



FINANCIAL REPORT

2015

January 1, 2015- - - December 31, 2015

**CLAY SOIL AND WATER CONSERVATION DISTRICT
MOORHEAD, MINNESOTA
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2015**

	General Fund	Adjustments	Statement of Net Position
Assets			
	\$		\$
Cash and Investments	415,814	\$ -	415,814
Prepaid Items		-	-
Capital Assets:			
Equipment (net of accumulated depreciation)	-	54,790	54,790
Total Assets	415,814	54,790	470,604
Deferred Outflows of Resources			
Defined Benefit Pension Plan	-	29,908	29,908
Combined Assets and Deferred Outflows of Resources	\$ 415,814	\$ 84,698	\$ 500,512
Liabilities			
Current Liabilities:			
	\$		\$
Unearned Revenue	79,955	\$ -	79,955
Accrued Wages	(24)	-	(24)
Deposit on Sales		-	-
Long-term Liabilities:			
Net Pension Liability	-	217,666	217,666
Due after one year	-	44,906	44,906
Total Liabilities	79,931	262,572	342,503
Deferred Inflows of Resources			
Defined Benefit Pension Plan	-	25,066	25,066
Combined Liabilities and Deferred Inflows of Resources	\$ 79,931	\$ 287,638	\$ 367,569
Fund Balance/Net Position			
Fund Balance			
Nonspendable - Prepaids	\$ -	\$ -	\$ -
Assigned - Compensated Absences	44,906	(44,906)	-
Unassigned	290,977	(290,977)	-
Total Fund Balance	\$ 335,883	\$ (335,883)	\$ -
Net Position			
Investments in Capital Assets		\$ 54,790	\$ 54,790
Unrestricted		78,153	78,153
Total Net Position		\$ 132,943	\$ 132,943

**CLAY SOIL AND WATER CONSERVATION DISTRICT
MOORHEAD, MINNESOTA
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General Fund	Adjustments	Statement of Activities
Revenues			
Intergovernmental	\$ 313,919	\$ -	\$ 313,919
Charges for Services	95,086	-	95,086
Investment Earnings	44	-	44
Miscellaneous	23,096	-	23,096
Total Revenues	<u>\$ 432,144</u>	<u>\$ -</u>	<u>\$ 432,144</u>
Expenditures/Expenses			
Conservation			
Current	\$ 468,374	\$ 16,958	\$ 485,332
Capital Outlay	-	-	-
Total Expenditures/Expenses	<u>\$ 468,374</u>	<u>\$ 16,958</u>	<u>\$ 485,332</u>
Excess of Revenues Over (Under) Expenditures/Expenses	<u>\$ (36,230)</u>	<u>\$ (16,958)</u>	<u>\$ (53,188)</u>
Fund Balance/Net Position January 1	\$ 372,112	\$ 20,864	\$ 392,976
Change in Accounting Principle		<u>(206,846)</u>	<u>(206,846)</u>
Fund Balance/Net Position December 31	<u>\$ 335,882</u>	<u>\$ (202,940)</u>	<u>\$ 132,942</u>

**CLAY SOIL AND WATER CONSERVATION DISTRICT
MOORHEAD, MINNESOTA
BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015**

