

McLeod
Soil & Water
Conservation
District

2009
Annual Report

INTRODUCTION

The McLeod Soil and Water Conservation District Supervisors have authorized the McLeod Soil & Water Conservation District Annual Report for calendar year 2009.

The District cooperates with the United States Natural Resources Conservation Service under a Memorandum of Understanding whereby technical assistance of a conservationist, soil survey, engineering, agronomy, biology, woodland conservation and administration is furnished the district by Natural Resources Conservation Service office in Glencoe for their headquarters.

The Board of Water and Soil Resources, Natural Resources Conservation Service, Farm Services Agency, McLeod County Extension, County Environmentalist and County Commissioners have again given us the very best in cooperation, guidance and assistance.

SERVICES

To assist the land users of McLeod County in efficiently and effectively using the natural resources in order to increase the productive use of the cropland, pastureland, woodland, urban land, wildlife land and recreational land while maintaining and improving the soils base, water quality, tree production, wildlife and the quality of life in the county.

McLeod Soil & Water Conservation District
2570 9th Street East
Glencoe, Minnesota 55336
Phone: 320/864-5176 Fax: 320/864-5737
www.mcleodswcd.org

Monthly Board Meeting: 1st Monday 8:00 P.M.

DISTRICT SUPERVISORS

CHAIRMAN	Roger Schultz Representing District II Glencoe and Helen Townships
VICE-CHAIRMAN	Charles Mathews Representing District I Winsted and Bergen Townships
SECRETARY	John Adamek Representing District IV Hale, Hutchinson and Rich Valley Townships
TREASURER	Joey Schuft Representing District III Sumter, Penn, Round Grove, Collins and Lynn Townships
REPORTER	Mark Schnobrich Representing District V Acoma and Hassan Valley Townships and Hutchinson City precincts

DISTRICT EMPLOYEES

Ryan Freitag	District Program Director
Kelly Hayes	Administrative Assistant

NATURAL RESOURCES CONSERVATION SERVICES EMPLOYEES

Jon Sellnow	District Conservationist
Keith Trudell	Soil Conservation Technician

COOPERATING AGENCIES

FSA COMMITTEE

Tammy Kosek, Chairperson
Brian Jungclaus, Vice Chairperson
John Adamek, Member
Julie Welter, Executive Director

COUNTY COMMISSIONERS

Ray Bayerl, District I
Kermit Terlinden, District II
Paul Wright, District III
Sheldon Nies, District IV
Beverly Wangerin, District V

McLEOD COUNTY STAFF

Patrick Melvin, Administrator
Cindy Schultz, Auditor
Lynn Ette Schurpp, Recorder
Nathan Winter, Extension Director
John Brunkhorst, Highway Engineer
Roger Berggren, Environmentalist
Mary Creech, Zoning Technician
Larry Gasow, Zoning Administrator
Al Koglin, Parks Superintendent

BOARD OF WATER & SOIL RESOURCES

John Jaschke, Executive Director
Tim Fredbo, Easement Coordinator
Bill Eisele, Accounting Coordinator
Tom Fischer, Board Conservationist
Kevin Lines, Conservation Easement Program Administrator
Jeremy Maul, Senior Wetland Specialist

OTHER AGENCIES

Natural Resources Conservation Service
McLeod County Schools
McLeod County Newspapers
Pheasants Forever
MN Pollution Control Agency
MN Association of Soil & Water Conservation Districts
Prairie Country RC&D
U.S. Fish & Wildlife Service
Department of Natural Resources – Division of Waters & Fisheries
MN Department of Natural Resources – Division of Game & Fish
MN Department of Natural Resources – Division of Land & Forestry

McLEOD SOIL AND WATER CONSERVATION DISTRICT
GLENCOE, 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	\$117,185		\$117,185
Accounts receivable	0		0
Due from other governments	0		0
Prepaid items	3,733		3,733
Capital Assets:			
Equipment (net of accumulated depreciation)		2,201	2,201
Total Assets	<u>\$120,918</u>	<u>\$2,201</u>	<u>\$123,120</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$0		\$0
Salaries payable	0		0
Deferred revenue	25,662		25,662
Long-term liabilities:			0
Due within one year		0	0
Due after one year		13,798	13,798
Total Liabilities	<u>\$25,662</u>	<u>\$13,798</u>	<u>\$39,460</u>
<u>Fund Balance/Net Assets</u>			
Fund Balance/Net Assets			
Reserved for prepaid items	\$3,733	(\$3,733)	\$0
Unreserved			
Designated for future projects	0	0	0
Undesignated	91,524	(91,524)	0
Total Fund Balance	<u>\$95,257</u>	<u>(\$95,257)</u>	<u>\$0</u>
Net Assets			
Invested in capital assets		\$2,201	\$2,201
Unrestricted		81,459	81,459
Total Net Assets		<u>\$83,660</u>	<u>\$83,660</u>

Notes are an integral part of the basic financial statements.

