

Hubbard County Soil and Water Conservation District



2007 Annual Report

**HUBBARD COUNTY SOIL AND WATER CONSERVATION
DISTRICT**

2007 Annual Report

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2008 Calendar of Events

HUBBARD COUNTY SOIL AND WATER CONSERVATION DISTRICT

January 1, 2007 – December 31, 2007

PERSONNEL

DISTRICT SUPERVISORS

CHAIR
VICE CHAIR
SECRETARY
TREASURER
PR&I

DOUGLAS RALSTON
DUANE SPLITTSTOESSER
DON RETTINGER
CAROL BERG
DON SELLS

DISTRICT STAFF

DISTRICT ADMINISTRATOR
DISTRICT SECRETARY
DISTRICT TECHNICIAN/E-911 COORDINATOR

MICHELLE PROSSER
MARILYN BERRY
WILLIAM ALDEN

USDA NATURAL RESOURCES CONSERVATION SERVICE

DISTRICT CONSERVATIONIST
SOIL CONSERVATION TECHNICIAN

RUSSELL D. JOHNSRUD
ALICIA LATURNUS

MEETING DATES

The Board of Supervisors meets the second Tuesday of each month at the Agricultural Service Center, 12 ½ Second Street West, Park Rapids. Meetings are open to the public.

EEO-Services and programs of the Hubbard County Soil and Water Conservation District and the Natural Resources Conservation Service are offered on a nondiscriminatory basis without regard to race, color, national origin, religion, sex, age, marital status, or handicap.

HUBBARD COUNTY SOIL AND WATER CONSERVATION DISTRICT

OVERVIEW AND 2007 ACCOMPLISHMENTS AND ACTIVITIES

Mission Statement: The purpose of the Hubbard County Soil and Water Conservation District is to help preserve surface and ground water quality, to encourage wise land-use decisions throughout the district, and to foster a secure and prosperous community working together in harmony for the general welfare of the people of the district.

Hubbard County's population in the year 2000 was 18,376, a jump from 14,939 in 1990. With its 639,000 acres, cropland accounts for 89,500 acres, lake acres total 57,510 (9%), and 65% is forested. There are 313 lakes with 10+ acres. Hubbard County is expected to grow by 65% by the year 2030, thereby creating more demands on its resources.

In 2007, the Hubbard County SWCD directed its efforts to preserving the county's natural resources through the following projects and programs:

LOCAL WATER PLAN MANAGEMENT – The District coordinates activities for the Local Water Plan in Hubbard County. In 2007 a revised Local Water Management Plan for 2007-2012 was approved by the Minnesota Board of Water and Soil Resources.

In 2007 projects included:

- Evapotranspiration Hotline—providing daily crop water use estimations for corn, dry beans and turf through a recorded message that is updated every morning;
- Lake Water Quality Monitoring—five lakes were tested (Duck, Lord, Moran, Shallow and Waboose) on a monthly basis May-September;
- Abandoned well sealing—one well was sealed;
- Freshwater Festival for approximately 300 sixth graders in the county was held in May at Camp Wilderness, BSA, near Emmaville, MN;
- Financial assistance for COLA's lake water quality testing;
- Assumed fiscal grant management for 7 lake associations;
- Support of the Healthy Lakes and Rivers Program;
- Nitrate Testing Clinic held on June 26 with 153 samples tested. Of the samples tested, 19 were over 10 ppm of nitrates.

HEALTHY LAKES AND RIVERS INITIATIVE – This on-going project began as a cooperative effort with the Wadena SWCD and University of Minnesota in 2004. In 2005 this program was continued by partnering with the Northwest Minnesota Foundation. Several lake associations in Hubbard County have completed management plans and have received grants for plan implementation. Lake associations include: Portage, 8th & 9th Crow Wing, Big Mantrap, Potato, Bad Axe, Little Sand, Big Sand, and Long.

EDUCATION – In 2007 the District sponsored a **poster contest** for fifth and sixth graders in the county. The Board of Supervisors awarded prizes to Abby Veit, Patricia Everett, and Joel Caughey from Nevis School.

On May 10 two staff persons from the SWCD and NRCS were presenters at 5th Grade Education Day held at Itasca State Park.

The **Envirothon** is a yearly event held at Lake Bemidji State Park in April for high school students in Area 8. Personnel from these SWCDs organize the event. Volunteers from several agencies presented information at five stations that included forestry, soils, current events, aquatics and wildlife. In addition, each team gave an oral presentation that was judged and graded. The three teams with the highest score from all categories participated in the state competition. A Park Rapids team won the area competition and placed 7th at the Envirothon State Competition held near Marshall, MN. This finish was the highest ever for a Park Rapids team.

