

**KANDIYOHI SOIL
AND WATER
CONSERVATION
DISTRICT
FINANCIAL
REPORTS 2014**

KANDIYOHI SOIL AND WATER CONSERVATION DISTRICT
YOUR LOCATION, MINNESOTA

STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Adjustments See Notes	Statement of Net Position
<u>Assets</u>			
Cash and investments	\$176,642		\$176,642
Accounts receivable	1,500		1,500
Due from other governments	0		0
Prepaid items	0		0
Capital Assets:			
Equipment (net of accumulated depreciation)	65,690	65,690	65,690
Total Assets	\$178,142	\$65,690	\$243,832
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$0		\$0
Salaries payable			0
Employee Benefits Payable	597		597
Unearned revenue	73,790		73,790
Deposit on Sales	94		94
Long-term liabilities:			0
Due within one year		0	0
Due after one year	10,661	10,661	10,661
Total Liabilities	\$74,481	\$10,661	\$85,142
<u>Fund Balance/Net Assets</u>			
Fund Balance/Net Assets			
Nonspendable (Prepays, Inventories)	\$0	\$0	\$0
Unrestricted			
Committed or Assigned	126,729	(126,729)	0
Unassigned	(23,068)	23,068	0
Total Fund Balance	\$103,661	(\$103,661)	\$0
Net Assets			
Invested in capital assets		\$65,690	\$65,690
Unassigned		93,000	93,000
Total Net Position		\$158,690	\$158,690

Notes are an integral part of the basic financial statements.

KANDIYOHI SOIL AND WATER CONSERVATION DISTRICT
YOUR LOCATION, MINNESOTA

STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Adjustments See Notes	Statement of Activities
Revenues			
Intergovernmental	\$214,922	\$0	\$214,922
Charges for services	233,599	0	233,599
Investment earnings	430	0	430
Miscellaneous	5,452	0	5,452
Total Revenues	<u>\$454,404</u>	<u>\$0</u>	<u>\$454,404</u>
Expenditures/Expenses			
Conservation			
Current	\$473,147	\$8,548	\$481,695
Capital outlay	4,325	(4,325)	0
Total Expenditures/Expenses	<u>\$477,472</u>	<u>\$4,223</u>	<u>\$481,695</u>
Excess of Revenues Over (Under)			
Expenditures/Expenses	(\$23,068)	(\$4,223)	(\$27,291)
Fund Balance/Net Position January 1	<u>126,729</u>	<u>59,252</u>	<u>185,981</u>
Fund Balance/Net Position December 31	<u><u>\$103,661</u></u>	<u><u>\$55,029</u></u>	<u><u>\$158,689</u></u>

Notes are an integral part of the basic financial statements.

KANDIYOHI SOIL AND WATER CONSERVATION DISTRICT
YOUR LOCATION, MINNESOTA

BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Neg)</u>
Revenues				
Intergovernmental				
County	\$136,600	\$136,600	\$139,000	\$2,400
Local	0	0	0	0
Federal	6,200	6,200	0	(6,200)
State grant	47,200	47,200	75,922	28,722
Total intergovernmental	\$190,000	\$190,000	\$214,922	\$24,922
Charges for services	\$134,200	\$134,200	\$233,599	\$99,399
Miscellaneous				
Interest earnings	\$1,800	\$1,800	\$430	(\$1,370)
Other	3,800	3,800	5,452	1,652
Total miscellaneous	\$5,600	\$5,600	\$5,882	\$282
Total Revenues	\$329,800	\$329,800	\$454,404	\$124,604
Expenditures				
District operations				
Personnel services	\$196,100	\$196,100	\$209,400	(\$13,300)
Other services and charges	23,000	23,000	61,103	(38,103)
Supplies	0	0	1,424	(1,424)
Capital outlay	1,000	1,000	4,325	(3,325)
Total district operations	\$220,100	\$220,100	\$276,252	(\$56,152)
Project expenditures				
District	\$96,800	\$96,800	\$166,113	(\$69,313)
State	12,900	12,900	35,107	(22,207)
Total project expenditures	\$109,700	\$109,700	\$201,220	(\$91,520)
Total Expenditures	\$329,800	\$329,800	\$477,472	(\$147,672)
Excess of Revenues Over (Under)				
Expenditures	\$0	\$0	(\$23,068)	(\$23,068)
Fund Balance - January 1	\$126,729	\$126,729	\$126,729	\$0
Fund Balance - December 31	\$126,729	\$126,729	\$103,661	(\$23,068)

Notes are an integral part of the basic financial statements.

