



2016 Annual Report

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Buffalo-Red River Watershed District
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Approved this 12th day of June, 2017.

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Letter from the Chair

To the Citizens of the Buffalo-Red River Watershed District:

I want to convey a bit of what has happened in your Watershed District this past year. This last year, seemingly, like all years, has been busy and passed quickly. Fortunately, we have not had any severe flooding on the Buffalo or Red Rivers for some time. However, as many of you know, there still has been some localized flooding and agricultural damages within the District. Stopping, or reducing this type of damage as much as is feasible, is what the District strives to accomplish. Indeed, reduction of flood damage is why the Buffalo-Red River Watershed District (BRRWD) was formed. Achieving this goal, throughout the District, has been complicated by increased average annual precipitation and increased precipitation intensity (greater amounts during any one event). This means that whatever project is planned to reduce flooding must take this "new normal" into consideration. There are, generally, two approaches taken for flood damage reduction. One is the storage of excess water somewhere on the landscape. Then when conditions permit, the water is released downstream at a rate causing no damage. A second method is to increase the conveyance of water within ditches and streams so that the water does not cause damage to fields and structures. Very often, to reach an acceptable level of protection, both methods are used in combination. We know that many of the natural waterways no longer function as efficiently as they once did. Nor do they support wildlife, aquatic and terrestrial species, they were once capable of supporting. These streams have an altered hydrology, largely due to our agricultural activities. The channels are filled with sediment and the ability to convey a normal flow, let alone a high flow, is no longer possible. The stream spreads out into the fields and causes ever more erosion, loss of yields and declining water quality. This can be corrected, however, not quickly, easily or cheaply. Stream restoration requires the application of science and engineering to achieve a stable, functioning stream ecosystem. But, if done correctly, along with the necessary changes in land practices, it will provide conveyance of water and a return of the natural resources we desire. It can be a winning outcome for both farmers and wildlife.

The District is now in the process of receiving information and making numerous decisions about projects. Some of these are stream restorations, while others are off-channel floodwater storage sites. We endeavor to make project decisions as transparent as possible. Once problems are identified they are studied by a project team which examines the feasible alternatives. Landowners are brought in early to get their insights on what is being proposed. Easements are usually needed. Once the project decision is made, plans are prepared and costs estimated. Permits applications from regulatory agencies are made. This all takes time. Finally, the District must determine how the project will be financed. That may add to the time. Projects do get done. In fact, BRRWD had a pretty good record of accomplishment. We would like to even better this record.

In addition to what I have just noted, the District has jurisdictional authority for the drainage ditches within the District in Wilkin, Clay, and Becker counties; some 95 ditches and 535 ditch miles. Keeping these systems in good working condition is a priority, and a challenge.

I want to stress the desire to keep all the citizens of the District informed. It is your Watershed and we want you to feel free to play an active role. Feel free to stop by the office or attend a meeting. We have a great staff and competent, trusted consultants. Consider going on the District tour in September along with the District's Advisory Board. You can find more information about the BRRWD on their website at www.brrwd.org. Water is a precious resource and we need to take care of it as well as our other natural resources and our agricultural livelihood. All are integrated and we are a part of that.

Gerald L. Van Amburg, Chair
Buffalo-Red River Watershed District

2016 Annual Report Summary

Pursuant to Minnesota Statutes Annotated (M.S.A.) 103D.351, we hereby submit the 2016 Annual Report of the BRRWD. The Report contains a summary of the District's activities, projects, and programs for the past year and includes a summary of the District's financial condition/audit. In accordance with its Mission Statement, which states "The mission of the BRRWD is to alleviate flooding and to manage the water resources of the District in a manner that best protects this valuable resource." The Annual Report reflects the Board of Managers' commitment toward serving the residents of the Watershed District in its mission to provide efficient management of our water resources for tomorrow's future. The BRRWD is focused on providing the leadership and resources needed to fulfill these water management goals and objectives. A categorical summary of the District's stated goals include:

- ◆ Floodplain management
- ◆ Flood damage reduction, rate of runoff, volume of runoff
- ◆ Legal drainage systems
- ◆ Water quality
- ◆ Wetlands
- ◆ Natural resources and recreation
- ◆ Groundwater
- ◆ Erosion and sediment control
- ◆ Education
- ◆ Long range work planning and financing
- ◆ Data collection and management

District activities are guided by the Revised Watershed Management Plan (RWMP), prescribed by the Minnesota Board of Water & Soil Resources (BWSR). Latest edition dated June 2010.

Watershed Description

Started in 1960, the BRRWD currently covers an area of approximately 1,780 square miles in Clay, Becker, Otter Tail, and Wilkin Counties. The principal watercourse is the Buffalo River, located in parts of Becker and Clay Counties. The District was enlarged in 1976 and 2012. A tributary to the Buffalo River is the South Branch of the Buffalo River located in parts of Clay, Wilkin, and Otter Tail Counties. Tributaries to the South Branch include Stony Creek, Hay Creek, Whisky Creek, and Deerhorn Creek. Other major tributaries to the main stem of the Buffalo River include Hay Creek east of Hawley and the Becker County Ditch (C.D.) No. 15 system north of Audubon. Wolverton Creek is a direct tributary to the Red River of the North and lies west of the South Branch of the Buffalo River in parts of Wilkin and Clay Counties. The principal watercourses in the newly added area in 2012 in Wilkin and Otter Tail Counties are Whiskey Creek near Kent, MN, and the Otter Tail River, located downstream of Orwell Dam to Breckenridge, MN.

District History

The BRRWD, formerly known as the South Buffalo Watershed District, was established on August 31, 1960, and was comprised of approximately 344 square miles in Clay, Otter Tail, and Wilkin Counties (primarily the South Branch of the Buffalo River). Following a severe summer flood in 1975, it became apparent that any rational approach to address flooding needed to include all of the area contributing runoff to the Buffalo River. By order, dated September 17, 1976, the State of Minnesota expanded the District

and changed the name to the Buffalo-Red River Watershed District. The same order expanded the representation on the Board of Managers. The newly formed Board of Managers adopted their first Overall Plan on January 9, 1978, and submitted the plan to the State for approval. The State approved the Overall Plan on July 26, 1978. The most recent RWMP was approved by the BWSR on June 23, 2010. In 2011, Wilkin and Otter Tail Counties petitioned the BWSR to expand the BRRWD instead of creating a new separate watershed district for the area that was located between the pre-expansion south border of the BRRWD and the Bois de Sioux Watershed District. By order of the BWSR on April 25, 2012, the State of Minnesota expanded the BRRWD to its current size. The same order expanded the representation on the Board of Managers to include an additional Manager each from Wilkin and Otter Tail Counties.

Board of Managers

A Board of seven Managers govern the BRRWD. Managers are appointed by the County Commissioners for a term of three years, and they can be reappointed. Their job is to preside over the business of the District as it pursues the conservation of natural resources through regulation and the use of sound principles. Officers are elected at the Annual Meeting, held in January.



Gerald L. Van Amburg
Chair
Clay County

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Breanna L. Kobiela
Manager
Clay County

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Email: breakobiela@gmail.com
Term Expires: 08/31/18
Resigned: 09/26/16

Manager Breanna L. Kobiela resigned from the Board, effective 08/31/16, after serving for seven years. In November of 2016, a new Clay County Manager was appointed: Jay A. Leitch.



Jay A. Leitch
Manager
Clay County

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Term Expires: 08/31/18

2016 BRRWD Board of Managers:

Jay Leitch, John Hanson, Peter Fjestad, & Troy Larson

Gerry Van Amburg, Cathy Affield, & Mark Anderson



Staff and Consultants

Administrator

Bruce E. Albright

Civil Engineering Technician

Wade S. Opsahl

Consulting Engineer

Erik S. Jones, PE

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1401 21st AVE N
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HoustonEngineering Inc.

Senior Administrative Assistant

Julie M. Jerger

Administrative Assistant

Kathleen K. Fenger

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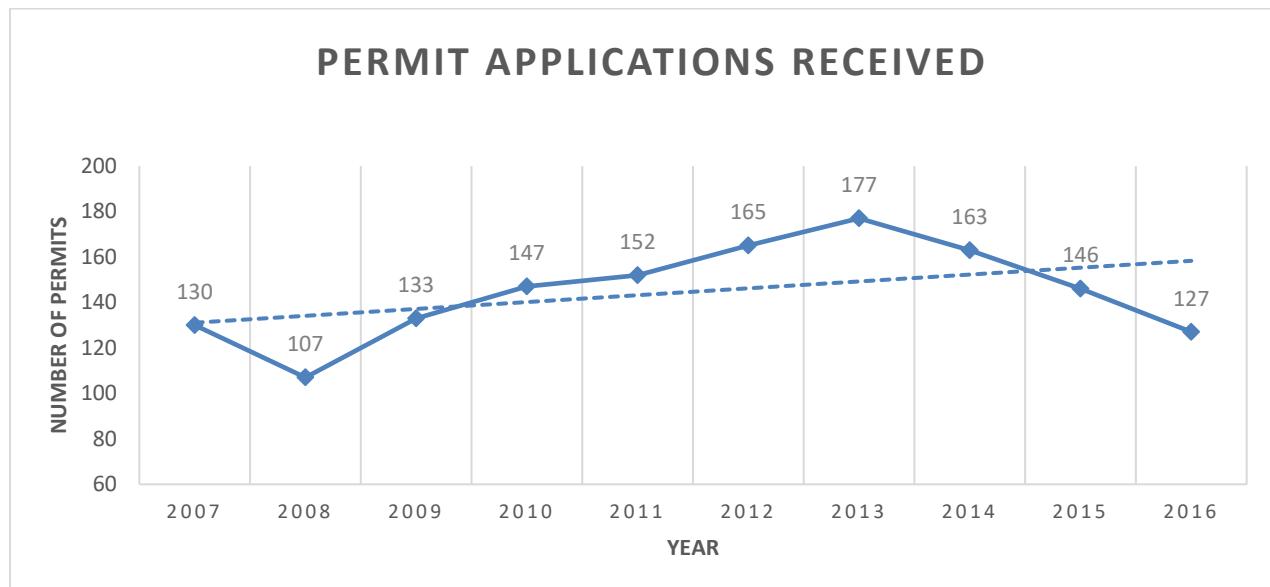
Rules and Regulations

The Rules of the BRRWD (M.S.A. 103D.341) were adopted by the Board of Managers, BRRWD, on May 12, 1979. A BRRWD permit (M.S.A. 103D.345) is required for the following:

- Construction of an artificial drainageway across a subwatershed into another watershed.
- Diversion of water into a legal drainage system from lands not assessed for the drainage system.
- Works or alterations of any legal drainage system under the jurisdiction of the Board of Managers
- Drainage of any wetland
- Construction, removal, or abandonment of a reservoir having a surface area of five acres or more
- Construction of a bridge or placement of a culvert on any natural or legal drainage system

- Change in the bed, banks, or shores of natural drainageways, lakes, or wetlands
- Placement of obstructions or disposal of wastes directly or indirectly into a natural or legal drainage system
- Excavation, grading, or filling of, or near, any natural or legal drainage system
- All water uses other than domestic use; domestic use is limited to sources serving twenty-five or fewer people
- Crossing of natural drainageways or established legal drainage systems by pipelines or underground utility lines

In 2016, the BRRWD reviewed 127 permit applications for a variety of projects. The Board approved 122 of these applications. The Board considers all permit applications at their regular meetings. Anyone contemplating any of the work described above is urged to contact our office for further information. No fee is required. The BRRWD Rules, Bylaws, Application for Permit, and Data Practices Policy can be found on the District's Website at www.brrwd.org.



