

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

### **GREATER BLUE EARTH RIVER BASIN ALLIANCE**

**DECEMBER 31, 2016**

The Greater Blue Earth River Basin Alliance’s discussion and analysis provides an overview of the JPB’s financial activities for the fiscal year ended December 31, 2016. Since this information is designed to focus on the current year’s activities, resulting changes, and currently known facts, it should be read in conjunction with the 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 Position and the Statement of Activities provide information about the activities of the JPB as a whole and present a longer-term view of the JPB’s finances. For governmental activities, financial statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the JPB’s operations in more detail than the government-wide statements by providing information about the JPB’s most significant funds.

#### **The Statement of Net Position and the Statement of Activities**

One of the most important questions asked about the JPB’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 Position and the Statement of Activities report information about the JPB as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by 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 JPB’s net position and changes in them. You can think of the JPB’s net position – the difference between assets and liabilities – as one way to measure the JPB’s financial health, or financial position. Over time, increases or decreases in the JPB’s net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the state and local governmental funding, to assess the overall health of the JPB.

In the Statement of Net Position and the Statement of Activities, the JPB presents governmental activities. All of the JPB’s basic services are reported here. Appropriations from the counties and state finance activities.

#### **Reporting the JPB’s General Fund**

Our analysis of the JPB’s general fund is part of this report. The fund financial statements provide detailed information about the general fund – not the JPB as a whole. The JPB presents only a general fund, which is a governmental fund. All of the JPB’s basic services are reported in the general fund,

which focuses on how money flows into and out of the fund 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 JPB'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 JPB'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.

## THE JPB AS A WHOLE

Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the JPB's governmental activities.

Table 1

### Net Position

	<b>Governmental Activities</b>	
	<u>2016</u>	<u>2015</u>
Current Assets	\$361,478	\$372,274
Total Assets	\$361,478	\$372,274
Current Liabilities	\$339,521	\$369,070
Total Liabilities	\$339,521	\$369,070

Net position of the JPB's governmental activities increased by \$18,753. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements changed from \$3,204 at December 31, 2015 to \$21,957 at the end of this year.

Table 2

### Change in Net Position:

<u>Revenues</u>	<b>Governmental Activities</b>	
	<u>2016</u>	<u>2015</u>
Intergovernmental	\$777,021	\$445,509
Investment Earnings	314	372
Miscellaneous	<u>682</u>	<u>353</u>
Total Revenues	<u>\$778,017</u>	<u>\$446,216</u>

	<b>Governmental Activities</b>	
<u>Expenditures</u>	<u>2016</u>	<u>2015</u>
Conservation	<u>\$759,264</u>	<u>\$453,361</u>
Total Expenditures	<u>\$759,264</u>	<u>\$453,361</u>
Increase (Decrease) in		
Net Position	\$ 18,753	\$ (7,145)

The JPB's revenues increased by \$331,801. The total cost of programs and services increased by \$305,903.

The State of Minnesota Board of Water & Soil Resources (BWSR) through the Clean Water Legacy program has awarded the JPB several grants over the previous years. At the end of the calendar year 2016, the JPB had five CWL grants with projects encumbered and balances remaining to encumber.

Other programs that have awarded grants to the JPB are through the Minnesota Department of Agriculture for the MAWQCP Program, the Minnesota Pollution Control Agency for the Clean Water Partnership Program, the 319 Program, and the PMZ Program.

### **THE JPB'S FUNDS**

As the JPB completed the year, its general fund as presented in the balance sheet reported a fund balance of \$21,957, which is higher than last year's total of \$3,204.

#### **General Fund Budgetary Highlights**

The actual charges to appropriations (expenditures) were \$20,477 below the final budgeted amounts. The most significant negative variance of \$56,214 occurred in State Revenue.

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

This financial report is designed to provide our citizens, taxpayers and State agencies with a general overview of the JPB's finances and to show the JPB's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Greater Blue Earth River Basin Alliance at 339 9<sup>th</sup> Street, Windom, Minnesota 56101. The phone number is 507-831-1153 extension #3.