

Le Sueur County Soil and Water Conservation District

NOTES TO THE FINANCIAL STATEMENT December 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial reporting policies, of the Le Sueur Soil and Water Conservation District, conform to generally accepted accounting principles.

A. Financial Reporting Entity

The district is organized under the provisions of MN Stat. Ch. 103C and is governed by a Board of Supervisors composed of five members nominated by voters of the District and elected to four-year terms by the voters of the County.

The purpose of the District is to assist land occupiers in applying practices for the conservation of soil and water resources. These practices are intended to control wind and water erosion, pollution of lakes and streams, and damage to wetlands and wildlife habitats.

The Le Sueur Soil and Water Conservation District, in cooperation with the U.S. Department of Agriculture's Natural Resources Conservation Service and other agencies, provides technical and financial assistance to individuals, groups, organizations, and governments in reducing costly waste of soil and water resulting from soil erosion, sedimentation, pollution, and improper land use.

Each fiscal year the District develops a work plan which is used as a guide in using resources effectively to provide maximum conservation of all lands within its boundaries. The work plan includes guidelines for employees and technicians to follow in order to achieve the District's objectives.

The District is not considered a part of Le Sueur County because, even though the county provides a significant amount of the District's revenue in the form of an appropriation, it does not retain any control over the operations of the District.

Generally accepted accounting principles require that the financial reporting entity include the primary government and component units for which the primary government is financially accountable. Under these principles the District does not have any component units.

B. Basis of Presentation – Fund Accounting

The accounts of the Le Sueur County Soil and Water Conservation District are organized on the basis of a fund and two account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

1. Governmental Funds: General Fund
The General Fund is used to account for all revenues and expenditures incurred in operating the District.
2. General Fixed Assets Account Group
This account group is used to record the District's general fixed assets, which include furniture and equipment.
3. General Long-Term Debt Account Group
This account group records earned but unpaid vacation and sick leave that has vested or is expected to vest.

C. Basis of Accounting – Modified Accrual Basis

The District's financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual, that is, both measurable and available. Available means collectible within current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue sources susceptible to accrual include intergovernmental revenues, charges and interest. Expenditures are recorded when the corresponding fund liabilities are incurred.

Intergovernmental revenues are reported in conformity with the legal and contractual requirements of the individual programs. Generally, grant revenues is recognized when the corresponding expenditure is incurred. The District also receives an annual appropriation from the County, which is recognized as revenue when received, unless it is received prior to the period to which it applies. In that case, revenue recognition is then deferred until the appropriation period.

Investment earnings and revenue from sale of trees are recognized when earned. Agricultural conservation fees and other revenues are recognized when they are received in cash because they usually are not measurable until then.

Project expenditures represent costs which are funded from federal, state or district revenues. State project expenditures consist of grants to participants of the cost-share program and other state programs. District project expenditures are cost of materials and supplies in District projects.

D. Budget Information

The District adopts an estimate revenue and expenditure budget for the General Fund. Comparisons of estimated revenues and budgeted expenditures to actual are presented in the financial statements in accordance with generally accepted accounting principles. Amendments to the original budget require board approval. Appropriations lapse at year end. The District does not use encumbrance accounting.

E. Assets, Liabilities, and Equity Accounts

1. Assets

Investments are stated at fair value, except for non-negotiable certificates of deposit, which are on a cost-basis, and short term money market investments, which are stated at amortized cost.

General fixed assets are valued at historical or estimated historical cost and are recorded as expenditures at the time of their purchase. No depreciation is calculated on general fixed assets.

2. Liabilities

Long-term liabilities, such as compensated absences, are accounted for in the General Long-Term Debt Account Group.

3. Equity

Investment in general fixed assets represents the District's equity in general fixed assets.

Reserved fund balance indicates the portion of fund equity which has been legally segregated for specific purposes or is not appropriate for spending.

Unreserved, designated account indicates the portion of fund equity that the District has set aside for planned future expenditures.

Unreserved, undesignated fund balance account indicates the portion of fund balance which is available for budgeting and spending in future periods.

