



# Clearwater Soil & Water Conservation District

  

## 2014 Financial Statement

Clearwater SWCD  
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CLEARWATER SOIL AND WATER CONSERVATION DISTRICT  
BAGLEY, MINNESOTA

STATEMENT OF NET POSITION+A4:F45+A35  
GOVERNMENTAL FUND BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Adjustments See Notes	Statement of Net Position
<b><u>Assets</u></b>			
Cash and investments	\$172,497		\$172,497
Accounts receivable	4,939		4,939
Due from other governments	5,053		5,053
Prepaid items	0		0
Capital Assets:			
Equipment (net of accumulated depreciation)		0	0
<b>Total Assets</b>	<b><u>\$182,490</u></b>	<b><u>\$0</u></b>	<b><u>\$182,490</u></b>
<b><u>Liabilities</u></b>			
Current liabilities:			
Accounts payable	\$7,725		\$7,725
Salaries payable			0
Unearned revenue (deffered revenue sheet)	80,499		80,499
Long-term liabilities:			0
Due within one year			
Due after one year		3,994	3,994
<b>Total Liabilities</b>	<b><u>\$88,224</u></b>	<b><u>\$3,994</u></b>	<b><u>\$92,218</u></b>
<b><u>Fund Balance/Net Assets</u></b>			
Fund Balance/Net Assets			
Nonspendable (Prepays, Inventories)	\$0	\$0	\$0
Unrestricted			
Committed or Assigned		0	0
Unassigned	94,266	(94,266)	0
<b>Total Fund Balance (Assests minus Liabilities)</b>	<b><u>\$94,266</u></b>	<b><u>(\$94,266)</u></b>	<b><u>\$0</u></b>
Net Assets			
Invested in capital assets		\$0	\$0
Unassigned		90,272	90,272
<b>Total Net Position</b>		<b><u>\$90,272</u></b>	<b><u>\$90,272</u></b>

Notes are an integral part of the basic financial statements.

CLEARWATER SOIL AND WATER CONSERVATION DISTRICT  
BAGLEY, 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
<b>Revenues</b>			
Intergovernmental	\$168,140	\$0	\$168,140
Charges for services	24,876	0	24,876
Investment earnings	317	0	317
Miscellaneous	1,508	0	1,508
<b>Total Revenues</b>	<b><u>\$194,841</u></b>	<b><u>\$0</u></b>	<b><u>\$194,841</u></b>
<b>Expenditures/Expenses</b>			
Conservation			
Current	\$194,604	(729)	\$193,875
Capital outlay		0	0
<b>Total Expenditures/Expenses</b>	<b><u>\$194,604</u></b>	<b><u>(\$729)</u></b>	<b><u>\$193,875</u></b>
<b>Excess of Revenues Over (Under)</b>			
<b>Expenditures/Expenses</b>	<b>\$237</b>	<b>\$729</b>	<b>\$966</b>
<b>Fund Balance/Net Position January 1</b>	<b><u>94,029</u></b>	<b><u>(4,723)</u></b>	<b><u>89,306</u></b>
<b>Fund Balance/Net Position December 31</b>	<b><u><u>\$94,266</u></u></b>	<b><u><u>(\$3,994)</u></u></b>	<b><u><u>\$90,272</u></u></b>

Notes are an integral part of the basic financial statements.

CLEARWATER SOIL AND WATER CONSERVATION DISTRICT  
BAGLEY, 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>
<b>Revenues</b>				
<b>Intergovernmental</b>				
County	\$116,134	\$116,134	\$116,134	\$0
Local	0	0	0	0
Federal	0	0	0	0
State grant	98,291	98,291	52,006	(46,285)
<b>Total intergovernmental</b>	<b>\$214,425</b>	<b>\$214,425</b>	<b>\$168,140</b>	<b>(\$46,285)</b>
<b>Charges for services</b>	<b>\$29,655</b>	<b>\$29,655</b>	<b>\$24,876</b>	<b>(\$4,779)</b>
<b>Miscellaneous</b>				
Interest earnings	\$900	\$900	\$317	(\$583)
Other	2,800	2,800	1,508	(1,292)
<b>Total miscellaneous</b>	<b>\$3,700</b>	<b>\$3,700</b>	<b>\$1,825</b>	<b>(\$1,875)</b>
<b>Total Revenues</b>	<b>\$247,780</b>	<b>\$247,780</b>	<b>\$194,841</b>	<b>(\$52,939)</b>
<b>Expenditures</b>				
<b>District operations</b>				
Personnel services	\$140,520	\$140,520	\$137,084	\$3,436
Other services and charges	27,405	27,405	27,173	232
Supplies	550	550	352	198
Capital outlay	1,590	1,590	1,590	1,590
<b>Total district operations</b>	<b>\$170,065</b>	<b>\$170,065</b>	<b>\$164,609</b>	<b>\$5,456</b>
<b>Project expenditures</b>				
District	\$17,315	\$17,315	\$13,973	\$3,342
State	60,400	60,400	16,022	44,378
<b>Total project expenditures</b>	<b>\$77,715</b>	<b>\$77,715</b>	<b>\$29,995</b>	<b>\$47,720</b>
<b>Total Expenditures</b>	<b>\$247,780</b>	<b>\$247,780</b>	<b>\$194,604</b>	<b>\$53,176</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$0</b>		<b>\$237</b>	<b>\$237</b>
<b>Fund Balance - January 1</b>	<b>\$94,029</b>	<b>\$94,029</b>	<b>\$94,029</b>	<b>\$0</b>
<b>Fund Balance - December 31</b>	<b>\$94,029</b>	<b>\$94,029</b>	<b>\$94,266</b>	<b>\$237</b>