**BREAKDOWN OF COUNTY REVENUE
2014**

COUNTY REVENUES (breakdown):

ANNUAL ALLOCATION	\$131,000
WATER PLAN MONEY	\$ _____
WETLAND MONEY	\$8,000
FEEDLOT MONEY	\$ _____
ABANDONED WELL	\$ _____
DNR SHORELAND	\$ _____
OTHER (specify)	\$ _____
 TOTAL	 <u>\$ 139,000</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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial reporting policies of the Kandiyohi Soil and Water Conservation District (District) conform to generally accepted accounting principles. These statements are prepared in accordance with Government Accounting Standards Board Rule 34, which changes the way both the statement of condition and the statement of revenues and expenses are reported.

A. Financial Reporting Entity

The district is organized under the provisions of Minnesota Statutes Chapter 103C and is governed by a Board of Supervisors composed of five members nominated by voters of the District and elected to four-year terms by the voters of the County.

The purpose of the District is to assist land occupiers in applying practices for the conservation of soil and water resources. These practices are intended to control wind and water erosion, pollution of lakes and streams, and damage to wetlands and wildlife habitats.

The Kandiyohi Soil and Water Conservation District, in cooperation with the U.S. Department of Agriculture Natural Resources Conservation Service and other agencies, provides technical and financial assistance to individuals, groups, organizations, and governments in reducing costly waste of soil and water resulting from soil erosion, sedimentation, pollution, and improper land use.

Each fiscal year the District develops a work plan that is used as a guide in using resources effectively to provide maximum conservation of all lands within its boundaries. The work plan includes guidelines for employees and technicians to follow in order to achieve the District's objectives.

The District is not considered a part of Kandiyohi 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 Kandiyohi Soil and Water Conservation District are organized on the basis of a fund and two account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

B. Basis of Presentation - Fund Accounting (Continued)

1. Governmental Funds: General Fund

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

2. General Fixed Assets Account Group

This account group is used to record the District's general fixed assets, which include furniture and equipment.

3. General Long-Term Debt Account Group

This account group records earned but unpaid vacation and sick leave that has vested or is expected to vest.

C. Government-Wide Financial Statements

The government-wide financial statements (i.e. The Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the District. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

The government reports the general fund as its only major governmental fund. The general fund accounts for all financial resources of the government.

The District's financial statements (general fund) are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual, that is, both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue sources susceptible to accrual include intergovernmental revenues, charges, and interest. Expenditures are recorded when the corresponding liabilities are incurred.

Intergovernmental revenues are reported in conformity with the legal and contractual requirements of the individual programs. Generally, grant revenues are recognized when the corresponding expenditures are incurred. If the District also receives an annual appropriation

from the County, it is recognized as revenue when received, unless it is received prior to the period to which it applies. In that case, revenue recognition is then deferred until the appropriate period.

Investment earnings and revenues from the sale of trees are recognized when earned. Agricultural conservation fees and other revenue are recognized when they are received in cash because they usually are not measurable until then.

Project expenditures represent costs that are funded from federal, state, or district revenues. State project expenditures consist of grants to participants of the cost-Share Program and other state programs. District project expenditures are costs of materials and supplies in District projects.

In accordance with Governmental Accounting Standards Board Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, revenues for nonexchange transactions are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs.

D. Budget Information

The District adopts an estimated revenue and expenditure budget for the General Fund. Comparisons of estimated revenues and budgeted expenditures to actual are presented in the financial statements in accordance with generally accepted accounting principles. Amendments to the original budget require board approval. Appropriations lapse at year-end. The District does not use encumbrance accounting.

