

# STATE OF MINNESOTA

## Office of the State Auditor



**Rebecca Otto**  
**State Auditor**

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**WILD RICE WATERSHED DISTRICT**  
**ADA, MINNESOTA**

YEARS ENDED DECEMBER 31, 2008 AND 2009

## **Description of the Office of the State Auditor**

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 160 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

**Audit Practice** - conducts financial and legal compliance audits of local governments;

**Government Information** - collects and analyzes financial information for cities, towns, counties, and special districts;

**Legal/Special Investigations** - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

**Pension** - monitors investment, financial, and actuarial reporting for approximately 730 public pension funds; and

**Tax Increment Financing** - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

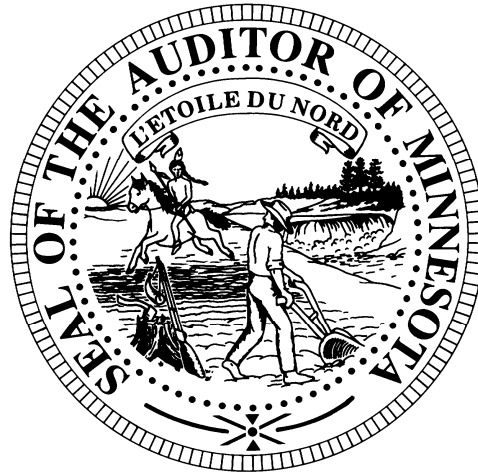
The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**Years Ended December 31, 2008 and 2009**



**Audit Practice Division  
Office of the State Auditor  
State of Minnesota**

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**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**ORGANIZATION  
2009**

<u>Board of Managers</u>	<u>Term Expires</u>
Mike Christensen, Chair	April 2010
Diane J. Ista, Vice Chair	April 2010
John Austinson, Secretary	April 2012
Greg Holmvik, Treasurer	April 2011
Joseph Spaeth	April 2010
Dean Spaeth	April 2012
Duane Erickson	April 2012
<u>District Administrator</u>	
Loretta Johnson, Interim	Indefinite

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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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### INDEPENDENT AUDITOR'S REPORT

Board of Managers  
Wild Rice Watershed District

We have audited the accompanying financial statements of the governmental activities and each major fund of Wild Rice Watershed District as of and for the years ended December 31, 2008 and 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wild Rice Watershed 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 discussed in Note 1.C., Wild Rice Watershed District prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position, on the modified cash basis, of the governmental activities and each major fund of Wild Rice Watershed District as of December 31, 2008 and 2009, and the respective changes in financial position, on the modified cash basis, for the years then ended in conformity with the basis of accounting described in Note 1.C.

The budgetary comparison schedules, on the modified cash basis, listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. Wild Rice Watershed District has not presented a Management's Discussion and Analysis that GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Wild Rice Watershed District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.C.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 30, 2010

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

*EXHIBIT 1*

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2008 AND 2009**

	2008	2009
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 1,500,999	\$ 1,321,109
Capital assets		
Non-depreciable	1,606,089	1,606,089
Depreciable - net of accumulated depreciation	1,007,132	983,641
<b>Total Assets</b>	<b>\$ 4,114,220</b>	<b>\$ 3,910,839</b>
<b><u>Liabilities</u></b>		
Long-term liabilities		
Due within one year	\$ 199,007	\$ 194,933
Due in more than one year	193,098	2,319
<b>Total Liabilities</b>	<b>\$ 392,105</b>	<b>\$ 197,252</b>
<b><u>Net Assets</u></b>		
Invested in capital assets - net of related debt	\$ 2,230,332	\$ 2,398,285
Unrestricted	1,491,783	1,315,302
<b>Total Net Assets</b>	<b>\$ 3,722,115</b>	<b>\$ 3,713,587</b>

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

*EXHIBIT 2*

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>
		<b>Fees, Charges, Fines, and Other</b>	<b>Operating Grants and Contributions</b>	
<b><u>Functions/Programs</u></b>				
<b>Primary government</b>				
<b>Governmental activities</b>				
General administration	\$ 274,725	\$ -	\$ -	\$ (274,725)
Allocated interest	81,991	-	-	(81,991)
Red River Water Management Board management and construction	368,525	-	-	(368,525)
Corps of Engineers feasibility study	11,399	-	-	(11,399)
Project development	210,144	-	652,313	442,169
Wetland banking program	2,373	-	-	(2,373)
Flood mitigation projects	163,918	-	215,723	51,805
Ditch systems	108,152	148,799	-	40,647
Federal Emergency Management Agency projects	14,063	-	4,000	(10,063)
Other projects and studies	526,576	274,043	666,010	413,477
<b>Total Governmental Activities</b>	<b>\$ 1,761,866</b>	<b>\$ 422,842</b>	<b>\$ 1,538,046</b>	<b>\$ 199,022</b>
 <b>General Revenues</b>				
Property taxes				\$ 823,089
Grants and contributions not restricted to specific programs				81,743
Investment income				114,642
				<b>\$ 1,019,474</b>
<b>Total general revenues</b>				<b>\$ 1,019,474</b>
<b>Change in net assets</b>				<b>\$ 1,218,496</b>
<b>Net Assets - Beginning</b>				<b>2,503,619</b>
<b>Net Assets - Ending</b>				<b>\$ 3,722,115</b>

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

*EXHIBIT 3*

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>
		<b>Fees, Charges, Fines, and Other</b>	<b>Operating Grants and Contributions</b>	
<b><u>Functions/Programs</u></b>				
<b>Primary government</b>				
<b>Governmental activities</b>				
General administration	\$ 310,688	\$ -	\$ -	\$ (310,688)
Allocated interest	39,375	-	-	(39,375)
Red River Water Management Board management and construction	382,293	-	-	(382,293)
Corps of Engineers feasibility study	60,602	-	-	(60,602)
Project development	151,773	-	152,187	414
Wetland banking program	1,782	-	-	(1,782)
Flood mitigation projects	521,438	-	96,763	(424,675)
Ditch systems	81,687	292,783	-	211,096
Federal Emergency Management Agency projects	110,056	-	468,836	358,780
Other projects and studies	746,163	348,722	1,474	(395,967)
<b>Total Governmental Activities</b>	<b>\$ 2,405,857</b>	<b>\$ 641,505</b>	<b>\$ 719,260</b>	<b>\$ (1,045,092)</b>
 <b>General Revenues</b>				
Property taxes				\$ 894,934
Grants and contributions not restricted to specific programs				86,008
Investment income				55,622
<b>Total general revenues</b>				<b>\$ 1,036,564</b>
<b>Change in net assets</b>				<b>\$ (8,528)</b>
<b>Net Assets - Beginning</b>				<b>3,722,115</b>
<b>Net Assets - Ending</b>				<b>\$ 3,713,587</b>

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**FUND FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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**GOVERNMENTAL FUNDS**

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**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

*EXHIBIT 4*

**BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b><u>Assets</u></b>				
Cash and pooled investments	\$ (14,214)	\$ 145,678	\$ 1,369,335	\$ 1,500,799
Petty cash and change funds	200	-	-	200
<b>Total Assets</b>	<b><u>\$ (14,014)</u></b>	<b><u>\$ 145,678</u></b>	<b><u>\$ 1,369,335</u></b>	<b><u>\$ 1,500,999</u></b>
<b><u>Liabilities and Fund Balances</u></b>				
Modified Cash Basis Fund Balances				
Unreserved				
Undesignated	<b><u>\$ (14,014)</u></b>	<b><u>\$ 145,678</u></b>	<b><u>\$ 1,369,335</u></b>	<b><u>\$ 1,500,999</u></b>

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

*EXHIBIT 5*

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET - MODIFIED CASH BASIS -  
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - MODIFIED CASH BASIS--  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2008**

<b>Modified cash basis fund balances - total governmental funds (Exhibit 4)</b>	<b>\$ 1,500,999</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,613,221
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Contract for deed	\$ (382,889)
Compensated absences	(9,216)
	<u>(392,105)</u>
<b>Net Assets of Governmental Activities (Exhibit 1)</b>	<b><u><u>\$ 3,722,115</u></u></b>

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**EXHIBIT 6**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Receipts</b>				
Taxes	\$ 221,610	\$ 300,252	\$ 301,227	\$ 823,089
Special assessments	-	-	359,507	359,507
Intergovernmental	23,187	49,733	1,546,869	1,619,789
Interest on investments	32,652	358	81,632	114,642
Miscellaneous	761	-	62,574	63,335
<b>Total Receipts</b>	<b>\$ 278,210</b>	<b>\$ 350,343</b>	<b>\$ 2,351,809</b>	<b>\$ 2,980,362</b>
<b>Disbursements</b>				
General administration	\$ 259,196	\$ -	\$ -	\$ 259,196
Allocated interest	33,905	275	47,811	81,991
Red River Water Management Board management and construction	-	352,766	15,759	368,525
Corps of Engineers feasibility study	-	-	11,399	11,399
Project development	-	-	210,144	210,144
Wetland banking program	-	-	2,373	2,373
Flood mitigation projects	-	-	163,918	163,918
Ditch systems	-	-	108,152	108,152
Federal Emergency Management Agency projects	-	-	20,909	20,909
Other projects and studies	-	-	1,671,177	1,671,177
<b>Total Disbursements</b>	<b>\$ 293,101</b>	<b>\$ 353,041</b>	<b>\$ 2,251,642</b>	<b>\$ 2,897,784</b>
<b>Net Change in Fund Balance</b>	<b>\$ (14,891)</b>	<b>\$ (2,698)</b>	<b>\$ 100,167</b>	<b>\$ 82,578</b>
<b>Modified Cash Basis Fund Balance</b>				
<b>January 1</b>	<b>877</b>	<b>148,376</b>	<b>1,269,168</b>	<b>1,418,421</b>
<b>December 31</b>	<b>\$ (14,014)</b>	<b>\$ 145,678</b>	<b>\$ 1,369,335</b>	<b>\$ 1,500,999</b>

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

*EXHIBIT 7*

**RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS--  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**Net change in fund balances - total governmental funds (Exhibit 6) \$ 82,578**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as cash is disbursed. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, in the statement of activities, only the gain or loss on the disposal of assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the assets disposed of.

Disbursements for general capital assets and infrastructure	\$ 1,538,655	
Current year depreciation	<u>(23,473)</u>	1,515,182

Issuing a contract for deed does not provide cash receipts or disbursements to governmental funds, while the repayment of debt is reported as a disbursement. Neither transaction, however, has any effect on net assets.

Debt issued - contract for deed		(584,705)
Principal repayments		
Contract for deed		201,816

Some modified cash expenses reported in the statement of activities do not require the use of cash and, therefore, are not reported as disbursements in governmental funds.

