MURRAY SOIL AND WATER CONSERVATION DISTRICT

Annual Financial Report

FOR THE YEAR ENDED DECEMBER 31, 2009

MURRAY SOIL AND WATER CONSERVATION DISTRICT
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MURRAY SOIL AND WATER CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

This section of the annual financial report of the Murray Soil and Water Conservation District presents the Management Discussion and Analysis. The discussion and analysis provides an overview of the Districtôs financial activities for the fiscal year ended December, 31, 2009. Since this information is designed to focus on the current yearôs activities, resulting changes, and currently known facts, it should be read in conjunction with the Districtôs basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The Districtôs net assets on the Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balance decreased due to the expenditures exceeding the revenues.
- The Districtôs net assets exceeded the liabilities on the Statement of Net Assets and Governmental Fund Balance Sheet partially due to the addition of the Investment in Capital Assets in the statement.
- The Statement of Net Assets and Governmental Fund Balance Sheet reflect Designated Fund Balances for specific designated items deemed by the District.

USING THIS ANNUAL REPORT

This annual report consists of four main topics: 1) Managementôs Discussion and Analysis (MD&A); 2) Financial Statements; 3) Reconciliation Statements; and 4) Notes to the Financial Statement. Since SWCDs are single-purpose special purpose governments they are generally able to combine the government-wide and fund financial statements into single presentations. Murray SWCD has elected to present in this format. These topics are further explained as follows:

- Managementôs Discussion and Analysis (MD&A-this section). This section relates mostly to the changes in the Districtôs finances and explains the Governmental Wide-Financial Statements in detail. The MD&A is on pages 3-7;
- Financial Statements ï pages 8-10:
  - The Governmental Wide-Financial Statement includes a series of financial statements that provide information about the activities of the District as a whole and present a longer-term view of the Districtôs finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending; and
  - The Fund Financial Statements also report the Districtôs operations in more detail than the government-wide statements by providing information about the Districtôs most significant funds. Fund financial statements also report the Districtôs operations.
- Reconciliation Statements ï pages 13 and 14:
  - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities explains the differences in the two statements. The Statement of Activities under the ñAdjustmentsò column shows the differences in the two statements; and
  - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets explains the differences in these two statements. The Statement of Net Assets under the ñAdjustmentsò column shows the differences in the two statements.
- Notes to the Financial Statement provides information that is essential to a full understanding of the data provided in the government-wide and fund financial statements, which can be found on pages 12-19.

Statement of Net Assets and Statement of Activities

Our analysis of the Murray Soil and Water Conservation District begins with the Statement of Net Assets and the Statement of Activities of which can be found on pages 8 and 10 of this report. One of the most important questions asked about the Districtôs finances is, ñIs the District as a whole better or worse off as a result of the yearôs activities?ò 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 the most private-sector companies. All of the current yearôs revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Districtôs net assets and changes in them. You can think of the Districtôs net assets - the difference between assets and liabilities - as one way to measure the Districtôs financial health, or financial position. Over time, increases or decreases in the Districtôs net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors 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 Districtôs basic services are reported here. Appropriations from the county and state also finance activities.

FUND FINANCIAL STATEMENTS

The Murray Soil and Water Conservation District presents only a general fund, which is a governmental fund. All of the Districtôs 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 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 Districtôs 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 Districtôs programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Activities and the Statement of Net Assets) and governmental funds through the Reconciliationôs of these statements, which are on pages 13 and 14 (after the Fund Financial Statements). The basic governmental financial reports can be found on pages 8 - 10 of this report.

Notes to the Financial Statement

The Notes to the Financial Statement provides information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes provide information such as: 1) Summary of significant accounting policies; 2) Stewardship, compliance and accountability; 3) Deposits and Investments; 4) Changes in General Fixed Assets; 5) Deferred Revenue; 6) Compensated Absences Payable; 7) Risk Management; 8) Pension Plan; and 9) Operating Leases. The Notes to the Financial Statement are on pages 15-18.

Statement of Net Assets

The Murray Soil and Water Conservation Districtôs net assets increased from one year ago. Our analysis below focuses on the net assets (Table 1) of the Districtôs governmental activities.

