

**Southwest Prairie Joint Powers Organization
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED June 30, 2010**

**Southwest Prairie Joint Powers Organization
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED June 30, 2010**

TABLE OF CONTENTS:

MANAGEMENT'S DISCUSSION AND ANALYSIS -----	2-7
▪ Page 2 includes: Financial Highlights; and Using This Annual Report;	
▪ Page 3 includes: Statement of Net Assets and Statement of Activities; and Fund Financial Statements;	
▪ Page 4 includes: Notes to the Financial Statement; Statement of Net Assets; Table 1-Statement of Net Assets; and Governmental Activities;	
▪ Page 5 includes: Table 2-Changes in Net Assets;	
▪ Page 6 includes: The JPO's Funds; General Fund Budgetary Highlights; and Capital Asset and Debt Administration-Capital Assets	
▪ Page 6 includes: Table 3-Capital Assets at Year-end (Net of Depreciation); Long-Term Liabilities; Economic Factors and Next Year's Budget; and Contacting the District's Financial Management	
 GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
▪ Statement of Net Assets and Governmental Fund Balance Sheet -----	8
▪ Statement of Activities/Gov. Revenues, Expenditures and Changes in Fund Balance -----	9
▪ Budgetary Comparison Schedule of Budget and Actual -----	10
 NOTES TO THE FINANCIAL STATEMENT:	
I. Summary of Significant Accounting Policies -----	14-16
Included in this section: Financial Reporting Entity; Basis of Presentation of Fund Accounting; Basis of Accounting of Modified Accrual Basis; Budget Information; Assets, Liabilities, and Equity Accounts; and Vacation and Sick Leave	
II. Stewardship, Compliance and Accountability -----	14
III. Deposits and Investments-----	15
IV. Changes in General Fixed Assets -----	15
V. Deferred Revenue-----	15
VI. Compensated Absences Payable -----	16
VII. Risk Management-----	16
VIII. Pension Plan-----	16
IX. Operating Leases -----	16
 ATTACHMENTS:	
▪ Attachment 1-Guide to Capital Assets -----	17
▪ Attachment 2-Schedule of General Capital Assets for July 1, 2009-----	18
▪ Attachment 3-Schedule of General Capital Assets and Changes in 2009-2010 -----	19

Southwest Prairie Joint Powers Organization
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010

This section of the annual financial report of the Southwest Prairie Joint Powers Organization presents the Management Discussion and Analysis. The discussion and analysis provides an overview of the JPO's financial activities for the fiscal year ended June 30, 2010. Since this information is designed to focus on the current years activities, resulting changes, and currently known facts, it should be read in conjunction with the JPO's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The JPO's net assets on the Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balance increased due to the revenues exceeding the expenditures.

USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis (MDA-this section). This section relates mostly to the changes in the JPO's finances and explains the Governmental Wide-Financial Statements in detail. The MDA is on pages 2-7;
- Financial Statements ó pages 8-14:
 - The Governmental Wide-Financial Statements are new to the reporting requirements for 2004. They include a series of financial statements that provide information about the activities of the JPO as a whole and present a longer-term view of the JPO'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; and
 - The Fund Financial Statements also report the JPO's operations in more detail than the government-wide statements by providing information about the JPO's most significant funds. Fund financial statements also report the JPO's operations.
- Reconciliation Statements ó page 15:
 - 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 "Adjustments" column shows the differences in the two statements; and

**Southwest Prairie Joint Powers Organizaton
MANAGEMENT’S DISCUSSION AND ANALYSIS**

- 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 “Adjustments” 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 16-20.

Statement of Net Assets and Statement of Activities

Our analysis of the Southwest Prairie Joint Powers Organization begins with the Statement of Net Assets and the Statement of Activities of which can be found on pages 8 and 9 of this report. One of the most important questions asked about the JPO’s finances is, “Is the JPO 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 JPO 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 JPO’s net assets and changes in them. You can think of the JPO’s net assets - the difference between assets and liabilities - as one way to measure the JPO’s financial health, or financial position. Over time, increases or decreases in the JPO’s 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 JPO.

