

ISANTI



COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009**

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

PREPARED BY:

ISANTI COUNTY AUDITOR-TREASURER DEPARTMENT

This page was intentionally left blank.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Principal Officials	3
Organizational Chart	4
Letter of Transmittal	5
GFOA Certificate of Achievement	10
 FINANCIAL SECTION	
Independent Auditor's Report	13
Management's Discussion and Analysis	15
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	Exhibit 1 28
Statement of Activities	Exhibit 2 30
Fund Financial Statements	
Balance Sheet – Governmental Funds	Exhibit 3 32
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	Exhibit 4 35
Statement of Revenues, Expenditures, and Changes in Fund Balances	Exhibit 5 36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Exhibit 6 38
Statement of Fiduciary Net Assets – Fiduciary Funds	Exhibit 7 39
Combining Statement of Net Assets – Discretely Presented Component Units	Exhibit 8 40
Combining Statement of Activities – Discretely Presented Component Units	Exhibit 9 41
Notes to the Financial Statements	43
Required Supplementary Information	
Budgetary Comparison Schedules	
General Fund	Schedule 1 85
Road and Bridge Special Revenue Fund	Schedule 2 88
Human Services Special Revenue Fund	Schedule 3 89
Schedule of Funding Progress	Schedule 4 90
Notes to the Required Supplementary Information	91
Combining and Individual Fund Statements and Schedules	
Budgetary Comparison Schedule - Debt Service Fund	Schedule 5 95

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

TABLE OF CONTENTS

		Page
Nonmajor Governmental Funds		96
Combining Balance Sheet – Nonmajor Governmental Funds	Statement 1	97
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	Statement 2	98
Agency Funds		99
Combining Statement of Changes in Assets and Liabilities – Agency Funds	Statement 3	100
Balance Sheet – Discretely Presented Component Units	Statement 4	102
Statement of Revenues, Expenditures, and Changes in Fund Balance – Discretely Presented Component Units	Statement 5	103
Supplementary Information		
Tax Capacity, Tax Rates, Levies, and Percentage of Collections	Schedule 6	106
Balance Sheet By Ditch - Ditch Special Revenue Fund	Schedule 7	107
Schedule of Intergovernmental Revenue	Schedule 8	108
 STATISTICAL SECTION		
Net Assets by Component	Table 1	111
Changes in Net Assets	Table 2	112
Fund Balances of Governmental Funds	Table 3	114
Changes in Fund Balances of Governmental Funds	Table 4	116
Net Tax Capacity and Estimated Actual Value of Taxable Property	Table 5	118
Property Tax Rates – Direct and Overlapping Governments	Table 6	119
Principal Property Taxpayers	Table 7	120
Property Tax Levies and Collections	Table 8	121
Ratios of Outstanding Debt by Type	Table 9	122
Ratios of Net General Bonded Debt Outstanding	Table 10	123
Computation of Direct and Overlapping Debt	Table 11	124
Legal Debt Margin Information	Table 12	125
Demographic and Economic Statistics	Table 13	126
Principal Employers	Table 14	127
Percentage of Registered Voters Voting	Table 15	128
Operating Indicators by Function	Table 16	129
Capital Asset Statistics by Function	Table 17	130
County Employees by Function and Program	Table 18	131

INTRODUCTORY SECTION

This page was intentionally left blank.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

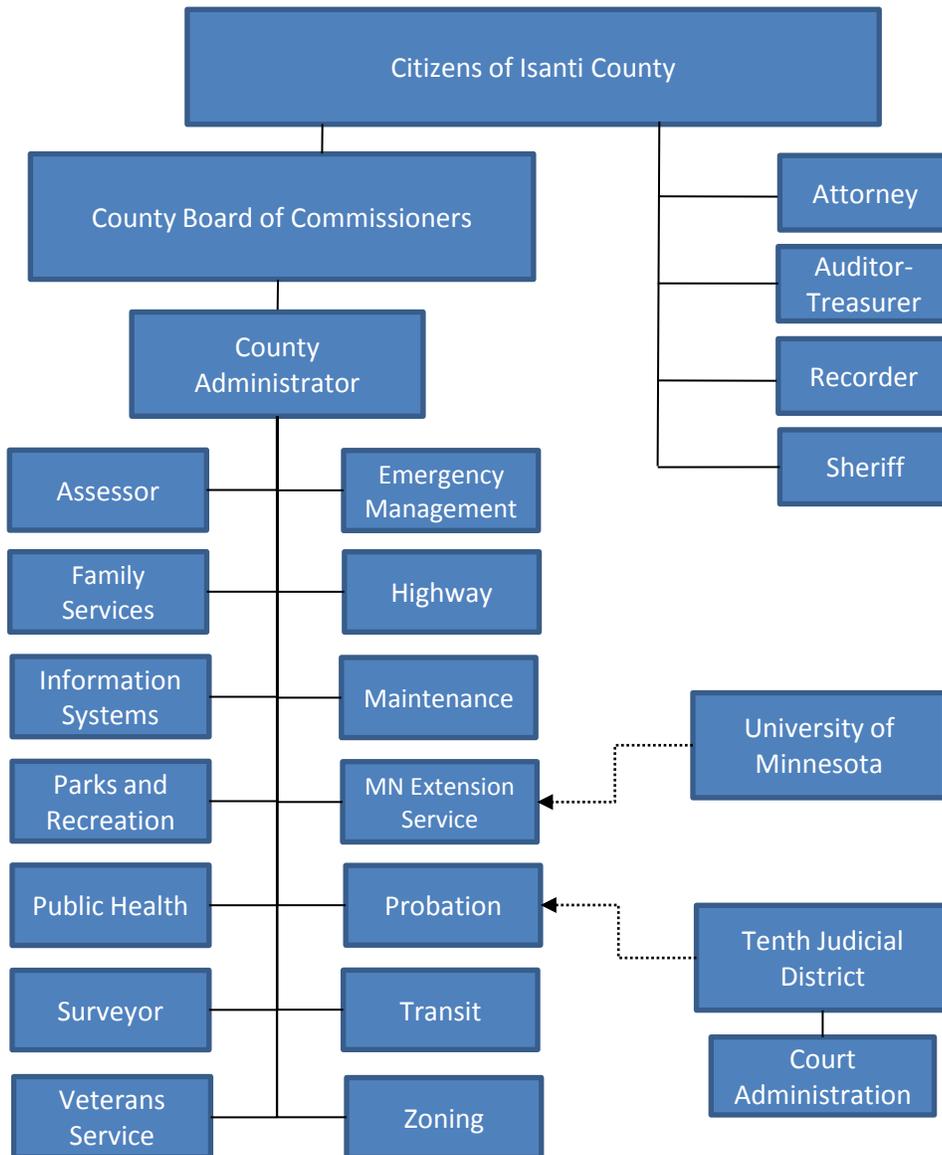
**PRINCIPAL OFFICIALS
DECEMBER 31, 2009**

Office	Name	Term Expires
Elected		
Commissioners		
District 1	George I. Larson	January 2011
District 2	Larry L. Southerland	January 2013
District 3	Alan Duff	January 2013
District 4	Kurt Daudt**	January 2013
District 5	Susan Morris	January 2011
Attorney	Jeffrey R. Edblad	January 2011
Auditor-Treasurer	Terry F. Treichel	January 2011
Recorder/Registrar of Titles	Karen D. Anderson	January 2011
Sheriff	Russ Monson	January 2011
Appointed		
Assessor	Michelle Bolen	December 2012
Building Facilities Supervisor	Tom Schibilla	Indefinite
County Administrator	Kevin VanHooser	Indefinite
Court Administrator	Monica Tschumper	Indefinite
Emergency Management Director	Mari DeLage	Indefinite
Family Services Director	Penny Messer	Indefinite
Information Services Manager	Kristy Anderson	Indefinite
Highway Engineer	Richard Heilman	April 2010
Parks and Recreation Director	Barry Wendorf	Indefinite
Probation Director	Tim MacMillan	Indefinite
Public Health Director	Kathy Minkler	Indefinite
Surveyor	Don E. Hansen	February 2011
Transit System Director	Jacqueline S. Forner	Indefinite
Veterans Service Director	Jim Rostberg	February 2010
Zoning Administrator	Tim Anderson	Indefinite

** - Chair of the Board of Commissioners

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**ORGANIZATIONAL CHART
DECEMBER 31, 2009**





Isanti County Auditor-Treasurer

Terry F. Treichel

Phone (763) 689-1644
(763) 689-1781
Fax (763) 689-8210

Government Center
555 18th Avenue Southwest
Cambridge, Minnesota 55008-9386

DATE: June 30, 2010

TO: The Citizens of Isanti County
The Board of County Commissioners

SUBJECT: 2009 Comprehensive Annual Financial Report

This Comprehensive Annual Financial Report of Isanti County is submitted for the fiscal year ended December 31, 2009. This report was prepared by the Auditor-Treasurer department with assistance from various other County departments. The responsibility for the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with County management. This report conforms to generally accepted accounting principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB).

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Isanti County's MD&A can be found immediately following the independent auditor's report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the United States Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations."

Copies of this report will be sent to elected officials, county management, bond rating agencies, financial institutions, government agencies, and others that have expressed an interest in the County's financial affairs.

GENERAL INFORMATION

Isanti County is located in East Central Minnesota approximately 40 miles north of the Minneapolis-St. Paul metropolitan area. The County encompasses an area of 440 square miles and contains 3 cities and 13 townships. With an estimated population of 39,059, the County is the 25th most populous county in Minnesota. The County was organized on February 13, 1857, and is governed by the general laws of the State of Minnesota.

The Isanti County Board of Commissioners consists of five commissioners elected from five districts within the County. All commissioners serve overlapping four-year terms of office. Each member of the board serves on various committees.

Until January 2009, the County Board appointed a County Coordinator. The Coordinator served as the clerk of the County Board and was responsible for the preparation of the County's annual budget.

In January 2009, the County Board created the appointed position of County Administrator. The County Administrator carries out the functions of the County Coordinator, including preparation of the annual budget, but is also responsible for the supervision of the County's non-elected department heads and administration of the County Board's policies.

The County's functions and employees are divided among 18 departments. Four of these departments (Attorney, Auditor-Treasurer, Recorder, and Sheriff) are currently managed by elected department heads. The remaining department heads are appointed by the County Board with the exception of the Probation Director who is appointed by the State of Minnesota Tenth Judicial District.

The County provides a full range of services. These services include health and social service programs, tax assessment and collection, judicial, law enforcement and jail services, the construction and maintenance of highways and infrastructure, parks and recreational areas, planning and zoning, and general administrative services.

ECONOMIC CONDITION AND OUTLOOK

Isanti County continues to have a positive economic condition and outlook. The County has been one of the fastest growing counties in Minnesota with an estimated population increase of 21% over the past decade. This population growth was driven by the availability of affordable land and low housing costs as well as the close proximity to the Minneapolis-St. Paul metropolitan area.

While the rate of growth has slowed over the past couple of years in Isanti County due to various economic factors, the County continues to serve as a significant trade center for the entire region north of the Minneapolis-St. Paul metropolitan area. This status as a regional economic hub is evidenced by the dramatic increase in large retail properties over the past decade. As an example, a 124,000 square foot Lowe's Home Improvement Store opened in 2009 and a Kohl's department store is expected to open during 2010.

Of course, the County's economy is not immune to the numerous economic challenges facing the nation. For example, the County has experienced some of the highest mortgage foreclosure rates in the state over the past two years. In addition, the County's unemployment rate has been higher than both state and national averages for the last four years.

In response to these challenges, the County has undertaken various initiatives to help ensure the area's long-term economic health. The Isanti County Economic Development Authority exists to encourage and financially support economic development, contribute to diversification of the tax base, and increase employment opportunities in the County. The County's two largest cities, Cambridge and Isanti, also have active economic development programs.

The presence of the Burlington Northern – Santa Fe railroad is another positive factor for the County's future economic development. The railroad is viewed as a key component in attracting additional industrial business to the County. Further, the County could substantially benefit from a proposed passenger rail line connecting the Minneapolis-St. Paul and Duluth-Superior metropolitan areas. The project, which is currently in the planning stages, includes a proposed station located within the County.

FINANCIAL INFORMATION

Isanti County's strong financial management continues to provide the citizens of the County with several initiatives designed to enhance its strong financial position: (1) investing funds not immediately needed for expenditures to maximize non-tax revenue; (2) allocating County resources to those areas that meet community needs as expressed by the County Board of Commissioners; (3) using advice and recommendations from the general public to improve productivity in the delivery of County services.

BUDGETARY CONTROL

Budgetary control is maintained at the department level and is subject to periodic review by the County Board. Significant open encumbrances are reported as reservations of fund balance.

In addition, the County maintains other budgetary controls. The objective of these budgetary controls is to ensure compliance with provisions embodied in the annual appropriated budget approved by the County Board. Activities of the General Fund, the Human Services Special Revenue Fund, the Road and Bridge Special Revenue Fund and the Debt Service Fund are included in the annual appropriated budget. Project length financial plans are adopted for the Capital Project Fund. According to state laws, County governments are required to adopt budgets but are not required to use them as legal limits.

INTERNAL CONTROL

The County's system of internal control is supported by policies and procedures that are continually reviewed, evaluated, and modified to meet current needs.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be

derived, and (2) the evaluation of costs and benefits requires estimates and judgements by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

SINGLE AUDIT

As a recipient of federal, state, and local financial assistance, the County is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic review by management.

