

**Renville Soil & Water Conservation District
Olivia MN**

BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Neg)
Revenues				
Intergovernmental				
County	\$134,640	\$134,640	\$115,253	(\$19,387)
Local	500	500	7,287	6,787
Federal	10,000	10,000	1,425	(8,575)
State grant	111,300	111,300	513,179	401,879
Total intergovernmental	<u>\$256,440</u>	<u>\$256,440</u>	<u>\$637,144</u>	<u>\$380,704</u>
Charges for services	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$2,240</u>	<u>(\$27,760)</u>
Miscellaneous				
Interest earnings	\$10,000	\$10,000	\$4,255	(\$5,745)
Other	2,910	2,910	20,470	17,560
Total miscellaneous	<u>\$12,910</u>	<u>\$12,910</u>	<u>\$24,725</u>	<u>\$11,815</u>
Total Revenues	<u>\$299,350</u>	<u>\$299,350</u>	<u>\$664,109</u>	<u>\$364,759</u>
Expenditures				
District operations				
Personnel services	\$231,150	\$231,150	\$232,783	(\$1,633)
Other services and charges	34,700	34,700	77,092	(42,392)
Supplies	1,000	1,000	934	66
Capital outlay	0	0	23,798	(23,798)
Total district operations	<u>\$266,850</u>	<u>\$266,850</u>	<u>\$334,607</u>	<u>(\$67,757)</u>
Project expenditures				
District	\$15,000	\$15,000	\$754	\$14,246
State	17,500	17,500	360,210	(342,710)
Total project expenditures	<u>\$32,500</u>	<u>\$32,500</u>	<u>\$360,964</u>	<u>(\$328,464)</u>
Total Expenditures	<u>\$299,350</u>	<u>\$299,350</u>	<u>\$695,571</u>	<u>(\$396,221)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$0</u>	<u>\$0</u>	<u>(\$31,462)</u>	<u>(\$31,462)</u>
Fund Balance - January 1	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Fund Balance - December 31	<u>\$0</u>	<u>\$0</u>	<u>(\$31,462)</u>	<u>(\$31,462)</u>

Notes are an integral part of the basic financial statements.

**Renville Soil & Water Conservation District
Olivia MN**

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Adjustments See Notes	Statement of Net Assets
<u>Assets</u>			
Cash and investments	\$522,353		\$522,353
Accounts receivable	953		953
Due from other governments	3,211		3,211
Prepaid items	0		0
Capital Assets:			
Equipment (net of accumulated depreciation)	0	24,677	24,677
Total Assets	<u>\$526,516</u>	<u>\$24,677</u>	<u>\$551,193</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$0		\$0
Salaries payable	(1,436)		(1,436)
Deferred revenue	297,745		297,745
Long-term liabilities:			
Due within one year		0	0
Due after one year		26,704	26,704
Total Liabilities	<u>\$296,309</u>	<u>\$26,704</u>	<u>\$323,013</u>
<u>Fund Balance/Net Assets</u>			
Fund Balance/Net Assets			
Reserved for prepaid items	\$0	\$0	\$0
Unreserved			
Designated for future projects	43,000	(43,000)	0
Undesignated	187,206	(187,206)	0
Total Fund Balance	<u>\$230,206</u>	<u>(\$230,206)</u>	<u>\$0</u>
Net Assets			
Invested in capital assets		\$24,676	\$24,676
Unrestricted		203,504	203,504
Total Net Assets		<u>\$228,180</u>	<u>\$228,180</u>

Notes are an integral part of the basic financial statements.

