sup>, 2012 the Citizens Advisory Committee held it's annual meeting. The group discussed several of the District's proposed projects and outlined suggestions for the RRWD Board of Managers. For a list of committee members, please contact the office.

**Beltrami Island LUP Citizens Input Panel** – Administrator Halstengard was appointed by the DNR Commissioner to this panel. There were two meetings held in 2013 where various topics concerning the LUP (Land Utilization Project) lands were discussed.

# FINANCIAL

## Budget

The budget adopted at the September 2012 hearing for 2013 locally funded expenditures is as follows:

### Administrative Budget:

1. Managers per diem & expense	\$ 15,000.00
2. Staff	\$ 88,000.00
3. Engineering	\$ 2,000.00
4. Payroll Expense	\$ 17,500.00
5. Mileage Reimbursement	\$ 7,500.00
6. Conferences & Meetings	\$ 5,000.00
7. Rent (Includes utilities)	\$ 6,000.00
8. Capital Outlay	\$ 7,500.00
9. Office Expense	\$ 10,000.00
10. Insurance	\$ 10,000.00
11. Professional & Legal	\$ 10,000.00
12. Association Dues	\$ 2,500.00
13. Stream Gaging/ Miscellaneous	\$ 15,000.00
14. Roseau River Projects/Maintenance	<u>\$ 42,500.00</u>
<b>Total</b>	<b>\$238,500.00</b>

### Construction Budget:

1. Red River Watershed Management Board	\$ 120,000.00
2. Roseau River Watershed District Construction Fund	<u>\$ 120,000.00</u>
<b>Total</b>	<b>\$ 240,000.00</b>

### Ditch system levees for the year 2013:

\$12,000.00 levy on WD#3 ditch system
\$ 5,000.00 levy on Ditch #8
\$ 2,500.00 levy on Ditch #16
\$ 2,500.00 levy on West Interceptor

A one percent assessment on redetermined benefits on State Ditch #51: approximate figures are as follows;

Roseau County	\$88,177.69
Kittson County	\$ 1,155.02
Marshall County	\$ 641.92
Beltrami County	\$ 899.65
Lake of the Woods County	\$ 648.60

## **Financial Summary**

This section summarizes the District's financial activity for 2012. The information provided in this section is a summary of the activity for the year. A detailed report of all activity within the respective fund accounts is available for review at the District's office. By law the Roseau River Watershed District is allowed to establish a number of funds for the purpose of carrying out their duties. To finance these funds the District levies an "ad valorem" tax, meaning in "proportion to the value," over the entire watershed district and is based on the property value, rather than benefits. The following is a brief summary of types of funds established and the ways they assist in carrying out the goals of the District.

### **General Fund**

This is the general operating fund of the District. The fund is set up for the purpose of providing for the general administrative expenses and for the construction and maintenance of projects of common benefit to the District. The levy to fund the Administrative fund may not exceed 0.00048 percent of taxable market value or \$250,000, whichever is less.

### **Red River Watershed Management Board Construction Fund**

This is established and used for the development of programs and projects of benefit to the District. The levy to fund the Red River Water Management Construction Fund may not exceed 0.00486 of the taxable market value of the property in the District. One-half of the levied funds received are sent to the Red River Watershed Management Board for programs and projects that have common benefit in the Red River Basin.

### **Other Income**

This is other sources that are received by the District that include funds from grants and aids as well as reimbursement from other governmental agencies.

### **Basic Financial Statements**

The following pages are the basic financial statements proved by the District's accountant for the year (January 1, through December 31, 2013) as augmented with the Legal Compliance.

BASIC FINANCIAL STATEMENTS

ROSEAU RIVER WATERSHED DISTRICT  
STATEMENT OF NET CASH POSITION  
DECEMBER 31, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 2,454,164
Due from other fund	<u>17,418</u>
TOTAL ASSETS	<u>\$ 2,471,582</u>
NET CASH POSITION	
Restricted for capital projects	\$ 2,228,064
Unrestricted (deficit)	<u>243,518</u>
TOTAL NET POSITION	<u>\$ 2,471,582</u>

See notes to the basic financial statements.