The Office of Management and Budget (OMB) Circular A-133 sets forth the audit requirement for local governments receiving federal awards. It provides for a single independent audit of the financial operations including compliance with certain provisions of federal laws and regulations. The requirements have been established to ensure audits are made on an organizational-wide basis rather than a grant-by-grant basis.

INDEPENDENT AUDIT

Minnesota state statutes require an annual audit of the books of account, financial records, and transactions of the County by the Office of the State Auditor. In addition to meeting the requirements set forth in state statutes, the audit is designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related OMB circular A-133. These requirements have been complied with and the independent auditor's report has been included in this report.

The Office of the State Auditor will issue management and compliance letters covering the review made as part of its audit of the County's system of internal control and compliance with applicable legal provisions. The management and compliance letters will not modify or affect, in any way, their report on the financial statements.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Isanti County for its comprehensive annual financial report for the fiscal year ended December 31, 2008. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

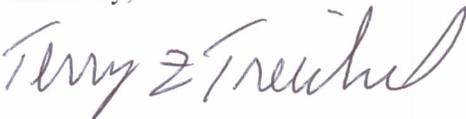
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement

Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

Finally, I wish to acknowledge the professional contribution and hard work put forth by the entire staff in the Auditor-Treasurer's office throughout the year and during the preparation of this report. A special thank you is extended to the accounting staff in the Family Services, Highway, and Public Health departments for their contributions to this report. Finally, I especially would like to thank the County Board of Commissioners for their interest and support in planning and conducting the County's financial activities in a responsible and progressive manner. The County's solid financial status is a tribute to that involvement.

Sincerely,

A handwritten signature in dark ink, reading "Terry F. Treichel". The signature is written in a cursive style with a large, stylized initial "T".

Terry F. Treichel
Isanti County Auditor-Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Isanti County
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A large, stylized handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

A smaller, more legible handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION

This page was intentionally left blank.



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Isanti County

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Isanti County, Minnesota, as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements. These financial statements are the responsibility of Isanti County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Isanti County as of December 31, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Isanti County's basic financial statements. The supplementary information listed as combining and individual fund statements and schedules and supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2010, on our consideration of Isanti County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 30, 2010

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2009
(Unaudited)**

As management of Isanti County, we offer readers of the County's financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, which can be found in the introductory section of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- The assets of Isanti County exceeded its liabilities by \$70,350,613 at the end of 2009. Of this amount, \$10,858,149 (15.4%) is available to finance the County's day-to-day operations and ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$3,535,374 during 2009. This is an increase of 5.3% from the previous year.
- The governmental funds' combined fund balances decreased \$463,858 in 2009 primarily as a result of the expenditure of bond proceeds for capital projects.
- The County's capital assets increased \$2,381,334 (3.7%) as the County completed construction projects relating to County roads and began the renovation of the Isanti County Government Center.
- The County's total debt decreased \$775,561 (7.0%) due to continued debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Isanti County's basic financial statements. The County's basic financial statements consist of three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Isanti County's finances in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference being reported as net assets. Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether its financial position is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The County's government-wide financial statements report functions of the County principally supported by taxes and intergovernmental revenue. These functions are collectively referred to as governmental activities. The governmental activities of the County include general government, public safety, highways and streets, human services, health, culture and recreation, conservation of natural resources, and economic development.

The government-wide financial statements include not only Isanti County itself (known as the primary government), but also legally separate entities known as the Green Lake Improvement District and the Long Lake Improvement District. Although legally separate, these entities are fiscally dependent on Isanti County. Financial information for these discretely presented component units is reported separately from the financial information presented herein for the primary government itself.

The government-wide statements can be found on pages 28 and 30 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Isanti County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar

information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance are followed by a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Isanti County maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance for the five major funds: General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Debt Service Fund, and Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 32 through 38 of this report.

Fiduciary Funds are used to account for assets held for the benefit of external parties. Isanti County's fiduciary funds consist of three agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the results of operations. Data from the agency funds are combined into a single, aggregated presentation. In addition, the agency funds are not reflected in the government-wide financial statements because those resources are not available to support the County's own programs.

The basic fiduciary fund financial statement can be found on page 39 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 through 82 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on the budgets for the General Fund, Human Services Special Revenue Fund, and the Road and Bridge Special Revenue Fund. Required supplementary information can be found on pages 85 through 92 of this report.

This report also presents other supplementary information including the combining statements and schedules as well as information on the County's taxes and intergovernmental revenue. This other supplementary information can be found on pages 95 through 108 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the change in net asset amounts may serve as a useful indicator of a government's financial position over time. Isanti County's assets exceeded liabilities by \$70,350,613 at the close of 2009.

Isanti County's Net Assets

	Governmental Activities	
	2009	2008
Current and other assets	\$ 18,757,792	\$ 17,403,659
Capital assets	66,506,608	64,125,274
Total Assets	\$ 85,264,400	\$ 81,528,933
Long-term liabilities	\$ 12,689,789	\$ 12,773,961
Other liabilities	2,223,998	1,939,733
Total Liabilities	\$ 14,913,787	\$ 14,713,694
Net Assets		
Invested in capital assets, net of related debt	\$ 56,848,424	\$ 54,446,421
Restricted	2,644,040	3,400,339
Unrestricted	10,858,149	8,968,479
Total Net Assets	\$ 70,350,613	\$ 66,815,239

The largest portion of Isanti County's net assets, \$56,848,424 (80.8% of total net assets), reflects the County's investment in capital assets (e.g. land, buildings, infrastructure, and equipment) less any outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net asset amount of \$2,644,040 (3.8%) represents resources whose use is restricted by external requirements such as debt covenants and legislation. The unrestricted net asset amount of \$10,858,149 (15.4%) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

During the current fiscal year, Isanti County's net assets increased by \$3,535,374. This represents a 5.3% increase from the previous year's net assets. This increase is primarily due to the completion of highway construction projects, which resulted in increases to infrastructure

capital assets. Other factors that led to the increase include an increase in property tax revenue and the receipt of additional capital grant revenue.

Isanti County's Change in Net Assets

	Governmental Activities	
	2009	2008
Revenues		
Program revenues		
Fees, fines, and charges	\$ 3,292,460	\$ 3,797,738
Operating grants and contributions	11,633,272	11,357,076
Capital grants and contributions	2,649,333	1,823,365
General revenues		
Property taxes	14,260,397	13,852,738
Other taxes	123,641	187,179
Grants not restricted to specific programs	3,030,663	2,724,515
Investment earnings	273,722	456,703
Total Revenues	\$ 35,263,488	\$ 34,199,314
Expenses		
General government	\$ 6,591,869	\$ 6,620,404
Public safety	7,094,295	7,082,556
Highways and streets	3,299,519	3,565,275
Human services	11,084,262	11,613,036
Health	1,216,814	1,354,755
Culture and recreation	643,483	622,107
Conservation of natural resources	235,756	314,305
Economic development	1,167,543	1,116,949
Interest	394,573	401,745
Total Expenses	\$ 31,728,114	\$ 32,691,132
Increase in Net Assets	\$ 3,535,374	\$ 1,508,182

In general, the decrease in the County's total expenses reflects various cost-saving actions taken by the County. The governmental function experiencing the largest percentage decrease in expenses was conservation of natural resources which decreased 25.0% from 2008 to 2009.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Isanti County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the

County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,726,831. This is a decrease of \$463,858 (3.5%) in comparison with the prior year. Unreserved fund balance of \$10,788,825 is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for various reasons.

The General Fund is the chief operating fund of Isanti County. At the end of the current fiscal year, it has an unreserved fund balance \$3,218,112, while total fund balance declined to \$4,338,035. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance and total fund balance to total expenditures. The General Fund unreserved balance represents 20.2% of total General Fund expenditures, while total fund balance represents 27.3% of the same amount.

The General Fund's total fund balance decreased by \$337,742 (7.2%) during 2009. The decrease reflects the County's efforts to continue to provide core services despite declines in some revenue sources. Many of these declines in revenue are directly related to national economic challenges. For example, the County experienced significant decreases in building permit fees, which are attributed to the slowdown in the housing market. Similarly, low interest rates led to an \$182,981 decrease in investment income over the past year.

Another sizable factor in the decrease in fund balance was the "unallotment" of county program aid by the State of Minnesota. As a result of this unallotment action, the state withheld \$204,920 of the County's promised aid to balance the state's budget. Of that amount, \$111,900 would have been allocated to the County's General Fund and used to offset the cost of critical services such as public safety.

The County partially offset these revenue decreases by reducing spending in many areas and finding alternative funding sources. Total expenditures in the General Fund decreased 3.0% from the previous year. Much of this reduction is attributed to lower prices in 2009 for significant operating costs such as fuel and natural gas.

In addition to its ongoing operating costs, the County expended \$448,450 from the General Fund on capital acquisitions such as transit buses, sheriff vehicles, park picnic shelters and software systems. These acquisitions should reduce future operating costs as they replaced older equipment that became expensive to maintain. Most of the capital acquisitions were funded by either reserved fund balance or federal grants.

The Road & Bridge Special Revenue Fund's unreserved fund balance of \$746,498 at year end represents 13.4% of the fund's annual expenditures. In 2009, the total fund balance decreased \$63,690 (4.3%). The County continued to pursue numerous road construction and maintenance projects, which led to an increase in construction expenditures. While most of these projects are

funded by local property taxes and state road allotments, the County received \$1,026,508 in federal grants to offset most of the construction costs for two of the projects.

The Human Services Special Revenue Fund's unreserved fund balance of \$5,145,749 at year end represents 46.1% of the fund's annual expenditures. In 2009, the total fund balance increased \$661,423 (14.7%). The County increased the human services portion of its 2009 property tax levy by \$765,213 to prepare for anticipated future losses of state funding.

The Debt Service Fund had a total fund balance of \$1,390,366 at year end. In 2009, the fund balance increased \$37,957 (2.8%). This minor increase is typical as the County is required to levy 105% of its debt service requirements to compensate for potential uncollected property taxes.

The Capital Projects Fund had a total fund balance of \$389,715 at year end. In 2009, the fund balance decreased \$761,122 due to the expenditure of bond proceeds for the renovation of the Isanti County Government Center.

General Fund Budgetary Highlights

During 2009, there was a \$44,022 increase in appropriations between the original and final amended budget. Part of this increase represented prior years' unspent Veteran Services budget amounts carried over to fund additional staffing in 2009. The remainder of the increase was a \$10,000 carryover of prior years' unspent funds for the refurbishment of a local historic site.

The General Fund's actual revenues fell short of budgeted amounts by \$250,686 in 2009. As stated earlier, this is primarily due to a number of factors outside of the County's control. For example, the continued decline in the housing market had a significant effect on the County's related revenues such as building permits and mortgage registration taxes. Also, the aforementioned loss of county program aid funding became known only after the County's budget and tax levy had already been finalized.

However, the County managed these lower than anticipated revenue amounts by taking a conservative approach to its expenditures. For 2009, the General Fund's actual expenditures were \$263,515 less than budgeted amounts. In order to remain under budget, the County employed numerous cost-saving mechanisms such as not filling several vacant positions and implementing a voluntary furlough program.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Isanti County's investment in capital assets for its governmental activities at December 31, 2009, totaled \$66,506,608 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in

progress. The County's investment in capital assets increased \$2,381,334 (3.7%) from the previous year.

**Isanti County's Capital Assets
(net of depreciation)**

	Governmental Activities	
	2009	2008
Land	\$ 4,484,435	\$ 4,250,517
Buildings	13,332,130	13,722,513
Improvements other than buildings	228,110	180,804
Machinery, furniture, and equipment	2,833,844	2,871,037
Infrastructure	44,949,804	42,848,731
Construction in progress	678,285	251,672
Total	\$ 66,506,608	\$ 64,125,274

In 2009, the major capital asset events included the following:

- The County began an extensive remodeling of the Isanti County Government Center in 2009. The remodeling is expected to be completed in late 2010 and will provide additional office space for several departments, accommodate future growth, and improve service to the public. As of December 31, 2009, the County has spent \$678,285 on the project.
- The County completed road construction projects at a cost of \$3,467,149, including related right-of-way purchases.
- The County purchased new vehicles for the sheriff and transit departments to replace older vehicles. The total cost of the new vehicles was \$172,238.

Additional information on the County's capital assets can be found in the notes to the financial statements.

Long-Term Debt

At the end of 2009, Isanti County had total outstanding bonded debt of \$10,247,996 which was backed by the full faith, credit, and taxing powers of the County.

Isanti County's Outstanding Debt

	Governmental Activities	
	2009	2008
General obligation bonds, net	\$ 10,247,996	\$ 11,023,557

The County's outstanding debt decreased \$775,561 (7.0%) during 2009. The County continued to make debt service payments on its other general obligation bonds. The debt service payments included \$775,000 in principal and \$420,853 in interest.

The County currently maintains an "A2" rating from Moody's Investor Service for its general obligation debt.

Minnesota state statutes limit the amount of debt a county may levy to three percent of its total taxable market value. At the end of the current fiscal year, Isanti County's ratio of debt to taxable market value was significantly below this limit.

