



TEAM

WORK





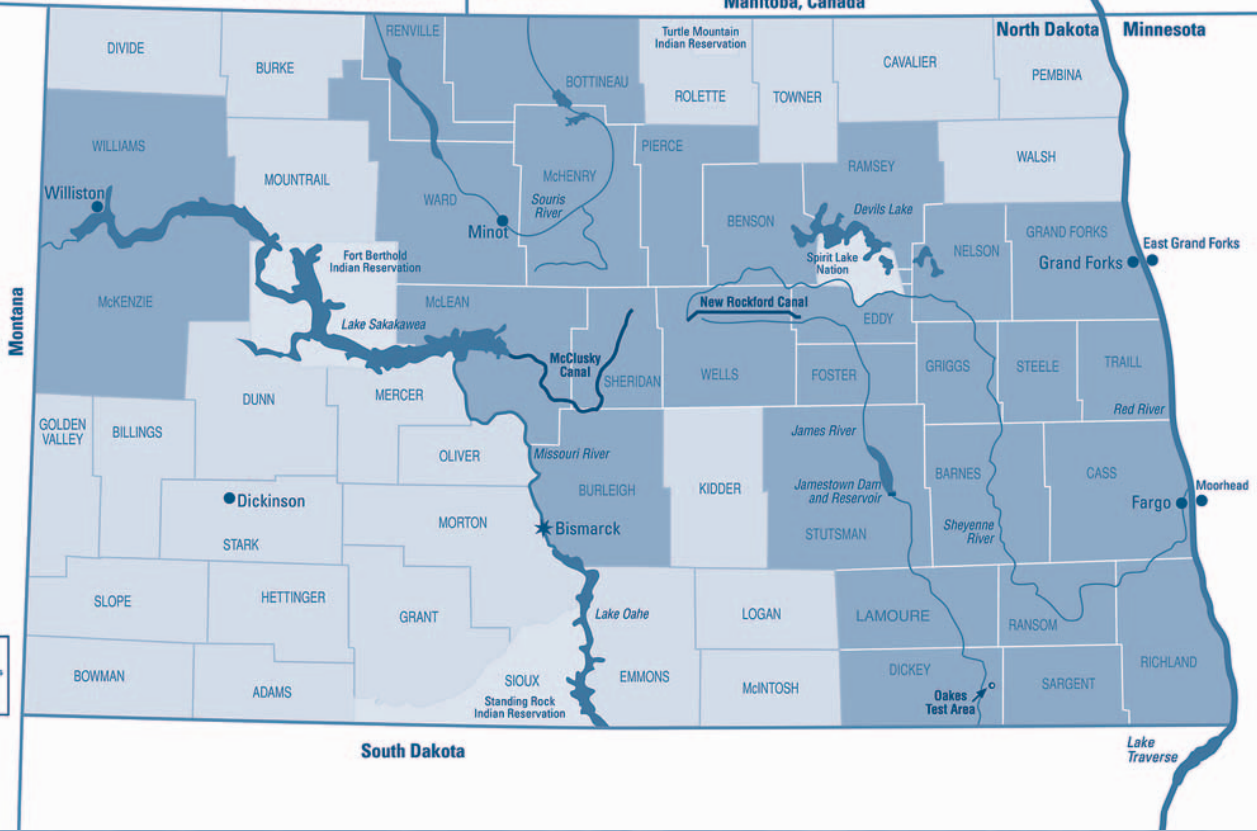


# GARRISON DIVERSION MAP

Saskatchewan, Canada

Manitoba, Canada

North Dakota Minnesota



**KEY**

- Garrison Diversion Conservancy District
- Other North Dakota Counties
- North Dakota Reservations

## A History of Teamwork





# 2004-2005 Board of Directors

*Back Row left to right:* John Peyerl, Ramsey County; LeRoy Johnson, Pierce County; Ken Vein, Grand Forks County; E. Ward Koeser, Williams County; Warren (Bud) Lyons, Ransom County; John Leininger, Griggs County; Richard Fugleberg, Steele County; Jon Lindgren, Cass County

*Middle Row left to right:* Steve Metzger, Foster County; Richard Cayko, McKenzie County; Charles Richter, Eddy County; Roger Johnson, Nelson County; Jim Burbidge, Renville County; Maynard Helgaas, Stutsman County; Lester Johnson, Richland County; Maurice Orn, Sargent County

*Front Row left to right:* Norman Rudel, Wells County; Kenny Rogers, Bottineau County; Alan Walter, Ward County; Rick Anderson, McLean County; Norman Haak, Dickey County; David Johnson, Benson County; Ken Royse, Burleigh County; Harlan Opdahl, Barnes County



*Rick Anderson*

Rick Anderson  
Chairman



*Dave Koland*

Dave Koland  
General Manager

*Not pictured:* Dennis Wendel, LaMoure County; Cliff Hanretty, McHenry County; Tim Schindler, Sheridan County; and Bill Krivarchka, Traill County.