Change in compensated absences		<u>3,625</u>
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**Change in Net Assets of Governmental Activities (Exhibit 2) \$ 1,218,496**

**FUND FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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**GOVERNMENTAL FUNDS**

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**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

*EXHIBIT 8*

**BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b><u>Assets</u></b>				
Cash and pooled investments	\$ (61,187)	\$ 161,274	\$ 1,220,822	\$ 1,320,909
Petty cash and change funds	200	-	-	200
	<b>\$ (60,987)</b>	<b>\$ 161,274</b>	<b>\$ 1,220,822</b>	<b>\$ 1,321,109</b>
<b><u>Fund Balances</u></b>				
Modified Cash Basis Fund Balances				
Unreserved				
Undesignated	<b>\$ (60,987)</b>	<b>\$ 161,274</b>	<b>\$ 1,220,822</b>	<b>\$ 1,321,109</b>

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

*EXHIBIT 9*

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET - MODIFIED CASH BASIS -  
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - MODIFIED CASH BASIS--  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2009**

<b>Modified cash basis fund balances - total governmental funds (Exhibit 8)</b>	<b>\$ 1,321,109</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,589,730
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences	\$ (5,808)
Contract for deed	(191,444)
	<u>(197,252)</u>
<b>Net Assets of Governmental Activities (Exhibit 1)</b>	<b><u><u>\$ 3,713,587</u></u></b>

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

*EXHIBIT 10*

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE -  
MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Receipts</b>				
Taxes	\$ 222,879	\$ 335,999	\$ 336,056	\$ 894,934
Special assessments	-	-	489,917	489,917
Intergovernmental	22,200	33,378	749,690	805,268
Interest on investments	16,246	152	39,224	55,622
Miscellaneous	-	2	151,586	151,588
<b>Total Receipts</b>	<b>\$ 261,325</b>	<b>\$ 369,531</b>	<b>\$ 1,766,473</b>	<b>\$ 2,397,329</b>
<b>Disbursements</b>				
General administration	\$ 290,605	-	-	\$ 290,605
Allocated interest	17,693	11	21,671	39,375
Red River Water Management Board management and construction	-	353,924	28,369	382,293
Corps of Engineers feasibility study	-	-	60,602	60,602
Project development	-	-	151,773	151,773
Wetland banking program	-	-	1,782	1,782
Flood mitigation projects	-	-	521,438	521,438
Ditch systems	-	-	81,687	81,687
Federal Emergency Management Agency projects	-	-	110,056	110,056
Other projects and studies	-	-	937,608	937,608
<b>Total Disbursements</b>	<b>\$ 308,298</b>	<b>\$ 353,935</b>	<b>\$ 1,914,986</b>	<b>\$ 2,577,219</b>
<b>Net Change in Fund Balance</b>	<b>\$ (46,973)</b>	<b>\$ 15,596</b>	<b>\$ (148,513)</b>	<b>\$ (179,890)</b>
<b>Modified Cash Basis Fund Balance</b>				
<b>January 1</b>	<b>(14,014)</b>	<b>145,678</b>	<b>1,369,335</b>	<b>1,500,999</b>
<b>December 31</b>	<b>\$ (60,987)</b>	<b>\$ 161,274</b>	<b>\$ 1,220,822</b>	<b>\$ 1,321,109</b>

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

*EXHIBIT 11*

**RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS--  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**Net change in fund balances - total governmental funds (Exhibit 10) \$ (179,890)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as cash is disbursed. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, in the statement of activities, only the gain or loss on the disposal of assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the net book value of the assets disposed of.

Disbursements for general capital assets and infrastructure	\$ 726	
Current year depreciation	<u>(24,217)</u>	(23,491)

In governmental funds, the repayment of debt is reported as a disbursement. However, it has no effect on net assets.

Principal repayments		
Contract for deed		191,445

Some modified cash expenses reported in the statement of activities do not require the use of cash and, therefore, are not reported as disbursements in governmental funds.

Change in compensated absences		<u>3,408</u>
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**Change in Net Assets of Governmental Activities (Exhibit 3) \$ (8,528)**

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009**

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1. Summary of Significant Accounting Policies

Wild Rice Watershed District's financial statements are prepared on the modified cash basis of accounting for the years ended December 31, 2008 and 2009. The modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989, that have been applied, to the extent applicable, to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements.

A. Financial Reporting Entity

Wild Rice Watershed District (the "District") was established under the Minnesota Watershed Act as an agency of the State of Minnesota and abides under the provisions of Minn. Stat. ch. 103D; additional powers and duties are contained in Minn. Stat. chs. 103E and 103B.

The purpose of the District is to carry out conservation of the natural resources of the State of Minnesota through land utilization, flood control, and other needs upon sound scientific principles for the protection of the public health and welfare and the provident use of natural resources. The District serves an area in Northwestern Minnesota and includes all or parts of the following counties: Becker, Clay, Clearwater, Mahnomen, Norman, and Polk.

The District is governed by a Board of Managers composed of seven members appointed by the County Boards in accordance with Minnesota statutes.

The financial statements of the District include all organizations over which the District's Board exercises significant influence or is financially accountable, or organizations for which the nature and significance of their relationship with the District is such that exclusion would cause Wild Rice Watershed District's financial statements to be misleading. Currently, the District does not have any component units.

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net assets and the statement of activities) display information about the District taken as a whole. The District shows all operations as governmental activities, because generally, governmental activities are financed through taxes, intergovernmental revenues, and nonexchange revenues.

In the government-wide statement of net assets, the governmental activities: (a) are presented on a consolidated basis; and (b) are reported on a full accrual, economic resource basis, within the limitations of the modified cash basis of accounting. The District's net assets are reported in two parts: (1) invested in capital assets, net of related debt; and (2) unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the District's governmental activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of governmental fund financial statements is on major individual governmental funds, with each displayed as separate columns.



**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than capital projects) where the expenditures are legally restricted for purposes specified in the grant and project agreements.

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of capital projects.

C. Measurement Focus and Basis of Accounting

The District's financial statements are prepared on the modified cash basis of accounting. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The government-wide financial statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues, and expenditures when they result from cash transactions with provisions for long-term liabilities and depreciation.

Governmental fund financial statements are reported using the current financial resources measurement focus as applied to the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues, and expenditures when they result from cash transactions. As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or unbilled services provided in current year) and certain liabilities and their related expense (such as accounts payables, unpaid goods and services received in the current year, and accrued expenses) are not recorded in these financial statements.

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities. All investment earnings are allocated to the respective funds on the basis of average cash balance participation by each fund. Funds with deficit averages are charged with the investment earnings lost in financing the deficits. Pooled investment earnings for 2008 and 2009 were \$32,651 and \$16,247, respectively.

2. Property Taxes and Special Assessments

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are levied in September with the first half payment due May 15 and the second half payment due October 15. The District levies the tax, while the respective counties collect and remit the tax collections to the District. Property taxes are recognized when received from the counties under the cash basis of accounting.

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

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than the capitalization threshold and

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

3. Capital Assets (Continued)

an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Infrastructure assets acquired prior to January 1, 2004, are not capitalized, but subsequent acquisitions are recorded at cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The District's capitalization threshold for capital assets is as follows:

Assets	Capitalization Threshold
Equipment and building improvements	\$ 500
Infrastructure	10,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	19 - 40
Infrastructure	25 - 70
Equipment, furniture, and fixtures	5 - 20

In governmental fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as disbursements of the governmental fund upon acquisition.

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated paid time off (PTO) balances. Compensated absences are accrued when incurred in the government-wide financial statements.

All full-time employees and part-time employees who work at least 23 hours a week receive PTO benefits, which may be accrued up to a maximum of 320 hours. PTO is earned at the end of each month of employment pursuant to the following schedule:

<u>Years of Continuous Employment</u>	<u>Rate Per Month</u>
0 - 1 year	6 hours
1 - 2 years	8 hours
2 - 3 years	10 hours
6 years and over	14 hours

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Any long-term obligation arising from cash transactions of governmental funds is not reported as a liability in the fund financial statements. Debt proceeds would be reported as other financing sources and the payment of principal and interest reported as disbursements.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans subject to change.

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The District's Board of Managers adopts an estimated receipts and disbursements budget for the General Fund.

The budgets may be amended or modified at any time by the Board. Comparisons of estimated receipts and disbursements to actual are presented as required supplementary information for the General Fund. The budget for the General Fund is prepared on the same method of accounting as the financial statements. The annual adopted budget is not legally binding on the District, with the exception of what is limited by state statute. State statute limits the budget for the General Fund to \$250,000, and it was set by the board for 2008 and 2009 at \$250,000.

B. Deficit Fund Equity

The General Fund had a deficit fund balance of \$14,014 and \$60,987 as of December 31, 2008 and 2009, respectively.

C. Excess of Expenditures Over Budget

For the years ended December 31, 2008 and 2009, disbursements exceeded budget in the General Fund by \$43,101 and \$58,298, respectively. Comparisons of budget to actual results can be found in Schedules 1 and 2.

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

The District's total cash and cash equivalents are reported as follows:

	<u>2008</u>	<u>2009</u>
Cash and pooled investments	\$ 1,500,799	\$ 1,320,909
Petty cash and change funds	<u>200</u>	<u>200</u>
Total Cash and Pooled Investments	<u>\$ 1,500,999</u>	<u>\$ 1,321,109</u>

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 on 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 or 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 that is 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. The District does not have a deposit policy for custodial credit risk. As of December 31, 2008, \$333,253 of the District's bank balances of \$1,524,307 was exposed to custodial credit risk. As of December 31, 2009, the District's deposits were not exposed to custodial credit risk.

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

b. Investments

The District may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers’ acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

During the years ended December 31, 2008 and 2009, Wild Rice Watershed District had no investments.

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

2. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 78,599	\$ 1,527,490	\$ -	\$ 1,606,089
Capital assets depreciated				
Building and improvements	\$ 75,002	\$ -	\$ -	\$ 75,002
Office equipment	32,265	11,165	199	43,231
Other equipment	43,885	-	466	43,419
Infrastructure	924,399	-	-	924,399
Total capital assets depreciated	\$ 1,075,551	\$ 11,165	\$ 665	\$ 1,086,051
Less: accumulated depreciation for				
Building and improvements	\$ 24,103	\$ 1,876	\$ -	\$ 25,979
Office equipment	15,209	2,169	199	17,179
Other equipment	3,593	312	466	3,439
Infrastructure	13,206	19,116	-	32,322
Total accumulated depreciation	\$ 56,111	\$ 23,473	\$ 665	\$ 78,919
Total capital assets depreciated, net	\$ 1,019,440	\$ (12,308)	\$ -	\$ 1,007,132
Total Capital Assets Depreciated, Net	\$ 1,098,039	\$ 1,515,182	\$ -	\$ 2,613,221

Depreciation expense for the year ended December 31, 2008, was \$23,473 and is included in general administration program costs.

Capital asset activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,606,089	\$ -	\$ -	\$ 1,606,089
Capital assets depreciated				
Building and improvements	\$ 75,002	\$ -	\$ -	\$ 75,002
Office equipment	43,231	726	1,725	42,232
Other equipment	43,419	-	-	43,419
Infrastructure	924,399	-	-	924,399
Total capital assets depreciated	\$ 1,086,051	\$ 726	\$ 1,725	\$ 1,085,052



**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

2. Capital Assets (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Less: accumulated depreciation for				
Building and improvements	\$ 25,979	\$ 1,876	\$ -	\$ 27,855
Office equipment	17,179	5,437	1,725	20,891
Other equipment	3,439	149	-	3,588
Infrastructure	32,322	16,755	-	49,077
Total accumulated depreciation	\$ 78,919	\$ 24,217	\$ 1,725	\$ 101,411
Total capital assets depreciated, net	\$ 1,007,132	\$ (23,491)	\$ -	\$ 983,641
Total Capital Assets Depreciated, Net	\$ 2,613,221	\$ (23,491)	\$ -	\$ 2,589,730

Depreciation expense for the year ended December 31, 2009, was \$24,217 and is included in general administration program costs.

B. Liabilities

1. Construction Commitments

The District had active construction projects as of December 31, 2008. The projects include the following:

	Spent-to-Date	Remaining Commitment
Governmental activities		
Capital projects	\$ 75,601	\$ 89,556

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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3. Detailed Notes on All Funds

B. Liabilities

1. Construction Commitments (Continued)

The District had active construction projects as of December 31, 2009. The projects include the following:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental activities		
Capital projects	\$ 182,374	\$ 270,374

2. Contract for Deed

In 2008, the District purchased 228.08 acres of land to be used for a water management project. The purchase was made under a contract for deed. Terms of the purchase call for three annual installments, commencing in 2008, at an interest rate of six percent. In 2008 and 2009, the District paid \$201,816 and \$191,445, respectively, with the final installment being paid in March 2010 in the amount of \$191,444.

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Contract for deed	\$ -	\$ 584,705	\$ 201,816	\$ 382,889	\$ 191,445
Compensated absences	12,841	9,917	13,542	9,216	7,562
Governmental Activity Long-Term Liabilities	\$ 12,841	\$ 594,622	\$ 215,358	\$ 392,105	\$ 199,007

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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3. Detailed Notes on All Funds

B. Liabilities

3. Changes in Long-Term Liabilities (Continued)

Long-term liability activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Contract for deed	\$ 382,889	\$ -	\$ 191,445	\$ 191,444	\$ 191,444
Compensated absences	9,216	7,498	10,906	5,808	3,489
Governmental Activity Long-Term Liabilities	<u>\$ 392,105</u>	<u>\$ 7,498</u>	<u>\$ 202,351</u>	<u>\$ 197,252</u>	<u>\$ 194,933</u>

4. Pension Plans--Defined Benefit Plan

A. Plan Description

All full-time and certain part-time employees of Wild Rice Watershed District are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund, which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356.

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

PERA provides retirement benefits as well as disability benefits to members and 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.