NRCS also participated in judging at the Laporte Science Fair and gave presentations at the school forest. They made presentations at Career Days and Ag in the Classroom at the Park Rapids School.

Through the Local Water Plan, personnel from the District, NRCS, Environmental Services, and a representative from the Coalition of Lake Associations planned and participated in the local **Freshwater Festival** for sixth graders in the county that included students from Laporte, Nevis and Park Rapids. Also participating were students from St. Philip's school in Bemidji (Beltrami County) and from Walker-Hackensack-Akeley school in Walker (Cass County). Several citizen volunteers from lake associations assist in this yearly event which hosts approximately 300 students and teachers.

WETLAND PRESERVATION/WETLAND CONSERVATION ACT – Hubbard County is experiencing a high rate of residential development adjacent to lakes and wetlands. There has been a reduction in wetland acreage and in their associated functions and public values. The District will work together with local units of government to achieve a wetland management plan.

The Hubbard County SWCD continued coordinating the Wetland Conservation Act program for Hubbard County. A fee schedule was adopted in January that includes technical advice and site visits, exemption certificate, combined project application, and wetland banking application submittal.

E-911 – At the request of the Hubbard County Board of Commissioners, the District became a partner in the coordination of the E-911 project in the county several years ago. This was a daily, on-going effort with applications for new addresses, new roads, and edits to existing addresses. The District's E-911 Coordinator managed all rural addressing in the county through September, 2007. Upon his retirement, the Board of Supervisors cancelled the contract for this project and Hubbard County assumed responsibility in November.

COMMUNICATIONS – The District publishes a biannual newsletter and submits news articles as needed.

OTHER DISTRICT PROGRAMS – The District conducts many programs that have been on-going for several years:

- The **Rural Rainfall Program** has a network of 17 landowners throughout the county who measure rainfall/snowfall and report to the District on a monthly basis. Data is recorded at the District office and then reports are sent to the Office of State Climatology.
- The **Observation Well Monitoring Program** began in the 1970s. Thirty wells around the county are monitored for static water levels ten times a year, and data is sent to the Observation Well Manager, DNR – Division of Waters, in St. Paul on a quarterly basis.
- The **District Tree Program** began in the late 1970s to fulfill a need for getting conservation trees planted on the land. From 15,000-20,000 trees are sold through the District to landowners every year. The District does not have a tree planting program. A deer/rabbit repellent, Plantskydd®, is also sold.

COST-SHARE - The District receives grant money yearly from the Board of Water and Soil Resources for projects administered through the State Cost-Share Program. In 2007 all grant funds were encumbered through FY 2007 and FY 2005 was completed. Project completion for 2005-2007 included three wells sealed; one shelterbelt; three lakeshore erosion projects; one erosion control project and four projects under the drought disaster program of 2007.

PARTNERSHIPS – The District works closely with lake associations; Hubbard County Environmental Services and other county offices; state agencies such as Board of Water and Soil Resources, Department of Natural Resources, Minnesota Pollution Control Agency, Minnesota Department of Agriculture and Minnesota Department of Health; Natural Resources Conservation Service; and private landowners.

A representative from the Board attends meetings of the Joint Powers Board, Giziibii RC&D, and Tri-County Leech Lake Watershed. A county commissioner attends soil and water district board meetings.

In 2007 the third **River Clean-up Project** was held in an effort to clean up the Fish Hook River. Volunteers from various organizations as well as private citizens joined in this effort. The Board hopes to continue this effort with other rivers in the county.

Several SWCD board members participated in the Local Work Group meeting to set priorities and scoring criteria for the Environmental Quality Incentive Program (EQIP) in Hubbard County.

HUBBARD COUNTY SOIL AND WATER CONSERVATION DISTRICT
PARK RAPIDS, 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	\$103,849		\$103,849
Accounts receivable	117		117
Due from other governments	0		0
Prepaid items	3,229		3,229
Capital Assets:			
Equipment (net of accumulated depreciation)	4,981	4,981	4,981
Total Assets	\$107,195	\$4,981	\$112,176
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$45		\$45
Salaries payable	(85)		(85)
Deferred revenue	59,261		59,261
Tree Deposits	4,523		4,523
Due to other gov (sales tax payable)	64		64
Long-term liabilities:			0
Due within one year		3,300	3,300
Due after one year		0	0
Total Liabilities	\$63,808	\$3,300	\$67,108
<u>Fund Balance/Net Assets</u>			
Fund Balance/Net Assets			
Reserved for prepaid items	\$3,229	(\$3,229)	\$0
Unreserved			
Designated for future projects	5,000	(5,000)	0
Undesignated	35,158	(35,158)	0
Total Fund Balance	\$43,387	(\$43,387)	\$0
Net Assets			
Invested in capital assets		\$4,981	\$4,981
Unrestricted		40,087	40,087
Total Net Assets		\$45,068	\$45,068

Notes are an integral part of the basic financial statements.

