

Hubbard County Soil and Water Conservation District

2009 Annual Report

HUBBARD COUNTY SOIL AND WATER CONSERVATION DISTRICT

2009 Annual Report

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HUBBARD COUNTY SOIL AND WATER CONSERVATION DISTRICT

January 1, 2009 – December 31, 2009

PERSONNEL

DISTRICT SUPERVISORS

CHAIR

VICE CHAIR

SECRETARY

TREASURER

PR&I

DON SELLS

DON RETTINGER

CAROL BERG

DOUG RALSTON

LYNDEN NELSON

DISTRICT STAFF

DISTRICT MANAGER

DISTRICT SECRETARY

SHANE FOLEY

MARILYN BERRY

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, 212 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.

Services Provided by the Hubbard County SWCD

BWSR Grant Programs

- General Services
- Cost-share program to assist landowners in installing conservation practices
- Streambank, Lakeshore, and Roadside erosion
- Reinvest in Minnesota
- Local Water Management Plan
- Wetland Conservation Act

Special Programs

- Rural Rainfall Monitoring Network
- Tree Program
- Wellhead Protection Programs
- Healthy lakes and Rivers
- Irrigation Uniformity Testing
- River clean-up Program

Education Programs

- Poster Contest (grades 5-6)
- Envirothon (grades 9-12)
- Present at 5th Grade Conservation Education Day
- Present at 4th Grade Resource Rendezvous
- Presentations upon request

Local Water Plan Projects

- Abandoned well program
- Nitrate testing clinic
- Evapotranspiration Hotline for irrigation
- 6th Grade Freshwater Festival (county-wide)
- Lake and river monitoring
- Lakescaping
- Shoreland Brochures

Services

- Soil and Water Stewardship materials
- Environmental education materials
- Presentations on conservation topics
- Review DNR water permit applications

Cooperative Programs

- Giziibii RC&D
- State Revolving Fund
- Joint Powers Board
- Natural Resources Conservation Service programs
- DNR Observation Well Program

Website: www.hubbardswcd.org

COOPERATING AGENCIES

The Hubbard County Soil and Water Conservation District would like to thank each of the following for their support and assistance during the year:

Area 8 soil and water conservation districts
Area schools
Board of Water and Soil Resources
Citizens National Bank
City of Laporte
City of Nevis
City of Park Rapids
Coalition of Lake Associations
Department of Natural Resources
Farm Service Agency
Giziibii Resource Conservation & Development
Hubbard County Auditor
Hubbard County Assessor
Hubbard County Board of Commissioners
Hubbard County Engineer
Hubbard County Environmental Services
Hubbard County Extension Service
Hubbard County Treasurer
Hubbard County Townships Association
Itasca State Park staff
Lake associations
Minnesota Association of Conservation District Employees
Minnesota Association of Soil and Water Conservation Districts
Minnesota Board of Water and Soil Resources
Minnesota Department of Agriculture
Minnesota Pollution Control Agency
Natural Resources Conservation Service
Northern Lights Council BSA, Camp Wilderness
Northwoods Press
North Central Minnesota Joint Powers Board
Northwest Minnesota Foundation
Office of State Climatology
Park Rapids Enterprise
Radio Station KK-FM
Radio Station KPRM
RMB Laboratories
State Bank of Park Rapids
Superstation KK-FM
University of Minnesota Extension
The Review Messenger
U.S. Army Corps of Engineers

HUBBARD COUNTY SOIL AND WATER CONSERVATION DISTRICT

OVERVIEW AND 2009 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.

The Hubbard County SWCD District Manager administers district programs and coordinates the Local water Management Plan and the Wetland Conservation Act.

In 2009, 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 2009 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. The hotline was in operation from May 26-September 30 with approximately 170 calls during the season;
- **Lake Water Quality Monitoring**—five lakes were tested (Big Bass, Indian, 5th, 6th and 9th Crow Wing) on a monthly basis May-September; the LWP also helped sponsor the Coalition of Lake Association's monthly lake monitoring activities;
- **Abandoned/Unused well sealing**—2 wells were sealed under LWP and 9 wells were sealed in conjunction with the state cost-share program;
- **Freshwater Festival** for approximately 300 sixth graders in the county was held on May 6 at Camp Wilderness, BSA, near Emmaville, MN;
- Support for **the Healthy Lakes and Rivers Program**;
- **Nitrate Testing Clinic**--held on June 22 with 188 samples tested. Of the samples tested, 21 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. Through this program, lake associations have been given the tools needed to assist them in developing and implementing their own lake management plans. This program includes training sessions, technical assistance and support to associations as they go through the process of planning and

project implementation. Lakes completing the HLRP in Hubbard County include Big Mantrap, Little Sand, Portage, Potato, Bad Axe, Big Sand, and 8-9 Crow Wings. Management plans have addressed shoreland restoration/reforestation, erosion control, septic tank pumping, water quality preservation projects, and sediment core study of the lake bottom. Six Hubbard County lakes were accepted into a new HLRP program beginning in 2010.