In 2016, the BRRWD started an update of their Rules. The Board hopes that these amended Rules can be adopted in 2017. Some of the new items include Buffer Laws, Municipal Separate Storm Sewer System (MS4) Regulations, and a section on subsurface tile drainage.

Office Location and Hours

The BRRWD office is located at 1303 4th Avenue NE in Barnesville, MN. The office is open Monday through Friday, 8:00 AM to 5:00 PM.



Meetings

The Board holds regular business meetings on the second and fourth Monday of each month. The Annual Meeting is held in January and the Annual Budget Hearing is held in August. Meetings start at 7:00 PM and are held at the BRRWD office, 1303 4th AVE NE, Barnesville, MN. All meetings are open to the public. In 2016, BRRWD regular business meetings were held:

<i>January 11, 2016</i>	<i>May 9, 2016</i>	<i>September 12, 2016</i>
<i>January 25, 2016</i>	<i>May 23, 2016</i>	<i>September 26, 2016</i>
<i>February 8, 2016</i>	<i>June 13, 2016</i>	<i>October 11, 2016</i>
<i>February 22, 2016</i>	<i>June 27, 2016</i>	<i>October 24, 2016</i>
<i>March 14, 2016</i>	<i>July 11, 2016</i>	<i>November 14, 2016</i>
<i>March 28, 2016</i>	<i>July 25, 2016</i>	<i>November 28, 2016</i>
<i>April 11, 2016</i>	<i>August 8, 2016</i>	<i>December 12, 2016</i>
<i>April 25, 2016</i>	<i>August 22, 2016</i>	

Organizations

Citizen Advisory Committee

To ensure public input and fulfill the needs of the community, the Board of Managers, BRRWD, has appointed a Citizens' Advisory Committee (M.S.A. 103D.331) to provide recommendations on matters affecting the BRRWD, including projects, improvements, and activities. The BRRWD does annual work planning with its Advisory Committee, as required by Minnesota Statutes. This year, the Advisory Committee held their annual meeting on April 1 at the Watershed Office, Barnesville, MN. The group reviewed the BRRWD's 2015 activities and the proposed 2016 projects. They discussed the Watershed District Enlargement, the RWMP, the Buffalo River/Upper Red River Total Maximum Daily Loads (TMDL), the BRRWD's online Permit Application, BRRWD's Rules regarding tiling permits, and the BRRWD's continuing negotiations with the Red River Watershed Management Board (RRWMB) regarding possibly rejoining to that organization.

2016 Advisory Committee members include:

Ross Aigner	SWCD Manager, Wilkin County
Don Bajumpaa	SWCD Office Manager, Wilkin County
Cliff Barth	Mayor, City of Breckenridge
John Boen	Landowner, Otter Tail County
Wayne Brendemuhl	Landowner, Clay County
Jon Evert	Former Commissioner, Clay County
Jerome Flottemesch	SWCD Manager, Becker County
Lyle Hovland	Commissioner, Wilkin County
Wayne D. Johnson	Commissioner, Otter Tail County
Edwin Johnson, Jr.	Landowner, Otter Tail County
Jenny Mongeau	Commissioner, Clay County
Barry Nelson	Commissioner, Becker County
Jerry Nordick	Landowner, Wilkin County
Charles Piekarski	Landowner, Otter Tail County
Orrin B. Sorum	Landowner, Otter Tail County
William D. Steffl	Former BRRWD Manager, Becker County
Arvid Thompson	Landowner, Clay County

River Keepers

The Board of Managers continues to support the efforts of River Keepers. This organization is an advocate for the Red River in the Fargo/Moorhead community. In 2016, the BRRWD committed to supporting River Keepers with a funding contribution of \$55,000. This contribution will be collected through the use of an ad valorem tax authorized by M.S.A. 103D.905, Subd. 3.

Minnesota Association of Watershed Districts (MAWD)



2016 MAWD Legislative Breakfast

BRRWD Managers Gerald L. Van Amburg, Peter V. Fjestad, John E. Hanson, and Administrator Albright attended the 2016 MAWD Legislative Reception & Breakfast and Day at the Capitol on March 30-31 in St. Paul. The purpose of the Legislative Day is for Watershed Managers to meet with our Legislators to get better acquainted and to make them aware of Watershed Districts' perspectives on key issues. Local topics considered in 2016 included the Oakport Flood Mitigation, area lake outlets, and the Georgetown Levee Improvements.

2016 MAWD Summer Tour

The 2016 MAWD Summer Tour was held on June 22-24 in Winona, MN. This year's theme was "Bluff Country on the Mississippi: Land Use and Water Management of Southeast Minnesota River Bluffs." BRRWD Managers Gerald L. Van Amburg, Peter V. Fjestad, and John E. Hanson attended.

2016 MAWD Annual Meeting and Trade Show

The MAWD Annual Meeting and Trade Show was held at the Arrowwood Conference Center in Alexandria, MN, on December 1-3. Bruce E. Albright, BRRWD Administrator, attended, along with BRRWD Managers Gerald L. Van Amburg, Peter V. Fjestad, Mark T. Anderson, John E. Hanson, and Jay A. Leitch.

Mediation Project Team

In 1997, the Legislature mandated formation of the Red River Basin Flood Damage Reduction Work Group (RRBFDRWG) to resolve grid lock over state/federal permitting of flood damage reduction projects in the Red River Valley. The resulting agreement was intended as the framework for a new, collaborative approach to implement both flood damage reduction and natural resource protection and enhancement in ways that benefit all Minnesota citizens. The keys to this new approach are comprehensive watershed planning, clearly identified goals, early consultation and collaboration on flood damage reduction projects among stakeholders, and a cooperative approach to project permitting. The purpose of the Mediation Agreement is: *"To reach consensus agreements on long term solutions for reducing flood damage and for protection and enhancement of natural resources. Such agreements should balance important economic, environmental, and social considerations, and must provide for fair and effective procedures to resolve future conflicts related to flood damage reduction."*

Since 1998, the BRRWD Mediation Project Team (PT) has met approximately six times per year. The result of their work has been several multipurpose projects, incorporating both flood damage reduction (fdr) and natural resource enhancement (nre). In 2016, the Mediation PT worked on several projects, including

the Barnesville Township Area Drainage Study, Manston Slough Restoration, Oakport Flood Mitigation, Wolverton Creek/Comstock Coulee, Georgetown Levee Improvements, Stony Creek Comprehensive Project, South Branch of the Buffalo River, Buffalo River/Upper Red River TMDL Studies, Otter Tail River Erosion, and the Hawley Buffalo River Stabilization. In 2016, Mediation PT meetings were held:

*January 28, 2016
April 7, 2016*

*June 16, 2016
August 18, 2016*

*October 13, 2016
December 15, 2016*

Fall Tour

The BRRWD held their Fall Tour on Thursday, September 22, 2016. The BRRWD Advisory Committee, Mediation PT members, County Commissioners, State Legislators, and Soil & Water Conservation District (SWCD) Supervisors were invited. The group took a bus tour of BRRWD projects that included the Hawley Buffalo River Restoration, Becker SWCD Cover Crop Trial Plots, and the LaBelle Lake Shoreland Restoration. Dinner was served at the BRRWD office upon conclusion of the tour. Approximately 50 people attended.



Thank You

The Board of Managers, BRRWD, would like to thank Manager Breanna L. Kobiela for her seven years (2009-2016) of dedicated service. Brea resigned from the Board in August of 2016 due to her family moving out of the Watershed District. A celebration in her honor was held on January 30, 2017, at the Purple Goose, Barnesville. Her leadership and knowledge of the District will be missed.



Manager Kobiela receiving her retirement plaque from Chair Van Amburg

Awards

ACEC/MN 2016 Engineering Excellence Honor Award Manston Slough Restoration Project



The American Council of Engineering Companies of Minnesota recognized the BRRWD and Houston Engineering, Inc. (HEI) with the 2016 Engineering Excellence Honor Award for the Manston Slough Restoration Project in the environmental category. The annual Engineering Excellence Awards competition recognizes engineering firms for projects that demonstrate an exceptional degree of innovation, complexity, achievement, and value. This is the fourth award the Manston Slough project has received. The other awards include the 2015 Minnesota Environmental Initiative Award in both the Natural Resources category and Partnership of the Year as well as the MAWD 2015 Project of the Year.

BRRWD 2016 Activities

January 2016

- Held their Annual Meeting. Officers were elected: Van Amburg, Chair; Fjestad, Vice Chair; Hanson, Secretary; and Anderson, Treasurer.
- Renewed contracts for Lobbyist Joel Carlson; Engineering services, HEI; Legal services, Vogel Law Firm; and Accounting services, Harold J. Rotunda, Certified Public Accountant (CPA).
- Informational meeting held to discuss the results of a drainage survey for the Clay-Wilkin County Line west of Trunk Highway (T.H.) No. 75.
- Informational meeting held regarding a natural waterway in Section 27, Manston Township, that drains into the Manston Slough area.
- Presented the 2016 M.S.A. 103D.905, Subd. 3 petitions for the general levy (\$626,927) and the special levy for \$450,000 to Clay County Board of Commissioners.
- Managers attend the 33rd Annual Red River Basin Land and Water International Summit Conference in Grand Forks, ND.
- Approved a \$500 contribution to the 21st Anniversary River Watch Forum.
- Discussed holding Flood Damage Reduction Landowner Forums regarding taxation for fdr projects.
- The Board voted 4-2 to deny approval of the Fargo-Moorhead Diversion Authority's (FMDA) Fiscal Year (FY) 2016 budget.

