

North St. Louis
Soil & Water
Conservation District

2014 Financial Statement

NORTH ST. LOUIS SOIL AND WATER CONSERVATION DISTRICT

USING THIS ANNUAL REPORT

This annual report consists of three main topics: 1) Basic Financial Statements; 2) Notes to the Financial Statement; 3) Management's Discussion and Analysis (MDA). These topics are further explained as follows:

1. **Basic Financial Statements** – pages 3 - 5

This section includes a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District'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 District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. Since districts are special purpose governments, they are generally able to combine the government-wide and fund financial statements into single presentations. The North St. Louis Soil & Water Conservation District has elected to present in this format.

2. **Notes to the Financial Statement** – pages 6 - 13

This section provides information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and includes *Breakdown of County Revenue*, *Unearned Revenue Breakdown*, and *Notes to the Financial Statements*.

3. **Management's Discussion and Analysis** – pages 14 - 18

This section relates mostly to the changes in the District's finances and explains the Governmental-wide Financial Statements in detail.

NORTH ST. LOUIS SOIL AND WATER CONSERVATION DISTRICT
VIRGINIA, MINNESOTA

STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Adjustments See Notes	Statement of Net Position
<u>Assets</u>			
Cash and investments	\$38,891		\$38,891
Accounts receivable	38,748		38,748
Due from other governments	0		0
Prepaid items	0		0
Capital Assets:			
Equipment (net of accumulated depreciation)		6,435	6,435
Total Assets	\$77,640	\$6,435	\$84,075
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$20,761		\$20,761
Salaries payable	1,081		1,081
Unearned revenue	22,100		22,100
Long-term liabilities:			0
Due within one year		0	0
Due after one year		0	0
Total Liabilities	\$43,943	\$0	\$43,943
<u>Fund Balance/Net Assets</u>			
Fund Balance/Net Assets			
Nonspendable (Prepays, Inventories)	\$0	\$0	\$0
Unrestricted			
Committed or Assigned	0	0	0
Unassigned	33,697	(33,697)	0
Total Fund Balance	\$33,697	(\$33,697)	\$0
Net Assets			
Invested in capital assets		\$6,435	\$6,435
Unassigned		33,697	33,697
Total Net Position		\$40,132	\$40,132

Notes are an integral part of the basic financial statements.

NORTH ST. LOUIS SOIL AND WATER CONSERVATION DISTRICT
VIRGINIA, 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
Revenues			
Intergovernmental	\$116,694	\$0	\$116,694
Charges for services	22,405	0	22,405
Investment earnings	3	0	3
Miscellaneous	1,110	0	1,110
Total Revenues	\$140,213	\$0	\$140,213
Expenditures/Expenses			
Conservation			
Current	\$115,451	\$1,911	\$117,362
Capital outlay	0	0	0
Total Expenditures/Expenses	\$115,451	\$1,911	\$117,362
Excess of Revenues Over (Under)			
Expenditures/Expenses	\$24,762	(\$1,911)	\$22,851
Fund Balance/Net Position January 1	8,935	8,346	17,281
Fund Balance/Net Position December 31	\$33,697	\$6,435	\$40,132

Notes are an integral part of the basic financial statements.

NORTH ST. LOUIS SOIL AND WATER CONSERVATION DISTRICT
VIRGINIA, MINNESOTA

BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Neg)
Revenues				
Intergovernmental				
County	\$29,003	\$29,003	\$58,003	\$29,000
Local	0	0	0	0
Federal	0	0	0	0
State grant	78,424	78,424	58,691	(19,733)
Total intergovernmental	\$107,427	\$107,427	\$116,694	\$9,267
Charges for services	\$14,758	\$14,758	\$22,405	\$7,647
Miscellaneous				
Interest earnings	\$5	\$5	\$3	(\$2)
Other	1,740	1,740	1,110	(630)
Total miscellaneous	\$1,745	\$1,745	\$1,113	(\$632)
Total Revenues	\$123,931	\$123,931	\$140,213	\$16,282
Expenditures				
District operations				
Personnel services	\$32,541	\$32,541	\$31,864	\$677
Other services and charges	14,113	14,113	28,733	(14,621)
Supplies	250	250	147	103
Capital outlay	0	0	0	0
Total district operations	\$46,904	\$46,904	\$60,745	(\$13,841)
Project expenditures				
District	\$20,471	\$20,471	\$22,717	(\$2,246)
State	57,564	57,564	31,989	25,575
Total project expenditures	\$78,034	\$78,034	\$54,706	\$23,328
Total Expenditures	\$124,938	\$124,938	\$115,451	\$9,487
Excess of Revenues Over (Under)				
Expenditures	(\$1,008)	(\$1,008)	\$24,762	\$25,770
Fund Balance - January 1	\$8,935	\$8,935	\$8,935	\$0
Fund Balance - December 31	\$7,927	\$7,927	\$33,697	\$25,770

Notes are an integral part of the basic financial statements.

