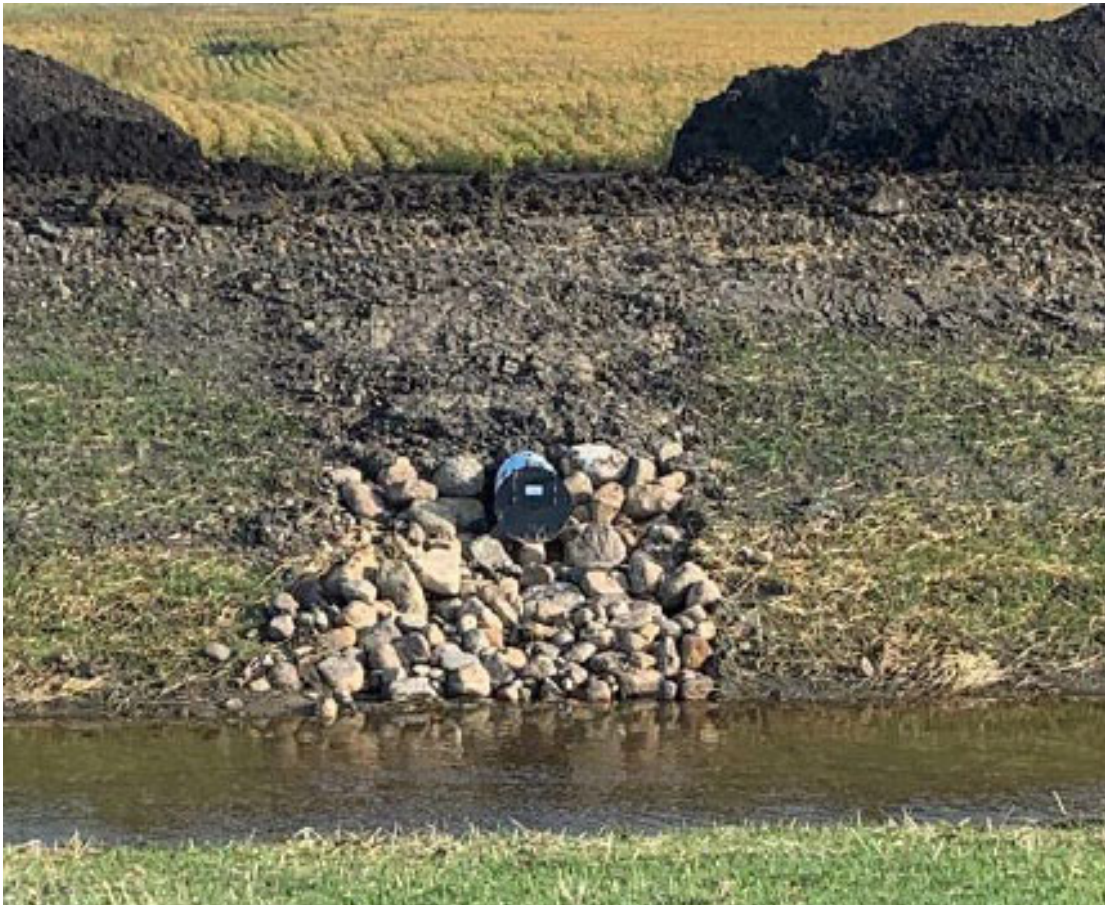




Bois de Sioux
Watershed District

Calendar Year 2019 Annual Activity Report



WCD 9 Landowner Project: Side Inlet Culvert Outlet Installation, October 2019

This report is provided pursuant to MN Statute 103D.351

**BOIS DE SIOUX WATERSHED DISTRICT
ANNUAL REPORT
CALENDAR YEAR 2019**

BOARD OF MANAGERS

NAME	COUNTY	PHONE	TERM EXPIRES	OFFICERS
<i>Linda Vavra</i>	Stevens	320-677-2586	2022	President
<i>Allen Wold</i>	Traverse	320-563-8743	2020	Vice President
<i>John Kapphahn</i>	Grant	218-685-4604	2020	Treasurer
<i>Scott Gillespie</i>	Big Stone	320-748-7149	2021	Secretary
<i>Jerome Deal</i>	Traverse	320-563-8377	2022	
<i>Doug Dahlen</i>	Grant	320-766-5794	2022	
<i>Benjamin Brutlag</i>	Otter Tail	218-731-2117	2020	
<i>Jason Beyer</i>	Wilkin	218-651-0135	2021	
<i>Steven Schmidt</i>	Traverse	320-563-8104	2021	

DISTRICT STAFF

Troy Fridgen, Engineer Technician

Lacey (Gilsdorf) Decker, Office Manager through her last day on August 16, 2019

Wendy Sullivan, Office Manager began September 17, 2019

DISTRICT OFFICE

Bois de Sioux Watershed District

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Record numbers of Canadian snow geese inundated the district Spring 2019

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SECTION ONE - GENERAL FUND

Project Status and Business Transacted

2019 Board Meetings

January 11, 2019

January 17, 2019

February 21, 2019

March 28, 2019

April 18, 2019

May 16, 2019

June 20, 2019

July 18, 2019

August 15, 2019

September 11, 2019

September 19, 2019

October 17, 2019

October 31, 2019

November 21, 2019

December 19, 2019

December 27, 2019

The Bois de Sioux Watershed District Board of Managers meet regularly on the third Thursday of each month starting at 8:00 a.m. April through October and at 9:00 a.m. November through March.

Background

The Bois de Sioux Watershed District was established on May 11, 1988 by order of the Minnesota Board of Water and Soil Resources (BWSR). The district represents an area of about 1,420 square miles and includes Traverse County (38%), Grant County (27%), Wilkin County (14%), Stevens County (10%), Big Stone County (7%) and Otter Tail County (4%).

The district includes the drainage basins of Lake Traverse and the Bois de Sioux River within the State of Minnesota. The major tributaries are the Mustinka River and numerous creeks in the south and east and the Rabbit River to the north.

Mission Statement

To provide coordinated water resource management over the entire hydrologic basin of the Bois de Sioux River lying within the State of Minnesota.

Board Activity

The board held twelve regular monthly and four special meetings in 2019. Staff meetings were also conducted for purposes of reviewing issues identified at the board meetings and to meet with landowner groups in an informal setting to discuss legal ditch repairs, permit activity, and other surface water related problems.

Red River Retention Authority

In 2010, the Red River Retention Authority (RRRA) was formed through a joint powers agreement between the Red River Watershed Management Board (RRWMB) in Minnesota.

The Red River Retention Authority is comprised of members of the Red River Joint Water Resource District, a North Dakota political subdivision, and the Red River Watershed Management Board, a Minnesota political subdivision. The primary objective of the Red River Retention Authority is to ensure joint, comprehensive, and strategic coordination of retention projects in the Red River of the North watershed and facilitating implementation and construction of retention in the Red River Valley. The Authority and its members will aggressively pursue federal dollars to off-set local costs for retention projects, and will serve as an advocate for local projects in the federal

regulatory process. Our Directors seek basin-wide solutions to realize effective flood protection and flood damage reduction, accomplished on a strategic project-by-project basis.

Jerome Deal served as a member to the RRRRA representing the RRWMB.

Red River Basin Flood Damage Reduction Work Group

The Flood Damage Reduction Work Group (FDRWG or Work Group) was originally formed in 1998 to address issues related to the development of flood damage reduction projects in that portion of the Red River of the North Basin in Minnesota.

While recognizing that the ultimate solutions to the flood damage and natural resource problems in the Red River Basin will take a concerted effort from people throughout the Basin, the Work Group was formed to address issues that are unique to Minnesota. However, the Work Group maintains extensive communications and coordination with jurisdictions and organizations throughout the Basin. For example, in 2005, two members of the Flood Damage Reduction Work Group also served as chairpersons for other Basin-wide organizations.

The Flood Damage Reduction Work Group is not a legally constituted body and has no regulatory or funding authority. It is an ad hoc group of individuals representing federal, state and local governments, and non-governmental organizations that meet voluntarily under a set of mutually agreed upon ground rules. The Work Group meets for the purpose of coordinating the implementation of the 1998 Mediation Agreement and making recommendations to other authorities and jurisdictions within the Red River Basin to that effect.

Jerome Deal served as a member to the FDRWG representing the RRWMB.

Minnesota Association of Watershed Districts

The Minnesota Association of Watershed Districts (MAWD) provides educational opportunities, information and training for watershed district managers and staff through yearly tours, meetings and regular communication.

MAWD represents 45 watershed districts in the state. The watershed districts are partners in water protection and management.

Linda Vavra continued to serve as a member representing Region I for the Minnesota Association of Watershed Districts Board of Directors.

BdSWD Advisory Committee

Chair Ron Staples	Joe Montoneye
Jay Backer	Tom Monson
Scott Bauer	Beau Peterson
Duane Duin	Mark Summers
Dean Frisch	Linda Vavra
Doug Jahnke	Vernell Wagner
Eric Klindt	John Walkup

The Advisory Committee met on January 9 and June 26, 2019. Committee members met with Engineers Chad Engels and James Guler, Engineer Technician Troy Fridgen, President Linda Vavra, and Administrator Beyer. The Committee received information on the southern boundary change, Culvert and Clean Water Cost Share Policies, progression of a watershed management district, permitting, and spring flooding. Doran Creek, North Ottawa and Redpath were

reviewed. Construction updates were given for TCD #23, WCD #8 and WCD #9. Buffers and 1W1Plan were also discussed.

Other General Fund Activities

- **Spring Flooding Begins:** First flood reports began January 17, 2019. Spring 2019 was a top 10 flood for the Dumont area (01/17/19). Multi-jurisdiction flood preparation meetings were held by and participated with District employees (03/28/19). Pre-declaration FEMA meetings began and continued through the winter (05/16/19).
- **Insurance Agent of Record:** Paul Frisch was designated as the Agent of Record for the District (01/17/19).
- **2019 COLA:** Staff Cost of Living increases were set at 2% (01/17/19).
- **New Policy – Meal Reimbursement:** Reimbursements will be made for the actual cost of the meal, not to exceed the amounts listed below. Cost of a meal includes tax and reasonable gratuity. Breakfast: \$9.00. Lunch: \$11.00. Dinner: \$16.00." Upon motion by Gillespie, seconded by Deal and carried unanimously, the policy is changed to: "Reimbursements will be provided at the following amounts. Breakfast: \$15.00. Lunch: \$18.00. Dinner: \$25.00. Receipts and board approval will be required for any meal charge above the reimbursement rate" (05/16/19).
- **Driveway Bid:** Driveway bid approved from Riley Brothers for \$7,870.00 (05/16/19).
- **CD Purchase:** \$2,150,000 with Bremer (06/20/19).
- **Manager Rates:** Manager rates increased from \$75/meeting to \$125/meeting, effective July 1, 2019 (7/18/2019).
- **North Ottawa:** The MAWD summer conference and the 1W1Plan included a tour of North Ottawa.
- **Office Manager:** Office Manager Wendy Sullivan is hired (09/11/19).
- **Money Market:** A Bremer Money Market account was opened to earn interest on the District's cash reserves (09/19/19).
- A Cooperative Purchasing Agreement, with the State of Minnesota, was approved (09/19/19).
- Swenson lawsuit finalized and restitution is paid (11/26/19).
- **2019 Audit:** CliftonLarsonAllen will prepare the District's 2019 financial audit and statements. A contract and engagement letter were approved (11/21/19 and 12/27/19).
- **2020 COLA:** Staff Cost of Living increases were set at 3% (12/19/19).



SECTION TWO - RRWMB FUND

Project Status and Business Transacted

The Red River Watershed Management Board's jurisdiction and authority encompasses the area managed by the individual watershed districts that have membership on the Board. The board continued with their membership to the Red River Watershed Management Board.

Eight watershed districts within the Red River Valley form the RRWMB including the Joe River, Two Rivers, Roseau River, Middle-Snake-Tamarac Rivers, Red Lake, Sand Hill River, Wild Rice, and Bois de Sioux.

The RRWMB was created by an act of the Minnesota legislature in 1976 to provide an organization with a basin-wide perspective concerning flooding. Historically, the activities of the RRWMB have centered on flood control. Previous efforts in dealing with the flooding problem within the Red River Basin consisted of single projects within a localized area, planned with primary regard to local benefits. The RRWMB actively promotes a basin-wide perspective for water management.

