



# 2022 Annual Report

# 2022 DISTRICT INFORMATION

## OFFICE INFORMATION

The Roseau River Watershed District (RRWD) office is located at 714 6<sup>th</sup> Street SW, Roseau. The phone number is (218) 463-0313 and the e-mail address is [rrwd@mncable.net](mailto:rrwd@mncable.net).

In 2022 the Board held regular business meetings, on the first Wednesday of each month, at 8:00 a.m. (April – Dec.) and 12:00 p.m. (Jan. – March). All of the meetings held by the Roseau River Watershed are open to the public.

## BOARD OF MANAGERS

A Board of Managers governs the Roseau River Watershed District. The Board has five managers, four appointed by the Roseau County Board of Commissioners and one appointed by the Kittson County Board of Commissioners. The 2022 members were:

Chairman, Carter Diesen 40141 160 <sup>th</sup> St Wannaska, MN 56751	Treasurer, Jason Braaten 30957 340 <sup>th</sup> St Badger, MN 56751
Manager, Cody Schmalz 4529 400 <sup>th</sup> Street Lancaster, MN 56756	Vice-Chair, Tony Wensloff 37232 240 <sup>th</sup> St Roseau, MN 56751
Secretary, LaVerne Voll 35572 520th Ave Salol, MN 56756	

## EMPLOYEES AND CONSULTANTS

The District has Two full time employees, an Administrator and a Watershed Specialist, as well as a part-time Watershed Assistant. Citizens are encouraged to contact the staff or managers at any time with their concerns or suggestions.

Administrator – Tracy Halstensgard

Watershed Specialist – Torin McCormack

Watershed Assistant – Tracy Bergstrom

Attorney – Michelle Moren, Roseau

Accounting Firm – Brady Martz, Thief River Falls

# **ESTABLISHMENT**

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

The board of managers initially adopted an Overall Plan for the RRWD on August 18, 1964, and was approved by the Minnesota Water Resource Board on April 20, 1965. In June of 2004 the Board of Managers approved an update of the Overall Plan. An amendment to the plan was adopted in June of 2020. In 2021 the District entered into the 1 Watershed 1 Plan process with the Roseau County SWCD and Roseau County. This planning process was funded through a Board of Water & Soil Resources grant and is expected to be completed in 2023.

# **MISSION STATEMENT**

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

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

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

# DISTRICT ACTIVITY

## Website

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

## District Meetings

In 2022, the Board held 12 regular monthly meetings, 3 special meetings, and various other meetings.

## Non-District Meetings:

**MAWD** – In December 2022, Administrator Halstensgard and Specialist McCormack attended the annual meeting of the Minnesota Association of Watershed Districts (MAWD) held in Alexandria, MN. The district is a member of MAWD which provides assistance on issues that affect watershed districts.

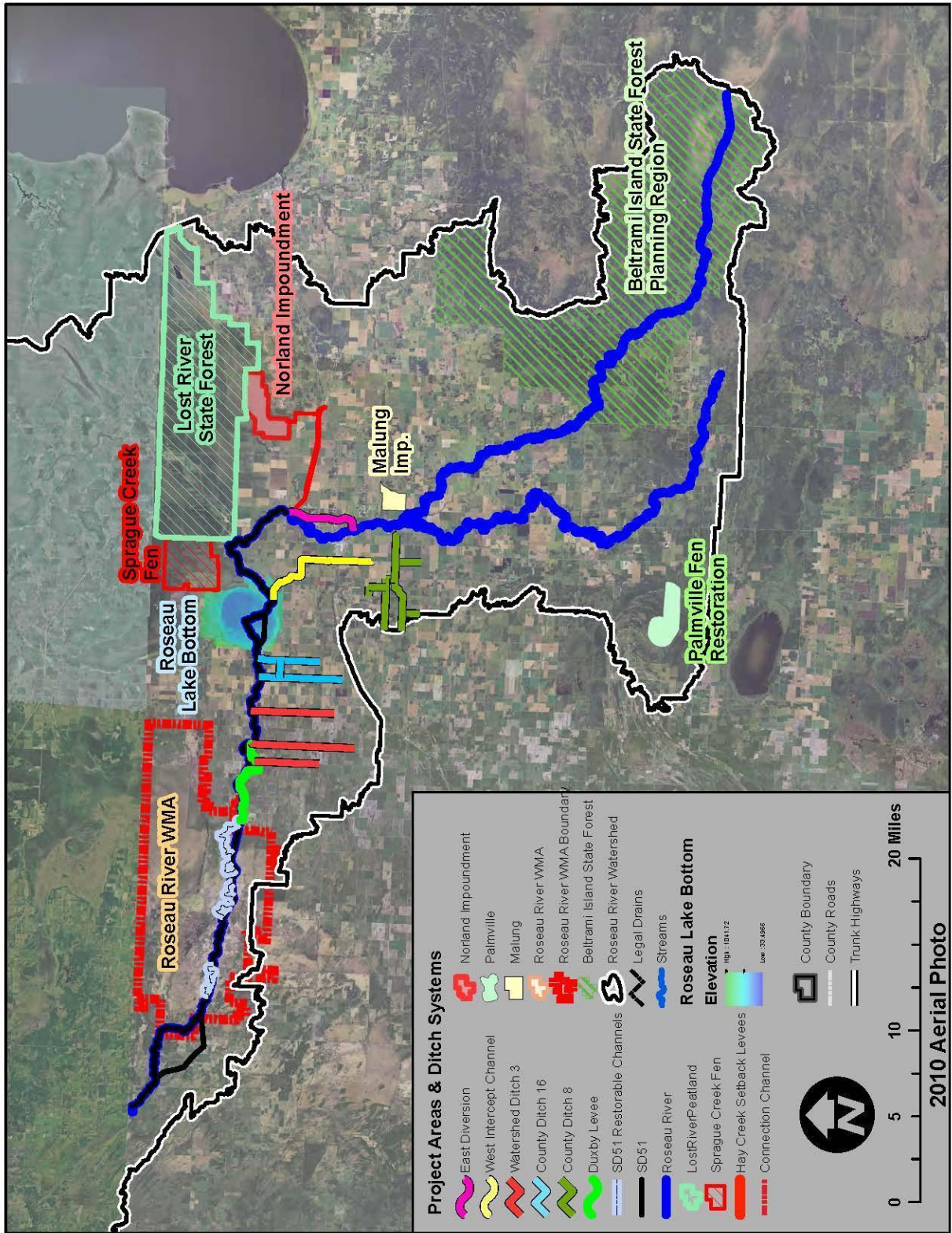
**RRWMB** - The Red River Watershed Management Board (RRWMB) delegate in 2022 was Jason Braaten. Manager Braaten attended regular monthly meetings as well as various RRWMB committee meetings. The District participated in the annual conference sponsored by the RRWMB and the Flood Damage Reduction Work Group (FDRWG) in March.

**RRIW** - The Roseau River International Watershed (RRIW) was created in 2000 with representation from both the United States (Minnesota) and Canada (Manitoba). The group continues to meet to address water related issues and concerns within the Roseau River Basin. The two RRWD board members delegated to represent the RRWD in 2022 were Managers Cody Schmalz and LaVerne Voll.

**Citizens Advisory Committee (CAC)** – The Citizens Advisory Committee is made up of RRWD residents who assist the board of managers on matters affecting the watershed district. For a list of committee members, please contact the office.