EDUCATION – On May 8 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. Staff persons 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 participate in the state competition. The 4th place Park Rapids team advanced to the State Envirothon in May, replacing the second place team that could not attend.

NRCS personnel gave several presentations at the Park Rapids **school forest** throughout the year.

A **poster contest** was held for all fifth and sixth grade students in the county. Presentations were given to fifth grade classes on the theme “Our Soil—A Layer of Life.” The board of supervisors selected three winning posters to receive cash prizes; those posters were also entered into area competition.

Through the Local Water Plan, District staff planned 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. Presenters at the learning stations included personnel from MN Department of Health, MN DNR, NRCS, SWCD, BWSR, and local experts.

On October 23 presentations on wetlands were given to five sections of **4th grade** students at the Park Rapids Century School for their “Resource Rendezvous.”

In July the District set up a display at the **county fair** of projects and programs they administer and provided various educational hand-out materials.

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 Hubbard County SWCD continued coordinating the Wetland Conservation Act (WCA) program for Hubbard County. A fee has been implemented that includes costs for application approval for replacement plans, after-the-fact replacement application approval, and wetland banking approval.

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

The district website at www.hubbardswcd.org continues to be updated regularly and has information on all district programs and projects, as well as other information.

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

- The **Rural Rainfall Program** has a network of 16 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-one wells around the county are monitored for static water levels ten times a year, and data is reported on-line to the Observation Well Manager at DNR – Division of Waters, in St. Paul.
- The **District Tree Program** began in the late 1970s to fulfill a need for getting conservation trees planted on the land. Approximately 12,000 trees were sold in 2009. New species were added to the tree order form this year along with 3 different packets for wildlife, wetland, and upland. The District does not have a tree planting program. The District also sells a deer/rabbit repellent, Plantskydd®, along with tree tubes, tree mats, and flags.

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 2009 10 unused wells were sealed and 1 lakeshore erosion project was completed with FY2009 funds. Nine of the wells had originally been installed by USGS for the Pineland Study managed by the District in the 1990s and have not been in use for several years.

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

A supervisor from the Board attends meetings of the Joint Powers Board, Local Water Plan and Giziibii RC&D. A county commissioner attends soil and water district board meetings.

In 2009 the fifth annual **River Clean-up Project** was held on August 16 in an effort to clean up a portion of the Fish Hook River. Four persons volunteered to walk the river or paddle a canoe to transport debris to a collection area where it was bagged and hauled to the transfer station.

Eleven lakes were part of a **Surface Water Assessment Grant (SWAG)** funded by the Minnesota Pollution Control Agency under a Citizens' Lake Monitoring grant. Water samples were collected by SWCD staff and lake resident volunteers for secchi, chlorophyll-a, and total phosphorus. Lakes monitored included Big Bass, Ida, Island, Little Mantrap, Midge, Pickerel, Shingobee, Skunk, Spearhead, Tenth Crow Wing and Williams.

The Hubbard County SWCD helped sponsor a very successful **2009 Grazing Tour** on July 23 in cooperation with the Giziibii Resource Conservation & Development Association and Natural Resources Conservation Service. Several donations were received which defrayed all expenses. Participants visited five different sites to view a variety of management operations.

Independent Auditor's Report for 2008—see separate item on website

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, 2009

	General Fund	Adjustments See Notes	Statement of Net Assets
<u>Assets</u>			
Cash and investments	\$96,035		\$96,035
Accounts receivable	771		771
Due from other governments	0		0
Prepaid items	2,421		2,421
Capital Assets:			
Equipment (net of accumulated depreciation)	2,367	2,367	2,367
Total Assets	\$99,227	\$2,367	\$101,594
 <u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$3,207		\$3,207
Salaries payable	(581)		(581)
Deferred revenue	47,959		47,959
Long-term liabilities:			0
Due within one year		6,514	6,514
Due after one year	0	0	0
Total Liabilities	\$50,585	\$6,514	\$57,099
 <u>Fund Balance/Net Assets</u>			
Fund Balance/Net Assets			
Reserved for prepaid items	\$2,421	(\$2,421)	\$0
Unreserved			
Designated for future projects		0	0
Undesignated	46,221	(46,221)	0
Total Fund Balance	\$48,642	(\$48,642)	\$0
Net Assets			
Invested in capital assets		\$2,367	\$2,367
Unrestricted		42,128	42,128
Total Net Assets		\$44,495	\$44,495