Notes are an integral part of the basic financial statements.

**BREAKDOWN OF COUNTY REVENUE  
2014**

**COUNTY REVENUES (breakdown):**

ANNUAL ALLOCATION	<u>69360</u>
WATER PLAN MONEY	<u>41774</u>
WETLAND MONEY	<u>5000</u>
FEEDLOT MONEY	<u>0</u>
ABANDONDED WELL	<u>0</u>
DNR SHORELAND	<u>0</u>
OTHER (specify)	<u>0</u>
<b>TOTAL</b>	<u><u>116134</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.

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Notes are an integral part of the basic financial statements.

**DEFERRED REVENUE BREAKDOWN  
2014**

Balance of BWSR Service Grants: 605

Balance of **unencumbered** BWSR Cost-Share Grants: 7506

Previous fiscal year 5073

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

FY	Contract No.	Contract Amount	T & A Encumbered
FY14	013-05 - FY13	\$1,196.02	299
FY13	013-05 - FY13	\$2,837.71	
		4034	299

Total of all Cost-Share Encumbrances 4333

Balance of County WCA Funds: 0

Balance of County Water Plan Funds: 0

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

FY12 Clean Water Fund Grants Unspent Balance 7719

FY13 Clean Water Fund Grant unspent Balance 55263

Subtotal of other funds: 62982

**TOTAL OF ALL DEFERRED REVENUE:** 80499

Notes are an integral part of the basic financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2014**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial reporting policies of the Clearwater Soil and Water Conservation 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.

Agriculture's 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 calendar 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.

While the County provides a significant amount of the District's revenue in the form of an appropriation, the District is not considered a part of Clearwater County because the County 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 Clearwater 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.

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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 equipment and vehicles.

3. General Long-Term Debt Account Group

This account group records earned but unpaid vacation 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 Assets 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 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 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 fund 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. The District also receives an annual appropriation from the County, which 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 revenue from sale of trees are recognized when earned. Agricultural conservation fees and other revenues are recognized when they are received in cash because they usually are not measurable until then.

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Project expenditures represent costs which 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

In accordance with Governmental Accounting Standards Board Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions, revenues for non-exchange 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

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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

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 I-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

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 12 hours per 160 hours worked. Sick leave accrual is 13 days per year. There is no limit on accumulation of sick leave, however, the limit on annual leave that may be carried over to the next year is 160 hours. Upon termination from the District by retirement, illness, or death, employees are paid accrued vacation and no accrued sick leave.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. General Fund Deficit

N/A

B. Excess of Expenditures Over Budget

During 2014, actual expenditures, \$194,604.00, were lower than budgeted expenditures, \$234,615.00 by \$40,011.00

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 \$172497.83 of which \$154565.30 were cash deposits and \$17,932.53 was invested in 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	\$ -
	<hr/>
Additions	\$ -
Deletions	\$ -
2013 Depreciation	\$ -
	<hr/>
Balance December 31, 2014	\$ -

Note: All capital assets were fully depreciated as of 12/31/11. No new capital assets were added in 2014; therefore no depreciation was realized in 2014. The District uses a threshold of \$5000 for capitalizing assets purchased. Those physical assets under \$5000 are expensed directly and not capitalized.