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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4. Pension Plans--Defined Benefit Plan

A. Plan Description (Continued)

Two methods are used to compute benefits for 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 ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Using 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 Public Employees Retirement Fund members whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for members hired prior to July 1, 1989, and is the age for unreduced Social Security benefits capped at age 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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 yet receiving them are bound by the provisions in effect at the time they last terminated public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

B. Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. Wild Rice Watershed District makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.0 percent, respectively, of their annual covered salary.

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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4. Pension Plans--Defined Benefit Plan

B. Funding Policy (Continued)

Wild Rice Watershed District is required to contribute the following percentages of annual covered payroll in 2008 and 2009:

	2008	2009
Public Employees Retirement Fund		
Basic Plan members	11.78%	11.78%
Coordinated Plan members	6.50	6.75

The District's contributions for the years ending December 31, 2009, 2008, and 2007, for the Public Employees Retirement Fund were:

2009	2008	2007
\$ 5,846	\$ 7,862	\$ 7,626

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

5. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. There were no significant reductions for the years ended December 31, 2008 and 2009, in insurance coverage for any major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the past three years.

6. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

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6. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities (Continued)

that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial. The District is not aware of any significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

B. Claims and Litigation

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

C. Project #42 Cost Share Advance

In 2008, the District received a \$600,000 advance payment from the Red River Water Management Board for Project #42. This amount is not included in the financial statements as an advance from other organizations due to the report being prepared on a modified cash basis of accounting. As of December 31, 2009, none of this money has been spent.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

*Schedule 1*

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Taxes	\$ 250,000	\$ 250,000	\$ 221,610	\$ (28,390)
Intergovernmental	-	-	23,187	23,187
Investment earnings	-	-	32,652	32,652
Miscellaneous	-	-	761	761
<b>Total Receipts</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>\$ 278,210</b>	<b>\$ 28,210</b>
<b>Disbursements</b>				
<b>General administration</b>				
Salaries and benefits	\$ 90,000	\$ 90,000	\$ 73,593	\$ 16,407
Utilities	12,000	12,000	11,385	615
Supplies, publications, and postage	18,000	18,000	14,201	3,799
Insurance and bonding	17,000	17,000	16,953	47
Engineering	22,000	22,000	15,512	6,488
Legal, accounting, and audit	25,000	25,000	36,740	(11,740)
Advisory board	1,000	1,000	-	1,000
Managers' per diem	25,000	25,000	48,970	(23,970)
Managers' expenses	18,500	18,500	15,279	3,221
Organization dues	2,500	2,500	2,000	500
Other	6,500	6,500	20,244	(13,744)
Capital improvements	12,500	12,500	4,319	8,181
<b>Total general administration</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>\$ 259,196</b>	<b>\$ (9,196)</b>
Allocated interest	-	-	33,905	(33,905)
<b>Total Disbursements</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>\$ 293,101</b>	<b>\$ (43,101)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (14,891)</b>	<b>\$ (14,891)</b>
<b>Modified Cash Basis Fund Balance</b>				
<b>January 1</b>	<b>877</b>	<b>877</b>	<b>877</b>	<b>-</b>
<b>December 31</b>	<b>\$ 877</b>	<b>\$ 877</b>	<b>\$ (14,014)</b>	<b>\$ (14,891)</b>

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

Schedule 2

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Taxes	\$ 250,000	\$ 250,000	\$ 222,879	\$ (27,121)
Intergovernmental	-	-	22,200	22,200
Investment earnings	-	-	16,246	16,246
<b>Total Receipts</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>\$ 261,325</b>	<b>\$ 11,325</b>
<b>Disbursements</b>				
<b>General administration</b>				
Salaries and benefits	\$ 86,000	\$ 86,000	\$ 67,458	\$ 18,542
Utilities	13,000	13,000	11,449	1,551
Supplies, publications, and postage	18,000	18,000	16,435	1,565
Insurance and bonding	17,500	17,500	20,316	(2,816)
Engineering	22,000	22,000	20,762	1,238
Legal, accounting, and audit	26,000	26,000	34,585	(8,585)
Advisory board	1,000	1,000	-	1,000
Managers' per diem	25,000	25,000	74,348	(49,348)
Managers' expenses	20,000	20,000	12,504	7,496
Organization dues	2,500	2,500	2,125	375
Other	6,500	6,500	29,460	(22,960)
Capital improvements	12,500	12,500	1,163	11,337
<b>Total general administration</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>\$ 290,605</b>	<b>\$ (40,605)</b>
Allocated interest	-	-	17,693	(17,693)
<b>Total Disbursements</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>\$ 308,298</b>	<b>\$ (58,298)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (46,973)</b>	<b>\$ (46,973)</b>
<b>Modified Cash Basis Fund Balance</b>				
<b>January 1</b>	<b>(14,014)</b>	<b>(14,014)</b>	<b>(14,014)</b>	<b>-</b>
<b>December 31</b>	<b>\$ (14,014)</b>	<b>\$ (14,014)</b>	<b>\$ (60,987)</b>	<b>\$ (46,973)</b>

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009**

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1. Budgetary Information

An annual budget is adopted on the modified cash basis of accounting for the General Fund. Other governmental funds are not budgeted. All annual appropriations lapse at fiscal year-end unless specifically carried over to the next budget year by Board action.

The budget is adopted through passage of a resolution by the Board. Administration can authorize the transfer of budgeted amounts within the General Fund. The state imposed an administrative budget limit for all Minnesota watershed districts of \$250,000 for the years ended December 31, 2008 and 2009.

2. Excess of Expenditures Over Budget

For the years ended December 31, 2008 and 2009, disbursements exceeded budget in the General Fund by \$43,101 and \$58,298, respectively. Comparisons of budget to actual results can be found in Schedules 1 and 2.

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**SUPPLEMENTARY INFORMATION**

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Fund Balance (Deficit) January 1</b>
<b>General Fund</b>	<b>\$ 877</b>
<b>Special Revenue Fund Job</b>	
Red River Water Management Board (RRWMB) Management	<b>\$ 148,376</b>
<b>Capital Projects Fund Jobs</b>	
Works of Common Benefit	\$ 45,749
Federal Emergency Management Agency (FEMA) Funds Remainder '96	7,128
Permits	
General	(96,447)
Violations	(1,427)
Phase #5 - Pazdernik/Scherping	(42)
Phase #6 - Pederson Brothers	(926)
Phase# 7 - Larson/Visser	(440)
Phase #19 - Brian Borgen Complaint	(2,466)
Phase #20 - Cary Sip Violation	(723)
Phase #21 - Ueland Violation	(14,756)
Phase #22 - Hilde/Lee Complaint	(1,164)
Phase #23 - Scherping/Pazdernik Complaint	(1,232)
Phase #24 - B. Borgen vs. P. Borgen Complaint	(516)
Phase #25 - Sand Hill Watershed District Boundary Issues	(167)
Phase #26 - B. Borgen vs. Seykora	(826)
Phase #27 - Vik Dike	(109)
Phase #28 - Pazdernik & Lavoy	(1,352)
Phase #29 - Klemetson/Eriickson	(433)
Phase #30 - Brandt Violation	(488)
Phase #31 - Conrad Wiger	(249)
Phase #32 - Lowell Brandt Violation	(378)
Phase #33 - Ambuch/Vik Violation	(192)
Phase #34 - Randy Chisholm Complaint	(87)
Phase #35 - Mark Chisholm Complaint	(87)
Phase #36 - Everett Darco Complaint	-
Phase #37 - Renner Complaint	-
Phase #38 - Terry Guttormson Complaint	-
Phase #39 - Joseph E. Kuechle Complaint	-
Flood Mitigation Corps of Engineers (COE) 205	59,993
Wild Rice River (WRR) COE Feasibility Study	
General	(282,322)
Hydraulic Analysis Marsh Creek	(465)
RRWMB Construction	1,986,180
Legislative Funding	(11,016)
Mediation FDR Work Groups	
July '05 - '06	(190)
July '06 - '07	8,816
July '07 - '08	4,473
Survey and Data	32,992

Schedule 3

<u>Receipts</u>		<u>Disbursements</u>		<u>Fund Balance (Deficit) December 31</u>
<u>Revenue</u>	<u>Allocated Interest Earned</u>	<u>Direct</u>	<u>Allocated Interest Charged</u>	
<u>\$ 245,558</u>	<u>\$ 32,652</u>	<u>\$ 259,196</u>	<u>\$ 33,905</u>	<u>\$ (14,014)</u>
<u>\$ 349,985</u>	<u>\$ 358</u>	<u>\$ 352,766</u>	<u>\$ 275</u>	<u>\$ 145,678</u>
\$ -	\$ 1,070	\$ 9,457	\$ -	\$ 37,362
-	34	6,846	-	316
-	-	(64,184)	-	(32,263)
50	-	(515)	1,370	(2,232)
-	-	(42)	-	-
-	-	(913)	-	(13)
-	-	(440)	-	-
-	-	(2,453)	-	(13)
-	-	(723)	-	-
-	-	(14,649)	-	(107)
-	-	(1,164)	-	-
-	-	(1,232)	-	-
-	-	(516)	-	-
-	-	(167)	-	-
-	-	(826)	-	-
-	-	2,207	-	(2,316)
-	-	(1,352)	-	-
-	-	(433)	-	-
-	-	(488)	-	-
-	-	(249)	-	-
-	-	(378)	-	-
-	-	218	-	(410)
-	-	254	-	(341)
-	-	145	-	(232)
-	-	875	-	(875)
-	-	206	-	(206)
-	-	45	-	(45)
-	-	268	-	(268)
-	1,303	59,762	3	1,531
-	-	(270,635)	6,302	(17,989)
-	-	-	-	(465)
329,531	48,528	504,813	-	1,859,426
-	-	(1,818)	382	(9,580)
-	-	-	-	(190)
-	-	-	-	8,816
-	-	-	-	4,473
974	765	19,675	-	15,056

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Fund Balance (Deficit) January 1</b>
<b>Capital Projects Fund Jobs (Continued)</b>	
Project Development	
Upper Felton Ditch	
Storage Investigation	(19,154)
Phase #1 - '02 Administration, Legal, and Engineering	(12,946)
Phase #2 - '02 Engineering Grant	(30,593)
Wiger Flood Storage Investigation	(189)
Upper Moccasin Creek Flood Storage	(378)
Data Practices	(1,590)
Phase #2 - Bennett	(1,455)
Phase #3 - Borgen	(612)
South Branch - Off Channel Investigation	(23,269)
Riverwatch Stream Gauge Monitoring	(403)
Public Information/Media	(10,011)
Heiraas Lawsuit	(13,936)
Board of Water and Soil Resources - Ditch Mapping Grant	(22,758)
United States Geological Survey (USGS) - #264 South Branch Gauge Station	(48)
Flood Storage Investigation	(813)
2006 Water and Resource Development Account	(7,849)
USGS Sediment Investigation	(18,373)
Twin Valley (TV) Dam Reevaluation	(8,708)
Mahnomen Drainage Issues	(9,449)
Home Lake Department of Natural Resources Permit	(3,182)
Home Lake Storage #266	-
Soil and Water Conservation District Storage Sites #265	-
Wastweet Storage	(1,302)
Upper Felton - Alternative	(29,462)
Hendrum City Flood Insurance Studies Review	(762)
Total Maximum Daily Load Study WRR	(1,920)
Water Management Investigation	(22,835)
Lakeman Culvert Issue	(113)
Heitman Project	(1,850)
Minnesota Pollution Control Agency Grant	10,000
Hydraulic Analysis - Marsh Creek	(1,696)
Upper Marsh Creek Storage	(497)
Vik Lawsuit	-
Felton Subwatershed Plan	-
Special Meetings #328	-
2009 Drainage System Modernization #334	-
Geographic Information Systems Wild Rice Watershed District (WRWD) Mapping #277	-
Data Request #280	-
South Branch Storage #284	-
Wetland Banking Program	
Anderson Wetland Restoration	(3,314)



