

KANDIYOHI SOIL AND WATER CONSERVATION DISTRICT  
1005 HIGH AVE NE, WILLMAR, MINNESOTA 56201

STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31, 2008

	General Fund	Adjustments See Notes	Statement of Net Assets
<b><u>Assets</u></b>			
Cash and investments	\$386,988		\$386,988
Accounts receivable	0		0
Due from other governments	0		0
Prepaid items	0		0
Capital Assets:			
Equipment (net of accumulated depreciation)		93,660	93,660
<b>Total Assets</b>	<b>\$386,988</b>	<b>\$93,660</b>	<b>\$480,648</b>
<b><u>Liabilities</u></b>			
Current liabilities:			
Accounts payable	\$0		\$0
Salaries payable			0
Deferred revenue	179,118		179,118
Deposits on sales	529		529
Long-term liabilities:			0
Due within one year		0	0
Due after one year		55,899	55,899
<b>Total Liabilities</b>	<b>\$179,647</b>	<b>\$55,899</b>	<b>\$235,546</b>
<b><u>Fund Balance/Net Assets</u></b>			
Fund Balance/Net Assets			
Reserved for prepaid items	\$0	\$0	\$0
Unreserved			
Designated for future projects	0	0	0
Undesignated	207,340	(207,340)	0
<b>Total Fund Balance</b>	<b>\$207,340</b>	<b>(\$207,340)</b>	<b>\$0</b>
Net Assets			
Invested in capital assets		\$93,660	\$93,660
Unrestricted		151,442	151,442
<b>Total Net Assets</b>		<b>\$245,102</b>	<b>\$245,102</b>

Notes are an integral part of the basic financial statements.

KANDIYOHI SOIL AND WATER CONSERVATION DISTRICT  
1005 HIGH AVE NE, WILLMAR, MINNESOTA 56201

STATEMENT OF ACTIVITIES AND  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2008

	General Fund	Adjustments See Notes	Statement of Activities
<b>Revenues</b>			
Intergovernmental	\$334,755	\$0	\$334,755
Charges for services	118,237	0	118,237
Investment earnings	9,160	0	9,160
Miscellaneous	3,046	0	3,046
<b>Total Revenues</b>	<b>\$465,198</b>	<b>\$0</b>	<b>\$465,198</b>
<b>Expenditures/Expenses</b>			
Conservation			
Current	\$441,682	\$8,548	\$450,230
Capital outlay	0	0	0
<b>Total Expenditures/Expenses</b>	<b>\$441,682</b>	<b>\$8,548</b>	<b>\$450,230</b>
<b>Excess of Revenues Over (Under)</b>			
<b>Expenditures/Expenses</b>	<b>\$23,516</b>	<b>(\$8,548)</b>	<b>\$14,968</b>
<b>Fund Balance/Net Assets January 1</b>	<b>183,824</b>	<b>46,310</b>	<b>230,134</b>
<b>Fund Balance/Net Assets December 31</b>	<b>\$207,340</b>	<b>\$37,762</b>	<b>\$245,102</b>

Notes are an integral part of the basic financial statements.

KANDIYOHI SOIL AND WATER CONSERVATION DISTRICT  
1005 HIGH AVE NE, WILLMAR, MINNESOTA 56201

BUDGETARY COMPARISON STATEMENT  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2008