February 2016

- Discussed slope failures along several drainage systems in Clay County.
- Ulteig Engineers, Inc. held a preconstruction meeting with R.J. Zavoral and Sons, Inc., for the Oakport Flood Mitigation Project Phase 4.
- BWSR approved the boundary petition realignment filed by the BRRWD and Bois de Sioux Watershed District.
- Staff met with BWSR to discuss the Targeted Watershed Program.
- Continue discussions regarding fdr site easement values.
- Reviewed a final cost analysis for the Manston Slough Restoration project. The BRRWD needs to raise approximately \$806,000 and the local landowners share is about \$294,000.

- 2015 dam inspection reports filed for nine BRRWD fdr projects.
- As the Drainage Authority for 95 ditch systems in Wilkin, Becker and Clay Counties, the BRRWD is working with the Department of Natural Resources (DNR) to comply with the 2015 Buffer Law.
- BRRWD representatives attended a FMDA meeting to review a new Joint Powers Agreement (JPA).
- A landowner informational meeting held in Breckenridge with landowners along the Otter Tail River.
- Discussed potential funding sources for the Wolverton Creek Restoration Project.

March 2016

- Attended the 18th Annual Joint Conference of the RRWMB and RRBFDRWG in Moorhead.
- Received a plaque from the City of Moorhead, recognizing our contributions to the City's Comprehensive Flood Mitigation Improvements. The cost for these improvements totaled \$105.2 million and included the acquisition of 247 properties, 12.1 miles of levees and floodwalls, and reduced the number of sandbags needed from over 4 million to about 400,000.
- Managers attend the 2016 MAWD Legislative Reception and Day at the Capitol.
- Held fdr Landowner Forums in Rothsay, Barnesville, and Lake Park.

April 2016

- Approved a motion to reduce 2016 levy on Wilkin C.D. No. 7 to \$75,000 (1/2).
- Discussed development of a possible drainage system on north line of Sections 5 and 6, Wolverton Township, west of T.H. No. 75.
- Discussed a settlement offer from landowners in Oakport regarding a stockpile of material.
- HEI worked on cleanup list for Georgetown flood control levee project.
- Discussed bank slumping problems on Clay C.D. No. 41, Section 33, Oakport Township, with American Crystal Sugar Company.
- Mediation Project Team Meeting held on April 7.
- Discussed Red River Basin Commission Comprehensive Watershed Management Plan being developed by the US Army Corp of Engineers.
- Authorized two miles of ditch repair surveying on Clay C.D. No. 3, starting at T.H. No. 9 and going downstream.

- Sent permission to survey letters for Whiskey Creek and Otter Tail River Projects.
- Issued press release for Water Action Week, April 18-22.
- Submitted FY 2018-2019 Biennial Budget Request to BWSR, \$60 million.
- Amended tax notices mailed to approximately 96 landowners for Wilkin C.D. No. 7.
- Discussed lawsuit associated with Pj. No. 77, Clay C.D. No. 51-Proposed Lateral No. 3.
- Phase 4 of Oakport Flood Mitigation Project work starts.
- Work with four potential landowners interested in farmstead ring dikes.
- Meeting with BWSR regarding proposed work in Section 11, Manston Township, Wilkin County, on the South Branch of the Buffalo River.
- Continued work on Revised Watershed Management Plan.
- Received Working Copy-Version 3.4 of JPA from the FMDA.
- Approved Pay Request No. 1 to Holland Contracting, Inc. for bufferstrip seeding on Wilkin C.D. Nos. 5A, 22, and 26.
- Authorized 2016 Water Quality Monitoring Program (33 locations).

May 2016

- Approved Pay Request No. 2 and Change Order No. 1 to R.J. Zavoral & Sons, Inc. for work on Oakport Phase 4.
- Approved repairs to Clay C.D. No. 59 based on bids to install 38 field inlet culverts.
- Discussed drainage problem in Section 22, Atherton Township, Wilkin County.
- Reviewed trespassing and dumping complaint on Pj. No. 70, Crystal Creek/McCann's Addition Flood Control.
- Discussed possible repair of Clay C.D. No. 3, NE1/4, Section 17, Spring Prairie Township.
- Held meeting with Vogel Law Firm to discuss JPA.
- Discussed petitions for release of properties from Wilkin C.D. No. 6A and Clay C.D. No. 28.
- Began survey work on Whiskey Creek and Lower Otter Tail River Projects.
- Signed International Water Institute (IWI) contract for 2016 sampling at 21 sites.

- Noted that the Minnesota Pollution Control Agency (MPCA) will conduct biological monitoring work throughout the Otter Tail River watershed this summer.
- Authorized sediment removal on 200' of Wilkin C.D. No. 41, Section 16, Atherton Township.
- Voted to not sign the new JPA associated with the F-M Diversion Project.
- Discussed ongoing drainage problem in Section 22, Atherton Township.
- Worked on drafting a petition for new legal drainage system located on Clay-Wilkin County line.
- Authorized HEI to conduct waterway survey in W1/2, Section 29, Tansem Township, Clay County.
- Resolved a drainage dispute in Section 23, Flowing Township, Clay County.
- Worked with Eglon Township regarding two culverts that may need repair.
- Agreed to install a culvert along T.H. No. 75, Section 8, Holy Cross Township on Clay C.D. No. 36.
- Noah house and garage moved as part of Phase 4, Oakport Flood Mitigation Project.
- Forwarded petition and bond for diversion outlet on Clay-Wilkin Judicial Ditch No. 1 to Vogel Law Firm for review.
- Received 2015 Audit from Harold J. Rotunda, CPA.
- Continued work on RWMP.
- Noted that MPCA is working on TMDL and Watershed Restoration and Protection Strategy documents for the Buffalo and Upper Red study areas.
- Received \$2.8 million Targeted Watershed Program Grant from BWSR for Wolverton Creek Project.
- Noted that survey work is ongoing regarding the Otter Tail River and Whiskey Creek Restoration Projects.
- Approved Pay Request and Change Order for Sellin Brothers, Inc. in regards to Phase 2, Buffalo River Restoration Project in Hawley.
- Authorized ditch repair on Becker C.D. No. 15, Section 11, Audubon Township.
- Noted concerns regarding needed cleanout of the Buffalo River in Sections 15, 16, and 21, Riceville Township, Becker County.

June 2016

- Worked with a landowner to modify benefit areas for property in Section 31, Prairie View Township, and Section 6, Tanberg Township.
- Drafted a petition regarding a new possible legal drainage system in Section 6, Wolverton Township.
- Approved Change Order No. 2 and Pay Request No. 3 for Oakport, Phase 4.
- Signed contract for ditch repairs on Clay C.D. No. 59.
- Awarded bids for repair of two slump sites along 130th AVE N on Clay C.D. No. 10.
- Approved Barnesville River Watch budget (\$5,336.64) for 2016-17 school year.
- Adopted a resolution withdrawing from the FMDA and consenting to termination of the limited JPA.
- Field Day held at Nordick Farm by Rothsay.
- Congressman Collin Peterson attended meeting to discuss how drain tile may help alleviate flooding in the Red River Valley.
- Submitted Lessard-Sams Outdoor Heritage Council (LSOHC) grant application for the Wolverton Creek Habitat Restoration Project (\$3.015 M).
- Continued to deal with concerns from a landowner in Oakport regarding Phase 4 construction.
- Contractor continues to make progress on the culvert installations on Clay C.D. No. 59.
- Signed agreement for R.J. Zavoral & Sons, Inc. for their work regarding two slump repairs on Clay C.D. No. 10.
- HEI continued to investigate ways to raise funding for Wolverton Creek Restoration.
- Managers Van Amburg, Hanson, and Fjestad attended the MAWD Summer Tour in Winona on June 22-24.
- Scheduled meetings with Becker, Clay, Otter Tail, and Wilkin County Commissioners to present 2015 Annual Report/Audit.
- Discussion continued regarding updating of the BRRWD's Rules.
- Noted that BWSR opened the FY 2017 Clean Water Fund (CWF) competitive grant process.

July 2016

- Discussed implementing a fee for funding Wolverton Creek Restoration Project.

- Scheduled 2017 Annual Budget Hearing for Monday, August 22, 2016.
- Discussed installation of a possible drainage project on the county line west of T.H. No. 75, via the BRRWD permitting system.
- Discussed a complaint over a 2013 tiling project in the SW1/4, Section 21, Sunnyside Township, Wilkin County.
- Reviewed preliminary plans for a subdivision in Sections 8 and 17, Hawley Township, Clay County.
- Discussed dismissal of Pj. No. 77, Clay C.D. No. 51-Proposed Lateral No. 3 and collecting the remaining account balance.
- Letter sent by Vogel Law Firm to a landowner on Phase 4, Oakport Flood Mitigation Project.
- Appointed Roger Haglund, Moorhead, to Citizen Advisory Committee.
- HEI recommendations for a crossing on Hay Creek downstream of the Stinking Lake Project.
- Reviewed HEI report on side inlets and bufferstrip installations on several Wilkin County ditches.
- Furnished information to a Clay C.D. No. 33 landowner regarding his 2016 assessment.
- Reviewed an updated list of BRRWD goals.
- Board continues work on an update of their Rules.
- Attend Red River Valley Ag Water Forum: One at the Ray Johnson Farm, Glyndon, and one at the Chad and Troy Larson Farm, Rothsay.
- Jones, HEI Engineer, completes his deposition regarding Pj. No. 77.
- Approved submission of 2017 CWF competitive grant application for work on the South Branch of the Buffalo River east of T.H. No. 9.
- Wilkin County Manager Catherine Affield reappointed for three-year term.
- Noted completion of mowing on Elkton Township Wetland Restoration Project.
- Approved submission of Accelerated Implementation Grant BWSR application (PTMApp/Geomorphic Assessment).
- Approved upgrade to office computers and monitors and discussed improvements to monitors and cameras in boardroom.
- Board reviewed Sections 1, 2, and 3 of their proposed Rules.

- Approved Engineer's Design Report for Wilkin C.D. No. 7-Repairs.