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

FUND FINANCIAL STATEMENTS

The Southwest Prairie Joint Powers Organization presents only a general fund, which is a governmental fund. All of the JPO’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 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 JPO’s general government operations and the basic services it provides. 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 Reconciliation of these statements, which are on page 15 (after the Fund Financial Statements). The basic governmental financial reports can be found on pages 8 and 9 of this report.

**Southwest Prairie Joint Powers Organization
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 16-20.

Statement of Net Assets

The Southwest Prairie Joint Powers Organization net assets increased from one year ago. Our analysis below focuses on the net assets (Table 1) of the JPO's governmental activities.

Table 1

Statement of Net Assets	Governmental Activities	
	<u>June 30, 2009</u>	<u>June 30, 2010</u>
Current Assets	\$230,725.85	\$184,703.33
Capital Assets Net of Depreciation	<u>\$37,453.28</u>	<u>\$22,928.91</u>
Total Assets	<u>\$268,179.12</u>	<u>\$207,632.24</u>
Current and Other Liabilities	\$ 212,941.88	\$164,160.93
Net Assets:		
Invested in Capital Assets	\$ 37,453.27	\$22,928.91
Restricted/Designated	\$	\$
Unrestricted/Undesignated (minus compensated	<u>\$17,783.97</u>	<u>\$20,542.40</u>
Total Net Assets absences)	<u>\$55,237.24</u>	<u>\$43,471.31</u>
Total liabilities and Net Assets	<u>\$268,179.12</u>	<u>\$207,632.24</u>

The total assets of the JPO's governmental activities decreased by \$60,546.88 from one year ago, (from 2009 to 2010), primarily because the SWPJPO did not receive a challenge grant. The JPO also had more revenue than expenditures in 2009-2010. Unrestricted/Undesignated 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 ó which was \$20,542.40 in 2009-2010 and \$17,783.97 in 2008-2009, a increase of \$2,758.43.

GOVERNMENTAL ACTIVITIES

Table 2 reflects changes in Governmental activities of the JPO. It also reflects some of the JPO program changes from 2009 to 2010. Table 2 is on the next page.

**Southwest Prairie Joint Powers Organization
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 2
Changes in Net Assets

	Governmental Activities	
	<u>June 30, 2009</u>	<u>June 30, 2010</u>
Revenues		
County	\$ 34,359.97	\$ 17,123.00
State	\$ 146,004.35	\$ 167,903.35
Sale of State Equip		\$
Interest Earnings	\$ 2,405.42	\$ 2,212.38
Other	<u>\$ 2,118.43</u>	<u>\$ 2,050.21</u>
Total Revenues	\$ 184,888.17	\$189,288.94
Expenditures		
Personnel Services	\$ 143,626.95	\$ 153,204.25
Other Services & charges	\$ 29,006.20	\$ 27,420.54
Supplies	\$ 4,857.80	\$ 4,401.56
Capital outlay	\$ 2,873.37	\$ 0.00
Total Expenditures	\$ 180,364.32	\$ 185,026.35

The Changes in Net Assets for are as follows: The State funds reflect funds received for the technician and Engineer.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE JPO'S FUNDS

As the JPO 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 \$43,029.95 (includes Designated and Undesignated Fund Balances). This amount plus the net of accumulated depreciation (\$22,928.91) and minus the Compensated Absences (\$22,487.55) gives a total of \$43,471.31 under the "Adjustments" column for the Statement of Net Assets. This amount is less than last year's total of \$11,765.93.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

In 2009-2010, the Southwest Prairie Joint Powers Organization developed the following schedules:

- Guide to Capital Assets (Attachment #1-page 19);
- Schedule of General Capital Assets for July 1, 2009 (Attachment #2-page 20);
- Schedule of General Capital Assets and Changes in 2009-2010 (Attachment #3-pages 21); and
- Summary of Changes in General Capital Assets (Attachment #4-page 22)

The Schedules of General Capital Assets and the Summary of Changes in General Capital Assets consists of capital assets over the District threshold of \$1,000.00. At the end of 2010, the JPO had \$115,580.96 invested in a broad range of capital assets, including Vehicles, Equipment and Machinery (see Table 3 on the next page). This amount is the same as 2009 due to no additions or deletions in capital assets.