	Original/ Final Budget	Actual	Variance With Final Budget Positive (Neg)
Revenues			
Intergovernmental			
County	\$ 276,208	\$ 276,486	\$ 278
Local			-
Federal		-	-
State Grant	56,406	23,101	(33,305)
Total Intergovernmental	<u>\$ 332,614</u>	<u>\$ 299,587</u>	<u>\$ (33,027)</u>
Charges for Services	<u>\$ 67,850</u>	<u>\$ 95,086</u>	<u>\$ 27,236</u>
Miscellaneous			
Interest Earnings	\$ 50	\$ 44	\$ (6)
Other	8,500	37,427	28,927
Total Miscellaneous	<u>\$ 8,550</u>	<u>\$ 37,471</u>	<u>\$ 28,921</u>
Total Revenues	<u>\$ 409,014</u>	<u>\$ 432,144</u>	<u>\$ 23,130</u>
Expenditures			
District Operations			
Personnel Services	\$ 314,528	\$ 320,166	\$ (5,638)
Other Services and Charges	58,343	74,591	(16,248)
Capital Outlay	5,000		5,000
Total District Operations	<u>\$ 377,871</u>	<u>\$ 394,757</u>	<u>\$ (16,886)</u>
Project Expenditures			
District	\$ 25,334	\$ 45,027	\$ (19,693)
State	16,834	15,478	1,356
County	13,975	13,112	863
Total Project Expenditures	<u>\$ 56,143</u>	<u>\$ 73,617</u>	<u>\$ (17,474)</u>
Total Expenditures	<u>\$ 434,014</u>	<u>\$ 468,374</u>	<u>\$ (34,360)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (25,000)</u>	<u>\$ (36,230)</u>	<u>\$ (11,230)</u>
Fund Balance - January 1	\$ 372,112	\$ 372,112	\$ -
Fund Balance - December 31	<u><u>\$ 347,112</u></u>	<u><u>\$ 335,882</u></u>	<u><u>\$ (11,230)</u></u>

**BREAKDOWN OF COUNTY REVENUE
2015**

COUNTY REVENUES (breakdown):

ANNUAL ALLOCATION	\$ <u>191,362.00</u>
WATER PLAN MONEY	\$ <u>25,672.00</u>
WETLAND MONEY	\$ <u>16,447.00</u>
FEEDLOT MONEY	\$ <u>18,005.00</u>
ABANDONED WELL	\$ <u>N/A</u>
DNR SHORELAND	\$ <u>N/A</u>
OTHER (specify)	\$ <u>25,000.00 County Ag Inspector Program</u>
TOTAL	\$ <u><u>276,486.00</u></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.

N/A

**UNEARNED REVENUE BREAKDOWN
2015**

Balance of BWSR Service Grants: \$ 19,263.00

Balance of unencumbered BWSR Cost-Share Grants: Current fiscal year \$ 2,910.97

Previous fiscal year \$

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

FY	Contract No.	Contract Amount	T & A Encumbered
15	15-03	300.00	
15	14-20	300.00	
15	15-15	300.00	
15	15-16	300.00	
15	15-17	2902.00	
15	14-22	300.00	

Total of all Cost-Share Encumbrances \$ 20,870.00 includes
16,468.00 for 2016

Balance of County WCA Funds: \$ 0.00

Balance of County Water Plan Funds: \$ 0.00

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

Buffer \$ 32,481.71

MAWQCP \$ 4,429.33

Subtotal of other funds: \$ 36,911.04

TOTAL OF ALL UNEARNED REVENUE: \$ 79,955.01

Clay SWCD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - Summary of Significant Accounting Policies

The financial reporting policies of the (NAME) conform to generally accepted accounting principles. The Governmental Accounting Standards District (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

Changes in Accounting Principles

During the year ended December 31, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

Financial Reporting Entity

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

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

The District provides technical and financial assistance to individuals, groups, Districts, and governments in reducing costly waste of soil and water resulting from soil erosion, sedimentation, pollution and improper land use.

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

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.

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 of 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

Clay SWCD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

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.

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 accrual accounting.

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.

Investment earnings are recognized when earned. Other revenues are recognized when they are received in cash because they usually are not measurable until then.

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.

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 District approval. Appropriations lapse at year-end. The District does not use encumbrance accounting.

Use of Estimates

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Assets

Clay SWCD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

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.

Capital assets are reported on a net (depreciated) basis. General capital assets are valued at historical or estimated historical cost.

Liabilities

Long-term liabilities, such as compensated absences, are accounted for as an adjustment to net position.