August 2016

- Received update from Chuck Fritz, Executive Director, IWI.
- Discussed BRRWD's Rules update process.
- Reviewed complaint regarding a backhoe working on Wilkin C.D. No. 1B, Section 32, Meadows Township, Wilkin County.
- Approved distribution of costs associated with Pj. No. 75, Whiskey Creek.
- Hosted a tour of the Manson Slough Restoration Project, with Minnesota Department of Agriculture officials.
- Approved Pay Request No. 5 to R.J. Zavoral & Sons, Inc. for Phase 4, Oakport.
- Noted that the contractor has until 08/15/16 to complete culvert installations on Clay C.D. No. 59.
- Prepared letter of support for the Wilkin SWCD and their nomination for 2016 SWCD of the Year Award.
- LSOHC interview for Wolverton Creek Restoration Project funding.
- Reviewed HEI repair plans for Wilkin C.D. No. 6A.
- Signed a Memorandum of Agreement with City of Dilworth and Clay County regarding MPCA MS4 in Moorhead.
- Submitted two CWF applications to BWSR.
- Held Annual Budget Hearing. The 2017 administrative levy set at \$250,000. The insurance fund levy set at \$14,000. A general levy in accordance with M.S.A. 103D.905, Subd. 3, was approved for \$661,162, and a second special levy, which will be used to pay off costs associated with the Manson Slough Restoration Project (\$500,000).
- Landowner associated with Pj. No. 77, Clay C.D. No. 51-Proposed Lateral No. 3 submitted permit application to remove illegal dikes. Approved subject to petitioner filing for abandonment of Pj. No. 77 and payment of BRRWD's costs.
- HEI met with landowner regarding request to install culverts in a natural waterway in Section 6, Nordick Township, Wilkin County.
- Discussed issues involving the Federal Emergency Management System (FEMA) and their flood insurance program.
- Discussed Watershed District permit conditions.

- Discussed installing more openings along Wilkin C.D. No. 13-Lateral for Pj. No. 56, Manston Slough Restoration Project.
- Board decided not to allow hunting in and around the Brentwood area of the Oakport Project.
- Approved removal of culverts through 170th ST between Sections 3 and 10, Manston Township, on Wilkin C.D. No. 44.
- Held agency meeting to discuss Phase 1A of the South Branch of the Buffalo River project, east of T.H. No. 9.
- Noted that BRRWD will submit comments regarding the permit filed by the FMDA to the DNR.

September 2016

- Discussed repairs for Wilkin C.D. Nos. 6A and 7. Informational meetings held in Breckenridge.
- Received abandonment petition from Minch Family LLLP for Pj. No. 77.
- HEI recommends lowering north spoil bank along Wilkin C.D. No. 13-Lateral at two locations in SW1/4, Section 20, Manston Township.
- Approved Pay Request No. 6 and Change Order No. 4 to R.J. Zavoral & Son, Inc. for Oakport, Phase 4.
- Held meeting with representative from Clay County, the Minnesota Department of Transportation, and Georgetown to discuss possible road raises needed to certify levee.
- R.J. Zavoral & Sons, Inc. completed slide repairs on Clay C.D. No. 10.
- Requested an extension for BWSR grant for the Upper South Branch Best Management Practices Strategic Implementation Plan-Part 2, which expires on 12/31/16.
- Agreed to contribute \$2,001.35 (10%) to sediment control basin project located in SE1/4, Section 23, Humboldt Township, Clay County.
- River Keepers hold Red River Water Festival in Moorhead.
- Accepted resignation of Clay County Manager Breanna Kobiela.
- Complaint from landowner on Phase 4, Oakport regarding location of an approach.
- Discussed drainage issues involving Section 5, Barnesville Township, Clay County.
- Agreed to lower water levels at Manston Slough as requested by the Natural Resources Conservation Service (NRCS) to assist with their Wetlands Restoration Project construction.
- Noted that two new documents have been completed by HEI for Water Quality Communique and the BRRWD's website.

- Received HEI plans and specifications for repair of Wilkin C.D. No. 7.
- Received repair report for Wilkin C.D. Nos. 4 and 4A.
- Contributed \$400 to Breckenridge Public Schools to start a 4th Grade Outdoor Classroom Adventure.
- Held meeting with landowners and NRCS regarding Phase 1A, Wolverton Creek.
- Authorized repair for three field inlets located in the NE1/4, Section 33, Morken Township, Clay County, on C.D. No. 39.

October 2016

- Dismissed petition for Pj. No. 77, Clay C.D. No. 51-Proposed Lateral No. 3.
- Discussed erosion concern on Lake Fifteen in Parke Township, Clay County.
- Discussed complaint regarding two tiling projects in Section 3, Callaway Township, Becker County.
- Awarded Wilkin C.D. No. 7 repairs to States Border Construction, Graceville, MN.
- Approved Pay Request No. 7 to R.J. Zavoral & Sons, Inc. for Phase 4, Oakport.
- Approved Pay Request No. 1 and Change Order No. 1 to R.J. Zavoral & Sons, Inc. for Clay C.D. No. 10 slump repairs.
- Discussed repair of two miles of Wilkin C.D. No. 13-Lateral in Section 7 and 18, Manston Township.
- Paid 10/11/16 meeting bills, totaling \$2,194,845.
- Authorized submittal of MS4 permit application.
- Wilkin County Highway Department starts slope work on C.D. No. 6A.
- Recommended for \$1.877 million from LSOHC Conservation Partners Legacy Grant Program for Wolverton Creek.
- Minnesota State University Moorhead Archaeology Department conducted Phase 1 survey of Otter Tail Restoration alignment.
- Mediation Project Team Meeting held.
- Forwarded complaint regarding two tiling projects in Section 3, Callaway Township, to Becker SWCD for their review regarding wetlands.
- Received final payment of Petitioner's costs for Pj. No. 77.

- Updated NRCS and DNR regarding the status of the water levels on Pj. No. 56, Manston Slough Restoration.
- Wolverton Creek landowners contacted and urged to sign up for the NRCS wetlands reserve easement program.
- Noted that Valley City State University Professor Delorme completed the mussel survey for the Otter Tail River Restoration.

November 2016

- Complaint regarding a ditching project in the NW1/4, Section 11, Prairie View Township, along C.R. No. 19.
- Approved repairs for 8.3 miles of Wilkin C.D. No. 13-Lateral.
- Approved Pay Request No. 8, and Change Order Nos. 5, and 6 for R.J. Zavoral & Sons, Inc. and their work with Pj. No. 49, Oakport-Phase 4.
- Approved Final Pay Request and Change Order No. 1 for Tim Crompton Excavating, Inc. for Clay C.D. No. 59 inlet pipes.
- Held preconstruction meeting for Wilkin C.D. No. 7.
- Noted that work on the Etten Otter Tail River erosion site has been completed.
- Approved repair recommendation for Clay C.D. No. 22, NE1/4, Section 29, Kragnes Township.
- Approved request to replace damaged culvert on Becker C.D. No. 9 in Section 24, Cuba Township, Becker County.
- Noted that NRCS has prepared plans for a ring dike for Doug Butenhoff in Section 15, Alliance Township, Clay County.
- Welcomed new Clay County Manager Jay Leitch.
- Discussed drainage concern in NE1/4, Section 22, Prairie View Township, Wilkin County.
- Discussed a pending permit to reroute a natural waterway course in NE1/4, Section 10, Andrea Township, Wilkin County.
- Office staff to contact landowners in Section 3, Callaway Township, Becker County.
- Discussed drainage complaint filed for tiling project in Section 28, Mitchell Township, Wilkin County.
- Reviewed Operations & Maintenance agreement with the City of Moorhead regarding Pj. No. 71, 50th AVE Flood Control.

December 2016

- Discussed BWSR's One Watershed, One Plan initiative.
- Reviewed HEI survey results regarding a drainage concern on a natural waterway in Sections 22 and 23, Prairie View Township, Wilkin County.
- Discussed status of lowering water on Pj. No. 56, Manston Slough Restoration.
- Approved Pay Request No. 9 for R.J. Zavoral & Sons, Inc. for Pj. No. 49, Oakport-Phase 4.
- Approved Final Pay Request for R.J. Zavoral & Sons, Inc. to release the retainage for Pj. No. 14.
- Held Mediation Project Team Meeting.
- Discussed purchasing a document management system for office data storage.
- Viewers meet to work on redetermination of benefits for Wilkin C.D. No. 6A, Becker C.D. No. 9, and Clay C.D. No. 16.
- Wilkin C.D. No. 40 landowner contacted the office regarding a partial abandonment of drainage system.
- Reviewed a proposal for determining water management district fees that could be used to help pay for Wolverton Creek.
- Managers attend MAWD Annual Conference in Alexandria. Manager Fjestad was elected to the MAWD Board of Directors.

Major Projects

Wolverton Creek/Comstock Coulee

Sponsor:

Buffalo-Red River Watershed District



Description:

Develop an assessment model and implementation strategy to deal with flooding, erosion, and water quality problems. This creek drains from Wilkin and Clay Counties into the Red River, upstream of the Fargo/Moorhead raw water intakes, sparking water quality interests and concerns. The Coulee was the subject of a PL 566 SCS project in the 1960s. Some stretches may have as much as 5-6 feet of sediment.

New channels are now forming along the outside edges of the waterway in the fields. The Coulee is also an outlet for seven county and judicial ditch systems. The BRRWD is checking into the possibility of restarting the PL 566 project. Implementation features could include farmstead windbreaks, bufferstrips, channel restoration, erosion control, impoundments, and wetland restorations.

Project Benefits:

Flood Damage Reduction: Control drainage from a 105 sq. mi. drainage area that contains 94% agricultural lands.

Water Quality: The waterway will be classified as impaired in 2008 for turbidity. Incorporate water quality enhancement features.

Habitat Enhancement: Create bufferstrips along 25.5 miles of channel.

Recreation: NRE components will enhance wildlife and fisheries habitats.

Problem Description:

Flooding: Control/meter drainage immediately upstream of the Cities of Fargo/Moorhead.

Erosion and Sedimentation: Impaired water, address degrading and aggrading channels.

Estimated Cost: \$12,000,000

Status: In planning

	Prior Years	FY 2006	FY2007	FY2008+
Approvals			PT/DNR/O	
Funding		O	O/WD	O/WD
Construction			O/WD	O/WD

Key: PT=Project Team; WG=Flood Damage Reduction Work Group; RB=Red River Watershed Management Board; WD=Watershed District; DNR=Minnesota DNR; O=Other

Partners:

Natural Resource Conservation Service
Clay Soil and Water Conservation Service
Wilkin Soil and Water Conservation Service
Red River Basin Flood Damage Reduction WorkGroup
City of Moorhead
MN Board of Water and Soil Resources
Lessard-Sams Outdoor Heritage Council

Georgetown Flood Mitigation Project

Sponsor:

Buffalo-Red River Watershed District

Description/Location:

The project area is located in Georgetown, approximately 14 miles north of Moorhead. Georgetown is affected by two river systems: the Red River of the North and the Buffalo River. The proposed project will replace the existing flood protection levee constructed in 1999 that is experiencing slope failures and provides an inadequate level of flood protection. The existing levee does not provide 100-year flood protection. The existing levee was temporarily raised by the Corps of Engineers to provide additional protection in 2009 and 2010.



