



2021 Rock SWCD Annual Report



Rock SWCD Board of Supervisors

Areas of Representation

- District I Eugene Cragoe
214 Cashin Drive
Luverne, MN 56156
507-283-1839
Term Expires: 12/31/2024
Treasurer
Luverne & Mound Township
- District II Josh Ossefort
1580 170th Avenue
Luverne, MN 56156
605-553-0312
Term Expires: 12/31/2022
Vice Chair; One Watershed One Plan Committee
Battle Plain, Denver, & Vienna Township
- District III Roger Hoff
455 100th Avenue
Steen, MN 56173
Term Expires: 12/31/2024
Chair; TSA Representative
Clinton, Kanaranzi, & Magnolia Township
- District IV David Esselink
422 60th Avenue
Hills, MN 56138
507-962-3699
Term Expires: 12/31/2024
Secretary; KRL Representative;
One Watershed One Plan Committee Alternate
Beaver Creek, & Martin Township
- District V Jim Veldkamp
152 251st Street
Jasper, MN 56144
507-820-4799
Term Expires: 12/31/2022
PR & I Representative
Rosedell & Springwater Township

Wetland Conservation Act Program

The SWCD assists cities, townships, citizens and County departments in the administration of the Minnesota Wetland Conservation Act. SWCD staff provides technical assistance and acts as the “clearing house” for wetland and water related activities throughout Rock County. The SWCD has continued its commitment to ensure staff is adequately trained and updated on current wetland rules and policy.

State Cost Share and Missouri River Watershed Cost Share

The State Cost-Share, the Missouri River Watershed Cost Share and the Local Capacity Cost Share are a viable source of funds that provide a financial incentive to landowners that wish to install conservation practices on their land. In addition to the State Cost Share, Missouri River Watershed Cost Share and Local Capacity Cost Share programs, landowners have the opportunity to participate in various other cost-share or financial incentive programs. Individuals seeking financial or technical assistance will be informed of the Federal EQIP program and the State Revolving Loan Fund Program. The SWCD and NRCS provide technical assistance for the survey, design, and installation of all water quality practices.

Native Grass Drill Program

The SWCD provides a grass drill at low cost rental for producers to use to seed various practices such as CRP seedings, stream bank stabilization, CREP/RIM seedings, grass waterway seedings, water and sediment control basin seeding etc.

Tree Program

The SWCD had many different trees and shrubs species native to Minnesota available for purchase. Producers purchase the trees to plant for windbreaks, urban & rural conservation and wildlife food and habitat. Through the annual tree program the SWCD is able to promote conservation practices and the value of forestry resources in preventing soil loss and improving water quality.

Precipitation Monitoring

The SWCD in conjunction with the State Climatology Office monitors site specific precipitation throughout Rock County. The data collected provides citizens and the State of Minnesota with important precipitation information and weather history.

Ag Best Management Loan Program

The SWCD works with the Minnesota Department of Agriculture to provide low interest financing to farmers, rural landowners and agriculture supply businesses to encourage agricultural best management practices that prevent or reduce runoff from feedlots and farm fields and other pollution problems identified by the county in local water plans. This program provides loans for projects that reduce existing water quality issues caused by agricultural activities or failing septic systems and assists landowners complying with water related laws and rules.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCK SOIL AND WATER CONSERVATION DISTRICT

LIVERNE, MINNESOTA

Reporting the District's General Fund

Our analysis of the District's general fund is part of this report. The fund financial statements provide detailed information about the general fund – not the District as a whole. The District presents only a general fund, which is a governmental fund. All of the District's basic services are reported in the general fund, which focuses on how money flows into and out of the fund and the balances left at year-end that are available for spending. This 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 District'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 District'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 used with the financial statements.

THE DISTRICT AS A WHOLE

Our analysis focuses on the net position and change in net position of the District's governmental activities.

Net Position:

	Governmental Activities	
	2021	2020
<u>Assets</u>		
Current assets	\$ 446,365	\$ 797,807
Capital assets, net of depreciation	8,344	10,603
Total assets	<u>\$ 454,709</u>	<u>\$ 808,410</u>
<u>Liabilities</u>		
Current liabilities	\$ 102,779	\$ 93,261
Unearned revenues	240,520	577,116
Total liabilities	<u>\$ 343,299</u>	<u>\$ 670,377</u>
<u>Net Position</u>		
Investment in capital assets	\$ 8,344	\$ 10,603
Unrestricted	103,066	127,430
Total net position	<u>\$ 111,410</u>	<u>\$ 138,033</u>

Net position of the District's governmental activities decreased by \$26,623. 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 \$127,430 at December 31, 2020 to \$103,066 at December 31, 2021.