**Schedule 3**  
**(Continued)**

<u>Receipts</u>		<u>Disbursements</u>		<u>Fund</u>
<u>Revenue</u>	<u>Allocated Interest Earned</u>	<u>Direct</u>	<u>Allocated Interest Charged</u>	<u>Balance (Deficit) December 31</u>
-	-	(62,691)	1,368	42,169
-	-	-	-	(12,946)
-	-	-	-	(30,593)
-	-	(189)	4	(4)
-	-	(378)	8	(8)
-	-	-	-	(1,590)
-	-	-	35	(1,490)
-	-	-	15	(627)
-	-	-	-	(23,269)
-	-	(403)	9	(9)
-	-	(2,120)	96	(7,987)
-	-	(13,936)	304	(304)
-	-	-	-	(22,758)
-	-	-	-	(48)
-	-	(537)	21	(297)
-	-	1,835	181	(9,865)
20,000	-	15,500	341	(14,214)
-	-	5,854	435	(14,997)
14,787	-	80,039	593	(75,294)
-	-	403	78	(3,663)
-	-	(119)	10	109
-	-	14,071	297	(14,368)
-	-	(1,302)	28	(28)
-	-	(22,896)	721	(7,287)
-	-	(762)	17	(17)
-	-	148	73	(2,141)
-	-	16,259	664	(39,758)
-	-	351	10	(474)
-	-	3,473	119	(5,442)
-	-	-	-	10,000
-	-	-	40	(1,736)
-	-	-	12	(509)
-	-	20,352	62	(20,414)
-	-	2,307	9	(2,316)
-	-	2,896	52	(2,948)
-	-	-	119	(119)
-	-	-	423	(423)
50	-	1,962	64	(1,976)
-	-	-	557	(557)
-	-	(941)	111	(2,484)

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Fund Balance (Deficit) January 1</b>
<b>Capital Projects Fund Jobs (Continued)</b>	
Flood Mitigation Projects	
Acquisition/Demolition - DR 1175, Kesselberg	(3,029)
Norman County Rural Acquisition DR 1479	23,326
Acquisition - Digital Elevation Model 1333 General	7,818
Acquisition - DR 1370 - '02	(28,505)
Farm Ring Dikes	(164,589)
Acquisitions '06	(35,911)
WRWD Projects	
Upper Reaches	(64,264)
Upper Reaches COE PL 84-99 - '02	(89)
Phase #6 - Judicial Ditch (JD) #51	(32,391)
2006 Slide Repairs JD #51	(36,397)
Marsh River Analysis	(28,473)
Northern Improvement Dam	(3,241)
Lake Ida Detention	322
Project #1 - Norman County Ditch (CD) #1	9,346
Project #2 - Heiberg Dam	39,912
Project #3 - Norman CD #20	11,330
Project #4 - Becker Dams	59,514
Project #5 - Norman Polk	189,596
Project #6 - Lake Ida	8,596
Project #8 - Moccasin Creek	(18,772)
Project #9	
South Branch	1,095,458
Hagen Township	(242,697)
Winchester Township	(576,360)
2006 Cleanup	(12,820)
Repairs Sec. 24	(24,388)
Project #10 - Mashaug Creek	(795)
Project #12 - WR Township Ditch	(19,975)
Project #13 - Olson Agassiz	8,404
Project #14 - Norman CD #45	13,126
Project #16 - Anthony Township	32,589
Project #17 - Lockhart Township	25,874
Project #18 - Norman CD #64	71,306
Project #19 - #35, 10 & 16	52,053
Project #20 - Clay JD #45, Lat. #1 & 2	88,354
Project #23 - Norman CD #34, Lat. #1	37,876
Project #25 - Norman CD #38	42,631
Project #27 - Lat. A Mahnomen #3	5,852
Project #29 - Atlanta Township	231
Project #30	
Anthony/Pleasantview/Green Meadow	212,072
Geotechnical Engineering	(68,728)
Upper Basin Storage Investigation	(11,195)
Green Meadow Dam Construction	(244,883)

**Schedule 3**  
**(Continued)**

<u>Receipts</u>		<u>Disbursements</u>		<u>Fund</u>
<u>Revenue</u>	<u>Allocated Interest Earned</u>	<u>Direct</u>	<u>Allocated Interest Charged</u>	<u>Balance (Deficit) December 31</u>
-	-	-	72	(3,101)
-	555	-	-	23,881
-	186	-	-	8,004
25,004	-	22,960	734	(27,195)
197,222	-	127,664	1,914	(96,945)
-	-	13,294	1,019	(50,224)
117,798	-	132,934	4,026	(83,426)
-	-	136	-	(225)
-	-	(19,943)	-	(12,448)
-	-	(35,480)	-	(917)
-	-	(12,754)	-	(15,719)
-	-	512	95	(3,848)
3,669	15	2,535	-	1,471
3,874	181	7,597	-	5,804
5,630	981	2,018	-	44,505
536	273	20	-	12,119
8,756	1,409	6,537	-	63,142
16,895	4,620	4,585	-	206,526
27	200	306	-	8,517
-	-	(14,428)	441	(4,785)
21,934	5,727	901,027	-	222,092
-	-	(242,697)	-	-
-	-	(576,360)	-	-
-	-	(12,820)	-	-
-	-	(24,388)	-	-
-	-	(795)	17	(17)
5,686	-	422	425	(15,136)
7,698	263	310	-	16,055
2,054	324	1,160	-	14,344
-	652	22,198	-	11,043
-	612	1,796	-	24,690
4,102	1,722	2,993	-	74,137
-	1,174	6,282	-	46,945
4,582	2,090	4,204	-	90,822
-	901	61	-	38,716
-	1,012	1,042	-	42,601
3,092	149	891	-	8,202
3,726	27	789	-	3,195
53,493	-	341,504	2,396	(78,335)
-	-	(68,728)	-	-
-	-	(10,236)	-	(959)
-	-	(245,842)	-	959

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Fund Balance (Deficit) January 1</b>
<b>Capital Projects Fund Jobs</b>	
WRWD Projects (Continued)	
Project #31 - Hegne Township Ditch	21,607
Project #32 - Hegne Anthony Cutoff	12,667
Project #34 - Lat. B Mahnomen #3	18,228
Project #35 - Sande Detention	(3,008)
Project #36 - Marsh Creek #3	(2,153)
Project #38 - Rockwell Dam	(10,113)
Project #39 - Mashaug Dam	(636)
Project #40 - Dalen Coulee	12,789
Project #42	
South Branch Storage	(133,934)
Phase #1 - Wetland Review	(66)
Phase #2 - Channel Alt.	(1,416)
Phase #3 - Final Design and Construction	(1,376)
Phase #4 - Land Acquisition Assistance	-
Phase #5 - Richards Property Survey	-
Phase #6 - Richards Data	-
#329 - Upper Becker	-
#330 - Upper Becker Design	-
#331 - CD #18 Geotech and Design	-
#01 Cost Share Funds - RRWMB	-
Ditch Systems	
Norman CD #11	6,007
Norman CD #12	9,831
Norman CD #15	1,326
Norman CD #18	29,185
Norman CD #18, Lat. #1	1,007
Norman CD #21	(11)
Norman CD #22	1,913
Norman CD #37	(5,994)
JD #53 - Main	(49,198)
JD #53, Lat. #1	12,612
JD #53, Lat. #2	23,038
JD #56	9,133
JD #56, Lat. #1	19,706
Clay CD #6	1,806
Clay CD #7	2,565
Clay CD #8	(695)
Clay CD #14	(4,602)
Phase #3 Design and Construction	(48,691)
Clay CD #18	(2,638)
Clay CD #42	58
Clay CD #44	6,825
Clay CD #52	8,205

**Schedule 3**  
**(Continued)**

<u>Receipts</u>		<u>Disbursements</u>		<u>Fund</u>
<u>Revenue</u>	<u>Allocated Interest Earned</u>	<u>Direct</u>	<u>Allocated Interest Charged</u>	<u>Balance (Deficit) December 31</u>
37	315	22,454	-	(495)
5,538	335	1,452	-	17,088
1,424	443	225	-	19,870
-	-	(2,542)	72	(538)
-	-	307	55	(2,515)
-	-	5,868	261	(16,242)
-	-	238	18	(892)
2,268	324	538	-	14,843
720,276	-	1,165,500	1,448	(580,606)
-	-	13,695	-	(13,761)
-	-	3,110	-	(4,526)
-	-	18,552	-	(19,928)
-	-	3,774	-	(3,774)
-	-	4,124	-	(4,124)
-	-	3,997	-	(3,997)
-	-	32,127	-	(32,127)
-	-	81,412	-	(81,412)
-	-	84,708	-	(84,708)
600,000	-	-	-	600,000
-	142	69	-	6,080
8,268	294	1,735	-	16,658
50	31	232	-	1,175
-	660	3,843	-	26,002
-	24	-	-	1,031
359	1	200	-	149
-	-	-	7	1,906
5,002	-	4,783	72	(5,847)
30,446	-	77,187	1,407	(97,346)
5,984	354	3,404	-	15,546
-	542	2,659	-	20,921
18,437	378	1,804	-	26,144
-	471	281	-	19,896
1,563	49	2,650	-	768
-	61	-	-	2,626
1,782	-	272	2	813
8,323	-	50,166	1,189	(47,634)
-	-	(48,691)	-	-
4,527	-	6,685	84	(4,880)
701	7	446	-	320
22	161	408	-	6,600
-	195	20	-	8,380

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Fund Balance (Deficit) January 1</b>
<b>Capital Projects Fund Jobs (Continued)</b>	
FEMA 2000	
FEMA 2000	1,279
TV Outlet PW 385 - '00	7,807
Project #2 - '00 PW #374	6,194
Project #6 - '00 Lake Ida	(3,920)
Project #9 - Reimbursements	7,022
'00 Heiraas Tree Removal	3,145
Phase #10 - '00 PW #143	(5,695)
Phase #9 - '00 PW #347	(519)
Phase #8 - '00 PW #350	(222)
Phase #7 - '00 PW #363 Heiraas Bank Repair	54,011
Phase #6 - '00 PW #375	19,435
Project #16	(766)
Project #20 - PW #351 - '00	(379)
Project #30 - PW #340 - '00	(5,207)
Project #36 - PW #333 - '00	(3,324)
JD #53 Main - PW #373 - '00	5,082
JD #53 Main - PW #357 - '00	(3,223)
JD #53, #1 - PW #358 - '00	1,844
JD #53, #2 - '00	(586)
JD #56, Lat. #1 - PW #421 - '00	4,906
2000 Administration	(2,421)
FEMA 2002	
FEMA 2002	19,697
Project #34 - '02	(688)
Project #27 - '02	(451)
Phase #13 - '02	(47)
#0 Administration	(6,987)
#1 PW #079, JD #56	(387)
#2 PW #079, JD #37	(336)
#3 PW #079, JD #51	(877)
#4 PW #080, JD #56, Lat. #1	935
#5 PW #028, Project #31	(5,344)
#6 PW #081, Project #9 Se	7,169
#7 PW #016, Project #9 Sk	(31,816)
#8 PW #027, CD #12	(590)
#9 PW #032, CD #18a	2,570
#10 PW #033, CD #18b	303
#11 PW #053, Project #9 Heiraas	(4,728)
#12 PW #076, JD #51	15,206
#13 PW #082, JD #53, Lat. #1	693
#14 PW #082, JD #53, Lat. #2	812
#15 PW #083, JD #53	(13,048)
#16 PW #084, JD #56 A, B, Prev	(3,715)

**Schedule 3**  
**(Continued)**

<u>Receipts</u>		<u>Disbursements</u>		<u>Fund</u>
<u>Revenue</u>	<u>Allocated Interest Earned</u>	<u>Direct</u>	<u>Allocated Interest Charged</u>	<u>Balance (Deficit) December 31</u>
-	1,952	-	-	3,231
-	-	-	-	7,807
-	-	-	-	6,194
-	-	-	-	(3,920)
-	-	-	-	7,022
-	-	-	-	3,145
-	-	-	-	(5,695)
-	-	-	-	(519)
-	-	-	-	(222)
-	-	-	-	54,011
-	-	-	-	19,435
-	-	-	-	(766)
-	-	-	-	(379)
-	-	-	-	(5,207)
-	-	-	-	(3,324)
-	-	-	-	5,082
-	-	-	-	(3,223)
-	-	-	-	1,844
-	-	-	-	(586)
-	-	-	-	4,906
-	-	-	-	(2,421)
-	-	-	14,967	4,730
-	-	-	-	(688)
-	-	-	-	(451)
-	-	-	-	(47)
-	-	3,779	-	(10,766)
-	-	-	-	(387)
-	-	-	-	(336)
-	-	-	-	(877)
-	-	-	-	935
-	-	-	-	(5,344)
-	-	-	-	7,169
-	-	-	-	(31,816)
-	-	-	-	(590)
-	-	-	-	2,570
-	-	-	-	303
-	-	-	-	(4,728)
-	-	-	-	15,206
-	-	-	-	693
-	-	-	-	812
-	-	-	-	(13,048)
-	-	-	-	(3,715)

