

TODD COUNTY
SOIL AND WATER
CONSERVATION
DISTRICT

2007

FINANCIAL
STATEMENT

TODD SOIL AND WATER CONSERVATION DISTRICT
LONG PRAIRIE, MINNESOTA

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2007

	General Fund	Adjustments See Notes	Statement of Net Assets
<u>Assets</u>			
Cash and investments	420,396.02		420,396.02
Due from other governments	86,100.48		86,100.48
Prepaid items	6,775.00		6,775.00
Capital Assets:			
Equipment (net of accumulated depreciation)		43,425.20	43,425.20
Total Assets	<u>513,271.50</u>	<u>43,425.20</u>	<u>556,696.70</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts Payable	76.54		76.54
Deposits on tree sales	6,103.15		6,103.15
Deferred revenue	211,064.60		211,064.60
Long-term liabilities:			
Due within one year		11,984.02	11,984.02
Due after one year		9,452.01	9,452.01
Total Liabilities	<u>217,244.29</u>	<u>21,436.03</u>	<u>238,680.32</u>
<u>Fund Balance/Net Assets</u>			
Fund Balance/Net Assets			
Reserved for prepaid items			0.00
Unreserved	0.00	0.00	0.00
Designated for future projects (Cost Share)	0.00	0.00	0.00
Undesignated	296,027.21	-296,027.21	0.00
Total Fund Balance	<u>296,027.21</u>	<u>-296,027.21</u>	<u>0.00</u>
Net Assets			
Invested in capital assets		43,425.20	43,425.20
Unrestricted		274,591.18	274,591.18
Total Net Assets		<u>318,016.38</u>	<u>318,016.38</u>

STATEMENT OF ACTIVITIES AND
GOVERNMENTAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2007

	General Fund	Adjustments See Notes	Statement of Net Assets
Revenues			
Intergovernmental	430,037.83	0.00	430,037.83
Charges for services	54,589.69	0.00	54,589.69
Investment earnings	21,254.75	0.00	21,254.75
Miscellaneous	<u>19,101.58</u>	<u>0.00</u>	<u>19,101.58</u>
Total Revenues	<u>524,983.85</u>	<u>0.00</u>	<u>524,983.85</u>
Expenditures			
Conservation			
Current	450,454.95	11,742.35	462,197.30
Capital outlay	<u>30,449.55</u>	<u>-30,449.55</u>	<u>0.00</u>
		-	
Total Expenditures	<u>480,904.50</u>	<u>18,707.20</u>	<u>462,197.30</u>
Excess of Revenues Over (Under)			
Expenditures	44,079.35	18,707.20	62,786.55
Fund Balance/Net Assets January 1	<u>251,947.86</u>	<u>3,281.97</u>	<u>255,229.83</u>
Fund Balance/Net Assets December 31	<u>296,027.21</u>	<u>21,989.17</u>	<u>318,016.38</u>

TODD SOIL AND WATER CONSERVATION DISTRICT
LONG PRAIRIE, MINNESOTA

BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2007

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget <u>Positive (Neg)</u>
Revenues				
Intergovernmental				
County	126,314.00	126,314.00	126,368.63	54.63
State grants	462,731.91	462,731.91	303,669.20	-159,062.71
Total intergovernmental	589,045.91	589,045.91	430,037.83	-159,008.08
Charges for services	47,000.00	47,000.00	54,589.69	7,589.69
Miscellaneous				
Interest earnings	15,000.00	15,000.00	21,254.75	6,254.75
Other	10,000.00	10,000.00	19,101.58	9,101.58
Total miscellaneous	25,000.00	25,000.00	40,356.33	15,356.33
Total Revenues	661,045.91	661,045.91	524,983.85	-136,062.06
Expenditures				
District operations				
Personal services	199,800.00	199,800.00	198,232.67	1,567.33
Other services and charges	58,250.00	58,250.00	60,827.40	-2,577.40
Supplies	5,000.00	5,000.00	2,585.94	2,414.06
Capital outlay	30,000.00	30,000.00	30,449.55	-449.55
Total district operations	293,050.00	293,050.00	292,095.56	954.44
Project expenditures				
District	125,200.00	125,200.00	81,719.63	43,480.37
State	115,000.00	115,000.00	107,089.31	7,910.69
Total project expenditures	240,200.00	240,200.00	188,808.94	51,391.06
Total Expenditures	533,250.00	533,250.00	480,904.50	52,345.50
Excess of Revenues Over (Under)				
Expenditures	127,795.91	127,795.91	44,079.35	-83,716.56
Fund Balance - January 1	379,743.77	379,743.77	251,947.86	
Fund Balance - December 31	507,539.68	507,539.68	296,027.21	-83,716.56

