

2010 Annual Report

“Protecting Our Lakes”

Pelican River Watershed District



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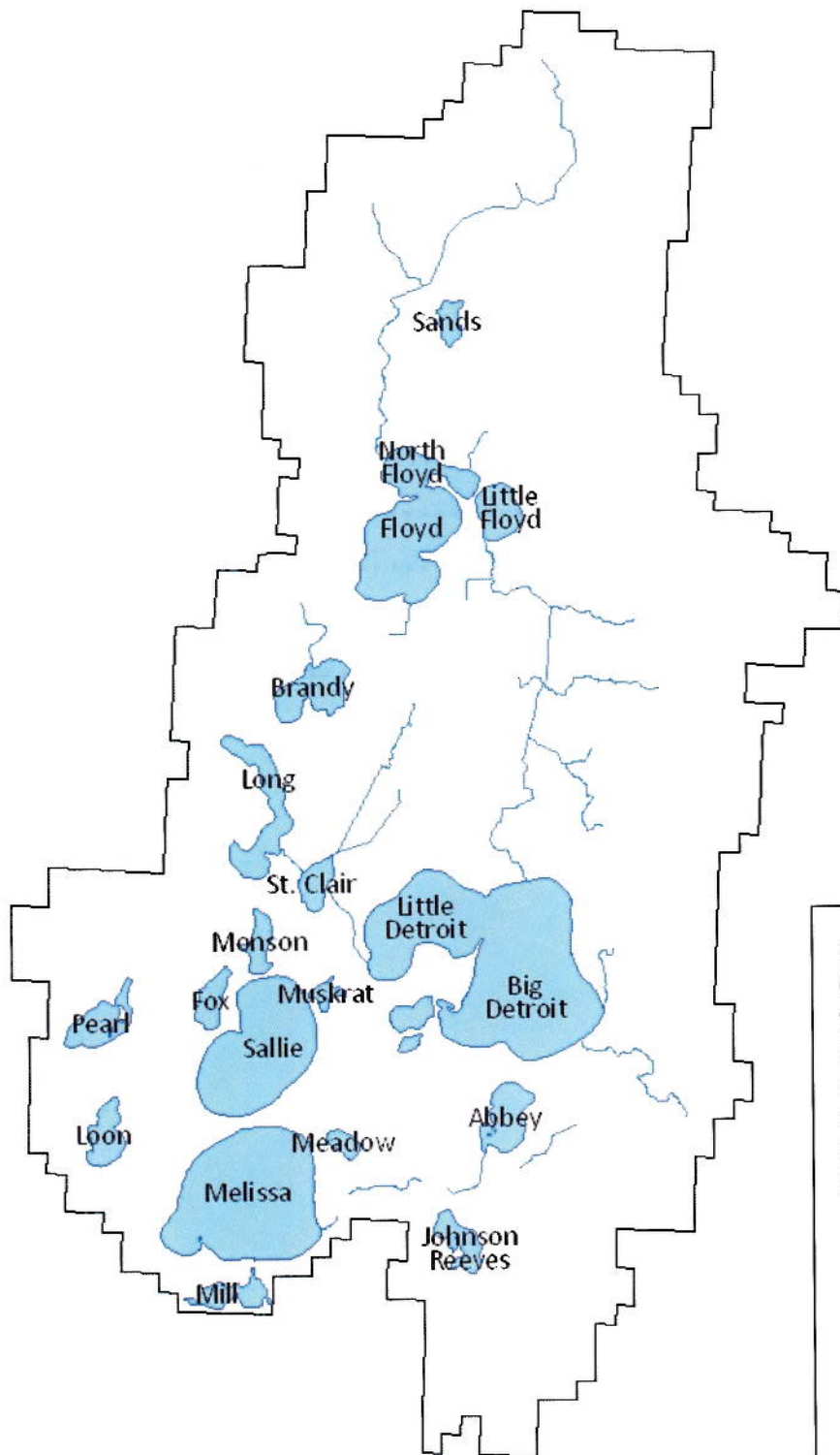
In accordance with Chapter 103D, the Minnesota Watershed Act,
I hereby submit the 42nd annual report of the Pelican River
Watershed District for the year 2010. The Board of Managers
approved this report on June 15, 2011.

Tera Guetter
Administrator
June 2011

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About the District



Established by State on

May 27, 1966 by community and lake association leaders to address deteriorating lake water quality conditions.

District Size: 120 Square Miles

Wetlands: 11,957 Acres

Pelican River: 8.3 miles

Lakes: 144

Ditch Systems: 3

The District encompasses 75,160 acres in Becker and 1,747 acres in Ottertail County for a total of 76,907 acres. The area includes the upper reaches of the Pelican River, and several large lakes.

City/Townships: City of Detroit Lakes; Erie, Richwood, Detroit, Lakeview, Lake Eunice, and Holmesville Townships

Major Lakes: Big & Little Floyd, North Floyd, Big & Little Detroit, Sallie, Melissa, Long, Pearl, Fox, St. Clair, Munson, Abbey, Meadow, Johnson, and Reeves.

Board of Managers: 7

PRWD Mission

On March 17, 1994, the District Managers formally adopted a new mission statement. Rooted in its original MWRB charge, and sustained for over 31 years by 25 Managers and their advisors, the District affirms its central interest in the water quality of the Upper Pelican River chain of lakes:

"The mission of the Pelican River Watershed District is to enhance the quality of water in the lakes within it's jurisdiction. It is understood that to accomplish this, the District must ensure that wise decisions are made concerning the management of streams, wetlands, lakes, groundwater, and related land resources which affect these lakes".

Introduction

PRWD Establishment

Acting on a nominating petition submitted on September 15, 1965, the Minnesota Water Resources Board (MWRB) established the Pelican River Watershed District (PRWD) on May 27, 1966. In explaining its action, the Board found that the...

“principal bodies of water in the upper reaches of the watercourse of the Pelican River, Detroit Lake, Lake Sallie and Lake Melissa, have become at certain times during the summer recreational months, unhealthy and unsightly due to excessive weed and algae growths. Such undesirable growths along the shores of the above lakes have interfered with boating, fishing and swimming; and have denied lake home owners the enjoyment of water scenery. In addition, weeds and algae growths have affected lake property value.” (MWRB, 1966)

The perception that conditions of area lakes were rapidly deteriorating was the primary motivation for creating a watershed district, and has guided formulation of the District's 1967 Overall Plan and the subsequent efforts of the District Managers since that time. These efforts have included research, advocacy of sewer projects and improvement of sewage treatment facilities, aquatic plant harvesting activities, control of exotic species, especially flowering rush, and many other conservation and enhancement activities.

Water Quality Concerns

Upon completion of the “Phase I” Clean Lakes study, funded by the State of Minnesota and the US Environmental Protection Agency to determine the nature and causes of problems in several District lakes and to outline a strategy for accomplishing solutions, attention in 1994 turned to the matter of preparing and submitting a revised management plan, as required by the Watershed District statute. This plan was approved by the Board of Waters and Soil Resources in December, 1994. The plan identified the causes of water quality problems faced by District lakes as follows:

- 1. Incomplete treatment of sanitary wastes, especially septage**
- 2. Inadequately treated storm water effluent**
- 3. Nutrient enriched surface discharges to lake and streams**
- 4. Nutrient enriched groundwater discharges to lakes and streams**
- 5. Removal of wetlands which serve as a natural sediment and nutrient buffers**
- 6. Excessive aquatic plant biomass in lake littoral zones**
- 7. Channelization of drainage ways, and drainage of wetlands which enhances sediment and nutrient discharges to lakes**
- 8. Existence of nutrient-enriched wetlands and lake-bottom sediments wherein nutrients are released under conditions of unusual runoff or anoxia**

The following specific goals were identified in the 1994 Revised Management Plan:

The water quality in District lakes shall not be further degraded

Lake water quality for Sallie, Little Detroit, and Little Floyd Lakes will be improved to the condition of other nearby lakes

The 1994 Revised Management Plan called for a monitoring program and described a three-approach strategy to achieving the District's water quality improvement goals:

1. **Implement "Best Management Practices" throughout the District;** this includes resource management measures which are aimed at improving District water quality in general, and an effective education program. These measures must be in place in order for measures aimed at a specific lake or area to be successful.
2. **Reduce upstream releases of stored sediments and nutrients;** restoration and/or improvements to wetlands; better ditch management.
3. **Undertake in-lake treatments,** including whole lake chemical treatments and continuation of aquatic plant removal.

1997 Revised Water Management Plan Amendments. Responding to changes in the Watershed District Statue, and the transfer of public ditches to District control, in 1997 the Managers proposed four (4) Amendments to the Revised Management Plant.

The Managers...

1. specified that the District's Basic Water Management project **is to improve lake water quality by reducing nutrient loadings to District lakes**, with the further understanding that past and present nutrient mismanagement has occurred throughout the District, that all District lakes have been adversely impacted, and that the measures taken to solve lake nutrient enrichment problems *will benefit the whole District*.
2. added responsibility for Becker County Ditches, 11, 12, 13, and 14 as **"part of the general on-going business of the District and its staff"**. The District also signaled its intention to maintain and further develop the ditches in such a way as to minimize their past, present, and future downstream impacts on the District's lakes. This will be accomplished by a combination of "best management practices", creation of runoff storage and treatment facilities, and in-lake treatments to ameliorate past damages to water quality.
3. specified that for purposes of establishing a **Storm water Utility**, the following are considered to be storm water treatment activities and facilities; collection systems, wetland restoration, sediment control devices, storm water detention ponds, constructed wetlands, storm water diversion, storm water detention, stream bank protection, buffer zones, flood easements, ditch plugs, culvert risers, storm sewers, in-stream chemical treatment, conservation pools, and other devices which are designed to reduce storm water flows or the nutrients which are contained in them.
4. defined several water management districts, and described options for funding future water quality improvements, including grants, ad valorem taxes, assessments, and **storm water utility fees**.

The Amendments also specified procedures to be used for establishing a storm water utility fee structure. The Board of Water and Soil Resources prescribed these amendments at the July, 1997 meeting.

District Water Management Rules. The Managers previously had adopted rules aimed at preventing practices perceived to be detrimental to the water quality of District lakes. The Managers made substantial changes to these Rules in 199, 1994, and in 1998.

The Water Management Rules were completely re-written and streamlined in 2003. Permits are now required for some activities, especially those including activities in the shore impact zone, impervious surface additions, and major land alterations.

2005-2014 Revised Water Management Plan. In 2004-05 the District prepared and submitted to the Board of Soil and Water Resources for review its 10-year plan (update from the 1994 Revised Management Plan). The plan was approved by the BWSR Board in August, 2005.

The District's water quality goals described above remain essentially the same as in the 1995 and 1997 Amendments. For the second goal, the wording was generalized: "Water Quality for Any Lakes classified as Eutrophic shall be improved to Mesotrophic."

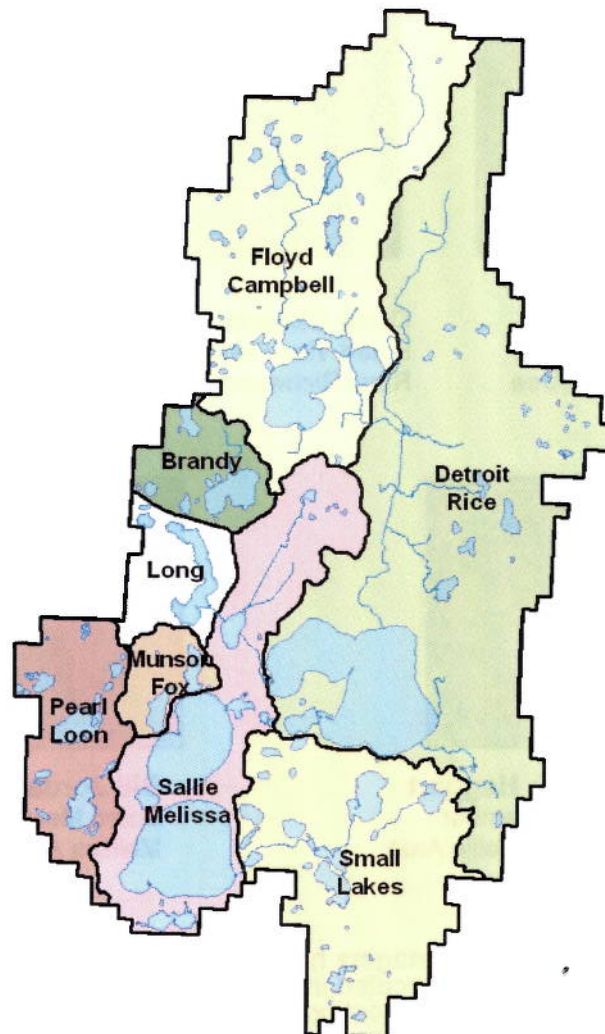
The following specific goals were identified in the 2005 Revised Management Plan:

The water quality in District lakes shall not be further degraded

Lake water quality for any lakes classified as Eutrophic shall be improved to Mesotrophic

Water Quality Management Areas

The plan describes a two tiered strategy for achieving this goal. The first tier deals with District wide strategies. In general these reflect on-going actions of the District, with minor modifications, expansions of programs. The second tier strategy involves the establishment of eight Lake Water Quality Management Areas. Each of these eight involve contiguous areas which have similar water quality problems and lend themselves to common actions to address those problems.

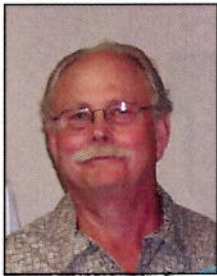


PRWD Water Management Districts

Board of Managers

Appointed by the Becker county Board of Commissioners

	Names	Office	Telephone	Sub-Watershed	Service from	Term Expires
1	Dennis Kral	President	847-9187	Big Floyd	1988	2013
2	David Brainard	Secretary	847-8355	Long	1997	2012
3	Ginny Imholte	Treasurer	847-4236	Big Detroit	1991	2011
5	Orrin Okeson	Vice Pres.	847-7983	Campbell	1987	2012
7	Bill Wickum	Member	847-3764	Long	2008	2011
6	Janice Haggart	Member	847-9394	Muskrat	2005	2013
4	William Jordan	Member	847-3416	Melissa	1995	2013



Dennis Kral
Board President
Floyd Lake Area



Orrin Okeson
Board Vice-President
Rural Richwood Area



David Brainard
Board Secretary
Rural Long Lake Area



Ginny Imholte
Board Treasurer
Detroit Lake Area



Janice Haggart
Board Member
Muskrat/Sallie Area



Bill Jordan
Board Member
Melissa Area



Bill Wickum
Board Member
Long Lake Area

The Board of Managers holds a regular meeting on the third Thursday of each month in District Office located in Detroit Lakes, MN at 6:15PM. Special meetings and hearings are held after posting the proper notification on the District Office doorway, or as otherwise required by statute.