**Southwest Prairie Joint Power Organization
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 3

Capital Assets at Year-end
(Net of Depreciation)

	Governmental Activities	
Assets	<u>June 30, 2009</u>	<u>June 30, 2010</u>
Equipment/Machinery	\$ 115,580.96	\$ 115,580.96
Total Assets (Net of Depreciation)	\$ 37,453.28	\$ 22,928.92

The JPO's fiscal-year 2009-2010 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 JPO by retirement, illness or death. Detailed information about the JPO's 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 16; and under VI. Compensated Absences Payable on page 18.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The JPO's elected officials considered many factors when setting the fiscal-year 2009- 2010 budget. Some of the economic factors taken into account for the 2009- 2010 budget include: State funding Expense factors include building expenses and employee salary increases, and engineer services.

CONTACTING THE JPO'S FINANCIAL MANAGEMENT

This financial report designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the JPO's finances and to show the JPO's 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.

Southwest Prairie Joint Powers Board
Slayton, MN 56172

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Adjustments See Notes	Statement of Net Assets
<u>Assets</u>			
Cash and investments	184,703.33		184,703.33
Accounts receivable			
Due from other governments			
Prepaid items			
Capital Assets:			
Equipment (net of accumulated depreciation)	22,928.91	22,928.91	22,928.91
Total Assets	184,703.33	22,928.91	207,632.24
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	0.00		0.00
Salaries payable			
Deferred revenue	141,673.38		141,673.38
Long-term liabilities:			
Due within one year			
Due after one year	22,487.55	22,487.55	22,487.55
Total Liabilities	141,673.38	22,487.55	164,160.93
<u>Fund Balance/Net Assets</u>			
Fund Balance/Net Assets			
Reserved for prepaid items	0.00		
Unreserved			
Designated for future projects			
Undesignated	43,029.95	-38,767.36	
Total Fund Balance	43,029.95	-38,767.36	0.00
Net Assets			
Invested in capital assets		22,928.91	22,928.91
Unrestricted		20,542.40	20,542.40
Total Net Assets		43,471.31	43,471.31

Notes are an integral part of the basic financial statements.

Southwest Prairie Joint Powers Board
Slayton, MN 56172

STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDING JUNE 30, 2010

	General Fund	Adjustments See Notes	Statement of Activities
Revenues			
Intergovernmental	185,026.35		185,026.35
Charges for services			
Investment earnings	2,212.38		2,212.38
Miscellaneous	2,050.21		2,118.43
Total Revenues	189,288.94	0.00	189,357.16
Expenditures/Expenses			
Conservation			
Current	185,026.35	16,028.52	201,054.87
Capital outlay	0.00	0.00	
Total Expenditures/Expenses	185,026.35	16,028.52	201,054.87
Excess of Revenues Over (Under)	0.00		
Expenditures/Expenses	4,262.59	-16,028.52	-11,765.93
Fund Balance/Net Assets January 1	38,767.36	16,469.88	55,237.24
Fund Balance/Net Assets December 31	43,029.95	441.36	43,471.31

Notes are an integral part of the basic financial statements.

Southwest Prairie Joint Powers Board
Slayton, MN 56172

BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Neg)
Revenues				
Intergovernmental				
County	24,091.00	24,091.00	17,123.00	-4,963.86
Local				
Federal				
State grant	141,362.00	141,362.00	167,903.35	139,296.99
Total intergovernmental	165,453.00	165,453.00	185,026.35	134,333.13
Charges for services	0.00	0.00	0.00	0.00
Miscellaneous				
Interest earnings			2,212.38	6,831.97
Other			2,050.21	2,167.00
Total miscellaneous	0.00	0.00	4,262.59	8,998.97
Total Revenues	165,453.00	165,453.00	189,288.94	143,332.10
Expenditures				
District operations				
Personal services	151,472.00	151,472.00	153,204.25	-3,304.80
Other services and charges	36,440.00	36,440.00	27,420.54	18,587.99
Supplies	2,000.00	2,000.00	4,401.56	-6,403.24
Capital outlay	5,000.00	5,000.00	0.00	10,000.00
Total district operations	194,912.00	194,912.00	185,026.35	18,879.95
Project expenditures				
District	0.00	0.00	0.00	0.00
State	0.00	0.00	0.00	0.00
Total project expenditures	0.00	0.00	0.00	0.00
Total Expenditures	194,912.00	194,912.00	185,026.35	18,879.95
Excess of Revenues Over (Under)				
Expenditures	-29,459.00	-29,459.00	4,262.59	162,212.05
Fund Balance - January 1	0.00	0.00	38,767.36	0.00
Fund Balance - December 31	-29,459.00	-29,459.00	43,029.95	162,212.05

Notes are an integral part of the basic financial statements.