F. Vacation and Sick Leave

Under the District's personnel policies, employees are granted vacation leave in varying amounts based on their length of service. Vacation leave accrual varies from 40 to 320 hours per year. Sick leave accrual is 12 days per year. The limit on the accumulation of annual leave is 240 hours and the limit on

V. DEFERRED REVENUE

Deferred revenue represents the unearned advances from the Minnesota Board of Water and Soil Resources and Le Sueur County for various programs. Revenues will be recognized when the related program expenditures are recognized. Deferred revenue for the year ended December 31, 2009 consists of:

Regular Cost-Share	\$42,126
BWSR Service Grants	\$23,463
Total Deferred Revenue	<u>\$65,589</u>

VI. COMPENSATED ABSENCES PAYABLE

Changes in long-term debt for the year ended December 31, 2009 are:

Balance – January 1, 2009	\$13,374
Net changes	+ 3,701
Balance – December 31, 2009	<u>\$17,075</u>

VII. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health; and natural disasters. To cover these risks, the District has purchased commercial insurance. Property and casualty liabilities and workers' compensation are insured through MN Counties Insurance Trust. The District is also covered for errors and omissions through MCIT.

The MN Counties Insurance Trust is a public entity risk pool currently operated as a common risk management and insurance program for its members.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

VIII. PENSION PLAN

A. Plan Description

The District contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PERA provides retirement benefits as well as disability to members, and benefits to survivors upon death of eligible members. The plan and its benefits are established and administered in accordance with Minn. Statute chapters 353 and 356. PERA issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employees Retirement Association, 514 St. Peter Street, Suite 200, St. Paul, Minnesota, 55102-1090.

B. Funding Policy

Plan members are required to contribute 6.25% of their covered salary and the District is required to contribute 6.75%. The contribution requirements of plan members and the District are established by State Statute. The district's employer share of contributions to PERA for the years ending December 31, 2007, 2008, 2009 were \$5,928; 6,756; \$7,226 respectively, equal to the contractually required contributions for each year as set by state statute.

**Le Sueur County Soil and Water
Conservation District**

CONSERVATION SUMMARY

The Le Sueur County SWCD has been managing MN River CREP, Mississippi River CREP, RIM and PWP easements.

Interest in terraces, structures and other cost-shared practices remain very high. Approximately 3,000 feet of terraces were built in 2009 using state cost-share dollars.

Approximately 164,000 acres of reduced or minimum tillage was used in different forms in 2009. Of those acres, 84,368 acres had 15-30% residue remaining and 79,600 had more than 30% residue remaining after harvest.

**Le Sueur County Soil and Water
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TREE PROGRAM

The 2009 tree program brought many landowners to the Le Sueur County SWCD office for assistance in planning tree plantings, farmstead windbreaks and living snow fences. Most tree sales involve repeat customers, but several new contacts were made in 2009 due to CRP contracts, CREP easements requiring tree/shrub plantings and the increase in new construction of homes in the County. The District has 24 different species of trees/shrubs and also sells tree mats as an aid in weed and moisture control for newly planted trees.

**Le Sueur County Soil and Water
Conservation District**

EDUCATIONAL ACTIVITIES

The Le Sueur County SWCD provided trees for the outdoor conservation classes at Sakatah State Park in Waterville. School administration and teachers felt the program was a success and wish to continue to use it as a conservation educational tool.

The Le Sueur County SWCD and NRCS held an Arbor Day presentation at the Cleveland Public School District. Trees were handed out to each 5th grader and staff talked of the importance of trees with the students.

**Le Sueur County Soil and Water
Conservation District**

OUTSTANDING CONSERVATION COOPERATORS

The Le Sueur County SWCD “Outstanding Conservation Cooperator” award for 2009 was presented to John and Pam McGillen.

The McGillen’s home is located east of Kilkenny in Section 25, Kilkenny Township. The McGillen’s raise corn, soybeans and wheat for cash crop and beef cattle and hogs. They also raise criollo sheep but just for a hobby.

John and Pam have been very active in controlling soil erosion on their farm. They’ve installed terraces, CRP filterstrips and waterways, farmstead windbreaks, duck ponds and are currently working on a mortality building through the EQIP program. Their landlords also have been aggressive working with John in regards to treating erosion.

John also farms on the contour which his father, Edward, was the first in Le Sueur County to accomplish.