**Renville Soil & Water Conservation District
Olivia MN**

STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Adjustments See Notes	Statement of Activities
Revenues			
Intergovernmental	\$598,459	\$0	\$598,459
Charges for services	2,240	0	2,240
Investment earnings	4,255	0	4,255
Miscellaneous	59,155	0	59,155
Total Revenues	<u>\$664,109</u>	<u>\$0</u>	<u>\$664,109</u>
Expenditures/Expenses			
Conservation			
Current	\$671,773	\$6,611	\$678,384
Capital outlay	23,798	(23,798)	0
Total Expenditures/Expenses	<u>\$695,571</u>	<u>(\$17,187)</u>	<u>\$678,384</u>
Excess of Revenues Over (Under)			
Expenditures/Expenses	(\$31,462)	\$17,187	(\$14,275)
Fund Balance/Net Assets January 1	<u>261,671</u>	<u>(19,217)</u>	<u>242,454</u>
Fund Balance/Net Assets December 31	<u><u>\$230,209</u></u>	<u><u>(\$2,030)</u></u>	<u><u>\$228,179</u></u>

Notes are an integral part of the basic financial statements.

2010 - Deferred Revenue Breakdown

Balance of BWSR Service Grants:		\$	61,957.86
General Services	\$		14,370.35
Easement Services	\$		10,039.37
Buffer Easements	\$		35,938.14
RIM/WRP	\$		1,610.00

Balance of unencumbered BWSR Cost-Share Grants:

Current fiscal Year

State Cost Share (FY11)	\$	4,789.56
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Previous fiscal year

Native Buffer Cost-Share (FY10)	\$	39,252.06
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Balance of encumbered BWSR Cost-Share Grant (list each contract separately)

<u>Program</u>	<u>FY</u>	<u>Contract No.</u>	<u>Contract Amt</u>	<u>T&A Encumbered</u>	<u>Totals</u>	
C/S	FY10	01-10	\$ 4,271.55	\$ 1,067.89		
	FY11	01-10	\$ 5,528.45	\$ 1,382.11		
	FY08	17-08	\$ 579.38	\$ 144.85		
	FY09	17-08	\$ 6,020.62	\$ 1,505.16	\$ 20,500.01	
FWQMG	CWF10	01-10	\$ 14,034.10			
	CWF10	02-10	\$ 25,677.50			
	5% of \$46,508 Grant			\$ 2,325.40		
	GF10	03-10	\$ 59,769.25			
	5% of \$62,915 Grant			\$ 3,145.75	\$ 104,952.00	
NB C/S	FY09	B05-09	\$ 1,930.00	\$ 482.50		
	FY09	B06-09	\$ 209.76	\$ 52.44		
	FY09	B09-09	\$ 900.00	\$ 225.00		
	FY09	B11-09	\$ 5,137.82	\$ 1,284.46		
	FY09	B12-09	\$ 160.31	\$ 40.08		
	FY10	B13-09	\$ 14,959.12	\$ 3,739.78		
	FY10	B01-10	\$ 214.20	\$ 53.55		
	FY10	B07-08	\$ 293.62	\$ 73.40		
	FY10	B03-10	\$ 6,337.50	\$ 1,584.37		
	FY10	B05-10	\$ 506.25	\$ 126.56	\$ 38,310.72	
	Total of all Cost-Share Encumbrances					\$ 163,762.73
	(minus 10% funds withheld from FWQM & NB C/S)					\$ (19,975.00)
Total Cost-Share Funds Deferred to 2011					\$ 187,829.35	

Balance of County WCA Funds	\$	3,469.79
Balance of County Water Plan Funds	\$	1,601.89
Balance of County General Fund Funds	\$	12,124.74
Total County Funds Deferred	\$	17,196.42

Balance of Other Funds Being Deferred

TSA Funds	\$	5,285.88
Hawk Creek Environmental Project Funds	\$	7,160.82
SMBSC	\$	17,265.31
Local Donations--Education	\$	1,049.27
Total of other Funds	\$	30,761.28

TOTAL OF ALL DEFERRED REVENUE	\$	297,744.91
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**Deferred Revenue Breakdown
Renville SWCD
2010**