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, 2009

	General Fund	Adjustments See Notes	Statement of Activities
Revenues			
Intergovernmental	\$121,968	\$0	\$121,968
Charges for services	19,609	0	19,609
Investment earnings	2,453	0	2,453
Miscellaneous	1,297	0	1,297
Total Revenues	<u>\$145,328</u>	<u>\$0</u>	<u>\$145,328</u>
Expenditures/Expenses			
Conservation			
Current	\$146,210	\$2,793	\$149,003
Capital outlay	0	0	0
Total Expenditures/Expenses	<u>\$146,210</u>	<u>\$2,793</u>	<u>\$149,003</u>
Excess of Revenues Over (Under)			
Expenditures/Expenses	(\$883)	(\$2,793)	(\$3,676)
Fund Balance/Net Assets January 1	<u>49,524</u>	<u>(1,354)</u>	<u>48,170</u>
Fund Balance/Net Assets December 31	<u><u>\$48,642</u></u>	<u><u>(\$4,147)</u></u>	<u><u>\$44,495</u></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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget <u>Positive (Neg)</u>
Revenues				
Intergovernmental				
County	\$77,133	\$77,133	\$79,088	\$1,955
Local	2,000	2,000	10,399	8,399
Federal	0	0	0	0
State grant	37,187	37,187	32,481	(4,706)
Total intergovernmental	\$116,320	\$116,320	\$121,968	\$5,648
Charges for services	\$21,320	\$21,320	\$19,609	(\$1,711)
Miscellaneous				
Interest earnings	\$3,300	\$3,300	\$2,453	(\$847)
Other	1,200	1,200	1,297	97
Total miscellaneous	\$4,500	\$4,500	\$3,750	(\$750)
Total Revenues	\$142,140	\$142,140	\$145,328	\$3,188
Expenditures				
District operations				
Personnel services	\$85,005	\$85,005	\$84,026	\$979
Other services and charges	24,185	24,185	26,124	(1,939)
Supplies	900	900	2,097	(1,197)
Capital outlay	0	0	0	0
Total district operations	\$110,090	\$110,090	\$112,247	(\$2,157)
Project expenditures				
District	\$17,550	\$17,550	\$26,325	(\$8,775)
State	14,500	14,500	7,638	6,862
Total project expenditures	\$32,050	\$32,050	\$33,963	(\$1,913)
Total Expenditures	\$142,140	\$142,140	\$146,210	(\$4,070)
Excess of Revenues Over (Under)				
Expenditures	\$0	\$0	(\$883)	(\$883)
Fund Balance - January 1	\$49,524	\$49,524	\$49,524	\$0
Fund Balance - December 31	\$49,524	\$49,524	\$48,642	(\$883)

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

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 appropriate for spending.

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

Unreserved, undesignated fund balance account indicates the portion of fund balance 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 with 160 hours allowed to carry over. Sick leave accrual is 1 hour per every 20 hours worked. The limit on sick leave is 680 hours. Upon termination of employment from the District, employees are paid accrued vacation leave and one-half of all accrued sick leave up to 200 hours.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. General Fund Deficit

At December 31, 2009, the District's General Fund had a deficit fund balance of \$ 883. The deficit is expected to be eliminated by future revenue sources.

B. Excess of Expenditures Over Budget

During 2009, actual expenditures, \$146,210, exceeded budgeted expenditures, \$142,140, by \$4,070.

C. 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 \$95,984.58, of which \$10,936.80 were cash deposits and \$85,047.78 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	\$ 3,550
Additions	\$ 0
Deletions	\$ 0
2009 depreciation	1,183
Balance December 31, 2009	\$ 2,367

Note: Beginning and Ending Balance are net of accumulated depreciation, which totaled \$2,367 as of December 31, 2009.

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 \$47,959.22.

VI. COMPENSATED ABSENCES PAYABLE

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

Balance January 1, 2009	\$4,904
Net Changes in Compensated Absences	\$1,610
Balance December 31, 2009	\$6,514

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. 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 and 6.75% for Coordinated Plan PERF members. Employer contribution rates for the Coordinated Plan will increase to 7.00% effective January 1, 2010. The District's employer share of contributions to PERA for the years ending December 31, 2009, 2008, and 2007 were \$4,396.91, \$3,973.97, and \$5,191.39 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 \$6,607.00.