V. DEFERRED REVENUE

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

Total Deferred Revenue as itemized on "Deferred Revenue Breakdown" is \$80,499

VI. COMPENSATED ABSENCES PAYABLE

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

Balance - January 1, 2014	\$ 4,723
Net change in compensated absences	\$ (729)
Balance - December 31, 2014	\$ 3,994

VII. ADJUSTMENTS TO FINANCIAL STATEMENTS

See Note I-F. Adjustments to the Statement of Activities are:

**Expenditures (Conservation-Current)**

2014 change in compensated absences	\$ (729)
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(PLUS)	2014 loss on deleted assets	\$	-
(PLUS)	2014 depreciation of assets	\$	-
	Total Adjustment	\$	(729)

**Fund Balance/Net Assets - January 1**

	January 1, 2014 net fixed assets	\$	-
(MINUS)	January 1, 2014 net compensated absence	\$	4,723
	Total Adjustment	\$	(4,723)

**VIII. 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 the Minnesota Counties Intergovernmental Trust (MCIT). The District is also covered for errors and omissions through MCIT.

MCIT 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.

**IX. 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-

**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. PERA Coordinated Plan members were required to contribute 6.25% of their annual covered salary in

2014 and that rate will increase to 6.5% for 2015. The District was required to contribute 7.25% of annual covered payroll in 2014 for Coordinated Plan PERA members; this rate will increase to 7.5% for 2015.

The District's employer share of contributions to PERA for the years ending December 31, 2014, 2013, and 2012 were \$7,400, \$7,440, and \$7,449, respectively, equal to the contractually required contributions for each year as set by Minnesota Statute.

#### X. OPERATING LEASES

The District leases office space on a yearly basis. Under the current agreement, total costs for 2014 were \$7,080.00.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2014**

### **THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES**

Our analysis of the Clearwater Soil and Water Conservation District begins with the Statement of Net Assets and the Statement of Activities of which can be found on pages 3 and 4 of this report. One of the most important questions asked about the District's finances is, "Is the District 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 District 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 District's net position and changes in them. You can think of the District's net position - the difference between assets and liabilities - as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position 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 District.

In the Statement of Net Position and the Statement of Activities, the District presents Governmental activities. All of the District's basic services are reported here. Appropriations from the county and state finance most activities.

### **REPORTING THE DISTRICT'S GENERAL FUND**

#### **Fund Financial Statements**

The Clearwater Soil and Water Conservation 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 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 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 Activities and the Statement of Net Position) and governmental funds in a reconciliation included with the financial statements.

#### **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 8 - 13.

**THE DISTRICT AS A WHOLE**

**Statement of Net Assets**

The Clearwater SWCD’s combined net assets were higher than the previous year, increasing from \$89,306, to \$90,272 for a total increase of \$966.00 Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Clearwater SWCD’s governmental and business-type activities.

**Table 1 - Statement of Net Assets**

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Current Assets	182,490	173,410
Capital Assets Net of Depreciation	0	0
<b>Total Assets</b>	<b>182,490</b>	<b>173,410</b>
Current and Other Liabilities	92,218	84,104
Net Assets		
Invested in Capital Assets	0	0
Restricted	0	0
Unrestricted	90,272	89,306
<b>Total Net Assets</b>	<b>90,272</b>	<b>89,306</b>
<b>Total liabilities and Net Assets</b>	<b>182,490</b>	<b>173,410</b>

Net assets of the Clearwater SWCD governmental activities increased by almost 5 percent (\$182,490 compared to \$173,410). The District has no restricted assets at this time. Unrestricted 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, increased by nearly 1 percent, going from \$89,306 in 2013 to \$90,272 by the end of 2014. This was due primarily to slightly higher revenue than expenditures in 2014 and a decrease in compensated absences at the close of 2014.

**Table 2 - Changes in Net Assets**

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Revenues		
County	116,134	116,134
Local	0	0
Federal	0	0
State	52,006	51,799
Charges for Services	24,876	31,572

Interest	317	416
Other	1,508	2,494
Total Revenues	<b>194,841</b>	<b>202,415</b>
Expenditures		
District Operations	182,676	197,481
Conservation Projects	0	
Total Expenditures	<b>194,604</b>	<b>197,481</b>
<b>Increase (decrease) in net assets</b>	<b>237</b>	<b>4,934</b>

### Governmental Activities

Revenues for the District’s governmental activities decreased by just over 3.5% (\$7574) and total expenses decreased by a little under 1.5% (\$2,877). This can be primarily attributed to less revenue realized through district services, fewer State grant projects and miscellaneous other income and lower employee payroll expenses.

The District’s governmental program revenues, including intergovernmental aid and fees for services, decreased from \$202,415 in 2013 to \$194,841. The small decrease in total revenues was due primarily to less revenue from district services and from State Projects in 2014.