**BREAKDOWN OF COUNTY REVENUE
2014**

COUNTY REVENUES (breakdown):

ANNUAL ALLOCATION	\$ <u>49,000</u>
WATER PLAN MONEY	\$ _____
WETLAND MONEY	\$ <u>9,003</u>
FEEDLOT MONEY	\$ _____
ABANDONED WELL	\$ _____
DNR SHORELAND	\$ _____
OTHER (specify)	\$ _____
TOTAL	\$ <u><u>58,003</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.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial reporting policies of the North St. Louis Soil and Water Conservation District (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.

The North St. Louis Soil and Water Conservation District, in cooperation with the U.S. Department of Agriculture 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 fiscal year the District develops a work plan that 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.

The District is not considered a part of St. Louis County because, even though the County provides a significant amount of the District's revenue in the form of an appropriation, it 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 North St. Louis 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.

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 furniture and equipment.

3. General Long-Term Debt Account Group

This account group records earned but unpaid vacation and sick 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 Position 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 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 soon as all 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 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. If the District also receives an annual appropriation from the County, it 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 revenues from the sale of trees are recognized when earned. Agricultural conservation fees and other revenue are recognized when they are received in cash because they usually are not measurable until then.

Project expenditures represent costs that 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 projects.

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.

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.

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 Note IV.

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 1-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 supported by figures in Note IV and in Note I-G below.

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 18.4 hours per month. Sick leave accrual is 13 days per year. The limit on the accumulation of annual leave is 248 hours and the limit on sick leave is 240 hours. Upon termination from the District by retirement, employees are paid accrued vacation leave only.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. General Fund Deficit

At December 31, 2014, the District's General Fund had a deficit fund balance of \$___N/A___. The deficit is expected to be eliminated by future revenue sources.

B. Excess of Expenditures Over Budget

During 2014, actual expenditures, \$___N/A___, exceeded budgeted expenditures, \$___N/A___, by \$___N/A___.

C. Uncollateralized deposits

During 2014, the District's deposits with financial institution Frandsen Bank & Trust 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 \$38,891, of which \$38,891 were cash deposits and \$0 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	\$ <u>9,970</u>
Additions	\$ <u>0</u>
2014 depreciation	\$ <u>3,535</u>
Balance December 31, 2014	\$ <u>6,435</u>

Note: Beginning and Ending Balance are net of accumulated depreciation, which totaled \$26,265 as of December 31, 2014.

The District uses a threshold of \$5,000 for capitalizing assets purchased. Those physical assets under \$5,000 are expenses directly and not capitalized.

V. DEFERRED REVENUE

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

Total Unearned Revenue as itemized on "Unearned Revenue Breakdown" is \$22,100.

VI. COMPENSATED ABSENCES PAYABLE

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

Balance January 1, 2014	\$ <u>1,624</u>
Net Changes in Compensated Absences	\$ <u>(1,624)</u>
Balance December 31, 2014	\$ <u>0</u>

VI – B. ADJUSTMENTS TO FINANCIAL STATEMENTS

See Note 1-F.

VII. 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 Minnesota Counties Intergovernmental Trust. The District is covered for errors and omissions through Minnesota Counties Intergovernmental Trust.

The Minnesota Counties Intergovernmental Trust 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.

VIII. 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, 55103-1855.

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. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.0%, respectively, of their annual covered salary in 2014. The District was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members and 7.00% for Coordinated Plan PERF members. Employer contribution rates for the Coordinated Plan increased to 7.25% effective January 1, 2011. The District's employer share of contributions to PERA for the years ending December 31, 2014, 2013, and 2012 were \$613, \$5,710, and \$5,854 respectively, equal to the contractually required contributions for each year as set by Minnesota Statute.

IX. OPERATING LEASES

The District vacated its office space at the end of April 2014 and paid a lump sum settlement agreement to Vukonich Properties as mitigation for terminating the 3-year lease agreement obligating them through December 31, 2016. Under the terms of the settlement agreement, total costs for 2014 were \$17,663.

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH ST. LOUIS SOIL & WATER CONSERVATION DISTRICT

December 31, 2014

THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

Our analysis of the North St. Louis Soil and Water Conservation District begins with the *Statement of Net Position* 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 Position* and the *Statement of Activities* reports provide information about the District and 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 the changes to it. You can think of the District's net position - the difference between total assets and total 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 and all of the District's services are reported here. Appropriations from the county and state, along with local partners and competitive grants, finance most activities.

REPORTING THE DISTRICT'S GENERAL FUND

Fund Financial Statements

The North St. Louis 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. Balances remaining at year-end are available for spending. The reporting method used is 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 government operations and the 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 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 Capital Assets; 5) Deferred Revenue; 6) Compensated Absences Payable; 7) Risk Management; 8) Pension Plan; and 9) Operating Leases. The Notes to the Financial Statement can be found on pages 6 - 13.