Staff and Advisory Committee

PRWD Staff.

3 full-time; 2 part-time; 2 seasonal
Tera Guetter, Administrator
Monica Zachay, Water Resource Technician
Jaime Omberg, Administrative Assistant
Dick Hecock, Senior Advisor
Terry Anderson, Harvester Supervisor
Jerome Genz, Harvester operator
Monitoring Intern, Mike Sorensen

District Attorney. The consulting attorney for the District is:

Charles Ramstad
Briggs, Ramstad & Skoyles
P.O. Box 683, Detroit Lakes, MN 56502
Phone: 218-847-5653

District Engineer. The consulting engineer for the District is:

Rod Ambrosie
Wenck Associates
1330 Page Dr, Suite 202C
Fargo, ND 58102
Phone: 701-297-9600 (rambrosie@wenck.com).

District Advisory Committee. The Advisory Committee is comprised of persons representing special constituencies within the District (in accordance with the Watershed District statute), together with people who have special expertise or influence over District lakes:

Barry Nelson	Becker County Commissioner
Ted Heisserer	Izaak Walton League
John Postovit	Floyd Lake Association
Bob Merritt	MNDNR, Division of Waters
Tim James	MPCA
Mike Lahlum	Detroit Lakes, Water and Waste Water Dept.
Tom Muench	Curfman Lake Resident
Brad Grant	Becker Soil & Water Conservation District

District Information.

Office: 211 Holmes Street West, Suite 201, Detroit Lakes, MN, Becker County
Office Hours: 8:00 AM to 4:30 PM Monday through Friday.

Phone: 218-846-0436
Fax: 218-846-0778.

Website: www.prwd.org
Mailing address: P.O. Box 1043, Detroit Lakes, MN 56502-1043.

PRWD 2010 Monitoring Program

In 2010, fifteen District Lakes were sampled from May through September for chemistry, clarity and top to bottom profile data. Profile data consists of readings every meter in depth for Dissolved Oxygen, Specific conductivity, pH and temperature. Lakes considered, “at risk” had additional sampling one meter off the bottom to see if internal nutrient loading from lake sediments is of concern.

Stream sampling continued through 2010 on 21 main stream sites along Campbell Creek, the Pelican River, and other inflows and out flows to major District lakes. Base flow sampling was combined with rain event sampling to capture a wide variety of conditions that are typical to each stream. Stream rating curves were conducted to calibrate level data and develop flow models.

Stream level data collection equipment was replaced with newer, more user-friendly, and less expensive technology. The level loggers were installed at four stream sites on Campbell Creek and the Pelican River for the Rice Lake Project.

The District was awarded a Clean Water Partnership Grant in the amount of \$47,188 from the Minnesota Pollution Control Agency for a three year study to determine the water quality problems and sources that face Pearl Lake. As one of the few lakes in the District with declining water quality, Pearl Lake often exhibits higher phosphorus levels and poor water clarity in July and August. The study includes, but is not limited to increased chemistry collection, vegetation surveys, shoreline surveys, the installation of two automated stream sampling stations, and modeling of water quality trends and surrounding watershed areas.

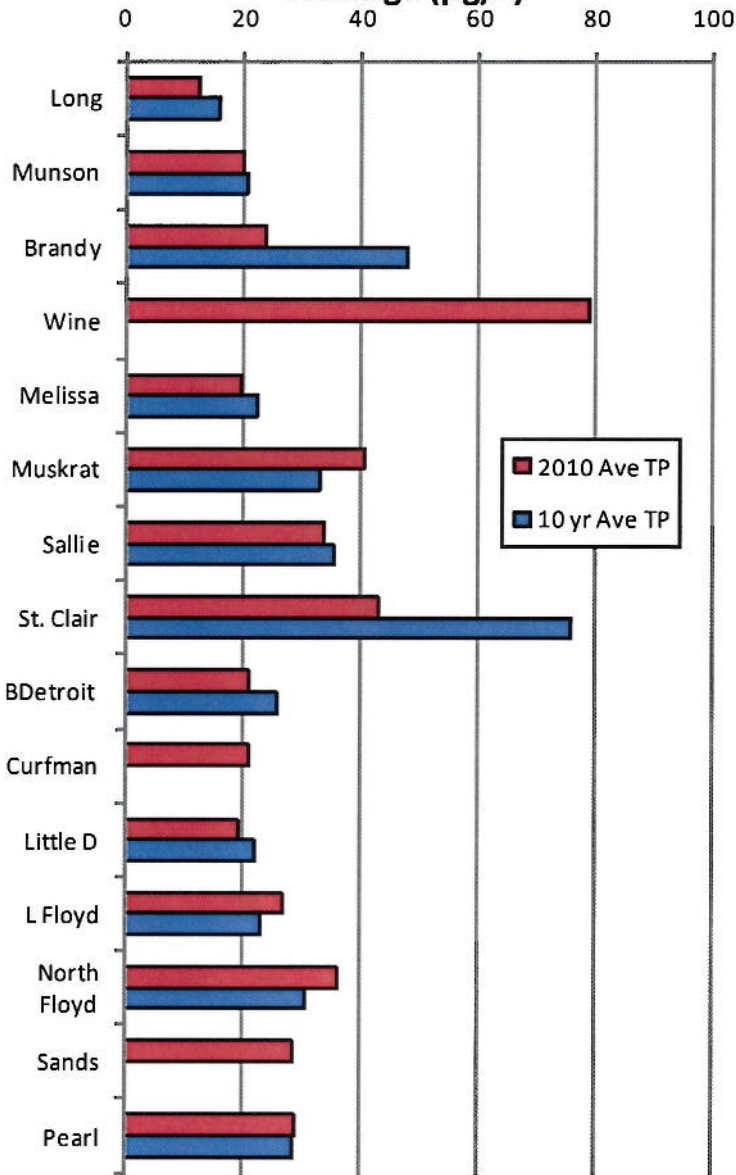
In 2010 Shoreline surveys were conducted on seven District lakes. The surveyed lakes were Johnson, Reeves, Meadow, Long, Curfman, Big Detroit and Little Detroit. The purpose of shoreline surveys are to determine the rates of development pressures on each lake in comparison to previous years’ surveys (five year rotation basis).

Vegetation surveys were conducted on Pearl and Munson. It was discovered that Pearl Lake has a small patch of the aquatic invasive species, Curly-leaved pondweed growing near the public access. As a result of the discovery, Pearl Lake has been added to the list of infested lakes and management strategies will be reviewed. Other lakes will be surveyed for possible infestations of aquatic invasive species.

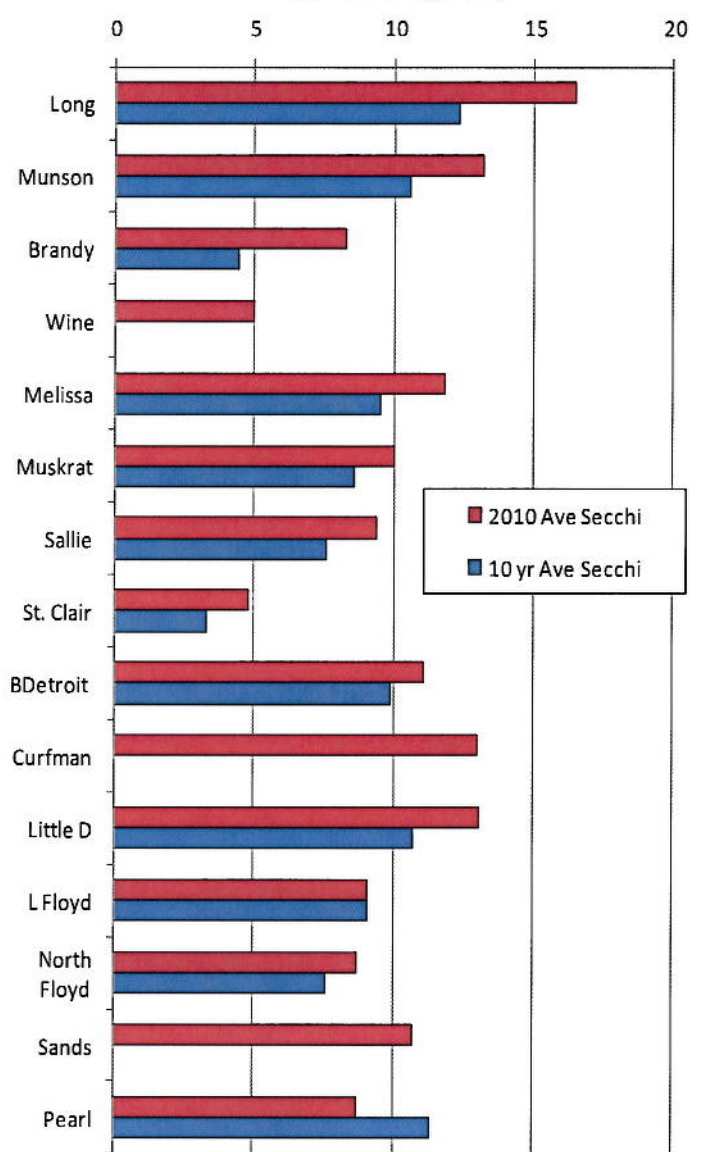


2010 Water Quality Overview

2010 Total Phosphorus vs. 10 Year Average ($\mu\text{g/L}$)



2010 Secchi Disk Average Clarity vs. 10 Year Average (ft)



Overall lake water quality in 2010 was good. The graphs above depict the 2010 season averages, for each lake sampled, for Total Phosphorus and Secchi Disk clarity in comparison to their 10 year averages. Most lakes had lower Total Phosphorus levels and better water clarity than the previous 10 year average.

Declining Water Quality

North and Little Floyd had an increase in Total Phosphorus levels from the previous 10 years, however, the Secchi disk clarity is slightly better than predicted.

Pearl Lake has been showing a definite decline in water clarity and an increase in TP in the previous 10 years. The 2010 season average Secchi reading was almost a full four feet less than the 10 year average. The Clean Water Partnership Pearl Lake Diagnostic study, started in 2010, will explore the lake and surrounding watershed further to identify the causes of the decrease in water quality. The diagnostic study will be completed in 2013 and will include a plan to address the problems and identify Best Management Practices (BMPs) to improve the water quality of Pearl Lake.

2010 Water Quality Overview

A Wet and Warm 2010

At 38.6 inches of precipitation, this year was one of the wettest on record, and a full 60% higher than the long term average. There were seventeen precipitation events in which there was more than one inch in 24 hours, and four in which the rainfall amount exceeded 2 inches in 48 hours.

There was a continuation of a pattern of elevated night-time low temperatures – this persisted throughout the year. Very warm early spring temperatures promoted an early thaw, and a rapid rise in springtime lake temperatures. The April 2nd ice-out date was a record-setter, and overall 2010 experienced a relatively long ice-free season, 236 days, ten days longer than recent years, but almost three weeks longer than the long-term average.

2010 Sampling Numbers

Total Phosphorus: 96 Lake, 131 Stream

Ortho-Phosphorus: 93 Lake, 22 Stream

Total Suspended Solids: 12 Stream

Chlorophyll –A: 76 Lake

Secchi Disk Transparency: 120 Lake

2 Vegetation Surveys: Pearl, Munson

7 Shoreline Surveys: Johnson, Reeves, Meadow,
Long, Curfman, Big Detroit, Little Detroit



Stream Loading and Runoff:

Due to an increase in precipitation, in 2010 discharges increased on several of the stream sites in the northern parts of the watershed. Campbell Creek Phosphorus loadings have been at record highs for the past two years, reaching between 2,500 and 3,000 lbs each year, almost triple the load compared to the 10 year average. Sites further downstream in the watershed do not reflect the magnitude of change, most likely because the lakes perform well at mitigating the effects of an increase in loading and runoff from upstream.

The District replaced the continuous water level monitoring equipment in 2010 with less expensive, expandable, and more user-friendly data collection technology. Each spring, the monitoring units are installed at the end of a dock platform, inside stilling well. Data is logged at 15 minutes intervals and collected/downloaded by staff once a week onto a computer. Four HOB0 level logging units were purchased to use along portions of Campbell Creek and the Pelican River. Two units were installed on the Pelican River for the Rice Lake project and the other two units were installed on Campbell Creek.

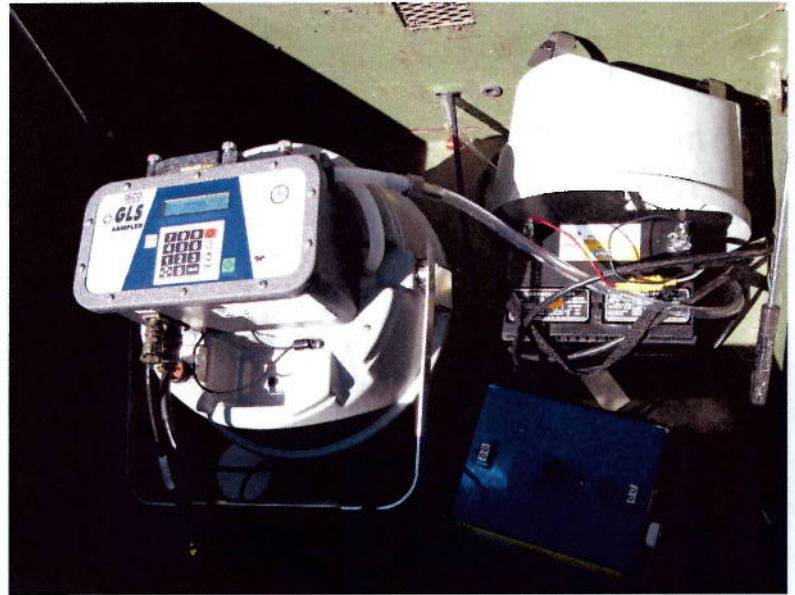
Special PRWD Initiatives

Pearl Lake Diagnostic Study

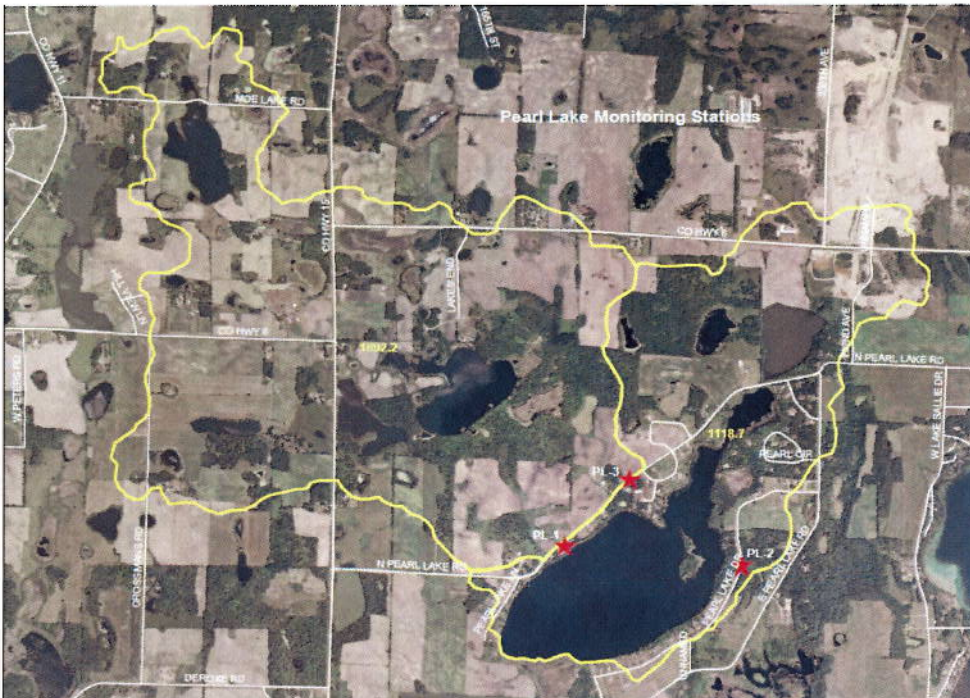
In 2010 the District was awarded \$47,188 from the MPCA to perform a diagnostic study on Pearl Lake. Pearl Lake is one of the few lakes within the District that has declining water quality. Over the past decade phosphorus levels have increased and as a result water clarity, especially in the dead of the summer, is very poor.

