

MORRISON SOIL AND WATER CONSERVATION DISTRICT
LITTLE FALLS, MINNESOTA

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Adjustments See Notes	Statement of Net Assets
<u>Assets</u>			
Cash and Investments	\$310,858		\$310,858
Accounts Receivable	25,487		25,487
Due from Other Governments	0		0
Prepaid Items	2,177		2,177
Capital Assets:			
Equipment (Net of Accumulated Depreciation)		12,518	12,518
Total Assets	\$338,521	\$12,518	\$351,039
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable	\$6,807		\$6,807
Salaries Payable	1,495		1,495
Deposit - Tree Sales	55,695		55,695
Due to Other Governments	223		223
Deferred Revenue	46,970		46,970
Long-Term Liabilities:			0
Due Within One Year		64,112	64,112
Due After One Year		0	0
Total Liabilities	\$111,190	\$64,112	\$175,302
<u>Fund Balance/Net Assets</u>			
Fund Balance/Net Assets			
Nonspendable (Prepays, Inventories)	\$2,177	(\$2,177)	\$0
Unrestricted			
Committed or Assigned	0	0	0
Unassigned	225,154	(225,154)	0
Total Fund Balance	\$227,331	(\$227,331)	\$0
Net Assets			
Invested in Capital Assets		\$12,518	\$12,518
Unassigned		163,219	163,219
Total Net Assets		\$175,737	\$175,737

MORRISON SOIL AND WATER CONSERVATION DISTRICT
LITTLE FALLS, MINNESOTA

STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Adjustments See Notes	Statement of Activities
Revenues			
Intergovernmental	\$513,244	\$0	\$513,244
Charges for Services	41,092	0	41,092
Investment Earnings	3,494	0	3,494
Miscellaneous	3,986	0	3,986
Total Revenues	\$561,815	\$0	\$561,815
Expenditures/Expenses			
Conservation			
Current	\$595,411	\$11,297	\$606,708
Capital Outlay	534	(534)	0
Total Expenditures/Expenses	\$595,946	\$10,763	\$606,708
Excess of Revenues Over (Under)			
Expenditures/Expenses	(\$34,130)	(\$10,763)	(\$44,893)
Fund Balance/Net Assets January 1	261,461	(40,831)	220,630
Fund Balance/Net Assets December 31	\$227,331	(\$51,594)	\$175,737

MORRISON SOIL AND WATER CONSERVATION DISTRICT
LITTLE FALLS, MINNESOTA

BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Neg)</u>
Revenues				
Intergovernmental				
County	\$129,455	\$129,455	\$132,604	\$3,149
Local	0	0	333	333
Federal	4,586	4,586	4,584	(2)
State Grant	158,357	158,357	375,723	217,366
Total Intergovernmental	\$292,398	\$292,398	\$513,244	\$220,846
Charges for Services	\$115,000	\$115,000	\$41,092	(\$73,908)
Miscellaneous				
Interest Earnings	\$7,000	\$7,000	\$3,494	(\$3,506)
Other	115,000	115,000	3,986	(111,014)
Total Miscellaneous	\$122,000	\$122,000	\$7,479	(\$114,521)
Total Revenues	\$529,398	\$529,398	\$561,815	\$32,417
Expenditures				
District Operations				
Personnel Services	\$292,249	\$292,249	\$299,071	(\$6,822)
Other Services and Charges	27,553	27,553	26,643	910
Supplies	2,500	2,500	2,500	0
Capital Outlay	1,000	1,000	534	466
Total District Operations	\$323,302	\$323,302	\$328,748	(\$5,446)
Project Expenditures				
District	\$54,500	\$54,500	\$41,471	\$13,029
State	153,491	153,491	225,727	(72,236)
Total Project Expenditures	\$207,991	\$207,991	\$267,198	(\$59,207)
Total Expenditures	\$531,293	\$531,293	\$595,946	(\$64,653)
Excess of Revenues Over (Under)				
Expenditures	(\$1,895)	(\$1,895)	(\$34,130)	(\$32,235)
Fund Balance - January 1	\$261,461	\$261,461	\$261,461	\$32,417
Fund Balance - December 31	\$259,566	\$259,566	\$227,331	\$182

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial reporting policies of the Morrison Soil and Water Conservation District conform to generally accepted accounting principles. These statements are prepared in accordance with Government Accounting Standards Board Rule 54, 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 Morrison 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 Morrison SWCD 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 Morrison 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 Morrison 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.