DECEMBER 31, 2009

Capital Assets Net of Depreciation	112,042.89	136,954.86
Total Assets	$ 321,878.47	$ 317,162.50
Current and Other Liabilities	67,487.02	51,251.29
Net Assets:		
Invested in Capital Assets	112,042.89	136,954.86
Unrestricted	142,348.56	128,956.35
Total Net Assets	254,391.45	265,911.21
Total Liabilities and Net Assets	$ 321,878.47	$ 317,162.50

The District had more expenses than revenues in 2009. Unrestricted net assets are 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 ï which was $142,348.56 in 2008 and $128,956.35 in 2009, a decrease of $13,392.21.

STATEMENT OF ACTIVITIES

Table 2 reflects changes in Governmental activities of the District. It also reflects some of the actual Districtôs Charges for Services District program changes from 2008 to 2009.

Table 2 Changes in Net Assets

	Governmental Activities	
Revenues	December 31, 2008	December 31, 2009
County	$ 149,614.46	$ 143,519.34
State	42,502.50	57,822.87
WCA State Grant	10,000.00	10,000.00
Charges for Services	71,961.49	55,980.12
Interest Earnings	2,929.33	1,316.97
Other	892.38	4,383.77
Prepaid Rent	-	-
Total Revenues	**277,900.16**	**273,023.07**
Expenses		
Conservation-All Other	214,956.43	189,990.53
Depreciation	22,931.71	24,044.75
Other Services & chgs	24,659.28	49,043.79
Projects - State	6,926.00	22,363.40
Total Expenses	**$ 269,473.42**	**$ 285,442.47**

The State funds reflect funds received for General Services, RIM, and State Cost-Share program. The Districtôs revenues for Charges for Services decreased from $71,961.49 in 2008 to $55,980.12 in 2009. This decrease is related to the District not selling as many trees.

THE DISTRICT'S FUNDS

As the District completed the year, under the general fund column as presented in the Statement of Net Assets on page 8, reported a combined fund balance of $163,383.81 (includes Designated and Undesignated Fund Balances). This amount plus the net of accumulated depreciation ($136,954.86) and minus the Compensated Absences ($34,427.46) gives a total of $265,911.21 under the ñAdjustmentsò column for the Statement of Net Assets. This amount was above last yearôs total of $254,391.45.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District did not adjust the budget.

CAPITAL ASSETS

The District uses a threshold of $1,000.00 for its asset capitalization policy. At the end of 2009, the District had $229,094.90 invested in a broad range of capital assets, including Vehicles, Buildings, Equipment and Machinery (see Table 3). This amount represents a net increase of total capital assets (including additions and deductions) of $9,479.17.

Table 3 Capital Assets at Year-end
(Net of Depreciation)

	Governmental Activities	
Assets	December 31, 2008	December 31, 2009
Equipment/Machinery	$ 169,657.73	$ 179,134.90
Buildings	49,960.00	49,960.00
Total Assets	219,617.73	229,094.90
Net of Depreciation	$ 112,042.89	$ 136,954.86

This yearôs major additions included: Purchases-2009 Ford 250 Pickup in the amount of $38,513.72, and a Canon Copier amounting to $10,443.00. This yearôs deletions were a 2005 Ford Pickup for $34,798.87, an Toshiba Studio 28 Copier for $4,680.68.

The Districtôs fiscal-year 2009 capital budget has designated funds of $5,000.00 for capital projects.

LONG-TERM LIABILITIES

Long-term liability obligations include accrued vacation pay for which employees are paid upon termination from the District by retirement, illness or death. Detailed information about the Districtôs long-term liabilities is presented in the Notes to the Financial Statement under Section I. Summary of Significant Accounting Policies- F. Vacation and Sick Leave on page 15; and under II.C. Compensated Absences Payable on page 16.

MURRAY SOIL AND WATER CONSERVATION DISTRICT

MURRAY SOIL AND WATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Districtôs elected officials considered many factors when setting the fiscal-year 2009 budget. Some of the economic factors taken into account for the 2009 budget include: sales of trees and tree matting, State funding and the County allocation. Expense factors include building expenses and employee salary increases.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Districtôs finances and to show the Districtôs accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Murray Soil and Water Conservation District, 2740 22nd St., Slayton, MN 56172 or call 507-836-6990, Ext. 3.