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Fund Balance (Deficit) January 1</b>
<b>Capital Projects Fund Jobs</b>	
FEMA 2002 (Continued)	
#17 PW #085, Lockhart	(1,927)
#18 PW #054, Lockhart	(4,031)
#19 PW #086, Project #19	813
#20 PW #087, Project #20, Lat. #1 & 2	(2,318)
#21 PW #050, Project #25, CD #38	1,009
#22 PW #088, Project #27	(1,841)
#23 PW #089, Project #30	(20,702)
#24 PW #090, Project #34	2,048
#25 PW #091, Project #9 Fa-f	4,905
#26 PW #092, Project #9 Sa,a,b,c,g,h	(3,343)
#27 PW #092, Project #9 Sd	7,280
#28 PW #092, Project #9 Si	(1,301)
#29 PW #092, Project #9 Sl	(25,683)
#30 PW #092, Ditch #37	83
#31 PW #093, TV 01a	(5,631)
#32 PW #093, TV 01b	(2,504)
#33 PW #094, Ditch #6	(7,985)
#34 PW #065, Northern Improvement Dam A	1,981
#35 PW #066, Northern Improvement Dam D	73
#36 PW #067, Moccasin Dam - A	(419)
#37 PW #068, Moccasin Dam - D	(24,111)
#38 PW #070, Mashaug Dam - A	8,961
#39 PW #070, Mashaug Dam - D	(1,824)
#40 PW #072, Marsh Creek 3 - D	(10,160)
#41 PW #073, Sande Detention	(3,884)
#42 PW #075, Green Meadow Dam	504
#43 PW #069, Heiberg Dam	(29,998)
2002 Heiberg Dam repair	(114,060)
Phase #2 - Construction	(341,912)
Phase #3 - Construction	(29,494)
FEMA - '00 Flood Recovery, PW #335	(3,749)
FEMA - '02 Emergency Flood Operation	(14,189)
FEMA - '02 Dam Site Investigation	4,940
FEMA 2006	
Administrative	(663)
Project #5	(77)
Project #9	(8,705)
Project #12	(806)
Project #19	(361)
Project #20	(167)
Project #30	(1,132)



**Schedule 3**  
**(Continued)**

<u>Receipts</u>		<u>Disbursements</u>		<u>Fund</u>
<u>Revenue</u>	<u>Allocated Interest Earned</u>	<u>Direct</u>	<u>Allocated Interest Charged</u>	<u>Balance (Deficit) December 31</u>
-	-	-	-	(1,927)
-	-	-	-	(4,031)
-	-	-	-	813
-	-	-	-	(2,318)
-	-	-	-	1,009
-	-	-	-	(1,841)
-	-	-	-	(20,702)
-	-	-	-	2,048
-	-	-	-	4,905
-	-	-	-	(3,343)
-	-	-	-	7,280
-	-	-	-	(1,301)
-	-	-	-	(25,683)
-	-	-	-	83
-	-	-	-	(5,631)
-	-	-	-	(2,504)
-	-	-	-	(7,985)
-	-	-	-	1,981
-	-	-	-	73
-	-	-	-	(419)
-	-	-	-	(24,111)
-	-	-	-	8,961
-	-	-	-	(1,824)
-	-	-	-	(10,160)
-	-	-	-	(3,884)
-	-	-	-	504
4,000	-	147	-	(26,145)
-	-	-	-	(114,060)
-	-	-	-	(341,912)
-	-	-	-	(29,494)
-	-	-	86	(3,835)
-	120	-	324	(14,393)
-	-	-	7	4,933
-	-	1,459	1,740	(3,862)
-	-	-	-	(77)
-	-	-	-	(8,705)
-	-	-	-	(806)
-	-	-	-	(361)
-	-	-	-	(167)
-	-	-	-	(1,132)

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Fund Balance (Deficit) January 1</b>
<b>Capital Projects Fund Jobs</b>	
FEMA 2006 (Continued)	
Norman CD #11 - Site #17	(207)
JD #53, Lat. #2 - #13, 14, & 17	(1,031)
JD #56 - Site #4	(77)
JD #56 - Site #5	(201)
JD #56 - Site #6	(96)
JD #56, Lat. #1 - Site #3	(83)
JD #53 Main - Site #16	(326)
JD #53, Lat. #1 - Site #13	(291)
JD #53, Lat. #1 - Site #15	(399)
<b>Total Capital Projects Fund Jobs</b>	<b>\$ 1,269,168</b>
<b>Total</b>	<b>\$ 1,418,421</b>

***Schedule 3***  
***(Continued)***

<b>Receipts</b>		<b>Disbursements</b>		<b>Fund Balance (Deficit) December 31</b>
<b>Revenue</b>	<b>Allocated Interest Earned</b>	<b>Direct</b>	<b>Allocated Interest Charged</b>	
-	-	-	-	(207)
-	-	-	-	(1,031)
-	-	-	-	(77)
-	-	-	-	(201)
-	-	-	-	(96)
-	-	-	-	(83)
-	-	18	-	(344)
-	-	8,660	-	(8,951)
-	-	-	-	(399)
<b>\$ 2,270,177</b>	<b>\$ 81,632</b>	<b>\$ 2,203,831</b>	<b>\$ 47,811</b>	<b>\$ 1,369,335</b>
<b>\$ 2,865,720</b>	<b>\$ 114,642</b>	<b>\$ 2,815,793</b>	<b>\$ 81,991</b>	<b>\$ 1,500,999</b>

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Fund Balance (Deficit) January 1</b>
<b>General Fund</b>	<b>\$ (14,014)</b>
<b>Special Revenue Fund Job</b>	
Red River Water Management Board (RRWMB) Management	<b>\$ 145,678</b>
<b>Capital Projects Fund Jobs</b>	
Works of Common Benefit	\$ 37,362
Federal Emergency Management Agency (FEMA) Funds Remainder '96	316
Permits	
General	(32,263)
Violations	(2,232)
Phase #6 - Pederson Brothers	(13)
Phase #19 - Brian Borgen Complaint	(13)
Phase #21 - Ueland Violation	(107)
Phase #27 - Vik Dike	(2,316)
Phase #29 - Klemetson/Eriickson	-
Phase #33 - Ambuch/Vik Violation	(410)
Phase #34 - Randy Chisholm Complaint	(341)
Phase #35 - Mark Chisholm Complaint	(232)
Phase #36 - Everett Darco Complaint	(875)
Phase #37 - Renner Complaint	(206)
Phase #38 - Terry Guttormson Complaint	(45)
Phase #39 - Joseph E. Kuechle Complaint	(268)
Phase #43 - Marv Thompson Complaint	-
Phase #46 - Airhart Violation	-
Phase #47 - Home Lake Complaint	-
Phase #48 - Dean Heitman	-
Phase #49 - Chisholm/Hanson Violation	-
Flood Mitigation Corps of Engineers (COE) 205	1,531
Wild Rice River (WRR) COE Feasibility Study	
General	(17,989)
Hydraulic Analysis Marsh Creek	(465)
RRWMB Construction	1,859,426
Legislative Funding	(9,580)
Mediation FDR Work Groups	
July '05 - '06	(190)
July '06 - '07	8,816
July '07 - '08	4,473
Survey and Data	15,056
Project Development	
Upper Felton Ditch	
Storage Investigation	42,169
Phase #1 - 2002 Administration, Legal, and Engineering	(12,946)
Phase #2 - 2002 Engineering Grant	(30,593)
Wiger Flood Storage Investigation	(4)

**Schedule 4**

<b>Receipts</b>		<b>Disbursements</b>		<b>Fund Balance (Deficit) December 31</b>
<b>Revenue</b>	<b>Allocated Interest Earned</b>	<b>Direct</b>	<b>Allocated Interest Charged</b>	
<b>\$ 245,079</b>	<b>\$ 16,246</b>	<b>\$ 290,605</b>	<b>\$ 17,693</b>	<b>\$ (60,987)</b>
<b>\$ 369,379</b>	<b>\$ 152</b>	<b>\$ 353,924</b>	<b>\$ 11</b>	<b>\$ 161,274</b>
\$ -	\$ 298	\$ 15,553	\$ -	\$ 22,107
-	4	-	-	320
-	-	12,304	244	(44,811)
150	-	144	82	(2,308)
-	-	-	-	(13)
38	-	38	-	(13)
-	-	(62)	-	(45)
-	-	1,157	-	(3,473)
-	-	(3,542)	-	3,542
-	-	(141)	-	(269)
-	-	(341)	-	-
-	-	(232)	-	-
-	-	(875)	-	-
-	-	(206)	-	-
-	-	(45)	-	-
-	-	(133)	-	(135)
-	-	25	-	(25)
-	-	727	-	(727)
-	-	538	-	(538)
-	-	441	-	(441)
-	-	263	-	(263)
-	18	(147)	-	1,696
-	-	49,030	463	(67,482)
-	-	-	-	(465)
368,316	21,683	464,045	29	1,785,351
-	-	16,204	282	(26,066)
-	-	-	-	(190)
-	-	-	-	8,816
-	-	-	-	4,473
57	206	-	-	15,319
-	-	43,538	19	(1,388)
-	-	(12,946)	-	-
-	-	(30,593)	-	-
-	-	-	-	(4)

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Fund Balance (Deficit) January 1</b>
<b>Capital Projects Fund Jobs</b>	
Project Development (Continued)	
Upper Moccasin Creek Flood Storage	(8)
Data Practices	(1,590)
Phase #2 - Bennett	(1,490)
Phase #3 - Borgen	(627)
South Branch - Off Channel Investigation	(23,269)
Riverwatch Stream Gauge Monitoring	(9)
Public Information/Media	(7,987)
Heiraas Lawsuit	(304)
Board of Water and Soil Resources - Ditch Mapping Grant	(22,758)
United States Geological Survey (USGS) - 264 South Branch Gauge Station	(48)
Flood Storage Investigation	(297)
2006 Water and Resource Development Account	(9,865)
USGS Sediment Investigation	(14,214)
Twin Valley (TV) Dam Reevaluation	(14,997)
Mahnomen Drainage Issues	(75,294)
Home Lake Department of Natural Resources Permit	(3,663)
Home Lake Storage #266	109
Soil and Water Conservation District Storage Sites #265	(14,368)
Wastweet Storage	(28)
Upper Felton - Alternative	(7,287)
Hendrum City Flood Insurance Studies (FIS) Review	(17)
Total Maximum Daily Load Study WRR	(2,141)
Water Management Investigation	(39,758)
Lakeman Culvert Issue	(474)
Heitman Project	(5,442)
Minnesota Pollution Control Agency Grant	10,000
Hydraulic Analysis - Marsh Creek	(1,736)
Upper Marsh Creek Storage	(509)
Vik Lawsuit	(20,414)
Felton Subwatershed Plan	(2,316)
Special Meetings #328	(2,948)
2009 Drainage System Modernization #334	(119)
Geographic Information Systems Wild Rice Watershed District (WRWD) Mapping #277	(423)
Data Request #280	(1,976)
South Branch Storage #284	(557)
City of Ada Levee Project #198	-
Lower WR RIM Project #337	-
Natural Resource Conservation District Small Projects #338	-
Norman/Mahnomen FIS Grant #339	-
Downstream Impact WG #340	-
Lower WRR Corridor Project	-
WRWD Projects	-