This comprehensive diagnostic study investigates in-lake conditions and the lake sub-watershed area to identify sources of nutrients. At the two lake inlets automated sampling stations will collect flow and nutrient data. In-lake sampling will include water chemistry profiles (Phosphorus, temperature, dissolved oxygen, pH, conductivity) modeling, lake sediment core sampling, vegetation surveys, shoreline surveys, and recommended Best Management Practices for reducing nutrients to Pearl Lake.

In 2010 the study started with the installation of two monitoring stations, in-lake data collection, vegetation survey, and shoreline survey. The vegetation survey identified the aquatic invasive plant—Curly-leafed pondweed—present in a small area.



Objectives	Funding Types			Total
	Grant	Local Cash	In-Kind	
Monitoring Equipment/supplies		\$25,750		\$25,750
Lab/Special Studies	\$17,188			\$17,188
Staff	\$30,000		\$22,500	\$52,500
Total	\$47,188	\$25,750	\$22,500	\$95,438



Curlyleaf pondweed, an aquatic invasive species, was found in Pearl Lake during an early July 2010 vegetation survey.

Special PRWD Initiatives

Shoreline Restoration Project City Beach

This year, the District received \$25,000 for shoreline restoration projects from the MN DNR. The \$25,000 will complete the signage on the Hwy 10 restoration project (2009), and restore and provide five years of maintenance on a portion of the City of Detroit Lakes public beach project on Little Detroit.



Bur Oak - *Quercus macrocarpa*

Bur Oak is an extremely hardy and long lived tree. It is drought resistant, tolerant of a variety of moisture and soil conditions and can live up to 400+ years. The thick bark on the Bur oak tree makes it resistant to wild fires. It's acorns are an excellent source of food for a variety of wildlife including wood ducks, white-tailed deer, cotton-tails, mice and many other rodents. Bur oaks have a deep tap root with a spread usually twice the tree height.



Monarch Butterfly - *Danaus plexippus*

Monarch butterflies rely heavily on Milkweed plants for their survival and life cycle. Caterpillars feed on Milkweed, which makes them poisonous to predators due to the toxins found in the plant. Monarchs lay their eggs on milkweed leaves, which then hatch into larvae. The larvae feed on milkweed and develop into caterpillars. The caterpillar transforms into a pupa and then the butterfly emerges from the pupa. The Monarch life cycle from egg to butterfly takes about one month. Monarchs migrate to warmer climates in the winter and may travel up to 2,500 miles to places like Texas, Florida and Mexico.



Shoreline Restoration Signage - Plant and Animal Identification

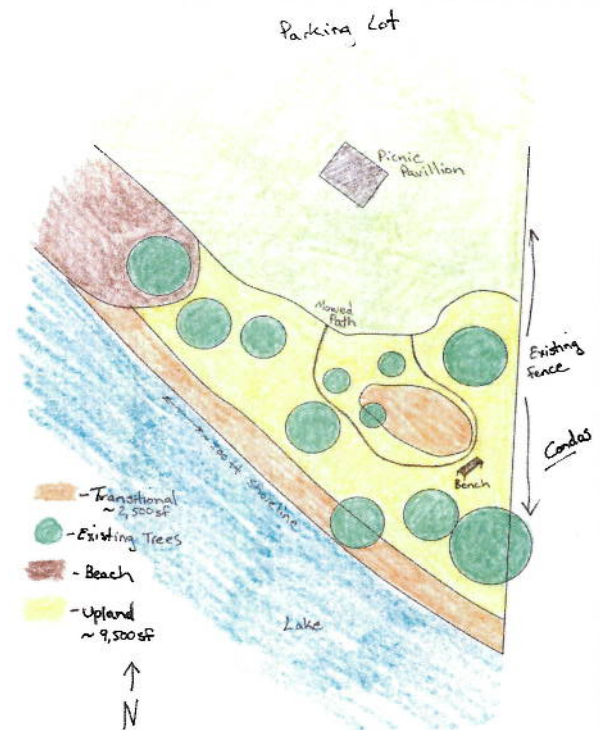
To the right is a sketch of the City of Detroit Lakes shoreline restoration site on the city beach.

The project includes 200 linear feet of shoreline and an acre of land at the east end of the beach near the Pavillion. In addition to the native plantings, it will include a small walking trail, a viewing bench, and educational signage.

The project design is complete and will be installed in the spring of 2011.



Highway 10 Shoreline Restoration Project

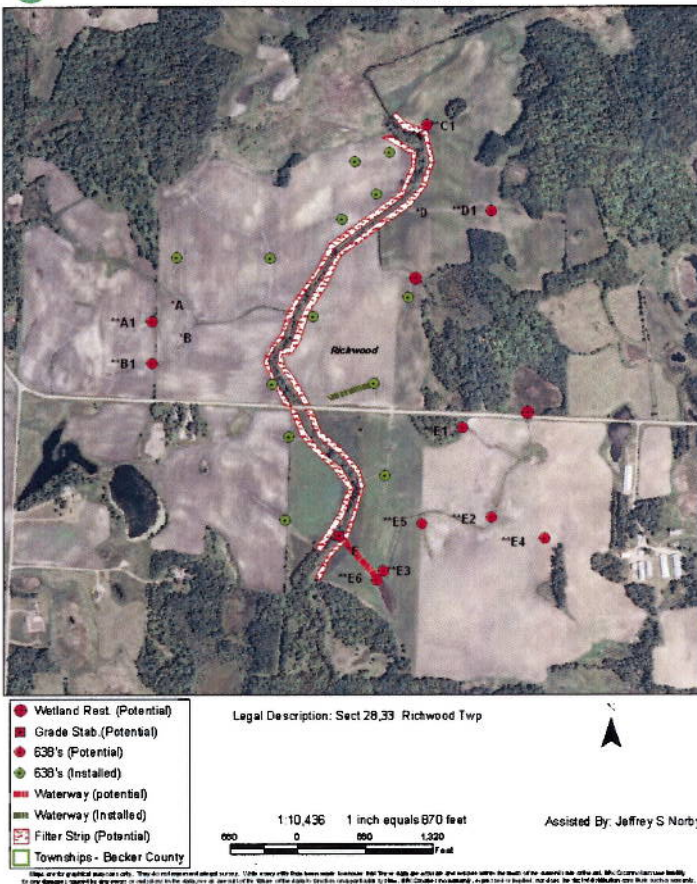


Shoreline Restoration City Beach Site

Special PRWD Initiatives



Land Treatment- Campbell Creek



BMP Recommendations for Campbell Creek Area

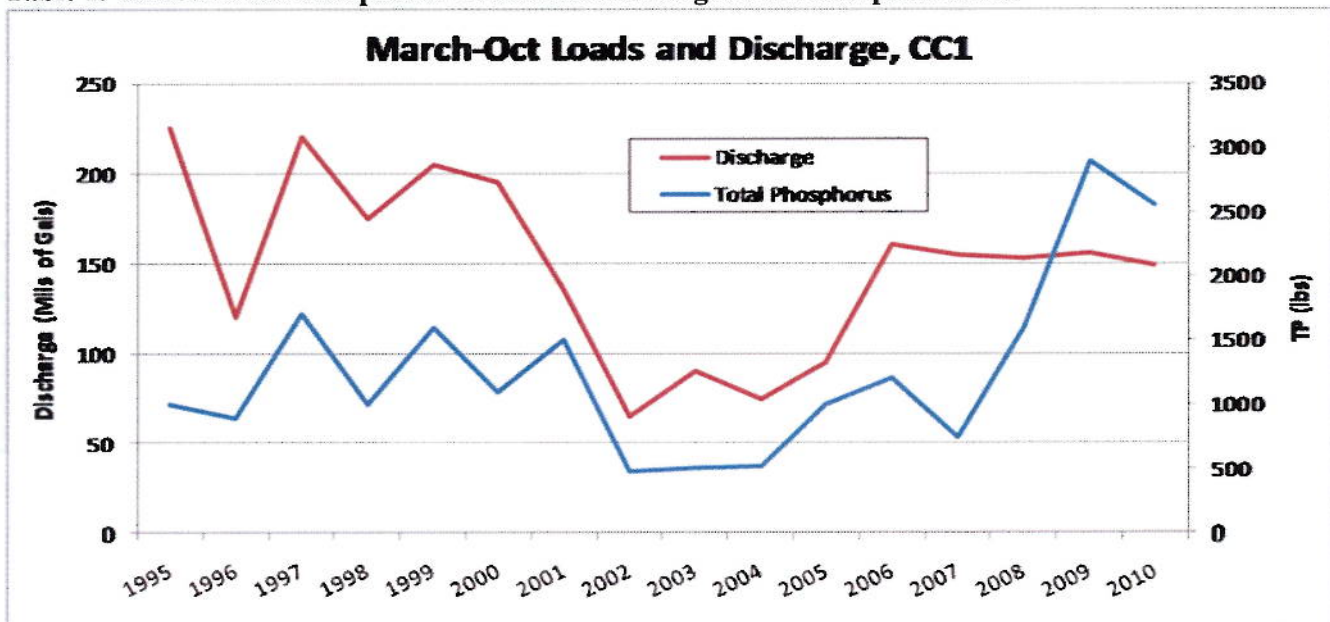
Campbell Creek/Floyd Lake Chain

The PRWD has been working with NRCS in an effort to reduce phosphorus and sediment loads from Campbell Creek into North Floyd Lake. In recent years, Total phosphorus loading to North Floyd has reached an all time high, reaching upwards of almost 3,000 lbs in 2009 and more than 2,500 lbs in 2010. (Table 1, below)

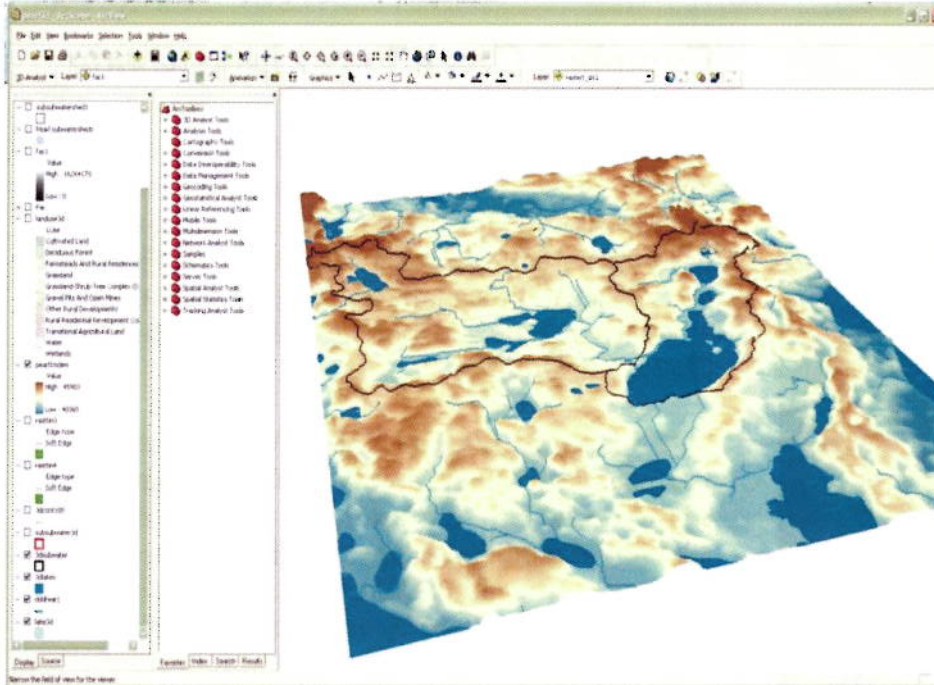
NRCS has prescribed some Best Management Practices (BMPs) for the Campbell Creek area, as shown on the left. It is estimated that with the addition of multiple sediment basins and the addition of a buffer strip along Campbell Creek nutrient loadings may decrease by as much as 1,500 lbs each year.

Without any changes in the Campbell Creek area to decrease nutrient loading downstream to the Floyd Lake chain, declining water quality trends will continue. As North Floyd reaches capacity to settle out nutrients, nutrient loads will continue to move downstream to Little Floyd lake and Detroit Lake as well, resulting in further degradation to the water quality of these lakes. Algae blooms will reach greater intensities for longer periods of time during summer months making recreation less than suitable.

Table 1. Annual Total Phosphorus Loads and Discharges from Campbell Creek



Special PRWD Initiatives



Technologies/Training/Advancements:
In 2010 LiDAR data became available for the PRWD area. LiDAR provides very detailed and accurate elevation data that is accurate to an average of 3 inches. This data is extremely useful for determining boundaries and the hydrology of the landscape. On the left is an example of LiDAR data manipulated using GIS software, ArcView 3D Analyst, to develop a 3D model of the Pearl Lake watershed. LiDAR data was also used for the Rice Lake project to save money to avoid costly ground surveys to determine elevations.