MURRAY SOIL AND WATER CONSERVATION DISTRICT

Murray Soil and Water Conservation District

SLAYTON, 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
Assets			
Cash and investments	176,490.35		176,490.35
Accounts receivable	1,567.29		1,567.29
Due from other governments	1,140.00		1,140.00
Prepaid items	1,010.00		1,010.00
Capital Assets:			
Equipment (net of accumulated depreciation)		136,954.86	136,954.86
Total Assets	**180,207.64**	**136,954.86**	**317,162.50**
Liabilities			
Current liabilities:			
Accounts payable	-		-
Sales Tax Payable	7.28		7.28
Deposit on Tree sales	476.67		476.67
Deferred revenue	16,339.88		16,339.88
Long-term liabilities:			-
Due within one year		-	-
Due after one year		34,427.46	34,427.46
Total Liabilities	**16,823.83**	**34,427.46**	**51,251.29**
Fund Balance/Net Assets			
Fund Balance/Net Assets			
Reserved for prepaid items	1,010.00	(1,010.00)	-
Unreserved			
Designated for future projects	-	-	-
Undesignated	162,373.81	(162,373.81)	-
Total Fund Balance	**163,383.81**	**(163,383.81)**	**-**
Net Assets			
Invested in capital assets		136,954.86	136,954.86
Unrestricted		128,956.35	128,956.35
Total Net Assets		**265,911.21**	**265,911.21**

MURRAY SOIL AND WATER CONSERVATION DISTRICT

MURRAY SOIL AND WATER CONSERVATION DISTRICT

Slayton, 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	211,342.21	-	211,342.21
Charges for services	55,980.12	-	55,980.12
Investment earnings	1,316.97	-	1,316.97
Miscellaneous	4,383.77	-	4,383.77
Total Revenues	**273,023.07**	**-**	**273,023.07**
Expenditures/Expenses			
Conservation			
Current	258,592.53	26,849.94	285,442.47
Capital outlay	25,017.56	(25,017.56)	-
Total Expenditures/Expenses	**283,610.09**	**1,832.38**	**285,442.47**
Excess of Revenues Over (Under) Expenditures/Expenses	**(10,587.02)**	**(1,832.38)**	**(12,419.40)**
Fund Balance/Net Assets January 1	173,970.83	104,359.78	278,330.61
Fund Balance/Net Assets December 31	**163,383.81**	**102,527.40**	**265,911.21**

MURRAY SOIL AND WATER CONSERVATION DISTRICT

MURRAY SOIL AND WATER CONSERVATION DISTRICT							
Slayton, Minnesota							
BUDGETARY COMPARISON STATEMENT							
BUDGET AND ACTUAL							
GENERAL FUND							
YEAR ENDED DECEMBER 31, 2009							
							Variance with
	Original		Final				Final Budget
	Budget		Budget		Actual		Positive (Neg)
Revenues							
Intergovernmental							
WCA	-		-		10,000.00		10,000.00
County	160,284.96		160,284.96		143,519.34		(16,765.62)
Federal	-		-		-		-
State grant	58,756.00		58,756.00		57,822.87		(933.13)
Total intergovernmental	**219,040.96**		**219,040.96**		**211,342.21**		**(7,698.75)**
Charges for services	**45,500.00**		**45,500.00**		**55,980.12**		**10,480.12**
Miscellaneous							
Interest earnings	2,500.00		2,500.00		1,316.97		(1,183.03)
Other	-		-		4,383.77		4,383.77
Total miscellaneous	**2,500.00**		**2,500.00**		**5,700.74**		**3,200.74**
Total Revenues	**267,040.96**		**267,040.96**		**273,023.07**		**5,982.11**
Expenditures							
District operations							
Personnel services	189,330.92		189,330.92		187,185.34		2,145.58
Other services and charges	25,000.00		25,000.00		24,337.19		662.81
Supplies	2,000.00		2,000.00		1,065.99		934.01
Capital outlay	5,000.00		5,000.00		25,017.56		(20,017.56)
Total district operations	**221,330.92**		**221,330.92**		**237,606.08**		**(16,275.16)**
Project expenditures							
District	10,000.00		10,000.00		23,640.61		(13,640.61)
State	16,269.00		16,269.00		22,363.40		(6,094.40)
Total project expenditures	**26,269.00**		**26,269.00**		**46,004.01**		**(19,735.01)**
Total Expenditures	**247,599.92**		**247,599.92**		**283,610.09**		**(36,010.17)**
Excess of Revenues Over (Under)							
Expenditures	**19,441.04**		**19,441.04**		**(10,587.02)**		**(30,028.06)**
Fund Balance - January 1	**-**		**-**		**173,970.83**		**-**
Fund Balance - December 31	**19,441.04**		**19,441.04**		**163,383.81**		**(30,028.06)**

MURRAY SOIL AND WATER CONSERVATION DISTRICT

BREAKDOWN OF COUNTY REVENUE

2009

COUNTY REVENUES (breakdown):