Additional information on the County's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The County's population continues to grow, albeit at a slower rate than in previous years. According to a State Demographic Center estimate, the County's population is 39,059 in 2008 (the most recent year available).
- As indicated previously, the State of Minnesota is dealing with a significant budget deficit over the next several years. In December 2008, the state withheld \$278,157 of the County's promised 2008 program aid. In 2009, as mentioned previously, the state withheld an additional \$204,920 in county program aid. Further cuts to county program aid are anticipated in the future.
- During its 2008 legislative session, the state legislature imposed property tax levy limitations on all counties. These limitations significantly restrict the amount a local government can increase its property tax levy from the previous year. These levy limitations became effective for taxes payable in 2009 and remained in effect for taxes payable in 2010.
- The County's average unemployment rate for 2009 was 10.3%, which is an increase from the rate of 7.0% a year ago. This compares to the state's average unemployment rate of 8.0% and national average rate of 9.3%.

All of these factors were considered in preparing the County's budget for the 2010 fiscal year.

On December 28, 2009, the Isanti County Board of Commissioners approved the 2010 budget in the amount of \$34,529,684. This budget included a net property tax levy of \$15,368,864, which represents an increase of 0.3% from the previous year's levy. The levy increase was equivalent to the estimated growth in the County's tax base due to new construction.

The 2010 budget reflects a decrease in total expenditures, particularly in human services programs. These decreases are largely necessitated by the anticipated loss of state funding for certain programs and services. The County also anticipates using \$273,435 in available fund balance to offset budgeted expenditures in excess of projected revenues as well as \$200,000 in unused bond proceeds to partially fund road projects.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Isanti County Auditor-Treasurer, Isanti County Government Center, 555 - 18th Avenue S.W., Cambridge, Minnesota 55008. The telephone number is (763) 689-1644.

BASIC FINANCIAL STATEMENTS

This page was intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

<u>Assets</u>	<u>Primary Government Governmental Activities</u>	<u>Discretely Presented Component Units</u>
Cash and pooled investments	\$ 12,579,122	\$ 106,031
Petty cash and change funds	3,920	-
Departmental cash	15,141	-
Taxes receivable		
Prior - net	1,015,029	212
Special assessments receivable		
Prior - net	-	4,284
Noncurrent - net	3,777	-
Accounts receivable - net	149,959	-
Accrued interest receivable	33,185	-
Due from other governments	3,661,776	-
Leases receivable		
Due within one year - net	134,957	-
Due in more than one year - net	161,730	-
Loans receivable		
Due within one year - net	30,679	-
Due in more than one year - net	140,000	-
Inventories	596,360	-
Prepaid items	101,348	-
Deferred charges	130,809	-
Capital assets		
Non-depreciable	5,162,720	-
Depreciable - net of accumulated depreciation	61,343,888	47,429
Total Assets	\$ 85,264,400	\$ 157,956

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

***EXHIBIT 1
(Continued)***

**STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

	Primary Government Governmental Activities	Discretely Presented Component Units
<u>Liabilities</u>		
Accounts payable	\$ 467,088	\$ 152
Salaries payable	531,922	-
Due to other governments	464,415	-
Contracts payable	144,305	-
Accrued interest payable	160,961	-
Deposits held for others	8,673	-
Unearned revenue	446,634	-
Long-term liabilities		
Due within one year	1,667,043	-
Due in more than one year	11,022,746	-
Total Liabilities	\$ 14,913,787	\$ 152
<u>Net Assets</u>		
Invested in capital assets - net of related debt	\$ 56,848,424	\$ 47,429
Restricted for		
General government	905,175	-
Public safety	119,745	-
Debt service	1,229,405	-
Capital projects	389,715	-
Unrestricted	10,858,149	110,375
Total Net Assets	\$ 70,350,613	\$ 157,804

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Discretely Presented Component Units
Functions/Programs						
Primary Government						
Governmental activities						
General government	\$ 6,591,869	\$ 1,292,802	\$ 503,878	\$ -	\$ (4,795,189)	
Public safety	7,094,295	664,955	702,593	-	(5,726,747)	
Highways and streets	3,299,519	198,517	1,617,066	2,649,333	1,165,397	
Human services	11,084,262	824,407	6,888,246	-	(3,371,609)	
Health	1,216,814	59,789	813,692	-	(343,333)	
Culture and recreation	643,483	23,463	81,419	-	(538,601)	
Conservation of natural resources	235,756	473	42,120	-	(193,163)	
Economic development	1,167,543	228,054	984,258	-	44,769	
Interest	394,573	-	-	-	(394,573)	
Total primary government	\$ 31,728,114	\$ 3,292,460	\$ 11,633,272	\$ 2,649,333	\$ (14,153,049)	
Discretely Presented Component Units	\$ 51,347	\$ 55,607	\$ 24,680	\$ -		\$ 28,940
General Revenues						
Property taxes					\$ 14,260,397	\$ 12,223
Mortgage registry and deed tax					22,296	-
Payments in lieu of tax					101,345	-
Grants and contributions not restricted to specific programs					3,030,663	311
Investment income					273,722	-
Total general revenues					\$ 17,688,423	\$ 12,534
Change in Net Assets					\$ 3,535,374	\$ 41,474
Net Assets - Beginning					66,815,239	116,330
Net Assets - Ending					\$ 70,350,613	\$ 157,804

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
<u>Assets</u>			
Cash and pooled investments	\$ 4,659,184	\$ 1,006,996	\$ 5,065,421
Petty cash and change funds	3,920	-	-
Departmental cash	15,141	-	-
Taxes receivable			
Prior - net	567,275	123,406	252,117
Special assessments receivable			
Noncurrent - net	3,777	-	-
Accounts receivable - net	115,345	-	34,614
Accrued interest receivable	30,899	-	-
Due from other governments	591,181	1,949,845	1,120,685
Due from other funds	60,515	5,974	1,584
Leases receivable - net	296,687	-	-
Loans receivable - net	-	-	-
Inventories	-	596,360	-
Prepaid items	91,082	603	9,663
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 6,435,006</u>	<u>\$ 3,683,184</u>	<u>\$ 6,484,084</u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 258,061	\$ 39,549	\$ 168,833
Salaries payable	354,074	49,128	128,720
Contracts payable	-	113,697	-
Due to other funds	5,186	4,226	48,252
Due to other governments	131,694	9,998	302,934
Deferred revenue - unavailable	901,322	2,021,835	679,933
Deferred revenue - unearned	446,634	-	-
Deposits held for others	-	8,673	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 2,096,971</u>	<u>\$ 2,247,106</u>	<u>\$ 1,328,672</u>
Fund Balances			
Reserved in (Note 3.D.):			
General fund	\$ 1,119,923	\$ -	\$ -
Special revenue fund	-	689,580	9,663
Capital projects fund	-	-	-
Unreserved, designated in (Note 3.D.):			
General fund	915,513	-	-
Unreserved, undesignated	2,302,599	746,498	5,145,749
Unreserved, reported in nonmajor Special revenue funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>\$ 4,338,035</u>	<u>\$ 1,436,078</u>	<u>\$ 5,155,412</u>
Total Liabilities and Fund Balances	<u>\$ 6,435,006</u>	<u>\$ 3,683,184</u>	<u>\$ 6,484,084</u>

EXHIBIT 3

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,378,713	\$ 420,968	\$ 47,840	\$ 12,579,122
-	-	-	3,920
-	-	-	15,141
72,231	-	-	1,015,029
-	-	-	3,777
-	-	-	149,959
-	-	2,286	33,185
-	-	65	3,661,776
482	-	-	68,555
-	-	-	296,687
-	-	170,679	170,679
-	-	-	596,360
-	-	-	101,348
<u>\$ 1,451,426</u>	<u>\$ 420,968</u>	<u>\$ 220,870</u>	<u>\$ 18,695,538</u>
\$ -	\$ 645	\$ -	\$ 467,088
-	-	-	531,922
-	30,608	-	144,305
-	-	10,891	68,555
-	-	19,789	464,415
61,060	-	172,965	3,837,115
-	-	-	446,634
-	-	-	8,673
<u>\$ 61,060</u>	<u>\$ 31,253</u>	<u>\$ 203,645</u>	<u>\$ 5,968,707</u>
\$ -	\$ -	\$ -	\$ 1,119,923
-	-	-	699,243
-	118,840	-	118,840
-	-	-	915,513
1,390,366	270,875	-	9,856,087
-	-	17,225	17,225
<u>\$ 1,390,366</u>	<u>\$ 389,715</u>	<u>\$ 17,225</u>	<u>\$ 12,726,831</u>
<u>\$ 1,451,426</u>	<u>\$ 420,968</u>	<u>\$ 220,870</u>	<u>\$ 18,695,538</u>

This page was intentionally left blank.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009**

Fund Balances - Total Governmental Funds (Exhibit 3)	\$	12,726,831
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		66,506,608
Deferred charges are not available to pay current expenditures and, therefore, are not reported in the funds.		130,809
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in governmental funds.		3,837,115
Accrued interest payable is not due and payable in the current period and, therefore, is not reported on the fund statements.		(160,961)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds	\$ (10,245,000)	
Unamortized premium on bonds	(37,617)	
Unamortized discount on bonds	34,621	
Early retirement incentive payable	(110,720)	
Other post-employment benefits liability	(946,302)	
Compensated absences	(1,384,771)	
		(12,689,789)
Net Assets of Governmental Activities (Exhibit 1)	\$	<u>70,350,613</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
Revenues			
Taxes	\$ 7,914,632	\$ 1,753,630	\$ 3,580,287
Special assessments	1,424	-	-
Licenses and permits	268,812	-	-
Intergovernmental	4,547,193	3,449,149	7,418,516
Charges for services	1,462,601	94,326	119,014
Fines and forfeits	52,286	-	-
Gifts and contributions	244,308	-	-
Investment earnings	273,722	-	-
Miscellaneous	803,797	104,191	705,393
	<u>\$ 15,568,775</u>	<u>\$ 5,401,296</u>	<u>\$ 11,823,210</u>
Expenditures			
Current			
General government	\$ 6,075,728	\$ -	\$ -
Public safety	6,496,230	-	-
Highways and streets	-	5,344,762	-
Human services	-	-	11,161,787
Health	1,185,350	-	-
Culture and recreation	317,621	-	-
Conservation of natural resources	232,374	-	-
Economic development	1,208,924	-	-
Capital outlay	-	-	-
Intergovernmental	392,811	210,817	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Administrative (fiscal) charges	-	-	-
	<u>\$ 15,909,038</u>	<u>\$ 5,555,579</u>	<u>\$ 11,161,787</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (340,263)</u>	<u>\$ (154,283)</u>	<u>\$ 661,423</u>
Other Financing Sources (Uses)			
Transfers in	\$ 2,521	\$ -	\$ -
Transfers out	-	-	-
	<u>\$ 2,521</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ (337,742)</u>	<u>\$ (154,283)</u>	<u>\$ 661,423</u>
Fund Balance - January 1	4,675,777	1,499,768	4,493,989
Increase (decrease) in reserved for inventories	-	90,593	-
	<u>\$ 4,338,035</u>	<u>\$ 1,436,078</u>	<u>\$ 5,155,412</u>
Fund Balance - December 31	<u>\$ 4,338,035</u>	<u>\$ 1,436,078</u>	<u>\$ 5,155,412</u>

EXHIBIT 5

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,018,220	\$ -	\$ -	\$ 14,266,769
-	-	-	1,424
-	-	-	268,812
217,897	-	-	15,632,755
-	-	80	1,676,021
-	-	34,092	86,378
-	-	-	244,308
-	-	-	273,722
-	-	-	1,613,381
\$ 1,236,117	\$ -	\$ 34,172	\$ 34,063,570
\$ -	\$ -	\$ 32,335	\$ 6,108,063
-	-	-	6,496,230
-	-	-	5,344,762
-	-	-	11,161,787
-	-	-	1,185,350
-	-	-	317,621
-	-	-	232,374
-	-	-	1,208,924
-	761,122	-	761,122
-	-	-	603,628
775,000	-	-	775,000
420,853	-	-	420,853
2,307	-	-	2,307
\$ 1,198,160	\$ 761,122	\$ 32,335	\$ 34,618,021
\$ 37,957	\$ (761,122)	\$ 1,837	\$ (554,451)
\$ -	\$ -	\$ -	\$ 2,521
-	-	(2,521)	(2,521)
\$ -	\$ -	\$ (2,521)	\$ -
\$ 37,957	\$ (761,122)	\$ (684)	\$ (554,451)
1,352,409	1,150,837	17,909	13,190,689
-	-	-	90,593
\$ 1,390,366	\$ 389,715	\$ 17,225	\$ 12,726,831

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ (554,451)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets, infrastructure, and other related capital assets	\$ 4,682,769	
Net book value of assets disposed or sold	(23,970)	
Current year depreciation	<u>(2,277,465)</u>	2,381,334

In the funds, under the modified accrual basis, receivables not available for expenditures are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenues between the fund statements and the statement of activities is the increase (decrease) in revenues deferred as unavailable.