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget <u>Positive (Neg)</u>
<b>Revenues</b>				
<b>Intergovernmental</b>				
County	\$138,300	138,300	\$137,600	(\$700)
Local	0	0	0	0
Federal	9,800	9,800	6,420	(3,380)
State grant	58,000	58,000	190,735	132,735
<b>Total intergovernmental</b>	<b>\$206,100</b>	<b>\$206,100</b>	<b>\$334,755</b>	<b>\$128,655</b>
<b>Charges for services</b>	<b>\$143,600</b>	143,600	<b>\$118,237</b>	<b>(\$25,363)</b>
<b>Miscellaneous</b>				
Interest earnings	\$13,500	13,500	\$9,160	(\$4,340)
Other	3,800	3,800	3,046	(754)
<b>Total miscellaneous</b>	<b>\$17,300</b>	<b>\$17,300</b>	<b>\$12,206</b>	<b>(\$5,094)</b>
<b>Total Revenues</b>	<b>\$367,000</b>	<b>\$367,000</b>	<b>\$465,198</b>	<b>\$98,198</b>
<b>Expenditures</b>				
<b>District operations</b>				
Personnel services	\$210,900	210,900	\$199,169	\$11,731
Other services and charges	30,200	30,200	43,291	(13,091)
Supplies	3,700	3,700	1,637	2,063
Capital outlay	4,000	4,000	0	4,000
<b>Total district operations</b>	<b>\$248,800</b>	<b>\$248,800</b>	<b>\$244,097</b>	<b>\$4,703</b>
<b>Project expenditures</b>				
District	\$99,600	99,600	\$105,109	(\$5,509)
State	18,600	18,600	92,476	(73,876)
<b>Total project expenditures</b>	<b>\$118,200</b>	<b>\$118,200</b>	<b>\$197,585</b>	<b>(\$79,385)</b>
<b>Total Expenditures</b>	<b>\$367,000</b>	<b>\$367,000</b>	<b>\$441,682</b>	<b>(\$74,682)</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,516</b>	<b>\$23,516</b>
<b>Fund Balance - January 1</b>	<b>\$183,824</b>	<b>\$183,824</b>	<b>\$183,824</b>	<b>\$0</b>
<b>Fund Balance - December 31</b>	<b>\$183,824</b>	<b>\$183,824</b>	<b>\$207,340</b>	<b>\$23,516</b>

**KANDIYOHI SOIL AND WATER CONSERVATION DISTRICT**  
**2008 Management Discussion and Analysis**

The Kandiyohi Soil and Water Conservation District's (SWCD) discussion and analysis provides an overview of the SWCD's financial activities for the fiscal year ended 2008. 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 financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of three parts: management's discussion and analysis, 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 SWCD as a whole and present a longer-term view of the SWCD's finances. Fund financial statements are also included. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the SWCD's operations in more detail than the government-wide statements by providing information about the SWCD's most significant funds. Since SWCD's are single-purpose special purpose governments they are generally able to combine the government-wide and fund financial statements into single presentations. Kandiyohi SWCD 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 SWCD's finances is, "Is the SWCD as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the SWCD as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using accrual basis of accounting, which is similar to the accounting used by the most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the SWCD's net assets and changes in them. You can think of the SWCD's net assets — the difference between assets and liabilities—as one way to measure the SWCD's financial health, or financial position. Over time, increases or decreases in the SWCD's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as services provided to the public and other governmental agencies to assess the overall health of the SWCD.

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

**KANDIYOHI SOIL AND WATER CONSERVATION DISTRICT**  
**2008 Management Discussion and Analysis**

**Reporting the SWCD's General Fund**

**Fund Financial Statements**

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's basic services are reported in the general fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. The fund is reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The general fund statements provide a detailed short-term view of the SWCD's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the SWCD's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the financial statements.

**THE SWCD AS A WHOLE**

The SWCD's combined net assets for 2008 were \$230,134. In contrast, last year net assets were \$239,134. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the SWCD's governmental and business-type activities.

Table 1, Net Assets

	<u>2007</u>	<u>2008</u>
Current and other assets	\$423,106	\$386,988
Capital assets	<u>103,040</u>	<u>93,660</u>
Total Assets	\$526,146	\$480,648
Long-term debt outstanding	56,730	55,899
Other liabilities	<u>239,282</u>	<u>179,647</u>
Total Liabilities	\$296,012	\$235,546
Net Assets		
Invested in capital assets, net of debt	103,040	93,660
Unrestricted	<u>127,094</u>	<u>151,442</u>
Total Net Assets	\$230,134	\$245,102

Net assets of the SWCD governmental activities increased by \$14,968. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—changed from \$127,094 at the end of 2007 to \$151,442 at the end of 2008. The increase was due to the Cooperative Weed Management Area grant funds.