ANNUAL ALLOCATION $___143,519.34

WATER PLAN MONEY **$_____**

WETLAND MONEY $_____10,000.00

FEEDLOT MONEY $_____

ABANDONED WELL $_____

DNR SHORELAND **$_____**

OTHER (specify) **$_____**

TOTAL $ 153,519.34

MURRAY SOIL AND WATER CONSERVATION DISTRICT
DEFERRED REVENUE BREAKDOWN

2009

Balance of BWSR Service Grants: $0.00

Balance of unencumbered BWSR Cost-Share Grants: Current fiscal year $8,027.91

Previous fiscal year $____

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

FY	Contract No.	Contract Amount	T & A Encumbered
09	09-12	4,441.80	1,110.45
09	09-13	266.73	88.90
09	09-13	1,923.27	480.82
		6,631.80	1,680.17

Total of all Cost-Share Encumbrances $ 8,311.97

Balance of County WCA Funds: $_____

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

$_____

Subtotal of other funds: $_____

TOTAL OF ALL DEFERRED REVENUE: **$16,339.88**

MURRAY SOIL AND WATER CONSERVATION DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2009

Net Change in Fund Balance - Total Governmental Funds	**$ (10,587.02)**
Governmental funds report capital outlay as expenditures. However, in the government wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	25,017.56
Depreciation expense on capital assets is reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expendutire in the governmenta	(24,044.75)
Compensated Absences are also reflected in the government-wide statement of activities. In 2009, the compensated absences increased by $2,805.19 from 2008.	2,805.19
Changes in Net Assets of Governmental Activities	**$ (6,809.02)**

MURRAY SOIL AND WATER CONSERVATION DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	
December 31, 2009	
Total Fund Balance - Total Governmental Funds	**$ 163,383.81**
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental fund	136,954.86
Compensated absences are not due and payable in the current period and are not reported in the general funds.	(34,427.46)
Net Assets of Governmental Funds	**$ 265,911.21**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Murray Soil and Water Conservation District was organized under provisions of Minnesota Stat. Ch. 103C. The District 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 Murray Soil and Water Conservation District, in cooperation with the U.S. Department of Agriculture's 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, which 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 financial reporting policies of the District conform to generally accepted accounting principles.

A. Financial Reporting Entity

In conformance with standards established by the Governmental Accounting Standards Board, the District includes all funds that are controlled by or dependent on the District Board. Control by and dependence on the District were determined on the basis of budget adoption, taxing authority, obligation of the District to finance any deficits that may occur, and any significant subsidy provided by the District.

The District is not considered a part of Murray 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.

B. Basis of Accounting

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 governmental activities, which normally are supported by taxes and intergovernmental revenues.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements included reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classify as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the district.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Fund Financial Statements

The fund financial statements of the District include only one fund, the General Fund. The General Fund is accounted for by a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. ñMeasurableò means the amount of the transaction can be determined and ñavailableò means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Budget

The District adopts an estimated revenue and expense budget for the General Fund. Comparisons of estimated revenues and budgeted expenses to actual are presented in the financial statements in accordance with generally accepted accounting principles.

E. Cash Equivalents

Murray Soil and Water Conservation District recognizes as cash currency on hand and demand deposits with banks or other financial institutions. It also includes other accounts that have the general characteristics of demand deposits in that the customer may deposit or withdraw funds at any time without prior notice or penalty such as certificates of deposit, which do not have penalties or terms with them that effectively restrict withdrawal of funds, money market accounts and repurchase agreements.

Murray Soil and Water Conservation District recognizes as cash equivalents short-term, highly liquid investments that (a) are readily convertible to known amounts of cash and (b) are so near to their maturity that they present an insignificant risk of changes in value because of changes in interest rates.

G. 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.

Due from Other Governments includes amounts for shared projects and grants.

Capital assets are no longer reported on a gross basis. They are now reported on a net (depreciated) basis. Capital assets are still valued at historical or estimated historical cost.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assetsô estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Machinery and Equipment	5 ï 10 years
Furniture and Fixtures	7 ï 10 years
Buildings and Improvements	15 ï 30 years
Vehicles	5 years

The Murray Soil and Water Conservation District has set the capitalization threshold at $1,000.

2. Liabilities

Current liabilities include Accounts Payable, Accrued Payroll and Related Taxes, Sales Tax Payable, Deposits on Sale, Compensated Absences, and Deferred Revenue.