**ROCK SOIL AND WATER CONSERVATION DISTRICT
LUVERNE, MINNESOTA**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's elected officials considered many factors when setting the fiscal year 2022 budget and fees. Such factors include agricultural and nonagricultural job growth, population growth, unemployment figures, inflation, and other indicators.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Rock Soil and Water Conservation District's finances. Questions concerning any of the financial information provided in this report or requests for additional financial information should be addressed to the Director of the Rock Soil and Water Conservation District, Eric Hartman, 311 W Gabrielson Road, Luverne, MN 56156 at 507-283-8862.

**ROCK SOIL AND WATER CONSERVATION DISTRICT
LIVERNE, MINNESOTA**

EXHIBIT 1

**GENERAL FUND BALANCE SHEET AND
GOVERNMENTAL ACTIVITIES – STATEMENT OF NET POSITION
WITH ADJUSTMENTS TO CONVERT MODIFIED ACCRUAL TO FULL ACCRUAL
DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ 244,149	\$ -	\$ 244,149
Due from other governments	7	-	7
Prepaid items	202,209	-	202,209
Noncurrent assets			
Capital assets			
Depreciable - net	-	8,344	8,344
Total Assets	\$ 446,365	\$ 8,344	\$ 454,709
<u>Liabilities and Fund Balance/Net Position</u>			
Current liabilities			
Accounts payable	\$ 238	\$ -	\$ 238
Due to other governments	102,541	-	102,541
Unearned revenue	240,520	-	240,520
Total Liabilities	\$ 343,299	\$ -	\$ 343,299
Fund Balance			
Nonspendable for prepaid items	\$ 202,209	\$ (202,209)	
Unassigned	(99,143)	99,143	
Total Fund Balance	\$ 103,066	\$ (103,066)	
Net Position			
Investment in capital assets		\$ 8,344	\$ 8,344
Unrestricted		103,066	103,066
Total Net Position		\$ 111,410	\$ 111,410
Total Liabilities and Fund Balance/Net Position	\$ 446,365	\$ 8,344	\$ 454,709

The notes to the financial statements are an integral part of this statement.

**ROCK SOIL AND WATER CONSERVATION DISTRICT
LIVERNE, MINNESOTA**

EXHIBIT 2

**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE AND GOVERNMENTAL ACTIVITIES – STATEMENT OF ACTIVITIES
WITH ADJUSTMENTS TO RECONCILE BETWEEN MODIFIED ACCRUAL AND FULL
ACCRUAL
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Intergovernmental	\$ 449,129	\$ -	\$ 449,129
Charges for services	19,620	-	19,620
Investment earnings	5,363	-	5,363
Miscellaneous	495	-	495
	<u>474,607</u>	<u>-</u>	<u>474,607</u>
Total Revenues	\$ 474,607	\$ -	\$ 474,607
Expenditures/Expenses			
Current			
Public safety			
Conservation	\$ 498,971	\$ 2,259	\$ 501,230
	<u>498,971</u>	<u>2,259</u>	<u>501,230</u>
Total Expenditures/Expenses	\$ 498,971	\$ 2,259	\$ 501,230
Net Change in Fund Balance/Net Position	\$ (24,364)	\$ (2,259)	\$ (26,623)
Fund Balance/Net Position - January 1	127,430	10,603	138,033
	<u>127,430</u>	<u>10,603</u>	<u>138,033</u>
Fund Balance/Net Position - December 31	\$ 103,066	\$ 8,344	\$ 111,410
	<u>103,066</u>	<u>8,344</u>	<u>111,410</u>
Reconciliation of the Statement of General Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities			
Net Change in Fund Balance			\$ (24,364)
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 expense.			
Current year depreciation expense		\$ (2,259)	(2,259)
Change in Net Position of Governmental Activities			\$ (26,623)
			<u>(26,623)</u>

The notes to the financial statements are an integral part of this statement.

**ROCK SOIL AND WATER CONSERVATION DISTRICT
LIVERNE, MINNESOTA**

1. Summary of Significant Accounting Policies – Continued

B. Basic Financial Statements

1. Measurement Focus and Basis of Accounting

Basic financial statements include information on the District's activities as a whole and information on the individual fund (the General Fund) of the District. These separate presentations are reported in different columns on Exhibits 1 and 2. Each of the statements starts with a column of information based on activities of the General Fund and reconciles it to a column that reports the "governmental activities" of the District as a whole.

The governmental activities columns are reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in two parts: investment in capital assets and unrestricted net position. The Statement of Activities demonstrates the degree to which the expenses of the District are offset by revenues. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund are presented on the modified accrual basis and report current financial resources.

C. Fund Financial Statements

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period.

Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures are recorded when a liability is incurred under the modified accrual basis.