Linda Vavra was elected to represent the District beginning 2019, with Allen Wold serving as alternate. Term expires 12/31/21.

Red River Watershed Management Board Levy

Per the minutes of the July 16, 2019 RRWMB Board Meeting – effective for the 2020 certified tax levy:

2020 RRWMB Levy: Mr. Sip referred the Managers to the board agenda item for the 2020 levy and indicated that the RRWMB Budget and Finance Committee had discussed the 2020 levy at length. Mr. Sip stated that the Committee is recommending that the 2020 levy be set at 75 percent (0.0003627). Brief discussion was held, and Mr. Mischel made a Motion to approve the proposed Levy at 75 percent (0.0003627), Seconded by Mr. Braaten. Mr. Finney asked Mrs. Swenson to conduct the roll-call vote indicating Manager approval of the 2020 Levy at 75 percent (0.0003627), as recommended by the RRWMB Budget and Finance Committee via Resolution 2019-12:

Roll-call	Vote: Yea	Nay	Absent	Abstain
Mr. Anderson	X			
Mr. Braaten	X			
Mr. Finney	X			
Mr. Holmvik	X			
Mr. Mischel	X			
Mr. Ose	X			
Ms. Vavra	X			

Upon roll-call vote for the 2020 Levy, the motion Carried, 7-0 via Resolution 2019-12. Mr. Sip stated that outreach and communication about the Budget and Levy would be conducted similar to last year. The Managers affirmed that Mr. Sip should commence outreach and communication activities for the 2020 Budget and Levy.

SECTION THREE – CONSTRUCTION FUND

Project Status and Business Transacted

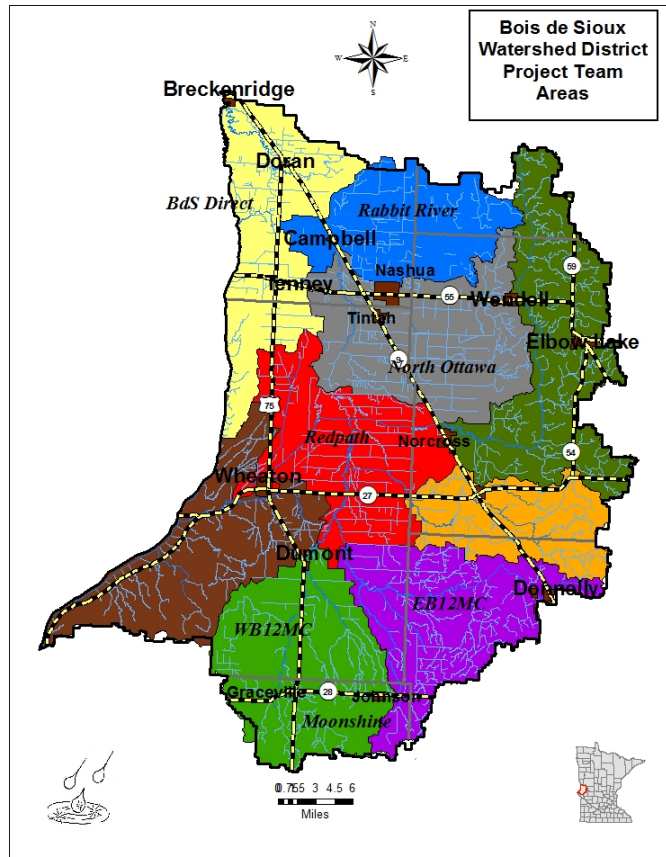
Project Teams

The Bois de Sioux Watershed District is a subwatershed of the Red River of the North basin. In December of 1998, many agencies and organizations signed the Red River Basin Mediation Agreement which outlined how projects will be developed in the Red River Valley in Minnesota. That agreement states that the districts within the basin will attempt to balance each project design with Flood Damage Reduction (FDR) benefits and Natural Resource Enhancements (NRE). Part of that process requires that each district establish a Project Team for each project containing members from local, regional, state and federal agencies along with environmental organizations and local landowners.

The Bois de Sioux Watershed District administers eight (8) Project Teams as follows:

1. North Ottawa
2. Redpath
3. East Branch Twelve Mile Creek
4. West Branch Twelve Mile Creek
5. Moonshine
6. Rabbit River
7. Bois de Sioux Direct
8. TCD #52

With the exception of the Moonshine PT and the TCD #52 PT, they are organized on a sub-watershed alignment as shown on the adjacent map.



Bylaws and Regulations

The Bois de Sioux Watershed District has adopted rules to control watershed activities as required by M.S. 103D.341. Bois de Sioux Watershed District rules lay out a permit process which landowners must follow. Permits are required for any type of work related to new ditching, improved ditching, drainage from one sub-watershed to the other, construction, alteration or removal of any dike, reservoir work, land forming, wetland drainage, work within natural drainage ways, lakes, wetlands and other abutting land and drainage structures. Landowners should contact the Bois de Sioux Watershed District Office for assistance and direction in filing permits.

For a copy of the Policies and Procedures Manual of the Bois de Sioux Watershed District, please contact the Bois de Sioux Watershed District Office or go to www.bdswd.com Permit applications can also be found online at this address.

Any land owner that proceeds to do work without a permit, when the project requires one, is subject to a minimum

\$250 After-The Fact Permit Fee plus any Engineering/Attorney Fees incurred in the processing of said permit.

There were a total 138 permits received in 2019.

The Drainage Committee of the BdSWD continued to review and revise permit policies in 2019 as issues were identified.

2019 Projects and Programs

Distributed Storage Strategy

In 2012, the BdSWD completed a 20% Flow Reduction Strategy for the watershed. This study focused on placing storage within the Bois de Sioux Watershed District. A total of 26 sites or potential projects were identified within the District. The storage was placed in the Lake Traverse and Rabbit River basins. Site selection was based primarily on the need for local flood control as flooding problems are widespread in the Bois de Sioux Watershed District.

The Bois de Sioux Watershed District prioritizes development of specific impoundment projects based on need, local support, budget, and importance of other watershed projects and programs that require the time of district staff.

North Ottawa Impoundment Project

The Bois de Sioux / North Ottawa Joint Powers Agreement between the Department of Natural Resources and the Bois de Sioux Watershed District Office expired December 31, 2017. No new joint powers agreement was implemented in 2018 or 2019.

Meetings with DNR representatives and legal counsel continued in 2019, with no substantive advancement. In an effort to move discussions forward, a Scope of Services contract with Attorney Louis Smith of SmithPartners, was continued in 2019. Mr. Smith provides knowledge of and experience with the North Ottawa Impoundment Project and Flood Hazard Grant Mitigation funding objectives. Legal fees for the year, on this issue, totaled \$29,500.



Gravel added to the interior roads accounted for the majority of the maintenance costs in 2019. Staff have notified Board Managers that there are many trees that will need to be removed in the future, and that the Impoundment's wood gate panels will need to be replaced. Aluminum gate panels were purchased in 2019 for one of the inlet structures. More aluminum panels will be purchased in the future if the new panels prove to be satisfactory.

In 2019, the North Ottawa Impoundment provided:

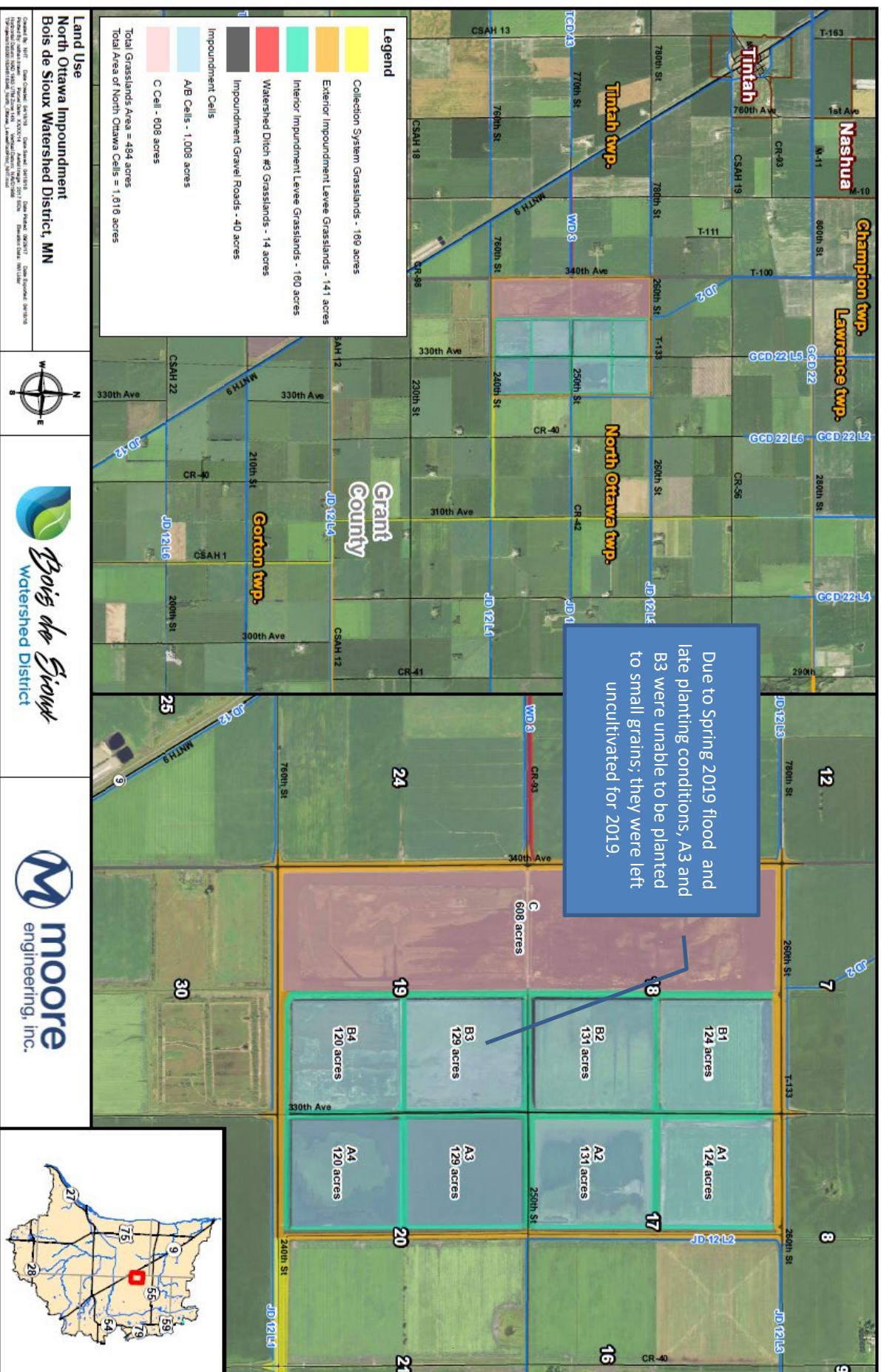
848 Acres Wet Cell Habitat

607 Acres Grassland

644 Acres Revenue + Habitat + Public Value

Dr. Jay Leitch and a master's student continued a cost-benefit analysis of the North Ottawa Impoundment. The study is funded by the Center for Study of Public Choice and Private Enterprise (November 15, 2018), but has not been finalized or presented in 2019.

North Ottawa Impoundment Project Acres



Moonshine Lakebed Restoration Project

The BdSWD continues to work to pursue necessary partnerships for this project area from willing landowners. Major landowners have expressed interest in principle to creating a temporary holding basin for spring runoff and major summer events to protect the city of Graceville and downstream lands from flood events. The Wetland Banking program was discussed in regard to this lakebed restoration project but it was decided to not utilize this system because of the way the project is being pursued.

Moonshine 24/13

Land owned by the BdSWD was leased for agricultural activities in 2019. Some progress has been made to date with establishing a seasonal impoundment in this area without the BDSWD purchasing additional land while working with landowners on an easement proposal. It is the District's intention to continue to work to establish a small impoundment on this land and land adjacent once land rights issues are worked out with the neighboring landowners.