Deferred revenue - December 31	\$ 3,837,115	
Deferred revenue - January 1	<u>(2,315,235)</u>	1,521,880

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 775,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	\$ 28,026	
Amortization of discounts, premiums, and deferred issuance charges	(15,619)	
Change in compensated absences	(106,412)	
Change in early retirement incentives payable	(110,720)	
Change in other post-employment benefits payable	(474,257)	
Change in inventories	<u>90,593</u>	<u>(588,389)</u>

Change in Net Assets of Governmental Activities (Exhibit 2) \$ 3,535,374

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2009**

	<u>Agency</u>
<u>Assets</u>	
Cash and pooled investments	<u>\$ 791,799</u>
<u>Liabilities</u>	
Due to other governments	<u>\$ 791,799</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 8

**COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2009**

	<u>Green Lake Improvement District</u>	<u>Long Lake Improvement District</u>	<u>Total Discrete Component Units</u>
<u>Assets</u>			
Cash and pooled investments	\$ 24,126	\$ 81,905	\$ 106,031
Taxes receivable			
Prior - net	212	-	212
Special assessments receivable			
Prior - net	-	4,284	4,284
Capital assets			
Depreciable - net	47,429	-	47,429
Total Assets	<u>\$ 71,767</u>	<u>\$ 86,189</u>	<u>\$ 157,956</u>
<u>Liabilities</u>			
Current liabilities			
Accounts payable	<u>\$ 18</u>	<u>\$ 134</u>	<u>\$ 152</u>
<u>Net Assets</u>			
Invested in capital assets	\$ 47,429	\$ -	\$ 47,429
Unrestricted	24,320	86,055	110,375
Total Net Assets	<u>\$ 71,749</u>	<u>\$ 86,055</u>	<u>\$ 157,804</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 9

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Fees, Charges, Fines, and Other</u>	<u>Operating Grants and Contributions</u>	<u>Green Lake Improvement District</u>	<u>Long Lake Improvement District</u>	<u>Total</u>
<u>Component Units</u>						
Green Lake Improvement District	\$ 6,945	\$ 744	\$ -	\$ (6,201)	\$ -	\$ (6,201)
Long Lake Improvement District	44,402	54,863	24,680	-	35,141	35,141
Total Component Units	\$ 51,347	\$ 55,607	\$ 24,680	\$ (6,201)	\$ 35,141	\$ 28,940
General Revenues and Other Items						
Property taxes				\$ 12,223	\$ -	\$ 12,223
Grants and contributions not restricted to specific programs				311	-	311
Total general revenues				\$ 12,534	\$ -	\$ 12,534
Change in Net Assets				\$ 6,333	\$ 35,141	\$ 41,474
Net Assets - Beginning				65,416	50,914	116,330
Net Assets - Ending				\$ 71,749	\$ 86,055	\$ 157,804

The notes to the financial statements are an integral part of this statement.

This page was intentionally left blank.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2009. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Isanti County was established February 13, 1857, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Isanti County (primary government) and its component units for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

Blended Component Unit

Blended component units are legally separate organizations that are, in substance, part of the County's operations. Therefore, they are reported as if they were part of the County. The County reports the following blended component unit:

The Isanti County Economic Development Authority (EDA) was established by the Isanti County Board of Commissioners on October 16, 2007, pursuant to Minn. Stat. § 469.1082. The EDA is reported as a blended component unit because a voting majority of the EDA's board consists of the five County Commissioners. Currently, the EDA exists solely as a policy-making entity and has not conducted any financial operations. Therefore, the EDA's financial activity is not included in the accompanying financial statements for the year ended December 31, 2009.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Discretely Presented Component Units

While part of the reporting entity, the discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. The following component units of Isanti County are discretely presented:

The Green Lake Improvement District was established by the Isanti County Board of Commissioners on April 26, 2001, pursuant to Minn. Stat. § 103B.535. The District is reported as a discretely presented component unit of the County as a result of fiscal dependency; the County Board's approval is required for the District to levy taxes or issue debt. Separate financial statements are not prepared.

The Long Lake Improvement District was established by the Isanti County Board of Commissioners on September 7, 2005, pursuant to Minn. Stat. § 103B.535. The District is reported as a discretely presented component unit of the County as a result of fiscal dependency; the County Board's approval is required for the District to levy taxes or issue debt. Separate financial statements are not prepared.

The County's significant accounting policies are also used by the discrete component units. Additional information on the discrete component units can be found in Note 7.

Joint Ventures and Jointly-Governed Organization

The County participates in several joint ventures which are described in Note 6.B. The County also participates in a jointly-governed organization which is described in Note 6.C.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net assets and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

As a general rule, eliminations have been made to minimize the double-counting of internal activities. The exceptions to this general rule are transactions between funds, such as purchasing goods or services, which would be treated as revenues, expenditures, or expenses if they involved external organizations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Governmental activities are activities normally supported by taxes and intergovernmental revenues.

In the government-wide statement of net assets, the governmental activities column: (a) is presented on a consolidated basis by column; and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Isanti County's net assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category--governmental and fiduciary--are presented. The emphasis of governmental fund financial statements is on major individual funds, with each displayed as separate

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

- The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Road and Bridge Special Revenue Fund is used to account for revenues and expenditures of the County Highway Department which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways.
- The Human Services Special Revenue Fund is used to account for economic assistance and community social services programs.
- The Debt Service Fund is used to account for revenues and expenditures related to the County's debt activity.
- The Capital Projects Fund is used to account for financial resources to be used for capital acquisition, construction, or improvements of capital facilities.

Additionally, the County reports the following fund type:

- The Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agency capacity.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund 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 related cash flows. Property taxes are recognized as

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Isanti County considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2009, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds may receive investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2009 were \$273,722.

Isanti County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments (Continued)

Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares.

2. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans).

Similarly, activity between the County and its discretely presented component units that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from component units" (the current portion of loans) or "advances to/from component units" (the noncurrent portion of loans).

All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables, including those of the discretely presented component units, are shown net of an allowance for uncollectible accounts.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

Loans receivable consists of contracts for deed between the County and private landowners for the purchase of tax forfeited property.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

3. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net assets because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost equal to or greater than \$1 for land and \$5,000 for all other classes of assets and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

5. Capital Assets (Continued)

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 to 50
Improvements other than buildings	10 to 40
Infrastructure	20 to 75
Intangible assets	5 to 7
Machinery and equipment	5 to 20

6. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

8. Long-Term Obligations (Continued)

issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Stewardship, Compliance, and Accountability

Individual Fund Deficits

The Ditch Special Revenue Fund had a positive fund balance of \$10,243 as of December 31, 2009. However, two of the four drainage systems within the fund have incurred expenditures in excess of revenues and available resources. The following summary shows individual drainage system balances as of December 31, 2009:

2 ditches with positive balances	\$ 15,551
2 ditches with negative balances	<u>(5,308)</u>
Total	<u>\$ 10,243</u>

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliation of Isanti County's total deposits, cash on hand, and investments to the basic financial statements follows:

Government-wide statement of net assets	
Governmental activities	
Cash and pooled investments	\$ 12,579,122
Petty cash and change funds	3,920
Departmental cash	15,141
Discretely presented component units	
Cash and pooled investments	106,031
Statement of fiduciary net assets	
Cash and pooled investments	<u>791,799</u>
Total Cash and Investments	<u>\$ 13,496,013</u>
Deposits	\$ 8,337,410
Petty cash and change funds	3,920
Departmental cash	15,141
Investments	<u>5,139,542</u>
Total Deposits, Cash on Hand, and Investments	<u>\$ 13,496,013</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Deposits

Minn. Stat. §§ 118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all County 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 for Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County's policy for custodial credit risk is to maintain adequate collateral for its deposits. The policy's collateral requirements are consistent with Minnesota statutes. As of December 31, 2009, the County's deposits were not exposed to custodial credit risk.

Investments

The funds of the county shall be deposited or invested in accordance with Minn. Stat. § 118A, any other applicable laws, and County investment policy. The objectives, in order of priority, will be to preserve principal, maintain liquidity, and earn the optimum rate of return.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Minn. Stat. §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers’ acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In accordance with the County’s investment policy, investments will be sufficiently diverse to avoid risk and enhance return.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

At December 31, 2009, the County had the following investments:

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Less Than 2 Years</u>	<u>2 – 5 Years</u>	<u>More Than 5 Years</u>
U.S. government agency securities	\$ 2,399,626	\$ -	\$ 1,202,595	\$ 1,197,031
MAGIC Fund	838,153	838,153	-	-
Negotiable certificates of deposit	<u>1,901,763</u>	<u>1,901,763</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 5,139,542</u>	<u>\$ 2,739,916</u>	<u>\$ 1,202,595</u>	<u>\$ 1,197,031</u>

In accordance with the County's investment policy, total long term investments with maturities greater than five years shall not exceed 25 percent of the investment portfolio. The County's investments did not exceed this limitation as of December 31, 2009.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute.

Following is a summary of the credit risk and fair values of the County's investments as of December 31, 2009:

<u>Investment Type</u>	<u>Moody's Rating</u>	<u>Carrying (Fair) Value</u>
U.S. government agency securities	Aaa	\$ 2,399,626
MAGIC Fund	N/R	838,153
Negotiable certificates of deposit	N/R	<u>1,901,763</u>
Total Investments		<u>\$ 5,139,542</u>

N/R – Not Rated

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Custodial Credit Risk for Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County does not have an investment policy for custodial credit risk. At December 31, 2009, none of the County's investments were subject to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County does not have a specific policy governing concentration of credit risk.

Investments in any one issuer that represent five percent or more of the County's investments are as follows:

<u>Issuer</u>	<u>Reported Amount</u>
Federal Home Loan Bank	\$ 1,397,906
Federal Home Loan Mortgage Corporation	601,832
Federal National Mortgage Association	399,888

2. Receivables

Receivables at December 31, 2009, for the County's governmental activities, including any applicable allowances for uncollectible accounts, are as follows:

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

2. Receivables (Continued)

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes	\$ 1,015,029	\$ -
Special assessments	3,777	3,777
Accounts	149,959	-
Interest	33,185	-
Due from other governments	3,661,776	-
Leases	296,687	161,730
Loans	170,679	140,000
Total Governmental Activities	\$ 5,331,092	\$ 305,507

Loans Receivable

The County currently has outstanding contracts for deed with five landowners for the purchase of tax forfeited properties. The following is a summary of these outstanding contracts for deeds as of December 31, 2009:

	Original Loan Amount	Amount Repaid To Date	Outstanding Balance
Forfeited Tax Sale Fund	\$ 255,650	\$ 84,971	\$ 170,679

The contracts for deeds have varying repayment schedules. The final payment on the contracts for deeds is scheduled to be received in November 2018.

Leases Receivable

The County has leased portions of the Oakview Office Complex to the State of Minnesota and various non-profit organizations to be used as office space. There are four lease agreements with varying expiration dates. The last of the lease agreements is scheduled to expire on October 31, 2014.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

2. Receivables (Continued)

The County also leases a portion of the Cambridge library building to the East Central Regional Library to be used as office space. The lease agreement expires on December 31, 2010.

The County has leased land behind the Isanti County Government Center to T-Mobile for placement of a communications tower. The lease agreement expires on December 31, 2014.

Amounts due under the lease agreements have been recorded as leases receivable and deferred revenue in the General Fund at December 31, 2009. The amounts for 2010 are considered current and due within one year. Amounts remaining to be paid are as follows:

<u>Year</u>	<u>Office Space</u>	<u>Communications Tower</u>	<u>Total</u>
2010	\$ 129,083	\$ 5,874	\$ 134,957
2011	53,582	6,050	59,632
2012	40,448	6,232	46,680
2013	22,773	6,419	29,192
2014	19,614	6,612	26,226
Total	<u>\$ 265,500</u>	<u>\$ 31,187</u>	<u>\$ 296,687</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

Primary Government

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 4,250,517	\$ 233,918	\$ -	\$ 4,484,435
Construction in progress	251,672	662,336	235,723	678,285
Total capital assets not depreciated	\$ 4,502,189	\$ 896,254	\$ 235,723	\$ 5,162,720
Capital assets depreciated				
Buildings	\$ 18,467,702	\$ 67,750	\$ -	\$ 18,535,452
Improvements other than buildings	253,793	59,050	-	312,843
Machinery, furniture, and equipment	8,185,946	662,207	354,300	8,493,853
Infrastructure	56,832,031	3,233,231	-	60,065,262
Total capital assets depreciated	\$ 83,739,472	\$ 4,022,238	\$ 354,300	\$ 87,407,410
Less: accumulated depreciation for				
Buildings	\$ 4,745,189	\$ 458,133	\$ -	\$ 5,203,322
Improvements other than buildings	72,989	11,744	-	84,733
Machinery, furniture, and equipment	5,314,909	675,430	330,330	5,660,009
Infrastructure	13,983,300	1,132,158	-	15,115,458
Total accumulated depreciation	\$ 24,116,387	\$ 2,277,465	\$ 330,330	\$ 26,063,522
Total capital assets depreciated, net	\$ 59,623,085	\$ 1,744,773	\$ 23,970	\$ 61,343,888
Primary Government Capital Assets, Net	\$ 64,125,274	\$ 2,641,027	\$ 259,693	\$ 66,506,608

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Depreciation expense was charged to functions of the primary government as follows:

General government	\$	378,579
Public safety		461,933
Highways and streets, including depreciation of infrastructure assets		1,276,812
Human services		73,020
Health		2,927
Culture and recreation		12,073
Economic development		72,121
		<u>72,121</u>
Total		<u>\$ 2,277,465</u>

B. Interfund Receivables, Payables, and Transfers

Interfund Balances

The composition of interfund balances as of December 31, 2009, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Human Services Fund	\$ 48,252	Services rendered
General Fund	Road and Bridge Fund	4,226	Services rendered
Road and Bridge Fund	General Fund	5,186	Services rendered
General Fund	Forfeited Tax Sale Fund	8,037	Tax sale proceeds
Human Services Fund	Forfeited Tax Sale Fund	1,584	Tax sale proceeds
Road and Bridge Fund	Forfeited Tax Sale Fund	788	Tax sale proceeds
Debt Service Fund	Forfeited Tax Sale Fund	482	Tax sale proceeds
		<u>68,555</u>	
Total Due To/From Other Funds		<u>\$ 68,555</u>	

Interfund Transfers

Interfund transfers for the year ended December 31, 2009, consisted of a transfer of \$2,521 from the Sheriff's Contingency Special Revenue Fund to the General Fund. The transfer was made to move excess funds as required by Minn. Stat. § 387.213.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities

1. Payables

Payables at December 31, 2009, are as follows:

	Governmental Activities
Accounts	\$ 467,088
Salaries	531,922
Contracts	144,305
Due to other governments	464,415
Interest	160,961
Total Governmental Activities	\$ 1,768,691

2. Deferred Revenue

Deferred revenue consists of amounts receivable from taxes, special assessments, and other revenue sources that are not considered available to pay current liabilities.

