

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

## **NOTES TO THE FINANCIAL STATEMENT**

December 31, 2008

### **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 sick leave is 960 hours. Upon termination from the District by retirement, employees are paid accrued vacation leave. On termination of employment by illness or death, employees are paid accrued vacation leave.

## **G. Total Column on Combined Statement**

The total column on the combined statement is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in the column do not present financial position or results of operation in conformity with generally accepted accounting principles.

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Excess of Expenditures Over Budget**

During 2008, actual expenditures, \$279,020 exceeded budget expenditures, \$252,863, by \$26,157.

## **III. DEPOSITS AND INVESTMENTS**

MN Stat. 118A.02 and 118A.04 authorize the District to deposit its cash and to invest in certificates of deposit in financial institutions designated by the Board of Supervisors. At December 31, 2008, the District's deposits totaled \$276,445, of which \$118,576 was cash deposits and \$157,870 was invested in a certificate of deposit a money market account. Minnesota statutes require that all District deposits be covered by insurance, surety bond or collateral. At December 31, 2008, all the District's deposits were covered by insurance or collateralized with securities held by the District or its agent in the District's name.

## **IV. CHANGES IN GENERAL FIXED ASSETS**

Equipment

Balance January 1, 2008	\$275095.33
Balance December 31, 2008	\$211391.37

## **V. DEFFERED 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, 2008 consists of:

Regular Cost-Share	\$26,945.75
BWSR Service Grants	<u>\$30,042.45</u>
<b>Total Deferred Revenue</b>	<b>\$56,988.20</b>

## **VI. COMPENSATED ABSENCES PAYABLE**

Changes in long-term debt for the year ended December 31,2008 are:

Balance - January 1,2008	\$10,091
Net changes	<u>+ 3,283</u>
Balance - December 31, 2008	<b>\$13,374</b>

## **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 6.50%. 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, 2006, 2007, 2008 were \$5,092.00, 5,928.00, 6,756.00 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 5,000 feet of terraces were built in 2008 using state cost-share dollars.

Approximately 1025 highly erodible plans for 45,000 acres have conservation tillage requirements. An on-going effort is being carried out to assist operators in implementing plans.

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

The 2008 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 2008 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  
CONSERVATION WINNERS**

The 2008 Conservation Poster theme was "Trees - Rooted In Our Future". The contest was well received by the students in the fifth and sixth grade classes throughout the county.

Conservation Poster Winners

1<sup>st</sup> - Alexandra David, Montgomery-Lonsdale Public School

2<sup>nd</sup>

- Casey Hintz, Holy Redeemer Catholic School

3<sup>rd</sup>

- Robert Johnson, Montgomery-Lonsdale Public School

4<sup>th</sup> - Danielle Glende, Montgomery-Lonsdale Public School

Essay

Sarina Wolbeck, Montgomery-Lonsdale Public School

Mural

Michelle Vlasak, Catherine Deutsch, Derek Trnka, Jesse Janovsky, Ashley LeBrun and  
Joe Kalina

Holy Redeemer Catholic School

**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 5<sup>th</sup> grader and a the importance of trees was discussed with the students.

**Le Sueur County Soil and Water  
Conservation District  
OUTSTANDING CONSERVATION COOPERATORS**

The Le Sueur County SWCD "Outstanding Conservation Cooperator" award for 2008 was presented to Charles and Joan Gregor and Alvin and Ruth Dietz.

Alvin has served as a SWCD supervisor since 1959 and continues to be a faithful conservationist. The Dietz's recently moved into town but Alvin visits his Lanesburgh township farm every day.

Their son, Pete, has taken over the farming operation that Alvin and Ruth purchased in 1957. They had milked but now cash crop. Alvin has installed multiple windbreaks, waterways, filterstrips and uses minimum tillage equipment.

Charles has served on the SWCD board since 1971 and had decided not to run for reelection this past fall. The Gregor's farm in Waterville township and they still live on the farm where they raised 5 children.

While farming, Charlie, Jody and their children raised chickens, cows, and hogs and cropped approx. 245 acres. Their livestock is now gone but their son, Paul, cash crops the land and Charlie rents out the pasture. They have installed windbreaks, filterstrips, terraces, waterways and contour farm.