River Watch Program

The River Watch (RW) program provides hands-on watershed science education, promotes water resources stewardship, and introduces high school participants to career opportunities in watershed science. The program focuses on education through water quality monitoring, macroinvertebrate and mussel sampling, snow and frost depth studies, and river geomorphology. The Bois de Sioux Watershed District supports the RW program and valuable water quality data is obtained within the watershed as a result of this project.

On February 27, 2019, the Campbell-Tintah team attended the International Water Institute at the Alerus Center in Grand Forks. Their keynote speaker for the day was Natalie Warren, who paddled from Minneapolis to Hudson Bay.

The team presented their storymap: Rabbit River Elevated Coliform Bacteria Levels. The team discussed how they would approach researching the elevated coliform bacteria levels in the Rabbit River, and they identified potential sources which include wildlife (dead animals and animal waste), local sewage ponds, old septic tanks leaking into the river, and North Ottawa Impoundment Project wildlife.

The BDSWD provides support for the program by covering costs of substitute teachers, transportation, and students' lunches on sampling days and when students attend the RW Forum and the water quality training/certification session. Laboratory analyses of water samples have also been covered if a special research project is undertaken by a RW team or student. Financial support is also provided by the Red River Watershed Management Board (RRWMB) and the Minnesota Clean Water Legacy Fund. Coordination and implementation support is provided by the International Water Institute.

This partnership with the watershed district and area schools contributes to the education of the students, promotes good stewardship of our water resources and provides valuable data to area water resource managers and agencies.

103F.048 Buffers

The District's Buffer Rule was enacted April 18, 2019. After the 2019 legislative session ended, it was discovered that a \$2 million boost to the Riparian Aid Program was not included in budget agreements; this resulted in a \$37,134 Riparian Aid decertification for the District. The District entered into a Buffer Cost Share Program with Wilkin County SWCD; participating landowners will have 75% of buffer seeding costs covered with a 10-year commitment to keep the buffer in-place (May 16, 2019).

Parcels with potential non-compliance were identified by county SWCD's:
Grant County - 54 parcels*

Traverse County - 11 parcels
Wilkin County - 3 parcels

*Grant County SWCD potential non-compliance was determined by reviewing 2017 aerial pictometry.

The Buffer Committee met in 2019, and will continue to meet in 2020, to determine the best course of action to reduce soil erosion.

Land Acquisition

Construction and permanent easements were acquired for retrofit construction and buffers on WCD #9/#10, at a cost of \$304,528.00.

Southern Boundary

Hearings continued in response to the 2017 petition to refine the District's south-eastern boundary with the Upper Minnesota River Watershed District. On May 22, 2019, the Minnesota Board of Water and Soil Resources approved the Order of Boundary Change.

Bois de Sioux Direct

The District was selected in prior years to receive grant funding to study watershed flooding and develop a watershed protection plan for landowners in the Doran Creek area. Funding for these efforts was provided by the Federal Regional Conservation Partnership Program (RCPP).

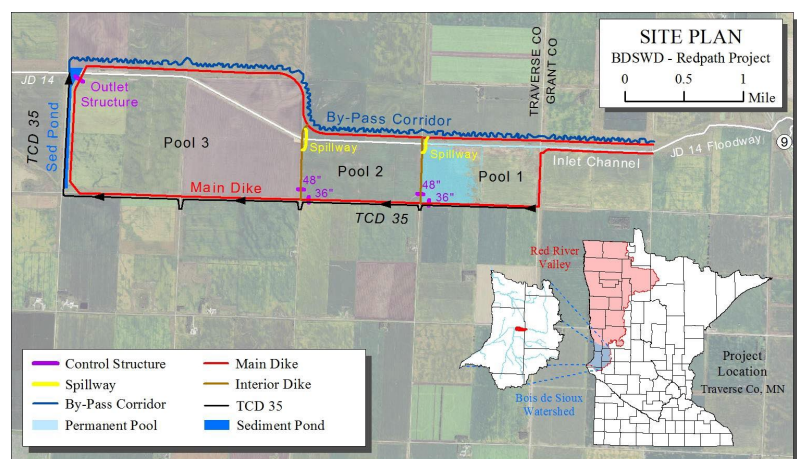
The ultimate purpose of this project is to find a solution to provide flood damage reduction from a 10-yr 24-hr storm for agricultural land in the Doran Creek subwatershed and to provide flood protection from a 100-yr event for public and private infrastructure within the City of Doran.

In 2019, the District withdrew from the RCPP process, but noted many positive outcomes from participation, including meeting with landowners, creating an economic damages report, evaluation of several alternatives, and updated flood models (02/21/19).

Redpath Projects

In 2008, the Board of Managers established the Redpath Project Team and charged them with the task of identifying the problems in the area and reviewing alternative solutions. The team did their work in the first 8 months of the year and recommended a project solution to the Board in August 2008.

The impoundment dike on the south side will be constructed on the section lines. Traverse County Ditch 35 (TCD35) will be relocated south of its current location to facilitate construction of the dike. The west dike will be constructed approximately 350' east of CSAH13 to allow room for TCD35 and a sedimentation pond between the dike and road. The north dike of the impoundment will be built north of JD14 and a new By-pass Corridor will be constructed north of this dike. From the county line east one mile, dikes will be built on either side of JD14 to form a diked inlet from the inlet structure to the impoundment. A floodway will be constructed along the existing JD14 channel to provide



improved conveyance from the inlet structure to the impoundment pool areas.

The impoundment is divided into 3 pools as shown in Figure 6. The inlet structure will allow Pool 1 to fluctuate at river level. As the pool rises, some of the JD14 flow will bypass the impoundment using the new channel within the By-pass Corridor. Increased flows from the upstream drainage area will be split between the By-pass Corridor floodway and the impoundment. A culvert at the entrance to the By-pass Corridor will restrict the amount of flow that takes that route. The By-pass Corridor will extend from the inlet structure, follow along the north dike and outlet back into JD14 at the northwest 10 corner of the impoundment. Flows into the impoundment will be from Pool 1 to Pool 2 to Pool 3 via overflow spillways and ultimately through the outlet structure to JD14. Support for this project appears to be very widespread, from local landowners to the federal agency level. The Spring 2019 Flood emphasized the importance of the Redpath Project to local Traverse County Highway Engineering staff, also.

In 2014, the Environmental Assessment Worksheet (EAW) was completed. Staff have continued to work through the necessary steps to obtain a USCOE 404 and 408 permit along with the State WCA permit.

The Lessards Heritage LHOSC grant, for the Redpath Impoundment Project, was extended for three years, expiring June 30, 2022 (October 19, 2017).

As of December 31, 2019, there are four parcels left to acquire.

East Branch Twelve Mile Creek Project/Eldorado 7

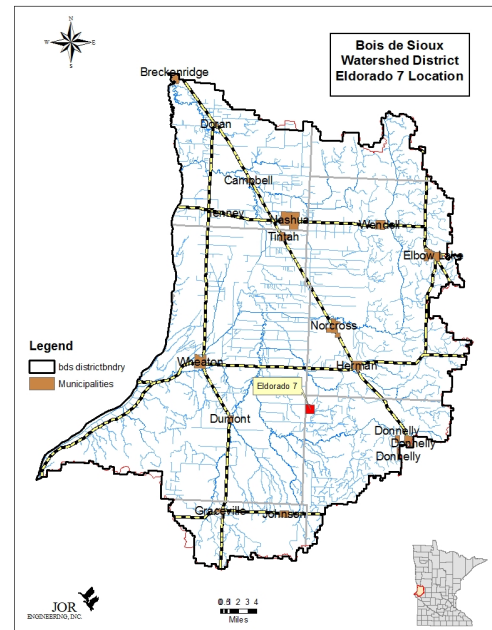
In December 2005, the team made a recommendation to the BdSWD Board that there needed to be about 3,300 acre feet of storage implemented in this sub-watershed.

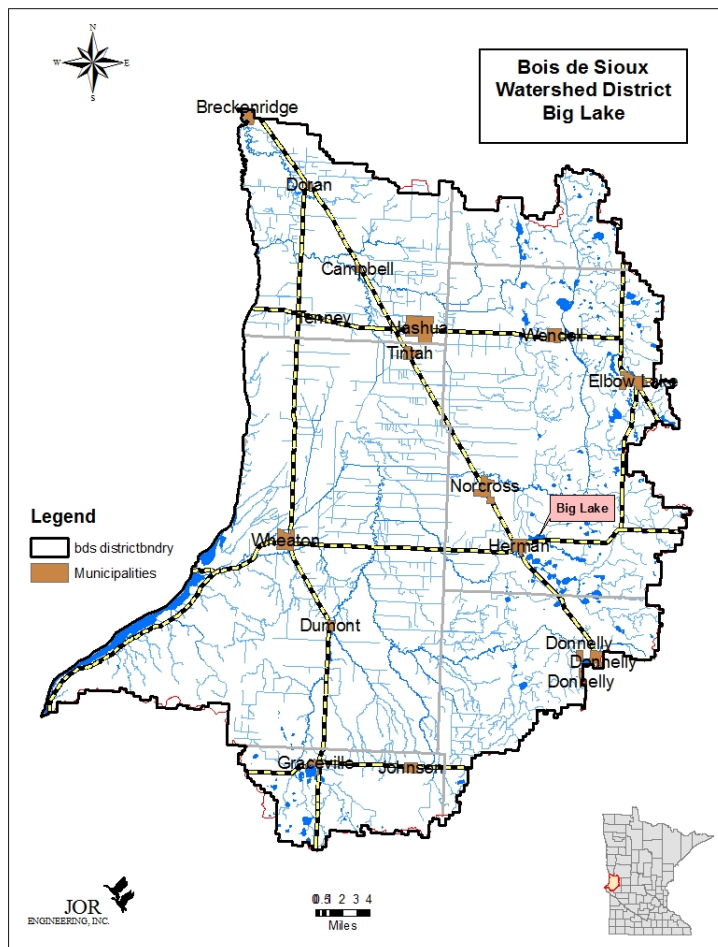
Due to Spring Flood 2019, residents reemerged in support of flood mitigation efforts in this area. Issues continue on the Traverse County-Stevens County line.

Big Lake

This project had been inactive due to BdSWD priorities and project development difficulties resulting from permitting complexity. The current BdSWD proposed summer elevation is 1075 with a 1073 fall drawdown. This project would complete the third of three phases identified for flood risk reduction within the City of Herman. The first two phases included a re-design of the city stormwater conveyance system and the outlet channel to Pullman Slough west of the city. Water level control on Big Lake would provide additional protection to the city where flows could be metered through the system in an attempt to prevent exceeding the conveyance system's design capacity.

Due to Spring Flood 2019, efforts were initiated to return to Big Lake in an effort to seek water storage. A service contract with Moore Engineering was approved, to complete an Environmental Assessment Worksheet (September 19, 2019).





Lake Traverse Water Quality Improvement Project #1

Concerns about sedimentation and erosion in the TCD #52 and Lake Traverse outlet were widely discussed in 2019. An overall plan amendment, authorizing the use of a watershed management district, was approved and submitted to BWSR (July 18, 2019). A landowner meeting was also held to discuss how the watershed management district would be administered and how construction could be completed over three phases (September 19, 2019).