Southwest Prairie Joint Powers Organization
RECONCILIATIONS FOR THE STATEMENT OF ACTIVITIES AND STATEMENT OF NET ASSETS
JUNE 30, 2010

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Net Change in Fund Balance ó Total Governmental Funds \$43,029.95

Amounts reported for governmental activities in the Statement of Activities are different. Under the "Adjustments" column, are the following: for the Conservation Current expenses: The amount of \$16,028.52 is made up of the following: the 2009-2010 Depreciation and the difference of compensated absences from the beginning year. The Capital Outlay in the General Fund is the total of all purchases during 2009-2010, with the "Adjustments" being the new capital outlay over \$1,000.00.

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. .

Compensated Absences are also reflected in Statement of Activities. In 2009-2010 the compensated absences increased by \$1,504.16 from 2008-2009 with a total of 22,487.55.

Changes in Net Assets of Governmental Activities

Net change in Fund Balance	\$ 43,029.95					
Depr & Diff in Comp Absences	\$ 16,028.52					
Capital less accum depr less comp absences	\$ 16,469.88					
Changes in net assets of Governmental Activities	\$ 43,471.31					

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

Total Fund Balance ó Total Governmental Funds

Amounts reported for governmental activities in the Statement of Net Assets are different because, as shown under the "Adjustments" column, the Capital Assets are added to the Net Assets, while the Compensated Absences are a liability and are therefore subtracted from the Net Assets for the Total Net Assets as follows: Capital assets of \$22,928.91, net of accumulated depreciation are not financial resources and, therefore, are not reported in the general funds. Compensated absences are not due and payable in the current period and are not reported in the general funds.

Fund Balance	43,029.95					
Net Capital Assets	22,928.91					
Compenstated Absences	22,487.55					
Net Assets of Governmental Fund	43,471.31					

Southwest Prairie Joint Powers Organization
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial reporting policies of the Southwest Prairie Joint Powers Organization conform to generally accepted accounting principals. These statements are prepared in accordance with Government Accounting Standards Board Rule 34, which changes the way both the statement of condition and the statement of revenues and expenses are reported.

A. Financial Reporting Entity

Generally accepted accounting principals require that the financial reporting entity include the primary government and component units for which the primary government is financially accountable. Under these principals the JPO does not have any component units.

B. Basis of Presentation – Fund Accounting

The accounts of the Southwest Prairie Joint Powers Organization 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.

Southwest Prairie Joint Powers Organization
NOTES TO THE FINANCIAL STATEMENTS

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Fund Accounting (Continued)

1. Governmental Funds: General Fund

The General Fund is used to account for all revenues and expenditures incurred in operating the JPO.

2. General Fixed Asset Account Group

This account group is used to record the JPO'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. Basis of Accounting – Modified Accrual Basis

The JPO'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 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 fund liabilities are incurred.

Intergovernmental revenues are reported in conformity with the legal and contractual requirements of the individual programs. Generally, grant revenues is recognized when the corresponding expenditure is incurred.

Project expenditures represent costs that are funded from the State.

D. Budget Information

The JPO 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 JPO does not use encumbrance accounting.

Southwest Prairie Joint Powers Organization
NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 this statement year, fixed assets (capital assets) are no longer reported on a gross basis. They are now reported on a net (depreciated) basis. General fixed assets are still valued at historical or estimated historical cost.

2. Liabilities

Long-term liabilities, such as compensated absences, are accounted for in the General Long Term Debt Account Group.

3. Equity

Investment in general fixed assets represents the District's equity in general fixed assets.