In the fall of 2012, construction began to construct a new higher Flood protection project for the City. The levee under construction is designed to provide flood protection with at least 3 feet of freeboard over the Base Flood Elevation (Flood elevation that has a 1% chance of equaling or exceeding that level in any given year “100-year Flood”). A number of property buyouts/relocations were required due to geotechnical slope stability concerns with an additional 19 properties requiring partial purchase or easements. Construction was completed in 2015.

Project Benefits

Flood Control: Project provides flood protection to approximately 91 acres and 55 structures.

Cost: \$3.8 Million.



Oakport Flood Mitigation Project

Sponsor:

Buffalo-Red River Watershed District

Description/Location:

The project area is located north of Moorhead and covers approximately a two square mile area. The project construction began in August 2009 with Phases 1B, 2, and 3A. Work continued in 2010 on Phases 1A and 3B. Phase 3C was completed in 2012. The remaining phase (4) will be completed in 2016. Approximately 60 property buyouts were completed. The constructed levee will be FEMA certified (local cost). The project is being built to 3 feet above the 2009 flood level – the flood of record to date. Funding for Phase 4 was secured in 2015, and project construction was completed in 2016.



Project Benefits

Flood Control Provides flood protection to approximately 750 acres and 450 properties. Project has been designed to allow passage of the 100-year flood without adverse upstream or downstream impacts.

Habitat Restoration Buyout locations will be converted to green space where practical.

Erosion Reduction Overland flooding through the Oakport area will be reduced. Permanent Stormwater Detention ponds have been designed for the interior to reduce turbidity and suspended solids thereby improving water quality. All site drainage will be routed through the detention ponds.

Dike: \$22,031,792 State (\$29,310,890) / Non-state (\$741,253-2% MHI)
Buyouts: \$9,020,401 (\$1,000,000-Other)

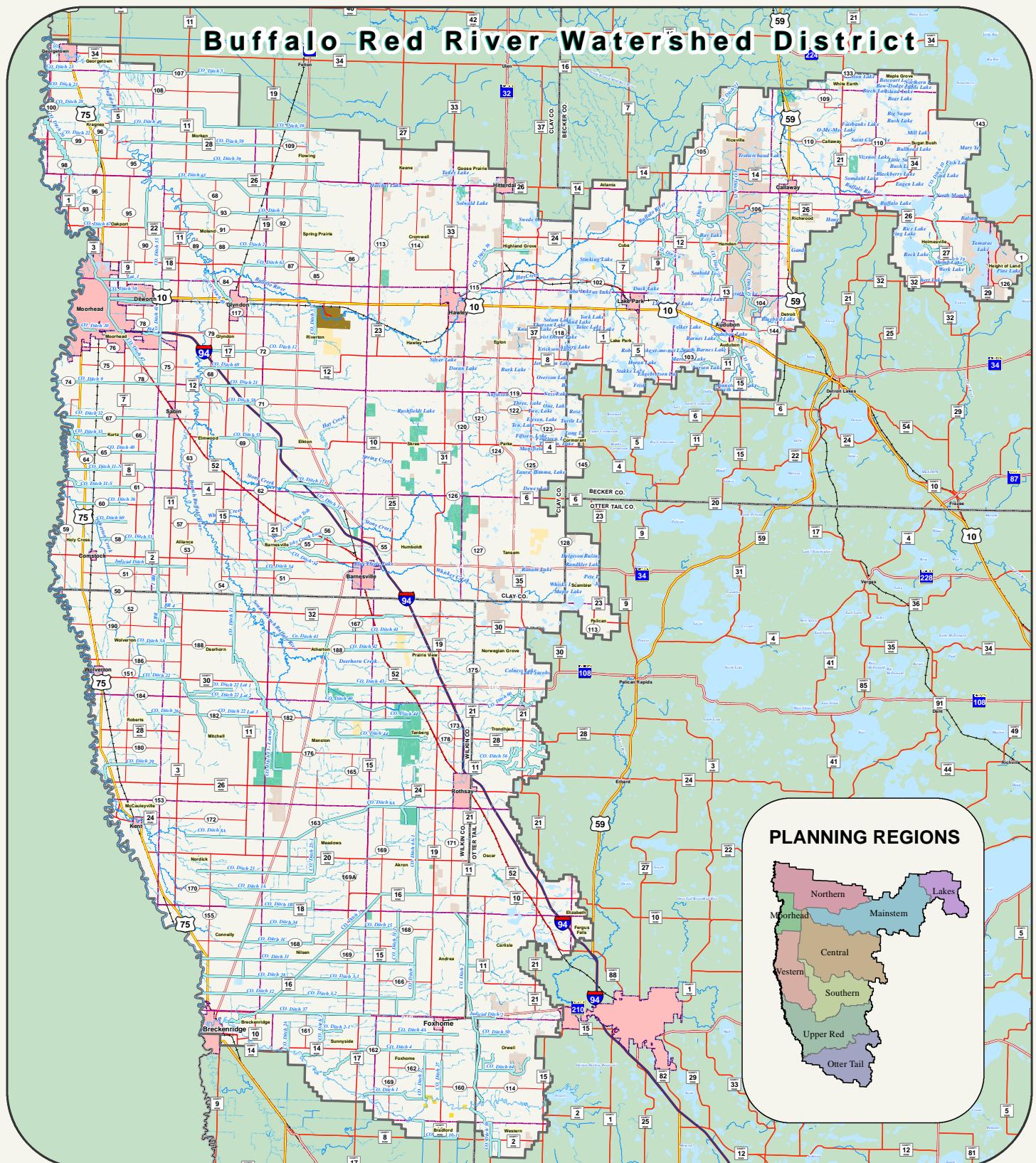
Status: Construction began Fall 2009/ Completed in 2016

	Prior Years	FY 2010 (7/1/09-6/30/10)	FY 2011 (7/1/010-6/30/11)	FY 2012 (7/1/11-6/30/12)	FY 2013 (7/1/12-6/30/13)
Approvals	PT/WD	DNR/COE/WCA			
Funding	State \$6M O \$100K	State \$11 O \$200K	State \$4M O \$200K	State \$8.7M O \$300K	State \$5M
	Project Design	Project Design, Acquisition, Construction	Acquisition, Construction	Construction	Finish Phase 3 Construction

Key: PT=Project Team; WG=Flood Damage Reduction Work Group; WD=Watershed District; DNR=Minnesota DNR; O=Other

Partners: State of Minnesota Flood Damage Reduction Program/BRRWD/Oakport Township

Buffalo Red River Watershed District



Acronyms

BRRWD	Buffalo-Red River Watershed District
BWSR	Board of Water & Soil Resources
C.D.	County Ditch
CPA	Certified Public Accountant
CWF	Clean Water Fund
DNR	Department of Natural Resources
fdr	flood damage reduction
FEMA	Federal Emergency Management Agency
FMDA	Fargo-Moorhead Diversion Authority
FY	Fiscal Year
HEI	Houston Engineering, Inc.
IWI	International Water Institute
J.D.	Judicial Ditch
JPA	Joint Powers Agreement
LSOHC	Lessard-Sams Outdoor Heritage Council
M.S.A.	Minnesota Statues Annotated
MAWD	Minnesota Association of Watershed Districts
MPCA	Minnesota Pollution Control Agency
MS4	Municipal Separate Storm Sewer System
NRCS	Natural Resources Conservation Service
nre	natural resource enhancement
PE	Principal Engineer
PT	Project Team
RRBFDRWG	Red River Basin Flood Damage Reduction Work Group
RRWMB	Red River Watershed Management Board
RWMP	Revised Watershed Management Plan
SWCD	Soil & Water Conservation District
T.H.	Trunk Highway
TMDL	Total Maximum Daily Load

BUFFALO-RED RIVER WATERSHED DISTRICT
BARNESVILLE, MINNESOTA

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

BUFFALO - RED RIVER WATERSHED DISTRICT

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BUFFALO - RED RIVER WATERSHED DISTRICT
LIST OF OFFICIALS
DECEMBER 31, 2016

Governing Board

	<u>Office</u>
Gerald L. Van Amburg	Chair
Peter V Fjestad	Vice-chair
Mark T. Anderson	Treasurer
John E. Hanson	Secretary
Breanna L. Kobiela	Manager (1-1 to 8-31)
Jay A. Leitch	Manager (11-28 TO 12-31)
Catherine L. Affield	Manager
Troy E. Larson	Manager

Administration

Bruce E. Albright	Office Administrator
Julie M. Jerger	Administrative Assistant
Kathleen K. Fenger	Administrative Assistant
Danielle E. Scheffler	Administrative Assistant

Harold J. Rotunda

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Governing Board
Buffalo-Red River Watershed District
Barnesville, Minnesota

I have audited the accompanying cash basis financial statements of the governmental activities, each major fund and aggregate remaining fund information of Buffalo-Red River Watershed District as of and for the year ended December 31, 2016, 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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buffalo-Red River Watershed District as of December 31, 2016, and the changes in cash basis financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. My opinion is not modified with respect to that matter.

Other Matters

U.S. generally accepted accounting principles require that the management discussion and analysis on pages 4-10 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Buffalo-Red River Watershed District basic financial statements. The Schedule of Activity is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Activity is the responsibility of management and was derived from and relate 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 my opinion, the Schedule of Activity is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



West Fargo, North Dakota
April 19, 2017

BUFFALO - RED RIVER WATERSHED DISTRICT
BARNESVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Buffalo-Red River Watershed District (District), I offer readers of the financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2016, within the limitations of the District's cash basis of accounting. I encourage readers to consider the information presented here in conjunction with additional information that I have furnished. The intent of this discussion and analysis is to look at the District's financial performance as a whole.

Financial Highlights

- * The assets of District exceeded its liabilities at the close of the most recent fiscal year by \$2,548,729, (Net Assets). Of this amount, \$2,548,729 (Unrestricted Net Assets) may be used to meet ongoing obligations.
- * The District's total net assets increased by \$1,966,135 as a result of the current year's operation on the modified cash basis.
- * The District's total revenues from all sources were \$11,455,993. Total expenses were \$9,489,858.
- * At the close of the current fiscal year, The District's governmental funds reported combined ending fund balances of \$2,548,729, a net increase of \$1,966,135 in comparison with the prior year. The entire balance is available for spending through an unreserved fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise five components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Required Supplementary Information
5. Other Supplementary Information

These financial statements are organized so the reader can understand the District as a whole.

BUFFALO - RED RIVER WATERSHED DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS- CONTINUED

Government-Wide financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or declining.