One Watershed One Plan (1W1Plan)

A contract with Houston Engineering, Inc. was approved (January 11, 2019); Houston Engineering staff provided meeting facilitation and plan creation support services during monthly meetings. The Steering Committee elected to meet monthly. The Advisory and Policy Committees meet on an every-other-month schedule. Citizen Advisors were brought into meetings as specific subjects were

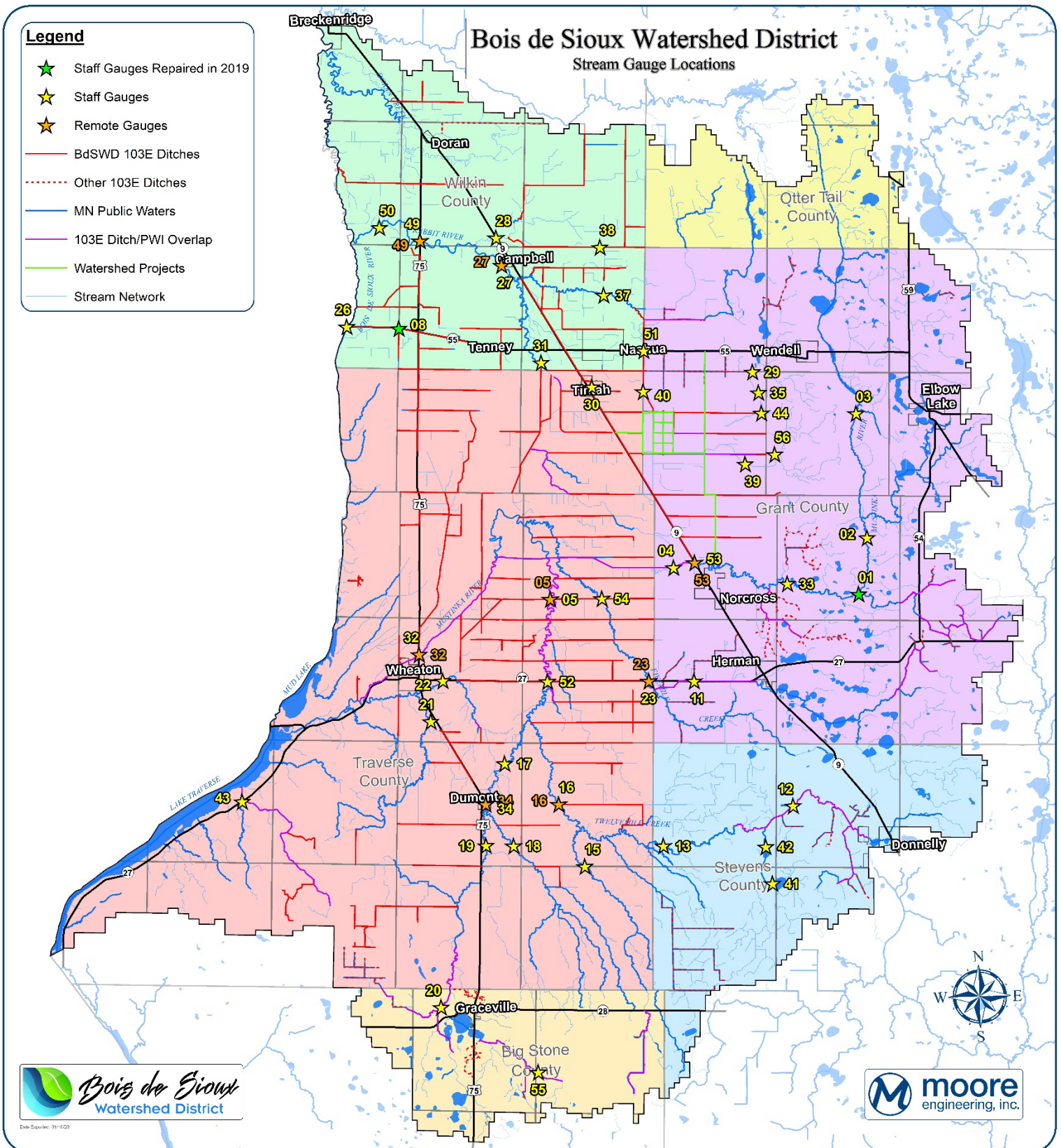
approached and discussed. A kick-off meeting was held on April 2, 2019 for the Mustinka River Watershed and on April 3, 2019 for the Bois de Sioux River Watershed. An all-day bus tour was held August 26, 2019 for both watersheds, and individuals from the Policy, Advisory, Steering, and Citizen Advisory Committees attended.

Stream Gauging

In 2019, there were forty-two (42) gauging sites in the Stream Gauge Monitor Program. Twenty (20) of those sites are considered active in which data was collected in 2018 and/or 2019. Volunteers that live within the vicinity of each gauge conduct the actual day-to-day monitoring of the stream gauge. The program is coordinated through the administrative office. Volunteer readers are compensated at a rate of seventy-five dollars (\$75.00) per gauge, per year, to help offset costs for accessing the gauge. Stream Gauge Data for 2019 has been entered into the BdSWD computer database.

Each year, gauge readers are asked about the condition of their gauging site via a questionnaire sent by mail. If the gauge needs work or there is a request to modify the gauge, it is reviewed by the administration and assigned to an engineering technician to investigate, repair, or modify as the case may require.

STREAM GAUGE LOCATIONS



Other Construction Fund Activities

- **Land Leases for 2019:** Thirty-one parcels were bid, and nine were negotiated directly with adjacent landowners (December 20, 2018). North Ottawa lands were bid in January 2019.
- **New Policy – Culvert Cost Share Policy:** This cost share policy encourages assessed drainage ditch landowners to initiate repairs and improvement projects that result in the proper sizing of culverts. Proper districtwide culvert sizing reduces peak flows and provides temporary water storage (01/11/19).
- **MPCA TALU Meetings:** MPCA identified 14 ditches and streams that require further review (01/17/19).
- **North Ottawa:** Contracts with Smith Partners and EOR were approved to provide guidance and recommendations for revenue generating, NRE-enhancing activities at North Ottawa (01/17/19). Revenue-generating and NRE-enhancing land use activities proposed to the DNR in February 2019. The DNR provided a response in December (12/19/19).
- **State Bonded Land Declarations:** A DNR audit by the Minnesota Management and Budget revealed that real estate declarations had not been recorded for land purchased with state bonds; the exhibits will be recorded for North Ottawa and Redpath (12/19/19).
- **New Policy – Clean Water Retrofit Cost Share Policy:** This cost share policy is designed to supplement BWSR's Multipurpose Drainage Management grant, when grant allocations are less than eligible project costs (02/21/19).
- **Ditch Repair Legal Memo Presented:** The Board may approve repairs so long as the repairs are less than \$1,000 per mile of ditch or under \$175,000 (03/28/19).
- North Ottawa cells A3 & B3 were leased with a small grains restriction (03/28/19). The crop could not be planted, due to late planting conditions.
- **Big Lake:** EAW writers were hired (09/19/19).
- **Lake Traverse Water Quality Improvement Project/TCD #52:** An overall plan amendment, establishing a watershed management district, was approved for submission to BWSR for consideration of approval.
- **Redpath Appraisals:** Appraisals were completed for the NE1/2 NE1/4 and S1/2 NE1/4 of Section 17-128-45 (Redpath Township), Traverse County and the SW1/4 of Section 34-129-45 (Tintah Township), Traverse County (11/21/19).
- **Redpath Grant Extension:** Grant Agreement Amendment No. 6 was approved, between the District and the DNR, for a one-year extension of the September 29, 2010 Redpath Grant 3000000507/3000125390/26829 which was set to expire December 30, 2020 (12/27/19).



TCD #52 Enroaches State near Highway 27

SECTION FOUR - DITCH FUND

Project Status and Business Transacted

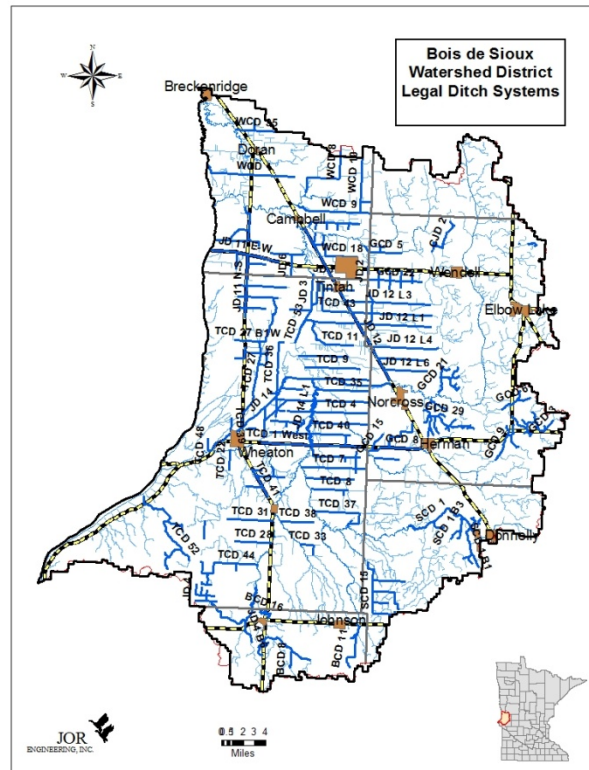
Since 1992 sixty (60) ditch systems have been under the jurisdiction of the Bois de Sioux Watershed District, with JD #3 added in 1995; in total, this amounts to approximately four hundred (400) lineal miles of ditch. Ditch funds are managed by the district office. Annual ditch inspections are completed on a three-year rotation, or as deemed necessary by the District. A copy of the inspection reports are kept on-file at the District Office.

The District administers an annual spray program to remove, as needed, heavy vegetation, trees, cattails and brush in legal ditch systems. This work is also conducted on a three-year rotation, or as deemed necessary by the District.

Legal Drainage Ditch Work

General Activities

- **Equipment Purchased:** No major equipment purchased.
- **Equipment Sold:** None.
- **Interest Rate:** The interest rate was set in 2019 at 3.15% for ditch funds with negative balances (December 19, 2019).
- **Contractors Hired:** Leo Splonskowski of LM Road Services was contracted to spray cattails, tree removal and brush. Ditch maintenance contractors: Wagner, Troy Lang, Hormann, Riley Bros, Jesse Olson.
- **Ditch Assessments:** \$977,676.00.



WCD 9 Landowner Project, Ditch Improvement, October 2019

Specific Activities by Ditch

Beyond cattail spraying, brush, weed control, and beaver removal:

- **Gopher State:** In response to utilities incorrectly installed in the District's ditch right-of-way, board managers approved participation in the Gopher State One Call underground utilities location program (11/21/19).
- **BdSWD #3:** Spring flood-related snow removal; spoil leveling and seeding required.
- **JD #2:** Spring flood-related snow removal required.
- **JD #7:** Spoil was leveled from 2018 channel cleanout
- **JD #11:** Spring flood-related snow removal required; flood repairs made. The repair and redetermination proceedings continued; hearings on the Engineer's Repair Report, Viewers' Report, and Redetermination began December 19, 2019 but were recessed and will reconvene in 2020 (12/19/19). Cleanout of Lateral 4 and one mile of Lateral 9.
- **JD #12:** Spring flood-related snow removal required; flood repairs made. Cleanout of Lateral 1.
- **JD #14:** By Resolution, board managers requested federal project delisting of the Mustinka River.
- **TCD #1E:** Spring flood-related snow removal required.
- **TCD #1W:** Spring flood-related snow removal required.
- **TCD #2:** Spring flood-related snow removal required.
- **TCD #4:** Spring flood-related snow removal required; flood repairs made. Clean-out of approximately 5 miles.
- **TCD #8:** Spring flood-related snow removal and clean-out of approximately 4 miles. Hydraulic analysis was started to investigate the capacity of the existing channel; to be completed in 2020.
- **TCD #9:** Spring flood-related snow removal required.
- **TCD #10:** Spring flood-related snow removal required.
- **TCD #11:** Spring flood-related snow removal required.
- **TCD #16:** Spring flood-related snow removal required.
- **TCD #17:** Spring flood-related snow removal required.
- **TCD #23:** Final payments made for construction work repairs completed in 2018.
- **TCD #24:** Spring flood-related snow removal required.
- **TCD #27:** Spring flood-related snow removal required. The condition of a collapse culvert continued to deteriorate, culminating in a road closure during fall harvest. Board managers approved an emergency repair, with 50% cost share from MNDOT (10/31/19). Cleanout of approximately 2.5 miles.