E. Assets, Liabilities, and Equity Accounts

1. Assets

Investments are stated at fair value, except for non-negotiable certificates of deposit, which are on a cost basis, and short-term money market investments, which are stated at amortized cost.

Beginning with statement year 2004, fixed assets (capital assets) are no longer reported on a gross basis. They are now reported on a net (depreciated) basis. General fixed assets are still valued at historical or estimated historical cost.

2. Liabilities

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

3. Equity

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

Nonspendable 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 Position and Governmental Fund Balance Sheet, an adjustment is made if the district has capital assets. This adjustment equals the net book balance of capitalized assets as of the report date, and reconciles to the amount report in Note IV.

2. Long-Term liabilities: In the Statement of Net Assets and Government Fund Balance Sheet, an adjustment is made to reflect the total of Compensated Absence liability the district has as of the report date. See Note 1-G below.

3. Depreciation and Change in Compensated Absences for the year: In the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance, the adjustment equals the total depreciation for the year reported, plus or minus the change in Compensated Absences between the reporting year and the previous year. This number is supported by figures in Note IV and in Note I-G below.

G. Vacation and Sick Leave

Under the District's personnel policies, employees are granted vacation leave in varying amounts based on their length of service. Vacation leave accrual varies from 8 to 14 hours per month. Sick leave accrual is 8 days per year. The limit on the accumulation of annual leave is 180 hours and the limit on sick leave is 920 hours. Upon termination from the District by retirement, employees are paid 180 hours of accrued vacation leave and no hours of accrued sick leave. On termination of employment by illness or death, employees are paid 180 hours of accrued vacation and no hours of accrued sick leave.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. General Fund Deficit

At December 31, 2014, the District's General Fund had a deficit fund balance of \$23,068. The deficit is expected to be eliminated by future revenue sources.

B. Excess of Expenditures Over Budget

During 2014, actual expenditures, \$477,472 exceeded budgeted expenditures, \$329,800, by \$147,672.

C. Uncollateralized deposits

During 2014, 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, 2014, the District's deposits totaled \$176,642.06, of which \$43,185.79 were cash deposits and \$133,456.27 was invested in savings and certificates of deposit. Minnesota Statutes require that all District deposits be covered by insurance, surety bond, or collateral. At December 31, 2014, 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, 2014	\$69,096
Additions	\$ 4,325
2014 depreciation	\$ 7,730
Balance December 31, 2014	\$65,690

Note: Beginning and Ending Balance are net of accumulated depreciation, which totaled \$7,730 as of December 31, 2014.

The District uses a threshold of \$1,000 for capitalizing assets purchased. Those physical assets under \$1,000 are expenses directly and not capitalized.

V. DEFERRED REVENUE

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

Total Unearned Revenue as itemized on “Unearned Revenue Breakdown” is \$73,790.31.

VI. COMPENSATED ABSENCES PAYABLE

Changes in long-term debt for the period ended December 31, 2014 are:

Balance January 1, 2013	\$9,843
Net Changes in Compensated Absences	\$818
Balance December 31, 2014	\$10,661

VI – B. ADJUSTMENTS TO FINANCIAL STATEMENTS

See Note 1-F.

VII. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health; and natural disasters. To cover these risks, the District has purchased commercial insurance. Property and casualty liabilities and workers’ compensation are insured through Minnesota Counties Intergovernmental Trust (MCIT). The District is covered for errors and omissions through MCIT.

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. Coordinated Plan members were required to contribute 6.25%, respectively, of their annual covered salary in 2014. The District was required to contribute 7.25 % of annual covered payroll for Coordinated Plan members in 2014. Employer contribution rates for the Coordinated Plan increased to 7.25% effective January 1, 2011 and will increase to 7.5% effective January 1, 2015. The District's employer share of contributions to PERA for the years ending December 31, 2014, 2013, and 2012 were \$10,902.82, \$10,742.41, and \$11,154.09 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 for 2014 were \$9,331.20.

