

**AREA 3 SWCD Technical Service Area
DULUTH, MINNESOTA
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and Investments	\$327,303	\$0	\$327,303
Prepaid Items	\$3,964	\$0	\$3,964
Due from other governments	\$66,067	\$0	\$66,067
Capital Assets:			
Equipment (net of accumulated depreciation)	\$0	\$82,976	\$82,976
Total Assets	\$397,334	\$82,976	\$480,310
 Combined Assets and Deferred Outflows of Resources	\$397,334	\$82,976	\$480,310
 Liabilities			
Current Liabilities:			
Unearned Revenue	\$187,745	\$0	\$187,745
Accrued Wages	\$10,338	\$0	\$10,338
Due to other governments	\$9,098	\$0	\$9,098
Long-term Liabilities:			
Net Pension Liability	\$0		\$0
Due after one year	\$0	\$7,082	\$7,082
Total Liabilities	\$207,182	\$7,082	\$214,263
 Combined Liabilities and Deferred Inflows of Resources	\$207,182	\$7,082	\$214,263
 Fund Balance/Net Position			
Fund Balance			
Nonspendable - Prepays	\$3,964	-\$3,964	\$0
Assigned - Compensated Absences	\$7,082	-\$7,082	\$0
Unassigned	\$179,107	-\$179,107	\$0
Total Fund Balance	\$190,152	-\$190,152	\$0
 Net Position			
Investments in Capital Assets		\$82,976	\$82,976
Unrestricted		\$183,071	\$183,071
Total Net Position		\$266,047	\$266,047

Notes are an integral part of the basic financial statements.

**AREA 3 SWCD Technical Service Area
DULUTH, MINNESOTA
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Adjustments	Statement of Activities
Revenues			
Intergovernmental	\$444,796	\$0	\$444,796
Charges for Services	\$0	\$0	\$0
Investment Earnings	\$158	\$0	\$158
Miscellaneous	\$3,639	\$0	\$3,639
Total Revenues	<u>\$448,593</u>	<u>\$0</u>	<u>\$448,593</u>
Expenditures/Expenses			
Conservation			
Current	\$444,775	\$23,237	\$468,012
Capital Outlay	\$3,772	-\$3,772	\$0
Total Expenditures/Expenses	<u>\$448,546</u>	<u>\$19,465</u>	<u>\$468,012</u>
Excess of Revenues Over (Under) Expenditures/Expenses	<u>\$46</u>	<u>-\$19,465</u>	<u>-\$19,419</u>
Fund Balance/Net Position January 1	\$190,106	\$95,360	\$285,466
Change in Accounting Principle		\$0	
Fund Balance/Net Position December 31	<u>\$190,152</u>	<u>\$75,895</u>	<u>\$266,047</u>

Notes are an integral part of the basic financial statements.

**AREA 3 SWCD Technical Service Area
DULUTH, MINNESOTA
BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016**

	Original/ Final Budget	Actual	Variance With Final Budget Positive (Neg)
Revenues			
Intergovernmental			
County	\$0		\$0
Local	\$238,109	\$196,425	-\$41,684
Federal	\$0	\$0	\$0
State Grant	\$206,000	\$248,371	\$42,371
Total Intergovernmental	<u>\$444,109</u>	<u>\$444,796</u>	<u>\$687</u>
Charges for Services	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Miscellaneous			
Interest Earnings	\$100	\$158	\$58
Other	\$100	\$3,639	\$3,539
Total Miscellaneous	<u>\$200</u>	<u>\$3,797</u>	<u>\$3,597</u>
Total Revenues	<u>\$444,309</u>	<u>\$448,593</u>	<u>\$4,284</u>
Expenditures			
District Operations			
Personnel Services	\$388,740	\$384,425	\$4,315
Other Services and Charges	\$41,569	\$57,102	-\$15,533
Supplies	\$4,000	\$3,247	\$753
Capital Outlay	\$10,000	\$3,772	\$6,228
Total District Operations	<u>\$444,309</u>	<u>\$448,546</u>	<u>-\$4,237</u>
Project Expenditures			
District			\$0
State			\$0
Total Project Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Expenditures	<u>\$444,309</u>	<u>\$448,546</u>	<u>-\$4,237</u>
Excess of Revenues Over (Under) Expenditures	<u>\$0</u>	<u>\$46</u>	<u>\$46</u>
Fund Balance - January 1	\$0	\$190,106	\$190,106
Change in Accounting Principle			
Fund Balance - December 31	<u>\$0</u>	<u>\$190,152</u>	<u>\$190,152</u>

Notes are an integral part of the basic financial statements.