Unearned Revenue

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

Classification of Net Position

Net position in the government-wide financial statements is classified in the following categories:

Investment in capital assets – the amount of net position representing capital assets net of accumulated depreciation.

Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments; and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – the amount of net position that does not meet the definition of restricted or investment in capital assets.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to their pension obligations. The length of the expense recognition period for deferred amounts is equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan, determined as of the beginning of the measurement period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category, amounts related to their pension obligations. These deferred amounts represent differences between projected and

Clay SWCD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

actual earnings on pension plan investments and are recognized over a five-year period.

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 – the nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or 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 – fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation.

Committed – the committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the District. Those committed amounts cannot be used for any other purposes unless the District removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned – amounts in the assigned fund balance classification 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 or the District Administrator who has been delegated that authority by District resolution.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other fund balance classifications.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Explanation of Adjustments Column in Statements

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 reported in the Capital Assets Note.

Long-Term Liabilities: In the Statement of Net Position and Governmental Fund Balance Sheet, an adjustment is made to reflect the total Compensated Absence Liability the District has as of the report date. See note on Long-Term Liabilities.

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 the note on Long-Term Liabilities.

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 16 hours per month. Sick leave accrual is 12 days per year. The limit on the accumulation of vacation leave is 240 hours and the limit on the accumulation of sick leave is 960 hours. Upon termination of employment from the District, employees are paid accrued vacation leave and sick leave hours.

Risk Management

The District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; 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 its annual payroll. 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.

Note 2 - Detailed Notes

Capital Assets

Changes in Capital Assets, Asset Capitalization and Depreciation.

		<u>Beginning</u>	<u>Addition</u>	<u>Deletion</u>	<u>Ending</u>
Equipment	\$171,236	\$0	\$0	\$171,236	
Less: Accumulated Depreciation	<u>102,932</u>	0	0	<u>116,446</u>	
Net Capital Assets	<u>\$68,304</u>			<u>\$54,790</u>	

The cost of property, plant and equipment is depreciated over the estimated useful lives of the related assets. Leasehold improvements are depreciated over the lesser of the term of the related lease or the estimated useful lives of the assets. Depreciation is computed on the straight-line method. The useful lives of property, plant and equipment for the purpose of computing depreciation is 5 to 10 years for Machinery and Equipment. Current year depreciation is \$13,514.00.

The District uses the threshold of \$5,000.00 for capitalizing assets purchased.

Unearned Revenue

Unearned revenue represents unearned advances from the Minnesota Board of Water and Soil Resources (BWSR) for administrative service grants and for the cost-share program. Revenues will be recognized when the related program expenditures are recorded. Unearned revenue for the year ended December 31, 2015, consists of the following: BWSR Cost Share Programs, \$23,780.97; Clean Water Funds, \$32,481.71; BWSR MAWQCP, \$4,429.33; BWSR Service Grant, \$19,263.00 Total, \$ 79,955.01

Long-Term Liabilities - Compensated Absences Payable

Changes in long-term liabilities for the period ended December 31, 2015 are:

Balance December 31, 2015	\$ 47,440.00
Net Change in Compensated Absences	<u>-2,534.20</u>
Balance December 31, 2015	<u>\$ 44,905.85</u>

Clay SWCD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Deposits

Minnesota Statutes 118A.02 and 118A.04 authorize the District to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statutes 118A.03 requires that all District deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk Deposits

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, 2015, the District's deposits were not exposed to custodial credit risk.

Note 3 - Defined Benefit Pension Plans

Plan Description - Public Employees Retirement Association

The District contributes to a cost-sharing multiple-employer defined pension plan administered by the Public Employee 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 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

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 6.5% of their annual covered salary. The District is required to contribute 7.5% of annual covered payroll. The District's contributions to the Public Employees Retirement Fund for the years ending December 31, 2015, 2014 and 2013 were \$16,278.21, \$17,340.74, and \$17,009.46, respectively. The District's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 4 - Operating Leases

The (SWCD) is the fiscal agent for the District and provides office space.