3. Equity

Government-wide Statements

Equity is classified as net assets and displayed in three components:

a. Invested in capital assets ï Consists of capital assets including restricted capital assets, net of accumulated depreciation.
b. Restricted net assets ï Consists of net assets with constraints placed on the use either by (1) external groups such as grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
c. Unrestricted net assets ï All other net assets that do not meet the definition of ñrestrictedò or ñinvested in capital assets.ò

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

H. Revenues and Expenses

1. Revenues

a. Intergovernmental

Intergovernmental revenues are reported in conformity with the legal and contractual requirements of the individual programs. Generally, grant revenue is recognized when the corresponding expenses are incurred. The District also receives an annual appropriation from the county, which 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. The District does not directly levy taxes of any type and thus has no revenues from non-exchange transactions that required to be reported under GASB Statement No. 33.

b. Other Revenue

Investment income (reported as Miscellaneous Revenue) and revenue from the sale of trees (reported as Charges for Services) are recognized when earned, since they are measurable and available. Other revenues generally are recognized when they are received in cash because they usually are not measurable until then.

2. Expenses

a. Project Expenses

Project expenses represent costs that are funded from Federal, State, or district revenues. State project expenses consist of grants to participants for the Cost-Share Program other state-authorized projects. District project expenses are costs of materials and supplies in the sale of trees, tree planting, and other District projects.

b. Vacation and Sick Leave

Under the Districtôs 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 384 hours and the limit on sick leave is 960 hours. Upon termination from the District by retirement, illness or death, employees are paid 100% of accrued vacation leave and 60% of accrued sick leave.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Capital Assets

Changes in Capital Assets:

	Buildings	Machinery & Equipment	Vehicles	Totals
Primary Government				
Balance, December 31, 2008	$ 49,960.00	$ 169,657.73	$ -	$ 219,617.73
Increases	-	48,956.72	-	48,956.72
Decreases	-	(39,479.55)	-	(39,479.55)
Balance, December 31, 2009	49,960.00	179,134.90	-	229,094.90
Accumulated Depreciation				
Balance, December 31, 2008	624.48	106,950.36	-	107,574.84
Increases	624.48	23,420.27	-	24,044.75
Decreases	-	(39,479.55)	-	(39,479.55)
Balance, December31,2009	1,248.96	90,891.08	-	92,140.04
Capital Assets, Net	$ 48,711.04	$ 88,243.82	$ -	$ 136,954.86

B. Deferred Revenue

Deferred revenue represents advances from the Minnesota Board of Water and Soil Resources (BWSR) and Murray County for various programs. Revenues will be recognized when the related program expenses are recorded. Deferred revenue for the year ended December 31, 2009, consists of the following:

Regular/Special State Cost-Share		$16,339.88		
Total		$16,339.88		

C. Compensated Absences

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

Balance - January 1, 2009	$ 31,622.27
Net change in compensated absences	2,805.19
Balance - December 31, 2009	$ 34,427.46

There were no compensated absences payable to terminated employees as of December 31, 2009. Therefore, the balance at the end of the year is considered to be long-term in nature and no disclosure for a current portion is required.

D. Deposits

Minnesota Stat. 118A.02 and 118A.04 authorizes 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, Districtôs deposits totaled $176,490.35, all of which were cash deposits. Minnesota Statutes require that all District deposits be covered by insurance, surety bond, or collateral. All deposits are in category 1, low risk type investments.

Following is a summary of the deposits covered by insurance or collateral at December 31, 2009.

Covered Deposits	Book Balance	Bank Balance
Insured or collateralized with securities held by the District or its agents in the Districtôs name	$ 176,490.35	$ 176,490.35

E. Investments

The District may also invest idle funds as authorized by Minnesota Statutes as follow: direct obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that received the highest credit rating, are in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated ñAò or better; revenue obligations rated ñAAò or better, general obligations of the Minnesota Housing Agency rated ñAò or better; bankersô acceptance of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by corporations or their Canadian subsidiaries, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a ñdepositoryò by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers. The District does not have any investments policies that would further limit investment choices.

The District does not carry any investments on its financial statements as of December 31, 2009.

III. PENSION PLANS

Plan Description

All full-time and certain part-time employees of the Murray Soil and Water Conservation District are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

PERF members belong to either the Coordinated Plan or the Basis Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement benefits are based on a memberôs highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERFôs Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate 2.7 percent of average salary for Basis Plan members and 1.7 percent for

Coordinated Plan members for each year of service. For PERF members whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree ï no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will reduce the monthly
normal annuity amount, because the annuity is payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF. That report may be obtained by writing to PERA, 514 St. Peter Street #200, St. Paul, Minnesota 55102 or by calling (651) 296-7460 or 1-800-652-9026.