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 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. 54, 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.

Non-spendable fund balance indicates the portion of fund equity that has been legally segregated for specific purposes or is not appropriable for spending.

Unrestrictive, committed or assigned account indicates the portion of fund equity that the District has set aside for planned future expenditures.

Unrestricted, unassigned 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 I-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 8 to 16 hours per month. Sick leave accrual is 12 days per year. The limit on the accumulation of annual leave is 240 hours and the limit on sick leave is 600 hours. Upon termination from the District by retirement, employees are paid accrued vacation leave and up to 600 hours of sick leave if 15 years experience.

II. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

A. **General Fund Deficit** - N/A

B. **Excess of Expenditures Over Budget** - N/A

C. **Uncollateralized Deposits**

During 2012, 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, 2012, the District's deposits totaled \$338,521.11, of which \$45,377.55 were cash deposits and \$293,143.56 was invested in certificates of deposit. Minnesota Statutes require that all District deposits be covered by insurance, surety bond, or collateral. At December 31, 2012, 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, 2012	\$ 16,999.00
Additions	\$ 535.00
Deletions	\$ -0-
2012 Depreciation	\$ <u>5,015.00</u>
Balance December 31, 2012	\$ <u>12,519.00</u>

Note: Beginning and Ending Balance are net of accumulated depreciation, which totaled \$40,456.00 as of December 31, 2012.

The District uses a threshold of \$ 500.00 for capitalizing assets purchased. Those physical assets under \$ 500.00 are expenses directly and not capitalized.

V. **DEFERRED REVENUE**

Deferred Revenue represents unearned advances from the Minnesota Board of Water and Soil Resources and Morrison 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 \$46,969.97.

VI. **COMPENSATED ABSENCES PAYABLE**

Changes in long-term debt for the period ended December 31, 2012 are:

Balance January 1, 2012	\$ 57,830.00
Net Changes in Compensated Absences	\$ <u>6,282.30</u>
Balance December 31, 2012	\$ <u>64,112.30</u>

VI – B. **ADJUSTMENTS TO FINANCIAL STATEMENTS**

See Note I-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 Intergovernmental Trust. The District is covered for errors and omissions through Minnesota Counties Intergovernmental Trust.

The Minnesota Counties Intergovernmental 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. PERA Coordinated Plan members, employees, were required to contribute 6.25% of their annual gross salary in 2012 through payroll deductions. The District was required to contribute 7.25% of that same salary. (6.25% = employer match, 1% = employer additional) PERA Coordinated Plan members, elected officials, were required to contribute 5% of their annual gross salary in 2012 through payroll deductions. The District was required to contribute a match of 5% of that same salary. The District's employer share of contributions to PERA for the years ending December 31, 2012, 2011, and 2010 were \$16,605.69, \$15,359.10, \$15,300.16 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 of \$ 5,900.04 for 2012.

2012 MANAGEMENT'S DISCUSSION AND ANALYSIS

The Morrison Soil and Water Conservation District's Discussion and Analysis provides an overview of the SWCD's financial activities for the fiscal year ended 2012. 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 SWCD's Financial Statements (beginning on page 1).

FINANCIAL HIGHLIGHTS

The assets of the Morrison Soil and Water Conservation District exceeded its liabilities at the close of the most recent calendar year by \$227,331. Of this amount \$2,177 is reserved for prepaid items and the remaining balance of \$255,154 is considered unreserved, undesignated fund balance.

At the end of the year the total net assets of \$175,737 was considered unrestricted and will be spent according to board discretion.

USING THIS ANNUAL REPORT

This annual report consists of three parts:

1. Management's Discussion and Analysis (this section)
2. The Basic Financial Statements
3. 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 1 and 2) provide information about the activities of the SWCD as a whole and present a longer-term view of the SWCD's 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 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. Morrison Soil and Water Conservation District has elected to present in this format.