**BREAKDOWN OF COUNTY REVENUE
2016**

COUNTY REVENUES (breakdown):

ANNUAL ALLOCATION	\$ _____
WATER PLAN MONEY	\$ _____
WETLAND MONEY	\$ _____
FEEDLOT MONEY	\$ _____
ABANDONED WELL	\$ _____
DNR SHORELAND	\$ _____
OTHER (specify)	\$ _____
TOTAL	<u>\$0.00</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.

**UNEARNED REVENUE BREAKDOWN
2016**

Balance of BWSR Service Grants: \$0.00
 Balance of unencumbered BWSR Cost-Share Grants: Current fiscal year \$0.00

Previous fiscal year \$0.00

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

FY	Contract No.	Contract Amount	T & A Encumbered

Total of all Cost-Share Encumbrances \$0.00

Balance of County WCA Funds: \$0.00

Balance of County Water Plan Funds: \$0.00

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

FY2016 Capacity Part 1 \$72,744.63

FY2016 Capacity part 2 \$115,000

Subtotal of other funds: \$187,744.63

TOTAL OF ALL UNEARNED REVENUE: \$187,744.63

Note 1 - Summary of Significant Accounting Policies

The financial reporting policies of the Area 3 SWCD Technical Service Area (TSA) conform to generally accepted accounting principles. The Governmental Accounting Standards Board (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 June 30, 2015, the TSA 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 TSA is organized under the provisions of Minnesota Statutes Chapter 103C and 457. The TSA is governed by a Board of Supervisors composed of nine members nominated by member TSAs and that are elected to four-year terms by the voters of the County of the member SWCD.

The purpose of the TSA and member Districts 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 TSA provides engineering 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 Districts develop work plans which are 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 TSA'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 TSA 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 TSA.

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.

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 TSA 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 or other payments 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 TSA 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 TSA approval. Appropriations lapse at year-end. The TSA 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

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 TSA 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 TSA 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 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 TSA 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 TSA. Those committed amounts cannot be used for any other purposes unless the TSA 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 TSA 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 TSA or the TSA Administrator.

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 TSA 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 TSA 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 TSA 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 TSA's personnel policies, employees are granted vacation leave in varying amounts based on their length of service. Vacation leave accrual varies from four to eight hours per pay period. Sick leave accrual is four hours per pay period. The limit on the accumulation of annual leave is 240 hours and there is no limit on sick leave. Upon termination from the TSA employees are paid accrued vacation leave and up to 80 hours of accrued sick leave

Risk Management

The TSA 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 TSA 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 TSA 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	\$187,248	\$3,772	\$4,138	\$186,881
Less: Accumulated Depreciation	\$84,942			\$103,905
Net Capital Assets	<u>\$102,306</u>			<u>\$82,976</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 3 to 10 years for Machinery and Equipment. Current year depreciation is \$23,102.

The TSA uses the threshold of \$500 for capitalizing assets purchased.

Unearned Revenue

Unearned revenue represents unearned advances from the Minnesota Board of Water and Soil Resources (BWSR) for grants. Revenues will be recognized when the related program expenditures are recorded. Unearned revenue for the year ended June 30, 2016, consists of the following: 2016 BWSR Capacity Part 1 and Part 2 \$187,744.63

Long-Term Liabilities - Compensated Absences Payable

Changes in long-term liabilities for the period ended June 30, 2016 are:

Balance June 30, 2015	\$6,946
Net Change in Compensated Absences	\$135
Balance June 30, 2016	<u>\$7,081</u>

Deposits

Minnesota Statutes 118A.02 and 118A.04 authorize the TSA to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statutes 118A.03 requires that all TSA 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 TSA's deposits may not be returned to it. The TSA does not have a deposit policy for custodial credit risk. As of June 30, 2016, the TSA's deposits were not exposed to custodial credit risk.

Note 3 - Defined Benefit Pension Plans

Plan Description - Public Employees Retirement Association

The TSA 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 TSA 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 TSA is required to contribute 7.5% of annual covered payroll. The TSA's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 4 - Operating Leases

The TSA leases office space on a yearly basis from the South St. Louis SWCD for the Duluth Office, and from Lyle Katterhagen for the Mora Office. Under the current agreements costs as of June 30, 2016 were \$7,483.

Note 5 - Stewardship, Compliance and Accountability

Excess of expenditures over budget – The General Fund had revenues in excess of budget for the year as follows: Revenues \$448,593; Budget \$444, 309; Excess \$4,284.