The Statement of Activities presents information showing how the District's net assets changed during the fiscal year resulting from the use of the modified cash basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three groups: governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

BUFFALO - RED RIVER WATERSHED DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS- CONTINUED

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The District's net assets resulting from modified cash basis transactions of \$2,548,729 are segregated into three categories. Invested in capital assets (net of related debt), restricted assets and unrestricted. Net assets invested in capital assets, net of related debt, represents 0% of the District's net assets. These assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets are not used to liquidate these liabilities. Restricted net assets represent 0% of the District's resources that are subject to external restrictions on how they may be used. Unrestricted net assets represent the remaining 100% of resources. The unrestricted net assets are available to meet the District's ongoing obligations.

NET ASSETS- MODIFIED CASH BASIS

Assets	2016	2015
Current and other assets	2,548,729	582,594
Capital assets (net of depreciation)		
 Total Assets	 2,548,729	 582,594
 Liabilities	 =====	 =====
Current Liabilities		
Long Term Liabilities		
Total Liabilities		
 Net Assets	 =====	 =====
Invested in Capital Assets Net		
Restricted		
Unrestricted	2,548,729	582,594
Total Net Assets	2,548,729	582,594

BUFFALO - RED RIVER WATERSHED DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS- CONTINUED

Governmental activities decreased the District's net assets resulting from modified cash basis transactions by \$69,963. Key elements of this decrease are as follows:

CHANGES IN NET ASSETS- MODIFIED CASH BASIS		2016	2015
Revenues			
Program Revenues:			
Charges for Services			
Operating Grants and Contributions	6,885,707	1,577,144	
General Revenues			
Property taxes	1,274,588	1,121,772	
Assessments	2,213,974	1,848,660	
State Aid	149,815	134,153	
Ditch transfer		544,951	
Interest and Other Revenue	156,901	156,901	
Total Revenues	<u>11,257,894</u>	<u>5,383,581</u>	
Expenses			
Project	8,940,777	5,021,905	
Support Services:			
General Administrative Services	259,360	260,688	
Interest	91,622	170,953	
Depreciation-Unallocated			
Total Expenses	<u>9,291,759</u>	<u>5,435,545</u>	
Increase in Net Assets	1,966,135	(69,963)	

Taxes constituted 11%, special assessments 20%, grants 61% and other revenues made up the remaining 7% of the total revenues of the governmental activities of the District for the 2016 fiscal year. Projects comprise 96% of the District's governmental expenses, while support services account for 4%.

General Fund Budgetary Highlights

The District does not prepare a formal budget for any funds. However, all funds are tracked and presented to the managers on a monthly basis through a variety of reports.

BUFFALO - RED RIVER WATERSHED DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS- CONTINUED

Capital Asset and Debt administration

Capital Assets

As of December 31, 2016, the District had \$597,539 invested in capital assets. This investment includes land, buildings and improvements, equipment and vehicles, and construction in progress.

CAPITAL ASSETS (NET OF DEPRECIATION)		
	2016	2015
Buildings and Improvements	597,539	597,539

Under the modified cash basis the cost of fixed assets is expensed in the year incurred and no depreciation expense is recorded.

Long-Term Debt

The District had long term debt of \$108,000. Of this amount, \$0 is long-term debt, the remaining \$108,000 is a current liability due within one year. The District had a net decrease in its existing debt obligation by \$101,000 from December 31, 2015.

OUTSTANDING GENERAL LONG-TERM DEBT		
	2016	2015
Bonds Payable	108,000	212,000
Line of credit payable		
Total	108,000	212,000

Under the modified cash basis the debt proceeds are recorded as revenue in the year received and the repayment of principal is recorded as expense in the year paid.

Economic Factors and Next Year's Budget

While the current financial condition of the District is strong, careful planning and financial stewardship must be followed to ensure that stability remains in future years.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all their citizens, taxpayers, investors, and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Bruce E. Albright, Office Administrator.

BUFFALO-RED RIVER WATERSHED DISTRICT
STATEMENT OF NET ASSETS- CASH BASIS
DECEMBER 31, 2016

ASSETS

Cash and investments	2,548,728.78
Accounts receivable	
Taxes receivable	
Intergovernmental receivable	
Due from County Treasurer	
Capital assets (net of accumulated depreciation)	
Total Assets	2,548,728.78

LIABILITIES

Accounts Payable	
Line of credit	
Deferred revenue	
Long-term liabilities:	
Due within one year:	
Bonds payable	
Notes payable	
Due after one year:	
Bonds payable	
Notes payable	
Accrued vacation	
Total liabilities	

NET ASSETS

Invested in capital assets, net of related debt	
Restricted for:	
Capital projects	
Debt service	
Unrestricted	2,548,728.78
Total net assets	2,548,728.78

The accompanying notes are an integral part of these financial statements.

BUFFALO-RED RIVER WATERSHED DISTRICT
 STATEMENT OF ACTIVITIES- CASH BASIS
 YEAR ENDED DECEMBER 31, 2016

			Net (expense) Revenue & Changes in Net Assets
	Program Revenues		
	Charges for Services	Operating grants and Contributions	Governmental Activities
Expenses			
General government	259,359.83		(259,359.83)
Project expense	8,940,776.93	-	5,485,707.01
Buy out costs	-		(3,455,069.92)
Interest expense	91,622.68		(91,622.68)
Total Governmental Activities	9,291,759.44	-	5,485,707.01
			(3,806,052.43)
General Revenues			
Property taxes			1,274,587.73
Special assessments			2,213,974.20
CWF			1,400,000.00
State aid			149,814.99
Interest income			94,299.15
RRWMB share			-
Other revenue			639,510.98
Total General revenues			5,772,187.05
Change in Net Assets			1,966,134.62
Net Assets- January 1			582,594.18
Net Assets- December 31			2,548,728.80

The accompanying notes are an integral part of these financial statements.

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BUFFALO-RED RIVER WATERSHED DISTRICT
 BALANCE SHEET- GOVERNMENTAL FUNDS- CASH BASIS
 DECEMBER 31, 2016

	GENERAL FUND	CONSTRUCTION FUND	103 D FUND	PROJECT 49 FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and investments	159,139.12	1,273,556.12	252,326.56	(156,101.51)	1,019,808.49	2,548,728.78
Accounts receivable						-
Taxes receivable						-
Intergovernmental receivable						-
Due from County Treasurer						-
Total Assets	159,139.12	1,273,556.12	252,326.56	(156,101.51)	1,019,808.49	2,548,728.78
LIABILITIES						
Accounts Payable						-
Line of credit						-
Deferred revenue						-
Total liabilities	-	-	-	-	-	-
FUND BALANCE						
Restricted for Capital Projects						-
Restricted for Debt Service						-
Unassigned	159,139.12	1,273,556.12	252,326.56	(156,101.51)	1,019,808.49	2,548,728.78
Total fund balance	159,139.12	1,273,556.12	252,326.56	(156,101.51)	1,019,808.49	2,548,728.78

The accompanying notes are an integral part of these financial statements.

BUFFALO-RED RIVER WATERSHED DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES- GOVERNMENTAL FUNDS- CASH BASIS
 YEAR ENDED DECEMBER 31, 2016

	GENERAL FUND	CONSTRUCTION FUND	103 D FUND	PROJECT 49 FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Property taxes	224,979.76	-	561,345.99	-	488,261.98	1,274,587.73
Special assessments				50,705.75	2,163,268.45	2,213,974.20
Grant income		-		4,724,697.30	761,009.71	5,485,707.01
State aid	26,352.46		66,053.43	-	57,409.10	149,814.99
CWF	-	-	-	-	1,400,000.00	1,400,000.00
Charges for services	2,700.00	-	-	-	-	2,700.00
Interest and other	135,532.15	30,385.68	(19,983.04)	518,823.80	66,351.54	731,110.13
Total Revenues	389,564.37	30,385.68	607,416.38	5,294,226.85	4,936,300.78	11,257,894.06
Current:						
General government	84,551.93	1,266.15	162,756.25	10,785.50	-	259,359.83
Engineering	310,160.32	-	1,813.25	23,786.41	1,891,175.39	2,226,935.37
Buy out costs			-	-	-	-
Capital outlay		-	-	5,316,542.63	1,397,298.93	6,713,841.56
Debt Service			-			
Principal					-	-
Interest expense	-			12,004.35	79,618.33	91,622.68
Total Expenditures	394,712.25	1,266.15	164,569.50	5,363,118.89	3,368,092.65	9,291,759.44
Excess revenues (expenditures)	(5,147.88)	29,119.53	442,846.88	(68,892.04)	1,568,208.13	1,966,134.62
Other Financing Sources (Uses):						
Transfers in	-	-		9,757.17	814,691.20	824,448.37
Transfers out		-	(207,206.64)	-	(617,241.73)	(824,448.37)
Wilkin ditch transfer					-	-
Total other financing sources	-	-	(207,206.64)	9,757.17	197,449.47	-
Net change in fund balance	(5,147.88)	29,119.53	235,640.24	(59,134.87)	1,765,657.60	1,966,134.62
Fund balance- beginning	164,287.00	1,244,436.59	16,686.32	(96,966.64)	(745,849.09)	582,594.18
Fund balance- ending	159,139.12	1,273,556.12	252,326.56	(156,101.51)	1,019,808.51	2,548,728.80

The accompanying notes are an integral part of these financial statements.

BUFFALO - RED RIVER WATERSHED DISTRICT
BARNESVILLE, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Buffalo-Red Watershed District (District) have been prepared on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The accompanying financial statements present the activities of the District. The District has considered all potential component Units for which the District is financially accountable and other organizations for which the nature and significance of their relationships with the District such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District.

Based on these criteria, there are no component Units.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Government-wide statements: The statement of net assets and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

BUFFALO - RED RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS- CONTINUED

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Funds are organized into two major categories: governmental and proprietary. The District currently has no enterprise or fiduciary funds.

The District reports the following major governmental fund types:

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

Construction fund. The Construction fund is used to record the tax levy that results from a levy in conjunction with the Red River Watershed Management Board. The fund directly pays for construction costs or supports other funds of the District.

M.S.A. 103D.905 fund. The Construction fund is used to record the tax levy that results from a levy allowed by the State. The fund directly pays for construction costs or supports other funds of the District.

Project No 49- Oakport Township Levee. The fund is used to record the grant and special assessments received for the construction of a levee in Oakport Township. The fund is also used to purchase property in the Township that is at risk for flooding.

The District also reports the following fund types:

Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the District.

BUFFALO - RED RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS- CONTINUED
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements. In the government-wide Statement of Net Assets and the Statement of Activities, activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting as defined below.

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

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

In the government-wide Statement of Net Assets and the Statement of Activities, activities are presented using the cash basis of accounting. This basis of accounting recognizes assets, liabilities, net assets/fund equity, revenues and expenditures when they result from cash transactions in the government-wide statements. This basis is a comprehensive of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

BUFFALO - RED RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS- CONTINUED

D. Budgets

The District does not prepare a formal budget for any funds. It goes through a process to establish the tax levy.