****See attached Excel Spreadsheet**

Renville SWCD
BREAKDOWN OF COUNTY REVENUE
2010

COUNTY REVENUES (breakdown):

ANNUAL ALLOCATION	\$ <u>83,756.86</u>
WATER PLAN MONEY	\$ <u>5,266.88</u>
WETLAND MONEY	\$ <u>11,310.58</u>
FEEDLOT MONEY	\$ <u>14,219.86</u>
ABANDONED WELL	\$ <u>N/A</u>
DNR SHORELAND	\$ <u>N/A</u>
OTHER (specify)	\$ <u>700.00</u>
 TOTAL	 \$ <u>115,253.37</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. N/A

Renville Soil & Water Conservation District
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial reporting policies of the Renville 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 Renville 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 Renville 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 Renville 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 4 to 9 hours per biweekly pay period. Sick leave accrual is 96 hours per year. The limit on Dec. 31st carryover of accumulated annual leave is 160 hours and the limit on total accumulated sick leave is 1,000 hours. Upon termination from the District by retirement, employees are paid accrued vacation leave and up to ½ of the total hours of accrued sick leave. If an employee is contributing to the Health Care Savings Plan (HCSP) through the Minnesota State Retirement System, then an amount equal of ½ of accrued sick leave is paid into the HCSP. On termination of employment by illness or death, employees are paid all accrued vacation hours and up to 1/2 hours of accrued sick leave or the amount is paid into the employee HCSP as specified in the Personnel Policies.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. General Fund Deficit

At December 31, 2010, the District's General Fund had a deficit fund balance of:
N/A

B. Excess of Expenditures Over Budget

During 2010, actual expenditures, \$695,671, exceeded budgeted expenditures, \$299,350, by \$396,221.

Note that actual revenues of \$664,109 exceeded budgeted revenues of \$299,359 by \$364,759.

C. Uncollateralized deposits

During 2010, 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, 2010, the District's deposits totaled \$522,161.30, of which \$51,308.78 were cash deposits and \$470,852.52 was invested in certificates of deposit. Minnesota Statutes require that all District deposits be covered by insurance, surety bond, or collateral. At December 31, 2010, 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, 2010	\$ <u>6,187</u>
Additions	<u>\$23,798</u>
Deletions	<u>\$24,053</u>
2010 depreciation	\$ <u>5,309</u>
Balance December 31, 2010	<u>\$24,677</u>

Note: Beginning and Ending Balance are net of accumulated depreciation, which totaled \$30,037 as of December 31, 2010.

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

V. DEFERRED REVENUE

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

Total Deferred Revenue as itemized on “Deferred Revenue Breakdown” \$297,774.91.

VI. COMPENSATED ABSENCES PAYABLE

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

Balance January 1, 2010	<u>\$25,402</u>
Net Changes in Compensated Absences	<u>\$ 1,302</u>
Balance December 31, 2008	<u>\$26,704</u>

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 2010. The District was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 7.0% for Coordinated Plan PERF members. Employer contribution rates for the Coordinated Plan will increase to 7.25% effective January 1, 2011. The District's employer share of contributions to PERA for the years ending December 31, 2010, 2009, and 2008 were \$9,607, \$ 9,052, and \$ 11,320 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 monthly basis as of October 1, 2009. Under the current agreement, total costs for 2010 were \$5,859

Management Discussion and Analysis

**Renville Soil & Water Conservation District
1008 West Lincoln
Olivia MN 56277**

For the Fiscal Year Ending December 31, 2010

The information in this report is designed to focus on the current year activities, resulting changes and currently known facts, it should be read in conjunction with the Renville SWCD financial statements. The Renville Soil & Water Conservation District's discussion and analysis provides an overview of the Soil & Water Conservation District's (SWCD) activities for the fiscal year ended December 31, 2010.

Financial Highlights:

These statements are prepared in accordance with Government Accounting Standards Board Rule 38, which changes the way both the statement of condition and the statement of revenues and expenses are reported.