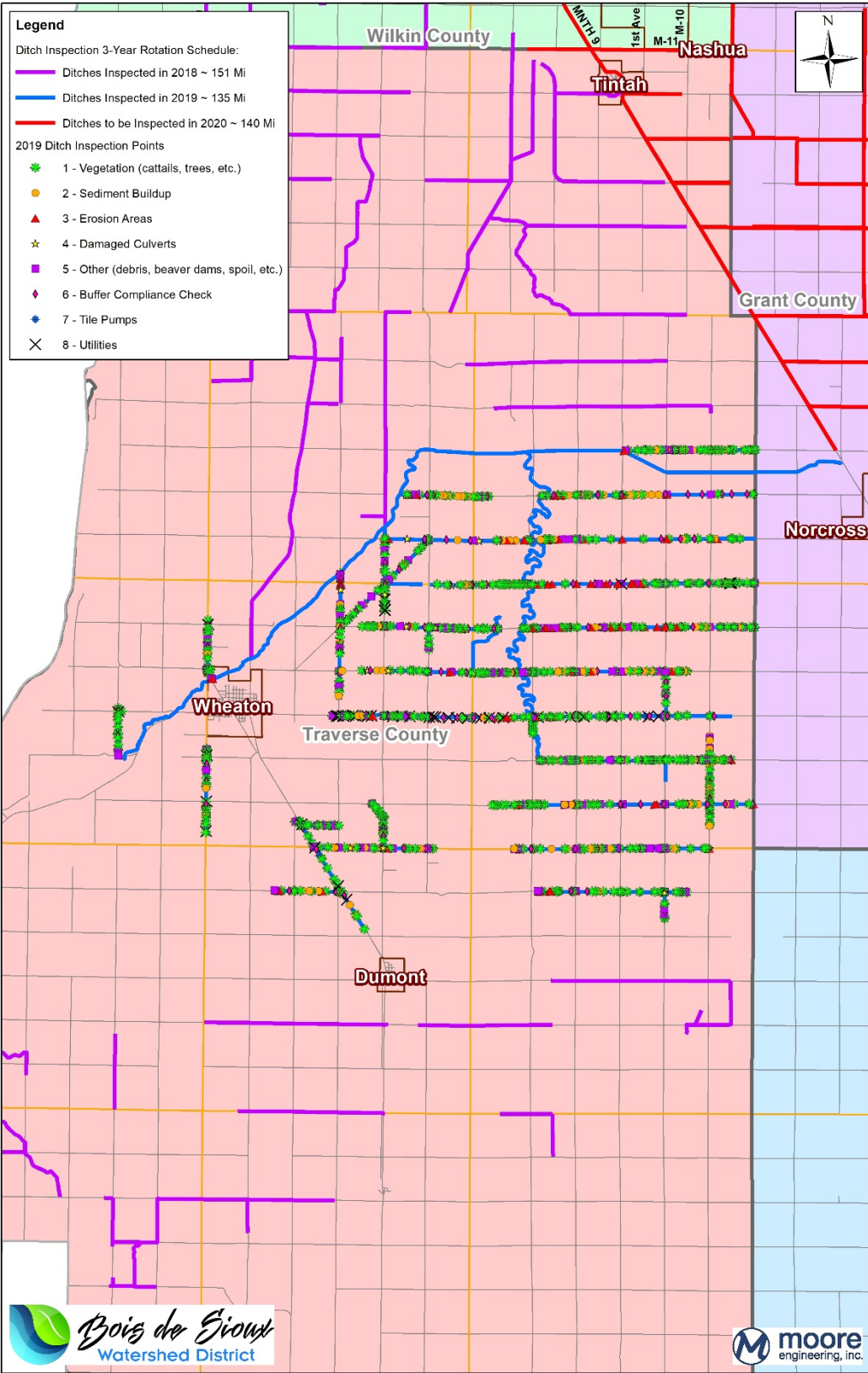
- **TCD #28:** Clean-out.
- **TCD #29:** Spring flood-related snow removal required. Clean-out.
- **TCD #30:** Spring flood-related snow removal required.
- **TCD #31:** Spring flood-related snow removal required and plugs removed.
- **TCD #37:** Spring flood damage repaired, culvert weir, and spoils leveled. Debt for 2016 lateral retrofit set to a fixed 1% interest rate.
- **TCD #39:** Spring flood damage repaired.
- **TCD #40:** Inlet spring flood damages repaired.
- **TCD #41:** Spring flood-related snow removal required; flood repairs made. Culvert washout repaired. Cleanout of approximately 3 miles.
- **TCD #42:** Spring flood-related snow removal required; field drains and culverts cleared.
- **TCD #43:** Repaired culvert damaged by spring flooding; spoils leveled and seeding.
- **TCD #44:** Repaired culvert damaged by spring flooding; cleanout of approximately 4 miles, spoils leveled and seeding. Hydraulic analysis was completed to investigate the capacity of the existing channel.
- **TCD #51:** Clean-out of Lateral B.
- **TCD #52:** Spring flood damage repaired; clean-out and spoils leveled.
- **TCD #53:** Spring flood damage repaired and spoils leveled.
- **WCD #8:** Final hearings, for final payment to the contractor, were held and final payment was made (12/19/19).
- **WCD #9:** Construction bid was awarded to Riley Bros, with a November 18, 2019 substantial completion date and Alternate #1 for \$1,458,622.65. (04/18/19)
- **WCD #10:** Ditch Consolidation: WCD #10 was consolidated with WCD #9. (02/21/19)

RFM #	Ditch	Landowner Described Problem
001-19	TCD #44	Sediment; needs cleanout
002-19	TCD #52	Sediment; needs cleanout
003-19	TCD #4	Sediment; needs cleanout
004-19	TCD# 51 LB	Sediment; needs cleanout
005-19	JD #11 L4	Sediment; needs cleanout
006-19	TCD #41	Sediment; needs cleanout
007-19	JD #11 L9	Sediment; needs cleanout
008-19	TCD #8	Cattails & sediment; needs cleanout
009-19	JD #12 L1	Sediment; needs cleanout
010-19	TCD #28	Partial cleanout needed
011-19	TCD #42	Partial cleanout needed
Internal	TCD #27	Damaged culvert
Internal	TCD #37	Cattails and culvert weir

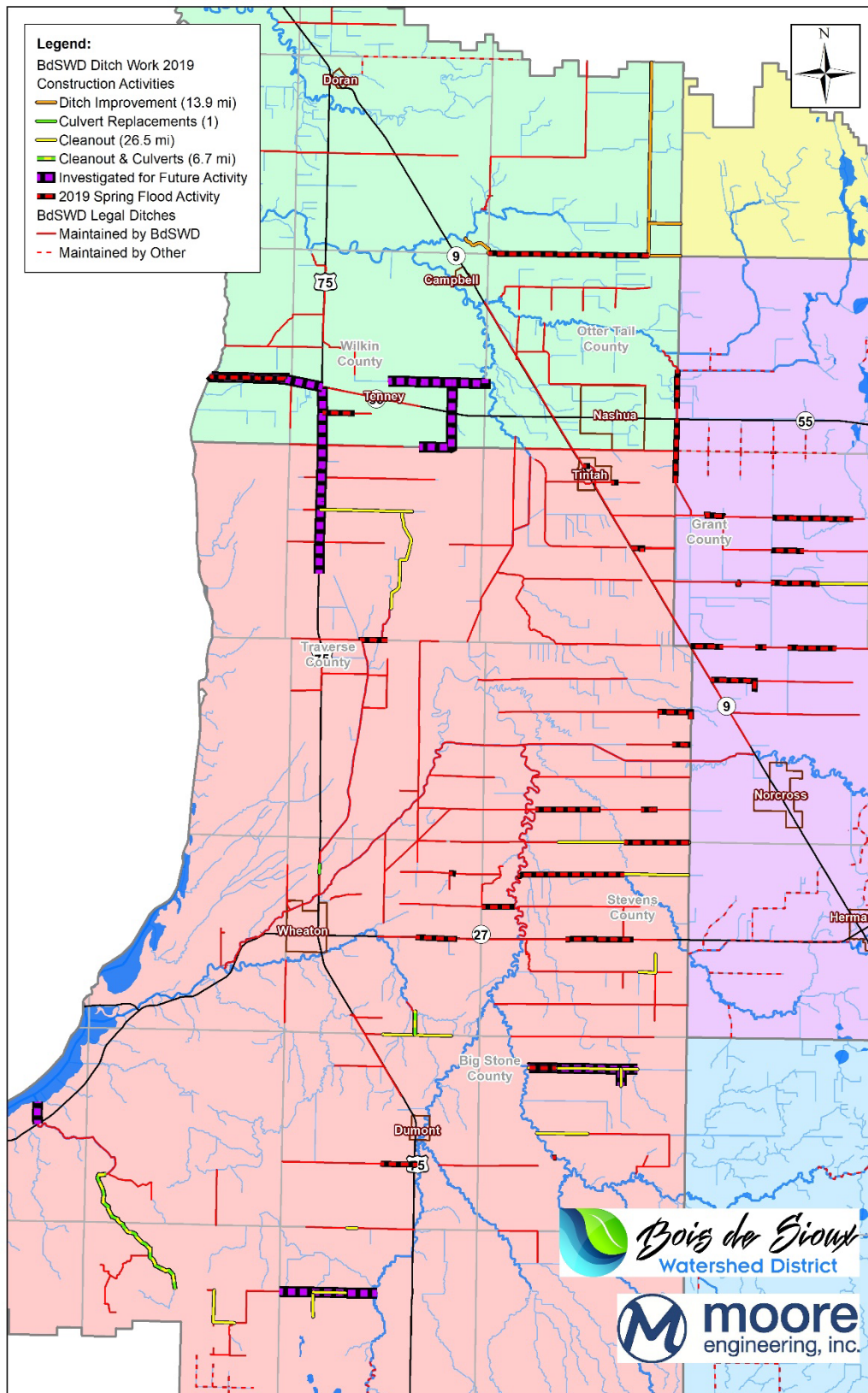


Erosion in TCD #52

Legal Drainage Inspection Map



Legal Drainage Ditch Work Map



SECTION FIVE - PLANS FOR THE SUCCEEDING YEAR

- The Bois de Sioux Watershed District will conduct the necessary procedures to maintain the 400 lineal miles of legal ditch systems under their jurisdiction. This includes inspections, vegetation control, repairs, accounting, reports, etc.
- The Bois de Sioux Watershed District will continue to work towards acquisition of lands for the purpose of finalizing the needs for the Redpath Project.
- The Bois de Sioux Watershed District will continue to develop the Redpath Impoundment as it moves into the final stages of design and permitting. Permits still needed are the Federal 408 (alteration of a federal project) State of Minnesota Dam Safety Permit, and potentially a MnDNR Public Waters Permit. They will continue to manage the funding needs of the project and consider grants from additional sources as they see appropriate.
- The Bois de Sioux Watershed District Board and staff will continue to serve on the many boards, committees, and commissions that they are currently a part of. They will also consider serving any new capacities they are asked to participate in to further the goals of the district and Red River Basin.
- The Bois de Sioux Watershed District will continue to meet with the Rabbit River, Bois de Sioux Direct, Five Mile Creek, and TCD #52 Project Teams as necessary to continue development of the necessary Summary Reports and Recommendations as directed by the Board of Managers.
- The BdSWD will continue the support for the River Watch Program and encourage new schools to participate.
- The BdSWD will continue to promote education through the distribution of social media updates and periodic public informational meetings.
- The BdSWD will continue to facilitate additional project teams, as needed, to work towards resolving water problems in the watershed.
- The BdSWD will continue work on the 1W1Plan in the 2020 calendar year.
- The BdSWD will continue to work with Grant County and MnDOT on watershed projects that could be constructed congruently with MnDOT's Highway 55, Grant County Road 42, and County State Aid Highway 1 road improvement projects. The proposal estimates a total project cost of \$1,800,000; BdSWD's participation is \$400,000. There are several benefits for the Watershed, including reduced permitting processes (by participating with MnDOT's projects) and Mustinka flow reductions (that would result in less water being driven into JD #12, the Rabbit River and Doran Creek) (November 2, 2017).