ArcView 3D Analyst Model of Pearl Lake Watershed Using LiDAR Data

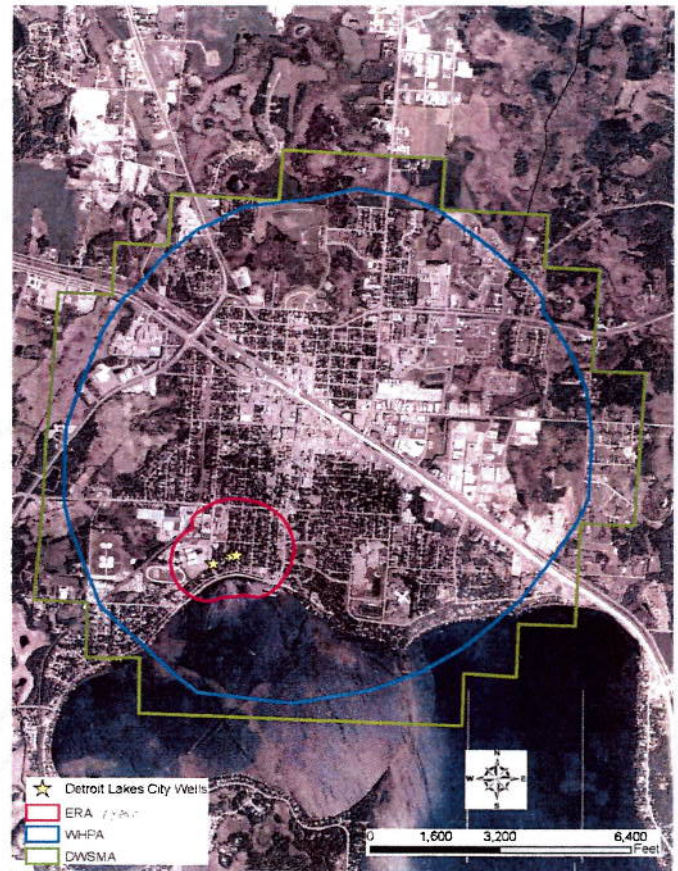
Red River Basin Water Quality Team (RRBWQT)

The Red River Basin Water Quality Team (RRBWQT) is hosted by the MPCA and meets on a monthly basis. Members of the team consist of water quality professionals from watershed districts, organizations and consulting firms within the Red River Basin. The PRWD was an active member of this team in 2010. The purpose of the team meetings is to network and learn about resources and changing technologies within the world of water quality in the area. Some topics of discussion in 2010 included:

- Civic engagement and surveying
- Watershed approach to assessing water quality
- Lake assessments
- Water quality standards and changes (PCA)
- Special research projects

City Of Detroit Lakes Wellhead Protection Team

In 2010 the PRWD was active in the City of Detroit Lakes Wellhead Protection Team. The duties of the team are to provide input in the process of developing a wellhead protection plan to ensure the safety of the City of DL's drinking water supply. The team has inventoried all deep wells, many shallow wells and potential hazards within the wellhead protection zone.



City of DL Wellhead Protection Zone

Special PRWD Initiatives

PRWD Aquatic Plant Management Plan for the Lower Lake system (DL to Mill Pond)

The Pelican River Watershed District's 2005 Revised Management Plan called for preparation of aquatic plant management plans for several of the district's Lake Water Quality Management Areas, including the Big and Little Detroit lakes, Curfman, Muskrat, Sallie, Melissa and Mill Pond. In February 2008, the District's Managers agreed to pursue this planning effort during 2008-2009. The intent was to use such a document to guide the District's actions with respect to aquatic plants for the remainder of the district's 10 year planning period which extends to 2015.

Regarding this effort, the Managers agreed that the plan would...

- take a broad view of aquatic plant management (e.g. may include shoreline habitat measures, shoreline and roadside pickup, preventing exotic species introduction)
- solicit stakeholder inputs in shaping the process, and making recommendations for outcomes
- include specific measures for continued Flowering Rush control, and addressing impacts from Curly-leafed pondweed infestations
- give considerable weight to usage impairment in shaping other treatment actions
- include an educational component (to educate riparian owners and lake users on the values of sustainable aquatic ecosystems)
- include recommendations for administrative and funding mechanisms for implementation

The plan preparation process included several stakeholders meetings, and solicitation of opinions and recommendations through the media. The plan was prepared, and in April it was adopted by the Managers. It contained...

District Wide Aquatic Plant Goals and Proposed Management Measures were enumerated.

1. Continue assessments of aquatic plants communities;
2. Protect, enhance natural aquatic plant communities shoreland zones.
3. Obtain FR Research
4. Increase incentives for Riparian owners to control Flowering Rush.
5. Scrutinize AUAPCD use in waters infested with Flowering Rush
6. Educate lake residents and others about aquatic plants, aquatic plant management options, and prevention and treatment of exotic infestations, both existing and potential
7. Develop alternate management structures (revise PRWD projects to include Muskrat and Mill Pond, change in PRWD funding mechanisms, new roles for City and townships, etc
8. Continue to press for Rules changes that will reduce the hardship of obtaining signature cards from riparian owners who own shoreline near invasive species, and to reduce the permitting costs for controlling invasive species.
9. Improve Coordination and communication among various units of government who have interests in, or responsibility for, Aquatic Plant Management in area lakes.

In addition, specific goals and implementation recommendations were included for seven lakes.

Special PRWD Initiatives

Research Summit on Flowering Rush St. Paul, January 27, 28, 2010

Managers and staff of the Pelican River Watershed District attended a 2-day meeting in St. Paul to discuss future plans for treating Flowering Rush (FR) in area lakes. The meeting, jointly sponsored by the District and the Minnesota Department of Natural Resources and held at DNR headquarters, was attended by the Department's Aquatic Invasive Species specialists from throughout the state as well as by invited scientists John Madson, Mississippi State University, Peter Rice, University of Montana, Michelle Marko, Concordia College in Moorhead, and John Skogerbo, US Army Corps of Engineers. Representatives from the City of Detroit Lakes, and Lake Detroiters Association also were present. A series of presentations by the invited scientists described current FR research, alternative strategies for treatment, and related topics.

Several concepts concerning FR emerged from discussions.

- FR is very difficult to control; among other reasons is that it quickly develops a large reservoir of energy in the rhizomes
- The key to FR control is killing the plant's rhizome
- Because of the rhizome structure and size, mechanical harvesting control is not a means for control; hand-removal will be successful only in small infestations
- Dredging and similar mechanical means (e.g. suction) are prohibitively expensive, would face insurmountable regulatory barriers and are unlikely to produce favorable outcomes
- Treating only emergent FR has not achieving complete control because of the small part of the plant's biomass that is treatable; future control efforts must include, if not focus upon, submerged plant treatment
- Control of FR will take several years after effective treatment is determined
- A thorough understanding of carbohydrate translocation timing is key to successful treatment of emergent FR
- Herbicides exhibit plant-specific efficacy with respect to application rates, contact times, and other attributes
- Future *operational demonstration studies* should be carefully monitored, evaluated
- Additional research is needed to determine the plant's phenology and ecology, efficacy of different products, and required application rates and concentration/exposure times.

An important outcome of the meeting was consensus on the need for a multi-pronged research program, to include studies of...

1. The phenology and ecology of flowering rush, hardstem bulrush and possibly other native plants,
2. Concentration/exposure times of various herbicides and at various levels of detail
3. Evaluation of demonstration studies in Detroit and Curfman, using different treatment rates
4. Relative sensitivity of hardstem bulrush
5. Investigation of fungal control possibilities
6. Emergent foliar trials
7. Dissipation and fate studies
8. Sequential treatment efficacy

Attending the meeting on behalf of PRWD were Managers Kral, Jordan, Wickum and Imholte, Administrator Guetter, and Senior Advisor Hecock.

Special PRWD Initiatives

ESTABLISHMENT OF A DISTRICT-WIDE LAKE MANAGEMENT PROJECT Project Number LMP-01

In recognition of the severe impacts of AIS problems within the District, and anticipating worsening of these problems, the District has considered both treatment alternatives and administrative arrangements, including financing. The recommended solution for providing education, conducting research, and undertaking treatment of AIS infestations, is the creation of a district-wide project in accordance with Minn. Stats. 103D.605, and 103D.905, and under the auspices of the Basic Water Management Project as described in the District's 2005 Revised Management Plan. An engineer's report was undertaken and recommended the implementation of the project. Public Hearings were held in July, and on July 15 the Managers established the 15 year project which will be financed by an ad-valorem tax.

Lake-wide Permits for Hand Removal of Flowering Rush:

The District assisted Lake Associations in securing DNR permission for riparian residents to hand-remove flowering rush from near-shore areas. The permits were issued to participating property owners on lakes

Army Corps of Engineers Flowering Rush Chemical Treatment Mesocosm Study



The District contracted with the Aquatic Ecosystem Restoration Foundation (AERF)/Army Corps of Engineers for "Evaluation of Aquatic Herbicides to Control Submersed Flowering Rush". Flowering rush samples were collected and grown in tanks and treated with several aquatic herbicides. It is anticipated studies will be conducted over a 3-5 year time period at a cost of approximately \$75,000/year.



Special PRWD Initiatives

Flowering Rush Phenology/Ecology 2-year Research Study



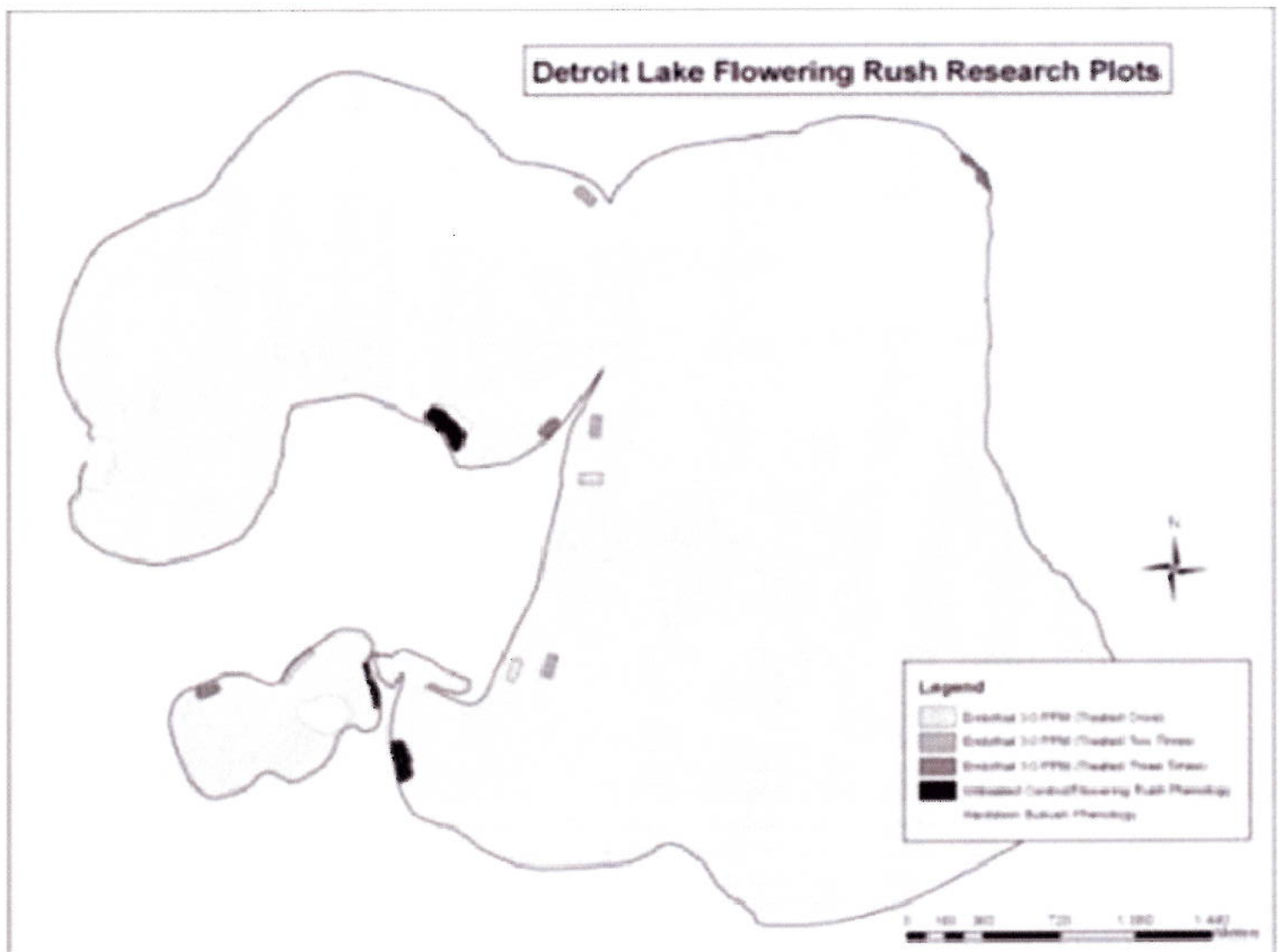
*Researchers Dr John Madsen, Mississippi State University &
Dr. Michelle Marko, Concordia College.*

Towards developing greater effective management methods for Flowering rush, the District contracted with Dr. John Madsen, Geosystems Research Institute/Mississippi State University and Dr. Michelle Marko, Concordia College to study the plant life/growth cycle, ecology, and plant biomass in relation to water depth. This new information will be used to assist the Army Corps of Engineers chemical application research to target optimum treatment timings to increase FR management effectiveness.

Hundreds of plant samples and sediment cores are collected throughout the year and analyzed.