HUBBARD COUNTY SOIL AND WATER CONSERVATION DISTRICT
PARK RAPIDS, MINNESOTA

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

	General Fund	Adjustments See Notes	Statement of Activities
Revenues			
Intergovernmental	\$160,197	\$0	\$160,197
Charges for services	18,536	0	18,536
Investment earnings	3,604	0	3,604
Miscellaneous	3,777	0	3,777
Total Revenues	<u>\$186,114</u>	<u>\$0</u>	<u>\$186,114</u>
Expenditures/Expenses			
Conservation			
Current	\$184,499	(\$4,924)	\$179,575
Capital outlay	5,524	(5,524)	0
Total Expenditures/Expenses	<u>\$190,023</u>	<u>(\$10,448)</u>	<u>\$179,575</u>
Excess of Revenues Over (Under)			
Expenditures/Expenses	(\$3,909)	\$10,448	\$6,539
Fund Balance/Net Assets January 1	<u>47,296</u>	<u>(8,767)</u>	<u>38,529</u>
Fund Balance/Net Assets December 31	<u>\$43,387</u>	<u>(\$1,681)</u>	<u>\$45,068</u>

Notes are an integral part of the basic financial statements.

HUBBARD COUNTY SOIL AND WATER CONSERVATION DISTRICT
PARK RAPIDS, MINNESOTA

BUDGETARY COMPARISON STATEMENT
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 Positive (Neg)
Revenues				
Intergovernmental				
County	\$109,395	\$109,395	\$105,251	(\$4,144)
Local	2,005	2,005	6,278	4,273
Federal	0	0	0	0
State grant	36,263	36,263	48,668	12,405
Total intergovernmental	<u>\$147,663</u>	<u>\$147,663</u>	<u>\$160,197</u>	<u>\$12,534</u>
Charges for services	<u>\$18,420</u>	<u>\$18,420</u>	<u>\$18,536</u>	<u>\$116</u>
Miscellaneous				
Interest earnings	\$2,600	\$2,600	\$3,604	\$1,004
Other	0	0	3,777	3,777
Total miscellaneous	<u>\$2,600</u>	<u>\$2,600</u>	<u>\$7,381</u>	<u>\$4,781</u>
Total Revenues	<u>\$168,683</u>	<u>\$168,683</u>	<u>\$186,114</u>	<u>\$17,431</u>
Expenditures				
District operations				
Personnel services	\$121,199	\$121,199	\$113,324	\$7,875
Other services and charges	21,484	21,484	24,791	(3,307)
Supplies	1,000	1,000	2,881	(1,881)
Capital outlay	0	0	5,524	(5,524)
Total district operations	<u>\$143,683</u>	<u>\$143,683</u>	<u>\$146,520</u>	<u>(\$2,837)</u>
Project expenditures				
District	\$11,500	\$11,500	\$22,975	(\$11,475)
State	13,500	13,500	20,528	(7,028)
Total project expenditures	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$43,503</u>	<u>(\$18,503)</u>
Total Expenditures	<u>\$168,683</u>	<u>\$168,683</u>	<u>\$190,023</u>	<u>(\$21,340)</u>
Excess of Revenues Over (Under)				
Expenditures	\$0		(\$3,909)	(\$3,909)
Fund Balance - January 1	<u>\$47,296</u>	<u>\$47,296</u>	<u>\$47,296</u>	<u>\$0</u>
Fund Balance - December 31	<u>\$47,296</u>	<u>\$47,296</u>	<u>\$43,387</u>	<u>(\$3,909)</u>

Notes are an integral part of the basic financial statements

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial reporting policies of the Hubbard County Soil and Water Conservation District (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 Hubbard County 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 Hubbard 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 Hubbard 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.

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 80 to 160 hours per year. Sick leave accrual is 1 hour per every 20 hours worked. The limit on the accumulation of annual leave is 680 hours. On termination of employment by retirement, illness or death, employees are paid accrued vacation and up to one-half accrued sick leave up to 200 hours.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. General Fund Deficit

At December 31, 2007, the District's General Fund had a deficit fund balance of \$ N/A. The deficit is expected to be eliminated by future revenue sources.

B. Excess of Expenditures Over Budget

During 2007, actual expenditures, \$ 190,023, exceeded budgeted expenditures, \$168,683, by \$21,340.