***Schedule 4***  
***(Continued)***

<u>Receipts</u>		<u>Disbursements</u>		<u>Fund</u>
<u>Revenue</u>	<u>Allocated Interest Earned</u>	<u>Direct</u>	<u>Allocated Interest Charged</u>	<u>Balance (Deficit) December 31</u>
-	-	-	-	(8)
-	-	-	-	(1,590)
-	-	(1,455)	1	(36)
-	-	(612)	-	(15)
-	-	-	-	(23,269)
-	-	-	-	(9)
-	-	-	1	(7,988)
-	-	-	4	(308)
-	-	(4,965)	-	(17,793)
-	-	9,950	34	(10,032)
-	-	(276)	-	(21)
-	-	(7,754)	3	(2,114)
10,000	1	18,313	-	(22,526)
-	-	(14,130)	9	(876)
47,092	-	22,561	330	(51,093)
-	-	(3,477)	2	(188)
-	-	(203)	1	311
-	-	16,290	121	(30,779)
-	-	-	-	(28)
-	-	(6,330)	12	(969)
-	-	-	-	(17)
-	-	3,828	32	(6,001)
-	-	22,666	757	(63,181)
-	-	(464)	-	(10)
-	-	(5,014)	2	(430)
-	-	-	-	10,000
-	-	(1,696)	1	(41)
-	-	(285)	3	(227)
-	-	107,158	1,232	(128,804)
-	-	(2,239)	1	(78)
-	-	-	40	(2,988)
15,000	16	1,789	-	13,108
-	-	(17,724)	6	17,295
621	-	217	23	(1,595)
-	-	(22,789)	9	22,223
-	-	212	2	(214)
-	-	36	-	(36)
-	-	650	-	(650)
-	-	268	-	(268)
-	-	260	-	(260)
-	-	36	-	(36)
-	-	3,412	19	(3,431)

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Fund Balance (Deficit) January 1</b>
<b>Capital Projects Fund Jobs (Continued)</b>	
Wetland Banking Program	
Anderson Wetland Restoration	(2,484)
Flood Mitigation Projects	
Acquisition/Demolition - DR 1175, Kesselberg	(3,101)
Norman County Rural Acquisition DR 1479	23,881
Acquisition - Digital Elevation Model 1333 General	8,004
Acquisition - DR 1370 - '02	(27,195)
Farm Ring Dikes	(96,945)
Acquisitions '06	(50,224)
Community Ring Dikes #336	-
Acquisitions '09	-
WRWD Projects	
Upper Reaches	(83,426)
Upper Reaches COE PL 84-99 - '02	(225)
Phase #6 - Judicial Ditch (JD) #51	(12,448)
2006 Slide Repairs JD #51	(917)
Marsh River Analysis	(15,719)
Northern Improvement Dam	(3,848)
Lake Ida Detention	1,471
Project #1 - Norman County Ditch (CD) #1	5,804
Project #2 - Heiberg Dam	44,505
Project #3 - Norman CD #20	12,119
Project #4 - Becker Dams	63,142
Project #5 - Norman Polk	206,526
Project #6 - Lake Ida	8,517
Project #8 - Moccasin Creek	(4,785)
Project #9 - South Branch	222,092
Project #10 - Mashaug Creek	(17)
Project #12 - WR Township Ditch	(15,136)
Project #13 - Olson Agassiz	16,055
Project #14 - Norman CD #45	14,344
Project #16 - Anthony Township	11,043
Project #17 - Lockhart Township	24,690
Project #18 - Norman CD #64	74,137
Project #19 - #35, 10 & 16	46,945
Project #20 - Clay JD #45, Lat. #1 & 2	90,822
Project #23 - Norman CD #34, Lat. #1	38,716
Project #25 - Norman CD #38	42,601
Project #27 - Lat. A Mahnomen #3	8,202
Project #29 - Atlanta Township	3,195
Project #30	
Anthony/Pleasantview/Green Meadow	(78,335)
Upper Basin Storage Investigation	(959)
Green Meadow Dam Construction	959



***Schedule 4***  
***(Continued)***

<u>Receipts</u>		<u>Disbursements</u>		<u>Fund</u>
<u>Revenue</u>	<u>Allocated Interest Earned</u>	<u>Direct</u>	<u>Allocated Interest Charged</u>	<u>Balance (Deficit) December 31</u>
-	-	1,782	53	(4,319)
-	-	(3,029)	32	(104)
-	247	23,326	-	802
-	83	7,818	-	269
24,740	62	(1,721)	284	(956)
167,726	-	297,484	523	(227,226)
14,513	-	17,884	760	(54,355)
-	-	102,060	251	(102,311)
-	-	16,649	88	(16,737)
118,242	-	103,237	1,765	(70,186)
-	-	(225)	-	-
-	-	(1,283)	-	(11,165)
-	-	-	-	(917)
-	-	(27,339)	-	11,620
-	-	(3,192)	5	(661)
3,990	24	1,757	-	3,728
3,878	89	3,551	-	6,220
5,616	627	1,039	-	49,709
532	167	61	-	12,757
14,175	932	3,552	-	74,697
14,267	2,819	13,228	-	210,384
53	117	-	-	8,687
-	-	3,077	56	(7,918)
40,244	2,950	106,030	-	159,256
-	-	(1)	-	(16)
4,827	-	2,475	209	(12,993)
7,520	245	1,526	-	22,294
2,034	202	491	-	16,089
-	94	7,805	-	3,332
2,472	346	469	-	27,039
8,527	1,042	1,311	-	82,395
7,216	618	9,194	-	45,585
33,096	1,009	58,083	-	66,844
-	529	62	-	39,183
-	582	82	-	43,101
1,977	122	265	-	10,036
3,398	57	950	-	5,700
54,401	-	14,579	938	(39,451)
-	-	-	-	(959)
-	-	-	-	959

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Fund Balance (Deficit) January 1</b>
<b>Capital Projects Fund Jobs</b>	
WRWD Projects (Continued)	
Project #31 - Hegne Township Ditch	(495)
Project #32 - Hegne Anthony Cutoff	17,088
Project #34 - Lat. B Mahnomen #3	19,870
Project #35 - Sande Detention	(538)
Project #36 - Marsh Creek #3	(2,515)
Project #38 - Rockwell Dam	(16,242)
Project #39 - Mashaug Dam	(892)
Project #40 - Dalen Coulee	14,843
Project #42	
South Branch Storage	(580,606)
Phase #1 - Wetland Review	(13,761)
Phase #2 - Channel Alt.	(4,526)
Phase #3 - Final Design and Construction	(19,928)
Phase #4 - Land Acquisition Assistance	(3,774)
Phase #5 - Richards Property Survey	(4,124)
Phase #6 - Richards Data	(3,997)
#329 - Upper Becker Geotech	(32,127)
#330 - Upper Becker Design	(81,412)
#331 - CD #18 Geotech and Design	(84,708)
Upper Becker Project Costs	-
#01 Cost Share Funds - RRWMB	600,000
Ditch Systems	
Norman CD #11	6,080
Norman CD #12	16,658
Norman CD #15	1,175
Norman CD #18	26,002
Norman CD #18, Lat. #1	1,031
Norman CD #21	149
Norman CD #22	1,906
Norman CD #37	(5,847)
JD #53 - Main	(97,346)
JD #53, Lat. #1	15,546
JD #53, Lat. #2	20,921
JD #56	26,144
JD #56, Lat. #1	19,896
Clay CD #6	768
Clay CD #7	2,626
Clay CD #8	813
Clay CD #14	(47,634)
Clay CD #18	(4,880)
Clay CD #42	320
Clay CD #44	6,600
Clay CD #52	8,380

***Schedule 4***  
***(Continued)***

<u>Receipts</u>		<u>Disbursements</u>		<u>Fund</u>
<u>Revenue</u>	<u>Allocated Interest Earned</u>	<u>Direct</u>	<u>Allocated Interest Charged</u>	<u>Balance (Deficit) December 31</u>
9,576	20	3,767	-	5,334
5,545	257	176	-	22,714
1,473	277	164	-	21,456
-	-	7,467	15	(8,020)
-	-	297	37	(2,849)
-	-	(15,850)	6	(398)
-	-	(681)	2	(213)
5,664	238	1,397	-	19,348
120,244	-	270,760	6,310	(737,432)
-	-	-	-	(13,761)
-	-	-	-	(4,526)
-	-	2,706	-	(22,634)
-	-	9,763	-	(13,537)
-	-	-	-	(4,124)
-	-	646	-	(4,643)
-	-	12,271	-	(44,398)
-	-	48,872	-	(130,284)
-	-	51,221	-	(135,929)
-	-	28,836	-	(28,836)
-	-	-	-	600,000
-	83	49	-	6,114
5,351	250	186	-	22,073
2,758	383	110	-	4,206
276	-	298	-	25,980
-	14	-	-	1,045
1,793	8	44	-	1,906
-	-	-	4	1,902
9,309	-	2,416	29	1,017
37,471	-	28,986	1,424	(90,285)
3,844	194	5,219	-	14,365
-	275	1,838	-	19,358
27,716	534	4,475	-	49,919
7,886	287	2,849	-	25,220
4,503	22	4,367	-	926
-	36	-	-	2,662
4,021	37	357	-	4,514
23,396	-	792	496	(25,526)
8,601	-	28,335	133	(24,747)
2,561	20	-	-	2,901
1,082	89	766	-	7,005
625	113	601	-	8,517

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u><b>Fund Balance (Deficit) January 1</b></u>
<b>Capital Projects Fund Jobs (Continued)</b>	
FEMA 2000	
FEMA 2000	3,231
TV Outlet PW 385 - '00	7,807
Project #2 - '00 PW #374	6,194
Project #6 - '00 Lake Ida	(3,920)
Project #9 - Reimbursements	7,022
'00 Heiraas Tree Removal	3,145
Phase #10 - '00 PW #143 Bridge Repair	(5,695)
Phase #9 - '00 PW #347	(519)
Phase #8 - '00 PW #350	(222)
Phase #7 - '00 PW #363	
Heiraas Bank Repair	54,011
Phase #6 - FEMA '00 PW #375	19,435
Project #16	(766)
Project #20 - PW #351 - '00	(379)
Project #30 - PW #340 - '00	(5,207)
Project #36 - PW #333 - '00	(3,324)
JD #53 Main - PW #373 - '00	5,082
JD #53 Main - PW #357 - '00	(3,223)
JD #53, #1 - PW #358 - '00	1,844
JD #53, #2 - '00	(586)
JD #56, Lat. #1 - PW #421 - '00	4,906
2000 Administration	(2,421)
FEMA 2002	
FEMA 2002	4,730
Project #34 - '02	(688)
Project #27 - '02	(451)
Phase #13 - FEMA '02	(47)
#0 FEMA Administration	(10,766)
#1 PW #079, JD #56	(387)
#2 PW #079, JD #37	(336)
#3 PW #079, JD #51	(877)
#4 PW #080, JD #56, Lat. #1	935
#5 PW #028, Project #31	(5,344)
#6 PW #081, Project #9 Se	7,169
#7 PW #016, Project #9 Sk	(31,816)
#8 PW# 027, CD #12	(590)
#9 PW #032, CD #18a	2,570
#10 PW #033, CD #18b	303
#11 PW #053, Project #9 Heiraas	(4,728)
#12 PW #076, JD #51	15,206
#13 PW #082, JD #53, Lat. #1	693
#14 PW #082, JD #53, Lat. #2	812
#15 PW #083, JD #53	(13,048)
#16 PW #084, JD #56 A, B, Prev	(3,715)

***Schedule 4***  
***(Continued)***

<u>Receipts</u>		<u>Disbursements</u>		<u>Fund</u>
<u>Revenue</u>	<u>Allocated Interest Earned</u>	<u>Direct</u>	<u>Allocated Interest Charged</u>	<u>Balance (Deficit) December 31</u>
-	868	133,829	-	(129,730)
-	-	-	-	7,807
-	-	4,643	-	1,551
-	-	(5,061)	-	1,141
-	-	4,911	-	2,111
-	-	2,449	-	696
-	-	(69,061)	-	63,366
-	-	(1,350)	-	831
-	-	(480)	-	258
-	-	5,960	-	48,051
-	-	15,615	-	3,820
-	-	(736)	-	(30)
-	-	(583)	-	204
-	-	(5,279)	-	72
-	-	(3,595)	-	271
-	-	3,363	-	1,719
-	-	(3,470)	-	247
-	-	90	-	1,754
-	-	(563)	-	(23)
-	-	3,535	-	1,371
-	-	(2,214)	-	(207)
-	-	-	3,778	952
-	-	(688)	-	-
-	-	(451)	-	-
-	-	(47)	-	-
-	-	8,931	-	(19,697)
-	-	(387)	-	-
-	-	(336)	-	-
1,775	-	898	-	-
1,714	-	2,649	-	-
23,550	-	18,206	-	-
21,178	-	28,347	-	-
-	-	(31,816)	-	-
868	-	278	-	-
2,974	-	5,544	-	-
3,167	-	3,470	-	-
-	-	(4,728)	-	-
14,460	-	29,666	-	-
-	-	693	-	-
17,791	-	18,603	-	-
25,443	-	12,395	-	-
6,773	-	3,058	-	-