1W1Plan Public Kick-Off Meeting in Wendell (April 2019)

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2019

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
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**BOIS DE SIOUX WATERSHED DISTRICT, MINNESOTA
PRINCIPAL DISTRICT OFFICIALS
DECEMBER 31, 2019**

Position	Name	County	Term Expires in May
President	Linda Vavra	Stevens	2022
Vice President	Allen Wold	Traverse	2020
Treasurer	John Kapphahn	Grant	2020
Secretary	Scott Gillespie	Big Stone	2021
Manager	Jerome Deal	Traverse	2022
Manager	Doug Dahlen	Grant	2022
Manager	Ben Brutlag	Grant	2020
Manager	Jason Beyer	Wilkin	2021
Manager	Steven Schmidt	Traverse	2021



INDEPENDENT AUDITORS' REPORT

Board of Managers
Bois de Sioux Watershed District
Wheaton, Minnesota

We have audited the accompanying statement of balances arising from cash transactions for each fund of the Bois de Sioux Watershed District (the District) as of and for the year ended December 31, 2019, the related statement of cash receipts, disbursements, and changes in cash fund balances, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the Minnesota Office of the State Auditor, the financial statements are prepared by the District in accordance with the financial reporting provisions of the accounting practices prescribed or permitted by the Minnesota Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2019 or its changes in financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the balances arising from cash transactions of each fund of the District as of December 31, 2019 and their respective cash receipts, disbursements and changes in cash fund balances for the year then ended, in accordance with the financial reporting provisions of the Minnesota Office of the State Auditor described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bois de Sioux Watershed District's basic financial statements. The budgetary comparison schedules, combining statement of cash receipts and disbursements — ditch special revenue fund, and combining statement of cash receipts, disbursements, and changes in cash fund balance — ditch special revenue fund, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules, combining statement of cash receipts, disbursements and changes in cash fund balance — ditch special revenue fund and combining statement of cash receipts and disbursements — ditch special revenue are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Matters (Continued)

Supplementary and Other Information (Continued)

The schedule of accounts receivable and schedule of accounts payable have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2020, on our consideration of the Bois de Sioux 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 solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bois de Sioux Watershed District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Alexandria, Minnesota
March 23, 2020

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Ditch Fund</u>	<u>Construction Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	<u>\$ 284,678</u>	<u>\$ 207,528</u>	<u>\$ 7,998,409</u>	<u>\$ 8,490,615</u>
CASH FUND BALANCES				
Restricted	-	1,765,419	-	1,765,419
Assigned	-	-	7,998,409	7,998,409
Unassigned	<u>284,678</u>	<u>(1,557,891)</u>	<u>-</u>	<u>(1,273,213)</u>
Total Cash Fund Balances	<u>284,678</u>	<u>207,528</u>	<u>7,998,409</u>	<u>8,490,615</u>
Total Liabilities and Cash Fund Balances	<u>\$ 284,678</u>	<u>\$ 207,528</u>	<u>\$ 7,998,409</u>	<u>\$ 8,490,615</u>

See accompanying Notes to Financial Statements.

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES
YEAR ENDED DECEMBER 31, 2019**

	General Fund	Ditch Fund	Construction Fund	Total Governmental Funds
RECEIPTS				
Taxes	\$ 244,811	\$ -	\$ 2,166,112	\$ 2,410,923
Ditch Assessments	-	1,052,524	-	1,052,524
Intergovernmental Receipts	5,852	2,038,938	586,582	2,631,372
Interest Earnings (Loss)	1,874	(17,758)	46,430	30,546
Miscellaneous	8,462	38,112	15,875	62,449
Interfund Reimbursement	155,291	-	-	155,291
Land Rental	-	-	894,339	894,339
Total Receipts	<u>416,290</u>	<u>3,111,816</u>	<u>3,709,338</u>	<u>7,237,444</u>
DISBURSEMENTS				
Administration	135,446	57,517	54,344	247,307
Personnel	147,004	363	-	147,367
Services and Charges	21,423	-	125,531	146,954
Contractual Services	-	-	190,866	190,866
Supplies	2,927	-	54	2,981
Legal	19,754	39,514	59,518	118,786
Engineering	14,727	508,595	380,041	903,363
Intergovernmental Payments	-	57,603	1,100,877	1,158,480
Repair and Maintenance	349	1,823,972	176,636	2,000,957
Capital Outlay	-	314,985	11,400	326,385
Total Disbursements	<u>341,630</u>	<u>2,802,549</u>	<u>2,099,267</u>	<u>5,243,446</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	74,660	309,267	1,610,071	1,993,998
OTHER FINANCING SOURCES AND USES				
Transfer In	-	834,140	-	834,140
Transfer Out	-	-	(834,140)	(834,140)
Total Other Financing Sources and Uses	<u>-</u>	<u>834,140</u>	<u>(834,140)</u>	<u>-</u>
NET CHANGE IN CASH FUND BALANCES	74,660	1,143,407	775,931	1,993,998
Cash Fund Balances (Deficits) - Beginning of Year	<u>210,018</u>	<u>(935,879)</u>	<u>7,222,478</u>	<u>6,496,617</u>
CASH FUND BALANCES - END OF YEAR	<u>\$ 284,678</u>	<u>\$ 207,528</u>	<u>\$ 7,998,409</u>	<u>\$ 8,490,615</u>

See accompanying Notes to Financial Statements.

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Bois de Sioux Watershed District (the District) was organized in 1988 under the provisions of Minnesota Statutes Chapter 103D; additional powers and duties are contained in Minnesota Statutes Chapters 103E and 471. The purpose of the District is to provide water management within its geographic boundaries. In addition to existing water problems, the District recognizes the need to prevent flooding and improve water quality. The District is governed by a Board of Managers composed of nine members, three from Grant County, two from Traverse County, and one each from Big Stone, Otter Tail, Stevens, and Wilkin Counties. Board members are appointed by the respective County Boards of Commissioners for three-year terms.

In accordance with Government Accounting Standards Board (GASB) Statements, these financial statements include only financial data for which the primary government is financially accountable. The primary government includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Financial accountability includes appointment of the organization's governing body by the primary government and (a) the ability to impose its will on the organization or (b) the organization's ability to provide financial benefit to or impose financial burdens on the primary government. The District is not required to include any component units.

Eight watershed districts within the Red River Valley form the Red River Watershed Management Board. They work together under a joint powers agreement towards a basin-wide approach to resolving water resource problems in the Valley. The District levies property taxes and remits the collections to the Red River Watershed Management Board which funds projects along the Red River Valley. The Bois de Sioux Watershed District reports the property tax collections and payments, within the construction fund.

Fund Accounting

The District uses funds to report on its assets, liabilities, cash fund balances, receipts, and disbursements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The District uses the regulatory basis as prescribed by the Minnesota Office of the State Auditor. The regulatory basis is a cash basis reporting structure. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental funds are used to account for all or most of the District's general activities, including the acquisition and construction of projects. The General Fund is used to account for all activities of the general government not accounted for in some other fund.

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Regulatory Basis of Accounting

The District follows the cash basis accounting for all governmental funds. The cash basis of accounting recognizes receipts and disbursements only as cash is received or paid out. Therefore, the governmental fund statements do not give effect to receivables, payables, accrued expenses, and inventories and, accordingly, are not presented in accordance with generally accepted accounting principles.

General Fund

The General Fund is the general operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of certain specific revenue sources that are restricted or assigned to disbursements for specified purposes.

Ditch Fund

The Ditch Special Revenue Fund is used to account for financial resources for all ditches and their related disbursements. The supplementary ditch information is included although the ditches are separated for internal purposes. Receipts for the Ditch Fund are generated from special assessments levied. Receipts originate from property tax special assessment levies and are restricted for use in the Ditch Fund.

Construction Fund

The Construction Fund is used to account for the receipts and disbursements of various construction projects in the District. Receipts for the Construction Fund were generated through property levies, the state's related market value credits, land rent, and reimbursements on construction from both federal and state grants. These receipts are earmarked for project construction purposes.

Budgets

Annually, the District Board adopts an estimated receipts and disbursements budget for the General Fund and adopts property tax levies which are submitted to the various counties. The District Board also adopts a budget for the special revenue funds. The budgets may be amended or modified at any time by the District Board.

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Savings and Certificates of Deposit

Cash balances from various funds are pooled and invested to the extent available in a checking account, money market savings, and certificates of deposit. Earnings from investments are allocated based upon participation.

Property Taxes

General property tax receipts include current and delinquent property taxes received. Current property tax receipts represent the tax levy, less state aids and credits, certified to the county auditor which was collected during the year ended December 31, 2019.

Cash Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund. Restricted funds are constrained from outside parties (i.e., statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Managers. The Board of Managers is authorized to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned fund balance.

Interest Allocation

The District charges interest at an annual fixed rate to those ditch funds that have an average negative fund balance and allocates the interest to the remaining ditch funds.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The board adopts a budget for the General Fund, Ditch Fund, and Construction Fund. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended or encumbered.

The Ditch Fund's actual expenditures were \$6,299 over budget for December 31, 2019. The over expenditures were funded by existing fund balance and transfers from other funds and were approved by the board.

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DEPOSITS AND INVESTMENTS

The District's total deposits and investments are as follows:

Checking Accounts	\$ 312,721
Savings Accounts	8,177,894
Total	<u>\$ 8,490,615</u>

A reconciliation of cash and investments as shown on the statement of balances arising from cash transactions:

Primary Government:	
Cash and Investments	\$ 8,490,615
Total Cash and Investments	<u>\$ 8,490,615</u>

Deposits

In accordance with Minnesota Statutes, the District maintains deposits at those institutions authorized by the Board. All such depositories are members of the Federal Reserve System or are state designated investment pools.

Custodial Credit Risk — Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The District's bank balance of deposits at December 31, 2019 was entirely covered by federal depository insurance.

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The District does not have an investment policy and is permitted to invest its idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, are 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 the Minnesota Housing Finance Agency rate "A" or better.
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements 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.

At December 31, 2019, the District had no investments.

NOTE 4 DEFINED BENEFIT PENSION PLAN

Plan Description

All full-time and certain part-time employees of Bois de Sioux Watershed District are covered by a defined benefit plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan which is a cost-sharing, multiple-employer retirement plan. This Plan is established and administered in accordance with Minnesota Statutes, Chapter 353 and 356. PERA's defined benefit pension plans are tax-qualified plans under Section 401 (a) of the Internal Revenue Code.

General Employee Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued)

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 five years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. The rates are 2.2% and 2.7%, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service, and 2.7% for Basic members. The accrual rates for former MERF members are 2.0% for each of the first 10 years of service and 2.5% for each additional year. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

For all General Employee Plan members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Method 2 provides for unreduced retirement benefits at age 65 for members first hired prior to July 1, 1989 or age 66 (the age for unreduced Social Security benefits), for those first hired on or after that date. Early retirement may begin at age 55 with an actuarial reduction (about 6% per year) for members retiring prior to full retirement age.

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 and no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Retirement Plan. That report may be obtained on the PERA's website at www.mnpera.org.

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The District makes annual contributions to the pension plans equal to the amount required by state statutes. General Employee Retirement Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.50%, respectively, of their annual covered salary in 2019. The District was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan General Employee Plan members, 7.50% for Coordinated Plan members. The District's contributions to the Public Employees' Retirement Fund for the years ending December 31, 2019, 2018, and 2017, were \$8,310, \$8,250, and \$11,439, respectively. The District's contributions were equal to the contractually required contributions for each year as set by state statute.

NOTE 5 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The District has entered into a joint powers agreement with the League of Minnesota Cities Insurance Trust (LMCIT). The LMCIT is a public entity risk pool currently operating as a common risk management and insurance program for Minnesota cities. The agreement for formation of the LMCIT provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event. The pool can make additional assessments to make the pool self-sustaining.

The District has determined that it is not possible to estimate the amount of such additional assessments; however, they are not expected to be material to the financial statements. There were no significant reductions in insurance coverage from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

NOTE 6 INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2019 were as follows:

Transfer Out	Transfer In	Amount
Construction Fund	Ditch Fund	\$ 834,140

The District is reimbursing the drainage systems for eligible clean water cost sharing and system culvert sizing costs.

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2019, the District changed accounting policies related to its accounting for fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*. The statement provides guidance regarding the identification of fiduciary activities for accounting and reporting purposes and how those activities should be reported. The activity previously reported in an agency fund has been reported in the Construction Fund for the year ended December 31, 2019. The cumulative effect of the accounting change as of the beginning of the year was not material to the District, therefore beginning fund balance was not restated.

NOTE 8 CONSTRUCTION COMMITMENT

During 2019 the District entered into a construction contract for work on Wilkin County Ditch #9. At December 31, 2019 \$775,352 remains on the contract for work to be performed in 2020.