The unavailable portion of deferred revenue as of December 31, 2009, is as follows:

Fund	Delinquent Taxes and Special Assessments	Other Unavailable Revenues	Total Unavailable Deferred Revenue
General Fund	\$ 485,155	\$ 416,167	\$ 901,322
Human Services Fund	213,045	466,888	679,933
Road and Bridge Fund	104,113	1,917,722	2,021,835
Debt Service Fund	61,060	-	61,060
Forfeited Tax Sale Fund	-	172,965	172,965
Total	\$ 863,373	\$ 2,973,742	\$ 3,837,115

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

2. Deferred Revenue (Continued)

Deferred revenue also includes grant resources received, but not yet earned, as well as amounts receivable from leases. The unearned portion of deferred revenue as of December 31, 2009, is as follows:

	Unearned Grant Revenue	Unearned Lease Revenue	Total Unearned Revenue
General Fund	\$ 149,947	\$ 296,687	\$ 446,634

3. Early Retirement Incentive

During 2009, the County adopted a one-time early retirement incentive program for County employees. The early retirement program was voluntary and available to employees who met the following criteria:

- (1) Current non-probationary employee working at least 32 hours per week;
- (2) Five or more years of continuous employment with Isanti County as of December 31, 2009;
- (3) Meets age and service requirements necessary to be eligible for Minnesota Public Employees Retirement Association (PERA) retirement benefits;
- (4) Notified the County by November 9, 2009 of their intent to retire;
- (5) Voluntarily retired effective during the time frame of January 1, 2010 through June 30, 2010.

Participating employees had the option of receiving one of the following early retirement incentives:

- (1) Compensation of \$20,000 provided as a lump sum payment;
- (2) Single health insurance coverage continued for 36 months with the full cost of the premium paid by the County;
- (3) Family health insurance coverage continued for 12 months with the full cost of the premium paid by the County.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

3. Early Retirement Incentive (Continued)

Five employees elected to participate in the program. Four of these employees selected the lump sum payment incentive. The termination benefits for this incentive were measured using the current cost approach since they will be paid within one year.

One employee selected the continued single health insurance incentive. Since this does not represent a significant portion of employees, the liability for this incentive was measured by projecting future costs based on premiums that have not been adjusted for age. The County estimated the cost of premiums would increase 15% annually in determining the liability. The continued health insurance benefit is included in the calculation of the OPEB actuarial valuation information since the employee was active in that program.

4. Other Post-Employment Benefits

Plan Description

Pursuant to Minn. Stat. § 471.61, subd. 2a, the County provides post-employment health care and dental benefits for eligible retired employees, spouses, and dependents through a single employer defined benefit plan.

Qualified retirees are eligible to receive a post-employment benefit that covers the cost of single health care insurance coverage. In order to qualify for this benefit, retirees must meet all of the following criteria:

- (1) 65 years of age or 62 years of age with 10 years of County service or 20 years of County service.
- (2) Full-time employee as of December 31, 1991 and remains full-time status through retirement.
- (3) Meets Minnesota Public Employees Retirement Association (PERA) requirements for retirement.

Retirees that receive health care benefits from subsequent employment are no longer eligible for this benefit. Also, retirees must take any available Medicare benefits. The benefit terminates upon the death of the retiree.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

4. Other Post-Employment Benefits (Continued)

In addition, the County provides benefits for other retirees and spouses of retirees as required by Minn. Stat. § 471.61, subd. 2b. These benefits include access to the same health care and dental insurance coverage provided by the County to active employees.

The benefits are administered by the County Board of Commissioners and can be amended through its personnel manual and labor contracts. A separate benefits plan report is not issued. The activity of the plan is reported in the government-wide financial statements.

Participants

Participants of the plan consisted of the following at January 1, 2008, the date of the most recent actuarial valuation:

Active employees	280
Retired employees	54
Spouses of retirees	<u>5</u>
Total plan participants	<u><u>339</u></u>

Funding Policy

The contribution requirements of plan members and the County are established and may be amended by the Isanti County Board of Commissioners. The County finances the plan on a “pay-as-you-go” basis. During 2009, the County expended \$271,852 for these benefits.

For those qualified retirees that meet the criteria for a full medical insurance benefit, the County contributes 100% of the benefit cost. All other retirees and their spouses contribute 100% of the premium cost for medical and dental insurance. Since the premium is a blended rate determined on the entire active and retiree population, the retirees receive an implicit rate subsidy.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

4. Other Post-Employment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's OPEB cost for 2009, the amount actuarially contributed to the plan, and changes in the County's net OPEB obligation.

Annual required contribution (ARC)	\$	752,613
Interest on net OPEB obligation		21,242
Adjustment to ARC		(27,746)
Annual OPEB cost		746,109
Contributions during the year		(271,852)
Increase in net OPEB obligation		474,257
Net OPEB – beginning of the year		472,045
Net OPEB – end of the year	\$	946,302

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the preceding year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2008	\$ 752,613	\$ 280,568	37.28%	\$ 472,045
December 31, 2009	\$ 746,109	\$ 271,852	36.44%	\$ 946,302

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

4. Other Post-Employment Benefits (Continued)

Funding Status

The County currently has no assets that have been irrevocably deposited in a trust for future health benefits. Therefore, the actuarial value of plan assets is zero.

Actuarial accrued liability (AAL)	\$ 8,621,249
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,621,249</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 11,198,374
UAAL as a percentage of covered payroll	76.99%

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

4. Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations.

In the January 1, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent investment rate of return and an annual health care cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after eight years. The actuarial value of plan assets was set equal to the market value of assets. The unfunded actuarial accrued liability is being amortized using the level dollar method over 30 years on a closed group basis. The remaining amortization period at December 31, 2009, was 28 years.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

5. Long-Term Debt

Bonds Payable

Bonds payable as of December 31, 2009 consist of the following issues:

Description of Issue	Outstanding Balance December 31, 2009
\$2,770,000 General Obligation Jail Bonds Series 2003A; due in annual installments of \$50,000 to \$355,000 through February 1, 2021; with interest rates of 1.125 to 3.85 percent.	\$ 2,150,000
\$1,400,000 General Obligation Jail Bonds Series 2004A; due in annual installments of \$25,000 to \$320,000 through February 1, 2022; with interest rates of 3.75 to 4.40 percent.	1,325,000
\$2,140,000 General Obligation Capital Improvement Plan Bonds Series 2007A; due in annual installments of \$70,000 to \$325,000 through February 1, 2018; with interest rates of 3.75 to 3.85 percent.	1,955,000
\$3,805,000 General Obligation Capital Improvement Plan Bonds Series 2007B; due in annual installments of \$135,000 to \$665,000 through February 1, 2014; with interest rate of 3.75 percent.	2,660,000
\$2,155,000 General Obligation Capital Improvement Plan Bonds Series 2008A; due in annual installments of \$30,000 to \$775,000 through February 1, 2023; with interest rates of 3.75 to 4.00 percent.	2,155,000
Total Bonds Payable	\$ 10,245,000
Plus: unamortized premium	37,617
Less: unamortized discount	(34,621)
Total Bonds Payable, Net	\$ 10,247,996

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

5. Long-Term Debt (Continued)

Debt Service Requirements

Debt service requirements at December 31, 2009, were as follows:

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2010	\$ 805,000	\$ 372,340
2011	835,000	342,119
2012	870,000	310,675
2013	900,000	278,050
2014	615,000	250,380
2015-2019	3,305,000	893,883
2020-2024	2,915,000	242,185
Total	\$ 10,245,000	\$ 2,689,632

Long-term liability activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 11,020,000	\$ -	\$ 775,000	\$ 10,245,000	\$ 805,000
Plus: deferred amounts for issuance premiums	41,231	-	3,614	37,617	-
Less: deferred amounts for issuance discounts	(37,674)	-	(3,053)	(34,621)	-
Total bonds payable	\$ 11,023,557	\$ -	\$ 775,561	\$ 10,247,996	\$ 805,000
Net OPEB payable	472,045	746,109	271,852	946,302	-
Early retirement incentive payable	-	110,720	-	110,720	89,415
Compensated absences	1,278,359	1,144,757	1,038,345	1,384,771	772,628
Governmental Activity Long-Term Liabilities	\$ 12,773,961	\$ 2,001,586	\$ 2,085,758	\$ 12,689,789	\$ 1,667,043

The OPEB, termination benefits, and compensated absences liabilities are generally liquidated by the General Fund, Human Services Fund, and Road and Bridge Fund.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

6. Operating Lease Commitments

The County has 24 operating leases for office equipment. The monthly lease payments generally consist of a minimum payment and an additional amount based on usage. The total cost under the operating leases was \$77,988 in 2009. The last of the leases is scheduled to expire in October 2014. The following is a schedule of future minimum operating lease payments:

Year	Minimum Lease Payments
2010	\$ 41,621
2011	29,633
2012	20,173
2013	12,687
2014	5,198
Total	\$ 109,312

7. Construction Commitments

The County has active construction projects as of December 31, 2009. The projects and related commitments include the following:

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Roads	\$ 1,086,952	\$ 92,617
Government center remodel	611,643	118,840

D. Fund Balance

1. Reserved Fund Balance

Fund balances are reserved to show amounts segregated from available resources. Reserved fund balances at December 31, 2009, are as follows:

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

D. Fund Balance

1. Reserved Fund Balance (Continued)

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Capital Projects</u>
Reserved for:				
Encumbrances	\$ -	\$ 92,617	\$ -	\$ 118,840
Petty cash and change funds	3,920	-	-	-
Inventories	-	596,360	-	-
Prepaid items	91,082	603	9,663	-
Recorder's technology	448,583	-	-	-
Land records compliance	311,593	-	-	-
Missing heirs	11,381	-	-	-
Law library	98,078	-	-	-
Attorney's forfeiture	35,541	-	-	-
Sheriff's forfeiture	11,125	-	-	-
Enhanced 911 system	44,198	-	-	-
Permit to carry program	62,682	-	-	-
DARE program	1,740	-	-	-
	<u>\$ 1,119,923</u>	<u>\$ 689,580</u>	<u>\$ 9,663</u>	<u>\$ 118,840</u>

2. Designated Fund Balance

Fund balances designated show amounts that reflect tentative managerial plans or intent. Designated fund balances at December 31, 2009, are as follows:

	<u>General Fund</u>
Building maintenance and repair	\$ 525,000
Township parks	153,135
County parks and recreation	189,830
AED equipment program	3,902
Safety and rescue program	2,536
Jail operations	36,133
Sheriff K-9 program	4,977
	<u>\$ 915,513</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description

All full-time and certain part-time employees of Isanti County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Local Government Correctional Service Retirement Fund (the Public Employees Correctional Fund), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356.

Public Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the Public Employees Correctional Fund.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans (Continued)

year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For all Public Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and Public Employees Correctional Fund members, and either 65 or 66 (depending on date hired) for Public Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088, or by calling 651-296-7460 or 1-800-652-9026.

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.1 and 6.0 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.4 percent. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans (Continued)

The County is required to contribute the following percentages of annual covered payroll in 2009:

Public Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	6.75
Public Employees Police and Fire Fund	14.10
Public Employees Correctional Fund	8.75

The County's contributions for the years ending December 31, 2009, 2008, and 2007, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Public Employees Retirement Fund	\$ 638,557	\$ 603,779	\$ 543,671
Public Employees Police and Fire Fund	178,001	160,409	137,979
Public Employees Correctional Fund	124,868	126,863	121,309

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

B. Defined Contribution Plan

Three elected officials of the County are covered by the Public Employees Defined Contribution Plan, a multiple-employer, deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the State Legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.0 percent of salary, which is matched by the employer. Employees may

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

B. Defined Contribution Plan (Continued)

elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2009, were:

	Employee	Employer
Contribution amount	\$ 4,629	\$ 4,629
Percentage of covered payroll	5.00%	5.00%

Required contribution rates were 5.00 percent.

5. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. In order to manage these risks, the County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT), formerly the Minnesota Counties Insurance Trust. The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County is self-insured for a portion of its health benefits plan. For other risk, the County carries commercial insurance. There were no significant reductions in insurance coverage from the previous year or settlements in excess of coverage for any of the past three years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$430,000 per claim in 2009 and \$450,000 per claim in 2010. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

5. Risk Management (Continued)

The Property and Casualty Division of MCIT is self-sustaining, and the County pays an annual premium to cover current and future losses. The MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

The County contracts with Hanratty & Associates to administer health benefit plans for its employees. Under these plans, the County obtains commercial health insurance with an annual deductible. The County is self-insured for the cost of healthcare claims up to the deductible for each employee. These deductible amounts were \$3,000 (single coverage) and \$6,000 (family coverage) in 2009 and \$3,000 (single coverage) and \$6,000 (family coverage) in 2010. In 2010, the County is also self-insured for 20% of healthcare claims costs above the deductible amount until an “out-of-pocket maximum” amount is reached for each employee. The maximum amount the County would pay for each employee, including costs up to the deductible, is \$6,250 (single coverage) or \$12,500 (family coverage). Once the out-of-pocket maximum amount has been reached, the remaining healthcare costs are covered by commercial insurance. Hanratty & Associates processes the self-insured health benefit claims and charges the County an administrative fee. All claims are paid from the General Fund.