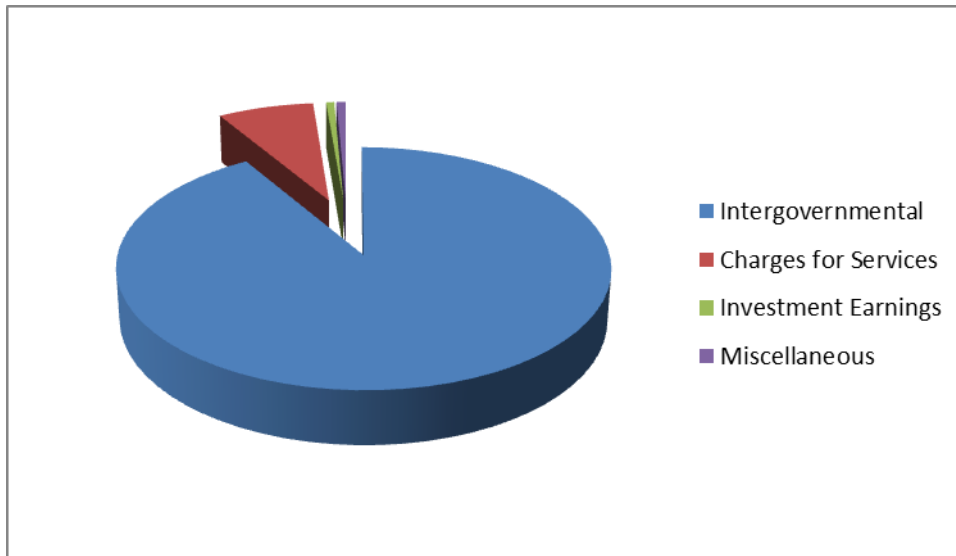
THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

One of the most important questions asked about the 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 factors, however, such as changes in Morrison County’s property tax base, the overall financial health of Morrison County residents, and the overall state budget set by the Minnesota Legislator, 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. However, for the most part, the SWCD has now had to rely on charges for basic services to cover the expenses that the county or state can no longer cover.



REPORTING THE SWCD’s GENERAL FUND

FUND FINANCIAL STATEMENTS

The fund financial statements begin on page 1 and provide detailed information about the general fund - not the SWCD as a whole. The SWCD presents only a general fund, which is a governmental fund. All of the SWCD’s basic services are reported in the general fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. The fund is reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The general fund statements provide a detailed short-term view of the SWCD’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the SWCD’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the financial statements.

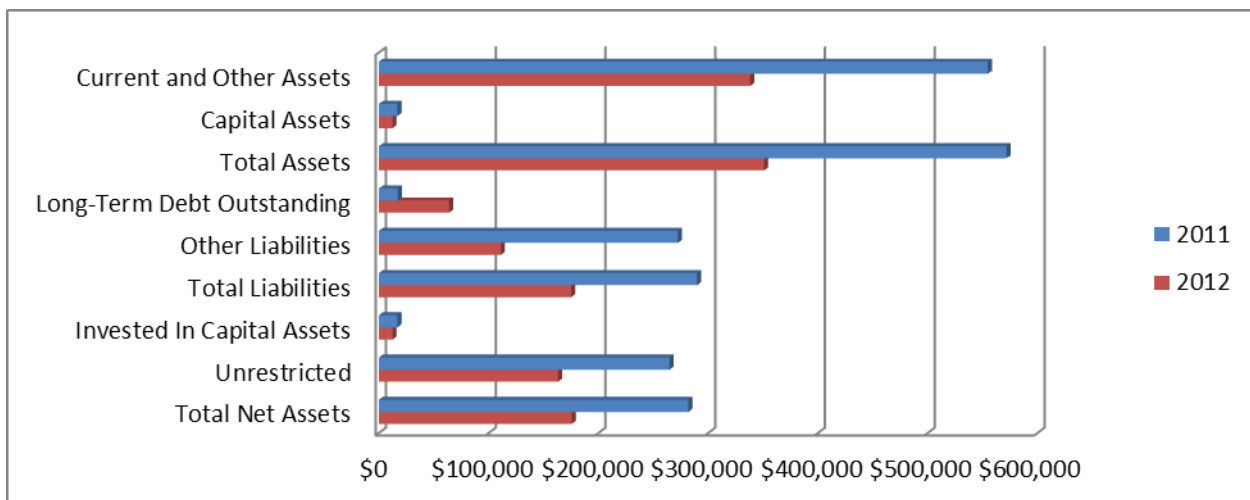
THE SWCD AS A WHOLE

The SWCD's combined net assets were changed, decreasing from \$281,979 to \$175,737. Looking at the net assets and net expenses of governmental and business-type activities separately, however, the trend that started at the end of last year was still going through all of 2012. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the SWCD's governmental and business-type activities.