Fixed assets (capital assets) are reported on a net (depreciated) basis. Fixed assets increased in 2010 because the SWCD replaced an aging pick-up truck with a new model. The SWCD has minimal fixed assets and many of them are fully depreciated.

Readers of this report will notice a significant increase in both revenues and expenses in 2010. This is due to staff commitment to secure cost-share and incentive opportunities for landowners and the SWCD willingness to actively pursue grants and other funding activities. Most of the new sources of revenue are "pass through" money with the SWCD acting as fiscal agent to receive funds from State sources and provide the landowner payments for either cost-share practices or incentives. Technical and administrative funding is scarce under any of these programs and funding from the State for traditional SWCD programs has decreased with budget deficits.

In 2010 the agreement between Renville County and the SWCD for feedlot inspections was reworked and the funding formula changed. The decrease in feedlot revenues from the previous year reflects some of those changes.

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 activities of the SWCD as a whole and present a longer-term view of the Renville Soil & Water Conservation District's (SWCD) finances. 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 Soil & Water Conservation Districts most significant funds. Since SWCDs are single-purpose special purpose governments, they are generally able to combine the government-wide and fund financial statements into single presentations. Renville 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 is attached. One of the most important questions asked about the SWCD 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 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 SWCD net assets and changes in them. You can think of the SWCD assets – the difference between assets and liabilities – as one way to measure the SWCD financial health, or financial position. Over time, increases or decreases in the SWCD net assets are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, the SWCD presents Governmental activities. All the SWCD basic services are reported here. Appropriations from Renville County and the State of Minnesota fund most activities. The remainder of revenue is from federal contribution agreements, outside grants and miscellaneous income from interest and other sources.

Reporting the Renville SWCD's General Fund

Fund Financial Statements

An analysis of the SWCD general fund is attached. The fund financial statements 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 basic services are reported in the general fund, which focuses on how money flows into and out of those funds and 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.

Renville SWCD as a Whole:

The District’s combined net assets decreased by 9.5% from 2009. Nearly all of the liabilities is deferred revenue. The vast majority of Current Assets is cash and Certificates of Deposit. Our analysis focuses on the net assets and changes in net assets of the District’s governmental activities.

Net Assets

	Governmental Activities	
	2010	2009
Current Assets	\$526,516	\$414,049
Capital Assets, net of depreciation	\$ 24,677	\$ 6,188
Liabilities, deferred revenue	\$296,309	\$152,380
Long term liabilities	<u>\$ 26,704</u>	<u>\$ 25,402</u>
Total Net Assets	\$228,180	\$242,455

Table: Changes in Net Assets

	<u>2010</u>	<u>2009</u>
Revenues		
Governmental Revenue		
County	\$115,253	\$139,844
State	\$513,179	\$227,583
Other Governments	\$ 8,712	\$ 75
Charges for Services	\$ 2,240	\$ 18,012
Miscellaneous		
Interest	\$ 4,255	\$ 5,806
Other	\$ 20,470	\$ 17,799
Total Revenues	<u>\$664,109</u>	<u>\$409,119</u>
Program Expenses		
District Operations		
District Operations	\$334,607	\$240,150
Project Expenditures	\$360,964	\$ 171,344
Total Expenditures	<u>\$695,571</u>	<u>\$411,494</u>

Total revenues increased by \$254,990 total expenditures increased by \$284,077. The increase in both revenues & expenditures can be partially attributed to payments made to landowners who completed projects funded with the State of Minnesota Native Buffer Cost-Share Program and by incentive payments labeled “market rate adjustment” made to landowners using DNR Working Lands Initiative funds. Some of the grant funds were receipted and then deferred to 2011. A total of \$187,829 is being deferred to 2010 in the various cost-share programs including State Cost-Share, Native Buffer Cost-Share, and funding from two sources for Feedlot Water Quality Management grants. The vast majority of Project Expenses are direct payments to landowners for projects completed on their property or for incentive payments for enrolling land into conservation programs.