The County sets annual premiums for the self-insured portion of the plans based on the recommendation of the plan administrators and accumulates premiums collected from all participating funds in the General Fund.

The County’s self-insurance health claims liability represents claims costs incurred but not paid by the County prior to December 31. The liability is reported in the General Fund as part of accounts payable. The County’s management is not aware of any claims incurred but not reported (IBNRs); such amounts are not considered to be material. Changes in the balances of claims liabilities for the past two years are as follows:

	2009	2008
Unpaid claims – January 1	\$ 63,479	\$ 86,543
Current year claims	367,940	682,864
Claim payments	(388,256)	(705,928)
Unpaid claims – December 31	\$ 43,163	\$ 63,479

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

B. Joint Ventures

East Central Regional Library

The East Central Regional Library was established by a joint powers agreement among Aitkin, Chisago, Isanti, Kanabec, Mille Lacs, and Pine Counties to provide an efficient and improved regional library service. The Library Service Board comprises 18 members, one County Board member and two appointees from each member county.

Isanti County's contribution for 2009 was \$392,811. Complete financial statements of the East Central Regional Library can be obtained at 244 South Birch, Cambridge, Minnesota 55008.

East Central Solid Waste Commission

The East Central Solid Waste Commission was established in March 1988 by a joint powers agreement among Chisago, Isanti, Kanabec, Mille Lacs, and Pine Counties to conduct a solid waste management program on behalf of the participating counties.

The Commission is an organized joint venture having powers, duties, and privileges granted joint powers by Minn. Stat. § 471.59.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

The Commission has five voting members, one from each county. At its annual meeting, the Board of County Commissioners of each county chooses a member and an alternate, both County Commissioners, as representatives of the county. Each county has one voting member and, in the absence of the voting member, the alternate votes.

Each county's proportionate share of the total operating cost is based on the most recent census data available and is to be adjusted upon the admission of additional counties or the withdrawal of present counties. The Commission will remain in existence so long as two or more of the counties remain as parties to the agreement. Upon dissolution of the Commission, there will be an accounting to determine assets and liabilities. The assets of the Commission will be liquidated and, after payment of liabilities, the proceeds will be distributed to the counties based on their respective ratios set by the most recent census data.

Each county's share of the Commission's assets, liabilities, and equities cannot be accurately determined since it will fluctuate with census data rather than ownership interest.

Complete financial statements of the East Central Solid Waste Commission can be obtained at 1756 - 180th Avenue, P.O. Box 29, Mora, Minnesota 55051.

Minneapolis-Duluth/Superior Passenger Rail Alliance

The Minneapolis-Duluth/Superior Passenger Rail Alliance was established by a joint powers agreement between Anoka County, Hennepin County, Isanti County, Pine County, St. Louis and Lake County Regional Railroad Authority, City of Duluth, City of Minneapolis, and Douglas County (Wisconsin) to explore options for the development of rail transportation between the Twin Cities and Duluth-Superior metropolitan areas.

The Board consists of one elected official from each of the member governmental entities. Each member party contributes funds consistent with an annual budget and cost-sharing formula. Isanti County's contribution for 2009 was \$25,000. St. Louis-Lake Regional Rail Authority serves as the fiscal agent.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

Metropolitan Emergency Services Board

The Metropolitan Emergency Services Board was established by a joint powers agreement between Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, and Washington Counties as well as the City of Minneapolis for the implementation and administration of a regional 911 system. On December 1, 2009, the Isanti County Board of Commissioners approved entering into the joint powers agreement effective January 1, 2010.

Complete financial statements of the Metropolitan Emergency Services Board can be obtained at the 911 Board Offices, 2099 University Avenue, West St. Paul, MN 55104.

C. Jointly-Governed Organization

Isanti County, in conjunction with other governmental entities and various private organizations, has formed the jointly-governed organization listed below:

Isanti County Integrated Collaborative

The Isanti County Integrated Collaborative was established February 18, 1998, under the authority of the Joint Powers Act, pursuant to Minn. Stat. §§ 471.59 and 124D.23. The Collaborative includes Isanti County Family Services, Braham Area School District #314, Cambridge-Isanti Independent School District #911, Isanti County Public Health, and the Isanti County Probation Department.

The purpose of the Collaborative is to provide culturally appropriate programs and services to children and families, prevent children from developing more severe disabilities, and provide for the safety and security of the community and its children.

Control of the Isanti County Integrated Collaborative is vested in a five-member Governance Board appointed by the member parties.

Financing is provided by state and federal grants and contributions from its member parties. Isanti County, in an agent capacity, reports the cash transactions of the Isanti County Integrated Collaborative's Integrated Fund as an agency fund in its financial statements.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organization (Continued)

Financial statements of the Isanti County Integrated Collaborative's Integrated Fund can be obtained at Isanti County Family Services Department, 1700 East Rum River Drive S., Suite A, Cambridge, Minnesota 55008.

7. Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies

In addition to those identified in Note 1, the County's discretely presented component units have the following significant accounting policies.

Reporting Entities

The Green Lake Improvement District is governed by a nine-member board of directors elected by eligible property owners within the District.

The Long Lake Improvement District is governed by a seven-member board of directors elected by property owners within the District.

Due to the entities' financial dependency on the County, the County classifies both entities as discrete component units. The fiscal dependency criterion applies because the County Board of Commissioners' approval is required for either entity to levy taxes or issue debt.

Basis of Presentation

The Green Lake Improvement District and the Long Lake Improvement District both present their activities as a single governmental fund.

Basis of Accounting

The Green Lake Improvement District and the Long Lake Improvement District General Funds are accounted for on the modified accrual basis of accounting.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

7. Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies (Continued)

Cash and Pooled Investments

All cash of the Green Lake Improvement District and the Long Lake Improvement District is deposited with the County Auditor-Treasurer.

B. Detailed Notes on All Funds

1. Assets

Receivables

Receivables as of December 31, 2009, for each discretely presented component unit, including any applicable allowances for uncollectible accounts, are as follows:

	<u>Green Lake Improvement District</u>	<u>Long Lake Improvement District</u>	<u>Total</u>
Taxes	\$ 212	\$ -	\$ 212
Special assessments	-	4,284	4,284
Total Component Units	<u>\$ 212</u>	<u>\$ 4,284</u>	<u>\$ 4,496</u>

All receivable amounts for the discretely presented component units are scheduled for collection during the subsequent year.

Capital Assets

The Long Lake Improvement District does not have any capital assets as of December 31, 2009.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

B. Detailed Notes on All Funds

1. Assets (Continued)

The Green Lake Improvement District capital asset activity for the year ended December 31, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets depreciated Improvements other than buildings	\$ 76,909	\$ -	\$ -	\$ 76,909
Less: accumulated depreciation	<u>25,635</u>	<u>3,845</u>	<u>-</u>	<u>29,480</u>
Component Unit Capital Assets, Net	<u>\$ 51,274</u>	<u>\$ (3,845)</u>	<u>\$ -</u>	<u>\$ 47,429</u>

Depreciation expense was charged to functions/programs of the Green Lake Improvement District as follows:

Green Lake Improvement District	<u>\$ 3,845</u>
---------------------------------	-----------------

2. Liabilities

Deferred Revenue

Deferred revenue consists of amounts receivable from taxes, special assessments, and other revenue sources that are not considered available to pay current liabilities.

	<u>Green Lake Improvement District</u>	<u>Long Lake Improvement District</u>	<u>Total</u>
Delinquent taxes	\$ 152	\$ -	\$ 152
Delinquent special assessments	<u>-</u>	<u>3,784</u>	<u>3,784</u>
Total Deferred Revenue	<u>\$ 152</u>	<u>\$ 3,784</u>	<u>\$ 3,936</u>

REQUIRED SUPPLEMENTARY INFORMATION

This page was intentionally left blank.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 7,951,399	\$ 7,951,399	\$ 7,914,632	\$ (36,767)
Special assessments	-	-	1,424	1,424
Licenses and permits	429,061	429,061	268,812	(160,249)
Intergovernmental	4,295,139	4,295,139	4,547,193	252,054
Charges for services	1,742,768	1,742,768	1,462,601	(280,167)
Fines and forfeits	28,000	28,000	52,286	24,286
Gifts and contributions	155,600	155,600	244,308	88,708
Investment earnings	500,000	500,000	273,722	(226,278)
Miscellaneous	717,494	717,494	803,797	86,303
Total Revenues	\$ 15,819,461	\$ 15,819,461	\$ 15,568,775	\$ (250,686)
Expenditures				
Current				
General government				
Commissioners	\$ 250,545	\$ 250,545	\$ 236,289	\$ 14,256
Courts	70,000	70,000	35,692	34,308
Law library	35,109	35,109	46,071	(10,962)
County administration	923,087	923,087	901,299	21,788
County auditor-treasurer	885,600	885,600	857,658	27,942
Auditing and accounting services	40,000	40,000	44,122	(4,122)
County assessor	354,517	354,517	345,301	9,216
Elections	3,500	3,500	5,420	(1,920)
Management information systems	353,172	353,172	326,238	26,934
Central services	10,000	10,000	73,622	(63,622)
Human rights commission	-	-	626	(626)
Attorney	1,058,469	1,058,469	1,073,198	(14,729)
Recorder	274,747	274,747	324,298	(49,551)
Surveyor	45,000	45,000	56,170	(11,170)
Geographic information systems	24,000	24,000	24,182	(182)
Planning and zoning	478,791	478,791	469,512	9,279
Buildings and maintenance	1,181,719	1,181,719	990,397	191,322
Veterans services	126,083	160,105	146,896	13,209
County contingency	50,000	50,000	34,550	15,450
Appropriations	87,687	87,687	84,187	3,500
Total general government	\$ 6,252,026	\$ 6,286,048	\$ 6,075,728	\$ 210,320

(Continued)

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 1
(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 5,283,451	\$ 5,283,451	\$ 5,435,799	\$ (152,348)
Probation and parole	868,315	868,315	811,414	56,901
Medical examiner	116,461	116,461	112,043	4,418
Emergency management	106,569	106,569	136,974	(30,405)
Total public safety	\$ 6,374,796	\$ 6,374,796	\$ 6,496,230	\$ (121,434)
Health				
Public health	\$ 1,636,451	\$ 1,636,451	\$ 1,185,350	\$ 451,101
Culture and recreation				
Parks	\$ 288,733	\$ 288,733	\$ 190,707	\$ 98,026
Bike trails	-	-	36,529	(36,529)
Historical society	40,000	50,000	89,750	(39,750)
Ceremonies for veterans	1,000	1,000	635	365
Total culture and recreation	\$ 329,733	\$ 339,733	\$ 317,621	\$ 22,112
Conservation of natural resources				
Extension service	\$ 152,685	\$ 152,685	\$ 143,504	\$ 9,181
Soil and water conservation	40,000	40,000	40,000	-
Oak wilt program	-	-	4,119	(4,119)
Agricultural society and county fair	30,000	30,000	30,000	-
Agricultural inspections	-	-	441	(441)
Predator control	8,000	8,000	14,310	(6,310)
Total conservation of natural resources	\$ 230,685	\$ 230,685	\$ 232,374	\$ (1,689)
Economic development				
Transit	\$ 837,843	\$ 837,843	\$ 1,159,340	\$ (321,497)
Economic development	43,000	43,000	24,584	18,416
Rail authority	25,000	25,000	25,000	-
Total economic development	\$ 905,843	\$ 905,843	\$ 1,208,924	\$ (303,081)
Intergovernmental				
Library	\$ 398,997	\$ 398,997	\$ 392,811	\$ 6,186

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 1
(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Total Expenditures	\$ 16,128,531	\$ 16,172,553	\$ 15,909,038	\$ 263,515
Excess of Revenues Over (Under) Expenditures	\$ (309,070)	\$ (353,092)	\$ (340,263)	\$ 12,829
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 2,521	\$ 2,521
Net Change in Fund Balance	\$ (309,070)	\$ (353,092)	\$ (337,742)	\$ 15,350
Fund Balance - January 1	<u>4,675,777</u>	<u>4,675,777</u>	<u>4,675,777</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 4,366,707</u>	<u>\$ 4,322,685</u>	<u>\$ 4,338,035</u>	<u>\$ 15,350</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,756,263	\$ 1,756,263	\$ 1,753,630	\$ (2,633)
Intergovernmental	3,911,911	3,911,911	3,449,149	(462,762)
Charges for services	143,891	143,891	94,326	(49,565)
Miscellaneous	-	-	104,191	104,191
Total Revenues	\$ 5,812,065	\$ 5,812,065	\$ 5,401,296	\$ (410,769)
Expenditures				
Current				
Highways and streets				
Administration	\$ 307,123	\$ 307,123	\$ 297,413	\$ 9,710
Maintenance	1,243,654	1,243,654	1,175,348	68,306
Construction	4,087,645	4,087,645	3,433,840	653,805
Equipment and shop	537,142	537,142	438,161	98,981
Total highways and streets	\$ 6,175,564	\$ 6,175,564	\$ 5,344,762	\$ 830,802
Intergovernmental	\$ 193,000	\$ 193,000	\$ 210,817	\$ (17,817)
Town roads	193,000	193,000	210,817	(17,817)
Total Expenditures	\$ 6,368,564	\$ 6,368,564	\$ 5,555,579	\$ 812,985
Excess of Revenues Over (Under) Expenditures	\$ (556,499)	\$ (556,499)	\$ (154,283)	\$ 402,216
Fund Balance - January 1	1,499,768	1,499,768	1,499,768	-
Increase (decrease) in reserved for inventories	-	-	90,593	90,593
Fund Balance - December 31	\$ 943,269	\$ 943,269	\$ 1,436,078	\$ 492,809