E. Cash and Investments

At year end, the bank balance was \$582,594. The entire bank balance was covered by federal depository insurance or was collateralized with securities by the pledging financial institution's agent in the District's name.

The District is authorized by State statutes to invest idle funds in direct or guaranteed obligations of the United States or its agencies, shares of registered investment companies, any general obligation of the state or municipalities, bankers acceptances or commercial paper of U.S. corporations.

Investments consist of certificates of deposits stated at cost.

F. Capital Assets

The District records capital assets as disbursements at the time of purchase.

G. Long-Term Obligations

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

H. Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - inventories; or (b) legally or contractually required to be maintained intact.

BUFFALO - RED RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS- CONTINUED

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the District council-the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

I. Interfund Transactions

In the governmental fund statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

All other interfund transfers are reported as operating transfers. In the government-wide financial statements, interfund transactions have been eliminated.

BUFFALO - RED RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS- CONTINUED

J. Use of estimates

The preparation of financial statements in conformity with the Other comprehensive basis of accounting (OCBOA) used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

NOTE 2: LEGAL COMPLIANCE - BUDGETS
BUDGET AMENDMENTS

The board did not amend the District's budget in 2016.

EXPENDITURES OVER APPROPRIATIONS

The District did not overspend the budget. No remedial action is required by the District.

NOTE 3 DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is risk associated with the failure of a depository financial institution to recover its deposits or collateralized securities that are in the possession of outside parties. The District does not have a formal policy that addresses custodial credit risk for deposits. However, in accordance with state statutes, the District maintains deposits at those depository banks and savings and loans authorized by the District, all of which are covered by federal deposit insurance. These statutes also require that the deposits be protected by insurance, collateral or surety bond. The fair value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance or bonds. As of December 31, 2016, the District's deposits were either fully insured or properly collateralized, and have no custodial risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of debt security typically moves in the opposite direction of the change in interest rate. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates. As of December 31, 2016, the District had no debt securities investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal investment policy that specifically addresses credit risk. As of December 31, 2016, the District had no debt securities investments.

BUFFALO - RED RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS- CONTINUED

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer. As of December 31, 2016, the District had no debt securities investments.

NOTE 4 DEBT

Changes in Long-Term Liabilities - During the year ended December 31, 2016, the following changes occurred in liabilities reported in long-term debt:

	Payable 2015	Increases	Decreases	Payable 2016	Due Within One Year
Bonds Payable	212,000			104,000	108,000

BONDS PAYABLE

Bonds payable consist of the following:

GOVERNMENTAL ACTIVITIES	Maturity Date	Interest Rate	Balance Outstanding
Limited Tax Bonds-2012	02/01/2017	1.50%	108,000

The District has established a \$600,000 operating line of credit at a local bank. The current interest rate is 2.75%. At December 31, 2016, the outstanding balance was \$0.

NOTE 5: RISK MANAGEMENT

The District is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All risks of loss are insured by the purchase of commercial insurance. There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the past three fiscal years.

BUFFALO - RED RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS- CONTINUED

NOTE 6. DEFICIT FUND BALANCES

The following fund balances had deficits at December 31, 2016:

Project #30	25 213	Will be eliminated by specials.
Project #02	5 556	Will be eliminated by specials.
Project #14	139 701	Will be eliminated by specials.
Project #34	68 404	Will be eliminated by specials.
Project #28	10 570	Will be eliminated by specials.
Project #37	19 618	Will be eliminated by specials.
Project #39	115 072	Will be eliminated by specials/FEMA.
Project #42	3 762	Will be eliminated by specials.
Project #49	156 102	Will be eliminated by specials/grant.
Project #52	3 059	Will be eliminated by specials.
Project #56	698 625	Will be eliminated by specials/MSA 103D.
Project #61	233 517	Will be eliminated by specials.
Project #62	12 890	Will be eliminated by specials.
Project #70	1 977	Will be eliminated by specials.
Project #72	8 219	Will be eliminated by specials.
Project #74	94	Will be eliminated by BRRWD.
Project #75	2 653	Will be eliminated by reassignment.
Project #78	2 253	Will be eliminated by specials/bond.
Becker Ditch #7	3 902	Will be eliminated by specials.
Becker Ditch #9	27 061	Will be eliminated by specials.
Becker Ditch 10	2 793	Will be eliminated by specials.
Becker Ditch 19	3 423	Will be eliminated by specials.
Clay Ditch #9	48 675	Will be eliminated by specials.
Clay Ditch #28	10 071	Will be eliminated by specials.
Clay Ditch #31	54 240	Will be eliminated by specials.
Clay Ditch #32	52 215	Will be eliminated by specials.
Clay Ditch #33	43 694	Will be eliminated by specials.
Clay Ditch #40	15 190	Will be eliminated by specials.
Clay Ditch #16	21 254	Will be eliminated by specials.
Clay Ditch #03	9 370	Will be eliminated by specials.
Clay Ditch #54	1 098	Will be eliminated by specials.
Clay Ditch #17	2 864	Will be eliminated by specials.
Clay Ditch #59	8 709	Will be eliminated by specials.
Clay Ditch #60	17	Will be eliminated by specials.
Wilkin Ditch 5A	27 808	Will be eliminated by specials.
Wilkin Ditch #22	110 625	Will be eliminated by specials.
Wilkin Ditch #1C	84 268	Will be eliminated by specials.
Wilkin Ditch #26	43 274	Will be eliminated by specials.
Wilkin Ditch #40	17 258	Will be eliminated by specials.
Wilkin Ditch #41	71 372	Will be eliminated by specials.
Wilkin Ditch #43	10 854	Will be eliminated by specials.
Wilkin Ditch #03	21 140	Will be eliminated by specials.
Wilkin Ditch #42	27 729	Will be eliminated by specials.
Wilkin Ditch #44	2 979	Will be eliminated by specials.
Upper Red TMDL	5 609	Will be eliminated by MPCA/BRRWD.
FEMA 2009	2 572	Will be eliminated by transfers.
Upper S Branch	67 182	Will be eliminated by FMDA.
Whiskey creek	59 108	Will be eliminated by Wilkin CWF.
MAWQCP	70 066	Will be eliminated by MSA 103D.
Watershed enlarge	25 320	Will be eliminated by MSA 103D/BWSR.
Buffer initiative	14 049	Will be eliminated by MSA 103D.
Otter Tail Plng	101 806	Will be eliminated by MSA 103D/BWSR/EPA 319.
Stony Crk Comp Pln20	121	Will be eliminated by MSA 103D/FMDA.

BUFFALO- RED RIVER WATERSHED DISTRICT
 FUND EQUITY
 DECEMBER 31, 2016

	BEGINNING BALANCE	REVENUES	EXPENSES	TRANSFERS IN (OUT)	ENDING BALANCE
GENERAL	164,287.00	389,564.37	394,712.25		159,139.12
NEW OFFICE	(5,595.18)	101,208.42	109,486.43	13,873.19	0.00
RRWMB	69.45				69.45
CONSTRUCTION	1,244,436.59	30,385.68	1,266.15		1,273,556.12
MSA 103D	16,686.32	607,416.38	164,569.50	(207,206.64)	252,326.56
INSURANCE	6,543.59	20,264.51	19,829.23		6,978.87
BECKER DITCH #5	3,576.48	10,480.48	4,803.47	9,403.28	18,656.77
BECKER DITCH #6	3.89	0.10			3.99
BECKER DITCH #7	(3,077.86)		823.88		(3,901.74)
BECKER DITCH #9	(4,773.67)	7,507.84	29,795.17		(27,061.00)
BECKER DITCH#10	(5,184.98)	3,737.32	1,345.57		(2,793.23)
BECKER DITCH#15-PJ 23	15,815.93	15,125.75	10,019.02		20,922.66
BECKER DITCH#19	(10,876.63)	10,978.79	3,525.66		(3,423.50)
CLAY DITCH #03	8,594.20	14,892.80	36,540.66	3,413.97	(9,639.69)
CLAY DITCH #05	5,684.38	23,919.24	18,125.24		11,478.38
CLAY DITCH #09	(176,842.95)	75,067.71	28,774.94	81,875.62	(48,674.56)
CLAY DITCH #16	4,376.15		25,630.04		(21,253.89)
CLAY DITCH #17	11,606.19	120.37	14,590.84		(2,864.28)
CLAY DITCH #20	12,377.07	227.97	5,177.95		7,427.09
CLAY DITCH #21	41,982.96	1,026.02	17,272.02	9,632.26	35,369.22
CLAY DITCH #22	10,083.22	91.68	9,388.96		785.94
CLAY DITCH #23	11,241.17	8,641.70	10,288.86		9,594.01
CLAY DITCH #28	(13,550.29)	14,864.96	11,385.57		(10,070.90)
CLAY DITCH #31	(57,011.87)	10,086.58	7,314.78		(54,240.07)
CLAY DITCH #32	(183,079.76)	74,567.61	21,678.54	77,975.83	(52,214.86)
CLAY DITCH #33	(121,475.15)	50,197.60	21,557.04	49,140.44	(43,694.15)
CLAY DITCH #34	5,644.72	19,258.90	9,468.61		15,435.01
CLAY DITCH #35	43,752.23	1,096.33	8,347.10	7,984.76	44,486.22
CLAY DITCH #36	612.19	10,154.01	10,443.62	3,895.73	4,218.31
CLAY DITCH #39- PJ 7	32,515.67	21,594.97	20,570.46	5,465.61	39,005.79
CLAY DITCH #40	(5,625.42)	69.18	11,983.08	2,349.33	(15,189.99)
CLAY DITCH #49	(3,816.26)	10,031.51	5,677.11	285.49	823.63
CLAY DITCH #51	(304.39)	5,023.38	4,606.22	987.31	1,100.08
CLAY DITCH #53-PJ 47	15,919.46	32,870.45	33,018.29		15,771.62
CLAY DITCH #54	(2,372.28)	4,898.77	3,624.57		(1,098.08)
CLAY DITCH #57	7,095.92	153.88	1,798.70		5,451.10
CLAY DITCH #58	11,022.58	241.70	10,090.91	4,989.03	6,162.40
CLAY DITCH 59-PJ 48	32,144.17	29,435.32	99,489.80	29,201.11	(8,709.20)
CLAY DITCH #60	11,607.21	154.70	11,779.33		(17.42)
CLAY DITCH #63	13,661.78	15,167.07	9,126.09		19,702.76
CLAY DITCH #65- PJ 3	25,914.41	217.32	38,624.64	13,715.35	1,222.44
WILKIN DITCH#01A	18,309.67	19,570.97	939.27		36,941.37
WILKIN DITCH#01B	15,130.02	357.12	1,117.92		14,369.22
WILKIN DITCH#01C	14,853.04	5,675.02	38,100.69	(66,695.81)	(84,268.44)
WILKIN DITCH#03	60,514.28	99,430.24	181,084.26		(21,139.74)
WILKIN DITCH#04	14,944.26	73,284.55	47,603.60		40,625.21

