

**WILKIN SOIL AND WATER CONSERVATION DISTRICT
WILKIN 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 Wilkin 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 \$413,230. Total assets are \$766,365 and total liabilities are \$353,135 for the year ended December 31, 2015.
- Overall government-wide revenues totaled \$289,725 and were \$166,887 more than expenses.
- The General Fund's fund balance increased \$36,839 or 7.27 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 \$413,230 on December 31, 2015.

CAPITAL ASSETS

As of December 31, 2015, the District had \$35,958 invested in net capital assets. This amount represents a net increase (including additions, deductions, and adjustments) of, \$15,642 or 76.99 percent, from last year.

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 \$543,605.

Revenues for the District's governmental funds were \$289,725 while total expenditures were \$122,838.

GENERAL FUND

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

Total General Fund revenue decreased by \$64,357 or 12.73 percent, from the previous year. The most significant change in revenues was in the category intergovernmental revenues due to less income received from the MN Board of Water and Soil Resources for grant programs. Miscellaneous revenue increased due to income received from reimbursement for staff hours for grant activities.

General Fund Budgetary Highlights

- Actual revenues were \$4,625 less than budgeted.
- Actual expenditures were \$41,464 less than 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 again be the strongest bearing on the budget, revenue, and expenses in the upcoming year. The District will continued to maintain and build its fund balance with the additional income from new services for custom grass seeding.

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 District Manager, Don Bajumpaa, 1150 Highway 75 North, Breckenridge, MN 56520.