ROSEAU RIVER WATERSHED DISTRICT  
STATEMENT OF ACTIVITIES ARISING FROM CASH TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013

FUNCTION	Disbursements	Program Receipts and Sources			Net Cash Sources (Uses) and Change in Net Cash Position
		Fees, Assessments and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities Total
Governmental Activities:					
Administration	\$ 164,215	\$ 560	\$ 399	\$ -	\$ (163,256)
Administrative construction	22,537	198	41,491	-	19,152
General maintenance projects	63,380	118,850	-	5,811	61,281
Flood control projects	789,454	-	-	594,557	(194,897)
Drainage projects	25,873	-	-	1,250	(24,623)
Total Governmental Activities	1,065,459	119,608	41,890	601,618	(302,343)
General Receipts:					
Property taxes					358,443
Intergovernmental (not restricted for special program)					
MV Credits					8,371
Interest earnings					40,808
Total General Receipts					407,622
Changes in Cash Net Position					105,279
Net Cash Position, January 1					2,366,303
Net Cash Position, December 31					\$ 2,471,582

See notes to the basic financial statements.

ROSEAU RIVER WATERSHED DISTRICT  
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013

	<u>General</u>	<u>Capital Project Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 226,100	\$ 2,228,064	\$ 2,454,164
Due from other fund	<u>17,418</u>	<u>-</u>	<u>17,418</u>
 TOTAL ASSETS	 <u>\$ 243,518</u>	 <u>\$ 2,228,064</u>	 <u>\$ 2,471,582</u>
 CASH FUND BALANCE			
Restricted	-	2,228,064	2,228,064
Unassigned	<u>243,518</u>	<u>-</u>	<u>243,518</u>
 TOTAL CASH FUND BALANCE	 <u>\$ 243,518</u>	 <u>\$ 2,228,064</u>	 <u>\$ 2,471,582</u>

See notes to the basic financial statements.

ROSEAU RIVER WATERSHED DISTRICT  
STATEMENT OF CASH RECEIPTS, DISBURSEMENT AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>RECEIPTS</b>			
Taxes	\$ 238,962	\$ 119,481	\$ 358,443
Special assessments	-	117,050	117,050
Intergovernmental:			
State	5,581	513,168	518,749
RRWMB	399	131,720	132,119
Federal	-	1,011	1,011
Interest	329	40,479	40,808
Other	560	1,998	2,558
<b>TOTAL RECEIPTS</b>	<u>245,831</u>	<u>924,907</u>	<u>1,170,738</u>
<b>EXPENDITURES</b>			
Administration	117,037	47,178	164,215
Administrative construction	-	22,537	22,537
General maintenance projects	26,857	36,523	63,380
Flood control projects	-	789,454	789,454
Drainage projects	-	25,873	25,873
<b>TOTAL EXPENDITURES</b>	<u>143,894</u>	<u>921,565</u>	<u>1,065,459</u>
Revenues Over (Under) Expenditures	101,937	3,342	105,279
<b>OTHER SOURCES AND USES:</b>			
Transfers in	-	295,253	295,253
Transfers out	<u>(295,253)</u>	<u>-</u>	<u>(295,253)</u>
<b>NET OTHER SOURCES AND USES</b>	<u>(295,253)</u>	<u>295,253</u>	<u>-</u>
Receipts and Other Sources Over (Under) Expenditures and Other Uses	(193,316)	298,595	105,279
Cash Fund Balance - January 1	<u>436,834</u>	<u>1,929,469</u>	<u>2,366,303</u>
Cash Fund Balance - December 31	<u>\$ 243,518</u>	<u>\$ 2,228,064</u>	<u>\$ 2,471,582</u>

See notes to the basic financial statements.