Our Mission: To provide

## Executive Letter

Part of Garrison Diversion’s foundation has always been teamwork—working with other organizations in the water industry and within our own network to carry out our mission.

In working with the State Water Commission and several rural water systems, we have been able to help fund many worthwhile water supply projects in the state. This year, the MR&I program distributed more than \$13.5 million for water supply projects that will ensure a high-quality water supply for many citizens in need.

We also work with many entities within our member counties in order to offer new recreational opportunities. Nine projects were completed in 2005, and the Recreation Committee awarded matching recreation grants to 30 new projects. We are proud of our ability to help fund these valuable recreation projects.

Meeting the water supply needs of the Red River Valley also continues to be an important aspect for us. By partnering with organizations such as the Lake Agassiz Water Authority, the U.S. Bureau of Reclamation and state agencies, we are moving forward in finding a viable solution that will satisfy the drinking water demands of the Red River Valley. Together with Reclamation, we released the Red River Valley Water Supply Project Draft Environmental Impact Statement in December of 2005.

The work we have accomplished in 2005 is a testament to our devotion to water development in North Dakota. Through continued teamwork with other organizations in our industry and a focus on strengthening those bonds, we strive to fulfill our mission of providing a reliable, high-quality and affordable water supply for the benefit of North Dakota.



## MR&I

Providing municipal, rural and industrial (MR&I) water delivery and supply for areas of need in North Dakota continues to be an important part of Garrison Diversion's mission.

In partnership with the State Water Commission, we have helped fund projects that deliver needed water to homes and businesses throughout North Dakota.

### Recipients of MR&I funding in 2005 include

- > All Seasons Rural Water System IV - Bottineau
- > All Seasons Rural Water System V - Rugby
- > Langdon Rural Water Project Phase IV
- > McKenzie Rural Water System
- > Northwest Area Water Supply Phase I - Rugby
- > Northwest Area Water Supply Phase II - Minot
- > Ramsey County Rural Water System Expansion
- > Tri-County Expansion Project
- > Williams Rural Water Association Expansion.

Funds expended for MR&I water supply projects in 2005 totaled \$13,251,249.29.

A total of \$250,825.43 was spent from the Water Development and Research Fund. Projects receiving these funds included North Central Rural Consortium, North Valley Water District (Pembina Water Supply Project), Park River Water Supply System, Stutsman Rural Water and Traill Rural Water District (Galesburg Aquifer Study).

The delivery of a quality water supply is paramount in the growth and success of our state, which is why Garrison Diversion devotes a significant amount of its resources to MR&I funding.

a reliable, high quality





and affordable water supply

## Agriculture & Natural Resources

Garrison Diversion has continually made agriculture a priority. North Dakota farmers can benefit greatly from in-depth agricultural research. Garrison Diversion recognizes this; therefore, the Agriculture and Natural Resources Committee dedicates its time and budget to offering new opportunities to today's farmers and ranchers.

This year, the committee once again devoted a portion of its budget to the Oakes Irrigation Research Site in order to help fund research and develop irrigated agriculture programs that will benefit North Dakota farmers.

The committee strives to emphasize the importance of continuing research in the agriculture field and the implementation of outreach programs that inform farmers and ranchers of newly developed practices.



*Oakes Field Day Tour*

Garrison Diversion continues to advocate project pumping power for designated Garrison Diversion Unit projects.

We strongly support agricultural production, processing, marketing and high-value irrigation research for the benefit of North Dakota farmers and ranchers.



## O&M

The operation and maintenance (O&M) of Garrison Diversion Unit facilities is an important task. At the McClusky and New Rockford Canals and the Oakes Test Area, the O&M team is responsible for operating the facilities and providing routine maintenance. In addition, the O&M team also works to complete needed improvements at each site.