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE — CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance Over (Under)
RECEIPTS				
Taxes	\$ 250,000	\$ 245,000	\$ 244,811	\$ (189)
Intergovernmental Receipts	-	2,500	5,852	3,352
Interest	-	-	1,874	1,874
Miscellaneous	-	8,400	8,462	62
Interfund Reimbursement	171,150	115,000	155,291	40,291
Total Receipts	<u>421,150</u>	<u>370,900</u>	<u>416,290</u>	<u>45,390</u>
DISBURSEMENTS				
Administration	149,250	139,600	135,446	(4,154)
Personnel	177,700	169,500	147,004	(22,496)
Services and Charges	12,200	13,000	21,423	8,423
Supplies	8,500	7,200	2,927	(4,273)
Legal	44,000	23,000	19,754	(3,246)
Engineering	25,000	17,000	14,727	(2,273)
Repairs and Maintenance	2,500	500	349	(151)
Capital Outlay	2,000	1,100	-	(1,100)
Total Disbursements	<u>421,150</u>	<u>370,900</u>	<u>341,630</u>	<u>(29,270)</u>
NET CHANGE IN CASH FUND BALANCE	-	-	74,660	74,660
Cash Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>210,018</u>	<u>210,018</u>
CASH FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,678</u>	<u>\$ 284,678</u>

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE — CASH BASIS
DITCH FUND
YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance Over (Under)
RECEIPTS				
Ditch Assessments	\$ 977,676	\$ 1,248,200	\$ 1,052,524	\$ (195,676)
Intergovernmental Receipts	2,035,000	1,792,000	2,038,938	246,938
Interest (Loss)	50	50	(17,758)	(17,808)
Miscellaneous	67,000	26,000	38,112	12,112
Total Receipts	<u>3,079,726</u>	<u>3,066,250</u>	<u>3,111,816</u>	<u>45,566</u>
DISBURSEMENTS				
Administration	107,550	130,350	57,517	(72,833)
Personnel	3,250	400	363	(37)
Legal	50,000	45,000	39,514	(5,486)
Engineering	725,000	535,000	508,595	(26,405)
Intergovernmental Payments	-	-	57,603	57,603
Repairs and Maintenance	1,880,174	1,775,000	1,823,972	48,972
Capital Outlay	313,752	310,500	314,985	4,485
Total Disbursements	<u>3,079,726</u>	<u>2,796,250</u>	<u>2,802,549</u>	<u>6,299</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	-	270,000	309,267	39,267
OTHER FINANCING SOURCES AND USES				
Transfer In	-	833,600	834,140	540
NET CHANGE IN CASH FUND BALANCE	-	1,103,600	1,143,407	39,807
Cash Fund Balance (Deficit) - Beginning of Year	-	-	(935,879)	(935,879)
CASH FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 1,103,600</u>	<u>\$ 207,528</u>	<u>\$ (896,072)</u>

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE — CASH BASIS
CONSTRUCTION FUND
YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance Over (Under)
RECEIPTS				
Taxes	\$ 2,165,168	\$ 2,158,384	\$ 2,166,112	\$ 7,728
Intergovernmental Receipts	136,144	547,900	586,582	38,682
Interest	300	21,700	46,430	24,730
Miscellaneous	1,500	16,550	15,875	(675)
Land Rental	682,150	894,300	894,339	39
Total Receipts	2,985,262	3,638,834	3,709,338	70,504
DISBURSEMENTS				
Administration	147,100	147,400	54,344	(93,056)
Services and Charges	155,450	125,300	125,531	231
Contractual Services	150,500	137,300	190,866	53,566
Supplies	1,000	100	54	(46)
Legal	45,000	70,000	59,518	(10,482)
Engineering	850,000	500,300	380,041	(120,259)
Intergovernmental Payments	1,082,584	1,082,584	1,100,877	18,293
Repairs and Maintenance	155,344	178,800	176,636	(2,164)
Capital Outlay	1,000	12,400	11,400	(1,000)
Total Disbursements	2,587,978	2,254,184	2,099,267	(154,917)
EXCESS OF RECEIPTS OVER DISBURSEMENTS	397,284	1,384,650	1,610,071	225,421
OTHER FINANCING SOURCES AND USES				
Transfer Out	-	(835,800)	(834,140)	1,660
NET CHANGE IN CASH FUND BALANCE	397,284	548,850	775,931	227,081
Cash Fund Balance - Beginning of Year	-	-	7,222,478	7,222,478
CASH FUND BALANCE - END OF YEAR	<u>\$ 397,284</u>	<u>\$ 548,850</u>	<u>\$ 7,998,409</u>	<u>\$ 7,449,559</u>

**BOIS DE SIOUX WATERSHED DISTRICT, MINNESOTA
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCE
DITCH SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2019**

			Receipts	Net	Cash Fund	
	Receipts	Disbursements	Over (Under) Disbursements		Balance	
				Transfers	12/31/2018	12/31/2019
Joint County Ditch						
2	\$ 2,439	\$ 6,879	\$ (4,440)	\$ -	\$ 146,116	\$ 141,676
3	12,593	184	12,409	-	11,371	23,780
6	18,120	1,164	16,956	-	(81,080)	(64,124)
7	10,569	451	10,118	-	(3,246)	6,872
11	116,684	77,999	38,685	-	(252,749)	(214,064)
12	149,649	95,984	53,665	-	66,458	120,123
14	108,409	11,748	96,661	-	(460,063)	(363,402)
Total Joint County Ditches	418,463	194,409	224,054	-	(573,193)	(349,139)
Traverse County Ditch						
1	10,531	13,006	(2,475)	-	61,655	59,180
2	5,528	3,059	2,469	-	30,083	32,552
4	15,134	25,831	(10,697)	-	(2,299)	(12,996)
7	11,972	523	11,449	-	(10,798)	651
8	9,126	48,056	(38,930)	-	27,355	(11,575)
9	908	1,125	(217)	-	17,714	17,497
10	7,070	841	6,229	-	1,019	7,248
11	37,433	1,897	35,536	-	(8,251)	27,285
13	4,408	64	4,344	-	(452)	3,892
15	835	220	615	-	1,998	2,613
16	9,243	2,370	6,873	-	(26,519)	(19,646)
17	6,507	1,920	4,587	-	(44,103)	(39,516)
18	3,671	948	2,723	-	(11,623)	(8,900)
19	767	287	480	-	1,227	1,707
20	4,237	292	3,945	-	(9,070)	(5,125)
22	3,547	693	2,854	-	(15,069)	(12,215)
23	28,662	18,875	9,787	-	(111,057)	(101,270)
24	1,339	3,751	(2,412)	-	3,950	1,538
26	2,641	119	2,522	-	4,886	7,408
27	134,511	154,571	(20,060)	-	(32,366)	(52,426)
28	7,132	3,342	3,790	-	(10,197)	(6,407)
29	1,612	3,647	(2,035)	-	8,700	6,665
30	8,123	1,855	6,268	-	(28,891)	(22,623)
31	7,128	2,705	4,423	-	(5,115)	(692)
32	2,232	94	2,138	-	464	2,602
33	1,465	704	761	-	10,435	11,196
35	3,608	1,687	1,921	-	7,691	9,612
36	3,317	2,355	962	-	(648)	314
37	52,740	18,506	34,234	43,008	(526,959)	(449,717)
38	2,737	637	2,100	-	13,788	15,888
39	1,055	1,579	(524)	-	4,606	4,082
40	11,561	4,839	6,722	-	1,171	7,893

BOIS DE SIOUX WATERSHED DISTRICT, MINNESOTA
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCE
DITCH SPECIAL REVENUE FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

Traverse County Ditch (Continued)			Receipts Over (Under)	Net Transfers	Cash Fund Balance	
	Receipts	Disbursements	Disbursements		12/31/2018	12/31/2019
41	\$ 16,085	\$ 96,316	\$ (80,231)	\$ -	\$ (1,922)	\$ (82,153)
42	3,232	18,217	(14,985)	-	5,747	(9,238)
43	16,174	4,302	11,872	-	(2,952)	8,920
44	14,587	27,737	(13,150)	-	(15,809)	(28,959)
46	2,209	344	1,865	-	6,900	8,765
48	2,818	387	2,431	-	(19,050)	(16,619)
50	230	41	189	-	2,081	2,270
51	18,421	9,054	9,367	-	(9,678)	(311)
52	29,545	34,134	(4,589)	-	3,774	(815)
53	9,376	2,712	6,664	-	42,117	48,781
55	2,637	715	1,922	-	(3,014)	(1,092)
Total Traverse County Ditches	516,094	514,357	1,737	43,008	(638,481)	(593,736)
Wilkin County Ditch						
Sub - 1	11,252	512	10,740	-	8,677	19,417
8	178,373	456,737	(278,364)	149,321	223,239	94,196
9	1,925,178	1,610,231	314,947	646,249	(47,624)	913,572
10	-	12,803	(12,803)	(4,438)	17,241	-
18	17,471	7,070	10,401	-	(32,567)	(22,166)
20	29,808	5,187	24,621	-	(36,461)	(11,840)
25	5,423	159	5,264	-	21,562	26,826
35	4,327	152	4,175	-	21,180	25,355
39	3,697	170	3,527	-	13,738	17,265
Total Wilkin County Ditches	2,175,529	2,093,021	82,508	791,132	188,985	1,062,625
BdSWD Ditch						
3	1,730	762	968	-	86,810	87,778
Ending Ditch Cash Fund Balances	<u>\$ 3,111,816</u>	<u>\$ 2,802,549</u>	<u>\$ 309,267</u>	<u>\$ 834,140</u>	<u>\$ (935,879)</u>	<u>\$ 207,528</u>

BOIS DE SIOUX WATERSHED DISTRICT, MINNESOTA
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
DITCH SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2019

		Receipts			
	Ditch	Inter-	Interest	Miscellaneous	Total
	Assessments	governmental			
Joint County Ditch					
2	\$ 421	\$ -	\$ 2,018	\$ -	\$ 2,439
3	12,356	-	237	-	12,593
6	20,432	-	(2,312)	-	18,120
7	10,557	-	12	-	10,569
11	116,928	-	(7,293)	7,049	116,684
12	148,526	-	1,123	-	149,649
14	121,513	-	(13,104)	-	108,409
Total Joint County Ditches	430,733	-	(19,319)	7,049	418,463
Traverse County Ditch					
1	9,688	-	843	-	10,531
2	5,086	-	442	-	5,528
4	10,535	-	(137)	4,736	15,134
7	12,157	-	(185)	-	11,972
8	5,614	-	327	3,185	9,126
9	2,604	-	247	(1,943)	908
10	7,023	-	47	-	7,070
11	37,329	-	104	-	37,433
13	4,394	-	14	-	4,408
15	802	-	33	-	835
16	9,986	-	(743)	-	9,243
17	7,836	-	(1,329)	-	6,507
18	3,990	-	(319)	-	3,671
19	747	-	20	-	767
20	4,473	-	(236)	-	4,237
22	3,979	-	(432)	-	3,547
23	15,447	-	(3,219)	16,434	28,662
24	1,304	-	35	-	1,339
26	2,557	-	84	-	2,641
27	68,726	61,905	(658)	4,538	134,511
28	7,369	-	(237)	-	7,132
29	1,501	-	111	-	1,612
30	8,951	-	(828)	-	8,123
31	7,253	-	(125)	-	7,128
32	2,213	-	19	-	2,232
33	1,314	-	151	-	1,465
35	3,487	-	121	-	3,608
36	3,325	-	(8)	-	3,317
37	43,952	13,500	(4,712)	-	52,740
38	2,531	-	206	-	2,737
39	993	-	62	-	1,055
40	11,499	-	62	-	11,561

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
DITCH SPECIAL REVENUE FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