ROSEAU RIVER WATERSHED DISTRICT  
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS  
AGENCY FUNDS  
DECEMBER 31, 2013

## ASSETS

Cash and investments	\$ -
Due from Red River Management Board	<u>17,418</u>
	<u>\$ 17,418</u>

## LIABILITIES

Due to Other Funds	<u>\$ 17,418</u>
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See notes to the basic financial statements.

ROSEAU RIVER WATERSHED DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

The Roseau River Watershed District, (the "District") was established under the Minnesota Watershed Act as an agency of the State of Minnesota. The purpose of the District is to carry out conservation of the natural resources of the State of Minnesota through land utilization, flood control, and other needs upon sound scientific principles for the protection of the public health and welfare and the provident use of natural resources. The District serves an area in Northwestern Minnesota. The District is governed by the Board of Managers, which is composed of five members appointed by the county boards in accordance with Minnesota Statutes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 1. C, these financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards (GASB) pronouncements.

A. Reporting Entity

The financial statements of the District include all organizations, funds and account groups over which the Board of Managers exercises significant influence or financial accountability. The District uses criteria established by GASB in determining financial accountability, which includes: the District's appointment of an entity's governing board; ability of the District to impose its will on that entity; or the potential for the entity to provide specific financial benefits or financial burdens on the District. Currently, the District does not have any component units.

*Government-Wide Financial Statement*

The Statement of Net Cash Position and Statement of Activities Arising From Cash Transactions display information about the reporting government taken as a whole. They include all funds of the reporting entity except any fiduciary funds. The statements distinguish between governmental and business-type activities (if any). The District displays all operations as governmental activities, because generally governmental activities are financed through taxes, intergovernmental revenues, and other non-exchange receipts.

*Fund Financial Statements*

Fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are typically organized into two categories: governmental, fiduciary and proprietary. The District currently has no proprietary funds.

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

1. Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that type, AND
2. Total assets, liabilities, revenues or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

*Governmental Funds*

General Fund

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

Capital Projects Fund

The capital projects fund is used to account for the financial resources to be used for the acquisition or construction of capital projects. The reporting entity includes the capital projects fund as a major fund.

*Fiduciary Fund*

Agency Fund

The agency fund accounts for assets held by the District in a purely custodial capacity on behalf of the Red River Watershed Management Board. Since an agency fund is custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of operations.

B. Measurement Focus and Basis of Accounting

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

*Measurement Focus*

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

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

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets.

Their operating statements present sources and uses of available spend able financial resources during a given period. These funds use fund balances as their measure of available spend able financial resources at the end of the period.

*Basis of Accounting*

In the government-wide Statement of Net Cash Position and Statement of Activities Arising From Cash Transactions governmental activities are presented using the cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or unbilled services provided in current year) and certain liabilities and their related expense (such as accounts payable, unpaid good or services received in the current year and accrued expenses) are not recorded in these financial statements.

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

D. Budgets

The budget is prepared using the same method of accounting as the financial statements. The annual adopted budget is not legally binding to the District, with the exception of the budget for the administrative fund, which is limited by state statute at \$250,000 and set by the Board for 2013 at \$250,000.

E. Revenues

In the Statement of Activities, cash basis revenues that are derived directly from each activity or from parties outside the District's taxpayers are reported as program revenues. The District has the following program revenues; direct project cost reimbursements and project special assessments, rental income and operating and capital grants specific to projects. All other governmental revenues and general tax levies are classified as general revenue.

F. Property Taxes

The District levies property taxes on property owners within the District, which becomes an enforceable lien as of January 1. Taxes are levied in September and are payable to counties on May 15 and October 15 (November 15 for farm property). The District levies the tax, while the respective counties collect and remit the tax collections to the District. Property taxes are recognized when received from the counties under the cash basis of accounting.

The District also levies special assessments through the counties against property owners who obtain direct benefits from projects or property owners who request, through the petition process, to have a project undertaken. The special assessment collections are recorded in a manner similar to that for property taxes.

G. Cash and Investments

Their operating statements present sources and uses of available spend able financial resources during a given period. These funds use fund balances as their measure of available spend able financial resources at the end of the period.