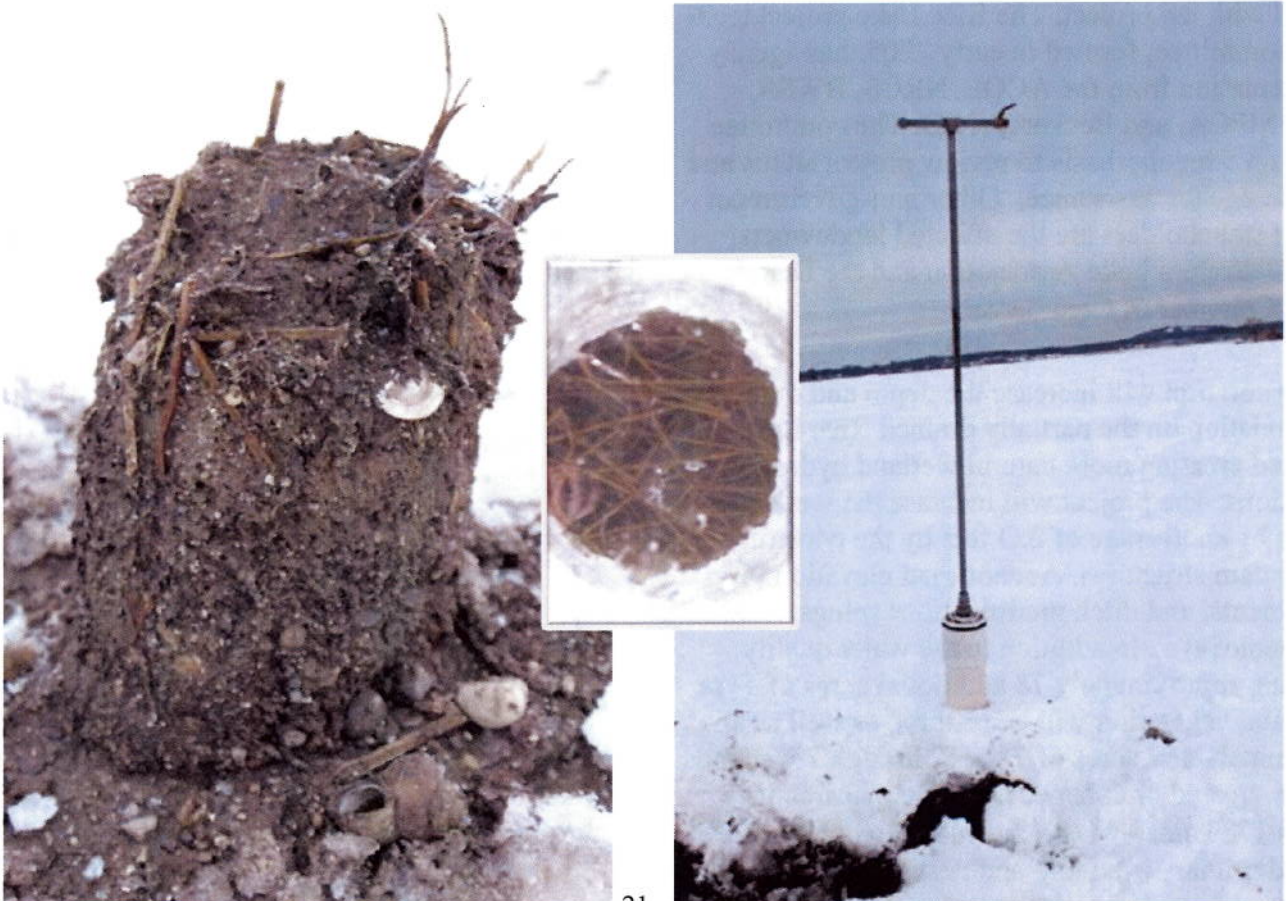
2010 – \$61,075

2011—\$91,075





Students from Concordia College and Mississippi State University collect the Flower rush samples year round in a variety of growing conditions and plant cycles. There are very few U.S. researchers who conduct these type of studies.



Special PRWD Initiatives

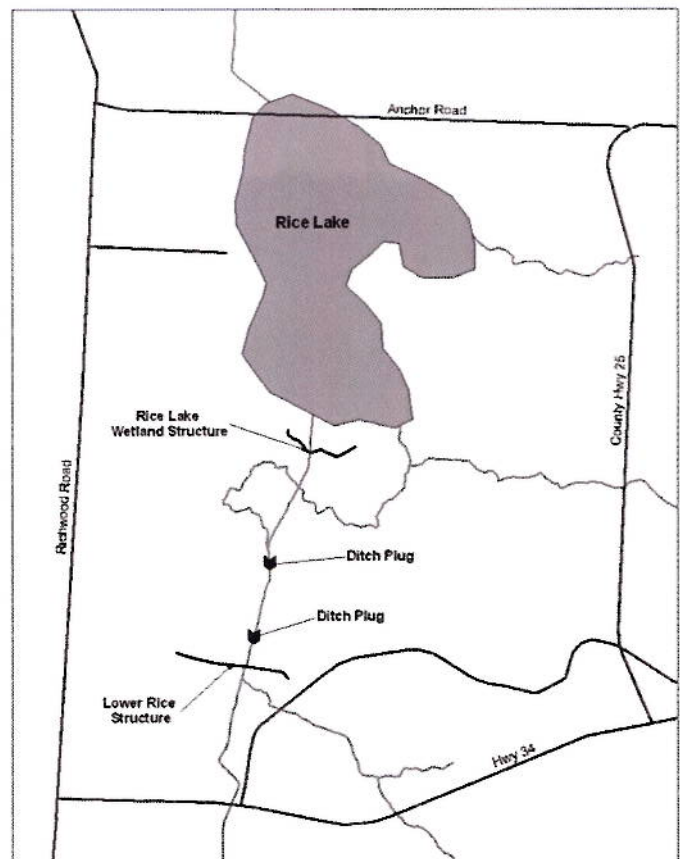
Rice Lake Nutrient Reduction Project

The Rice Lake Nutrient Reduction Project will reduce total phosphorus (TP) loading to downstream recreational water bodies including Detroit, Sallie and Melissa Lakes by 1,200-1600 kg/yr. The Rice Lake wetland will increase from its current area of 434 acres to pre-ditched water levels of approximately 896 acres, thereby restoring natural wetland hydrology conditions. The project area flowage rights include private lands (503 acres), MN DNR Wildlife Management area (510 acres), and City of Detroit Lakes land (145 acres).

Since 2003, the District is jointly working on this project with the Natural Resource Conservation Service (NRCS). From 2003-07, The NRCS– Small Watershed Assistance group conducted an in-depth assessment study on Rice Lake wetland to analyze best management practices for reducing phosphorus exports, with wetland restoration selected as the most technically feasible option. The NRCS Wetland Reserve Program (“straight WRP”) is assisting with private land easements on program eligible properties. However, since no MN RIM funds are involved (other projects rank higher due to wildlife benefit) the District is making up the land rights payment difference on 405 acres (\$172,000-PRWD; \$345,000-NRCS WRP). Currently, the District is using a MPCA Clean Water Partnership (CWP) loan (\$450,000) to pay the WRP rate difference and also for properties not eligible for WRP (less than 7 yr ownership, small acreage). PRWD land rights acquisition costs are totaling \$577, 516. The District is nearing completion of property acquisition (latter 2010) and needs to secure additional funding for project engineering costs. NRCS is committed to project construction costs; however, they are requesting the District pay for engineering designs estimated at \$250,000 (construction estimated between \$1.2 – \$2.0 Million).

There are a number of governmental agencies involved with the project. The Rice Lake project technical committee, formed in early 2005, has agency representation from the ACOE, NRCS, BWSR, DNR, MPCA, and Becker SWCD. The committee meets on a regular basis to review project status and provide agency assistance. Other non-government project stakeholders are the affected landowners, Lake Detroiters Lake Association and the Detroit Lakes Chamber of Commerce.

The restoration will increase the depth and duration of inundation on the partially drained Rice Lake Wetland creating more natural wetland hydrology conditions. The project will increase the wetland depths by an average of 2.0 feet by the construction of two dam structures, Anchor road elevation improvements, and ditch modifications (plugs, spoil bank removal). In addition to the water quality benefits, approximately 78 additional acres of Type I wetland vegetation will be restored as well as approximately 462 acres of Type 2 through 7 wetlands will be created or enhanced. This expansion includes 178 acres of Type 3 wetland to enhance needed primary brooding and nesting habitat for several species of migratory waterfowl.



Special PRWD Initiatives

Item	Project Partners	Timeline	Status	Cost/Funding
Watershed Plan Environmental Assessment	NRCS- Small watershed group	2005-2007	Completed	\$500,000 - NRCS
Land Rights \$1,277/acre or buyout				
A. Private flowage easements PRWD acquired - 98 acres	MPCA - CWP	2008-May 2010	16 completed	\$50,000 CWP grant completed \$356,000 CWP loan
B. Private flowage easements WRP with PRWD match *No RIM fund match*	NRCS	Aug 2009 - present	13 of 14 signed 2011 completion date	\$345,000- NRCS \$172,000- PRWD/ CWP loan
C. City of Detroit Lakes land easements - 145 Acres	City of Detroit Lakes	Nov-11	In progress	Donated
D. State and Federal land easements - 510 Acres	MN DNR, USFWS	Upon completion of private land rights	In progress	Donated
Project Engineering – Construction designs	Clean Water Fund/ BWSR	2010	30% design plans completed	\$250,000 Clean Water Fund/BWSR grant request
Construction*	NRCS	2011-2012	To be completed	\$ 400,000 NRCS \$75,000 PRWD
* Construction Includes: Rice Lake structure (access road, concrete structure, embankments, dewatering); Ditch channel improvements (ditch plugs, removal of spoil banks); Lower Rice Lake structure (access road, concrete structure, embankments, dewatering); Anchor Road improvements and access parking				

In 2010, the District completed land acquisitions of Seiwert and Onstad properties. The Seiwert home was sold and moved off the property. The District continued to obtain the necessary flowage rights for the project. The District received a Clean Water Legacy Fund Grant from the Board of Soil and Water Resources in the amount of \$250,000 for engineering plans and flowage easements. In addition, the District received \$125,000 from the Land and Legacy Funds from the DNR for the purchase of the Siewert and Onstad properties to be transferred to the adjacent Frank Wetland Management Area for public use and enjoyment.

Ditch Management

The District has statutory responsibility for the management of 3 public ditch systems. These ditches were dug in the early part of the 20th century, from 1913 to 1918 in order to benefit adjacent property owners by facilitating drainage. The District is responsible for maintaining the flow of water through these ditches.

Nearly all of the District's ditch management efforts have to do with beaver control. Beaver dams cause problems with the ditch systems and many need to be removed each year. It is District policy not to remove the dams in July and August due to negative downstream water quality impacts on lakes. The figures below give some idea of the extent of beaver problems in 2010:

Ditch 11-12....4 beavers....\$1,000

Ditch 13....6 beavers, dam removal....\$1,300

Ditch 142 beavers.....\$680

The District also carefully reviews any proposals to build or replace culverts or add any drainage system to the ditch in order to ensure that flow levels are adequately maintained.

The cost of these programs are paid for by assessments on those lands which benefit from the ditches.



District Rules and Permitting Program

The District's Water Management Rules and permitting program works to ensure that those altering shore impact and bluff impact zones of lakes and rivers, impervious surface changes, subdivisions, highways, parking lots and certain steep slope properly manage stormwater runoff and prepare plans for proper erosion and sediment control. District staff inspect permit sites and enforce permits as needed. In some cases the staff solicits input from professional engineers. In 2008 the District issued 32 permits, only about 60% of the number in the previous year. And about three-quarters of those were for relatively minor shore-impact zone issues.

PRWD issued permits in 2009-2010

	09	10
Shore Impact Zone Alterations.....	23	26
Impervious Surface, storm water management	7	8
Subdivision, plats, or planned unit development	1	1
Road, parking lot, bridges, culverts, storm sewers	1	3
Total	32	38

Aquatic Plant Projects 1B & 1C

Weed problems and weed control are not new to District lakes. Concern about lake weeds was a central reason for the formation of both Lake Detroiters and Melissa-Sallie Improvement Association in the 1940's. The failure of those organizations' many efforts to solve the "weed problem" had a good deal to do with the formation of the Pelican River Watershed District.

Accordingly, cutting and removal ("harvest") of lake vegetation has been a part of PRWD activities since its inception. The District has operated aquatic plant management programs since the mid-1960's on lakes Sallie and Melissa and since the late-1980's on Detroit Lake.

In 2006, a major operational shift occurred in the programs with the District directing more efforts and funding towards chemical control and less on mechanical harvesting. The District has been supervised by the MN DNR.

The shift resulted from an awareness that: (1) nuisance aquatic vegetation has gradually decreased over the years and (2) mechanical harvesting of flowering rush has not been an effective control measure, and (3) DNR resistance to mechanical harvesting of native species. It seems likely that future mechanical harvesting will be limited to the control of curly-leafed pondweed infestations, and some very restricted use to facilitate navigation.

The District continues to operate the popular roadside pickup service around Detroit, Melissa, and Sallie.

2010 Engineer's Report

Lake View township was awarded an MPCA grant to investigate cluster septic systems around Sallie and Melissa - Wenck and Associates undertook the work. Wenck also reviewed stormwater plans for Meritcare, Innovis, Lori Avenue Bridge, North Washington Reconstruction, Zorbaz, and Union Central Development. The Engineer also provided input on the Anchor Road reconstruction portions of the Rice Lake Project, and assisted with the Pearl Lake Diagnostic Study. The firm also assisted in the preparation of a Stormwater Credit System with the City of Detroit Lakes. The firm undertook the required Engineer's Report of LMP-01. Monthly status reports are available on the District's website.

Lake Water Quality Management Areas	2010 Accomplishments
Sallie-Melissa	<ul style="list-style-type: none"> • Applied for FR treatment permits, did not spray due to adverse weather conditions and high water levels; assisted with lakewide hand removal permits • Monitoring- bottom sampling (Sallie) • Mel/Sal LA Meeting • Flowering Rush Research – phenology, ecology study
Detroit/Rice	<ul style="list-style-type: none"> • Rice Lake Wetland Nutrient Reduction Project - obtain easements, land acquisitions, structure designs (WRP); BWSR Clean Water Legacy Grant (\$250,000); DNR Lessard-Sams Outdoor Heritage Grant (\$125,000) • DNR Lake Vegetation Management Plans [LVMP's] for Big, Little Detroit, Curfman; hold meetings with residents and officials • Flowering Rush Research – phenology, ecology study/chemical research • Continue flowering rush herbicide treatment/Review mechanical harvesting activities; assisted with lakewide hand removal permits • Develop North Area City of DL Regional stormwater Management plan (include point source treatment plan for Industrial Park (BTD AREA); No agreement reached with credit calculations. • Monitoring- bottom sampling/shoreline survey/HOBO unit installation –PR • Detroit LA Meeting • Restore the Shore – design for City Beach area • City of DL – Wellhead Protection Committee
Long	<ul style="list-style-type: none"> • Hwy 59/10 traffic and airport expansion studies – ongoing • Monitoring-shoreline survey • Reviewed vegetation screening of north treatment basin
Floyd/Campbell	<ul style="list-style-type: none"> • BMP Cost-share assistance for Pearson (carried over from 2008). • Advocate for Little Floyd Lake listing for Becker County ISTS compliance Study • Floyd Shore LA Meeting • Working with NRCS to develop comprehensive plan for Campbell Creek • Monitoring- bottom sampling (North, Little)/HOBO – CC
Pearl/Loon	<ul style="list-style-type: none"> • Started Implementation of MPCA Clean Water Partnership – Phase I Diagnostic Study Grant (2010-13) • Pearl LA Meeting • Monitoring – vegetation survey – CLP discovered/bottom sampling
Small Lakes	<ul style="list-style-type: none"> • Monitoring – shoreline surveys (Johnson-Reeves, Meadow)
Fox/Munson	<ul style="list-style-type: none"> • Monitoring – Vegetation survey (Monson)
Brandy	<ul style="list-style-type: none"> • Wine Lake Baseline data (2009-2011) • Reviewed possible attributing factors for recent years WQ improvements of Brandy