BUFFALO- RED RIVER WATERSHED DISTRICT
 FUND EQUITY
 DECEMBER 31, 2016

	BEGINNING BALANCE	REVENUES	EXPENSES	TRANSFERS IN (OUT)	ENDING BALANCE
WILKIN DITCH#07	32,435.37	74,632.04	42,804.33		64,263.08
WILKIN DITCH#12	2,708.37	24,479.74	1,105.79		26,082.32
WILKIN DITCH#15	32,340.87	50,121.46	5,721.59		76,740.74
WILKIN DITCH#22-PJ1	(123,354.87)	70,885.48	79,634.37	21,478.85	(110,624.91)
WILKIN DITCH#23	14,385.70	20,076.71	28,136.61		6,325.80
WILKIN DITCH#26	(45,671.48)	9,886.24	7,488.38		(43,273.62)
WILKIN DITCH#27	16,974.63	51,207.97	4,042.96		64,139.64
WILKIN DITCH#28	(26,724.73)	29,812.51	1,857.77		1,230.01
WILKIN DITCH#29	26,661.97	25,542.73	876.00		51,328.70
WILKIN DITCH#31	30,454.36	644.99	11,125.19		19,974.16
WILKIN DITCH#34	103,862.18	3,944.50	16,809.62	(33,348.91)	57,648.15
WILKIN DITCH#37	17,250.74	48,863.41	29,206.75		36,907.40
WILKIN DITCH#40	(1,572.14)	15,221.64	30,907.51		(17,258.01)
WILKIN DITCH#41	(80,429.42)	48,240.74	40,682.43	1,498.81	(71,372.30)
WILKIN DITCH#42-PJ 25	14,214.45	265.09	42,208.69		(27,729.15)
WILKIN DITCH#43	(7,655.91)	18,916.47	22,114.57		(10,854.01)
WILKIN DITCH#44-PJ 24	17,208.56	14,415.69	34,603.49		(2,979.24)
WILKIN DITCH#5A	(59,787.07)	40,143.77	8,164.61		(27,807.91)
WILKIN DITCH#02	13,286.21	47,452.04	12,719.48		48,018.77
WILKIN DITCH#06A	73,544.00	76,078.53	99,633.21		49,989.32
PROJECT #02- W 22	53,177.13	446.72	59,179.76		(5,555.91)
PROJECT #04	8,688.22	192.18	965.79		7,914.61
PROJECT #05	1,883.32	39.72	423.89		1,499.15
PROJECT #08	328.84	-	3,130.58	3,000.00	198.26
PROJECT #13	725.35	-	2,691.90	2,000.00	33.45
PROJECT #14	6,256.19	923.31	153,361.43	6,481.38	(139,700.55)
PROJECT #16	100.96	102.60	20,847.34	21,070.20	426.42
PROJECT #19	21,000.66	1,791.63	1,699.25		21,093.04
PROJECT #20	38,429.94	1,692.51	15,221.71	39,770.20	64,670.94
PROJECT #21	16,801.59	432.90	19,502.72	6,375.91	4,107.68
PROJECT #27-C 55	23,988.27	14,459.12	7,189.88	13,478.03	44,735.54
PROJECT #28- C 2	9,221.39	24,427.61	50,315.08	6,096.37	(10,569.71)
PROJECT #29	2,349.55	-	10,379.60	8,030.05	-
PROJECT #30-CW JD1	(41,012.79)	71,577.65	55,777.65		(25,212.79)
PROJECT #31	3,737.98	37.64	8,949.11	5,173.49	0.00
PROJECT #32	(4,581.59)	8,926.26	291.68		4,052.99
PROJECT #33	(181.54)	64,557.57	12,612.79		51,763.24
PROJECT #34	(138,989.98)	86,670.09	16,084.21		(68,404.10)
PROJECT #35	(13,458.13)	49,349.42	17,025.10	2,093.58	20,959.77
PROJECT #36	6,425.42	5,431.92	5,003.97	7,233.27	14,086.64
PROJECT #37	(57,823.42)	84,230.63	70,573.00	24,547.41	(19,618.38)
PROJECT #38	7,670.07	1,676.82	15,767.71	62,115.99	55,695.17
PROJECT #39	(311,422.10)	201,933.24	27,946.20	22,363.32	(115,071.74)
PROJECT #40	9,103.46	132,287.41	17,865.40		123,525.47
PROJECT #42	(42,835.36)	45,136.97	9,715.85	3,651.87	(3,762.37)
PROJECT #43	26,988.62	48,691.14	4,866.34		70,813.42

BUFFALO- RED RIVER WATERSHED DISTRICT
 FUND EQUITY
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	BEGINNING BALANCE	REVENUES	EXPENSES	TRANSFERS IN (OUT)	ENDING BALANCE
PROJECT #44	-				-
PROJECT #45	-				-
PROJECT #46- TLO	1,026.90	44,543.41	11,024.83		34,545.48
PROJECT #49-OAK	(96,966.64)	5,294,226.85	5,363,118.89	9,757.17	(156,101.51)
PROJECT #50	4,952.40	118.05	246.14		4,824.31
PROJECT #51	17,837.94	568.68	2,718.01	6,810.09	22,498.70
PROJECT #52	(10,848.06)	9,955.90	5,120.27	2,953.02	(3,059.41)
PROJECT #54	13,225.87	485.10	3,624.09	6,727.91	16,814.79
PROJECT #55	12,803.76	9,305.08	402.49		21,706.35
PROJECT #56	(546,601.12)	100,149.83	252,173.59		(698,624.88)
PROJECT #57	5,765.61	154.89	687.74	999.21	6,231.97
PROJECT #58	31,634.52	1,280.62	726.25		32,188.89
PROJECT #61	(292,796.91)	99,585.00	40,304.94		(233,516.85)
PROJECT #62	(11,790.94)		1,099.14		(12,890.08)
PROJECT #63- GROVE	21,028.28	7,323.44	8,910.69		19,441.03
PROJECT #64	7,035.15	1,002.66	1,856.13		6,181.68
PROJECT #65	911.00	3,227.83	3,091.11		1,047.72
PROJECT #67	(12,771.85)	15,184.14	1,833.17		579.12
PROJECT #68	(4,355.27)	10,324.19	1,535.06		4,433.86
PROJECT #70	(1,690.70)		286.71		(1,977.41)
PROJECT #71	10,723.31	233.88	3,138.88		7,818.31
PROJECT #72	(1,876.38)		6,342.21		(8,218.59)
PROJECT #73	1,804.96	44.09			1,849.05
PROJECT #74	(91.29)		2.75		(94.04)
PROJECT #75	(97,593.78)	-	5,104.07	100,044.72	(2,653.13)
PROJECT #77	(8,667.07)	13,593.02	8,377.33	3,451.38	-
PROJECT #78			2,252.75		(2,252.75)
HAY CREEK STINKING LA]	49,272.94	2,103.68	32,334.61		19,042.01
UPPER RED TMDL	(0.00)	-	6,237.01	6,237.01	(0.00)
HAWLEY BUFF RIV RES	(254,834.30)	313,060.41	66,652.12	8,426.01	(0.00)
MEDIATION PT	(1,086.16)	19,071.16	56,690.11	38,705.11	-
SWPPP	(0.00)	-	18,577.64	18,577.64	-
STREAMBANK EROSION-PJ 26	9,853.12	240.51	88.00		10,005.63
RIVERKEEPERS	0.38	0.01			0.39
RWMP COMP PLANNING	75,325.67	1,860.56			77,186.23
COE DIVERSION	2,054.48	20.41	34,559.45	32,484.56	-
CLAY COUNTY BUYOUT	19,746.67	481.68	42.00		20,186.35
UPPER S BRANCH BMP	(16,759.55)	6.17	50,429.04		(67,182.42)
BWSR CWF GRANT	-				-
FEMA 2009	341,712.85		2,571.98	(341,712.85)	(2,571.98)
FEMA 2010	975.51	23.83			999.34
BLUE EAGLE LAKE	0.00	-	283.88	283.88	-
FEMA 2011	149,532.09	3,621.60	1,930.50		151,223.19
WETLAND RESTORATION	48,301.24	2,715.04	17,586.65		33,429.63
RED RIVER BASIN	(121.07)	-	667.84	788.91	(0.00)
S&D ACQUISITIONS	(0.00)	73,868.04	18,179.60		55,688.44

BUFFALO- RED RIVER WATERSHED DISTRICT
 FUND EQUITY
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	BEGINNING BALANCE	REVENUES	EXPENSES	TRANSFERS IN (OUT)	ENDING BALANCE
WHISKEY CREEK ENHANC	-	-	59,107.88		(59,107.88)
WATERSHED ENLARGE	(2,167.59)		23,152.15		(25,319.74)
MAWQCP	(56,673.19)	50,488.31	63,881.61		(70,066.49)
WOLVERTON CREEK	42,420.98	1,456,307.83	86,870.18		1,411,858.63
REDETERMINE BENEFITS	198,098.71	1,612.14	110.60	(198,098.71)	1,501.54
WILKIN SWCD CWF	-	18,905.62	431.50		18,474.12
TMDL	(3,424.88)	12,981.17	15,165.45		(5,609.16)
RIM/WRP FLOOD INVEST	(164.95)	49,440.56	2,536.13		46,739.48
RED RIVER STRESSOR	(21,842.00)	24,034.07	388.50		1,803.57
BARNESVILLE DRAINAGE	270.30	73,542.71	35,767.16	40,000.00	78,045.85
OTTER TAIL RIVER PLNG	(448.69)	120,825.96	222,182.95		(101,805.68)
STONY CREEK COMP PLAT	(2,272.82)	73,487.75	91,335.66		(20,120.73)
SABIN COULEE	3.15	0.08			3.23
LAKE FLORA- BECKER 7	(164.29)	-	4.95	169.24	-
BUFFER INITIATIVE 2015	-		14,048.67		(14,048.67)
WILKIN/OTTER JD #2	(1,837.46)	12,982.02	3,341.05		7,803.51
 TOTAL	 582,594.18	 11,257,894.06	 9,291,759.44	 (0.02)	 2,548,728.78