Personnel costs remained constant as did most operating expenses for the SWCD. The increase in District expenses can mostly be attributed to the purchase of a new truck and the pass-through funds associated with the Hard Rock Easement program funded through the State of Minnesota Environment and Natural Resources Trust Fund.

Capital Assets

At the end of 2010 the Renville SWCD had \$24,677 invested in equipment, vehicles and one building. Original cost of equipment was \$78,767 with accumulated depreciation of \$30,037. The SWCD did purchase a new Dodge Ram 4X4 pickup truck in 2010. This replaced a fully depreciated Chevy 4X4 truck with mechanical problems. Nonfunctioning computer equipment was deleted and replaced with computer equipment that did not meet the \$500 threshold for inclusion in the list of Capital Assets. Much of the Renville SWCD equipment is fully depreciated.

Economic Factors affecting the 2011 Budget

The Renville SWCD elected Board of Supervisors, along with the staff, considered many factors when setting the 2011 budget. Funding from State and County government is at best uncertain with the State of Minnesota facing a budget deficit for the foreseeable future. More complete information will be available after the legislative session in late spring and the budget can be adjusted at that time if necessary.

Fees for service are down as the SWCD no longer offers a tree program. With the absence of State or Federal programs giving landowners incentives to plant trees, the program is no longer economically feasible. The Renville SWCD staff and board continue to pursue all available areas of improved funding and are willing to partner with other agencies and governments to provide services that will also improve funding for the SWCD.

In 2006 the Renville SWCD partnered with Redwood SWCD to write a grant to fund easements in the Minnesota River Valley. The grant was approved by the Legislative Citizens Commission on Minnesota Resources and funded by the 2007 legislature in the amount of \$563,000 for easements, restoration and administration. That grant has been completed with all funds spent before the June 30, 2009 deadline. The Renville SWCD partnered with Redwood, Yellow Medicine, Chippewa and Lac qui Parle SWCD offices to request additional fund from the

LCCMR to protect additional acres. That grant was funded at \$1.5 million by the Minnesota Legislature with funds available July 1, 2009. Fourteen easements are currently being processed with the majority being recorded and landowners paid. Administrative funding from the LCCMR Grant was included in the 2010 & 2011 budgets. Payments to landowners are paid directly from the State of Minnesota and therefore are not included in the budget. An additional \$1.8 million was funded and the funds were made available July 1, 2010. Thirteen easements totaling 692 acres are currently being processed. The SWCD acts as program manager and as such receives and disburses administrative funding as well as some reimbursable legal expenses associated with easement processing.

In November of 2008 Minnesota voters approved a Constitutional Amendment which will increase the sales tax by 3/8 of 1% with funds dedicated to the environment and natural resources. The SWCD has been working to actively pursue any funds available through the amendment money. The Board & Staff did not include any of those funds in the 2011 budget since most funds are available through competitive grant applications.

In 2010 the SWCD received \$54,000 for administration of the 27 applications funded through the State of Minnesota RIM Buffer Easement program. This money was not in the original budget as the program was not initiated until after the budget was prepared. The 2011 budget includes \$10,000 in administrative funds for Buffer Easement Program. Promotion of the program is ongoing and the SWCD will submit all landowner applications. However, it is anticipated that the past "first come-first served" funding for this program will be changed for the spring 2011 program. There have been no details on how the application funding process will proceed. Therefore, the SWCD budgeted conservatively for these admin funds.

Contacting the Renville Soil & Water Conservation District

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the SWCD's finances and to show the Renville Soil & Water Conservation Districts accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Renville SWCD at 1008 West Lincoln Avenue, Olivia MN 56277. The phone number is 320-523-1559. The Office Manager's email address is karen.flom@mn.nacdnet.net