

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

The Meeker Soil and Water Conservation District's (SWCD) discussion and analysis provides an overview of the Meeker SWCD's financial activities for the year ended 2015. 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 Meeker 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. 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 SWCDs are single-purpose special purpose governments, they are generally able to combine the government-wide and fund financial statements into single presentations. Meeker SWCD has elected to present in this format.

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 it. You can think of the SWCD's net position—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 position are one indicator of whether its financial health is improving or deteriorating.

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 activities.

REPORTING THE MEEKER 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 Meeker SWCD as a Whole

The SWCD's 2015 total net position was \$213,934. In contrast, last year's net position was \$242,596. Our analysis below focuses on the net assets and changes in net position of the SWCD's governmental activities for years 2014 and 2015.

Net Assets

	<u>2015</u>	<u>2014</u>
Current and other assets	\$332,947	\$256,114
Capital assets	18,093	<u>24,219</u>
Deferred outflows of resources	<u>29,810</u>	
Total assets and deferred outflows	<u>\$380,850</u>	<u>\$280,334</u>
Long-term liabilities	\$3,801	\$3,141
Current liabilities	70,570	<u>34,597</u>
Net Pension Liability	88,103	
Deferred inflows of resources	<u>4,442</u>	
Total liabilities and deferred inflows	<u>\$166,916</u>	<u>\$37,738</u>
Net Assets:		
Invested in capital assets	\$18,093	\$24,219
Unassigned	<u>195,841</u>	<u>221,517</u>
Total net asset	<u>\$213,934</u>	<u>\$242,596</u>

Net assets of the SWCD's governmental activities increased by \$100,517. Unassigned net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—changed from \$221,517 to \$213,934 at the end of this year.

Changes in Net Assets

	<u>2015</u>	<u>2014</u>
Revenues		
Intergovernmental	\$272,953	\$270,562
Other Agencies	2,200	
Charges for services	23,299	37,693
Investment earnings	114	255
Miscellaneous	<u>1,253</u>	<u>1,815</u>
Total Revenues	<u>\$299,819</u>	<u>\$310,325</u>
Expenses		
Conservation	<u>\$275,628</u>	<u>\$304,682</u>
Increase (Decrease) in Net Assets	<u>\$ 24,191</u>	<u>\$5,643</u>

The SWCD's total revenues decreased by slightly over 3% from last year. This decrease was due primarily to a decrease in tree sales and plantings. The SWCD's total expenses decreased nearly 10% compared to last year. This decrease was due to a down payment made on a tree/supply shed and the purchase of equipment that were made in 2014.

Governmental Activities

The majority of SWCD funding is received from the county which was \$162,500, and \$110,453 received from the state. Meeker SWCD acted as fiscal agent for a Healthy Lakes and Rivers grant, channeling \$2,200 through the District, finalizing that grant. The remaining revenues of \$24,666 were for the sale of trees, tree plantings, interest and other miscellaneous items. Total revenues for 2015 were \$299,819. The cost of all governmental activities this year was \$275,628.

The SWCD's Funds

As the SWCD completed the year, its general fund reported a combined net position of \$213,934, which is below last year's total of \$242,595. Included in this year's total change in fund balance is a decrease of \$52,852 due to reporting requirements under GASB 68.

General Fund Budgetary Highlights

The SWCD prepares a budget yearly that projects revenues and expenditures. However, no revisions are completed during the course of the year to this budget.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets - At the end of 2015, the SWCD had \$18,093 invested in a broad range of capital assets, including a vehicle, mesh machine, trailer, computers, office furniture and field equipment. This amount represents a net decrease of \$6,126 from last year. (See Table below.)

Capital Assets at Year End (Net of Depreciation)

	<u>2015</u>	<u>2014</u>
Mesh Machine	5,336	\$6,521
Computers	1,487	2,240
Trailer	1,428	1,746
Pick Up	<u>9,842</u>	<u>13,712</u>
Total Capital Assets Net of Depreciation	<u>\$18,093</u>	<u>\$24,219</u>

Long-Term Liabilities

Obligations of the SWCD include accrued vacation and sick leave and unfunded pension liabilities (required by GASB 68). More detailed information on accrued sick leave and the impact of GASB 68 can be found in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The SWCD's elected officials considered many factors when developing the 2016 budget. The SWCD continues to provide service programs to the public.

CONTACTING THE SWCD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers 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 Meeker SWCD, 916 East St. Paul Street, Litchfield, MN 55355.