# Existing Projects & Drainage Systems





# DRAINAGE SYSTEMS

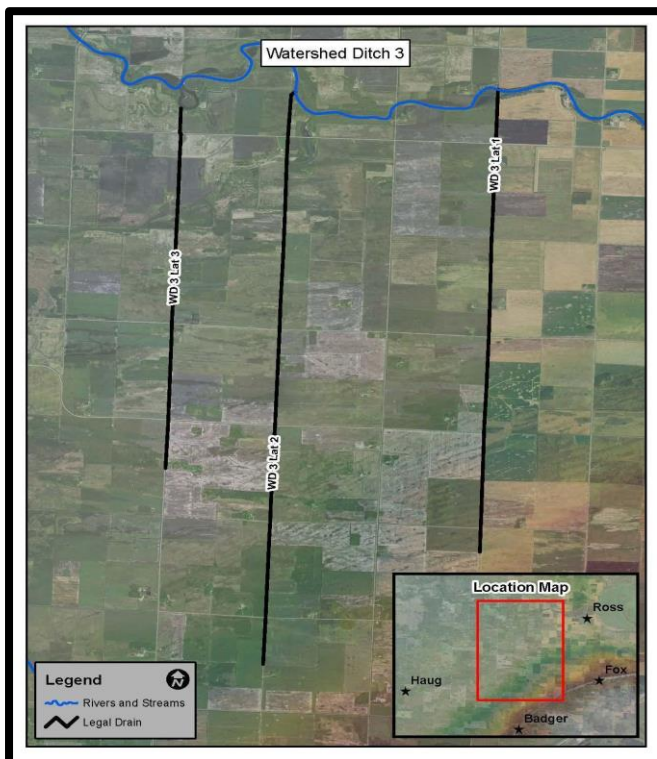
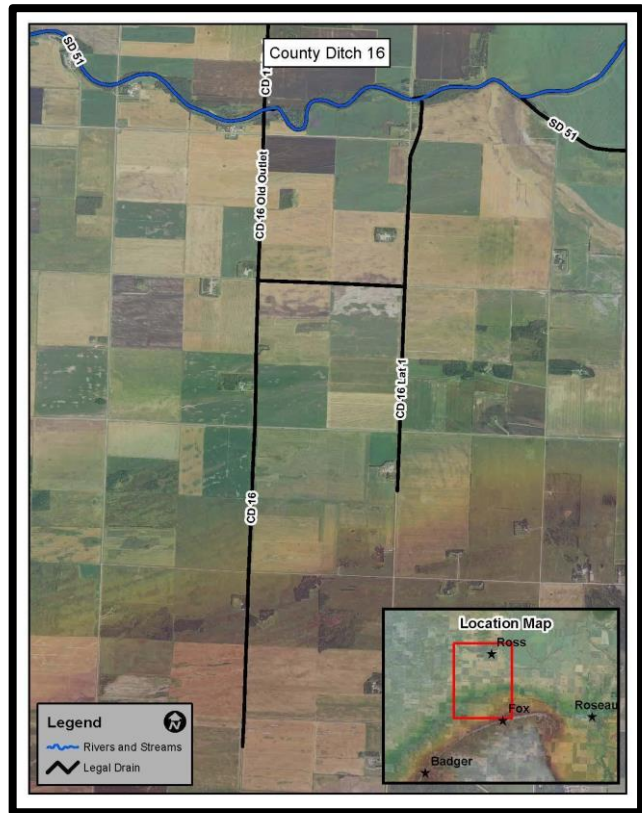
The Roseau River Watershed District is the Ditch Authority for the following systems:

## Roseau County Ditch No. 16

Roseau County Ditch 16 is located on the west side of Sections 34 and 27, Dieter Township and drains lands in Dieter and Ross Townships.

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

In 2019 the District received an Improvement Petition for this system. Construction on the improvements was completed in October of 2022.



## Watershed Ditch No.3

This ditch system consists of three laterals draining lands in Ross, Moose, Dieter, and Pohlitz Townships. In 2020 the district staff conducted a survey of all three laterals, collecting profile, cross section and culvert condition data. Information collected from the 2020 survey will inform future maintenance and/or repair. Standard maintenance was performed in 2022.

## State Ditch No. 51



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

Various stabilization projects have taken place in recent years funded by State of Minnesota Clean Water Fund grants through the Minnesota Board of Water and Soil Resources. These projects have removed sediment from the channel and installed stabilization structures at locations where other ditch systems enter into SD 51.

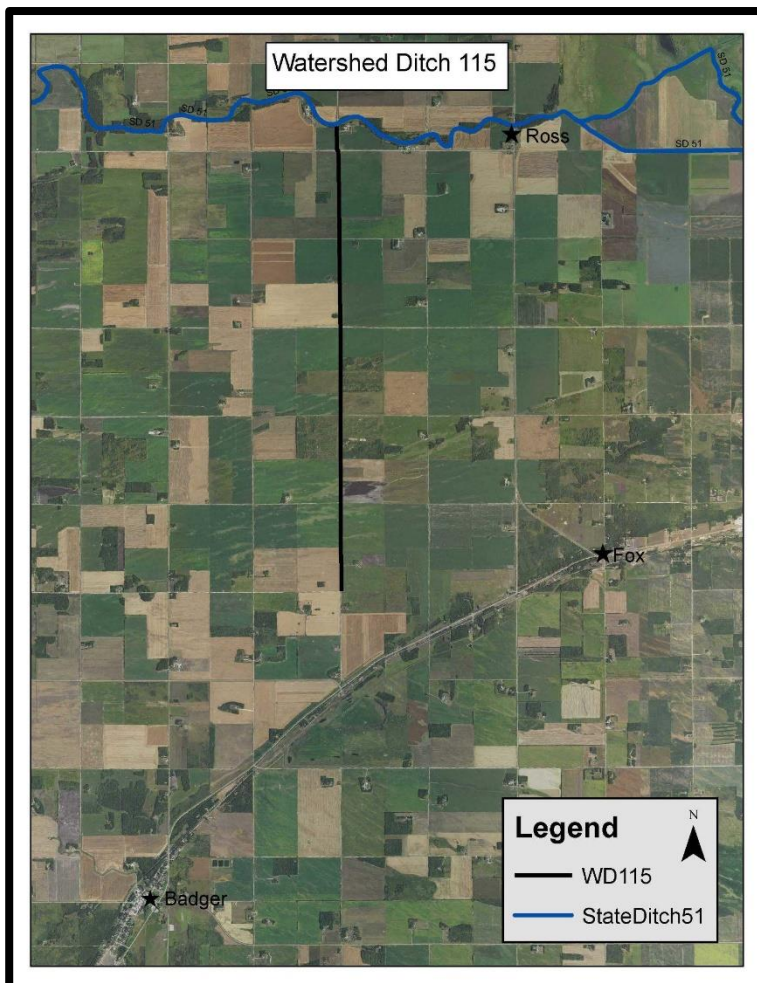
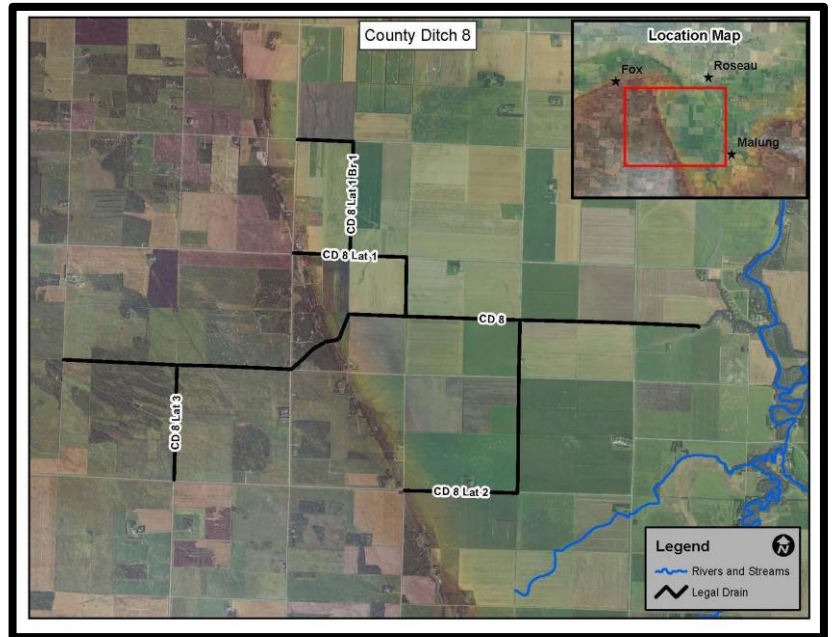
Standard maintenance was performed in 2022.