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 3

**BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,590,526	\$ 3,590,526	\$ 3,580,287	\$ (10,239)
Intergovernmental	7,418,924	7,418,924	7,418,516	(408)
Charges for services	106,826	106,826	119,014	12,188
Miscellaneous	453,564	453,564	705,393	251,829
Total Revenues	\$ 11,569,840	\$ 11,569,840	\$ 11,823,210	\$ 253,370
Expenditures				
Current				
Human services				
Income maintenance	\$ 2,607,805	\$ 2,607,805	\$ 2,673,198	\$ (65,393)
Social services	9,112,036	9,112,036	8,488,589	623,447
Total Expenditures	\$ 11,719,841	\$ 11,719,841	\$ 11,161,787	\$ 558,054
Excess of Revenues Over (Under) Expenditures	\$ (150,001)	\$ (150,001)	\$ 661,423	\$ 811,424
Fund Balance - January 1	4,493,989	4,493,989	4,493,989	-
Fund Balance - December 31	\$ 4,343,988	\$ 4,343,988	\$ 5,155,412	\$ 811,424

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 4

**SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN
DECEMBER 31, 2009**

Actuarial valuation date	January 1, 2008
Actuarial value of plan assets	\$ -
Actuarial accrued liability	<u>8,621,249</u>
Unfunded actuarial accrued liability	<u><u>\$ 8,621,249</u></u>
Funded ratio	0.00%
Covered payroll	\$ 11,198,374
UAAL as percentage of covered payroll	76.99%

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

1. Budgetary Information

General Budget Policies

The County Board adopts annual estimated revenue and expenditure budgets for the General Fund, the Road & Bridge Special Revenue Fund, the Human Services Special Revenue Fund, and the Debt Service Fund. Annual budgets are not adopted for the Capital Projects Fund, the Sheriff's Contingency Special Revenue Fund, the Forfeited Tax Sale Special Revenue Fund, and Ditch Special Revenue Fund.

The budgets may be amended or modified at any time by the County Board.

The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level for all funds except the General Fund. In the General Fund, the legal level of budgetary control is the department level.

Budget Basis of Accounting

Budgets for the General Fund and budgeted special revenue funds are adopted on a basis consistent with generally accepted accounting principles.

Encumbrances

Encumbrance accounting, under which commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the governmental funds. Encumbrances outstanding at year-end are reported as reserved fund balances since they do not constitute expenditures or actual liabilities.

Expenditures in Excess of Appropriations

For the year ended December 31, 2009, expenditures exceeded appropriations in the funds, departments, and programs as follows:

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

1. Budgetary Information (Continued)

Fund or Department	Excess
General Fund	
Law library	\$ 10,962
Auditing and accounting services	4,122
Elections	1,920
Central services	63,622
Human rights commission	626
Attorney	14,729
Recorder	49,551
Surveyor	11,170
Geographic information systems	182
Sheriff	152,348
Emergency management	30,405
Bike trails	36,529
Historical society	39,750
Oak wilt program	4,119
Agricultural inspections	441
Predator control	6,310
Transit	321,497
Road and Bridge Fund	
Town roads	17,817
Human Services Fund	
Income Maintenance	65,393

These expenditures in excess of appropriations were funded by greater than anticipated revenues and the use of available fund balance.

2. Other Post-Employment Benefits Information

The County implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 45 for the fiscal year ended December 31, 2008. As a result, prior year information on funding progress for the County's other post-employment benefits plan is not available.

COMBINING AND INDIVIDUAL FUND STATEMENTS

This page was intentionally left blank.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 5

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,019,328	\$ 1,019,328	\$ 1,018,220	\$ (1,108)
Intergovernmental	232,439	232,439	217,897	(14,542)
Total Revenues	\$ 1,251,767	\$ 1,251,767	\$ 1,236,117	\$ (15,650)
Expenditures				
Debt service				
Principal	\$ 775,000	\$ 775,000	\$ 775,000	\$ -
Interest	476,767	476,767	420,853	55,914
Administrative charges	-	-	2,307	(2,307)
Total Expenditures	\$ 1,251,767	\$ 1,251,767	\$ 1,198,160	\$ 53,607
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 37,957	\$ 37,957
Fund Balance - January 1	1,352,409	1,352,409	1,352,409	-
Fund Balance - December 31	\$ 1,352,409	\$ 1,352,409	\$ 1,390,366	\$ 37,957

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Forfeited Tax Sale Fund accounts for the proceeds from the sale of property forfeited due to unpaid taxes.

The Sheriff's Contingency Fund accounts for monies set aside for special investigations by the County Sheriff.

The Ditch Fund accounts for the construction and repair of ditch systems.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Statement 1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	Forfeited Tax Sale	Sheriff's Contingency	Ditch	Total (Exhibit 3)
<u>Assets</u>				
Cash and pooled investments	\$ 32,597	\$ 5,000	\$ 10,243	\$ 47,840
Accrued interest receivable	2,286	-	-	2,286
Due from other governments	-	65	-	65
Loans receivable	170,679	-	-	170,679
Total Assets	\$ 205,562	\$ 5,065	\$ 10,243	\$ 220,870
 <u>Liabilities and Fund Balances</u>				
Liabilities				
Due to other funds	\$ 10,891	\$ -	\$ -	\$ 10,891
Due to other governments	19,789	-	-	19,789
Deferred revenue - unavailable	172,965	-	-	172,965
Total Liabilities	\$ 203,645	\$ -	\$ -	\$ 203,645
 Fund Balances				
Unreserved				
Undesignated	\$ 1,917	\$ 5,065	\$ 10,243	\$ 17,225
Total Liabilities and Fund Balances	\$ 205,562	\$ 5,065	\$ 10,243	\$ 220,870

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Statement 2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Forfeited Tax Sale	Sheriff's Contingency	Ditch	Total (Exhibit 5)
Revenues				
Charges for services	\$ 80	\$ -	\$ -	\$ 80
Fines and forfeits	32,255	1,837	-	34,092
Total Revenues	\$ 32,335	\$ 1,837	\$ -	\$ 34,172
Expenditures				
Current				
General government	\$ 32,335	\$ -	\$ -	\$ 32,335
Excess of Revenues Over (Under) Expenditures	\$ -	\$ 1,837	\$ -	\$ 1,837
Other Financing Sources (Uses)				
Transfers out	-	(2,521)	-	(2,521)
Net Change in Fund Balance	\$ -	\$ (684)	\$ -	\$ (684)
Fund Balance - January 1	1,917	5,749	10,243	17,909
Fund Balance - December 31	\$ 1,917	\$ 5,065	\$ 10,243	\$ 17,225

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

AGENCY FUNDS

The Agency Fund accounts for the collection and payment of monies on behalf of the state, other local governmental units, and other entities

The Taxes and Penalties Fund accounts for the collection and apportionment of taxes and penalties collected on behalf of the County and other taxing districts.

The Collaborative Fund accounts for monies passed through to the Isanti County Integrated Collaborative.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Statement 3

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>AGENCY</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 81,753	\$ 1,753,408	\$ 1,749,533	\$ 85,628
<u>Liabilities</u>				
Due to other governments	\$ 81,753	\$ 1,753,408	\$ 1,749,533	\$ 85,628
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 424,152	\$ 42,776,503	\$ 42,694,539	\$ 506,116
<u>Liabilities</u>				
Due to other governments	\$ 424,152	\$ 42,776,503	\$ 42,694,539	\$ 506,116
<u>COLLABORATIVE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 201,976	\$ 285,893	\$ 287,814	\$ 200,055
<u>Liabilities</u>				
Due to other governments	\$ 201,976	\$ 285,893	\$ 287,814	\$ 200,055

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Statement 3
(Continued)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Balance January 1	Additions	Deductions	Balance December 31
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 707,881	\$ 44,815,804	\$ 44,731,886	\$ 791,799
<u>Liabilities</u>				
Due to other governments	\$ 707,881	\$ 44,815,804	\$ 44,731,886	\$ 791,799

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Statement 4

**BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2009**

	<u>Green Lake Improvement District</u>	<u>Long Lake Improvement District</u>	<u>Total</u>
<u>Assets</u>			
Cash and pooled investments	\$ 24,126	\$ 81,905	\$ 106,031
Taxes receivable			
Prior - net	212	-	212
Special assessments receivable			
Prior - net	-	4,284	4,284
Total Assets	<u>\$ 24,338</u>	<u>\$ 86,189</u>	<u>\$ 110,527</u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 18	\$ 134	\$ 152
Deferred revenue - unavailable	152	3,784	3,936
Total Liabilities	<u>\$ 170</u>	<u>\$ 3,918</u>	<u>\$ 4,088</u>
Fund Balances			
Unreserved			
Undesignated	<u>\$ 24,168</u>	<u>\$ 82,271</u>	<u>\$ 106,439</u>
Total Liabilities and Fund Balances	<u>\$ 24,338</u>	<u>\$ 86,189</u>	<u>\$ 110,527</u>
<u>Reconciliation of Fund Balance to Net Assets</u>			
Fund Balance			\$ 106,439
Capital assets are reported on the statement of net assets but not on the balance sheet.			47,429
Assets not available to pay current expenditures are deferred in the funds.			3,936
Net Assets			<u>\$ 157,804</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Statement 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Green Lake Improvement District	Long Lake Improvement District	Total
Revenues			
Taxes	\$ 12,111	\$ -	\$ 12,111
Special assessments	-	54,860	54,860
Intergovernmental	311	24,680	24,991
Miscellaneous	744	252	996
	\$ 13,166	\$ 79,792	\$ 92,958
Expenditures			
Current			
Conservation of natural resources	\$ 2,525	\$ 44,402	\$ 46,927
Debt service			
Principal retirement	11,500	-	11,500
Interest	575	-	575
	\$ 14,600	\$ 44,402	\$ 59,002
Excess of Revenues Over (Under)			
Expenditures	\$ (1,434)	\$ 35,390	\$ 33,956
Fund Balance - January 1	25,602	46,881	72,483
Fund Balance - December 31	\$ 24,168	\$ 82,271	\$ 106,439

Reconciliation of the Change in Fund Balance to the Change in Net Assets

Net Change in Fund Balance	\$ 33,956
In the funds, receivables not available for expenditure are deferred. In the statement of activities, these revenues are recognized when earned.	
Deferred revenue - January 1	(4,073)
Deferred revenue - December 31	3,936
The funds report capital outlay as expenditures. However in the statement of activities, the cost of those assets is allocated over the assets' estimated useful lives and reported as depreciation expense.	(3,845)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	11,500
Net Change in Net Assets	\$ 41,474

This page was intentionally left blank.

SUPPLEMENTARY INFORMATION

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 6

TAX CAPACITY, TAX RATES, LEVIES, AND PERCENTAGE OF COLLECTIONS

	2008		2009		2010	
	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate (%)
Tax Capacity						
Real property	\$ 34,520,884		\$ 35,971,580		\$ 36,580,284	
Personal property	550,122		552,634		557,799	
Less: tax increment	(539,003)		(312,558)		(328,458)	
Net Tax Capacity	<u>\$ 34,532,003</u>		<u>\$ 36,211,656</u>		<u>\$ 36,809,625</u>	
Taxes Levied for County Purposes						
General	\$ 9,679,477	25.265	9,404,810	23.168	9,962,915	24.476
Road and bridge	2,054,705	5.363	2,156,747	5.313	2,038,865	5.009
Human services	3,644,031	9.512	4,409,244	10.862	4,101,336	10.076
Capital improvement debt service	202,700	0.528	292,300	0.718	292,900	0.717
Jail debt service	221,961	0.578	224,667	0.552	227,253	0.556
Government center debt service	736,600	1.919	734,800	1.805	732,200	1.794
Total Levy for County Purposes	<u>\$ 16,539,474</u>	<u>43.165</u>	<u>\$ 17,222,568</u>	<u>42.418</u>	<u>\$ 17,355,469</u>	<u>42.628</u>
Less: Credits Payable by State	<u>1,662,877</u>		<u>1,899,673</u>		<u>1,986,605</u>	
Net Levy for County Purposes	<u>\$ 14,876,597</u>		<u>\$ 15,322,895</u>		<u>\$ 15,368,864</u>	
Percentage of Tax Collections for All Purposes	95.19%		95.69%			

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 7

**BALANCE SHEET BY DITCH
DITCH SPECIAL REVENUE FUND
DECEMBER 31, 2009**

	County Ditches				
	1	3	4	16	Totals
 <u>Assets</u>					
Cash and pooled investments	\$ 15,489	\$ (4,584)	\$ 62	\$ (724)	\$ 10,243
 <u>Fund Balances</u>					
Unreserved, undesignated	\$ 15,489	\$ (4,584)	\$ 62	\$ (724)	\$ 10,243

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 8

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Funds	Discretely Presented Component Units
Shared Revenue		
State		
Highway users tax	\$ 1,722,828	\$ -
Market value credit	1,258,468	311
PERA rate reimbursement	37,531	-
Disparity reduction aid	39,911	-
County program aid	1,694,753	-
Police aid	132,773	-
	\$ 4,886,264	\$ 311
Reimbursement for Services		
State		
Minnesota department of human services	\$ 965,188	\$ -
Payments		
Local		
Local contributions	\$ 34,554	\$ -
Payments in lieu of taxes	101,345	-
	\$ 135,899	\$ -
Grants		
State		
Minnesota department/board of		
Corrections	\$ 284,932	\$ -
Public safety	159,301	-
Transportation	806,338	-
Peace officer standards and training	7,532	-
Health	198,285	-
Natural resources	3,956	24,680
Human services	3,419,250	-
Soil and water resources	51,306	-
Pollution control agency	91,104	-
	\$ 5,022,004	\$ 24,680
Federal		
Department of		
Agriculture	\$ 396,129	\$ -
Justice	19,967	-
Transportation	1,494,872	-
Education	12,117	-
Health and human services	2,646,688	-
Homeland security	53,627	-
	\$ 4,623,400	\$ -
Total State and Federal Grants	\$ 9,645,404	\$ 24,680
Total Intergovernmental Revenue	\$ 15,632,755	\$ 24,991

STATISTICAL SECTION

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

STATISTICAL SECTION

This part of Isanti County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	111
Revenue Capacity These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.	118
Debt Capacity These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	122
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	126
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	129

Sources: Unless otherwise noted, the information in these schedules is derived from the County’s annual financial reports for the relevant year.