McLEOD SOIL AND WATER CONSERVATION DISTRICT
GLENCOE, 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	\$104,691	\$0	\$104,691
Charges for services	13,878	0	13,878
Investment earnings	1,913	0	1,913
Miscellaneous	783	0	783
Total Revenues	<u>\$121,264</u>	<u>\$0</u>	<u>\$121,264</u>
Expenditures/Expenses			
Conservation			
Current	\$112,852	\$3,995	\$116,847
Capital outlay	0	0	0
Total Expenditures/Expenses	<u>\$112,852</u>	<u>\$3,995</u>	<u>\$116,847</u>
Excess of Revenues Over (Under)			
Expenditures/Expenses	\$8,412	(\$3,995)	\$4,417
Fund Balance/Net Assets January 1	<u>86,845</u>	<u>(7,602)</u>	<u>79,243</u>
Fund Balance/Net Assets December 31	<u><u>\$95,257</u></u>	<u><u>(\$11,597)</u></u>	<u><u>\$83,660</u></u>

Notes are an integral part of the basic financial statements.

McLEOD SOIL AND WATER CONSERVATION DISTRICT
GLENCOE, MINNESOTA

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

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Neg)
Revenues				
Intergovernmental				
County	\$85,500	\$85,500	\$68,404	(\$17,096)
Local	0	0	0	0
Federal	0	0	0	0
State grant	47,817	47,817	36,287	(11,530)
Total intergovernmental	<u>\$133,317</u>	<u>\$133,317</u>	<u>\$104,691</u>	<u>(\$28,626)</u>
Charges for services	<u>\$14,400</u>	<u>\$14,400</u>	<u>\$13,878</u>	<u>(\$522)</u>
Miscellaneous				
Interest earnings	\$2,000	\$2,000	\$1,913	(\$87)
Other	700	700	783	83
Total miscellaneous	<u>\$2,700</u>	<u>\$2,700</u>	<u>\$2,695</u>	<u>(\$5)</u>
Total Revenues	<u>\$150,417</u>	<u>\$150,417</u>	<u>\$121,264</u>	<u>(\$29,153)</u>
Expenditures				
District operations				
Personnel services	\$90,500	\$90,500	\$66,195	\$24,305
Other services and charges	19,100	19,100	25,662	(6,562)
Supplies	1,000	1,000	1,008	(8)
Capital outlay	6,500	6,500	0	6,500
Total district operations	<u>\$117,100</u>	<u>\$117,100</u>	<u>\$92,865</u>	<u>\$24,235</u>
Project expenditures				
District	\$12,787	\$12,787	\$7,564	\$5,223
State	20,530	20,530	12,424	8,106
Total project expenditures	<u>\$33,317</u>	<u>\$33,317</u>	<u>\$19,987</u>	<u>\$13,330</u>
Total Expenditures	<u>\$150,417</u>	<u>\$150,417</u>	<u>\$112,852</u>	<u>\$37,565</u>
Excess of Revenues Over (Under)				
Expenditures	\$0	\$0	\$8,412	\$8,412
Fund Balance - January 1	<u>\$90,124</u>	<u>\$90,124</u>	<u>\$90,124</u>	<u>\$0</u>
Fund Balance - December 31	<u>\$90,124</u>	<u>\$90,124</u>	<u>\$98,536</u>	<u>\$8,412</u>

Notes are an integral part of the basic financial statements.

BREAKDOWN OF COUNTY REVENUE
2009

COUNTY REVENUES (breakdown):

ANNUAL ALLOCATION	\$ 62,400.00
WATER PLAN MONEY	\$ _____
WETLAND MONEY	\$ 5,500.00
FEEDLOT MONEY	\$ _____
ABANDONED WELL	\$ _____
DNR SHORELAND	\$ _____
OTHER	
TOTAL	<u>\$ 67,900.00</u>

NOTE: The total should agree with amount reported as County Revenue in the "Budgetary Comparison Schedule."