*Leveling the coffer dam at Snake Creek Pumping Plant*

for the benefit

Work completed this year at the McClusky Canal consisted of delivering 9,145 acre-feet of water through the head-works, repairing slides, rip rapping and beach belting the canal, fabricating and placing 56 fire rings in the Chain of Lakes recreation area. The O&M team provided routine maintenance, graveled the access roads, and installed locks on manholes at the New Rockford Canal. This past year at the Oakes Test Area, 1,322 acre-feet of water was delivered to water users. In addition, staff completed a geographical information system database, tested the use of air compressors for winterizing the system and cleaned approximately 20 miles of pipe drains.

In addition, Garrison Diversion's O&M team lowered the coffer dam at Snake Creek Pumping Plant. Lowering the coffer dam allows pumping operations to continue during low lake levels. At Lonetree Wildlife Management Area, the O&M staff installed a new restroom vault toilet, parking pad, two picnic pads and a sidewalk near Coal Mine Lake. Staff also provided maintenance assistance to Arrowwood

National Wildlife Refuge, Audubon National Wildlife Refuge and Kraft Slough. Also this year, the O&M crew performed erosion control work on White Shield's water intake structure.

*O&M workers performing maintenance activities at Dickinson Dam*



## Red River Valley

With the realization that a 1930s-type drought is likely to hit the Red River Valley within the next 50 years, Garrison Diversion has focused much of its efforts on finding a solution to the water supply shortages in the Red River Valley. If a 1930s-type drought hit the Red River Valley today, with current water demands, the Red River Valley would be short water every year with the worst monthly shortage at 46%.

Garrison Diversion, representing the state of North Dakota in developing the Red River Valley Water Supply Project, will continue to dedicate its resources to implementing a successful plan for the Valley's future drinking water supply.

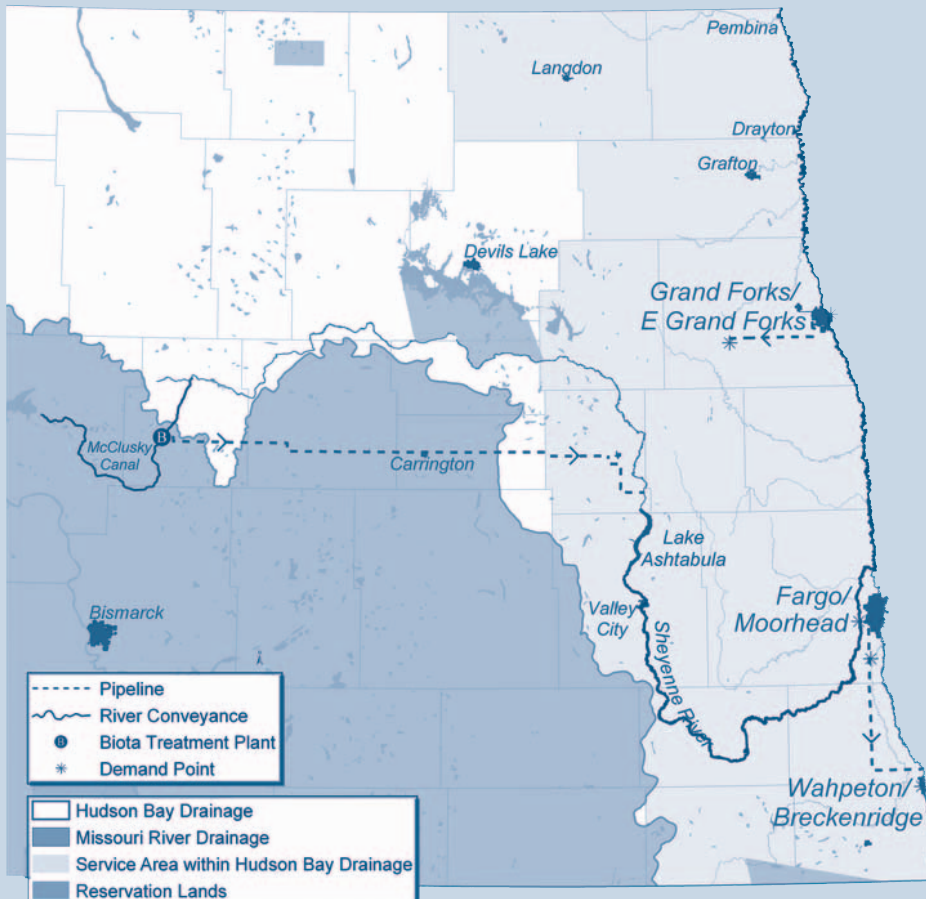
In October of 2005, the Garrison Diversion Board of Directors endorsed the state's preferred alternative for delivering drinking water to the Red River Valley.