THE DISTRICT AS A WHOLE

The District’s total net position was higher than the previous year, increasing from \$17,281 in 2013 to \$40,132 in 2014 for a total increase of \$22,851 or approximately 132 percent. In contrast, 2013 net assets decreased by \$25,461 from the previous year. Our analysis below focuses on the net position (Table 1) and the change in net position (Table 2) of the District’s governmental activities.

Table 1 - Statement of Net Position

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Current and other assets	\$77,640	\$63,244
Capital assets	\$6,435	\$9,970
Total Assets	\$84,075	\$73,214
Long-term liabilities	\$0	\$1,624
Current liabilities	\$43,943	\$54,309
Total Liabilities	\$43,943	\$55,933
Invested in capital assets	\$6,435	\$9,970
Restricted	\$0	\$25,336
Unassigned	\$33,697	-\$18,025
Total Net Position	\$40,132	\$17,281
Total Liabilities and Net Assets	\$84,075	\$73,214

The District has no restricted assets at this time. Unrestricted or 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, increased in 2014 from (\$18,025) to \$33,697 for a positive variance of \$51,722.

Table 2 - Statement of Activities

	Governmental Activities	
Revenues	<u>2014</u>	<u>2013</u>
Intergovernmental	\$116,694	\$115,691
Charges for Services	\$22,405	\$78,939
Investment Earnings	\$3	\$6
Other	\$1,110	\$1,966
Total Revenues	\$140,213	\$196,602
Expenditures		
Conservation Delivery	\$112,797	\$214,841
Conservation Projects	\$4,565	\$7,212
Total Expenditures	\$117,362	\$222,053
Increase in Net Position	\$22,851	-\$25,451

Our analysis below considers the operations of governmental activities.

Governmental Activities

From 2013 to 2014, the District's total revenue decreased by \$56,389 or approximately 29 percent. This decrease was mainly due to the lack of staff employed to perform contracted services normally budgeted under revenues for "Charges for Services".

The cost of all governmental activities this year was \$117,362 which was \$104,691 less than the total cost of \$222,053 in 2013. This drastic decrease was due to staff layoffs at the end of 2013 and the first part of 2014. The District operated for most of 2014 with a four member elected board and contracted administrative and technical services provided by Koochiching SWCD. With the assistance of St. Louis County, Board of Water and Soil Resources (BWSR) and Koochiching SWCD, the District adopted a two-year recovery plan on August 11, 2014 that addressed fiscal management and outlined program goals and activities including staffing needs for 2015.

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 \$33,697 (which includes *Assigned* and *Unassigned* funds). This amount plus the net value of capital assets after accumulated depreciation (\$6,435) and minus the ending balance of compensated absences (\$0) gives us a total net position of \$40,132 as listed under the "Adjustments" column for the *Statement of Net Position*. This amount is more than last year's total of \$17,281 which included a combined fund balance of \$8,935 plus the net value of capital assets (\$9,970) and minus compensated absences (\$1,624). The primary reason for the General Fund's change is described in the governmental activities analysis highlighted above.

General Fund Budgetary Highlights

The District adopted a 2014 operating budget in June 2014 that reflected an anticipated decrease in fund balance of \$1,008. The actual fund balance increased in 2014 by \$24,762 which was a positive variance of \$25,770. This was due to unanticipated revenue received from St. Louis County as part of the District’s recovery plan implementation.

Resources available for appropriations (revenues) were \$16,282 higher than the final budgeted amount. The main reason for this increase in revenue was, as stated above, the additional financial support received from the County as detailed in the District’s recovery plan. This support was instrumental in moving the District forward and will be used in 2015 to hire new administrative and technical staff.

The actual charges to appropriations (expenditures) were \$9,487 less than budgeted amounts, due mainly to deferred conservation projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Although it does not own land or buildings, the District does own field and office equipment, most of which does not show up in the table below due to the \$5,000 cost threshold for depreciating assets set by the District Board and/or because its individual value is zero due to accumulated depreciation. The only capital asset at year end (see Table 3) was a YSI Sonde Meter, field equipment used for water sampling. For accountability and insurance purposes, the District maintains a complete asset inventory list regardless of cost or depreciated value.

**Table 3 - Capital Assets at Year-end
(Net of Depreciation)**

	Governmental Activities	
Assets	<u>2014</u>	<u>2013</u>
Land	\$0	\$0
Buildings	\$0	\$0
Equipment	\$6,435	\$9,970
Total Assets	<u>\$6,435</u>	<u>\$9,970</u>

Long-Term Liabilities

Long-term liability obligations include accrued leave hours for which employees are paid upon termination from the District by retirement, illness or death. At the end of 2014, the District did not

employ staff and all long-term liabilities were paid to eligible employees in accordance with District policy. 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- F. 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, including the limited financial support from the State for general conservation delivery assistance to landowners. Some of the economic factors taken into account for the 2015 budget included Intergovernmental revenue, state and federal grant opportunities, staffing needs, training and education opportunities for staff and supervisors, and employee wages and health benefits.

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 North St. Louis SWCD, Courthouse, 307 1st St S, Suite 114, P.O Box 205, Virginia, MN 55792 or call 218-749-2000.