DEFERRED REVENUE BREAKDOWN
2009

Balance of BWSR Service Grants: \$ 0.00

Balance of unencumbered BWSR Cost-Share Grants: Current fiscal year \$ 13,279.14

Previous fiscal year \$.00

Balance of encumbered BWSR Cost-Share Grant (list each contract separately):

FY	Contract No.	Contract Amount	T & A Encumbered
2009	18-08	3190.82	797.71
2009	1-09	338.50	84.63
2009	7-09	349.50	87.38
2009	8-09	253.60	63.40

Total of all Cost-Share Encumbrances \$4132.42

Balance of County WCA Funds: \$8250.00

TOTAL OF ALL DEFERRED REVENUE: \$25,661.56

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial reporting policies of the McLeod Soil and Water Conservation District conform to generally accepted accounting principles. 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 Statutes 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 McLeod Soil and Water Conservation District, in cooperation with the U.S. Department of Agriculture 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 that 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 McLeod 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 McLeod 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.

B. Basis of Presentation - Fund Accounting (Continued)

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. 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 segment 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 provider have been met.

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 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 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 recognition 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 on 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 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.

Beginning with statement year 2004, fixed assets (capital assets) are no longer reported on a gross basis. They are now reported on a net (depreciated) basis. General fixed assets are still 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 that 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 that 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 report in Note IV.

2. Long-Term liabilities: In the Statement of Net Assets and Government 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 depreciation 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.

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 4 to 12 hours per month. Sick leave accrual is 12 days per year. The limit on the accumulation of annual leave is 200 hours and the limit on sick leave is 800 hours. Upon termination from the District by retirement, employees are paid accrued vacation leave and up to 400 hours of accrued sick leave. On termination of employment by illness or death, employees are paid accrued vacation and up to 400 hours of accrued sick leave.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

During 2009, actual expenditures, \$112,852, did not exceed budgeted expenditures, \$150,417, by \$37,565.

B. Uncollateralized deposits

During 2009, the District's deposits with financial institutions did not exceed insurance, surety bond, or collateral.

III. DEPOSITS AND INVESTMENTS

Minnesota Statutes 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, 2009, the District's deposits totaled \$193,070.29, of which \$193,070.29 were cash deposits and \$0 was invested in certificates of deposit. Minnesota Statutes require that all District deposits be covered by insurance, surety bond, or collateral. At December 31, 2009, 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 CAPITAL ASSETS

Equipment

Balance January 1, 2009	<u>\$3,736.98</u>
2009 depreciation	<u>\$1,535.69</u>
Balance December 31, 2009	<u>\$2,201.27</u>

Note: Beginning and Ending Balance are net of accumulated depreciation, which totaled \$35,798.12 as of December 31, 2009.

V. DEFERRED REVENUE

Deferred Revenue represents unearned advances from the Minnesota Board of Water and Soil Resources and McLeod 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 \$25,661.56.

VI. COMPENSATED ABSENCES PAYABLE

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

Balance January 1, 2009	<u>\$11,339.48</u>
Net Changes in Compensated Absences	<u>\$2,457.78</u>
Balance December 31, 2009	<u>\$13,797.26</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 Minnesota Counties Insurance Trust. The District is covered for errors and omissions through Minnesota Counties Insurance Trust.

The 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.

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. PERA administers the Public Employees Retirement Fund (PERF.) 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, 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 state statutes. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.0%, respectively, of their annual covered salary in 2009. The District was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.0% for Coordinated Plan PERF members. Employer contribution rates for the Coordinated Plan will increase to 7.0% effective January 1, 2010. The District's employer share of contributions to PERA for the years ending December 31, 2009, 2008, and 2007 were \$3,277.83 \$2,707.92, and \$4,172.44 respectively, equal to the contractually required contributions for each year as set by Minnesota Statute.

IX. OPERATING LEASES

The District leases office space on a yearly basis. Under the current agreement, total costs for 2009 were \$4,109.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The McLeod Soil & Water Conservation District's discussion and analysis provides an overview of the McLeod SWCD's financial activities for the fiscal year ended 2009. 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: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 4 and 5) provide information about the activities of the SWCD as a whole and present a longer-term view of the SWCD's finances. Fund financial statements start on page 6. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the SWCD's operations in more detail than the government-wide statements by providing information about the 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. McLeod Soil & Water Conservation District has elected to present in this format.

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of the SWCD as a whole begins on page 4. 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 SWCD's net assets and changes in them. You can think of the SWCD's net assets — the difference between assets and liabilities—as one way to measure the SWCD's financial health, or financial position. Over time, increases or decreases in the SWCD's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the SWCD's property tax base and the condition of SWCD roads, to assess the overall health of the SWCD.