As co-leads on the Red River Valley Water Supply Project's Environmental Impact Statement, Garrison Diversion and the Bureau of Reclamation released the Red River Valley Water Supply Project Draft Environmental Impact Statement in December 2005.



Red River Drought of 1970  
Photo courtesy of the Institute for Regional Studies, NDSU, Fargo

of North Dakota.



### North Dakota's Preferred Alternative for the Red River Valley Water Supply Project

North Dakota's preferred alternative would divert treated Missouri River water eastward through a buried pipeline. Using Lake Ashtabula as a regulating reservoir, the water would then proceed into the Sheyenne River and ultimately flow into the Red River, ensuring the Valley a much needed reliable supply of drinking water.

This alternative was selected for several reasons, including its environmental benefits and flexibility.



## Recreation

Garrison Diversion's development of recreational opportunities has enhanced many of North Dakota's towns, parks and water resources. Our matching recreation grant program continues to be a valuable program in ensuring that North Dakotans will be able to enjoy our state's natural environment for years to come. In 2005, 30 applicants were approved a total of over \$176,000 in matching grants.

With the emergence of nature-based tourism in North Dakota, Garrison Diversion has contributed to some key organizations who are working to advance the tourism industry in our state. In 2005, we assisted Birding Drives Dakota in sponsoring their third annual birding festival and the ND Nature & Rural Tourism Association in sponsoring their fourth annual conference.



Water will play a vital role in

### The following projects were awarded matching grants this year:

- Upgrading the Courthouse Park playground equipment in Carrington – Foster County
- Installing a boat ramp at Lincoln Drive Park in Grand Forks – Grand Forks County
- Purchasing playground equipment for the Grandin Park – Cass County
- Constructing a shelter and purchasing park benches for Harvey's Centennial Park – Wells County
- Constructing a shelter and storage shed and purchasing picnic tables and a swing set at Mercer's Memorial Park – McLean County
- Funding a beacon light project at the Minnewaukan boat dock area – Benson County
- Building a public restroom at Sheldon Lions Park – Ransom County
- Placing picnic tables at the Hoffer Lake Recreation Area near McClusky – Sheridan County
- Purchasing picnic tables for the day-use areas at the Jamestown Reservoir – Stutsman County
- Drilling a water well at the Tioga Municipal Golf Course – Williams County
- Improvements at the city park in Walcott – Richland County
- Developing Main Street Park in Verona – LaMoure County
- Constructing a mooring dock and fishing pier at Blacktail Dam – Williams County
- Upgrading electrical hook-ups at Blacktail Dam, Kota-Ray Dam and Epping/Spring Brook Dam – Williams County
- Installing a vapor light next to the boat ramp at Kimball Bottoms near Bismarck – Burleigh County
- Placing picnic shelters, expanding the playground, planting trees and installing a flagpole at West Side Park in Oakes – Dickey County
- Creating a skate park at Garrison – McLean County
- Funding a walking/biking path in Lakota – Nelson County
- Completing a restroom and shower facility at New Rockford's North Campground – Eddy County





Construction of playground equipment at the Fessenden Park



Fishing in the McClusky Canal

# North Dakota's future...water for

- Installing concrete privies at Clausen Springs, and marketing the Sheyenne Valley National Scenic Byway – Barnes County
- Developing a 12-hole disc golf course at the city park in Carrington – Foster County
- Purchasing 20 picnic tables for LaMoure County Memorial Park – LaMoure County
- Construction of a boat ramp for Lincoln Drive Park in Grand Forks – Grand Forks County
- Installing playground equipment at Jaycee's Park in Watford City – McKenzie County
- Buying and placing interpretive signage, park benches and trees along the Rugby shared use path – Pierce County
- Renovating the campground at Sandager Park in Lisbon – Ransom County
- Enlarging the beach and adding a fishing pier and boat dock at Silver Lake – Sargent County
- Making improvements and replacements at Willowood Campground in Mayville – Traill County