## Roseau County Ditch No.8

This ditch, located in Jadis and Stafford Townships, was turned over for administration and management to the Watershed District. In 2020 district staff conducted a survey of the ditch profile, cross section and culvert condition. Information collected from the 2020 survey will inform future maintenance and/or repair.

Standard maintenance was performed in 2022.



## Watershed Ditch No. 115

In 2020, a landowner submitted a 'Petition for Ditch' for the purpose of establishing a new drainage system in Ross and Dieter Townships along Roseau County Road 115. The approximate drainage area is 5.7 square miles. The petitioner proposed a 5.3-mile ditch in order to reduce the frequency of flooding events thereby reducing impacts to farmland and roadways. A final public hearing was conducted on October 25, 2022, at the Roseau City Center in Roseau, MN. On December 7, 2022, the Roseau River Watershed District Board of Managers accepted the Findings and Order establishing Roseau River Watershed Ditch #115. Construction on Watershed Ditch No. 115 is slated to begin in 2023.



# PROGRAMS

## Permits

In 2022 there were a total of 25 permit applications for the following activities: installation of culverts for field drainage and driveway accesses, ditch slope repair, ag tiling and ag diking.

## Roseau River Water Trail Plan

In 2017 the RRWD along with community partners, initiated a planning process to map the Roseau River, improve accesses and amenities and seek designation as a State Water Trail. In late 2017 a Stakeholder Group was formed. The mission of the group is as follows: The Roseau River Water Trail promotes enjoyment and conservation of natural, cultural, and historical resources of the Roseau River by encouraging responsible, high quality public access opportunities through partnerships and stakeholder advocacy.

The goals were set as follows:

Short Term: 12 – 18 Months

- Establish stakeholder group
- Secure planning funding
- Adopt charter or mission statement
- Identify potential launch sites, points of interest and hazards
- Develop project implementation phases
- Public outreach / civic engagement

Mid-term: 18 months – 3 years

- Map reaches of the river
- Secure implementation funding
- Implement project phases
- Public outreach / civic engagement
- Develop sustainability plan

Long Term:

- Establishment of the Roseau River from the headwaters to the Canadian border as a mapped Water Trail.
- Establish the Roseau River as an international water trail

The following are objectives laid out by the Stakeholder Group:

- **Promote the Roseau River as a trail of regional significance in Northwest Minnesota:** Water trails connect individuals, families, and groups with a variety of hiking trails, bikeways, museums, historic sites, parks, and public lands. They cultivate a sense of place and love of community.
- **Promote the Roseau City Park and Hayes Lake SP as premier camping destinations in Northwest Minnesota:** Outdoor enthusiasts will appreciate all these campgrounds have to offer as they explore the water trail.
- **Stewardship:** Water trails utilize minimum-impact practices and cultivate stewards of the water, land, vegetation, wildlife, and other resources.
- **Education:** Serving as outdoor classrooms, water trails promote an awareness of the natural and cultural attributes of the area through experiences.
- **Conservation:** Water Trail activities support conservation of aquatic ecosystems and contiguous lands building a constituency of resource protection and restoration advocates.

- **Diversity:** Through shared work and play, water trails benefit community members from all walks of life promoting access to natural resources and educational opportunities thereby fostering tolerance and understanding.
- **Wellness and well-being:** Water trails provide wholesome, fresh-air activities promoting overall fitness and health of participants.

In 2018, a new boat dock and Kayak launch were installed at the Roseau City Park. The Stakeholder group also moved forward with drafting a Master Plan. Copies of the plan are available on our website or at the office. In 2021 the City Center Site was constructed and paid for by a grant from the Minnesota Department of Natural Resources Parks and Trails Legacy fund through the City of Roseau. In 2022 the RRWD partnered with the City of Roseau on a Northwest Minnesota Regional Parks and Trails application to continue to obtain funding for additional trail sites.



## **2019 BWSR Multipurpose Drainage Management Grant**

The Multipurpose Drainage Management Grant was a water quality improvement project to reduce sediment contribution from the Roseau County Ditch 16 (CD 16) subwatershed. The RRWD in cooperation with landowners, road authorities, and the Roseau SWCD implemented conservation practices on 27 priority sites targeted due to the large volume of sediment they contribute to State Ditch 51 (SD 51). Sites along CD 16, which drains directly into SD 51, were identified through the Prioritize Target Measure Application (PTMApp) as priority concerns needing protection from chronic erosion.

The work was completed in conjunction with the CD 16 Improvement Project. The 27 sites identified contribute 84 tons of sediment annually into SD 51 in accordance with the PTMApp toolbar. Each of the identified sites constructed consisted of grade stabilization structures which prevents head cutting and sediment deposition into the river.

## **2022 BWSR Clean Water Fund: Projects and Practices Grant**

The Projects and Practices Grant for the Roseau River Water Quality Project was awarded to the RRWD to reduce sediment contribution from the Watershed Ditch 4 (WD 4), renamed Watershed Ditch 115 (WD 115) subwatershed. WD 115 outlets into the Roseau River which is the resource of concern that will be protected with this project. River habitat protection is a priority for the RRWD. The RRWD, in cooperation with landowners, road authorities, and the Roseau SWCD, will implement conservation practices on 30 priority sites targeted due to the large volume of sediment they contribute to the river.

Twenty-nine surface water inlets (SWI) and one rock grade control structure were identified through the Prioritize Target Measure Application tool (PTMApp) as priority concerns in need of protection from chronic erosion. The PTMApp toolbar estimates the 29 SWI sites identified contribute 62 tons of sediment annually into the Roseau River. The rock grade control structure will be located at the confluence of WD 4 and the Roseau River.

## Roseau River Comprehensive Watershed Management Plan

In 2013, the Local Government Water Roundtable suggested that local governments organize focused implementation plans based on watershed boundaries in order to align local water planning purposes and procedures creating a systematic, watershed-wide, science-based approach to watershed management. Under State Statute, comprehensive watershed management plans need to be in effect by 2025.

The Roseau River Comprehensive Watershed Management Plan was developed in 2022 through the Board of Water and Soil Resources (BWSR) One Watershed One Plan (1W1P) program. The Roseau River Watershed District partnered with Roseau County and the Roseau County Soil and Water Conservation District to develop a ten-year watershed management plan.

Issues affecting natural resources in the watershed were developed and prioritized through existing watershed reports, public input, and committee feedback. Goals and actions included in the plan were developed from priority issues and placed into a resource category: surface water, agricultural productivity, natural resources, or groundwater. Issues were further prioritized by planning regions in order to target funding and actions to where they are most needed.





# PROJECTS

## Roseau Lake Rehabilitation Project

The Roseau Lake Bottom has provided many years of flood control benefits to the area, but over the years it has become evident that having the ability to control the timing of when the Lake Bottom floods would be beneficial. The Lake Bottom currently floods with “early water”, which diminishes or eliminates the available flood storage when the flood peak of the Roseau River moves through the area. This is a multi-purpose project intended to provide the following benefits:

### Flood Damage Reduction

- Provide more efficient flood storage
- Provide flood damage reduction downstream by decreasing peak flows at Caribou.
- Manage storage and flow release in beneficial consideration of Red River peak flows.
- Provide flood damage reduction in agricultural areas upstream and south of the Big Swamp along the Roseau River in Moose, Soler, Dieter, and Pohlitz Townships.