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 plan equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 5.50%, respectively, of their annual covered salary. The Murray Soil and Water Conservation District is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members 6.0% for Coordinated Plan PERF members. The Districtôs contributions to the Public Employees Retirement Fund for the years ending December 31, 2009, 2008, and 2007 were 7,437.16, $7,536.95, and $6,645.66, respectively. The Districtôs contributions were equal to the contractually required contributions for each year as set by state statute.

IV. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, employee health, and natural disasters. To cover these risks, the District has purchased commercial insurance. Property and casualty liabilities, errors and omissions and workersô compensation are insured through Minnesota Counties Insurance Trust. The District retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the financial statements.

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 increases or reductions in insurance from the previous year or settlements in excess of insurance for any of the past three years.

V. OPERATING LEASE

The District leases office space for $12,831.00, storage for $1,200.00, and pays $680.00 for LAN/WAN/Voice costs on a yearly basis. Southwest Prairie Joint Powers Organization subleases from the District for $5,328.00. Under this agreement, the net costs for 2009 were $9,383.00. The terms of the lease state that either party can terminate the agreement with written notice. The lease payment would be pro-rated based on the number of days the space was used. Therefore, no minimum lease requirement can be determined.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2009

Basis of Presentation

The budgetary comparison schedule has been prepared on the modified accrual basis of accounting.

Budgetary Legal Requirements

Budgets are adopted on a basis consistent with generally accepted accounting principles. The budget is used during the fiscal year as a tool to monitor actual revenues and expenditures.

The budget is adopted through the passage of a resolution by the board of trustees. Any revision that alters the total expenditures of any fund must be approved by the board of trustees. Appropriations lapse at the end of each year.

MURRAY SOIL AND WATER CONSERVATION DISTRICT
GUIDE TO CAPITAL ASSETS

Threshold levels for Recording Capital Assets

The Murray SWCD has set the capitalization threshold at $ 1,000.00

Tracking and Inventory thresholds are listed below in Capitalization Thresholds Table.

Depreciation Method:

The Murray Soil and Water Conservation District will use the straight-line method to calculate the depreciation of the cost of a capital asset over its estimated useful life.

Estimated Useful Life:

The SWCDôs capital assets will be depreciated over their estimated useful lives. See table below.

The District does not necessarily own all of the listed capital assets as listed below, but it is the threshold the District will us if/when the items are purchased.

Capital Asset Types	Examples	Tracking and Inventory MCIT Ins. Purposes	Capitalize and Depreciate for Financial Report
Buildings	Tree Storage, Storage, Etc.	$1.00	30
Buildings Improvement	Tree Storage, Storage	$1.00	20
Camera	All Cameras	$100.00	7
Computer Hardware	Monitors, CPU, Printers, Laptops, Projectors	$100.00	5
Field Equipment	Tree Planter, Tree mat/weed badger, Drill, Level & Tripod	$100.00	7
Furniture, Office	Desks, Tables, Chairs, File Cabinets, Etc.	$100.00	7
Land		$1.00	Not Depreciable
Land Improvement	Betterment of Land, other than building	$1.00	15
Motor Vehicles	Truck, Van, Car, Etc.	$100.00	5
Office Machines	Copier Fax Machine, Calculators, Typewriters, etc	$100.00	7 5
Telephone Equipment		$100.00	10
Television/VCR		$100.00	7
Educational Displays	Trunks, Enviroscape	$100.00	7