John grew up with dairy, beef cattle and hogs. He also worked for Seneca hauling sweet corn for 20 years and now focuses on his farming operation. Pam works for Allina Clinic and also is the book keeper for the farm. They have 2 married daughters and 1 grandson.

SOIL AND WATER CONSERVATION DISTRICT
Le Sueur County, Minnesota

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2009

	General Fund	Adjustments See Notes	Statement of Net Assets
<u>Assets</u>			
Cash and investments	\$284,043		\$284,043
Accounts receivable	0		0
Due from other governments	350		350
Prepaid items	0		0
Capital Assets:			
Equipment (net of accumulated depreciation)	201,046	201,046	201,046
Total Assets	\$284,393	\$201,046	\$485,439
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$55,032		\$55,032
Salaries payable	0		0
Deferred revenue	62,337		62,337
Long-term liabilities:			0
Compensated Absences		17,075	17,075
Due within one year		14,140	14,140
Due after one year		97,080	97,080
Total Liabilities	\$117,369	\$128,295	\$245,664
<u>Fund Balance/Net Assets</u>			
Fund Balance/Net Assets			
Reserved for prepaid items	\$350	(\$350)	\$0
Unreserved			
Designated for future projects	0	0	0
Undesignated	166,674	(166,674)	0
Total Fund Balance	\$167,024	(\$167,024)	\$0
Net Assets			
Invested in capital assets		\$201,046	\$201,046
Unrestricted		38,729	38,729
Total Net Assets		\$239,775	\$239,775

SOIL AND WATER CONSERVATION DISTRICT
Le Sueur County, Minnesota

STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2009

	General Fund	Adjustments See Notes	Statement of Activities
Revenues			
Intergovernmental	\$253,446	\$0	\$253,446
Charges for services	17,508	0	17,508
Investment earnings	98	0	98
Miscellaneous	9,469	0	9,469
Total Revenues	\$280,521	\$0	\$280,521
Expenditures/Expenses			
Conservation			
Current	\$318,034	\$14,046	\$332,080
Capital outlay	0	0	0
Debt payments - interest	6,462	0	6,462
Debt payments - principal	14,864	(14,864)	0
Total Expenditures/Expenses	\$318,034	(\$818)	\$338,542
Excess of Revenues Over (Under)			
Expenditures/Expenses	(\$58,839)	\$818	(\$58,021)
Fund Balance/Net Assets January 1	225,863	71,933	297,796
Fund Balance/Net Assets December 31	\$167,024	\$72,751	\$239,775

SOIL AND WATER CONSERVATION DISTRICT
Le Sueur County, Minnesota

BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2009

	Original <u>Budget</u>	<u>Actual</u>	Variance with Final Budget <u>Positive (Neg)</u>
Revenues			
Intergovernmental			
County	\$144,286	\$141,871	(\$2,415)
Local	0	0	0
Federal	18,400	44,437	26,037
State grant	58,248	67,138	8,890
Total intergovernmental	\$220,934	\$253,446	\$32,512
Charges for services	\$5,000	\$17,508	\$12,508
Miscellaneous			
Interest earnings	\$0	\$98	\$98
Other	18,929	9,469	(9,460)
Total miscellaneous	\$18,929	\$9,567	(\$9,362)
Total Revenues	\$244,863	\$280,521	\$35,658
Expenditures			
District operations			
Personnel services	\$224,993	\$254,763	(\$29,770)
Other services and charges	17,500	29,216	(11,716)
Supplies	2,370	2,892	(522)
Capital outlay	0	0	0
Total district operations	\$244,863	\$286,871	(\$42,008)
Project expenditures			
District	\$0	\$10,524	(\$10,524)
State	0	20,639	(20,639)
Total project expenditures	\$0	\$31,163	(\$31,163)
Other Charges			
Debt Service, Principal	\$11,888	\$14,864	(\$2,976)
Debt Service, Interest	\$9,025	\$6,462	\$2,563
Total Other Charges	\$20,913	\$21,326	(\$413)
Total Expenditures	\$265,776	\$339,360	(\$73,584)
Excess of Revenues Over (Under)			
Expenditures	(\$20,913)	(\$58,839)	(\$37,926)
Fund Balance - January 1	\$225,863	\$225,863	\$0
Fund Balance - December 31	\$204,950	\$167,024	(\$37,926)