- Upgrading the RV area at the North Dakota State Fair Park – Ward County
- Improving the playground area at Old Settler's Park in Burlington – Ward County
- Purchasing a jungle gym for the Fessenden Park – Wells County
- Placing a vault toilet at Cut Bluff Overlook in Williston – Williams County

Walking along McClusky Canal







*Low Red River water levels, Summer 2002*

individuals, families, industries

## Management Discussion & Analysis

### Introduction

The North Dakota legislature created the Garrison Diversion Conservancy District in 1955. The 28 North Dakota counties that comprise the district each elect a citizen to the Garrison Diversion Conservancy District Board of Directors and levy a one-mill property tax to support its operations. Annual federal appropriations provide funding for the operations, maintenance and replacement (OM&R) of the McClusky Canal, New Rockford Canal, and Oakes Test Area; funding of the municipal, rural and industrial program (MR&I) and the Red River Valley Water Supply Project (RRVWSP).

Our headquarters are located in Carrington, North Dakota. Operation and maintenance offices are located in McClusky, New Rockford and Oakes, North Dakota. Currently, Garrison Diversion has 39 full-time and seasonal employees. Garrison Diversion's primary focus has changed from irrigation to a multi-purpose project, with emphasis on the development and delivery of municipal

and rural water supplies. Garrison Diversion's initiatives also include natural resources and recreation development; Red River Valley Water Supply Project; and the enhancement of high-value irrigation.





## Overview of Financial Statements

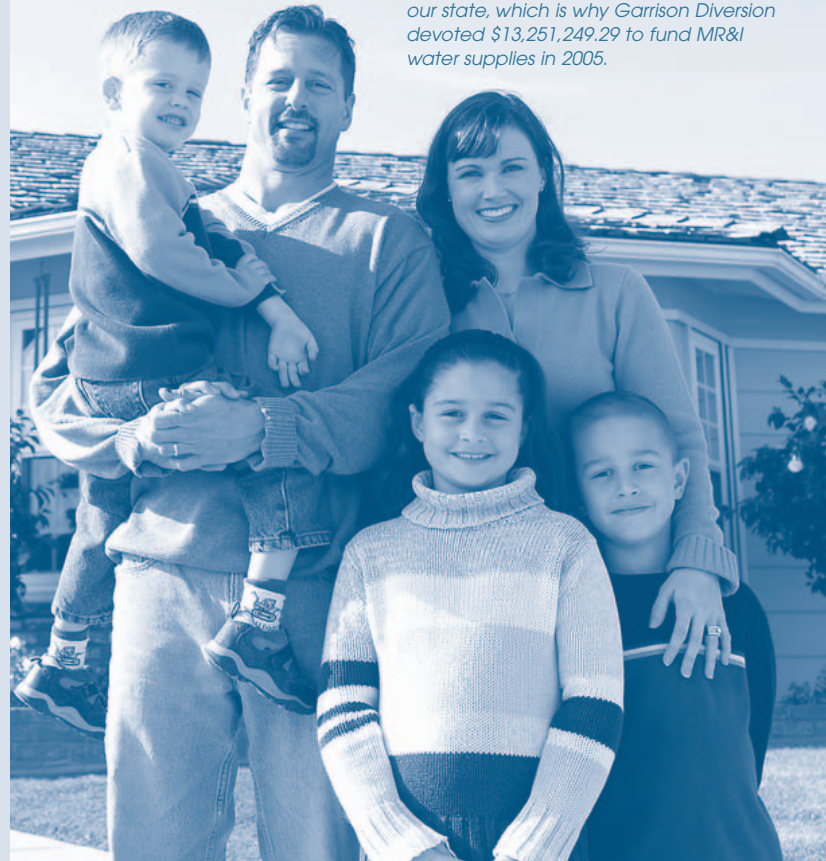
This discussion and analysis is intended to serve as an introduction to Garrison Diversion's basic financial statements. Garrison Diversion's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The complete financial reports are contained in the annual audit report.

### District-wide Financial Statements

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

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

*The delivery of a quality water supply is paramount in the growth and success of our state, which is why Garrison Diversion devoted \$13,251,249.29 to fund MR&I water supplies in 2005.*



and our state as a whole.

The statement of activities presents information showing how Garrison Diversion's net assets changed during the most recent fiscal year. Changes in net assets are reported under the Modified Cash Basis of accounting.