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

REPORTING THE SWCD'S GENERAL FUND

FUND FINANCIAL STATEMENTS

Our analysis of the SWCD's general fund begins on page 6. The fund financial statements begin on page 4 and provide detailed information about the general fund—not the SWCD as a whole. The SWCD presents only a general fund, which is a governmental fund. All of the 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 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 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 SWCD's programs. We describe the relationship (or differences) 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 SWCD AS A WHOLE

The SWCD's combined net assets were higher, increasing, from \$82,522 to \$83,661. Looking at the net assets and net expenses of governmental and business-type activities separately, however, two very different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the SWCD's governmental and business-type activities.

TABLE 1
NET ASSETS

	Governmental Activities	
	<u>2008</u>	<u>2009</u>
Current and other assets		
Capital assets		
Total assets	\$119,069	\$ 120,918
Long-term debt outstanding		
Other liabilities		
Total liabilities	\$ 40,284	\$ 39,459
Net assets		
Invested in capital assets net of debt	\$ 4,253	\$ 2,201
Restricted		
Unrestricted	\$ 78,785	\$ 81,460
Total net assets	\$ 83,038	\$ 83,661

Net assets of the SWCD governmental activities increased by 1.5%. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—changed from \$78,785 on 12/31/08 to \$81,460 at the end of this year.

TABLE 2
CHANGES IN NET ASSETS

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2009</u>
Revenues		
Program revenues:		
Charges for service	\$ 13905	\$ 13,878
Federal grants	-	-
State grants and entitlements	\$ 95607	\$ 36,287
General revenues		
Property taxes		
Other taxes		
Federal entitlements		
Other general revenues	\$ 77,055	\$ 71,099
Total revenues	\$186,567	\$121,264
Program expenses		
General government	\$104,629	\$90,034
Conservation	\$ 28,749	\$22,818
Total expenses	\$133,378	\$112,852
Increase (decrease) in net assets	\$ 50,340	\$29,191

THE SWCD'S FUNDS

As the SWCD completed the year, its general fund (as presented in the balance sheet on pages 4 - 6) reported a combined fund balance of \$95,256, which is an increase from last year's total of \$86,845.

CONTACTING THE SWCD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the SWCD's finances and to show the SWCD's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the SWCD.

NARATIVE REPORTS

SWCD Grant

The district received \$22,240 in SWCD Service Grant monies for administration/technical services for the district.

RIM Grant

The district received \$3,748 RIM grant. These funds are used to administer and do status reviews on the Reinvest in Minnesota Program.

State Cost-Share Program

The district received funding in the amount of \$10,531 for Fiscal Year 2010. This funding is also available for well sealing along with other conservation practices.

Ag Best Management Practices Loan (SRF)

Ag BMP Program is a state program to provide low interest financing to farmers, ag supply businesses and rural landowners.

Tree Program

Tree sales were made to 113 customers for replacements, shelterbelts and wildlife plantings. A total of 6,852 trees were sold and the tree planter was rented to two customers.

Outstanding Conservationist

The district selected the cooperator of the year for 2009. Selections are based on farming operations, erosion control and conservation practices installed. The Outstanding Conservationist for 2009 was Ronald and Karen Sommerdorf.

Ron Sommerdorf has a simple philosophy: "leave it in better shape than in what you found it." That includes the farm owned by Sommerdorf and his wife, Karen, which is located east and north of Brownton on 90th Street.

The Sommerdorfs have been chosen by the McLeod Soil and Water Conservation District as the conservation family of the year. Besides farming, Ron Sommerdorf has been a surveyor for over 50 years. Karen recently retired from teaching.

"My life has been tied to the outdoors," said Ron Sommerdorf. "When you spend that much time outside, you can't help but love nature and want to preserve it."

Ron and Karen currently have 35+ acres in the Conservation Reserve Program (CRP). They have also planted trees on their property every year.

Well Observation

The district has been monitoring three wells in the county, two of them are irrigation wells. These wells are monitored from March through December and the district is reimbursed \$15.00 per well each month. This information is then mailed to the Department of Natural Resources where it is compiled.

Comprehensive Water Plan

In 1991 McLeod County completed their Comprehensive Local Water Management Plan. The updates were completed in 1995 with a revision in 1996 and a complete revision that was completed and approved by BWSR in 2007. The district is part of the Water Planning Task Force. The plan identifies objectives and strategies for protecting and enhancing McLeod

County's water resources and related lands. The McLeod Soil and Water Conservation District is assisting the county with implementing items of the plan. The district has adopted the McLeod County Comprehensive Water Plan for the districts Comprehensive Plan.