### Habitat Restoration

- Streamflow restoration
- Improve water level management on WMA lands to improve vegetation management.
- Enhance waterfowl, fish, and wildlife habitat

### Erosion Reduction:

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

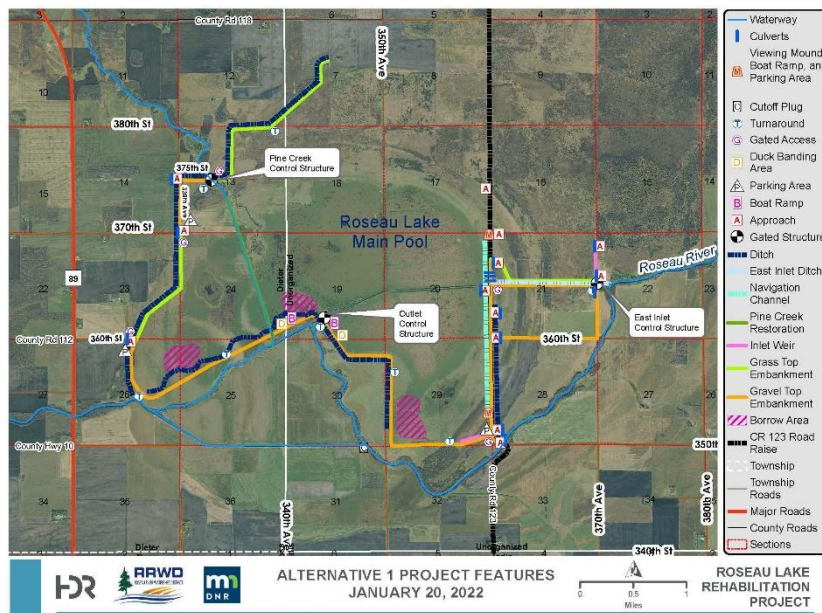
The status of the project at the end of 2022 is as follows:

### Planning

- Project wetland mitigation and restoration plan under review.
- Construction of the project will be completed in phases.
- Access and Recreation Plans prepared.
- Phase I construction anticipated 2023.

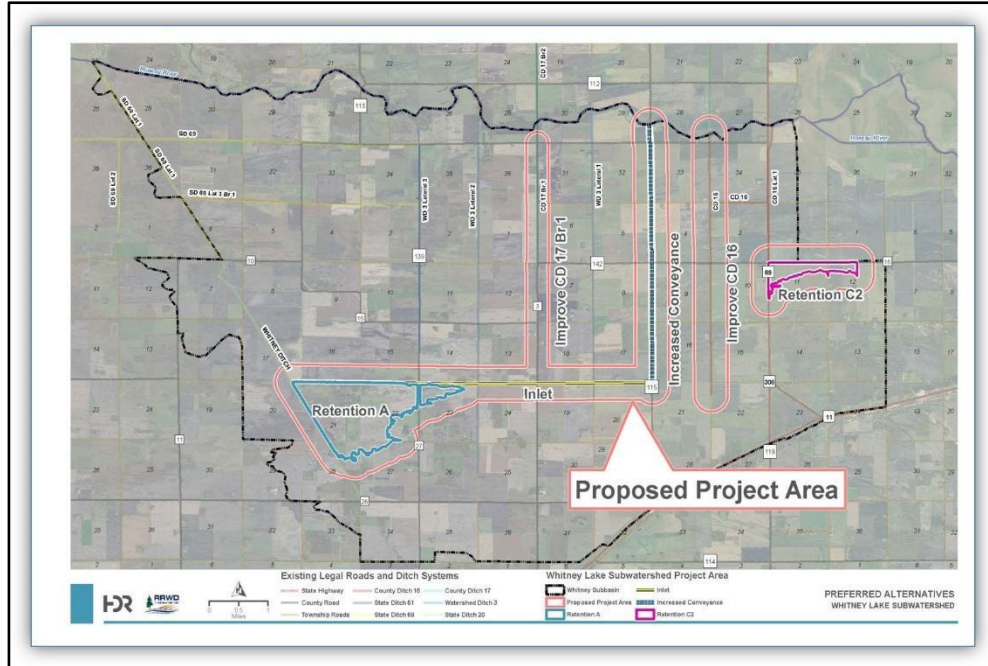
### Permitting

- Dam Safety, DNR, & WCA pending
- COE 404 under review
- Environmental Assessment Worksheet record of decision received



# Whitney Lake Watershed Management

Agricultural producers in the Whitney Lake subwatershed suffer frequent (every 1-2 years) inundation from minor events in both the spring and summer causing crop loss and/or damage. The Project Team has identified problem areas, defined strategic solutions, and provided planning guidance to implement construction of retention and drainage projects. The goal is to construct a multi-purpose water management project that will meet the purpose and needs identified, meet permitting requirements and be economically feasible. The Roseau River Watershed District is working to secure funding for the project. The District will utilize the Project Team process as identified in the *Red River Basin Flood Damage Reduction Work Group Agreement*.



## Project Benefits:

### Flood Damage Reduction

- Reduce agricultural and private land damages
- Reduce risk of road damages

### Flood Storage

- Utilize two retention sites to reduce peak flows
- Contribute to regional goal of reducing peak flows to the Red River

### Erosion Reduction

- Improve stability of watercourses
- Reduce sediment and nutrient loading from upland sources
- Improve water quality
- Positive impact for wildlife and fish

## Project Status:

- Preliminary Engineering completed
- Operation plan being drafted
- Wetland delineation in process
- Drainage components on-going (See CD16 and WD115)

**Partners:** Landowners, Red River Watershed Management Board (RRWMB), Natural Resource Conservation Service (NRCS), Minnesota Department of Natural Resources (MN DNR) and State of Minnesota Flood Damage Reduction Program.

# Roseau River Restoration Project

The proposed restoration reach lies largely within the DNR Wildlife Management Area in Roseau County, MN. This reach of the river was channelized by the construction of State Ditch 51 which reduced the length of the river, increased its slope, and caused the river to be disconnected from its floodplain. Historic oxbows remain intact, harbor diverse fish communities, and provide habitat for spawning and foraging when accessible during periods of high water. The restoration project will rehabilitate and reconnect the historic river channel and reestablish the natural channel profile and floodplain allowing a sustainable channel to meander as well as reconnect critical fish habitat to the main channel.



## PROJECT GOALS:

### Channel Restoration

- Reconnect historic river channel
- Reestablish natural channel and floodplain

### Enhance Wildlife Habit

- Reconnect oxbows to provide crucial spawning and foraging habitat for fish
- Increase the amount of large river habitat within the watershed
- Restore riparian habitat

### Erosion Reduction

- Improve bank stability
- Reduce sedimentation within the channel
- Improve water quality



## PROJECT STATUS:

### Planning:

- Project Team established
- Survey work was completed in the fall of 2020
- EAW submitted December 2022

### Permitting: Permits required include:

- DNR Permit
- USACE
- WCA
- EAW
- 103E Minnesota Drainage

### Funding:

- LSOHC Outdoor Heritage Fund award for \$3,036,000.00
- Other funding options include: RRWD, MN DNR, RRWMB, IWI, US FWS



# Roseau River Wildlife Management Area Pool 3 Outlet Project

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

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

## Project Benefits

### Flood Damage Reduction (FDR)

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

### Habitat Restoration

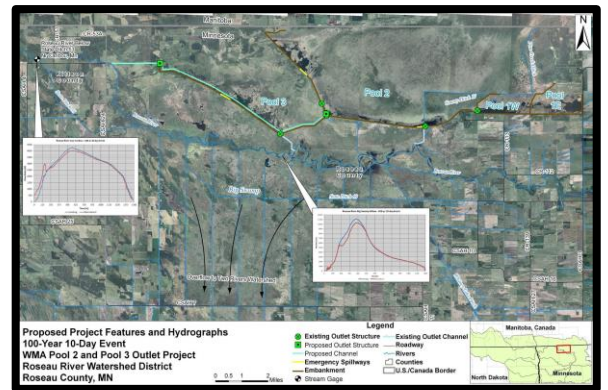
- Streamflow augmentation, improved dissolved oxygen levels, enhanced fish habitat, improve water management capability