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Fund Balance (Deficit) January 1</b>
<b>Capital Projects Fund Jobs</b>	
FEMA 2002 (Continued)	
#17 PW #085, Lockhart	(1,927)
#18 PW #054, Lockhart	(4,031)
#19 PW #086, Project #19	813
#20 PW #087, Project #20, Lat. #1 & 2	(2,318)
#21 PW #050, Project #25, CD #38	1,009
#22 PW #088, Project #27	(1,841)
#23 PW #089, Project #30	(20,702)
#24 PW #090, Project #34	2,048
#25 PW #091, Project #9 Fa-f	4,905
#26 PW #092, Project #9 Sa,a,b,c,g,h	(3,343)
#27 PW #092, Project #9 Sd	7,280
#28 PW #092, Project #9 Si	(1,301)
#29 PW #092, Project #9 Sl	(25,683)
#30 PW #092, Ditch #37	83
#31 PW #093, TV 01a	(5,631)
#32 PW #093, TV 01b	(2,504)
#33 PW #094, Ditch #6	(7,985)
#34 PW #065, Northern Improvement Dam A	1,981
#35 PW #066, Northern Improvement Dam D	73
#36 PW #067, Moccasin Dam - A	(419)
#37 PW #068, Moccasin Dam - D	(24,111)
#38 PW #070, Mashaug Dam - A	8,961
#39 PW #070, Mashaug Dam - D	(1,824)
#40 PW #072, Marsh Creek 3 - D	(10,160)
#41 PW #073, Sande Detention	(3,884)
#42 PW #075, Green Meadow Dam	504
#43 PW #069, Heiberg Dam	(26,145)
2002 Heiberg Dam Repair	(114,060)
Phase #2 - Construction	(341,912)
Phase #3 - Construction	(29,494)
FEMA - '00 Flood Recovery, PW #335	(3,835)
FEMA - '02 Emergency Flood Operation	(14,393)
FEMA - '02 Dam Site Investigation	4,933
FEMA 2006	
Administrative	(3,862)
Project #5	(77)
Project #9	(8,705)
Project #12	(806)
Project #19	(361)
Project #20	(167)
Project #30	(1,132)
Norman CD #11 - Site #17	(207)
JD #53, Lat. #2 - #13, 14, & 17	(1,031)

***Schedule 4***  
***(Continued)***

<u>Receipts</u>		<u>Disbursements</u>		<u>Fund</u>
<u>Revenue</u>	<u>Allocated Interest Earned</u>	<u>Direct</u>	<u>Allocated Interest Charged</u>	<u>Balance (Deficit) December 31</u>
3,335	-	1,408	-	-
19,252	-	15,221	-	-
6,116	-	6,929	-	-
6,821	-	4,503	-	-
1,515	-	2,524	-	-
1,849	-	8	-	-
22,890	-	2,188	-	-
2,299	-	4,347	-	-
11,168	-	16,073	-	-
48,103	-	44,760	-	-
-	-	7,280	-	-
-	-	(1,301)	-	-
-	-	(25,683)	-	-
-	-	83	-	-
20,746	-	15,115	-	-
-	-	(2,504)	-	-
7,620	-	(365)	-	-
2,325	-	4,306	-	-
6,221	-	6,294	-	-
1,080	-	661	-	-
30,050	-	5,939	-	-
8,963	-	17,924	-	-
2,870	-	1,046	-	-
30,383	-	20,223	-	-
1,524	-	(2,360)	-	-
1,285	-	1,789	-	-
-	-	(139,887)	-	113,742
-	-	-	-	(114,060)
33,062	-	(308,896)	-	46
-	-	(29,767)	-	273
-	-	(3,601)	38	(272)
6,014	30	(2,579)	144	(5,914)
6,351	-	6,060	2	5,222
-	-	60	363	(4,285)
-	-	-	-	(77)
-	-	-	-	(8,705)
-	-	-	-	(806)
-	-	-	-	(361)
-	-	-	-	(167)
-	-	57	-	(1,189)
-	-	-	-	(207)
-	-	-	-	(1,031)

**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

**SCHEDULE OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Fund Balance (Deficit) January 1</b>
<b>Capital Projects Fund Jobs</b>	
FEMA 2006 (Continued)	
JD #56 - Site #4	(77)
JD #56 - Site #5	(201)
JD #56 - Site #6	(96)
JD #56, Lat. #1 - Site #3	(83)
JD #53 Main - Site #16	(344)
JD #53, Lat. #1 - Site #13	(8,951)
JD #53, Lat. #1 - Site #15	(399)
FEMA 2009	
FEMA 2009	-
#350 - '09 FEMA & Flood Fight	-
#1, PW #5	-
#2, PW #6	-
#3, PW #7	-
#4, PW #8	-
#5, PW #9	-
#6, PW #10	-
#7 - Site #52	-
#8 & 9	-
#10	-
#11 - Project #12	-
#12	-
#13	-
#15 - Site #40	-
	-
<b>Total Capital Projects Fund Jobs</b>	<b>\$ 1,369,335</b>
<b>Total</b>	<b>\$ 1,500,999</b>



***Schedule 4***  
***(Continued)***

<b>Receipts</b>		<b>Disbursements</b>		<b>Fund</b>
<b>Revenue</b>	<b>Allocated Interest Earned</b>	<b>Direct</b>	<b>Allocated Interest Charged</b>	<b>Balance (Deficit) December 31</b>
-	-	-	-	(77)
-	-	-	-	(201)
-	-	-	-	(96)
-	-	-	-	(83)
-	-	-	-	(344)
-	-	-	-	(8,951)
-	-	-	-	(399)
-	-	-	162	(162)
67,301	-	27,105	-	40,196
-	-	338	-	(338)
-	-	57	-	(57)
-	-	57	-	(57)
-	-	1,322	-	(1,322)
-	-	2,217	-	(2,217)
-	-	22,936	-	(22,936)
-	-	2,254	-	(2,254)
-	-	255	-	(255)
-	-	1,802	-	(1,802)
-	-	37,012	-	(37,012)
-	-	213	-	(213)
-	-	697	-	(697)
-	-	13,393	-	(13,393)
<b>\$ 1,727,249</b>	<b>\$ 39,224</b>	<b>\$ 1,893,315</b>	<b>\$ 21,671</b>	<b>\$ 1,220,822</b>
<b>\$ 2,341,707</b>	<b>\$ 55,622</b>	<b>\$ 2,537,844</b>	<b>\$ 39,375</b>	<b>\$ 1,321,109</b>

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**WILD RICE WATERSHED DISTRICT  
ADA, MINNESOTA**

*Schedule 5*

SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009

**I. INTERNAL CONTROL OVER FINANCIAL REPORTING**

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

07-1 Segregation of Duties

Due to the limited number of office personnel, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Wild Rice Watershed District; however, the District's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

We recommend that the District's Board and management be aware of the absence of segregation of the accounting functions and implement oversight procedures and monitor those procedures to ensure that internal control policies and procedures are effective.

Client's Response:

*We have become more aware of this and are consciously trying to make sure that we work on this issue. With deposits, expenses, checks, payments, and bills especially, the Administrator and/or the Chairman or Treasurer review them.*

07-2 Preparation of Financial Statements

The District's management is responsible for the preparation of the District's financial statements. Financial statement preparation requires internal controls over both: (1) recording, processing, and summarizing accounting data (maintaining internal books and records); and (2) preparing and reporting appropriate government-wide and fund financial statements, including the related notes to the financial statements.

As is the case with many small and medium-sized entities, however, the District has relied on its independent external auditors to assist in the preparation of the basic financial statements, including notes to the financial statements, as part of its external financial reporting process. Accordingly, the District's ability to prepare financial statements is based, at least in part, on its reliance on its external auditors, who cannot by

definition be considered part of the government's internal control. This condition was caused by the District's decision that it is more cost effective to have its auditors prepare its annual basic financial statements than to incur the time and expense of obtaining the necessary training and expertise required to prepare the financial statements internally. As a result of this condition, the government lacks internal controls over the preparation and reporting of financial information.

We recommend the District obtain the training and expertise to internally prepare its annual financial statements. If the District still intends to have its external auditor assist in preparation then, at a minimum, the District must identify and train individuals to obtain the expertise that can sufficiently review, understand, and approve the District's financial statements, including notes. As an alternative, the District could consider using an independent outside consultant to assist in preparing its basic financial statements.

Client's Response:

*This has been discussed internally and with the Chairman of the Board. A goal is to have an outside consultant come in, or we send reports to him once a month or bi-monthly, to review and assist us.*

ITEMS ARISING THIS YEAR

09-1 Documenting and Monitoring Internal Controls

The District's management is responsible for the District's internal control over financial reporting. This responsibility requires performing an assessment of existing controls over significant functions used to produce financial information for the Board, management, and for external financial reporting. The risk assessment is intended to determine if the internal controls that have been established by District management are still effective or if changes are needed to maintain a sound internal control structure. Changes may be necessary due to such things as organizational restructuring, updates to information systems, or changes to services being provided. Although the District may informally assess risks and adjust internal control procedures to address those risks, there are no formal procedures or documentation of those procedures in place.

At a minimum, the following significant internal control areas should be documented:

- cash and investment activities;
- capital assets (capitalization process and related depreciation);

- major funding sources (taxes, special assessments, intergovernmental receipts, charges for services, and miscellaneous items); and
- disbursement processing.

We recommend the District's management document the significant internal controls in its accounting system, including an assessment of risk and the processes used to minimize the risks. We also recommend that a formal plan be developed that calls for monitoring the internal control structure on a regular basis, no less than annually. The monitoring activity should also be documented to show the results of the review, any changes required, and who performed the work.

Client's Response:

*Within our disbursement processing, we now have two staff doing the billings. It is a good management practice as someone is always here who can do it if the other is gone, and it is a way to track each other's work. Also in the future, the Administrator would like to become knowledgeable regarding this.*

09-2 Audit Adjustments

A control deficiency 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 of the financial statements on a timely basis. One control deficiency that typically is considered significant is identification by the auditor of a material misstatement in the financial statements not initially identified by the entity's internal controls, even if management subsequently corrects the misstatement.

During our audit, we identified material adjustments in the General Fund, Special Revenue Fund, and the Capital Projects Fund. Material adjustments were necessary in both 2008 and 2009 to properly classify receipts for taxes, special assessments, and intergovernmental.

- An entry was made in the 2008 General Fund to reclassify \$174,524 from intergovernmental receipts and \$47,086 from general administration disbursements to tax receipts. An entry was made in the 2009 General Fund to reclassify \$222,879 from intergovernmental to tax receipts.

- An entry was made in the 2008 Special Revenue Fund to reclassify \$236,062 from intergovernmental receipts and \$64,190 from Red River Water Management Board (RRWMB) management and construction disbursements to tax receipts. An entry was made in the 2009 Special Revenue Fund to reclassify \$335,999 from intergovernmental to tax receipts.
- Entries were made in the 2008 Capital Projects Fund to reclassify \$237,018 from intergovernmental receipts and \$64,190 from RRWMB management and construction disbursements to taxes, and to reclassify \$254,690 from intergovernmental receipts, \$4,564 from project development disbursements, \$24,808 from ditch system disbursements, and \$75,445 from other projects and studies disbursements to special assessments receipts. Finally, the 2008 Capital Projects Fund was adjusted to reclassify \$3,678 from project development disbursements, \$21,061 from flood mitigation project disbursements, and \$645,555 from other projects and studies disbursements to intergovernmental receipts for grants received from the Minnesota Department of Natural Resources. Entries were made to the 2009 Capital Projects Fund to reclassify \$336,056 from intergovernmental to tax receipts and reclassify \$489,917 from intergovernmental to special assessments receipts.

Proposed audit adjustments are reviewed and approved by the appropriate staff and are reflected in the financial statements. By definition, however, independent external auditors cannot be considered part of the government's internal control.

We recommend the District establish policies and procedures to ensure all revenues are properly recorded in the District's general ledger system.