Note 5 - Stewardship, Compliance and Accountability

Excess of expenditures over budget – The General Fund had expenditures in excess of budget for the year as follows: Expenditures \$468,374; Budget \$434,014; Excess \$11,230.

Clay SWCD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
CLAY COUNTY SOIL AND WATER CONSERVATION DISTRICT
CLAY COUNTY, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015
(Unaudited)

This section of the annual financial report presents our Management's Discussion and Analysis (MD&A) of the Clay County Soil and Water Conservation District's (District's) financial performance during the fiscal year that ended December 31, 2015.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015 fiscal year include the following:

- Total net assets are \$132,943. Total assets are \$500,512 and total liabilities are \$367,569 for the year ended December 31, 2015.
- Overall government-wide revenues totaled \$313,916 and were \$79,955 more than expenses.
- The General Fund's fund balance decreased \$36,229 or negative 9.74 percent, from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts: the most recent Independent Auditor's Report; required supplementary information, which includes the MD&A (this section) and the budgetary comparison schedules; the basic financial statements; and supplementary information.

This MD&A is intended to serve as an introduction to the basic financial statements. The District's basic financial statements consist of two statements, which combine government-wide financial statements and fund financial statements, and notes to the financial statements. The MD&A (this section) and the budgetary comparison schedules are required to accompany the basic financial statements and, therefore, are included as required supplementary information.

The first several columns of each of the first two statements present governmental fund data, which focus on how money flows in and out and the balances left at year-end that are available for spending. These columns are 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. These columns provide a detailed short-term view of the 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 programs. We reconcile the relationship (or differences) between governmental funds and governmental activities (reported in the last column) in a column of each statement.

The final column in each of the first two statements presents the Statement of Net Assets and the Statement of Activities, which provide information about the activities of the District as a whole and present a longer-term view of finances. These columns tell how these services were financed in the short term as well as what remains for future spending. These columns include all assets and liabilities of the District, including long-term activity. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets--the net assets were \$132,943 on December 31, 2015.

Refer to Attached Table 1
Net Assets

Refer to Attached Table 2
Change in Net Assets
Governmental Activities

Clay SWCD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

CAPITAL ASSETS

As of December 31, 2015, the District had \$54,788 invested in net capital assets. (See Table 3) This amount represents a net decrease (including additions, deductions, and adjustments) of \$13514, or 19.79 percent, from last year.

Refer to Attached Table 3
Capital Assets at Year-End

FINANCIAL ANALYSIS OF THE DISTRICT AT THE FUND LEVEL

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$335,883.

Revenues for the District's governmental funds were \$299,587.00 while total expenditures were \$219,632.00.

GENERAL FUND

The General Fund includes the primary operations of the District in providing services to citizens and some capital outlay projects.

The following schedule presents a summary of General Fund revenues:

Refer to Attached Table 4
General Fund Revenues

Total General Fund revenue decreased by \$178,989 or 29.29 percent, from the previous year. The most significant change in revenues was in the category Intergovernmental Revenues, which decreased due to the expiration of the Red River Flood Recovery grant from the MN Board of Water and Soil Resources. Charges for services revenue increased slightly due to the increased tree planting and no-till drill rental. Miscellaneous income increased significantly due to income received from reimbursements for the RIM program and also for an accidental over payment to PERA in the amount of \$11,526.

The following schedule presents a summary of General Fund expenditures:

Refer to Attached Table 5
General Fund Expenditures

General Fund Budgetary Highlights

- Actual revenues were *\$23,130* more than budgeted.
- Actual expenditures were *\$34,360* over the budgeted amount.
- No revisions were made to the original adopted budget.

FACTORS BEARING ON THE FUTURE AND NEXT YEAR'S BUDGET AND RATES

The sources of the District's income are diversified. Intergovernmental revenues and expenses are expected to change in 2016 due to a new capacity building grant provided by the Clean Water Legacy funds through the MN Board of Water and Soil Resources. Charges for services will be the strongest bearing on the budget, revenue, and expenses in the upcoming year.