NET ASSETS (Table 1)

	<u>Governmental Activities</u>	
	2011	2012
Current and Other Assets	\$554,889	\$338,521
Capital Assets	\$16,999	\$12,518
Total Assets	\$571,888	\$351,039
Long-Term Debt Outstanding	\$17,423	\$64,112
Other Liabilities	\$272,486	\$111,190
Total Liabilities	\$289,908	\$175,302
Net Assets		
Invested In Capital Assets, Net of Debt	\$16,999	\$12,518
Unrestricted	\$264,981	\$163,219
Total Net Assets	\$281,980	\$175,737

Net assets of the SWCD governmental activities decrease by 37.68 % (\$175,737 compared to \$281,980). 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 a \$264,981.00 surplus at December 31, 2011 to a \$163,219 surplus at the end of this year.



CHANGES IN NET ASSETS (Table 2)

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2012</u>
<u>REVENUES:</u>		
Program Revenues:		
Charges For Services	\$142,986	\$41,092
Federal Grants	\$2,880	\$4,917
State Grants & County Revenue	\$436,825	\$508,326
General Revenues:		
Property Taxes	0	0
Other Taxes	0	0
Miscellaneous Revenues	\$41,483	\$7,479
Total Revenues	\$621,294	\$561,815
<u>PROGRAM EXPENSES:</u>		
General Government:		
Conservation	\$626,487	\$595,946
Total Expenses	\$626,487	\$595,946
Excess (deficiency before special items & transfers)		
Special Items		
Transfers		
Increase (Decrease) In Net Assets	(\$5,192)	(\$34,130)

The SWCD's Total Revenues (excluding special items) decrease by 9.57% (\$59,479). The total cost of all programs and services also decreased by \$30,541.00, or more or less than 4.87%.

The SWCD is also the lead agency for the ACUB (Army Compatible Use Buffer). The SWCD will receive 3.75% of \$2,500,000.00 technical assistance for each completed easement. This amounted to about \$93,750.00 worth of revenue recognized by the SWCD. This amount is hard to budget due to the timeframe involved with seeing an easement through to completion. The SWCD is projecting that even with the economic down turn this program could potentially see some funding cuts and will hopefully continue providing the SWCD with a major source of revenue in the next year.

GOVERNMENTAL ACTIVITIES

Revenues for the SWCD governmental activities decreased by \$59,479, while total expenses also decreased by \$30,541. Even with the decrease in funding from both the County and the State, the SWCD noted a decrease in net assets for governmental activities of \$106,243 in 2012. This is a definite reversal from 2011 with the SWCD noticed a decrease in net assets.

The cost of all governmental activities this year was \$595,946.00 to \$626,487 last year. However, as shown in the Statement of Activities on page 1 and 2, the amount that our taxpayers ultimately financed for these activities through the SWCD was only \$41,092 because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that

subsidized certain programs with grants and contributions (\$508,326). Overall, the SWCD’s governmental program revenues, including intergovernmental aid and fees for services (decreased in 2012 from \$579,811 to \$549,418) principally based on a decrease in Total Assets. The SWCD paid for the remaining “public benefit” portion of governmental activities with other revenues, such as interest, miscellaneous forms of revenue and a small portion of its undesignated fund balance.

Table 3 presents the cost of each of the SWCD’s five largest programs - General Cost Share, Feedlot Water Quality Grants, Wetland Conservation Act, ACUB and the Tree Program - as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the SWCD by each of these functions.

GOVERNMENTAL ACTIVITIES (Table 3)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Conservation	\$626,487	\$595,946	\$635,290	\$606,708
All Others	\$0	\$0	\$0	\$0
Totals	\$626,487	\$595,946	\$635,290	\$606,708

THE SWCD’s FUNDS

As the SWCD completed the year, its general fund (as presented in the 2012 Financial Reports (page 2 - Statement of Activities...)) reported a combined fund balance of \$227,331 which is slightly below last year’s total of \$282,403. Included in this year’s total change in fund balance, however, is a decrease of \$34,130 in the SWCD’s General Fund. The primary reasons for the General Fund’s decrease are due in large part to the increase in county and state funding combined with a decrease in everyday operating costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual charges to appropriations (expenditures) were \$64,653 above the final budget amounts. The most significant negative variance of (\$181,102) occurred in the SWCD’s Project Expenditures - Feed Lot Water Quality Management Grant - State. This is due in large part to two animal waste projects that were designated to be completed in Fiscal Year End 2011. However, due to the lack of product availability, a one year extension was granted by BWSR which extended the project completion dates to the Fiscal Year End 2012.