### Assets, Liabilities and Net Assets

The Statement of Assets, Liabilities and Net Assets, as shown on the next page, lists total net assets of \$18,892,504 and \$24,139,171 for the fiscal years ended June 30, 2005, and June 30, 2004, respectively. There was a reduction in net assets compared to last fiscal year's net assets. The biggest factor accounting for the reduction in net assets resulted from the MR&I Program, expenditures were \$4,769,194 more than the amount appropriated for the fiscal year.

Under the Modified Cash Basis of accounting used by the Garrison Diversion Conservancy District, the appropriation for the MR&I program is recognized as revenue in the year it is received and the expenditure in the year it is actually paid to reimburse an eligible expenditure by a project sponsor. Normally that expenditure is not until 1-2 years after the appropriation was recognized as revenue.

(Projects receive approval to begin construction when the money for the project is deposited in the MR&I Fund bank account.)



## Statement of Activities

### Program Revenue

Total revenues for fiscal years ended June 30, 2005, and June 30, 2004, were \$13,897,425 and \$17,553,641 respectively. This is a decrease of 21% or \$3,656,216. The decrease from fiscal year 2004 was the net result of \$2,766,066 less in appropriations in the Municipal, Rural and Industrial (MR&I) Program, a \$790,143 decrease in the Red River Valley Water Supply, \$141,160 less revenue in the Operations, Maintenance and Replacement Fund, offset by \$41,153 more revenue to the General Fund.

### GDCD NET ASSETS

ASSETS	June 30, 2005	June 30, 2004
Cash	\$13,675,207	\$18,615,586
Investments	3,869,730	4,098,112
Due from Employees	3,524	0
Land	123,667	123,667
Land Improvements	248,066	248,066
Buildings	694,017	694,017
Equipment	2,711,402	2,665,941
Less Accumulated Depreciation	(2,243,712)	(2,136,454)
<b>Total Assets</b>	<b>\$19,081,901</b>	<b>\$24,308,935</b>
<b>LIABILITIES</b>		
Due to Employees	\$5,199	\$2,540
Compensated Absences	184,198	167,224
<b>Total Liabilities</b>	<b>189,397</b>	<b>169,764</b>
<b>NET ASSETS</b>		
Invested in Fixed Assets	1,533,440	1,595,237
Operating Fund	1,326,212	1,554,595
O&M Emergency Fund	822,817	822,817
Deficiency Fund	804,146	804,146
Project Development	916,554	916,554
Unrestricted Fund	13,489,335	18,445,822
<b>Total Net Assets</b>	<b>\$18,892,504</b>	<b>\$24,139,171</b>

### GDCD STATEMENT OF ACTIVITIES

	June 30, 2005	June 30, 2004
<b>PROGRAM EXPENSES</b>		
General Fund	\$ 1,959,424	\$ 1,628,342
Municipal, Rural, and Industrial Operations, Maintenance, and Replacement	13,438,406	18,011,916
Red River Valley Water Supply	2,985,595	2,272,992
	760,667	952,288
<b>Total District-wide Activities</b>	<b>\$19,144,092</b>	<b>\$22,865,538</b>
<b>PROGRAM REVENUES</b>		
Taxes	\$1,264,351	\$1,202,070
Interest on Investments	281,201	303,736
MR&I Appropriation	8,669,212	11,435,278
Operations, Maintenance, and Replacement	2,975,122	3,116,282
Red River Valley Water Supply	698,641	1,488,784
Leases	2,846	2,846
Miscellaneous	6,052	4,645
<b>Total Revenue</b>	<b>\$13,897,425</b>	<b>\$17,553,641</b>
Revenue Over (Under) Expenses	(5,246,667)	(5,311,897)
NET ASSETS, BEGINNING OF YEAR	\$24,139,171	\$29,451,068
<b>NET ASSETS, END OF YEAR</b>	<b>\$18,892,504</b>	<b>\$24,139,171</b>



## Red River Valley Water Supply Project

The Red River Valley studies were ongoing in the 2004/2005 fiscal year. The revenue from Reclamation decreased from \$1,488,784 to \$698,641, and the expenses decreased from \$952,288 to \$760,677.

The funds were used to support staff working on the project and to fund consultants conducting specific studies for the project.