*Basis of Accounting*

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The District also levies special assessments through the counties against property owners who obtain direct benefits from projects or property owners who request, through the petition process, to have a project undertaken. The special assessment collections are recorded in a manner similar to that for property taxes.

G. Cash and Investments

Cash balances from all funds are pooled and invested to the extent available in authorized investments authorized by Minnesota statutes. Earnings from such investments are allocated to the respective funds on the basis of average cash balance participation by each fund. Funds with deficit averages are charged with the investment earnings lost in financing the deficits.

H. Equity

In the government-wide financial statements equity is classified as “net position” and displayed in two components:

1. Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
2. Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The difference between assets and liabilities is “Net Position” on the government wide financial statements and “Fund Balance” on the governmental fund financial statements.

- I. In the governmental fund financial statements, cash fund balances are classified as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable cash fund balance represents a portion of fund balance that includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted cash fund balance represents a portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed cash fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority which is the Board of Managers through an ordinance or resolution.

Assigned cash fund balance represents amounts constrained by the government’s intent to be used for specific purposes, but neither restricted nor committed.

Unassigned cash fund balance represents residual classification for the general fund. This classification represents fund balance not assigned to other funds and not restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other

governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it would be necessary to report a negative unassigned fund balance.

The first priority is to utilizing the restricted before unrestricted fund balance when both are available. Committed funds will be considered spent first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classification could be used like assigned or unassigned.

J. Interfund Balances

In the process of aggregating the fund information for the government-wide Statement of Net Position and Statement of Activities Arising From Cash Transactions, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

K. Estimates

The preparation of financial statements, in conformity with a comprehensive basis of accounting other than general accepted, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. CASH

Minnesota Statutes require that all deposits with financial institutions be collateralized in an amount equal to 110% of deposits in excess of FDIC (140% if collateralized with notes secured by first mortgages).

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District is authorized by Minnesota Statutes to invest in the following: direct obligations or obligations guaranteed by the federal government or its agencies; share of investment companies registered under the Federal Investment Company Act of 1940 and is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less; general obligations rated "A" or better; revenue obligations rated "AA" or

better, general obligations of Minnesota Housing Finance Agency rated "A" or better; commercial paper issued by United States' corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank or insurance company, domestic branch of a foreign bank and with a credit quality in one of the top two highest categories; repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers. The District has no investment policy that would further limit its investment choices.

Custodial Risk

The District does not have a formal policy that would limit the amount invested in any single financial institution. Approximately 72% of the District's cash is held at Border State Bank of Roseau, Minnesota.

NOTE 3. DEFINED BENEFIT PENSION PLANS – STATEWIDE

A. Plan Description

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

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

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

Two methods are used to compute benefits for GERF's Coordinated and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For all GERF members hired prior to May 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to May 1, 1989. Normal retirement age is the age for

unreduced Social Security benefits capped at 66 for Coordinated members hired on or after May 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

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

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The District makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 6.25%, respectively, of their annual covered salary in 2011. The Roseau River Watershed District is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERP members, 7.25% for Coordinated Plan GERP members. The District's contributions to the Public Employees Retirement Fund for the years ending December 31, 2013, 2012 and 2011 were \$5,379, \$5,276 and \$5,500, respectively. The District's contributions were equal to the contractually required contributions for each year as set by state statute.

NOTE 4. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance coverage's on its commercial property and for liability, personal and advertising injury, non-owned auto and a miscellaneous floater. Insurance coverage has not been reduced from the prior year, and settlements have not exceeded insurance coverage in any of the past three years.

NOTE 5. CONTINGENCIES

Grants

The District participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Cost charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of money received may be required and the collectability of any related receivable at December 31, 2013, may be impaired. The District is not aware of any significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

Claims and Litigation

The District may be involved in some legal actions relating to projects undertaken or attempted to be undertaken although the outcomes cannot be determined, the District believes any potential liability would not have a material impact on the financial condition of the District.

NOTE 6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries insurance for risks of loss considered necessary, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.