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

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

Unreserved, undesignated fund balance account indicates the portion of fund balance that is available for budgeting and spending in future periods.

F. Vacation and Sick Leave

Under the JPO'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 384 hours and the limit on sick leave is 960 hours. Upon termination from the JPO by retirement, employees are paid their accrued vacation leave and up to 40% of accrued sick leave. On termination of employment by illness or death, employees are paid their accrued vacation and up to 40% of accrued sick leave.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. General Fund Deficit

N/A

B. Excess of Expenditures Over Budget

N/A

C. Uncollateralized deposits

N/A

Southwest Prairie Joint Powers Organization
NOTES TO THE FINANCIAL STATEMENTS

III. DEPOSITS AND INVESTMENTS

Minnesota Statutes 118A.02 and 118A.04 authorize the JPO to deposit its cash and to invest in certificates of deposit in financial institutions designated by the Board of Supervisors. At June 30, 2009, the JPO's deposits totaled \$184,703.33 of which \$184,703.33 were cash deposits. Minnesota statutes require that all JPO's deposits be covered by insurance, surety bond or collateral. At June 30, 2009, all the JPO's deposits were covered by insurance or collateralized with securities held by the JPO or its agent in the JPO's name.

IV. CHANGES IN GENERAL FIXED ASSETS

In 2009-2010, the JPO deleted everything off their Fixed Assets list that was under \$100.00. These amounts reflect the Fixed Asset list the District uses for Insurance purposes which includes the replacement costs of Fixed Assets; the additions and deletions over \$100.00.

Land; Buildings; Vehicles; Equipment:

Balance July 1, 2009	\$ 115,580.96
Additions	\$ 0.00
Deletions	<u>\$ 0.00</u>
Balance June 30, 2010	\$115,580.96

In 2009-2010, the JPO developed a Schedule of General Capital Assets, which consists of capital assets over the JPO threshold of \$1,000.00. The JPO had \$115,580.96 invested in a broad range of capital assets, including Buildings, Vehicles, Equipment and Machinery. The Capital Assets over \$1,000.00 and Net of Depreciation for 2009-2010 are listed below:

Capital Assets at Year-end
(Net of Depreciation)

Assets	Governmental Activities	
	June 30, 2009	July 1, 2010
Equipment/Machinery	<u>\$115,580.96</u>	<u>\$115,580.96</u>
Total Assets	\$115,580.96	\$115,580.96
(Net of Depreciation)	\$ 37,453.28	\$ 22,928.92

V. DEFERRED REVENUE

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

Total Deferred Revenue as itemized on "Deferred Revenue Breakdown" is 141,673.38.

Southwest Prairie Joint Powers Organization
NOTES TO THE FINANCIAL STATEMENTS

VI COMPENSATED ABSENCES PAYABLE

Changes in long-term debt for the year ended June 30, 2010 are:

Balance ó June 30, 2009	\$20,983.39
Net change in compensated absences	<u>+\$1,504.16</u>
Balance ó June 30, 2010	\$22,487.55

VII RISK MANAGEMENT

The JPO 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 JPO has purchased commercial insurance. Property and casualty liabilities and workers' compensation are insured through Minnesota Counties Insurance Trust. The JPO is covered for errors and omissions through Minnesota Counties Insurance Trust.

The Minnesota Counties Insurance Trust is a public entity risk pool currently operated as a common risk management and insurance program for its members.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

VIII PENSION PLAN

A. Plan Description

The JPO 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. The plan and its benefits are established and administered in accordance with Minn. Statute chapters 353 and 356. PERA issues a publicly available financial report that includes financial statements and requires supplementary information. That report may be obtained by writing to the Public Employees Retirement Association, P.O. Box 75608, St. Paul, MN 55175-0608.

B. Funding Policy

Plan members are required to contribute 5.1% of their covered salary and the JPO is required to contribute 5.53%. The contribution requirements of plan members and the JPO are established by State Statute.

IX. OPERATING LEASES

The JPO leases office space & storage for 2009-2010 was \$5,378.00 and for LAN/WAN/Voice costs of \$240.00 on a yearly basis. Under the current agreement, total costs for 2009-2010 were \$5,618.00.