TODD SOIL AND WATER CONSERVATION DISTRICT

**BREAKDOWN OF COUNTY REVENUE
2007**

COUNTY REVENUES
(breakdown):

ANNUAL ALLOCATION	\$ 65,419.82
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LOCAL WATER MANAGEMENT MONEY	\$ 23,965.81
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WETLAND MONEY	\$ 36,983.00
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TOTAL	<u><u>\$ 126,368.63</u></u>
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TODD SOIL AND WATER CONSERVATION DISTRICT

DEFERRED REVENUE BREAKDOWN 2007

Balance of BWSR Service Grants:		\$	1,280.85
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Balance of unencumbered BWSR Cost-Share Grants:	Current fiscal year	\$	13,930.12
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	Previous fiscal year	\$	-
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Balance of encumbered BWSR Cost-Shared Grant:

FY	Contract Number	Contract Amount	T & A Encumbered
2007	2-07	\$ 4,817.10	\$ 1,204.27
2007	1-07FWQ	\$42,400.00	\$ 4,200.00
2008	1-08	\$ 6,500.00	\$ 1,625.00
2008	2-08	\$ 3,294.75	\$ 823.69
2008	3-08	\$ 635.25	\$ 158.81
2008	4-08	\$ 1,231.50	\$ 307.88
Sub Totals		\$58,878.60	\$ 8,319.65

	Total of all Cost-Share Encumbrances	\$	67,198.25
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Balance of County WCA Funds:		\$	-
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Balance of County Water Plan Funds:		\$	-
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Balance of other funds being deferred:	
BWSR Clean Water Legacy Cost Share	\$91,605.39
BWSR Clean Water Legacy Technical	\$37,050.00

Sub Total of other funds		\$	128,655.39
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TOTAL OF ALL DEFERRED REVENUE			\$ 211,064.61
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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial reporting policies of the Todd Soil and Water Conservation District (District) conform to generally accepted accounting principals. These statements are prepared in accordance with Government Accounting Standards Board Rule 34, which changes the way both the statement of condition and the statement of revenues and expenses are reported.

A. Financial Reporting Entity

The District is organized under the provisions of Minnesota Statute Chapter 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 Todd 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 Todd 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 operation of the District.

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

B. Basis of Presentation - Fund Accounting

The accounts of the Todd 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.

TODD SOIL AND WATER CONSERVATION DISTRICT

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

1. Government 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. Government-Wide Financial Statements

The government-wide financial statements (i.e. The Statement of Net Assets and the Statement of Activities) report information on all the nonfiduciary activities of the District. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provided have been met.

Intergovernmental revenues are reported in conformity with the legal and contractual requirements of the individual programs. Generally, grant revenues are 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 recognized is then deferred until the appropriate period.

Investment earnings and revenue from the 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 costs of materials and supplies in District projects.

TODD SOIL AND WATER CONSERVATION DISTRICT

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide Financial Statements Cont.

Fund Financial Statements

The government reports the general fund as its only major governmental fund. The general fund accounts for all financial resources of the government.

The District's financial statements (general fund) are present 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 the 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 liabilities are incurred.

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

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

Project expenditures represent costs that 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 costs of materials and supplies in District projects.

In accordance with Governmental Accounting Standards Board Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, revenues for Nonexchange transactions are recognized based in the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs.