Wetland Reserve Program

The Wetland Reserve Program was set up to utilize the financial and technical resources of perpetual easements to secure permanent wetland restoration easements. It is a voluntary program that offers landowners the means and opportunity to protect, restore and enhance wetlands. There are currently nine parcels in progress.

Wildlife Habitat Incentive Program

The WHIP offers technical and cost-share assistance to landowners to help establish and improve wildlife habitat. The participant will sign a 5 to 10 year cost-share agreement. The landowner agrees to install and maintain the WHIP practices and allow NRCS to monitor the effectiveness of the practices. USDA agrees to provide technical assistance and pay up to 75% of the cost of installing the wildlife habitat practices.

In 2009 McLeod County added 7 contracts with 459.8 acres. This is an increase from 2008 of 370.3 acres. The total of the contracts is \$46,915.40.

Conservation Reserve Program

The McLeod County producers favor the Continuous CRP signup for two simple reasons: non-competitive signup and favorable maximum payment rate based on incentives.

Environmentally sensitive cropland areas target the following priority practices: filter strips, riparian buffers, wetland restorations, field windbreaks, shelterbelts and living snow fences.

The Continuous CRP Program has been a large part of the office work load this year. The continuous signup added 30 contracts, totaling 87.3 acres.

Environmental Quality Incentive Program

EQIP provides technical, financial, and educational assistance to farmers to address significant natural resource concerns and objectives. Landowners are required to meet the soil loss requirements and one other resource concern, usually water quality. 14 contracts for a total of 4,706 acres were added in 2009 totaling \$167,033.49.

Crow River Organization of Water / High Island Creek / Rush River

The Crow River Organization of Water, High Island Creek and Rush River are Joint Power Organizations aimed at improving water quality and quantity issues in these watersheds while also promoting a healthy agricultural, industrial and recreation based economy for the region.

Cluster 5 Joint Powers

McLeod County is included in the list of counties that consist of the Cluster 5 Joint Powers, and therefore, the district is able to get engineering assistance from the Joint Powers.

Minnesota Wetland Conservation Act of 1991

The majority of work in McLeod County for the Wetland Conservation Act is development. Developments in the county are becoming larger and more frequent. All wetland delineations on developments are approved by the Technical Evaluation Panel (TEP). Most of the problems come from inconsistencies of delineators.

Another large portion was drainage on agricultural land. After the legislative change, it allowed a wider avenue for drainage. The major change was the definition of agricultural land to include pasture and hayland. This allows the drainage of old pastures and meadows.

EDUCATION PROGRAMS

News Articles

Two news articles were sent to all McLeod County newspapers on various subjects such as benefits of trees and state convention.

Nature Field Day

The district sponsored the 15th Nature Field Day for area fourth graders on May 5th and 6th at Piepenburg Park. There were over 300 fourth grade students who attended over the two days. Our goal is to create an awareness of our natural resources. The field day started at 9:30 a.m. and ended around 1:30 p.m. Students visited six stations throughout the day. Topics included: water quality, recycling/composting, conservation practices, wildlife habitat, trees, dairy management and fisheries.

Poster Contest

Every year information is mailed to the schools in McLeod County regarding a poster contest sponsored by the McLeod Soil and Water Conservation District. This information is developed by the MN Association of Soil & Water Conservation District's Education Committee. A presentation was given to sixth graders at Lester Prairie Public School on the theme "Our Soil a Layer of Life". The district received 18 posters and 8 murals. Awards were provided for all district winners and the winning posters and murals were entered in the area contest.

Rain Gauge Program

There are four participants within the designated areas of the county, who keep daily records of rainfall. The reports are sent to the district office each month then recorded and forwarded to the University of Minnesota for compiling.

Other Activities

EQIP meetings attended
The Farmer Award Program completed
C.R.O.W. Joint Powers meetings attended
High Island Creek meetings attended
Rush River meetings attended
State Convention attended
RC&D meetings attended
Water Plan Task Force meeting attended
Buffalo Creek Watershed meeting attended
Planning Commission meeting attended
Ag Preservation meeting attended
WCA Technical Evaluation Panel
WCA Training Workshop attended
State Cost-Share training attended
Township meetings attended
County Board meetings attended
Area VI Supervisor Meetings and Chairman Meetings attended