Clay SWCD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to give a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Clay Soil and Water Conservation District, 1615 30th Avenue South, Moorhead, MN 56560.

Clay SWCD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Table 1

Net Assets

	2015	2014	Percentage Change %
<u>Assets</u>			
Cash and investments	\$415,814	\$388,946	6.91%
Accounts receivable	\$0	\$0	0.00%
Due from other governments	\$0	\$0	0
Prepaid items	\$0	\$0	0
Capital Assets:			
Equipment (net of accumulated depreciation)	\$54,790	\$68,302	-19.78%
Defined Benefit Pension Plan	\$29,908		
Total Assets	<u>\$500,512</u>	<u>\$457,248</u>	<u>9.46%</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	-\$24		
Deferred revenue	\$79,955	\$16,834	374.96%
Long-term liabilities:			
Net Pension Liability	\$217,666		
Due after one year	\$44,906	\$47,440	-5.34%
Deferred Inflows of Resources			
Defined Benefit Pension Plan	\$25,066		
Total Liabilities	<u>\$367,569</u>	<u>\$64,274</u>	<u>471.88%</u>
Net Assets			
Invested in capital assets	\$54,790	\$68,302	-19.78%
Unrestricted	\$78,153	\$324,672	-75.93%
Total Net Assets	<u>\$132,943</u>	<u>\$392,974</u>	<u>-66.17%</u>

Clay SWCD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Table 2

Change in Net Assets
Governmental Activities

	2015	2014	Percentage Change (%)
Revenues			
Intergovernmental	\$313,919	\$527,884	-40.53%
Charges for services	\$95,086	\$73,897	28.67%
Investment earnings	\$44	\$60	-26.67%
Miscellaneous	\$23,096	\$9,300	148.34%
Total Revenues	\$432,145	\$611,141	-29.29%
Expenditures/Expenses			
Conservation	\$468,374	\$663,317	-29.39%
Capital Outlay			
Total Expenditures/Expenses	\$468,374	\$663,317	-29.39%
Excess of Revenues Over (Under)			
Expenditures/Expenses	(\$36,229)	(\$52,176)	-30.56%
Change in Accounting Principle			
Fund Balance/Net Assets January 1	\$372,112	\$424,288	-12.30%
Fund Balance/Net Assets December 31	\$335,883	\$372,112	-9.74%

Clay SWCD
NOTES TO THE FINANCIAL STATEMENTS
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Table 3

Capital Assets at Year-End

	2015	2014	Percentage Change (%)
Machinery and equipment	\$171,236	\$171,236	0.00%
Less: accumulated depreciation	(116,448)	(102,933)	13.13%
Net Capital Assets	\$54,788	\$68,302	-19.79%
	\$13,514		

Table 4

General Fund Revenues

	Year Ended December 31		Change	
	2015	2014	Increase (Decrease)	Percent (%)
Function				
Intergovernmental	\$299,587	\$527,876	(\$228,289)	-43.25%
Charges for Services	\$95,086	\$73,897	\$21,189	28.67%
Interest earnings	\$44	\$60	(\$16)	-26.67%
Miscellaneous	\$37,427	\$9,300	\$28,127	302.44%
Total General Fund Revenues	\$432,144	\$611,133	(\$178,989)	-29.29%

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Table 5

General Fund Expenditures

Function	<u>Year Ended December 31</u>		<u>Change</u>	
	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent (%)</u>
District Operations	\$394,757	\$415,168	(\$20,411)	-4.92%
District Project Expenditures	\$58,139	\$23,267	\$34,872	149.88%
State Project Expenditures	\$15,478	\$224,882	(\$209,404)	-93.12%
Total Expenditures	\$468,374	\$663,317	(\$194,943)	29.39%