D. Budget Information

The District adopts an estimated 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 principals. Amendments to the original budget require board approval. Appropriations lapse at year-end. The District does not use encumbrance accounting.

TODD SOIL AND WATER CONSERVATION DISTRICT

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Fixed assets (capital assets) are reported in a net (depreciated) basis. General fixed assets are valued at historical or estimated historical cost.

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 appropriable 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. Explanation of Adjustments Column in Statements

1. Capital Assets: in the Statement of Net Assets and Governmental Fund Balance Sheet, an adjustment is made if the District has capital assets. This adjustment equals the net book balance of capitalized assets as of the report date, and reconciles to the amount reported in Note IV.

2. Long-Term Liabilities: In the Statement of Net Assets and Governmental Fund Balance Sheet, an adjustment is made to reflect the total of Compensated Absence liability the District has as of the report date. See Note 1-G below.

3. Depreciation and Change in Compensated Absences for the year: In the statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance, the adjustment equals the total appreciation for the year reported, plus or minus the change in Compensated Absences between the reporting year and the previous year. This number is supported by figures in Note IV and in Note I-G below.

TODD SOIL AND WATER CONSERVATION DISTRICT

G. 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 12 to 18 hours per month. Sick leave accrual is 8 hours per month, maximum accrual is 1,600 hours. Upon retirement, employees who leave the employ of the District in good standing are paid at one fourth of actual accrued sick leave, not to exceed 400 hours. The limit on the accumulation of vacation leave is 240 hours. An employee who at any time leaves the employ of the District in good standing shall be paid for all accrued vacation leave, not to exceed 240 hours.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. N/A

B. N/A

C. Uncollateralized deposits

During 2007, the District's deposits with financial institutions did not exceed insurance, surety bond, or collateral.

III. DEPOSITS AND INVESTMENTS

Minnesota Statute 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, 2007, the District's deposits totaled \$420,396.02, of which \$311,422.34 was cash deposits and \$108,973.68 was invested in certificates of deposit. Minnesota statutes require that all District deposits be covered by insurance, surety bond or collateral. At December 31, 2007 all of 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 CAPITAL ASSETS

Equipment

Balance January 1, 2007	\$19,254.14
Additions	\$30,449.55
2007 Depreciation	<u>\$ 6,278.48</u>
Balance December 31, 2007	\$43,425.20

Fully depreciated assets with original cost of \$18,996.29 were deleted in 2007.

TODD SOIL AND WATER CONSERVATION DISTRICT

IV. CHANGES IN CAPITAL ASSETS CONT.

Note: Beginning and Ending Balance are net of accumulated depreciation, which total \$36,963.06 as of December 31, 2007.

The District uses a threshold of \$1,000 for capitalizing assets purchased. The physical assets under \$1,000 are expensed directly and not capitalized.

V. DEFERRED REVENUE

Deferred Revenue represents the unearned advances from the Minnesota Board of Water and Soil Resources and Todd County for various programs. Revenues will be recognized when the related program expenditures are recorded.

Total Deferred Revenue as itemized on "Deferred Revenue Breakdown" is \$211,064.61.

VI. COMPENSATED ABSENCES PAYABLE

Changes in long-term debt for the year ended December 31, 2007 are:

Balance - January 1, 2007	\$ 15,972.16
Net Change in Compensated Absences	\$ <u>5,463.87</u>
Balance - December 31, 2007	\$21,436.03

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 causality liabilities and workers' compensation are insured through Minnesota Counties Insurance Trust. The District is also covered for errors and omissions through Minnesota Counties Insurance Trust.

Minnesota 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.

TODD SOIL AND WATER CONSERVATION DISTRICT

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 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 Minnesota 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, 60 Empire Drive, Suite 200, and St. Paul, Minnesota, 55103-1855.