Management Discussion and Analysis

Kandiyohi Soil & Water Conservation District
1005 High Ave. NE
Willmar, MN 56201

For the Fiscal Year Ending December 31, 2014

The Kandiyohi Soil and Water Conservation District's (SWCD) discussion and analysis provides an overview of the SWCD's financial activities for the fiscal year ended December 31, 2014. 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 Kandiyohi SWCD's financial statements.

Using This Annual Report

This annual report consists of two parts: management's discussion and analysis and the basic financial statements. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the SWCD as a whole and present a longer-term view of the SWCD's finances. Fund financial statements are also included. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the SWCD's operations in more detail than the government-wide statements by providing information about the SWCD's most significant funds. Since SWCD's are single-purpose special purpose governments they are generally able to combine the government-wide and fund financial statements into single presentations. Kandiyohi SWCD has elected to present in this format.

These statements are prepared in accordance with Governmental Accounting Standards Board Rule 34, which changes the way both the statement of condition and the statement of revenues and expenses are reported.

The Statement of Net Position 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 Position 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 position and changes in them. You can think of the SWCD's net assets — the difference between assets and liabilities—as one way to measure the SWCD's financial health, or financial position. Over time, increases or decreases in the

SWCD's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as services provided to the public and other governmental agencies to assess the overall health of the SWCD.

In the Statement of Net Position 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 of the SWCD activities.

Reporting the Kandiyohi SWCD's General Fund

Fund Financial Statements

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

The Kandiyohi SWCD as A Whole

The SWCD's combined net position for 2014 were \$158,690. In contrast, last year's net position were \$185,981. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the SWCD's governmental and business-type activities.

Table 1, Net Position

	<u>2013</u>	<u>2014</u>
Current and other assets	\$206,145	\$178,142
Capital assets, Net of Depreciation	<u>69,096</u>	<u>65,690</u>
Total Assets	\$275,240	\$243,832
Long-term Liabilities	\$9,843	\$10,661
Liabilities, Deferred Revenues	<u>79,417</u>	<u>74,481</u>
Total Liabilities	\$89,260	\$85,142
Investment in Capital Assets	\$69,096	\$65,690
Unrestricted	<u>116,885</u>	<u>93,000</u>
Total Net Position	\$185,981	\$158,690

Net position of the SWCD governmental activities decreased by \$27,291. Unrestricted net position the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements changed from \$116,885 at the end of 2013 to \$93,000 at the end of 2014.

Deferred revenue funds in the amount of \$73,790.31 for 2014 are dedicated for cost share projects, water plan funds, coop weed management grants, and flood relief projects and cannot be used to finance day-to-day operations.

Table 2, Changes in Net Position

	<u>2013</u>	<u>2014</u>
Revenues		
Program revenues:		
County	\$136,600	\$139,000
Local	0	0
State	137,561	75,922
Federal	0	0
Charges for services	211,451	233,599
General revenues		
Interest	576	430
Other	<u>17,266</u>	<u>5452</u>
Total Revenues	\$503,454	\$454,404
Program Expenses		
Operations	\$259,164	\$276,252
District projects	160,600	166,113
State projects	<u>83,626</u>	<u>35,107</u>
Total Expenses	\$503,391	\$477,472
Increase/Decrease in net position	\$63	(\$23,068)

This decrease in net position was due mainly to the decrease in state grants and increase in operation expenses.

The native grass seed program for 2015 will be similar to 2014 due to the continued interest and promotion of the Continuous Conservation Reserve Program (CCRP) in our county.

The SWCD has a very active Reinvest in Minnesota/Wetlands Reserve Program (RIM/WRP). Since 2008 we have 58 approved RIM/WRP easements. These funds will be received as revenue as projects are completed. The SWCD anticipates receiving approximately \$20,000 for plan development, construction design, and construction implementation. The ongoing activity with this program should continue to generate additional revenue for the SWCD into the future.