Disbursements								Net Transfers
Administrative	Personnel	Legal	Engineering	Intergovernmental Payments	Repairs and Maintenance	Capital Outlay	Total	
\$ 566	\$ -	\$ -	\$ 93	\$ -	\$ 6,139	\$ 81	\$ 6,879	\$ -
5	-	-	96	-	-	83	184	-
100	-	-	974	-	-	90	1,164	-
4	-	-	379	-	-	68	451	-
7,267	125	4,316	50,305	-	15,543	443	77,999	-
4,986	125	420	23,867	-	65,816	770	95,984	-
696	-	-	616	-	9,900	536	11,748	-
13,624	250	4,736	76,330	-	97,398	2,071	194,409	-
1,020	-	-	155	-	11,696	135	13,006	-
292	-	-	75	-	2,627	65	3,059	-
1,861	-	-	1,429	-	22,466	75	25,831	-
334	-	-	101	-	-	88	523	-
2,181	-	-	13,931	-	31,886	58	48,056	-
262	-	-	87	-	700	76	1,125	-
4	-	-	78	-	691	68	841	-
226	-	-	118	-	1,450	103	1,897	-
2	-	-	33	-	-	29	64	-
173	-	-	25	-	-	22	220	-
336	-	-	85	-	1,875	74	2,370	-
547	-	-	67	-	1,247	59	1,920	-
170	-	-	31	-	720	27	948	-
214	-	-	39	-	-	34	287	-
214	-	-	42	-	-	36	292	-
162	-	-	32	-	471	28	693	-
1,429	-	-	1,351	-	16,020	75	18,875	-
589	-	-	500	-	2,618	44	3,751	-
3	-	-	62	-	-	54	119	-
1,768	-	880	8,417	-	143,185	321	154,571	-
383	-	-	57	-	2,852	50	3,342	-
322	-	-	34	-	3,261	30	3,647	-
415	-	-	63	-	1,323	54	1,855	-
175	-	-	71	-	2,397	62	2,705	-
2	-	-	49	-	-	43	94	-
2	-	-	37	-	633	32	704	-
84	-	-	82	-	1,449	72	1,687	-
5	-	-	102	-	2,159	89	2,355	-
1,827	-	-	4,043	-	12,537	99	18,506	43,008
3	-	-	52	-	537	45	637	-
293	-	-	26	-	1,238	22	1,579	-
496	-	-	1,206	-	3,067	70	4,839	-

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
DITCH SPECIAL REVENUE FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

Traverse County Ditch (Continued)	Receipts				
	Ditch Assessments	Inter- governmental	Interest	Miscellaneous	Total
41	\$ 13,799	\$ -	\$ (596)	\$ 2,882	\$ 16,085
42	3,285	-	(53)	-	3,232
43	16,161	-	13	-	16,174
44	15,100	-	(513)	-	14,587
46	2,100	-	109	-	2,209
48	3,384	-	(566)	-	2,818
50	200	-	30	-	230
51	18,570	-	(149)	-	18,421
52	29,417	-	128	-	29,545
53	8,741	-	635	-	9,376
55	2,701	-	(64)	-	2,637
Total Traverse County Ditches	422,123	75,405	(11,266)	29,832	516,094
Wilkin County Ditch					
Sub - 1	11,071	-	181	-	11,252
8	6,051	171,500	822	-	178,373
9	121,693	1,792,033	11,452	-	1,925,178
10	-	-	-	-	-
18	17,127	-	(887)	1,231	17,471
20	30,645	-	(837)	-	29,808
25	5,090	-	333	-	5,423
35	4,007	-	320	-	4,327
39	3,484	-	213	-	3,697
Total Wilkin County Ditches	199,168	1,963,533	11,597	1,231	2,175,529
BdSWD Ditch					
3	500	-	1,230	-	1,730
Total Receipts and Disbursements	<u>\$ 1,052,524</u>	<u>\$ 2,038,938</u>	<u>\$ (17,758)</u>	<u>\$ 38,112</u>	<u>\$ 3,111,816</u>

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
SCHEDULE OF CHANGES IN FIDUCIARY CASH POSITION
AGENCY FUND
YEAR ENDED DECEMBER 31, 2019**

Disbursements								Net Transfers
Administrative	Personnel	Legal	Engineering	Intergovernmental Payments	Repairs and Maintenance	Capital Outlay	Total	
\$ 2,683	\$ -	\$ -	\$ 4,377	\$ -	\$ 89,141	\$ 115	\$ 96,316	\$ -
1,552	-	-	89	-	16,498	78	18,217	-
4	-	-	624	-	3,597	77	4,302	-
1,467	-	-	8,072	-	18,043	155	27,737	-
215	-	-	69	-	-	60	344	-
201	-	-	22	-	145	19	387	-
1	-	-	21	-	-	19	41	-
1,008	-	-	292	-	7,631	123	9,054	-
2,467	-	-	486	-	30,953	228	34,134	-
100	-	-	109	-	2,408	95	2,712	-
81	-	-	29	-	580	25	715	-
25,573	-	880	46,670	-	438,101	3,133	514,357	43,008
233	-	-	150	-	-	129	512	-
2,623	37	2,843	36,312	-	414,791	131	456,737	149,321
7,940	76	22,892	346,770	57,603	865,885	309,065	1,610,231	646,249
2,949	-	8,163	1,691	-	-	-	12,803	(4,438)
429	-	-	271	-	6,265	105	7,070	-
4,133	-	-	129	-	813	112	5,187	-
4	-	-	83	-	-	72	159	-
4	-	-	79	-	-	69	152	-
4	-	-	88	-	-	78	170	-
18,319	113	33,898	385,573	57,603	1,287,754	309,761	2,093,021	791,132
1	-	-	22	-	719	20	762	-
<u>\$ 57,517</u>	<u>\$ 363</u>	<u>\$ 39,514</u>	<u>\$ 508,595</u>	<u>\$ 57,603</u>	<u>\$ 1,823,972</u>	<u>\$ 314,985</u>	<u>\$ 2,802,549</u>	<u>\$ 834,140</u>

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
SCHEDULE OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2019
(UNAUDITED)**

<u>Fund</u>	<u>Source</u>	<u>Purpose</u>	<u>Amount</u>
Construction Fund	2019 Riparian Aid	2019 Riparian Aid	\$ 10,201
Construction Fund	2019 Riparian Aid	2019 Riparian Aid	30,934
Construction Fund	Final Grant Submission	Final Grant Submission	1,008
Construction Fund	2019 Riparian Aid	2019 Riparian Aid	12,924
Ditch Fund	TCD #37	TCD #37	4,786
Ditch Fund	TCD #41	TCD #41	2,882
Ditch Fund	TCD #28	TCD #28	1,115
		Total	<u>\$ 63,850</u>

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
SCHEDULE OF ACCOUNTS PAYABLE
DECEMBER 31, 2019
(UNAUDITED)**

Fund	Vendor	Purpose	Amount
Construction Fund	Daily News / News Monitor	Advertising	\$ 344
Construction Fund	Fergus Falls Daily Journal	Advertising	239
Construction Fund	Gazette Publishing Co.	Advertising	396
Construction Fund	Moore Engineering, Inc.	Engineering	42,714
Construction Fund	Morris & Associates	Accounting Services	893
Construction Fund	Ohnstad Twichell, PC	Legal Services	5,843
Construction Fund	RRWMB	Property Taxes	26,272
Construction Fund	Scott Bauer	Stream Gage	150
Construction Fund	Smith Partners, PLLP	Legal Services	203
Construction Fund	The Chokio Review	Advertising	101
Construction Fund	The Grant County Herald	Advertising	544
Construction Fund	Traverse Electric	Electricity	43
Ditch Fund	Gazette Publishing Co.	Advertising	809
Ditch Fund	Lake Region Electric Coop	Ditch Underground	4,622
Ditch Fund	Machine Design, Inc	Culvert and Band	516
Ditch Fund	Moore Engineering, Inc.	Engineering	29,995
Ditch Fund	Ohnstad Twichell, PC	Legal Services	1,620
Ditch Fund	Shores Edge Excavating, Inc.	Beaver Dam Removal	9,660
General Fund	Bremer Bank	Service Charge	12
General Fund	AmeriPride Linen & Uniform Services	Rugs	29
General Fund	City of Wheaton	Water, Sewer, Garbage	36
General Fund	Culligan Soft Water	Cups	10
General Fund	Elan Financial Services	Meeting Expense	859
General Fund	Fergus Falls Daily Journal	Advertising	186
General Fund	Fridgen, Troy J	Cell Phone Reimbursement	70
General Fund	Frontier	Telephone Expense	200
General Fund	Gazette Publishing Co.	Advertising	272
General Fund	Internal Revenue Service	Taxes	2,008
General Fund	Jamie Beyer	Administrative Expense	4,586
General Fund	Larson Oil Company	Vehicle Expense	516
General Fund	MN Dept. of Revenue	MN Withholding	123
General Fund	Moore Engineering, Inc.	Engineering	900
General Fund	Morris & Associates	Accounting Services	1,016
General Fund	Ohnstad Twichell, PC	Legal Services	743
General Fund	Ottertail Power Company	Electricity	137
General Fund	Pitney Bowes	Postage Machine	151
General Fund	Runestone Telecom Assoc.	Internet Expense	121
General Fund	Sag's Hardware Hank, Inc.	Repairs and Maintenance	87
General Fund	Tri County Coop	Vehicle Expense	103
General Fund	Valley Office Products, Inc.	Office Supplies	599
General Fund	Whaley Excavating, Inc.	Snow Removal	340
General Fund	Willy's Super Valu	Meeting Expense	74
General Fund	Xerox Corporation	Copier Lease	405
		Total	<u>\$ 138,547</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Managers
Bois de Sioux Watershed District
Wheaton, Minnesota

We have audited, in accordance with the 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, the statement of balances arising from cash transactions of the Bois de Sioux Watershed District (the District) as of and for the year ended December 31, 2019, and the related statement of cash receipts, disbursements, and changes in cash fund balances, and notes to the financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 23, 2020. We expressed an adverse opinion on U.S. generally accepted accounting principles because the financial statements are prepared on a basis of accounting that demonstrates compliance with the regulatory basis of accounting prescribed or permitted by the Minnesota Office of the State Auditor, which practices differ from accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bois de Sioux Watershed District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bois de Sioux Watershed District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bois de Sioux Watershed District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bois de Sioux Watershed District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response to Findings

Bois de Sioux Watershed District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Bois de Sioux Watershed District's responses was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Alexandria, Minnesota
March 23, 2020



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Managers
Bois de Sioux Watershed District
Wheaton, Minnesota

We have audited, 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, the accompanying statement of balances arising from cash transactions of each fund of the Bois de Sioux Watershed District (the District), as of and for the year ended December 31, 2019 and the related statement of cash receipts, disbursements and changes in cash fund balances and the related notes to the financial statements and have issued our report thereon dated March 23, 2020. We expressed an adverse opinion on U.S. generally accepted accounting principles because the financial statements are prepared on a basis of accounting that demonstrates compliance with the regulatory basis of accounting prescribed or permitted by the Minnesota Office of the State Auditor, which practices differ from accounting principles generally accepted in the United States of America.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. §6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Alexandria, Minnesota
March 23, 2020

**BOIS DE SIOUX WATERSHED DISTRICT
WHEATON, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019**

Internal Control Findings:

FINDING: 2019-001 Financial Statement Preparation

Criteria: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with the requirements of the Minnesota Office of the State Auditor.

Condition: The District does not have internal control procedures in place over annual financial reporting, therefore, the potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the District's internal controls.

Effect: The lack of internal controls over annual financial reporting may result in misstatement of the financial statements.

Repeat Finding: Yes, previously reported as item 2018-001.

Cause: The District relies on the audit firm to prepare certain adjustments, annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual adjustments, financial statements and related footnote disclosures.

Recommendation: The District should continue to evaluate their internal staff, expertise, and assigned duties to determine if an internal control policy over the annual financial reporting is beneficial.

Management's Response: The District will continue to rely on the auditor for assistance with the financial statements and will continue to review and approve them before issuance.

FINDING: 2019-002 Segregation of Duties

Criteria: Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Condition: The District does not have adequate segregation of accounting duties.

Effect: The lack of adequate segregation of accounting duties could adversely affect the District's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Repeat Finding: Yes, previously reported as item 2018-002.

Cause: There is a limited number of staff in the business office.

Recommendation: We recommend that the District continue to segregate duties as best it can within the limits of what the District considers to be cost beneficial. We recommend the District consider having bank statements sent directly from the bank to a board member as well as the District office. Board members should sign off on the bank statement and reconciliation indicating their review and approval.

Management's Response: The District will continue to look for areas to improve segregation of duties.