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The District makes annual contributions to the pension plans equal to the amount required by the state statutes. PERA Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 5.75%, respectively, of their annual covered salary in 2007. Contribution rates in the Coordinated Plan will increase in 2007 to 6%. PEPFF members were required to contribute 7.88% of their annual covered salary in 2007. That rate will increase to 8.6% in 2008. PECF members are required to contribute 5.83% of their covered salary. The employer is required to contribute the following percentages of annual covered payroll: 7.8% for Basic Plan PERF members, 6.0% for Coordinated Plan PERF members, 11.7% for PEPFF members, and 8.75% for PECF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.5% and 12.9% respectively, effective January 1, 2008. The District's employer share of contributions to PERA for the years ending December 31, 2007, 2006, and 2005 were \$10,497.87, \$9,289.36, and \$8,861.20 respectively, equal to the contractually required contributions for each year as set by state statute.

IX. OPERATING LEASES

The District leases office space on a yearly basis. Under the current agreement, total costs for 2007 were \$13,199.37.

MANAGEMENT'S DISCUSSION AND ANALYSIS
TODD SOIL AND WATER CONSERVATION DISTRICT
DECEMBER 31, 2007

The Todd Soil and Water Conservation District's discussion and analysis provides an overview of the Todd SWCD's financial activities for the fiscal year ended 2007. This information is designed to focus on the current year's activities, resulting changes, and currently known facts.

USING THIS ANNUAL REPORT

This annual report consists of three parts: the basic financial statements, and required supplementary information and management's discussion and analysis (this section).

The basic financial statements include a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Todd Soil and Water Conservation District as a whole and present a longer-term view of the Todd SWCD's finances. Fund financial statements also report the Todd SWCD's operations in more detail than the government-wide statements by providing information about the Todd SWCD's most significant funds. Since SWCD's are single-purpose special purpose governments they are generally able to combine the government-wide and fund financial statements into single presentations. Todd SWCD has elected to present in this format.

One of the most important questions asked about the SWCD's finances is, "Is the SWCD as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the SWCD as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using accrual basis of accounting, which is similar to the accounting used by the most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Todd SWCD's net assets and changes in them. You can think of the net assets – the difference between assets and liabilities – as one way to measure the Todd SWCD's financial health, or financial position. Over time, increases or decreases in the Todd SWCD's net assets are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets of the Statement of Activities, the Todd SWCD presents Governmental Activities. All of the basic services are reported here. Grants and appropriations from the state and county finance most activities.

FUND FINANCIAL STATEMENTS

Our analysis of the Todd SWCD's general fund begins on page 1. The fund financial statements provide detailed information about the general fund – not the Todd SWCD as a whole. The Todd SWCD presents only a general fund, which is a governmental fund. All of the Todd SWCD's basic services are reported in the general fund, which focuses on how money flows into and out of those funds and the balances left at the year-end that are available for spending. The fund is reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The general fund statements provide a detailed short-term view of the Todd SWCD's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Todd SWCD's programs. We describe the relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the financial statements.

THE TODD SWCD AS A WHOLE

The Todd SWCD's combined net assets were increased during 2007, \$251,947.86 in 2006 to \$296,027.21 in 2007.

The following is a summary of all revenues in 2007:

Self Generated	14%
County Revenue	24%
State Revenue	58%
Other Revenue	4%

There were no changes in the Todd SWCD's original budget and final budget for the year 2007. The variances were not felt to be significant enough to adjust the budget. Variances in revenues are due to anticipated cost share projects that were not completed in 2007; the unspent state cost share funds are considered Deferred Revenue at year end and not considered income until spent. In addition, interest and miscellaneous other revenue exceeded what was budgeted increasing our actual over budgeted revenues. Expenditures were less than budgeted for, as mentioned above, anticipated cost share projects were not completed in 2007, therefore State and District project expenditures were less than budgeted. Todd SWCD ended the year with a \$44,079.35 increase in their fund balance.

CONTACTING THE TODD SWCD FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and customers with a general overview of the Todd SWCD's finances and to show the Todd SWCD's accountability for the money it receives and spends. If you have any questions about this report or need additional information, contact the Todd SWCD at 607 9th Street Northeast, Long Prairie, MN 56347 or by phone at 320.732.2644.