The SWCD will continue participation in the MN Walk In Access (WIA) Program in 2015. There will be a grant agreement for this program for approximately \$250 per contract plus incentives in 2015.

Personnel costs will increase in 2015 as the government has approved a cost of living increase and some employees were given a step increase.

Governmental Activities

Revenues, including the sale of trees, native prairie grass and filter fabric, along with services for planting, seeding and installing filter fabric increased by \$22,148.

Approximately 30 percent of the SWCD funding was tax based with \$139,000 being received from the county. Included in our state grants were 16 percent pass through funds for our cost share program, cooperative weed management, flood relief funds, walk in access funds. The funds for these grants were paid to landowners or contractors for completed conservation projects. Of the remaining revenue, 51 percent was generated from SWCD service programs and 3 percent from interest and miscellaneous revenue.

The cost of all governmental activities this year was \$477,472 compared to \$503,391 last year, a decrease of \$25,919. Taxpayers financed some of these expenses through county, state and federal grants. In addition to the cost share funds that are spent, the landowner also contributes to the cost of these conservation projects. The SWCD also partners with NRCS, FSA, USF&WS, DNR, Kandiyohi County, sportsmen groups and local watershed projects to fund cost share projects.

The largest programs or activities:

Reinvest in Minnesota/Wetlands Reserve Program (RIM/WRP)

Continuous Conservation Reserve Program (CCRP)

Conservation Reserve Program (CRP)

Conservation Reserve Enhancement Program (CREP)

Reinvest in Minnesota (RIM)

State Cost Share

Walk IN Access (WIA)

Service programs for trees, native prairie grass and filter fabric

The Kandiyohi SWCD's Funds

As the SWCD completed the year, its general fund reported a combined fund balance of \$103,661. This year's total change in fund balance is a decrease of \$23,068 in the SWCD's General Fund. This decrease in the fund balance was a combination of less revenues from grants and Contribution Agreements.

General Fund Budgetary Highlights

The SWCD reviews the budget on a monthly basis. Variances in the budget occurred from an increase in Intergovernmental revenues, decrease in interest earnings and increases in project expenditures.

Capital Asset and Debt Administration

Capital Assets

At the end of 2014, the SWCD had \$65,690 invested in a broad range of capital assets, including a storage building, two vehicles, field equipment, computers and various office supplies. This amount represents a net decrease of \$3,406. The SWCD use a threshold of \$1000 for capitalizing assets purchased. Those physical assets under \$1,000 are expenses directly and not capitalized.

This year our capital assets changed due to the purchasing of 3 computer and surveying equipment. The SWCD does not have any major purchases scheduled for 2015; however we plan to continue necessary maintenance to our storage building, vehicles and all other equipment.

Long-Term Liabilities

Obligations include accrued vacation and compensation time. 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 14 hours per month. Sick leave accrual is 12 days per year. The limit on the accumulation of annual leave is 180 hours and the limit on sick leave is 920 hours. Upon termination from the District by retirement, employees are paid accrued vacation leave and up to zero hours of accrued sick leave. On termination of employment by illness or death, employees are paid accrued vacation and up to zero hours of accrued sick leave.

Economic Factors and Next Year's Budgets and Rates

The SWCD's elected officials considered many factors when setting the 2014 budget. The County's level of funding will remain at the same level in 2014 as it has been at the last year. State funding for General Services and the Cost Share Programs has remained the same as last year employee's wages will increase due to step increase and cost of living raises in 2015.

The service programs for 2015, especially the native grass seed program, should increase over 2015. There continues to remain a high level of activity for the native prairie grass seed program, which has helped make up for some of the cuts in state funding. The tree and fabric programs will continue at a lower level of activity in 2015. There should also be more RIM funds to the SWCD as construction is completed on some RIM/WRP easements.

Competitive grants are available to apply for to secure funding for a variety of programs. The SWCD will continue to apply for these competitive grants.

It is important to continue searching and applying for grants to help fund cost share conservation projects in the county.

Contacting The SWCD'S Financial Management

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