### Erosion Reduction

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

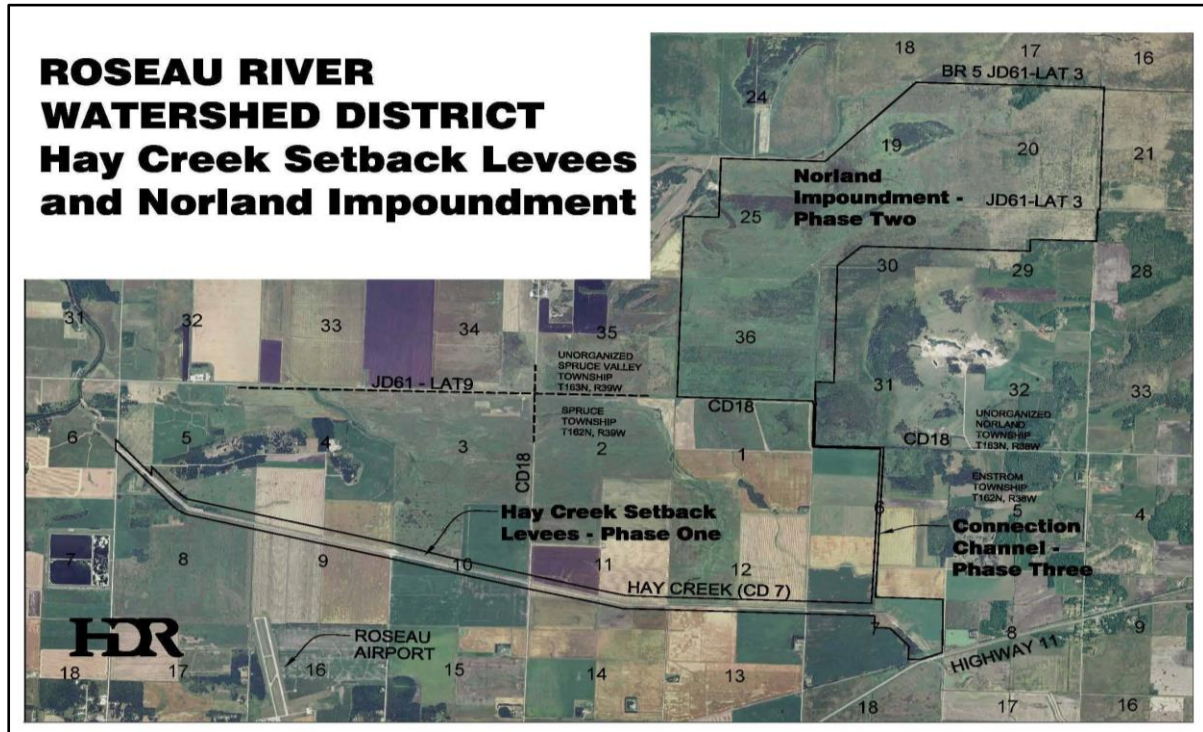
**Partners:** Red River Watershed Management Board, Minnesota Department of Natural Resources and State of Minnesota Flood Damage Reduction Program.

**Status:** The final construction was completed in 2018. Initial operation was triggered during flood conditions in the fall of 2019. Maintenance activity and operations according to the Operating Plan were conducted in 2022.



# Hay Creek-Norland

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



## Project Benefits

### Flood Control

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

### Habitat Restoration

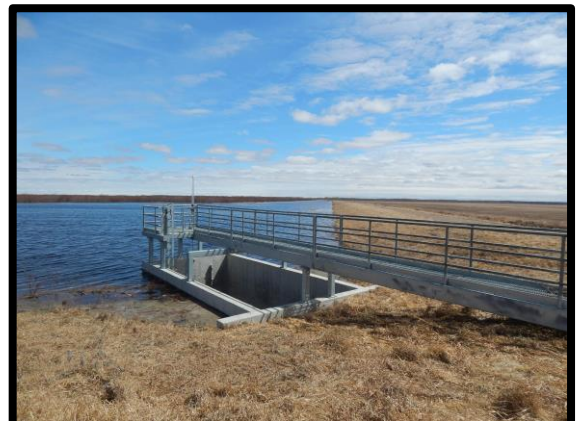
- Streamflow augmentation improved dissolved oxygen levels, enhanced fish habitat, riparian buffer corridor and wetland restorations.

### Erosion Reduction

- Reduction in bank erosion on downstream ditches and the Roseau River

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

**Status:** The project continues to be operational. Haying and mowing activities are part of the ongoing maintenance.





# Palmville Flood Damage Reduction and Fen Restoration Project

The Palmville Fen is a major wetland area covering approximately 3,000 acres located in the upper watershed of the South Fork of the Roseau River, primarily on land owned and managed by the State of Minnesota Department of Natural Resources. The Fen has been degraded by the construction of judicial and county ditch systems over the last one hundred years.

The Palmville project is a flood damage reduction (FDR) and natural resource enhancement (NRE) project. Flood control benefits will be provided to immediate areas downstream, the village of Wannaska and the city of Roseau. Fen restoration will hopefully be accomplished by encouraging a greater depth and duration of surface and subsurface flow to spill from the main channel and seep into the adjacent fen.

## Project Benefits

### Flood Damage Reduction (FD)

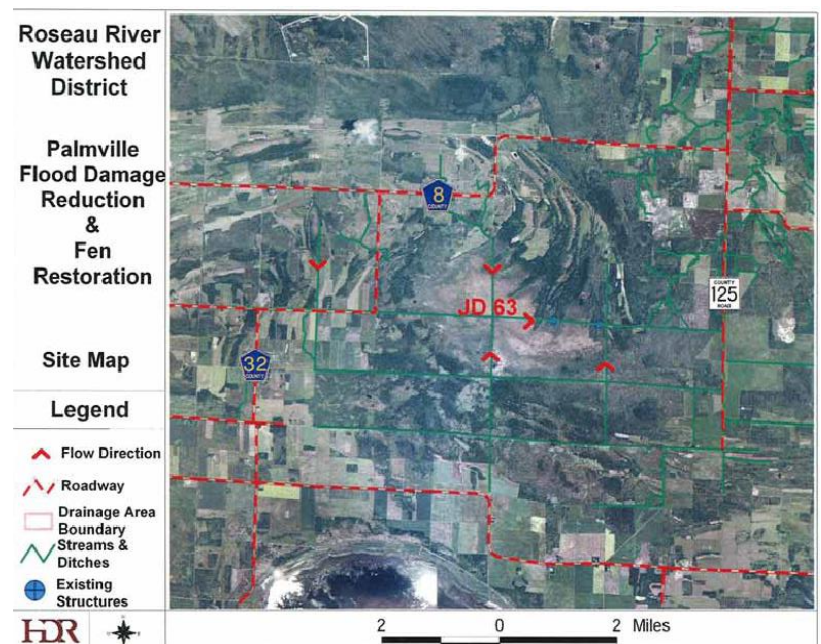
- Reduce frequency of high-water events to agricultural lands downstream
- Provide FDR downstream at Wannaska and Roseau.

### Habitat Restoration

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

### Erosion Reduction

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



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

**Status:** The project is operational and functioning as designed. In 2022 mowing and rodent management took place.





## Oakcrest Coulee

The RRWD has partnered with the City of Roseau, Roseau SWCD, and the Oak Crest Golf Course to address phosphorus and sediment issues in a coulee that drains some agricultural and urban land within the City of Roseau. The project goals are to reduce sediment (14 tons/year) and phosphorus (100 lbs./year) discharge into the Roseau River, replace the existing fixed weir with a gated weir to manage water levels for maintenance and fall drawdown, and to meet the requirements for the stormwater permit for the City of Roseau's expansion project(s). Phase I of the project will address stormwater runoff, and Phase II will address sediment and phosphorus removal. Construction is slated for 2023.



### Funding Partners:

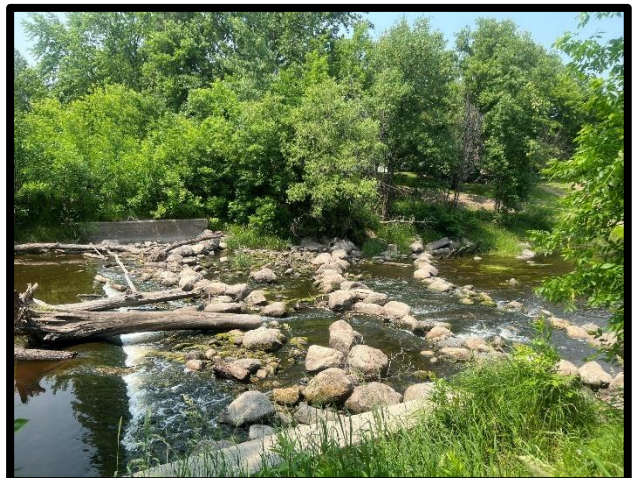
City of Roseau  
Oak Crest Golf Course  
Roseau SWCD  
BWSR Clean Water Fund  
RRWMB  
RRWD

## Roseau River Arch Rapids

One of the Red River Basin's earliest rock arch rapids is located within the City of Roseau. The Roseau River Rock Arch Rapids is an enhancement of rock rapids located at the site of a former low-head dam north of Highway 11. The original enhancement project of 2001 has since failed and no longer functions as designed.