Note 6 - Reconciliation of Fund Balance to Net Position

Governmental Fund Balance, July 1	\$190,106
Plus: Excess of Revenue Over Expenditures	\$46.29
Governmental Fund Balance, June 30	<u>\$190,152</u>
Adjustments from Fund Balance to Net Position:	
Plus: Capital Assets	\$82,976
Plus: Deferred Outflows of Resources	
Less: Long-Term Liabilities	\$7,082
Less: Deferred Inflows of Resources	
Net Position	<u>\$266,047</u>

Note 7 - Reconciliation of Change in Fund Balance to Change in Net Position

Change in Fund Balance	\$46
Capital Outlay	
The costs of capital assets are allocated over the capital assets' useful lives at the government-wide level.	(\$3,772)
In the statement of activities certain operating expenses (including compensated absences) are measured by the amounts earned.	<u>\$23,237</u>
Change in Net Position	<u>(\$19,419)</u>

**Area 3 SWCD Technical Service Area
For the Year ended June 30, 2016**

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Area 3 SWCD Technical Service Area’s (TSA 3) discussion and analysis provides an overview of the TSA’s financial activities for the fiscal year ended June 30, 2016. Since this information is designed to focus on the 2016 activities, resulting changes, and currently known facts, it should be read in conjunction with the JPB’s financial statements.

USING THIS ANNUAL REPORT

This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the TSA 3 as a whole and present a longer-term view of the TSA’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 TSA’s operations in more detail than the government-wide statements by providing information about the TSA’s most significant funds. Since TSAs are joint powers entities created by single-purpose special purpose governments (SWCDs) they are generally able to combine the government-wide and fund financial statements into single presentations. TSA 3 has elected to present in this format.

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the TSA 3’s finances is, “Is the JPB 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 TSA 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 2016’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the TSA’s net assets and changes in them. You can think of the JPB’s net assets — the difference between assets and liabilities—as one way to measure the TSA’s financial health, or financial position. Over time, increases or decreases in the TSA’s net assets are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, the TSA presents Governmental activities. All of the TSA’s basic services are reported here. Appropriations from the state and local sources finance most activities.

Reporting the TSA 3’s General Fund

Fund Financial Statements

The fund financial statements provide detailed information about the general fund—not the TSA as a whole. The TSA presents only a general fund, which is a governmental fund. All of the TSA’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 TSA’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 TSA's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the financial statements.

THE TSA AS A WHOLE

The TSA 3's combined net assets decreased at the end 2015 to \$285,465 compared to \$296,440 at the end of 2014. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the TSA 3's governmental and business-type activities.

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Current and other assets	\$397,334	\$233,023
Capital assets	\$82,976	\$102,306
Total assets	\$480,310	\$335,329
Long-term debt outstanding	\$7,082	\$6,946
Other liabilities	\$207,182	\$42,917
Total liabilities	\$214,263	\$49,863
Net assets		
Invested in capital assets,	\$82,976	\$102,306
Unrestricted	\$183,071	\$183,160
Total net assets	\$266,047	\$285,466

At the end of 2016, net assets of the TSA 3's governmental activities decreased by \$19,419. This decrease is primarily due to depreciating capital assets during the fiscal year. 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—decreased \$89 at the end of this year.

TABLE 2
Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Revenues		
Program revenues:		
Local	\$196,425	\$209,499
State grants and entitlements	\$248,371	\$235,790
General revenues		
Other general revenues	\$3,797	\$2,039
Total revenues	\$448,593	\$447,328
Program expenses		
General government		
Conservation	\$448,546	\$465,017
Total expenses	\$448,546	\$465,017
Increase (decrease) in net assets	\$46	(\$17,690)

At the end of 2016 TSA 3's total revenues increased by \$1,265 compared to 2015. Compared to 2015, the total cost of all programs and services decreased \$16,471 for 2015. The decrease was due to staff vacancy and a lack of significant outlay for capital assets.

Governmental Activities

The cost of all governmental activities this year was \$448,546 compared to \$465,017 last year. The TSA does not collect any tax revenue directly from tax payers. However, taxpayers ultimately financed most of these activities through taxes collected by other agencies.

THE AREA 3 SWCD TSA's FUNDS

As the TSA completed the year, its general fund reported a combined fund balance of \$190,152 which is above last year's total of \$190,106.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the TSA #3 had \$82,976 invested in capital assets, including vehicles, computers, furniture and other equipment. (See Table 4 below) This amount represents a net decrease (including additions, depreciation and deductions) of \$19,330 from last year.

Table 4

Capital Assets at Year-end

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Equipment	\$82,976	\$102,306

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Area 3 SWCD Technical Service Area's elected and appointed officials considered many factors when setting the fiscal-year 2017 budget. The budget is set primarily by analyzing anticipated revenues and required expenditures to complete TSA projects and goals.

CONTACTING Area 3 SWCD Technical Service Area

This financial report is designed to provide our citizens, taxpayers, customers, with a general overview of the TSA 3's finances and to show the TSA accountability for the money it receives. If you have questions about this report or need additional financial information, contact the TSA at:

Area 3 SWCD Technical Service Area
C/O South St. Louis Soil & Water Conservation District
215 North 1st Ave East
Room 301
Duluth, MN 55802
(218) 723-4867
www.southstlouisswcd.org