The cost of all governmental activities this year was \$194,604 compared to \$197,481 in 2013. This decrease was due primarily to lower total personnel services expenses and fewer expenses incurred related to state projects.

### THE DISTRICT’S FUNDS

As the District completed the year, its general fund (as presented in the balance sheet on page 3, reported a combined fund balance of \$94,266 (includes Designated and Undesignated Fund Balances). This amount plus the net of accumulated depreciation (\$0) and minus the Compensated Absences (\$3994) gives a total of \$90,272 under the “Adjustments” column for the Statement of Net Assets. This amount was more than last year’s total of \$89,306 which included \$94,029 (Designated and Undesignated Fund Balances) plus the net of accumulated depreciation (\$0) and minus the Compensated Absences (\$4,723). The primary reasons for the General Fund’s surplus mirror the Statement of Net Assets under the Fund Financial Statements section as highlighted on page 15 of this report.

### General Fund Budgetary Highlights

The District adopted its 2014 operating budget in 2013 which reflected no anticipated increase in fund balance. The actual fund balance increased in 2014 by \$237.00. The main reason for this increase was higher than expected income from an unbudgeted State grant and lower than budgeted employee payroll expenses.



The actual charges to appropriations (expenditures) were \$53,176 less than budget amounts. This was due primarily to a fewer than expected projects completed through by state grants.

Resources available for appropriation (revenues) were \$52,939. lower than the final budgeted amount. This was due mainly to lower than budgeted income recognized for state grants in 2014.

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**CAPITAL ASSET AND DEBT ADMINISTRATION**  
**Capital Assets**

**Table 4 - Capital Assets at Year-end**  
**(Net of Depreciation)**

	<u>2014</u>	Governmental Activities		<u>2013</u>
Assets				
Land		0		0
Buildings		0		0
Equipment		0		0
Total Assets		0		0

There have been no additions to capital assets since early 2007 when the District purchased a new vehicle. As of January 1, 2005 the Clearwater SWCD Board of Supervisors set the threshold at \$5,000 for capital asset depreciation. More detailed information regarding capital assets is presented in the Notes to the Financial Statements section.

**Long-Term Liabilities**

Long-term liability obligations include accrued vacation pay for which employees are paid upon termination from the District by retirement, illness, or death. Detailed information about the District’s long-term liabilities is presented in the Notes to the Financial Statement under Section I. Summary of Significant Accounting Policies- G. Vacation and Sick Leave on page 11; and under VI. Compensated Absences Payable on page 12.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The District's elected officials considered many factors when setting the fiscal year 2015 budget. District staff and supervisors have made a commitment to maintaining a good working relationship with the Clearwater County Commissioners and staff. The District receives a substantial appropriation and contract to administer the County Water Plan for the County. Some economic factors taken into account for 2015 include tight funding for federal and state conservation programs and tight economic times for many landowners. New funding sources and grants are continually reviewed for meeting the needs of district operations and the citizens of Clearwater County.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with 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 Clearwater Soil and Water Conservation District, 312 Main Ave N, Suite 3, Bagley, MN 56621 or call 218-694-6845.







Capital Assets for Clearwater Soil & Water Conservation District

Class	Asset	Expenditure Function	Purchased/Constructed	Useful Life	Beginning Balance	Threshold Adjustment	Adjusted Balance	Additions	Deletions	Ending Balance	Beginning Accumulated Depreciation	2014 Depreciation	Deletion	Ending Accumulated Depreciation	Asset Balance
Land					0		0			0				0	
Buildings					0		0			0	0	0		0	
Equipment, furniture, & vehicles															
	1993 GMC Sonoma Truck 4x4	Conservation	2001	5	6474.00		6,474.00			6,474.00	6,474.00	0.00		6,474.00	0.00
	2004 Ford F150 Truck	Conservation	2007	5	19785.5		19,785.50			19,785.50	19,785.50	0.00		19,785.50	0.00
Total equipment, furniture, vehicles					26,260	0	26,260	0	0	26,260	26,260	0	0	26,260	0
Total Capital Assets					26,259.50	0.00	26,259.50	0.00	0.00	26,259.50	26,259.50	0.00	0.00	26,259.50	0.00

AMENDED TOTALS	1/1/2014	12/31/2014
Capital Assets	26,259.50	26,259.50
Accumulated Depreciation	-26,259.50	-26,259.50
Net book value	0.00	0.00
<b>2013 Depreciation</b>		\$0.00

Beginning Depreciation	26,259.50
12/31/2014 Ending Depreciation	26,259.50