A Joint Powers Agreement between the RRWD and the MNDNR will allow the rock arch rapids to be redesigned in order to restore fish passage thus improving native species populations and to restore connectivity along the Roseau River. Project partners have been systematically improving public recreation within the river corridor and the rock arch rapids will provide opportunities for fishing and paddling.

In late 2022, the Roseau River Arch Rapids was awarded a Conservation Partners Legacy Grant through the division of MNDNR Fish and Wildlife. Construction is slated to begin in 2023.

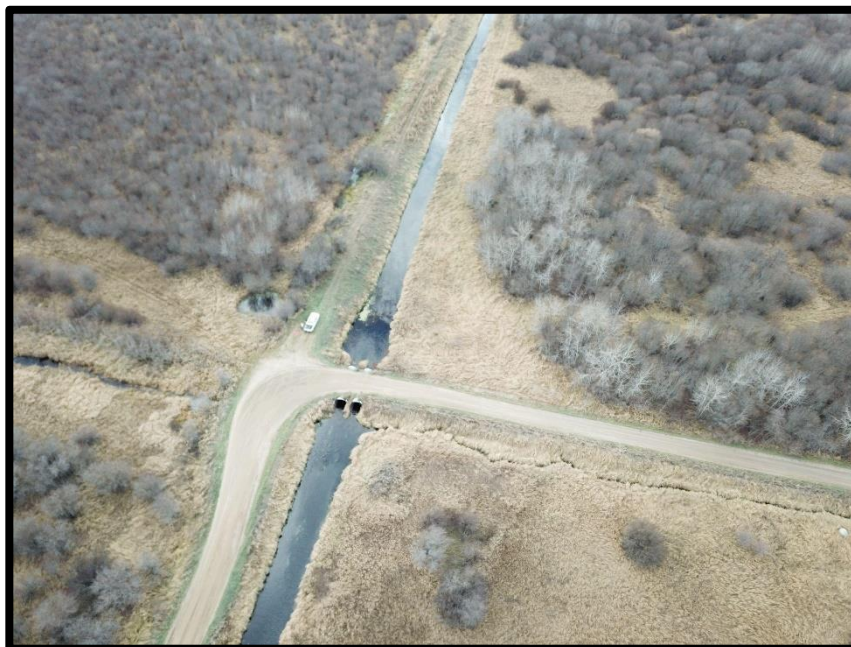


## **Lost River State Forest Peatland Restoration - Phase I**

Phase I of the Lost River State Forest Peatland Restoration will reconnect the upper 12.5 square miles of sloped peatlands along the Lost River, and lower reach consisting of 4.6 square miles of sloped peatland. Current hydrology is diverted via JD 61 and the Norland Forest Road. The project aims to restore hydrology throughout the peatland complex where drainage impacts have occurred.

Phase I of this project incorporates a water control structure to be added concurrently with the Norland Forest Road improvement. The control structure will be in-line with the centerline flow path of the Lost River. The site was identified as a priority due to its critical location along the main flow path within the peatland and planned road improvements.

The Lost River State Forest Peatland Restoration - Phase I was awarded a Conservation Partners Legacy Grant through the division of MNDNR Fish and Wildlife. Construction is slated to begin in 2023.



# FINANCIAL

## Budget

The budget adopted at the September 2021 meeting for 2022 locally funded expenditures is as follows:

Following discussion, a **motion** was made by Manager Wensloff seconded by Manager Braaten to approve the proposed 2022 budget. Motion carried unanimously.

2022 Budget	
Salaries & Benefits	\$ 145,000.00
Manager's per diem and expenses	\$ 12,000.00
Dues & registrations	\$ 5,000.00
Engineering	\$ 4,000.00
Legal & other professional services	\$ 20,000.00
Real estate taxes	\$ 10,000.00
Rent & utilities	\$ 4,650.00
Insurance	\$ 6,000.00
Telephone & internet	\$ 2,850.00
Office supplies & misc	\$ 15,600.00
Cap. Outlay & building maintenance	\$ 8,000.00
Stream gaging	\$ 11,500.00
RRWD projects / maintenance	\$ -
Programs & planning	\$ 5,400.00
	<hr/>
	\$ 250,000.00

After a **motion** by Manager Schmalz, seconded by Manager Braaten, the board adopted the following ditch levies.

### Ditch system levies for the year 2022:

Watershed Ditch #3	15%
County Ditch #8	20%
County Ditch #16	30%
West Intercept (City of Roseau)	\$2,500 (set amount)
State Ditch #51	1% on redetermined benefits

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

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

After a **motion** by Manager Braaten, seconded by Manager Voll, the board adopted the Red River Watershed Management Board (RRWMB) levy and ad valorem tax in the amount of .0003627 percent of the estimated market value of all taxable property within this district and within the counties set forth in Chapter 162, 1976 Session Laws. Half of the proceeds of this levy was





sent to the RRWMB, half remained with the RRWD as Construction Funds.

### **Financial Summary**

This section summarizes the District's financial activity for 2022. The information provided in this section is a summary of the activity for the year. A detailed report of all activity within the respective fund accounts is available for review at the District's office. By law the Roseau River Watershed District is allowed to establish several funds for the purpose of carrying out their duties. To finance these funds the District levies an "ad valorem" tax, meaning in "proportion to the value," over the entire watershed district and is based on the property value, rather than benefits. The following is a brief summary of types of funds established and the ways they assist in carrying out the goals of the District.

#### **General Fund**

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

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

This is established and used for the development of programs and projects of benefit to the District. The levy to fund the Red River Water Management Construction Fund may not exceed 0.0004836 of the taxable market value of the property in the District. One-half of the levied funds received are sent to the Red River Watershed Management Board for programs and projects that have common benefit in the Red River Basin. The second half of the levy is utilized for projects beneficial to the management goals of the District.

#### **Other Income**

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

## **2022 Financial Audit**

The basic financial statements provided by the District's accountant for the year (January 1, through December 31, 2022) as augmented with the Legal Compliance are available upon request and are on the RRWD website.

## INDEPENDENT AUDITOR'S REPORT

Board of Managers  
Roseau River Watershed District  
Roseau, Minnesota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the remaining fund information of the Roseau River Watershed District as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our 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 remaining fund information of the Roseau River Watershed District, as of December 31, 2022, and the respective changes in the cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

#### *Basis of Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Roseau River Watershed District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter - Basis of Accounting*

We 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 accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to the matter.



Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule and schedule of fund balances by project are fairly stated in all material respects in relation to the basic financial statements as a whole as described in the basis of accounting described in Note 1.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the officials directory and the management's discussion and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2023 on our consideration of the Roseau River Watershed District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Roseau River Watershed District's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.  
GRAND FORKS, NORTH DAKOTA**

May 19, 2023

**ROSEAU RIVER WATERSHED DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – (UNAUDITED) - CONTINUED**  
**DECEMBER 31, 2022**

**Fund Financial Statements.** The fund financial statements focus on the individual parts of the District. 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. Roseau River Watershed District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of Roseau River Watershed District are governmental funds.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available 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.

Roseau River Watershed District maintains three major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of receipts, disbursements, and changes in fund balances for the General Fund, Special Revenue Fund, and Capital Projects Fund.

The basic government fund financial statements can be found on pages 11 through 14 of this report.