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 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, 2007, the District's deposits totaled \$ 103,799.05, of which \$ 42,333.17 was cash deposits and \$ 61,465.88 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 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	\$	887
Additions	\$	5,524
Deletions	\$	0
2007 depreciation	\$	1,430
Balance December 31, 2007	\$	4,981

Note: Beginning and Ending Balance are net of accumulated depreciation, which totaled \$4,981 as of December 31, 2007.

The District uses a threshold of \$500 for capitalizing assets purchased. Those physical assets under \$500 are expenses directly and not capitalized.

V. DEFERRED REVENUE

Deferred Revenue represents unearned advances from the Minnesota Board of Water and Soil Resources and Hubbard 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 \$59,261.22.

VI. COMPENSATED ABSENCES PAYABLE

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

Balance January 1, 2007	\$	9,654
Net Changes in Compensated Absences	\$	- 6,354
Balance December 31, 2007	\$	3,300

VI – B. ADJUSTMENTS TO FINANCIAL STATEMENTS

See Note 1-F.

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. 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 9.10% and 5.50%, respectively, of their annual covered salary in 2007. 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 and PEPFF will increase to 6.50% and 11.7% 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 \$5,191.39, \$5,172.02, and \$3,883.87 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 2007 were \$ 6,131.

HUBBARD COUNTY SOIL AND WATER CONSERVATION DISTRICT

**BREAKDOWN OF COUNTY REVENUE
2007**

COUNTY REVENUES (breakdown):

ANNUAL ALLOCATION	\$ 20,919.00
WATER PLAN MONEY	\$ 35,921.70
WETLAND MONEY	\$ 20,945.52
FEEDLOT MONEY	\$
ABANDONED WELL	\$
DNR SHORELAND	\$
OTHER (specify): E-911	\$ 27,464.80
TOTAL	<u>\$105,251.02</u>

NOTE: The total should agree with amount reported as **County Revenue** on “Statement of Revenues, Expenditures, and Changes in Fund Balance.”

List other “non-cash” county support (i.e. rent, health insurance, etc.) that does not show up anywhere on your annual report.

Fixed Assets – see separate pdf file

MANAGEMENT DISCUSSION AND ANALYSIS

The Hubbard County Soil and Water Conservation District's discussion and analysis provides an overview of the District's financial activities for the fiscal year ended 2007. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the "Notes to the Financial Statement" and the District's financial statements beginning on page 6.

FINANCIAL HIGHLIGHTS

On October 30, 2006 the SWCD took over the administration of Hubbard County's Wetland Conservation Act. This program added \$23,599 to the District's yearly budget beginning in January, 2007. In addition, the District continues to administer the Hubbard County Local Water Management Plan.

E-911 continued as the District's only contracted service with Hubbard County. When the District Technician/E-911 Coordinator retired in September, the District decided to terminate this contract with the County effective October 31, 2007. This project brought in approximately 15% of District revenues in 2007.

In November the District Administrator resigned and the District was without a manager for the remainder of the year.

An unexpected expense not included in the budget was for the purchase of a new hydrolab for the lake testing portion of the Local Water Management Plan. This expense was \$5,524.

An adjustment was made during the year to retained earnings from a previous year for uncategorized revenue in the amount of \$615.

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 7-8 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements for governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. Since soil and water conservation districts are single-purpose special purpose governments they are generally able to combine the government-wide and fund financial statements into single presentations. The District has elected to present in this format.

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 6. One of the most important questions asked about the District's finances is, "Is the District 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 District 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 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 District's net assets and changes in them. You can think of the District's net assets—the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors, such as changes in the condition of equipment, to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, the District presents governmental activities. All of the District's basic services are reported here. Appropriations from the County, a purchase of service agreement with the county and the state finance most activities. Charges for services contribute about 10 percent to revenues.

Reporting the District's General Fund

Fund Financial Statements

Our analysis of the District's general fund begins on page 7. The fund financial statements provide detailed information about the general fund, not the District as a whole. The District presents only a general fund which is a governmental fund. All of the District'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 District'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 District's programs. We describe the relationship (or differences) between 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 DISTRICT AS A WHOLE

The District's combined net assets showed a decrease of \$4,524 at the end of 2007. This amount includes an adjustment of \$615 made during the year to retained earnings from a previous year for uncategorized revenue. Compared with the previous year's decrease of approximately \$11,955, this was an improvement. In contrast, last year's net assets increased from \$38,528 at the ending of 2006 to \$45,068 at the end of 2007. The compensated absences dropped as two employees collected severance pay and there was only one employee at the end of the year.