**SOUTHWEST PRAIRIE JOINT POWERS ORGANIZATION
GUIDE TO CAPITAL ASSETS**

Threshold levels for Recording Capital Assets

The SWPJPO has set the capitalization threshold at \$ 1,000.00

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

Depreciation Method:

The SWPJPO 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 SWPJPO's 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 use if/when the items are purchased.

<u>Capital Asset Types</u>	<u>Examples</u>	<u>Tracking and Inventory MCIT Ins. Purposes</u>	<u>Capitalize and Depreciate for Financial Report</u>
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	<u>Copier</u> 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

Southwest Prairie Joint Powers Organization

Schedule of General Fixed Assets and Changes ~ July 1, 2009- June 30, 2010

Threshold level of \$1,000.00 - Reflects the additions/deletions as indicated on the 2009-2010 Fixed Assets

Fixed Asset Description	Current Year	Year Acquired	Years in Use	Original Cost on Fixed Asset 7/1/2009	Additions 7/1/2009 to 6/30/2010	Deletions	Original Cost on Fixed Asset 6/30/2009	Yearly Deprec.	Useful Life (yrs)	7/01/2009 Accum. Deprec.	2009-2010 Deprec. Expense	6/30/2010 Accum. Deprec.
LAND: (NOT DEPRECIABLE)												
	2009		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:												
TOTAL BUILDINGS:	2009			\$0.00				\$0.00	1	\$0.00	\$0.00	\$0.00
VEHICLES:												
	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:												
Electronic Level	2009	1996	14	\$1,771.45			\$1,771.45	\$253.06	7	\$1,771.45	\$0.00	\$1,771.45
2 Eagle Point 2002 Software	2008	2002	7	\$2,160.00			\$2,160.00	\$2,160.00	1	\$2,160.00	\$0.00	\$2,160.00
Ford F-150 pickup	2009	2002	8	\$19,715.00			\$19,715.00	\$3,943.00	5	\$19,715.00	\$0.00	\$19,715.00
Total Station	2009	2004	6	\$29,476.27			\$29,476.27	\$4,210.90	7	\$21,054.48	\$4,210.90	\$25,265.38
Hp Printer	2009	2004	6	\$2,310.60			\$2,310.60	\$462.12	5	\$2,310.60	\$0.00	\$2,310.60
Trimble Remote & Prism	2009	2004	6	\$1,040.51			\$1,040.51	\$208.10	5	\$1,040.51	\$0.00	\$1,040.51
HP High End Computer	2009	2005	5	\$1,423.00			\$1,423.00	\$284.60	5	\$1,138.40	\$284.60	\$1,423.00
Chevy Pickup	2009	2006	4	\$27,197.97			\$27,197.97	\$5,439.59	5	\$16,318.77	\$5,439.59	\$21,758.36
Chevy Pickup Topper	2009	2006	4	\$1,223.69			\$1,223.69	\$244.73	5	\$734.19	\$244.73	\$978.92
Trimble GPS Total Station	2009	2006	4	\$26,389.10			\$26,389.10	\$3,769.87	7	\$11,309.61	\$3,769.87	\$15,079.48
2 HP Laptop Computers	2009	2008	2	\$2,873.37			\$2,873.37	\$574.67	5	\$574.67	\$574.67	\$1,149.34
			1									
TOTAL EQUIPMENT:	2008			\$115,580.96	\$0.00	\$0.00	\$115,580.96	\$21,550.64	1	\$78,127.68	\$14,524.36	\$92,652.04
Grand Totals				\$115,580.96	\$0.00	\$0.00	\$115,580.96	\$21,550.64		\$78,127.68	\$14,524.36	\$92,652.04
										July 1		30-Jun
										Original Cost of Fixed Assets as of 7/1/2007	\$115,580.96	\$115,580.96
										Additions to fixed assets 07/01/09-06/30/10		\$0.00
										Deletions to fixed assets 07/01/09-06/30/10		\$0.00
										Accumulated Depreciation		\$92,652.04
										Fixed Assets Net of Accumulated Depreciation		\$22,928.92
										2009-2010 Depreciation Expense		
										Conservation of resources		\$14,524.36