**Notes to the financial statements.** The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 26 of this report.

**ROSEAU RIVER WATERSHED DISTRICT'S NET CASH POSITION**

	<u>2022</u>	<u>2021</u>
<b>ASSETS:</b>		
Current assets	\$ 470,165	\$ 1,592,192
Total Assets	<u>\$ 470,165</u>	<u>\$ 1,592,192</u>
 <b>NET CASH POSITION</b>		
Restricted for ditch maintenance	\$ 1,433,414	\$ 1,420,550
Unrestricted	(963,249)	171,642
Total Net Cash Position	<u>\$ 470,165</u>	<u>\$ 1,592,192</u>

At the end of 2022 and 2021, the Roseau River Watershed District is able to report positive balances in net cash position.

**ROSEAU RIVER WATERSHED DISTRICT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS – (UNAUDITED) - CONTINUED  
DECEMBER 31, 2022

**ADDITIONAL INFORMATION**

**Requests for Information.** This financial report is designed to provide a general overview of Roseau River Watershed District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Roseau River Watershed District, 714 6<sup>th</sup> Street Southwest, Roseau, Minnesota 56751 or contacting Tracy Halstensgard at (218) 463-0313.



**ROSEAU RIVER WATERSHED DISTRICT**  
**STATEMENT OF ACTIVITIES ARISING FROM CASH TRANSACTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

FUNCTION	Program Receipts and Sources				Net Cash Sources (Uses) and Change in Net Cash Position
	Disbursements	Fees, Assessments and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Administration	\$ 355,483	\$ 5,905	\$ -	\$ -	\$ (349,578)
Administrative construction	44,471	-	-	-	(44,471)
Wetland Bank Credit	-	-	1,909	-	1,909
General maintenance projects	55,568	91,796	-	-	36,228
Flood control projects	2,144,119	28,647	-	974,213	(1,141,259)
Drainage projects	54,631	-	80,005	-	25,374
<b>Total Governmental Activities</b>	<b>\$ 2,654,272</b>	<b>\$ 126,348</b>	<b>\$ 81,914</b>	<b>\$ 974,213</b>	<b>(1,471,797)</b>
General Receipts:					
Property taxes					338,485
Intergovernmental (not restricted for special program)					8,958
MV Credits					2,327
Interest earnings					349,770
<b>Total General Receipts</b>					<b>(1,122,027)</b>
Changes in Net Cash Position					1,592,192
Net Cash Position, January 1					\$ 470,165
Net Cash Position, December 31					

See Notes to the Basic Financial Statements

**ROSEAU RIVER WATERSHED DISTRICT**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>RECEIPTS</b>				
Taxes	\$ 218,735	\$ -	\$ 119,750	\$ 338,485
Special assessments	-	88,539	2,500	91,039
Intergovernmental:				
State	7,049	-	1,000,244	1,007,293
RRWMB	-	-	57,792	57,792
Interest	614	815	898	2,327
Other	5,905	757	28,647	35,309
<b>TOTAL RECEIPTS</b>	<u>232,303</u>	<u>90,111</u>	<u>1,209,831</u>	<u>1,532,245</u>
<b>DISBURSEMENTS</b>				
Administration	273,864	8,740	72,879	355,483
Administrative construction	-	-	44,471	44,471
General maintenance projects	19,887	18,367	17,314	55,568
Flood control projects	-	-	2,144,119	2,144,119
Drainage	-	-	54,631	54,631
<b>TOTAL DISBURSEMENTS</b>	<u>293,751</u>	<u>27,107</u>	<u>2,333,414</u>	<u>2,654,272</u>
Receipts Over (Under) Disbursements	(61,448)	63,004	(1,123,583)	(1,122,027)
<b>OTHER SOURCES AND USES</b>				
Transfers in	-	-	50,140	50,140
Transfers out	-	(50,140)	-	(50,140)
<b>NET OTHER SOURCES AND USES</b>	<u>-</u>	<u>(50,140)</u>	<u>50,140</u>	<u>-</u>
Receipts Over Disbursements and Other Sources and Uses	(61,448)	12,864	(1,073,443)	(1,122,027)
Cash Fund Balance (Deficit) - January 1	<u>350,936</u>	<u>1,420,550</u>	<u>(179,294)</u>	<u>1,592,192</u>
Cash Fund Balance (Deficit) - December 31	<u>\$ 289,488</u>	<u>\$ 1,433,414</u>	<u>\$ (1,252,737)</u>	<u>\$ 470,165</u>

See Notes to the Basic Financial Statements

**ROSEAU RIVER WATERSHED DISTRICT**  
**STATEMENT OF CHANGES IN NET CASH POSITION**  
**FIDUCIARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Custodial Fund
<b>ADDITIONS</b>	
Taxes	
Beltrami County	\$ 257
Kittson County	211
Lake of the Woods County	133
Marshall County	943
Roseau County	118,206
Intergovernmental	
MV credits	3,818
<b>TOTAL ADDITIONS</b>	<b>123,568</b>
 <b>DEDUCTIONS</b>	
Red River Watershed Management Board	136,445
<b>TOTAL DEDUCTIONS</b>	<b>136,445</b>
 CHANGE IN NET POSITION	 (12,877)
 NET POSITION - BEGINNING	 19,694
 NET POSITION - ENDING	 \$ 6,817

See Notes to the Basic Financial Statements



**ROSEAU RIVER WATERSHED DISTRICT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022

Total assets, liabilities, revenues (receipts) or expenditures (disbursements) of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that type, AND

Total assets, liabilities, revenues (receipts) or expenditures (disbursements) of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

*Governmental Funds*

General Fund

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

Special Revenue Fund

The special revenue fund is used to account for the proceeds of specific revenue sources (other than capital projects) where the expenditures are legally restricted for purposes specified in the grant or project agreements. The reporting entity includes the special revenue fund as a major fund.

Capital Projects Fund

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

*Fiduciary Fund*

Custodial Fund

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

**Measurement Focus and Basis of Accounting**

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

*Measurement Focus*

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

**ROSEAU RIVER WATERSHED DISTRICT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022

The approved levy becomes an enforceable lien as of January 1 in the subsequent year. Property taxes may be paid by taxpayers in two equal installments on May 15 and October 15 (November 15 for farm property). The counties typically provide tax settlements to the District in January, June and December. Property taxes are recognized when received from the counties under the cash basis of accounting.

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

### **Cash and Investments**

Cash balances from all funds are pooled and invested to the extent available in authorized investments authorized by Minnesota statutes. Earnings from such investments are allocated to the respective funds on the basis of average cash balance participation by each fund. It is the policy of the District in which funds with deficit averages are not charged with the investment earnings lost in financing the deficits.

### **Equity**

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

Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

### **Cash Fund Balance**

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

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

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

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

**ROSEAU RIVER WATERSHED DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2022**

**Credit Risk**

The District is authorized by Minnesota Statutes to invest in the following: direct obligations or obligations guaranteed by the federal government or its agencies; share of investment companies registered under the Federal Investment Company Act of 1940 and is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better, general obligations of Minnesota Housing Finance Agency rated "A" or better; commercial paper issued by United States' corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank or insurance company, domestic branch of a foreign bank and with a credit quality in one of the top two highest categories; repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers. The District has no investment policy that would further limit its investment choices.

**Custodial Risk**

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

**NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE**

**A. Plan Description**

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

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

PERA provides retirement benefits as well as disability benefits to members and survivor benefits upon death of eligible members. Benefits are established by state statute. Benefits for members of the General Employees Plan vest after five years of credited service.

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



**ROSEAU RIVER WATERSHED DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2022**

**Claims and Litigation**

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

**NOTE 5 RISK MANAGEMENT**

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

**NOTE 6 DEFICIT FUND BALANCES**

The following special revenue and capital projects had deficit fund balances as of December 31, 2022:

<u>Fund</u>	<u>Project</u>	<u>Total</u>
Capital Projects	Project Development	\$ 13,905
Capital Projects	Wetland Bank Credit	152,087
Capital Projects	Palmville Maintenance	40,440
Capital Projects	Hay Creek Norland	128,444
Capital Projects	Pool 3 Outlet	1,320
Capital Projects	Other Maintenance	1,436
Capital Projects	Beltrami	158,629
Capital Projects	Whitney Lake	438,962
Capital Projects	WMA	357,991
Capital Projects	Side Water Inlets	27,065
Capital Projects	CD 16 Improvement	1,426,174
Capital Projects	River Restoration	71,747
Capital Projects	Lost River	49,369
Capital Projects	Hay Creek Subwatershed	958
Capital Projects	Oak Crest Coulee	23,213
Capital Projects	Rock Arch Rapids	4,730
Capital Projects	Spruce 35 Bank	1,093
Capital Projects	WD #4	38,256

The deficits are expected to be eliminated through future receipts or transfers.