The SWCD was able to provide funding and technical assistance to landowners who had problem animal feedlots.

On the other hand, resources available for appropriation were \$32,417 above the final budgeted amount. As we noted earlier, two (2) Clean Water Legacy - Feed Lot Water Quality Management Grant applications were extended. State funding also affected grant resources available for appropriation. Their windfalls were partially offset by an increase in public service taxes. Landowners were paid using existing funds in the SWCD coffers, which also increased grant rollover resources available for appropriations to other landowners.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2012, the SWCD had \$12,518.00 invested in a broad range of capital assets, including vehicles, computer technology and office improvements (See Table 4 below.). This amount represents a net decrease (including additions and deductions) of \$4,481.00 over last year.

CAPITAL ASSETS AT YEAR-END (Table 4)

	<u>Governmental Activities</u>	
	2011	2012
Land	\$0	\$0
Buildings & Improvements	\$0	\$0
Equipment	\$16,999	\$12,518
Total	\$16,999	\$12,518

Governmental Activities

This year's only addition was a new HP Laptop Computer. This purchase was necessary due to the Districts Quick Books Program no longer being supported by the USDA Computer System.

The SWCD's fiscal-year 2013 capital budget calls for it to spend \$1,000.00 for capital projects. The District plans to purchase one new desk-top computer, monitor and keyboard. The SWCD has no plans to issue additional debt to finance projects. More detailed information about the SWCD's capital assets is presented in Note IV to the Financial Statements (page 5/6).

LONG-TERM LIABILITIES

Obligations include accrued vacation pay and sick leave. More detailed information about the SWCD's long-term liabilities is presented in Note VI to the Financial Statements (page 5/6).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The SWCD's elected and appointed officials considered many factors when setting the fiscal-year 2013 budget, state aid, county aid and fees that will be charged for the for the business-type activities. The SWCD will also be watching the budget closely due to the state of the current economy to determine if changes will need to be made. Those amounts have been noted in the 2013 budget. The SWCD is also expecting to receive over \$11,793.75 in ACUB T&A for work that was completed in 2012.

CONTACTING THE SWCD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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, please feel free to contact:

Helen McLennan, District Manager
Morrison Soil and Water Conservation District
16776 Heron Road
Little Falls, MN 56345

helen.mclennan@mn.nacdnet.net
(320) 616-2479

2012 BREAKDOWN OF COUNTY REVENUE

COUNTY REVENUES (breakdown):

ANNUAL ALLOCATION	\$ 75,000.00
WATER PLAN MONEY	\$ 24,555.70
WETLAND MONEY	\$ 30,298.00
FEEDLOT MONEY	\$ 2,750.00
ABANDONED WELL	\$ -0-
DNR SHORELAND	\$ -0-
OTHER (specify)	\$ -0-
TOTAL	<u>\$ 132,603.70</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.

-0-

-0-

DEFERRED REVENUE BREAKDOWN 2012

Balance of BWSR Service Grants: \$ 8,102.00
 Balance of unencumbered BWSR Cost-Share Grants: Current fiscal year \$ 1,801.35
 Previous fiscal year \$ -0-

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

FY	Contract No.	Contract Amount	T & A Encumbered
2012	05-12	137.50	27.50
2012	07-12	2500.00	500.00
2013	02-13	1000.00	200.00
2013	03-13	1012.68	202.54
2013	04-13	327.84	65.57
2013	05-13	400.00	80.00
2013	06-13	728.55	145.71
2013	07-13	1467.98	293.60
2013	08-13	582.84	116.57
2013	09-13	2185.65	437.13
2013	10-13	582.85	116.57
2013	11-13	3057.00	610.00
2013	12-13	5000.00	1000.00
2013	13-13	1283.34	256.66
2013	14-13	720.00	144.00
2013	15-13	2000.00	400.00

Total of all Cost-Share Encumbrances \$ 27,618.08

Balance of County WCA Funds: \$ -0-

Balance of County Water Plan Funds: \$ 955.96

Balance of other funds being deferred (list if any): Sullivan Lake \$ 999.03
 WCA Sales Landowner \$ 7,318.08
 WCA Sales BWSR \$ 211.47
 Subtotal - other funds: \$ 8,528.58

TOTAL OF ALL DEFERRED REVENUE: \$ 46,969.97