MURRAY SOIL AND WATER CONSERVATION DISTRICT

Murray Soil and Water Conservation District

Schedule of General Fixed Assets and Changes ~ January 1, 2009

Fixed Asset Description	Current Year	Year Acquired	Years in Use	Original Cost on F.A. 1/1/2009	Yearly Depreciation	Useful Life	1/01/2009 Acc. Deprec.
LAND: (NOT DEPRECIABLE)							
TOTAL LAND:	2009			***$0.00***	***$0.00***	***1***	***$0.00***
BUILDINGS:	2009						
60 X 40 Storage Building	2009	2008	20	$49,960.00	$624.48	20	$624.48
TOTAL BUILDINGS:	2009			***$49,960.00***	***$624.48***	***1***	***$624.48***
TOTAL VEHICLES:	2009			***$0.00***	***$0.00***	***1***	***$0.00***
EQUIPMENT/MACHINERY:	2009						
Weed Badger	2009	1990	20	$5,164.00	$516.40	10	$5,164.00
Tree Planter	2009	1991	19	$2,956.00	$295.60	10	$2,956.00
8 Swival Tilt Chairs	2009	1995	15	$1,175.76	$235.15	5	$1,175.76
Tree Fabric Laying Machine	2009	1998	12	$2,450.00	$245.00	10	$2,450.00
Vicon Seader	2009	1999	11	$3,478.42	$347.84	10	$3,478.42
Kewanee Land Packer	2009	1999	11	$3,750.00	$375.00	10	$3,750.00
Tree Planter	2009	2001	9	$6,830.00	$683.00	10	$5,464.00
Toshiba Studio 28 Copier	2009	2001	9	$4,680.68	$668.67	7	$4,680.68
ATV	2009	2002	8	$6,176.14	$1,235.23	5	$6,176.14
DCT Trailer	2009	2002	8	$4,649.75	$464.98	10	$3,254.83
Laptop	2009	2003	7	$1,615.00	$323.00	5	$1,615.00
Gateway High End Computer	2009	2003	7	$1,455.00	$291.00	5	$1,455.00
HP Projector	2009	2004	6	$1,994.74	$398.95	5	$1,994.74
2005 Ford Pickup	2009	2004	6	$34,798.87	$6,959.77	5	$34,798.87
HP 1940 Computer	2009	2005	5	$1,423.00	$284.60	5	$1,138.40
2005 Bear Utility Trailer	2009	2006	4	$1,636.88	$233.84	7	$701.52
JD 5425 Tractor	2009	2006	4	$38,490.22	$5,498.60	7	$16,495.81
JD 681 Tiller	2009	2006	4	$3,452.00	$493.14	7	$1,479.43
3 Desks & Chairs	2009	2007	3	$5,613.41	$801.92	7	$1,202.88
Mandako Roller	2009	2007	3	$24,546.12	$3,506.59	7	$5,259.88
Tier 2 xeon Tower	2009	2008	2	$3,321.74	$830.43	4	$830.43
Great Plains No-Till Drill	2009	2008	2	$10,000.00	$1,428.57	7	$1,428.57
TOTAL EQUIPMENT:	2009			***$169,657.73***	***$23,858.28***	***1***	***$106,950.36***
Grand Totals				**$219,617.73**	**$24,482.76**		**$107,574.84**

Original Cost of Fixed Assets as of 12/31/2007	$219,617.73
Accum Deprec thru 1/1/2008	$107,574.84
Fixed Assets Net of Accum Deprec.(1/1/2008)	**$112,042.89**

MURRAY SOIL AND WATER CONSERVATION DISTRICT

Murray Soil and Water Conservation District

Schedule of General Fixed Assets and Changes ~ January 1- December 31, 2009

Threshold level of $1,000.00 - Reflects the additions/deletions as indicated on the 2009 Fixed Assets