**ROSEAU RIVER WATERSHED DISTRICT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022

for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this statement are effective as follows:

**ROSEAU RIVER WATERSHED DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2022**

typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Management has not yet determined what effect these statements will have on the District's financial statements.

**NOTE 9 SUBSEQUENT EVENTS**

No significant events occurred subsequent to the District's year end. Subsequent events have been evaluated through May 19, 2023 which is the date of these financial statements were available to be issued.

**ROSEAU RIVER WATERSHED DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE – CASH BASIS**  
**GENERAL FUND – CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Original & Final Budgeted Amounts	Actual Amounts	Final Budget to Actual Variance
General Maintenance Projects:			
Roseau River projects	\$ 5,400	\$ 8,265	\$ 2,865
Stream gauging	11,500	11,622	122
Total General Maintenance Projects	<u>16,900</u>	<u>19,887</u>	<u>2,987</u>
 TOTAL DISBURSEMENTS	 <u>250,000</u>	 <u>293,751</u>	 <u>43,751</u>
 Excess Receipts Over Disbursements	 -	 (61,448)	 (61,448)
 Cash Fund Balance, January 1	 <u>350,936</u>	 <u>350,936</u>	 <u>-</u>
 Fund Balance, December 31	 <u>\$ 350,936</u>	 <u>\$ 289,488</u>	 <u>\$ (61,448)</u>

See Notes to the Budgetary Comparison Schedule



**ROSEAU RIVER WATERSHED DISTRICT**  
**SCHEDULE OF FUND BALANCES BY PROJECT-CASH BASIS**  
**DECEMBER 31, 2022**

	Fund Balance 1/1/2022	Receipts and Other Sources					Disbursements			Fund Balance 12/31/2022	
		Taxes and Special Assessments	Capital & Operating Grants	Other Receipts	Allocated Interest	Total	Administrative	Direct Project	Transfers		
<b>GENERAL FUND:</b>											
Administrative	\$ 350,936	\$ 218,735	\$ 7,049	\$ 5,905	\$ 614	\$ 232,303	\$ 273,864	\$ 19,887	\$ 293,751	\$ -	\$ 289,488
<b>SPECIAL REVENUE FUND:</b>											
Watershed Ditch #3	18,327	8,022	-	-	-	8,022	80	6,000	6,080	-	20,269
County Ditch #8	22,311	4,471	-	-	-	4,471	-	-	-	-	26,782
Ditch #16	321	4,004	-	757	-	4,761	160	757	917	-	4,165
State Ditch #51	1,379,591	72,042	-	-	815	72,857	8,500	11,610	20,110	(50,140)	1,382,198
Total Special Project Fund	1,420,550	88,539	-	757	815	90,111	8,740	18,367	27,107	(50,140)	1,433,414
<b>CAPITAL PROJECTS FUND:</b>											
Administrative Construction	1,444,099	119,750	1,909	-	898	122,557	160	44,471	44,631	-	1,522,025
Project Development	(13,905)	-	-	-	-	-	-	-	-	-	(13,905)
Wetland Bank Credit	(153,996)	-	1,909	-	-	1,909	-	-	-	-	(152,087)
Maintenance:											
Palmyville Maintenance	(34,410)	-	-	-	-	-	-	6,030	6,030	-	(40,440)
West Intercept Maintenance	(1,064)	2,500	-	-	-	2,500	-	-	-	-	1,436
Hay Creek Norland	(115,762)	-	-	-	-	-	1,398	11,284	12,682	-	(128,444)
Weed Management	732	-	-	-	-	-	-	-	-	-	732
Pool 3 Outlet	-	-	-	-	-	-	1,320	-	1,320	-	(1,320)
Other	(1,436)	-	-	-	-	-	-	-	-	-	(1,436)
Flood Control:											
Beltrami	(158,629)	-	-	-	-	-	-	-	-	-	(158,629)
Whitney Lake	(392,145)	-	23,747	-	-	23,747	920	69,644	70,564	-	(438,962)
Lake Bottom	170,764	-	593,839	28,647	-	622,486	33,445	764,053	797,498	50,140	45,892
WMA	(357,991)	-	-	-	-	-	-	-	-	-	(357,991)
Hay Creek Norland	112,997	-	-	-	-	-	-	-	-	-	112,997
Side Water Inlets	(27,065)	-	-	-	-	-	-	-	-	-	(27,065)
CD 16 Improvement	(438,010)	-	27,055	-	-	27,055	3,798	1,011,421	1,015,219	-	(1,426,174)
River Restoration	(102,421)	-	247,415	-	-	247,415	3,001	213,740	216,741	-	(71,747)
Lost River	(56,775)	-	52,660	-	-	52,660	17,473	27,781	45,254	-	(49,369)
Hay Creek Subwatershed	(78)	-	-	-	-	-	880	-	880	-	(958)
Oak Crest Coulee	3,458	-	29,497	-	-	29,497	3,991	52,177	56,168	-	(23,213)
Rock Arch Rapids	-	-	-	-	-	-	520	4,210	4,730	-	(4,730)
Spruce 35 Bank	-	-	-	-	-	-	-	1,093	1,093	-	(1,093)
Drainage:											
WD #4	(57,657)	-	80,005	-	-	80,005	5,973	54,631	60,604	-	(38,256)
Total Capital Project Fund	(179,294)	122,250	1,056,036	28,647	898	1,209,831	72,879	2,260,535	2,333,414	50,140	(1,252,737)
<b>TOTAL</b>	\$ 1,592,192	\$ 429,524	\$ 1,065,085	\$ 35,309	\$ 2,327	\$ 1,532,245	\$ 355,483	\$ 2,298,789	\$ 2,654,272	\$ -	\$ 470,165

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

Board of Managers  
Roseau River Watershed District  
Roseau, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Roseau River Watershed District, as of and for the year ended December 31, 2022, and the related notes to the financial statements which collectively comprise the District's cash basis basic financial statements, and have issued our report thereon dated May 19, 2023. Roseau River Watershed District prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of Roseau River Watershed District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-001 to be a material weakness.

**ROSEAU RIVER WATERSHED DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**2022-001 – Material Weakness**

**Criteria:** Generally, a system of internal control has the proper segregation of duties between authorization, custody, record keeping and reconciliation.

**Condition:** There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keeping and reconciliation.

**Cause:** Size and budget constraints limiting the number of personnel within the District's accounting department.

**Effect:** The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

**Recommendation:** We recommend the District review their internal controls over the accounting functions to determine if additional procedures can be implemented that are cost effective. The board should constantly be aware of this condition. Compensating controls that mitigate the related risks could be (or are) provided through appropriate oversight of the performance of these functions and review of the financial reports by individuals with knowledge of current operations and accounting principles.

**View of Responsible Officials:** The corrective action will be determined by management when it becomes cost effective to implement proper segregation of accounting duties.

**ROSEAU RIVER WATERSHED DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**2022-003 – Significant Deficiency**

Criteria:	The District currently does not have enough cash resources in the capital projects fund.
Condition:	The District's cash fund balance in the capital projects fund is negative. Cash deficits caused by timing issues on when money is received from the Red River Water Management Board are being covered by the general and special projects funds.
Cause:	The District expends the funds and then requests reimbursements from grantors.
Effect:	The District is utilizing general fund and special revenue dollars in order to meet the cash needs of its capital project fund that is on a cash basis.
Recommendation:	We recommend the District continually monitor its cash balances and request reimbursements or advances in order to exercise proper cash management over capital project funds.
View of Responsible Officials:	The District agrees with the recommendation and will implement immediately.