## Program Expenses

Total expenses for all programs in the fiscal years ended June 30, 2005, and June 30, 2004, were \$19,144,092 and \$22,865,538, respectively. This is a decrease of 16% or \$3,721,446. The decrease from fiscal year 2004 was the net result of \$331,082 more expenses in the General Fund (Administrative), \$4,573,510 less spent in the Municipal, Rural and Industrial (MR&I) Program, \$191,621 less spent on the Red River Valley Water Supply Project (RRVWSP), and \$712,603 increased spending on Operations, Maintenance, and Replacement (OM&R).

## Capital Assets

Garrison Diversion's investment in capital assets as of June 30, 2005, and June 30, 2004, amounts to \$1,533,440 and \$1,595,237 (net of accumulated depreciation) respectively. This investment in capital assets includes the headquarters building site; maintenance buildings at McClusky, Oakes and New Rockford; equipment used to maintain our facilities such as mowers, sprayers, tractors; and construction equipment and vehicles to maintain GDU facilities including dozers, loaders and other related vehicles. We also carry, as an asset, recreational development at Grahams Island, Black Tiger Bay, and Shelters Grove. Improvements to the various buildings and office equipment are also carried as assets.

Major capital assets purchased during the current fiscal year included the following:

- 2005 Buick Terraza Van
- 2005 Chevrolet Trailblazer
- Sharp Digital Copier
- 2004 Polaris Sportsman 500 ATV
- 2005 Ford F550 Service Truck
- CAT 930G Wheel Loader
- 2005 Volvo Excavator

Major capital assets retired or traded during the current fiscal year included the following:

- 2000 Buick LeSabre
- 2004 Pontiac Montana Van
- CAT IT28G Tool Carrier Loader
- CAT 330BL Excavator



*Red River Drought of 1988. Photo courtesy of the Institute for Regional Studies, NDSU, Fargo*

## Economic Factors & Next Year's Budgets

### Personnel

Changes made to the administrative staff include the elimination of the Assistant Communications Director position. The former Communications Director resigned, and the promotion of the Assistant Communications Director to the Communications Director resulted in the elimination of the Assistant Communications Director position.

There were no significant staffing changes to any of the other programs.

Garrison Diversion does not have any business-type activities that generate significant amounts of revenue.

## Requests for Information

This financial report is designed to provide a general overview of Garrison Diversion's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Garrison Diversion Conservancy District, PO Box 140, Carrington, ND 58421.

## General Fund & Income Expenditures

Statement of Revenues, Expenditures and General Fund Balance for the year ending June 30, 2005.

Income Budget Analysis Statement for July 1, 2004, to June 30, 2005

	<b>Budget</b>	<b>Actual</b>
	FY 2004 - 05	FY 2004 - 05
MR&I Administration	\$119,500	\$105,584
O&M Administration	\$470,500	\$440,024
Red River Valley WSP Administration	\$95,008	\$94,142
Interest Income	\$80,200	\$83,444
Lease Income	\$2,846	\$2,846
Tax Levy	\$1,087,299	\$1,178,443
State Aid Distribution	\$85,908	\$85,908
Miscellaneous Income	\$500	\$6,052
<b>Total Income</b>	<b>\$1,941,761</b>	<b>\$1,996,443</b>

Expense Budget Analysis Statement for July 1, 2004, to June 30, 2005

	<b>Budget</b>	<b>Actual</b>
	FY 2004 - 05	FY 2004 - 05
Directors Per Diem	\$41,275	\$41,275
Directors Expenses	\$51,014	\$51,014
Employees Salaries	\$539,000	\$516,877
Employees Expenses	\$48,843	\$48,393
Payroll Taxes & Benefits	\$182,374	\$182,374
Operations Expenses	\$126,340	\$124,878
Research	\$257,500	\$257,500
Public Education	\$75,196	\$74,753
Professional Services	\$448,911	\$433,369
Legal	\$13,000	\$8,541
Maintenance & Repair	\$77,216	\$73,680
Irrigation District Expenses	\$2,836	\$2,836
Capital Purchases	\$38,238	\$38,238
Recreation Matching	\$311,716	\$311,716
Natural Resources Trust	\$17,103	\$17,103
<b>Total Expenses</b>	<b>\$2,230,562</b>	<b>\$2,182,547</b>





# Teamwork

Garrison Diversion is committed to securing a stronger future for all of North Dakota by providing a reliable, high quality and affordable water supply. It also includes providing opportunities for industry, the environment, agriculture, recreation and development of our natural resources for multiple uses.



Garrison Diversion  
Conservancy District  
P.O. Box 140  
Carrington, ND 58421