Fixed Asset Description	Current Year	Year Acquired	Years in Use	Original Cost on Fixed Asset 1/1/2009	Additions 1/1/2009 to 12/31/2009	Deletions	Original Cost on Fixed Asset 12/31/2009	Yearly Deprec.	Useful Life (yrs)	1/01/2009 Accum. Deprec.	2009 Deprec. Expense	12/31/2009 Accum. Deprec.
LAND: (NOT DEPRECIABLE)												
	2009	2004	N/A				$0.00	$0.00	1	$0.00	$0.00	$0.00
TOTAL LAND:	2009			**$0.00**	**$0.00**		**$0.00**	**$0.00**	**1**	**$0.00**	**$0.00**	**$0.00**
BUILDINGS:	2009									$0.00		
60 X 40 Storage Building	2009	2008	2	$49,960.00		$0.00	$49,960.00	$624.48	20	$624.48	$624.48	$1,248.96
TOTAL BUILDINGS:	2009			**$49,960.00**	**$0.00**	**$0.00**	**$49,960.00**	**$624.48**	**1**	**$624.48**	**$624.48**	**$1,248.96**
VEHICLES:	2009											
	2009		0				$0.00					
TOTAL VEHICLES:	2009			**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**1**	**$0.00**	**$0.00**	**$0.00**
EQUIPMENT/MACHINERY:												
Weed Badger	2009	1990	20	$5,164.00			$5,164.00	$516.40	10	$5,164.00	$0.00	$5,164.00
Tree Planter	2009	1991	19	$2,956.00			$2,956.00	$295.60	10	$2,956.00	$0.00	$2,956.00
8 Swival Tilt Chairs	2009	1995	15	$1,175.76			$1,175.76	$235.15	5	$1,175.76	$0.00	$1,175.76
Tree Fabric Laying Machine	2009	1998	12	$2,450.00			$2,450.00	$245.00	10	$2,450.00	$0.00	$2,450.00
Vicon Seader	2009	1999	11	$3,478.42			$3,478.42	$347.84	10	$3,478.42	$0.00	$3,478.42
Kewanee Land Packer	2009	1999	11	$3,750.00			$3,750.00	$375.00	10	$3,750.00	$0.00	$3,750.00
Tree Planter	2009	2001	9	$6,830.00			$6,830.00	$683.00	10	$5,464.00	$683.00	$6,147.00
Toshiba Studio 28 Copier	2009	2001	9	$4,680.68		$4,680.68	$0.00	$668.67	7	$4,680.68	$0.00	$0.00
ATV	2009	2002	8	$6,176.14			$6,176.14	$1,235.23	5	$6,176.14	$0.00	$6,176.14
DCT Trailer	2009	2002	8	$4,649.75			$4,649.75	$464.98	10	$3,254.83	$464.98	$3,719.81
Laptop	2009	2003	7	$1,615.00			$1,615.00	$323.00	5	$1,615.00	$0.00	$1,615.00
Gateway High End Computer	2009	2003	7	$1,455.00			$1,455.00	$291.00	5	$1,455.00	$0.00	$1,455.00
HP Projector	2009	2004	6	$1,994.74			$1,994.74	$398.95	5	$1,994.74	$0.00	$1,994.74
2005 Ford Pickup	2009	2004	6	$34,798.87		$34,798.87	$0.00	$6,959.77	5	$34,798.87	$0.00	$0.00
HP 1940 Computer	2009	2005	5	$1,423.00			$1,423.00	$284.60	5	$1,138.40	$284.60	$1,423.00
2005 Bear Utility Trailer	2009	2006	4	$1,636.88			$1,636.88	$233.84	7	$701.52	$233.84	$935.36
JD 5425 Tractor	2009	2006	4	$38,490.22			$38,490.22	$5,498.60	7	$16,495.81	$5,498.60	$21,994.41
JD 681 Tiller	2009	2006	4	$3,452.00			$3,452.00	$493.14	7	$1,479.43	$493.14	$1,972.57
3 desks & chairs	2009	2007	3	$5,613.41			$5,613.41	$801.92	7	$1,202.88	$801.92	$2,004.80
Mandako Roller	2009	2007	2	$24,546.12			$24,546.12	$3,506.59	7	$5,259.88	$3,506.59	$8,766.47
Tier 2 xeon Tower	2009	2008	1	$3,321.74	$0.00		$3,321.74	$830.43	4	$830.43	$830.43	$1,660.86
Great Plains No-Till Drill	2009	2008	1	$10,000.00	$0.00		$10,000.00	$1,428.57	7	$1,428.57	$1,428.57	$2,857.14
2009 Ford F250 Pickup	2009	2009	1		$38,513.72		$38,513.72	$7,702.74	5	$0.00	$7,702.74	$7,702.74
HDW Canon Copier IRC3080	2009	2009	1		$10,443.00		$10,443.00	$1,491.86	7	$0.00	$1,491.86	$1,491.86
TOTAL EQUIPMENT:	2009			**$169,657.73**	**$48,956.72**	**$39,479.55**	**$179,134.90**	**$35,311.88**	**1**	**$106,950.36**	**$23,420.27**	**$90,891.08**
Grand Totals				**$219,617.73**	**$48,956.72**	**$39,479.55**	**$229,094.90**	**$35,936.36**		**$107,574.84**	**$24,044.75**	**$92,140.04**
											January 1	December 31
								Original Cost of Fixed Assets as of 1/1/2008			$219,617.73	$219,617.73
						Additions to Fixed Assets From 01/01/2009 thru 12/31/2009						$48,956.72
						Deletions to Fixed Assets From 01/01/2009 thru 12/31/2009						$39,479.55
										Accumlated Depreciation	$107,574.84	$92,140.04
								Fixed Assets Net of Accumlated Depreciation			**$112,042.89**	**$136,954.86**
								2009 Depreciation Expense				
								Conservation of resources				**$24,044.75**