There was one major purchase of \$5524 during the year for a hydrolab.

Deferred revenue of \$59,261 was somewhat lower than the carry over from the previous year of \$64,629. This will help with expenses in 2008 but caused a decrease in assets for 2007. Several lake associations have elected to have the District be the fiscal agent for their grants from the Northwest Minnesota Initiative Fund, and those totaled \$10,372 for deferred revenue. The District has unencumbered state cost-share funds from FY2008 of \$13,515 with FY 2006-2007 encumbered funds of \$15,937.

Income from E-911 activities decreased from \$34,478 to \$27,465 due to releasing the project back to Hubbard County, thus losing two months of service revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the District's capital assets were \$34,176. Deletions totaled \$3,463 and the purchase of a hydrolab added \$5,524 to the balance. The only assets that have not fully depreciated are two Enviroscares, a flow probe and the new hydrolab.

Long-Term Liabilities

The only long-term liabilities the District has are accrued vacation pay and sick leave. More detailed information about the type of liability is presented in the Notes to the Financial Statements, page 12 in the Annual Report. At the beginning of 2007 the District's compensated absences payable were \$9,654 and at the end of the year that balance was \$3,300. The balance reflects the payable leave for one employee.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's elected officials considered several factors when setting the 2008 budget.

Revenue from Hubbard County should remain steady with the District Manager coordinating both the Wetland Conservation Act and the Local Water Plan. Also, the District is seeking new grants for projects. With the retirement of the E-911 Coordinator, the Board chose not to fill that position, therefore this project was discontinued and reverted to Hubbard County.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our landowners, taxpayers, governmental agencies and customers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Hubbard County Soil and Water Conservation District at 212 ½ 2nd Street West, Park Rapids, MN 56470 or call 218-732-0121.

2008 CALENDAR OF EVENTS

JANUARY

- Reorganization of Board
- Board meeting January 8
- E-Link reporting due by end of month for NRBG
- Monthly financial reports

FEBRUARY

- Board meeting February 12
- Board consider cost of living raise
- Monthly financial reports
- Prepare for Envirothon and Freshwater Festival

MARCH

- Area 8 meeting
- Board meeting March 11
- Annual Report and Annual Financial Report due by 15th
- Observation well monitoring
- Administrative Training Session
- Mail spring newsletter
- Restock tree program materials
- Quarterly tax reports
- Monthly financial reports

APRIL

- Envirothon
- Board meeting April 8
- Rainfall monitoring reports
- Trees packed
- Observation well monitoring
- Equipment check for lake monitoring
- Classroom presentations
- Monthly financial reports

MAY

- Trees packed
- Freshwater Festival May 7
- 5th Grade Education Day
- Board meeting May 13
- Poster Contest judging May 13
- Rainfall monitoring reports
- Observation well monitoring
- Lake monitoring
- Plan fair booth activities
- Treasurer and Vice-Chair meet with staff on budget
- Monthly financial reports

JUNE

- E.T. hotline begins
- Area 8 meeting
- Board meeting June 10
- Rainfall monitoring reports
- Cost-share deadline
- E.T. hotline
- Observation well monitoring
- Lake monitoring
- Nitrate Testing Clinic
- Present draft budget to Board
- RIM/cost-share inspections
- Quarterly tax reports
- Monthly financial reports

JULY

- E.T. hotline
- Board meeting July 8
- Alternate month for Nitrate Testing Clinic
- Rainfall monitoring reports
- Observation well monitoring
- Filing for office
- Budget due to County
- Lake monitoring
- Fair booth
- Monthly financial reports

AUGUST

- E.T. hotline
- Board meeting August 12
- Rainfall monitoring reports
- Observation well monitoring
- Lake monitoring
- Trees ordered from Badoura
- Monthly financial reports

SEPTEMBER

- Area 8 meeting
- Board meeting September 9
- Rainfall monitoring reports
- E.T. hotline concludes
- River clean-up project
- Observation well monitoring
- Lake monitoring
- Mail fall newsletter
- Letter to teachers on programs
- Quarterly tax reports
- Order deciduous trees
- Monthly financial reports

OCTOBER

- Observation well monitoring
- Board meeting October 14
- Rainfall monitoring reports
- Tree ordering begins
- Review draft annual work plan
- Monthly financial reports

NOVEMBER

- Observation well monitoring
- Board meeting November 11
- Review draft annual work plan
- Monthly financial reports

DECEMBER

- State Convention
- Board meeting December 9
- Observation well monitoring
- Finalize annual work plan
- Quarterly tax reports
- Monthly financial reports