09-3 Capital Asset Records

The District's management has established policies relating to thresholds, depreciation method, and the estimated useful lives of their capital assets; however, they have not established a system for recording the purchase, disposal, depreciation, and year-end balances of those assets. To report the appropriate balance in the Statement of Net Assets, the previous auditor provided us with their working papers listing the capital assets and accumulated depreciation through December 31, 2007. Additions, deletions, and other adjustments were determined for 2008 and 2009 by review of the general ledger and discussions with District staff.



The District's management should establish an ongoing system for identifying acquisitions, disposals, and depreciation of the District's capital assets that meet its capital asset policies. To ensure all changes to capital assets are recorded in the system, District staff should conduct a periodic physical inventory and adjust the capital asset records accordingly.

Client's Response:

*We will be working on this.*

09-4 Controls Over Collections

The District does not use pre-numbered receipts to document all collections and direct deposits at the time of collection. The District provides receipts for cash collections at the front desk, but the receipts are not pre-numbered. No review process is in place for reviewing the bank reconciliations prepared by the outside accountant.

Controls over collections would be improved if the District used pre-numbered receipts and prepared receipts for all collections. The use of pre-numbered receipts for all collections provides for a much better trail for management to verify that all collections were deposited timely and that all collections were properly posted to the accounting system. Copies of the voided receipts should be retained to document the reason for the break in the sequence. In addition to verifying collections are deposited timely and properly posted to the accounting system, District management should review the bank reconciliations prepared by the outside accountant. Reviewed procedures should be signed or initialed signifying the review was completed and no discrepancies were noted.

We recommend the District improve controls over collections by using pre-numbered receipts for all collections. We further recommend the Board consider the need for additional review procedures over the collection process after considering any risks associated with the collection process.

Client's Response:

*We have purchased a numbering receipt book. Along with that, copies of all the income is put in a binder folder along with the deposit copy. In addition, we add copies of the direct deposits to the bank.*

09-5 Controls Over Disbursements

During our review of the controls over disbursements, we noted the following:

- Of the 40 disbursements selected for testing for each year of the two years, District files were missing supporting documentation for 1 disbursement in 2008 and 3 disbursements in 2009.
- In 2008, a disbursement for a monthly lease was made in the amount of \$11,229.31 that should have been \$1,129.31. The error was subsequently found by the District, and the difference was refunded from the vendor.
- The District does not have review and approval procedures in place for verifying new vendors added to the disbursement system are legitimate vendors.

Controls should be in place to ensure all claims paid are supported with appropriate documentation, and they should be signed or initialed by the Administrator and the Board signifying approval of the claim and the accuracy of the amount. There should be an approval process in place for establishing new vendors to ensure only legitimate vendors are added to the system.

We recommend the District review its policies and procedures over disbursements to ensure that internal controls are in place and being followed so that disbursements made are supported with valid claims, are for the proper amounts, and are only to vendors approved by someone outside the disbursement process.

Client's Response:

*We will address the issue of supporting documentation. Rarely do we have new vendors, and when we do, they have usually been previously approved by the Board. However, when the Treasurer and/or Chairman review the bills, they would also notice the new vendor.*

## II. OTHER FINDINGS AND RECOMMENDATIONS

### A. MINNESOTA LEGAL COMPLIANCE

#### ITEMS ARISING THIS YEAR

##### 09-6 Offsite Board Meals

It appears Board members go to restaurants around the time of their Board meetings, and the District pays for their meals.

When Board members go to eat at a restaurant together, at least two compliance issues arise. First, whenever a quorum of the Board gets together, there are potential Open Meeting issues. While Board members are in a restaurant, they cannot be observed by the public as required by the Open Meeting Law. Any discussion of matters related to District business may result in a violation of the Open Meeting Law. Second, since Board members are not in travel status and the meals are not being provided on the District's premises, the value of these meals is taxable income to individual Board members.

We recommend that the Board discontinue going to restaurants as a group. If a Board meeting must be held during a meal time, food can be provided to Board members on site, avoiding both Open Meeting Law and taxability issues.

##### 09-7 Retroactive Salary Increases

On August 13, 2008, the District's Board approved a four percent cost of living increase for District staff retroactive to their anniversary dates. On October 8, 2008, the motion was amended approving the staff increases be applied towards increasing medical benefits. On August 12, 2009, the District's Board approved a three percent raise in salary and medical benefits retroactive to employment date and a \$250 per week increase during the time of no Administrator. The Administrator left employment on April 29, 2009.

In the State of Minnesota, public funds may be expended if "the purpose is a public one for which tax money may be used, and there is authority to make the expenditure, and the use is genuine. . . ." *Tousley v. Leach*, 230 N.W. 788, 789 (Minn. 1930). Minnesota courts generally construe "public purpose" to mean "such an activity as will serve as a benefit to the community as a body and which, at the same time, is directly related to the functions of government."

Visina v. Freeman, 89 N.W. 2d 635, 643 (Minn. 1958). The public purpose requirement applies to all funds expended by a public entity, not just revenues derived from taxation (Op. Atty. Gen. 107a-3, January 22, 1980).

The application of the public purpose doctrine to the granting of retroactive pay has been discussed at length in the previous opinions of the Attorney General (Op. Atty. Gen. 270-D, August 12 1977; 174E, March 24, 1970; 161b-4, December 3, 1965; 270-D, October 17, 1956). The key issue discussed in the Attorney General's opinions is whether there was consideration given in return. To have consideration in return, there must be an agreement with the employees or an established policy in advance of the effective date of the increase to apply any subsequently agreed-upon increase retroactive to that date. Without the agreement or policy, any retroactive pay is considered a gift, which serves no public purpose.

We recommend that, in the future, the District's Board settle on all employee increases in advance to the effective date of those increases; or the District could amend its employee handbook to expressly provide that changes in compensation will be effective on the employees' anniversary dates.

09-8

"A Time to Build" Lunch and Dinner

The District paid for a catered dinner on Wednesday, January 28, 2009, at a cost of \$1,905. It paid for a catered lunch on Saturday, April 5, 2008, at a cost of \$1,723. The lunch and dinner each preceded presentations to the public called "A Time to Build." Flyers urged, "Please join us for lunch [dinner] and do your part as a landowner to support Flood Damage Reduction in the Wild Rice Watershed District."

A public entity must have the authority (statutory or charter) to make an expenditure, and the expenditure must be for a public purpose. *See* Minn. Const., art. X, § 1 ("Taxes . . . shall be levied and collected for public purposes."). Op. Atty. Gen. 59a-22 (Dec. 4, 1934) (regardless of how desirable or commendable the purpose may be, public funds cannot be expended unless there is statutory or charter authority to do so). In Op. Atty. Gen. No. 59A-22 (Jan. 8, 1957), the Attorney General found that there was no authority for a city to spend money on refreshments.

We recommend the District discontinue paying for catered meals for the public.

Client's Response:

*In the future, if this type of thing is brought forward, we will remind the Board of your findings.*

B. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM NOT RESOLVED

07-3 Credit Card Policy

The District does not have a credit card policy. Watershed districts' use of credit cards is authorized and restricted by Minn. Stat. § 103D.325. Pursuant to the language of the statute, district credit cards should be used only by those officers and employees of the District otherwise authorized to make purchases on behalf of the watershed district. The statute further provides that if officers and employees make a purchase by credit card that is not approved by the managers, they become personally liable for the amount of the purchase.

The bills received from a credit card company lack sufficient detail to permit audit by the governing board. In order to pay these bills, the District must also have the invoices and receipts to support the items charged in the bill from the credit card company.

We recommend the District's Board develop a comprehensive credit card policy providing other safeguards for the District. A comprehensive policy should:

- identify the officers and employees who are authorized to make purchases on behalf of the District and are eligible to use the card,
- identify the particular purchases that are to be made with the credit card,
- set up a review process for all purchases made with the credit card,
- prohibit the use of a District credit card for personal purposes, and
- require supporting documentation.

The District's Board may also want to restrict the total amount of charges that can be made on District credit cards. This will help limit the District's exposure to theft or other improper use.

Client's Response:

*This has already been addressed. Our new administrator has chosen not to even have the credit card in his name; he will turn in invoices for reimbursement.*

ITEMS ARISING THIS YEAR

09-9

Outstanding Checks

The District does not have a policy in place to provide guidance on steps that should be taken to address old outstanding checks. During our review of the District's bank reconciliations, we noted several older checks that had been outstanding dating back to 2004. At December 31, 2008, the District had eight checks amounting to \$2,568.84 that had been outstanding for over a year, and at December 31, 2009, the District had ten checks amounting to \$3,976.84 that had been outstanding over a year.

The District should have a policy in place providing instructions on how and when staff should follow up on outstanding checks, at what point staff should request approval from the Board to write off the outstanding checks, and guidance to ensure compliance with Minn. Stat. §§ 345.37 and 345.41, which provides that unclaimed property is considered abandoned after three years and requires reporting and submitting the unclaimed property to the State Commissioner.

We recommend, for all checks outstanding more than one year, the District contact the payees to find out why the check has not been cashed and determine if the original check should be voided and a new check issued. For any of those checks that cannot be cleared up, we recommend the Board approve writing off the checks and, as necessary, the District should comply with Minn. Stat. §§ 345.37 and 345.41.

Client's Response:

*We will be taking care of this.*

09-10      Accounting System

The District uses Quick Books Pro 2007 to account for its daily transactions. The District reports activities for the General Fund, Special Revenue Fund, and the Capital Projects Fund in its annual financial statements. Although Quickbooks Pro 2007 provides for separate classes within the system, which allows them to track receipts and disbursements by fund category, the system does not provide separate year-end “balance sheet” balances for those funds.

As defined by the National Council on Governmental Accounting, “A fund is a separate, self balancing set of accounts used to account for resources that are segregated for specific purposes in accordance with special regulations, restrictions, or limitations.”

The District should have a general ledger system that will allow them to have a complete fund structure consisting of assets, liabilities, fund balance, receipts, and disbursements for each of its funds. In the case of the Capital Projects Fund, the system should provide for separate departments for each project.

The current system does not allow the Managers to get the data needed to make informed decisions.

Client’s Response:

*The Chairman of the Board is assisting the office staff in finding a replacement that is not too costly for the District.*

09-11      General Fund Deficit Balances

The General Fund had cash and fund balance deficits of \$14,014 at December 31, 2008, and \$60,987 at December 31, 2009.

These deficits resulted from the District incurring several years of disbursements in excess of receipts in the General Fund. Receipts have been limited to the collections of taxes and market value credit based on a \$250,000 levy and investment earnings, which have not been sufficient to cover disbursements. Maintaining a fund in a deficit condition is not good management practices.

We recommend the District Board monitor the financial activities of the General Fund and provide the resources necessary to maintain positive balances within the fund.

Client's Response:

*We have cut back considerably within the last year, and all of the costs related to the District vehicle have been cut, including the vehicle payment and the large amount of fuel costs related to that. In addition, the three outside consulting firms that were hired in 2008, which set us back considerably, approximately \$30,000, will not happen again. In addition, frivolous items in the office are not being purchased.*





REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

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### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND MINNESOTA LEGAL COMPLIANCE**

Board of Managers  
Wild Rice Watershed District

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Wild Rice Watershed District as of and for the years ended December 31, 2008 and 2009, in accordance with auditing standards generally accepted in the United States of America, we considered Wild Rice Watershed District's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over financial reporting 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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies listed in the Schedule of Findings and Recommendations as items 09-2 and 09-3 to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in the District's internal control over financial reporting, identified as items 07-1, 07-2, 09-1, 09-4, and 09-5 in the Schedule of Findings and Recommendations, to be significant deficiencies.

### Minnesota Legal Compliance

We have audited the financial statements of the governmental activities and each major fund of Wild Rice Watershed District as of and for the years ended December 31, 2008 and 2009, which collectively comprise the District's basic financial statements. 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 Local Government*, 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 Local Government* contains six 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, Wild Rice Watershed District complied with the material terms and conditions of applicable legal provisions except as described in the Schedule of Findings and Recommendations as items 09-6 through 09-8.

Also included in the Schedule of Findings and Recommendations are management practices comments. We believe these recommendations to be of benefit to Wild Rice Watershed District, and they are reported for that purpose.

Wild Rice Watershed District's written responses to the internal control, legal compliance, and management practices findings identified in our audit have been included in the Schedule of Findings and Recommendations. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 30, 2010