District-Wide Activities	2010 Accomplishments
Education	<ul style="list-style-type: none"> • MS4 information • Annual Report/Financials-State Auditor/DNR/BWSR • Lake Information Sheets • News articles/Radio Interviews – Restore the Shore; Rice Lake Update; Flowering Rush Research • Presentations/Meetings with County/City Officials; Chamber of Commerce; Rotary, Lake Associations(where invited), COLA; IKE's; Concordia College; Birding Tour – Restore the Shore • Becker County Fair Booth • Water Festival, Fischer Farm participation • Legislative Meetings; AIS Research Forum • Minnesota Association of Watershed Districts – Ed committee; Session speaker • Website – New look and arrangement • Promote other area workshops
Data Collection (monitoring)	<ul style="list-style-type: none"> • 2010 Monitoring Plan and Implementation • Lake TP bottom sampling for "At Risk" lakes • Vegetation Surveys (Pearl, Monson) • Shoreline Surveys (Johnson/Reeves; Detroit Big/Little, Meadow, Long) • New level logging equipment (4 sites)/site installation • LiDAR workshop and data
BMP's to Reduce Phosphorus and Sediment	<ul style="list-style-type: none"> • Rice Lake Nutrient Reduction Project; Campbell Creek Sub Watershed
Water Management Regulation (Incl permitting)	<ul style="list-style-type: none"> • Becker SWCD assistance with small site reviews. • Regional storm water plans for Downtown and North Area re-development –City of DL • Large Site Permits • Easement Boundary Signage – Rice Lake Project
Lake Management Planning	<ul style="list-style-type: none"> • Established LMP-01 – District-wide to fund implementation of LMP's AIS research, education, prevention, and management. • AIS Research Legislative Meeting (January 2010) • DNR Aquatic Plant Rule Changes – landowner signature requirements; AIS permit fees*** completed but Governor Pawlenty did not sign.
Septic System Management	<ul style="list-style-type: none"> • Provided input to Becker County Septic surveys • Assisted/provided information for Sallie/Melissa area
Ditch Management	<ul style="list-style-type: none"> • Beaver, dam, and tree removal on Ditch 11-12; 13; 14
General Administration	<ul style="list-style-type: none"> • Annual/Fiscal reports to State Auditor/BWSR/DNR-Waters; • Review P-RAP Requirements • Manage Grants • Manager Conduct Policy

2011 Work Plan

District-Wide Goals	Continuing	Special 2011 Initiatives	Staff/Time Allocation	Other Resources Required
Education <ul style="list-style-type: none"> Publications, support of organizations, etc Recruit more volunteers Upgrade website Awards/Demo Projects Forums on various topics 	(see also Water Management, and BMP's) <ul style="list-style-type: none"> Tours for Managers and Advisors Presentations for service groups, lake associations, classes, fair booth, festivals Assistance to educational programs Publish annual summaries, lake info sheets Web page modernization Continuing education for managers and staff – workshops, conferences (GF) Support of LA's and COLA News articles 	<ul style="list-style-type: none"> 'Restore the Shore' DL overlook – Complete signage (DNR Grant Funds/25% District Match) Citizen Advisory Committee – appointments, Tour, Awards Rain Barrel Promotions-Community Ed, Elementary School Restore The Shore – Community Ed classes AIS legislative Forum(MAWD) 	Guetter – 5% (full time) Omberg – 40% (Full time) Zachary- 15% (Full time)	<ul style="list-style-type: none"> \$4,000 –Education (GF-Outreach) \$13,000 -RTS Signage (DNR Grant)
Data Collection (monitoring) <ul style="list-style-type: none"> Maintain monitoring program Upgrade monitoring equipment Prepare lake-specific evaluations Integrate monitoring and GIS More citizen volunteers Coordinate with other agencies 	<ul style="list-style-type: none"> Update monitoring plan, including shoreline surveys and special needs Execute monitoring plan Recruit monitoring volunteers Employ one summer intern Add more lakes as determined Training/seminars/conferences/courses 	<ul style="list-style-type: none"> Utilize LIDAR in various project analysis Enhanced modeling of stream data Increase # of Vegetation surveys 	Guetter – 5% (Full Time) Heacock – 20% (1/4 time) Zachary- 60% (Full Time) Intern – seasonal	<ul style="list-style-type: none"> \$5,500 - Intern wage (SADAF) \$1,600- fuel, supplies, mileage (SDAF) \$8,000 RMB Lab (SADAF) \$10,000 (CWP – Pearl – Technician reimburse) \$500 Capital Outlay (SADAF)
BMP's to Reduce Piles and Sediment <ul style="list-style-type: none"> Promote BMP's Promote, acquire buffer zones 	(see also Water Mgmt Reg and Educ sections) <ul style="list-style-type: none"> Encourage vegetative buffer easements along riparian areas Encourage other BMP's 	<ul style="list-style-type: none"> Partner with NRCS for Ag BMP Implementation for Campbell Ck Restore/Shore City Beach Project Rice Lake Project 	Guetter – 30% (Full Time) Zachary- 15% (Full Time)	<ul style="list-style-type: none"> \$10,000 – AG BMP cost share (UTY- Grant Match) \$15,000 - Rice Lake, Easement Signage (UTY- Grant Match) \$5,000 – Grant Match (UTY- Grant Match) RTS – City Beach (DNR Grant - \$12,000)
Water Mgmt. Regulation (incl permitting) <ul style="list-style-type: none"> Advocate regulations to promote water quality Advocate rigorous and consistent enforcement of District and other rules Coordinate with other units of government 	(see also BMP's and Education sections) <ul style="list-style-type: none"> Continuous rigorous and consistent enforcement of Rules practice oversight on County and City activities relating to water quality Advocate for City, County and State water quality enhancement Serve on inter-agency committees and panels 	<ul style="list-style-type: none"> Negotiate regional storm water plans for Downtown and North Area re-development –City of DL Update forums and website 	Guetter – 15% (Full Time) Omberg – 15% (Full-time) Becker SWCD	<ul style="list-style-type: none"> \$13,500 – Permit reviews, Engineering Assistance, Permitting Educational Materials (UTY – Technical Assistance)
Lake Management Planning <ul style="list-style-type: none"> Promote LMP concept, encourage adoption of special protection zones 	<ul style="list-style-type: none"> Continue to motivate and assist lake associations to become proactive in providing planning Encourage the adoption of special protection zones (see also Water Management Reg) Project IB/C Aquatic Vegetation Management 	<ul style="list-style-type: none"> FRWD /DNR Aquatic Plant Vegetation Management Plan; Complete Lake Vegetation Input; Flowering Rush Research studies (ACOE Mesocosm; ConcordiaU of Miss Phenology) Aquatic Plant Committee FR Research symposium (MAWD/PRWD?) 	Guetter – 25% (Full Time) Heacock - 75% (1/4time) Zachary- 10% (Full Time)	<ul style="list-style-type: none"> \$90,000 – FR Phenology Study (LMP -01/ City of Detroit Lakes) \$75,000 – FR Mesocosm Study (LMP –01/ City of Detroit Lakes) \$10,000 Research Test Plots (LMP-01) \$6,000 - Research conferences (LMP-01) \$37,500 FR Chemical Control (1B & 1C)
Septic System Management <ul style="list-style-type: none"> Encourage septic BMP's, and rigorous enforcement of regulations 	<ul style="list-style-type: none"> Monitor permits for installation of ISPs Promote alternative approaches Work with landowner groups and local govts. 	<ul style="list-style-type: none"> Encourage cluster systems (Sallie/Melissa); Provide assistance/information. 	Guetter - N/A	
Ditch Management	Ensure proper ditch management – (Beaver)	<ul style="list-style-type: none"> Rice Lake Project Requirements 	Guetter - 7% (Full Time)	<ul style="list-style-type: none"> \$14,000 (D11/12, D13, D14)
General Administration <ul style="list-style-type: none"> Project overview, grants, reports, budgets, payroll, etc; office equipment maintenance 	<ul style="list-style-type: none"> Ensure productive employees Maintain positive workplace conditions Plan and manage finances, 2010 Audit Office Equipment Updates 	<ul style="list-style-type: none"> By-Law /Data Practices Policy Review. 	Guetter – 13% (Full Time) Omberg 45% (full time) Seasonal Receptionist June – August (Part time)	\$7,000 -office equipment - (GF) \$5,000 – Consultant - Policies Review (GF) \$6,000 – Seasonal Office Support (GF) \$14,000 – Audit, Attorney/Engineer Meeting attendance (GF)

Lake Water Quality Management Areas		2011 Special Initiatives
Goals		
Sallie-Melissa <i>(lower Lake Sallie's TSI to <50)</i> <ul style="list-style-type: none"> • Reduce nutrients from upstream area • Treat Ditch 14 storm water and sewage discharges • Control exotic plants • Investigate groundwater • Control Sallie internal loading 		<ul style="list-style-type: none"> • Continue to monitor Airport Expansion – WQ issues - City of DL WWTP impacts, storm water plan. • Continue herbicide treatment for flowering rush • Complete DNR Lake Vegetation Management Plans [LVMP's] for Muskrat, Sallie, Melissa, Mill Pond • Data Collection – T/P/TN Ratio study, bottom sampling (2010-2011) • Investigate/Implement Boat Launch Inspection Program
Detroit/Rice <i>(Reduce Big DL TSI by 5%; maintain recent gains for Little Detroit)</i> <ul style="list-style-type: none"> • reduce OP to Big Detroit • study/control BD internal loading • control exotic aquatic plants • reduce untreated storm water discharges • obtain base data on lakes 		<ul style="list-style-type: none"> • Complete engineering and easement acquisition Rice Lake Wetland Project • Complete PRWID Aquatic Plant Vegetation Plan and DNR Lake Vegetation Management Plans [LVMP's] for Big, Little Detroit, Curfman • Continue flowering rush herbicide treatment and mechanical harvesting of CLP • Negotiate Storm water Credit Agreement with the City of DL • Data Collection – Bottom Sampling (2010-2011) • Investigate/Implement Boat Launch Inspection Program
Long <i>(maintain mesotrophy; promote shoreline BMP's)</i> <ul style="list-style-type: none"> • advocate stricter shoreline regulations • minimize impacts from nearby developments 		<ul style="list-style-type: none"> • Hwy 59/Hwy 10 Road Study; Airport Expansion impacts • Long Lake North Basin – vegetative screening (continue dialogue) • Investigate/Implement Boat Launch Inspection Program
Floyd/Campbell <i>(lower N Floyd TSI to <50)</i> <ul style="list-style-type: none"> • BMP's to reduce peak flows and sediment from Campbell Creek • BMP's in Floyd basins • monitor and mitigate landfill groundwater migration • obtain base data for other lakes 		<ul style="list-style-type: none"> • Work with NRCS and Landowners - AG BMP Plan for Campbell Creek Area, provide BMP Cost-share assistance • Advocate for Little Floyd Lake listing for Becker County ISTS compliance Study • Data Collection: Bottom Sampling (2010-2011) • Investigate/Implement Boat Launch Inspection Program
Pearl/Loom <i>(improve knowledge and citizen interest; address runoff problems)</i> <ul style="list-style-type: none"> • Obtain base data on all lakes • Improve diagnosis of Pearl WQ • Investigate ag runoff issues; prescribe solutions • Encourage citizen involvement 		<ul style="list-style-type: none"> • Continue CWP Grant - (2010 – 2013) – identify major nutrient sources and BMP's; enhanced monitoring; modeling; sediment core; plans • Investigate/Implement Boat Launch Inspection Program
Small Lakes <i>(improve knowledge and citizen interest)</i> <ul style="list-style-type: none"> • Obtain data on 7 additional lakes • Encourage citizen involvement, especially lake associations, and CLMP volunteers • Continue to collect data on Meadow, Johnson, Abbey 		<ul style="list-style-type: none"> • Hold meeting for land owners, including lake residents; recruit/retain volunteer observers • DNR Lake Vegetation Management Plan for Mill Pond
Fox/Munson <i>(promote implementation of aggressive shoreline BMP's)</i> <ul style="list-style-type: none"> • Advocate for stricter shoreline controls • Minimize impacts from highway, ag, and gravel • Promote involvement of Munson residents 		
Brandy <i>(prevent further degradation, develop options for improved quality)</i> <ul style="list-style-type: none"> • Obtain base data on Car, Wine and Oak lakes, complete Brandy baseline study • Coordinate District efforts with MPCA's landfill remediation project • Identify/address runoff problems • Develop Brandy's WQ improvement plan 		<ul style="list-style-type: none"> • Obtain baseline data for Wine (2009-2011)

Education

Presentations were made to numerous organizations and lake association groups. The District provided special emphasis on rain gardens, stormwater drainage & native species/plants through booth displays. These efforts together with the District's website and printed materials are aimed at increasing awareness and understanding of water quality problems and solutions, and effecting long-term changes in behaviors detrimental to water quality.

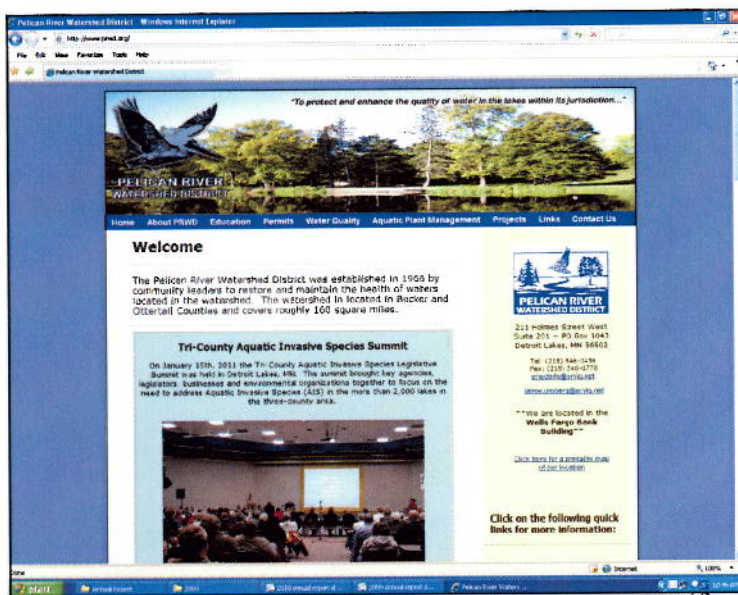
Presentations/Booths

- Water Festival—Omberg
- Fisher Farm 5th grade tour—Zachay
- Becker County Fair Booth—Omberg & Sorensen
- Issac Walter League—Guetter
- Bird tour @ Hwy 10—Zachay
- Concordia Marko Class visit—Guetter
-



Attendance by managers/staff at Minnesota Association of Watershed Districts sponsored events:

- BWSR Leadership Academy
- MAWD Watershed District's Annual Meeting
- MAWD Summer Tour
- MAWD AIS Forum
- MAWD AIS Prevention and Containment Stakeholder Group
- Legislative Breakfast March 10th & 11th
-



Administration

In 2010, the District Personnel Committee implemented or updated the following:

- Manager Conduct Policy

In 2010, the District's website received a new look.