**ROCK SOIL AND WATER CONSERVATION DISTRICT
LUVERNE, MINNESOTA**

1. Summary of Significant Accounting Policies – Continued

F. Assets, Liabilities, and Net Position or Equity – Continued

2. Liabilities

Current liabilities represent payables to other governments. The District has no long-term liabilities.

3. Unearned Revenue

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned.

4. Classifications of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the General Fund. The classifications are as follows:

- Nonspendable - amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- Restricted - amounts for which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Committed - amounts that can be used only for the specific purposes imposed by formal action (resolution) of the District’s Supervisory Board. Those committed amounts cannot be used for any other purpose unless these supervisory board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.
- Assigned - amounts the District intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the District’s Supervisory Board.
- Unassigned - the residual classification for the General Fund; it includes all spendable amounts not contained in the other fund balance classifications.

**ROCK SOIL AND WATER CONSERVATION DISTRICT
LUVERNE, MINNESOTA**

2. Detailed Notes – Continued

A. Cash – Continued

2. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2021, the District's deposits were not exposed to custodial credit risk.

3. Investments

The District may invest in the following types of investments as authorized by Minn. Stat. § 118A.04 and § 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the state of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

The District had no investments at December 31, 2021.

**ROCK SOIL AND WATER CONSERVATION DISTRICT
LUVERNE, MINNESOTA**

3. Joint Powers

A joint powers agreement between Rock County and Rock Soil and Water Conservation District was entered into pursuant to Minnesota Statutes 471.59 and 103C.231 on April 1, 1996 with amendments made January 22, 2002. The agreement provides for administrative, personnel and financial management and other operational functions necessary to carry out the duties and programs of the Soil and Water Conservation District. The County provides all necessary office space, equipment, supplies, and personnel necessary to administer and operate the program and projects of the Soil and Water Conservation District. However, the Soil and Water Conservation District shall retain the management and control over all funds for conservation projects and practices.

4. Risk Management

The District is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; errors and omission; injuries to employees; workers; compensation claims; and natural disasters. Property and casualty liabilities and workers compensation are insured through Minnesota Counties Intergovernmental Trust. The District retains risk for the deductible portion of the insurance. The amounts of these deductibles are considered immaterial to the financial statements.

The Minnesota Counties Intergovernmental Trust is a public entity risk pool currently operated as a common risk management and insurance program for its members. The District pays an annual premium based on annual payroll paid to the County for services to the District. There were no significant increases or reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

**ROCK SOIL AND WATER CONSERVATION DISTRICT
LUVERNE, MINNESOTA**

EXHIBIT A-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Intergovernmental				
Federal	\$ 50,000	\$ 50,000	\$ 68,150	\$ 18,150
State	128,000	128,000	380,979	252,979
Total Intergovernmental	<u>178,000</u>	<u>178,000</u>	<u>449,129</u>	<u>271,129</u>
Charges for services	32,050	32,050	19,620	(12,430)
Miscellaneous	1,700	1,700	495	(1,205)
Investment earnings	750	750	5,363	4,613
Total Revenues	<u>\$ 212,500</u>	<u>\$ 212,500</u>	<u>\$ 474,607</u>	<u>\$ 262,107</u>
Expenditures				
District Operations				
Other services and charges	\$ 36,500	\$ 36,500	\$ 170,042	\$ (133,542)
Project Expenditures				
District	18,000	18,000	19,011	(1,011)
State	108,000	108,000	238,923	(130,923)
Federal	50,000	50,000	68,150	(18,150)
National Wildlife Federation	-	-	2,845	(2,845)
Total Project Expenditures	<u>176,000</u>	<u>176,000</u>	<u>328,929</u>	<u>(152,929)</u>
Total Expenditures	<u>\$ 212,500</u>	<u>\$ 212,500</u>	<u>\$ 498,971</u>	<u>\$ (286,471)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24,364)</u>	<u>\$ (24,364)</u>
Fund Balance - January 1	<u>127,430</u>	<u>127,430</u>	<u>127,430</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 127,430</u></u>	<u><u>\$ 127,430</u></u>	<u><u>\$ 103,066</u></u>	<u><u>\$ (24,364)</u></u>

The notes to the required supplementary information are an integral part of this statement.

**ROCK SOIL AND WATER CONSERVATION DISTRICT
LIVERNE, MINNESOTA**

EXHIBIT B-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Governmental Funds</u>
Grants	
State	
Water and Soil Resources	\$ 375,684
Natural Resources	2,450
Agriculture	<u>2,845</u>
Total State	<u>\$ 380,979</u>
Federal	
Department of Fish and Wildlife	<u>\$ 68,150</u>
Total Intergovernmental Revenue	<u><u>\$ 449,129</u></u>