**KANDIYOHI SOIL AND WATER CONSERVATION DISTRICT**  
**2008 Management Discussion and Analysis**

Deferred revenue funds in the amount of \$179,118 for 2008 are dedicated for cost share projects and can not be used to finance day-to-day operations. The majority of these funds are for the Middle Fork Crow Watershed District, for which we are administering a Clean Water Legacy Grant and the Cooperative Weed Management Area grant.

**Table 2, Changes in Net Assets**

	<u>2007</u>	<u>2008</u>
<b>Revenues</b>		
Program revenues:		
County	\$133,900	\$137,600
Local	6,000	0
State	84,101	190,735
Federal	22,400	6,420
Charges for services	201,483	118,237
General revenues		
Interest	13,255	9,160
Other	<u>4,638</u>	<u>3,046</u>
Total Revenues	\$465,777	\$465,198
<b>Program Expenses</b>		
Operations	\$269,901	\$244,097
District projects	147,267	105,109
State projects	<u>52,364</u>	<u>92,476</u>
Total Expenses	\$469,532	\$441,682
<b>Increase/Decrease in net assets</b>	<b>(\$3,755)</b>	<b>(\$23,516)</b>

This increase in net assets was due to a variety of factors.

The SWCD's state revenues increased because of the additional grant funds for the CWMA Program. Also, Contribution Agreements with NRCS decreased significantly.

**Governmental Activities**

Revenues, including the sale of trees, native prairie grass and filter fabric, along with services for planting, seeding and installing filter fabric decreased by \$83,246 and expenses for service program decreased by \$42,158.

Approximately 72percent of the SWCD funding was tax based. \$137,600 was received from the county, \$190,735 (which includes cost share pass through funds) from the state and \$6,420 from federal funds. The remaining 28 percent of revenue was generated from SWCD service programs, interest and miscellaneous revenue.

The cost of all governmental activities this year was \$441,682 compared to \$469,532 last year. Taxpayers financed some of these expenses through county, state and federal grants. In addition to

**KANDIYOHI SOIL AND WATER CONSERVATION DISTRICT**  
**2008 Management Discussion and Analysis**

the cost share funds that are spent, the landowner also contributes to projects. The SWCD also partners with NRCS, FSA, USF&WS, DNR, Kandiyohi County, sportsmen groups and local watershed projects.

The largest programs or activities:

- Continuous Conservation Reserve Program (CCRP)
- Conservation Reserve Program (CRP)
- Conservation Reserve Enhancement Program (CREP)
- Reinvest in Minnesota (RIM)
- State Cost Share
- Service programs for trees, native prairie grass and filter fabric

**THE SWCD's FUNDS**

As the SWCD completed the year, its general fund reported a combined fund balance of \$207,340. This year's total change in fund balance is an increase of \$23,516 in the SWCD's General Fund.

**General Fund Budgetary Highlights**

The SWCD reviews the budget on a monthly basis; however no revisions were done to the budget. Variances in the budget occurred due to increases in our county allocation, a special federal grant, higher interest rates and increased activity on service programs.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2008, the SWCD had \$93,660 invested in a broad range of capital assets, including a storage building, two vehicles, field equipment, computers and various office supplies. This amount represents a net decrease of \$9,380.

This year our capital assets did not change as no major purchases were made. The purchase of a new truck is scheduled for 2009.

**Long-Term Liabilities**

Obligations include accrued vacation and sick leave. More detailed information about the SWCD's long-term liabilities is presented in the Notes to the Financial Statement.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

**KANDIYOHI SOIL AND WATER CONSERVATION DISTRICT**  
**2008 Management Discussion and Analysis**

The SWCD's elected and appointed officials considered many factors when setting the 2009 budget. The service programs for 2009 may have about the same, or possibly a lower level of activity as compared to 2008.

**CONTACTING THE SWCD'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the SWCD's finances and to show the SWCD's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Kandiyohi SWCD, 1005 High Ave. NE, Willmar, MN 56201.