**PELICAN RIVER WATERSHED DISTRICT
FINANCIAL STATEMENTS AND
AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2010**

PELICAN RIVER WATERSHED DISTRICT

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INTRODUCTORY SECTION

**PELICAN RIVER WATERSHED DISTRICT
PRINCIPAL OFFICIALS
DECEMBER 31, 2010**

POSITION	TERMS EXPIRE	NAME
<u>BOARD OF MANAGERS</u>		
President	May 2013	Dennis Kral
Vice President	May 2012	Orrin Okeson
Treasurer	May 2011	Ginny Imholte
Secretary	May 2012	David Brainard
Manager	May 2013	Janice Haggert
Manager	May 2013	William Jordan
Manager	May 2011	Bill Wickum
<u>STAFF</u>		
Administrator		Tera Guetter

FINANCIAL SECTION

MATHIAS C. JUSTIN, LTD.
Certified Public Accountants

Mick Justin, CPA
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American Institute of
Certified Public Accountants

Minnesota Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Managers
Pelican River Watershed District
Detroit Lakes, Minnesota

We have audited the accompanying statements of balances arising from cash transactions of the Pelican River Watershed District, Detroit Lakes, Minnesota, as of and for the year ended December 31, 2010, and the related statements of cash receipts, disbursements and changes in cash fund balances and net cash assets as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described more fully in Note 1, the District has prepared these financial statements using accounting practices prescribed or permitted by Office of the State Auditor of the State of Minnesota, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2010, or the changes in its financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investment balances and cash fund balances and net cash assets of the District as of December 31, 2010, and their respective cash receipts and disbursements for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming our opinions on the financial statements taken as a whole. The supplementary statements and schedules are presented for purposes of additional analysis because these items are required to be reported to the Office of the State Auditor of the State of Minnesota. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.



Mathias C. Justin, Ltd.
Certified Public Accountants

Pequot Lakes, Minnesota
June 14, 2011

**PELICAN RIVER WATERSHED DISTRICT
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
ASSETS				
Cash and Cash Equivalents	\$ 351,605	\$ 176,862	\$ 244,928	\$ 773,395
Total Assets	<u>\$ 351,605</u>	<u>\$ 176,862</u>	<u>\$ 244,928</u>	<u>\$ 773,395</u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CASH FUND BALANCES				
Reserved				
Special Revenue	-	176,862	-	176,862
Capital Projects	-	-	244,928	244,928
Unreserved, Reported in General Fund	<u>351,605</u>	<u>-</u>	<u>-</u>	<u>351,605</u>
Total Cash Fund Balances	<u>351,605</u>	<u>176,862</u>	<u>244,928</u>	<u>773,395</u>
Total Liabilities and Cash Fund Balances	<u>\$ 351,605</u>	<u>\$ 176,862</u>	<u>\$ 244,928</u>	<u>\$ 773,395</u>

PELICAN RIVER WATERSHED DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
RECEIPTS				
Property Taxes	\$ 211,555	\$ 38	\$ -	\$ 211,593
Special Assessments	-	91,564	-	91,564
Permit and Inspection Fees	-	3,125	-	3,125
Intergovernmental				
Grant	-	-	254,177	254,177
Market Value	14,668	-	-	14,668
PERA	308	-	-	308
Charges for Services	-	116,535	-	116,535
Interest	494	460	180	1,134
Other	4,992	-	-	4,992
Total Receipts	<u>232,017</u>	<u>211,722</u>	<u>254,357</u>	<u>698,096</u>
DISBURSEMENTS				
General Government				
Current				
Payroll	199,736	-	-	199,736
Office	37,605	-	-	37,605
Manager	17,239	-	-	17,239
Professional	115,462	-	-	115,462
Conservation of Natural Resources				
Current				
Payroll	-	40,798	98	40,896
Office	-	844	561	1,405
Harvest	24,330	12,897	-	37,227
Manager	-	938	1,382	2,320
Monitor	-	7,385	1,513	8,898
Professional	-	23,850	23,345	47,195
Ditch	-	3,079	-	3,079
Capital Outlay	2,127	-	274,534	276,661
Debt Service				
Principal	-	53,708	-	53,708
Interest	-	4,792	-	4,792
Total Disbursements	<u>396,499</u>	<u>148,291</u>	<u>301,433</u>	<u>846,223</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(164,482)</u>	<u>63,431</u>	<u>(47,076)</u>	<u>(148,127)</u>
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	-	296,027	296,027
Transfers In	126,597	-	-	126,597
Transfers Out	-	(126,597)	-	(126,597)
Total Other Financing Sources (Uses)	<u>126,597</u>	<u>(126,597)</u>	<u>296,027</u>	<u>296,027</u>
NET CHANGE IN CASH FUND BALANCES	<u>(37,885)</u>	<u>(63,166)</u>	<u>248,951</u>	<u>147,900</u>
Fund Balances (Deficit) - Beginning	<u>389,490</u>	<u>240,028</u>	<u>(4,023)</u>	<u>625,495</u>
FUND BALANCES - ENDING	<u>\$ 351,605</u>	<u>\$ 176,862</u>	<u>\$ 244,928</u>	<u>\$ 773,395</u>

See accompanying Notes to Financial Statements.

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Pelican River Watershed District was established on May 27, 1966, under the Minnesota Watershed Act as amended by the State of Minnesota, Water Resources Board. The District was established to carry out the conservation of the natural resources of the District and State of Minnesota through land utilization, flood control, and other needs upon sound scientific principles for the protection of the public health and welfare and the provident use of natural resources. The District has a governing board of seven managers appointed for three-year terms by the Becker County Commissioners.

For financial reporting purposes, the District's financial statements include all funds over which the District's officials exercise oversight responsibility. The financial statements of the reporting entity include those of the District (the primary government) and its component units (no component units). Although, the managers are appointed by the Becker County Commissioners, the District is not a component unit of the County since the County does not have the ability to impose its will on the District or meet the financial benefit or burden consideration.

B. Basis of Presentation - Fund Accounting

The accounting system of the District is organized on a fund basis. Each fund is considered a separate accounting entity. The operation of each fund is accounted for with a separate set of self-balancing accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which such resources are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into one broad fund type category, Governmental Fund Type. The District reports the following major funds:

Governmental Funds:

General Fund - The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The General Fund is the general operating fund of the District. It is used to account for financial receipts to be used for general administrative expenditures and for the construction and maintenance of projects of common benefit to the District.

The Harvesting Projects Implementation Fund is also a general fund of the District. It is used for aquatic plant harvesting and chemical application maintenance funds reserved for future replacement of worn-out or unusable equipment or facilities.

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds: (Continued)

Special Revenue Fund - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

The Utility Fund is used for storm-water treatment activities and facilities. The Utility Fund is funded by charges to each parcel in the District collected by the Becker County Auditor, which are based upon predefined nutrient runoff coefficients. The fund is also used for making loan repayments on the Minnesota Clean Water Partnership Project Loans for restoration of Lake Sallie.

The Survey and Data Acquisition Fund is used for necessary surveys and acquiring data. For future projects where a survey has been paid for from this fund, the costs of the survey as determined by the Managers shall be included as part of the project work and the sum shall be repaid to the Survey and Data Acquisition Fund. Receipts can also come from an ad valorem tax assessed every five years.

The Project 1-B and 1-C Maintenance (Aquatic Plant Harvesting) Funds are repair and maintenance funds financed by special assessments against the properties around Sallie, Melissa, and Detroit Lakes. Services provided include aquatic plant management (mechanical harvesting and chemical control), weekly roadside pickup, and shoreline blow-ins, as needed.

The Ditch #11-12, #13 and #14 Maintenance Funds are repair and maintenance funds designated for maintaining and further developing the ditches. They are financed by special assessments.

Capital Project Fund - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital projects. Fund equities in such funds are reported as designated for capital project funds in government fund financial statements.

C. Measurement Focus and Basis of Accounting

The District follows the cash basis of accounting for all funds. The Statements of Balances Arising From Cash Transactions and Statements of Cash Receipts, Disbursements, and Changes in Cash Fund Balances were prepared on the cash basis and accordingly, revenues and expenditures are recognized only as cash is received or paid out. These statements do not give effect to receivables, payables, accrued expenses, and inventory, and accordingly, are not presented in accordance with U.S. generally accepted accounting principles. These procedures are in accordance with *City Audited Financial Statements for Cities Under 2,500 in Population Reporting on the Regulatory Basis of Accounting* as required by the Office of the State Auditor, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Cash

1. Cash and Cash Equivalents

The District pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in an interest bearing savings account.

2. Cash Fund Balance

In the statement of balances arising from cash transactions, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Receipts and Disbursements

1. Receipts

Property Tax Revenue

The District levies its property taxes for the subsequent year during the month of December. Becker and Otter Tail Counties are the collecting agencies for the levy and remits these collections to the District. The District receives its taxes in two installments in June and December.

The property tax levy in 2010 includes certain state credits that are distributed to the District directly by the state. These credits are classified as intergovernmental revenue.

2. Disbursements

The District disburses funds as approved by the District's Board of Managers.

F. Capital Assets

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

G. Budgets

Budgets are prepared using the regulatory cash basis, the same method of accounting as the financial statements.

H. Property Tax Collection Calendar

On September 15 of each year, the District provides the County Auditor with preliminary budgets for the following year of the General, Utility, Survey and Data Acquisition, Ditch #11-12, Ditch #13, Ditch #14, Project 1-B and Project 1-C Funds. A public hearing and formal resolutions concerning the budget proposals are required prior to the September 15 deadline. Final property tax levies must be certified to the County Auditor no later than five working days after December 20.

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Property Tax Collection Calendar (Continued)

The County is responsible for collecting all property taxes for the District. These taxes attach an enforceable lien on taxable property within the District on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer (May 15 and October 15) and tax settlements are made to the District in June and December of the same year.

I. Use of Estimates

The preparation of financial statements in accordance with regulatory cash basis requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

J. Cash and Cash Equivalents

For purposes of financial reporting "cash and cash equivalents" include all demand and savings accounts.

K. Internal and Inter-Fund Balances and Activities

In preparing the fund financial statements, inter-fund activity, if any, is reported as inter-fund reimbursements (repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them).

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Disclosures of certain information concerning individual funds include:

- The following funds had deficit fund balances or net assets as of December 31, 2010:

Survey and Data	\$ 16,979
Construction and Implementation - DNR	35
LMP-01	2,566

- Budgetary noncompliance expenditures were incurred in excess of appropriations in the following fund:

	Budgeted Expenditures	Actual Expenditures
General Fund	<u>\$ 343,555</u>	<u>\$ 396,499</u>

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 3 DETAILED NOTES – TRANSACTION CLASSES/ACCOUNTS

Deposits and Investments

The District maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as "Cash and Investments." Interest is allocated based on management estimate of interest earned by fund. In accordance with *Minnesota Statutes* the District maintains deposits at financial institutions which are authorized by the Board of Managers.

A. Deposits

The District is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The District is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount of deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. It is the District's policy that collateral or bonds will be required for all uninsured amounts on deposit, and the additional insurance will be documented to show compliance with state law and a perfected security interest under federal law. As of December 31, 2010, the District's deposits were not exposed to custodial credit risk.

The FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) that provides temporary unlimited coverage for noninterest-bearing transaction accounts at all FDIC-insured depository institutions. The separate coverage for noninterest-bearing transaction accounts becomes effective on December 31, 2010, and terminates on December 31, 2012. See <http://www.fdic.gov/news/news/financial/2010/fil10076.html>.

Authorized collateral includes:

- U.S. government treasury bills, notes, or bonds;
- issues of a U.S. government agency or instruments that are quoted by a recognized industry quotation service available to the government entity;
- a general obligation of a state or local government, with taxing powers, rated "A" or better;
- a revenue obligation of a state or local government, with taxing powers, rate "AA" or better;
- unrated general obligation securities of a local government, with taxing powers, pledged as collateral against funds deposited by that same local government entity;

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 3 DETAILED NOTES – TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

Deposits and Investments (Continued)

A. Deposits (Continued)

Authorized collateral includes:

- an irrevocable standby letter of credit issued by a Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank's public debt is rated "AA" or better by Moody's or Standard and Poor's; or
- time deposits insured by any federal agency.

B. Investments

The District has an investment policy and is permitted to invest its idle funds as authorized by Minnesota Statutes 118A.04 and 118A.05 as follows:

- Governmental bonds, notes, bills, mortgages, and other securities, which were direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, excluding mortgage-backed securities defined as "high risk";
- General obligations of a state or local government with taxing powers which was rated "A" or better by a national bond rating service;
- Revenue obligations of a state or local government with taxing powers which was rated "AA" or better by a national bond rating service;
- General obligations of the Minnesota Housing Finance Agency which was a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating service;
- Commercial papers issued by the United States corporation or its Canadian subsidiaries and that was rated in the highest quality category by at least two nationally recognized rating agencies, and matures in 270 days or less; Time deposits fully insured by the Federal Deposit Insurance Corporation;
- Bankers acceptances issued by United States banks;
- Its own temporary obligations issued under Minn. Stat. §§ 429.091, subd. 7 (special assessments), 469.178 subd. 5 (tax increment bonds), or 475.61, subd. 6.

Interest Rate Risk

The risk is that changes in interest rates could adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District may manage its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities to meet cash requirements for ongoing operations

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the District's policy to invest only in securities that meet the ratings requirements set by statute.

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 3 DETAILED NOTES – TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

Deposits and Investments (Continued)

B. Investments (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District is not exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District places no limit on the amount that it may invest in any one issuer.

At December 31, 2010, the District had the following investments:

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
Wells Fargo					
Savings	N/A	N/A	N/A	N/A	\$ 764,100
Deposits	N/A	N/A	N/A	N/A	9,295
Total Cash and Investments					<u>\$ 773,395</u>

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Restricted Cash

Cash Fund Balances have been reserved in the Special Revenue and Capital Projects Funds for District projects.