**BREAKDOWN OF COUNTY REVENUE
2009**

COUNTY REVENUES (breakdown):

ANNUAL ALLOCATION	\$ 22,000.00
WATER PLAN MONEY	\$ 30,104.15
WETLAND MONEY	\$ 26,984.08
FEEDLOT MONEY	\$ 0
ABANDONED WELL	\$ 0
DNR SHORELAND	\$ 0
OTHER:	\$ 0
TOTAL	<u>\$ 79,088.23</u>

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

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

**DEFERRED REVENUE BREAKDOWN
2009**

Balance of BWSR Service Grants: \$ 28.07

Balance of unencumbered BWSR Cost-Share Grants: Current fiscal year \$ 7439.00

Previous fiscal year \$ 1869.00

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

<u>FY</u>	<u>Contract No.</u>	<u>Contract Amount</u>	<u>T&A Encumbered</u>
2008	08-3	3,800.00	950.00
2008	08-5	709.00	177.00
2009	08-5	5,726.00	1,432.00

Total of all Cost-Share Encumbrances \$ 12,794.00

Balance of County WCA Funds: \$ 16,183.69

Balance of County Water Plan Funds: \$ 4,245.45

Balance of other funds being deferred (list if any):

Blue Lake Grant \$ 1,400.01

Healthy Lakes & Rivers \$ 4,000.00

Subtotal of other funds: \$ 5,400.01

TOTAL OF ALL DEFERRED REVENUE: \$ 47,959.22

Capital Assets—See separate item on website

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 December 31, 2009. 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.

FINANCIAL HIGHLIGHTS

The Hubbard County SWCD continues to administer the Hubbard County Local Water Management Plan and the Wetland Conservation Act.

The District Manager administers the Local Water Plan and the Wetland Conservation Act. During 2009 a Surface Water Assessment Grant (SWAG) with MPCA was completed.

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 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

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, local water plan and Wetland Conservation Act administration, and the State finance most activities. Charges for services contribute about 15 percent of revenues.

Reporting the District's General Fund

Fund Financial Statements

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

Our analysis focuses on the net assets and changes in net assets of the District's governmental activities.

Net Assets

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
Current Assets	\$ 99,227	\$107,048
Capital Assets, net of depreciation	<u>2,367</u>	<u>3,550</u>
Total Assets	<u>\$101,594</u>	<u>\$110,598</u>
Liabilities, deferred revenue	\$ 50,585	\$ 57,524
Long term liabilities	<u>6,514</u>	<u>4,904</u>
Total Liabilities	<u>\$ 57,099</u>	<u>\$ 62,428</u>
Total Net Assets	<u>\$ 44,495</u>	<u>\$ 48,170</u>

Net assets of the district governmental activities decreased by \$3,675. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, changed from \$44,620 at December 31, 2008 to \$42,128 at the end of this year.

The District's Statement of Activities and Changes in Fund Balance

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
Revenues		
Intergovernmental	\$121,968	\$132,700
Charges for services	19,609	20,788
Investment earnings	2,543	3,579
Miscellaneous	<u>1,297</u>	<u>2,914</u>
Total Revenues	<u>\$145,328</u>	<u>\$159,981</u>
Expenses		
Conservation	<u>\$149,003</u>	<u>\$156,879</u>
Increase (decrease) in net assets	<u>(\$ 3,676)</u>	<u>\$ 3,102</u>

The District's total revenues decreased by \$14,653. The total cost of programs and services decreased by \$7,876.

Deferred revenue of \$47,959 was lower than the carry over from 2008 of \$52,275. This will help with expenses in 2010 but caused a decrease in assets for 2009. The District continues to be the fiscal agent for several lake associations for the Healthy Lakes and Rivers Program, and those grants totaled \$5,400.01 for deferred revenue. The District had unencumbered state cost-share funds from FY2009 of \$1,869 and FY2010 of \$ 7,439.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the District's capital assets were \$2,367. There were no deletions or additions. The only assets that have not fully depreciated are an Enviroscope purchased in 2001 and a hydrolab purchased in 2007.

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 13 in the Annual Report. At the beginning of 2009 the District's compensated absences payable were \$4,904 and at the end of the year that balance increased to \$6,514. The balance reflects the payable severance for two employees.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's elected officials considered several factors when setting the 2010 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 has applied for a grant for a new project.

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.