B. Long-Term Debt

The Schedule of Indebtedness as of December 31, 2010, is as follows:

<u>Long-Term Indebtedness</u>	Interest Rate	Issue Date	Final Maturity Date	Outstanding January 1, 2010	Issue In 2010	Paid In 2010	Outstanding December 31, 2010
MPCA-SRF0031 Assessments (Original \$300,062)	2.00%	9/3/2002	6/15/2012	\$ 75,143	\$ -	\$ 32,656	\$ 42,487
MPCA-SRF0043 Assessments (Original \$71,062)	2.00%	7/1/2003	6/15/2013	25,638	-	7,523	18,115
MPCA-SRF0154 Assessments (Original \$297,073)	2.00%	11/1/2010	6/15/2020	-	297,073	13,529	283,544
Total Long-Term Indebtedness				<u>\$ 100,781</u>	<u>\$ 297,073</u>	<u>\$ 53,708</u>	<u>\$ 344,146</u>

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 4 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Long-Term Debt (Continued)

	Due Within One Year	
	Principal	Interest
<u>Long-Term Indebtedness</u>		
MPCA-SRF0031 Assessments	\$ 33,315	\$ 685
MPCA-SRF0043 Assessments	7,675	325
MPCA-SRF0154 Assessments	27,466	5,534
Total Long-Term Indebtedness	<u>\$ 68,456</u>	<u>\$ 6,544</u>

The annual debt service requirements to maturity for long-term debt as of December 31, 2010, are as follows:

Year Ending December 31,	Long-Term Indebtedness		Total
	Principal	Interest	
2011	\$ 68,456	\$ 6,544	\$ 75,000
2012	45,048	5,243	50,291
2013	31,163	4,445	35,608
2014	29,155	3,844	32,999
2015	29,741	3,259	33,000
2016 - 2020	140,583	7,090	147,673
Total	<u>\$ 344,146</u>	<u>\$ 30,425</u>	<u>\$ 374,571</u>

NOTE 5 OTHER NOTES

A. Defined Benefit Pension Plan - Statewide

Plan Description

All full-time and certain part-time employees of the District are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF), and the Local Government Correctional Service Retirement Fund, called the Public Employees Correctional Fund (PECF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF 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. All police officers, fire-fighters and peace officers who qualify for membership by statute are covered by the PEPFF. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates are covered by the PECF.

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 5 OTHER NOTES (CONTINUED)

A. Defined Benefit Pension Plan – Statewide (Continued)

Plan Description (Continued)

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members. For all PEPFF members, PECF members, and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

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

**PELICAN RIVER WATERSHED DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 5 OTHER NOTES (CONTINUED)

A. Defined Benefit Pension Plan – Statewide (Continued)

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The District makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.0%, respectively, of their annual covered salary in 2010. PEPFF members were required to contribute 9.4% of their annual covered salary in 2010. PECF members are required to contribute 5.83% of their annual covered salary. The District is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.0% for Coordinated Plan members, 14.1% for PEPFF members, and 8.75% for PECF members. The District's contributions to the Public Employees Retirement Fund for the years ending December 31, 2010, 2009, and 2008, were \$16,013, \$12,435, and \$10,911, respectively. The District's contributions were equal to the contractually required contributions for each year as set by state statute.

B. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. In order to protect against these risks of loss, the District purchases commercial insurance. During the year ended December 31, 2010, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the District's commercial coverage in any of the past three years.

C. Contingencies

The District participates in state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of grants received may be required. The District is not aware of any significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. An estimate of possible loss or range of loss can not be made.

D. Significant Effects of Subsequent Events

Subsequent events have been evaluated through June 14, 2011, the date the financial statements were available to be issued.

NOTE 6 COMMITMENTS

The District entered into a lease agreement for office facilities with Wells Fargo Bank requiring monthly lease payments of \$1,100. The terms of this agreement expire April 11, 2011. Total rental expense for 2010 was \$14,300.

COMBINING AND INDIVIDUAL FUND SECTION

**PELICAN RIVER WATERSHED DISTRICT
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	AMOUNTS	
Beginning Budgetary Fund Balances - January 1	\$ 389,490	\$ 389,490	\$ 389,490	\$ -
RECEIPTS				
Property Taxes	225,000	225,000	211,555	(13,445)
Intergovernmental				
Market Value	-	-	14,668	14,668
PERA	308	308	308	-
Interest	1,750	1,750	494	(1,256)
Other	-	-	4,992	4,992
Total Receipts	<u>227,058</u>	<u>227,058</u>	<u>232,017</u>	<u>4,959</u>
OTHER FINANCING SOURCES				
Transfers From:				
Special Revenue Funds	<u>83,000</u>	<u>83,000</u>	<u>126,597</u>	<u>43,597</u>
Total Other Financing Sources	<u>83,000</u>	<u>83,000</u>	<u>126,597</u>	<u>43,597</u>
 Total Receipts and Other Financing Sources	<u>310,058</u>	<u>310,058</u>	<u>358,614</u>	<u>48,556</u>
 Amounts Available for Appropriations	<u>699,548</u>	<u>699,548</u>	<u>748,104</u>	<u>48,556</u>
DISBURSEMENTS				
General Government				
Current				
Payroll	221,856	221,856	199,736	22,120
Office	49,000	49,000	37,605	11,395
Manager	23,000	23,000	17,239	5,761
Professional	25,000	25,000	115,462	(90,462)
Conservation of Natural Resources				
Current				
Harvest	12,699	12,699	24,330	(11,631)
Capital Outlay	<u>12,000</u>	<u>12,000</u>	<u>2,127</u>	<u>9,873</u>
Total Disbursements	<u>343,555</u>	<u>343,555</u>	<u>396,499</u>	<u>(52,944)</u>
 BUDGETARY FUND BALANCES - DECEMBER 31	<u>\$ 355,993</u>	<u>\$ 355,993</u>	<u>\$ 351,605</u>	<u>\$ (4,388)</u>

**PELICAN RIVER WATERSHED DISTRICT
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2010**

	SURVEY AND DATA ACQUISITION	UTILITY
RECEIPTS		
Property Taxes	\$ 38	\$ -
Special Assessments	-	-
Permit and Inspection Fees	-	3,125
Charges for Services	-	116,535
Interest	-	273
Total Receipts	<u>38</u>	<u>119,933</u>
DISBURSEMENTS		
Conservation of Natural Resources		
Current		
Payroll	5,387	-
Office	639	65
Harvest	-	-
Manager	-	-
Monitor	7,385	-
Professional	-	22,440
Ditch	-	-
Debt Service		
Principal	-	53,708
Interest	-	4,792
Total Disbursements	<u>13,411</u>	<u>81,005</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(13,373)</u>	<u>38,928</u>
OTHER FINANCING SOURCES (USES)		
Transfers Out	(5,000)	(50,000)
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(50,000)</u>
NET CHANGE IN CASH FUND BALANCES	(18,373)	(11,072)
Fund Balances - Beginning	<u>1,394</u>	<u>138,682</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (16,979)</u>	<u>\$ 127,610</u>

REPAIRS AND MAINTENANCE

1B	1C	DITCH 11-12	DITCH 13	DITCH 14	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38
35,455	56,082	9	18	-	91,564
-	-	-	-	-	3,125
-	-	-	-	-	116,535
31	105	20	13	18	460
<u>35,486</u>	<u>56,187</u>	<u>29</u>	<u>31</u>	<u>18</u>	<u>211,722</u>
16,123	19,288	-	-	-	40,798
70	70	-	-	-	844
6,390	6,507	-	-	-	12,897
463	475	-	-	-	938
-	-	-	-	-	7,385
603	807	-	-	-	23,850
-	-	1,038	1,359	682	3,079
-	-	-	-	-	53,708
-	-	-	-	-	4,792
<u>23,649</u>	<u>27,147</u>	<u>1,038</u>	<u>1,359</u>	<u>682</u>	<u>148,291</u>
<u>11,837</u>	<u>29,040</u>	<u>(1,009)</u>	<u>(1,328)</u>	<u>(664)</u>	<u>63,431</u>
<u>(10,248)</u>	<u>(55,349)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(126,597)</u>
<u>(10,248)</u>	<u>(55,349)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>(126,597)</u>
1,589	(26,309)	(3,009)	(3,328)	(2,664)	(63,166)
<u>16,182</u>	<u>54,240</u>	<u>11,339</u>	<u>7,344</u>	<u>10,847</u>	<u>240,028</u>
<u>\$ 17,771</u>	<u>\$ 27,931</u>	<u>\$ 8,330</u>	<u>\$ 4,016</u>	<u>\$ 8,183</u>	<u>\$ 176,862</u>

**PELICAN RIVER WATERSHED DISTRICT
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES
CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2010**

	CONSTRUCTION AND IMPLEMENTATION				
	CWP	DNR	CWF	LMP-01	TOTAL
RECEIPTS					
Intergovernmental					
Grant	\$ 28,313	\$ 864	\$ 225,000	\$ -	\$ 254,177
Interest	34	2	144	-	180
Total Receipts	<u>28,347</u>	<u>866</u>	<u>225,144</u>	<u>-</u>	<u>254,357</u>
DISBURSEMENTS					
Conservation of Natural Resources					
Current					
Payroll	98	-	-	-	98
Office	58	-	-	503	561
Manager	1,382	-	-	-	1,382
Monitor	1,513	-	-	-	1,513
Professional	19,497	-	1,785	2,063	23,345
Capital Outlay	270,765	3,769	-	-	274,534
Total Disbursements	<u>293,313</u>	<u>3,769</u>	<u>1,785</u>	<u>2,566</u>	<u>301,433</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(264,966)</u>	<u>(2,903)</u>	<u>223,359</u>	<u>(2,566)</u>	<u>(47,076)</u>
OTHER FINANCING SOURCES (USES)					
Loan Proceeds	296,027	-	-	-	296,027
Total Other Financing Sources	<u>296,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,027</u>
NET CHANGE IN CASH FUND BALANCES	31,061	(2,903)	223,359	(2,566)	248,951
Fund Balances (Deficit) - Beginning	<u>(6,891)</u>	<u>2,868</u>	<u>-</u>	<u>-</u>	<u>(4,023)</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 24,170</u>	<u>\$ (35)</u>	<u>\$ 223,359</u>	<u>\$ (2,566)</u>	<u>\$ 244,928</u>

SUPPLEMENTAL INFORMATION SECTION (UNAUDITED)

**PELICAN RIVER WATERSHED DISTRICT
SCHEDULE OF INDEBTEDNESS
DECEMBER 31, 2010**

	INTEREST RATE	ISSUE DATE	FINAL MATURITY DATE	OUTSTANDING JANUARY 1, 2010	ISSUED IN 2010	PAID IN 2010	OUTSTANDING DECEMBER 31, 2010
<u>LONG-TERM INDEBTEDNESS</u>							
MPCA-SRF0031 Assessments (Original \$300,062)	2.00%	9/3/2002	6/15/2012	\$ 75,143	\$ -	\$ 32,656	\$ 42,487
MPCA-SRF0043 Assessments (Original \$71,062)	2.00%	7/1/2003	6/15/2013	25,638	-	7,523	18,115
MPCA-SRF0154 Assessments (Original \$297,073)	2.00%	11/1/2010	6/15/2020	-	297,073	13,529	283,544
Total Long-Term Indebtedness				<u>\$ 100,781</u>	<u>\$ 297,073</u>	<u>\$ 53,708</u>	<u>\$ 344,146</u>

**PELICAN RIVER WATERSHED DISTRICT
SCHEDULE OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2010**

<u>FUND</u>	<u>SOURCE OF REVENUE AND PURPOSE</u>	<u>AMOUNT</u>
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There are no accounts receivable as of December 31, 2010.

**SCHEDULE OF ACCOUNTS PAYABLE AND CONTINGENT LIABILITIES
DECEMBER 31, 2010**

<u>FUND</u>	<u>VENDOR NAME</u>	<u>CLAIM NUMBER</u>	<u>AMOUNT</u>
General	ACS	12586	\$ 41
General	Bank of America	12587	299
General	Briggs, Ramstad & Skoyles	12588	2,752
General	Office of Enterprise	12592	83
General	Wenck Associates, Inc.	12595	6,141
			<u>\$ 9,316</u>

OTHER REPORTS SECTION

MATHIAS C. JUSTIN, LTD.
Certified Public Accountants

Mick Justin, CPA
Judith Moravec, CPA
Stephanie Murray, CPA
Susan Schiessl, CPA

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AUDITOR'S REPORT ON LEGAL COMPLIANCE

To the Board of Managers
Pelican River Watershed District
Detroit Lakes, Minnesota

We have audited the financial statements of the Pelican River Watershed District as of and for the year ended December 31, 2010, and have issued our report thereon dated June 14, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. §6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures, as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* contains six main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories.

The results of our tests indicate that for the items tested, the District complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of the Board of Managers, management, others within the Pelican River Watershed District, and the Office of the State Auditor of Minnesota and is not intended to be and should not be used by anyone other than those specified parties.



Mathias C. Justin, Ltd.
Certified Public Accountants

Pequot Lakes, Minnesota
June 14, 2011

MATHIAS C. JUSTIN, LTD.
Certified Public Accountants

Mick Justin, CPA
Judith Moravec, CPA
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To the Board of Managers
Pelican River Watershed District
Detroit Lakes, Minnesota

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Pelican River Watershed District as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 the 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 significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be 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 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 did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in District's internal control to be a significant deficiency:

Internal Control/Segregation of Duties

Management is responsible for establishing and maintaining internal control. This responsibility includes the internal control over the various accounting cycles, the fair presentation of the financial statements and related notes, and the accuracy and completeness of all financial records and related information. Adequate segregation of duties is a key internal control in an organization's accounting system. The size of the District and its staffing limits the internal control that management can design and implement into the organization. The management (Board of Managers) should be aware that segregation of duties is not adequate from an internal control point of view.

Management is responsible for the accuracy and completeness of all financial records and related information. Also, management is responsible for control over the period-end financial reporting process, including controls over procedures used to enter transaction total into the general ledger; initiate, authorize, record, and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statement.

We recommend the Board of Managers be mindful that limited staffing can cause inherent risk in safeguarding the District's assets and the proper reporting of its financial activity. We recommend the Board of Managers continue to implement oversight procedures and monitor those procedures to determine if they continue to be effective internal controls.

This communication is intended solely for the information and use of management, Board of Managers, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Mathias C. Justin, Ltd." The signature is written in a cursive, flowing style.

Mathias C. Justin, Ltd.
Certified Public Accountants

Pequot Lakes, Minnesota
June 14, 2011

MATHIAS C. JUSTIN, LTD.
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June 14, 2011

To the Board of Managers
Pelican River Watershed District
Detroit Lakes, Minnesota

We have audited the statements of balances arising from cash transactions of the Pelican River Watershed District for the year ended December 31, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 4, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period in accordance with cash basis accounting.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

The disclosure of basis of accounting in Note 1 to the financial statements because the District has prepared their financial statements using accounting practices prescribed or permitted by the Office of the State Auditor, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonable determinable are presumed to be material.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 14, 2011.

Management Consultations with Other Independent Accountants

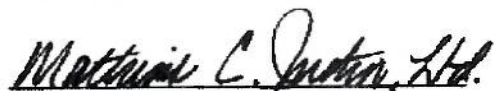
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Managers and management of the Pelican River Watershed District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Mathias C. Justin, Ltd." The signature is written in a cursive, flowing style.

Mathias C. Justin, Ltd.
Certified Public Accountants