**Isanti County
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)**

TABLE 1

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 32,920,115	\$ 40,824,860	\$ 43,684,647	\$ 49,603,612	\$ 52,831,962	\$ 54,446,421	\$ 56,848,424
Restricted	6,509,349	1,652,284	2,028,957	1,833,944	1,948,487	3,400,339	2,644,040
Unrestricted	<u>10,626,045</u>	<u>11,047,829</u>	<u>13,026,708</u>	<u>11,076,393</u>	<u>10,526,608</u>	<u>8,968,479</u>	<u>10,858,149</u>
Total net assets	<u>\$ 50,055,509</u>	<u>\$ 53,524,973</u>	<u>\$ 58,740,312</u>	<u>\$ 62,513,949</u>	<u>\$ 65,307,057</u>	<u>\$ 66,815,239</u>	<u>\$ 70,350,613</u>

Notes

A. Isanti County does not engage in any business-type activities.

B. Isanti County implemented GASB 34 for the fiscal year ended December 31, 2003. Prior fiscal years were not restated and therefore are not available.

Source: Isanti County's annual financial statements

Isanti County
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

TABLE 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses							
Governmental activities:							
General government	\$ 5,145,333	\$ 5,249,287	\$ 5,491,008	\$ 5,448,844	\$ 6,025,655	\$ 6,620,404	\$ 6,591,869
Public safety	4,830,047	5,125,504	5,015,073	5,884,399	6,511,479	7,082,556	7,094,295
Human services	9,148,791	9,160,593	8,677,376	9,423,712	11,106,826	11,613,036	11,084,262
Highways and streets	2,521,305	1,931,377	3,910,593	2,906,716	3,282,783	3,565,275	3,299,519
Sanitation	13,153	113,336	-	-	-	-	-
Health	1,161,940	1,242,222	1,337,553	1,438,786	1,107,556	1,354,755	1,216,814
Culture and recreation	377,647	427,298	521,885	625,225	659,006	622,107	643,483
Conservation of natural resources	227,573	233,669	241,606	299,708	267,419	314,305	235,756
Economic development	575,209	636,553	744,030	862,950	944,630	1,116,949	1,167,543
Interest on long-term debt	331,143	322,900	273,299	365,060	383,033	401,745	394,573
Total expenses	<u>\$ 24,332,141</u>	<u>\$ 24,442,739</u>	<u>\$ 26,212,423</u>	<u>\$ 27,255,400</u>	<u>\$ 30,288,387</u>	<u>\$ 32,691,132</u>	<u>\$ 31,728,114</u>
Program revenues							
Governmental activities:							
Charges for services:							
General government	\$ 2,068,772	\$ 2,269,199	\$ 1,998,197	\$ 1,465,758	\$ 1,702,688	\$ 1,797,427	\$ 1,292,802
Public safety	608,101	426,281	821,779	675,416	925,642	811,549	664,955
Human services	1,065,621	766,912	532,212	405,709	676,303	534,788	824,407
Other activities	462,273	557,965	695,598	1,056,817	887,282	653,974	510,296
Operating grants and contributions	10,057,744	8,370,562	8,423,376	9,936,564	11,049,266	11,357,076	11,633,272
Capital grants and contributions	1,101,419	1,702,523	2,851,537	2,029,510	1,514,686	1,823,365	2,649,333
Total program revenues	<u>\$ 15,363,930</u>	<u>\$ 14,093,442</u>	<u>\$ 15,322,699</u>	<u>\$ 15,569,774</u>	<u>\$ 16,755,867</u>	<u>\$ 16,978,179</u>	<u>\$ 17,575,065</u>
Net (expense)/revenue	<u>\$ (8,968,211)</u>	<u>\$ (10,349,297)</u>	<u>\$ (10,889,724)</u>	<u>\$ (11,685,626)</u>	<u>\$ (13,532,520)</u>	<u>\$ (15,712,953)</u>	<u>\$ (14,153,049)</u>

TABLE 2
(Continued)

General revenues and other changes in net assets

Governmental activities:							
Property taxes	\$ 9,601,392	\$ 10,328,885	\$ 11,195,225	\$ 11,780,833	\$ 12,573,581	\$ 13,852,738	\$ 14,260,397
Mortgage registry and deed tax	89,626	91,342	55,737	35,237	17,451	90,762	22,296
Other taxes	2,202	348	8,271	67	15	17	-
Payments in lieu of tax	31,409	60,789	33,691	96,433	97,020	96,400	101,345
Unrestricted grants and contributions	3,422,673	3,001,600	2,902,096	2,969,987	2,960,026	2,724,515	3,030,663
Investment earnings	249,120	329,323	354,817	550,972	664,535	456,703	273,722
Miscellaneous	11,454	6,474	6,781	25,734	13,000	-	-
Total general revenues	\$ 13,407,876	\$ 13,818,761	\$ 14,556,618	\$ 15,459,263	\$ 16,325,628	\$ 17,221,135	\$ 17,688,423
Change in net assets	\$ 4,439,665	\$ 3,469,464	\$ 3,666,894	\$ 3,773,637	\$ 2,793,108	\$ 1,508,182	\$ 3,535,374

Notes

- A. Isanti County does not engage in any business-type activities.
 B. Isanti County implemented GASB 34 for the fiscal year ended December 31, 2003. Prior fiscal years were not restated and therefore are not available.

Source: Isanti County's annual financial statements

Isanti County
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

TABLE 3

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General fund				
Reserved	\$ 547,504	\$ 577,333	\$ 774,265	\$ 805,414
Unreserved	<u>3,895,690</u>	<u>4,452,879</u>	<u>4,929,957</u>	<u>5,036,106</u>
Total general fund	<u>\$ 4,443,194</u>	<u>\$ 5,030,212</u>	<u>\$ 5,704,222</u>	<u>\$ 5,841,520</u>
All other governmental funds				
Reserved	\$ 7,018,710	\$ 6,908,762	\$ 1,421,479	\$ 901,575
Unreserved, reported in:				
Special revenue funds	1,628,797	2,039,773	2,687,517	4,152,715
Debt service fund	657,504	711,131	682,837	1,106,176
Capital projects fund	<u>399,565</u>	<u>370,973</u>	<u>318,292</u>	<u>2,350,554</u>
Total all other governmental funds	<u>\$ 9,704,576</u>	<u>\$ 10,030,639</u>	<u>\$ 5,110,125</u>	<u>\$ 8,511,020</u>

Source: Isanti County's annual financial statements

TABLE 3
(Continued)

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 469,233	\$ 818,218	\$ 963,218	\$ 883,150	\$ 1,020,160	\$ 1,119,923
<u>5,135,143</u>	<u>5,082,859</u>	<u>4,641,755</u>	<u>3,722,239</u>	<u>3,655,617</u>	<u>3,218,112</u>
<u>\$ 5,604,376</u>	<u>\$ 5,901,077</u>	<u>\$ 5,604,973</u>	<u>\$ 4,605,389</u>	<u>\$ 4,675,777</u>	<u>\$ 4,338,035</u>
\$ 1,027,125	\$ 1,035,266	\$ 954,317	\$ 786,628	\$ 572,194	\$ 818,083
4,557,513	5,151,032	6,138,638	5,501,822	5,439,472	5,909,472
923,407	1,161,822	1,049,618	1,232,621	1,352,409	1,390,366
<u>944,222</u>	<u>48,495</u>	<u>(921,297)</u>	<u>(490,888)</u>	<u>1,150,837</u>	<u>270,875</u>
<u>\$ 7,452,267</u>	<u>\$ 7,396,615</u>	<u>\$ 7,221,276</u>	<u>\$ 7,030,183</u>	<u>\$ 8,514,912</u>	<u>\$ 8,388,796</u>

Isanti County
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

TABLE 4

	2000	2001	2002	2003
Revenues				
Taxes	\$ 8,068,463	\$ 9,739,393	\$ 8,893,377	\$ 9,671,669
Special assessments	-	-	-	-
Licenses and permits	422,423	438,615	601,015	649,094
Intergovernmental	12,045,558	11,664,272	16,492,300	13,676,214
Charges for services	1,068,789	1,237,898	1,519,527	1,647,093
Fines and forfeits	277,725	270,128	240,591	234,082
Gifts and contributions	50,188	30,562	51,238	94,330
Investment earnings	857,144	741,348	473,473	249,120
Miscellaneous	1,656,624	1,496,342	1,556,683	2,512,619
Total revenues	\$ 24,446,914	\$ 25,618,558	\$ 29,828,204	\$ 28,734,221
Expenditures				
General government	\$ 3,961,917	\$ 4,185,531	\$ 4,612,223	\$ 4,881,832
Public safety	3,724,358	4,108,467	4,493,739	4,625,076
Highways and streets	3,635,470	3,167,158	5,608,066	4,066,247
Sanitation	526,069	436,598	411,886	13,153
Human services	9,535,000	9,237,114	9,583,906	9,131,407
Health	941,113	963,163	1,133,080	1,161,940
Culture and recreation	170,259	55,046	195,754	95,574
Conservation of natural resources	221,563	273,200	281,148	226,194
Economic development	437,914	619,607	561,786	575,209
Unallocated	282,842	44,849	-	-
Intergovernmental	209,585	230,307	263,711	511,610
Capital outlay	-	28,592	50,865	667,813
Debt service				
Principal	567,605	1,188,595	6,334,015	1,639,573
Interest	817,198	809,927	569,377	314,832
Other charges	-	-	-	36,876
Total expenditures	\$ 25,030,893	\$ 25,348,154	\$ 34,099,556	\$ 27,947,336
Excess of revenues over (under) expenditures	\$ (583,979)	\$ 270,404	\$ (4,271,352)	\$ 786,885
Other financing sources (uses)				
Transfers in	\$ 3,107	\$ 3,153	\$ 1,787	\$ 444,939
Transfers out	(3,107)	(3,153)	(1,787)	(444,939)
Bonds issued	-	621,720	-	2,770,000
Premium on bonds issued	-	-	-	-
Discount on bonds issued	-	-	-	(39,652)
Payment to refunded bond escrow agent	-	-	-	-
Capital leases	144,788	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	\$ 144,788	\$ 621,720	\$ -	\$ 2,730,348
Net change in fund balances	\$ (439,191)	\$ 892,124	\$ (4,271,352)	\$ 3,517,233
Debt service as a percentage of noncapital expenditures	5.68%	7.95%	20.66%	8.05%

Source: Isanti County's annual financial statements

TABLE 4
(Continued)

	2004	2005	2006	2007	2008	2009
\$	10,420,993	\$ 11,308,110	\$ 11,729,027	\$ 12,406,125	\$ 13,802,898	\$ 14,266,769
	-	-	2,236	10,655	1,462	1,424
	669,271	711,245	510,976	487,477	347,250	268,812
	13,394,848	13,352,203	16,634,510	15,156,140	16,015,507	15,632,755
	1,482,161	1,794,946	2,045,560	1,950,031	1,833,989	1,676,021
	269,065	339,462	121,302	86,811	66,991	86,378
	147,535	30,656	126,326	174,306	119,266	244,308
	329,323	354,817	550,972	664,535	456,703	273,722
	1,602,947	1,115,888	1,203,521	1,662,418	1,403,640	1,613,381
\$	<u>28,316,143</u>	<u>29,007,327</u>	<u>32,924,430</u>	<u>32,598,498</u>	<u>34,047,706</u>	<u>34,063,570</u>
\$	5,040,806	\$ 5,305,942	\$ 5,353,483	\$ 6,141,306	\$ 6,189,568	\$ 6,108,063
	5,045,893	5,159,033	5,444,616	6,475,597	6,794,529	6,496,230
	4,039,828	4,586,393	6,320,139	5,005,557	5,177,821	5,344,762
	103,496	585	-	-	-	-
	9,132,197	8,700,846	9,656,824	11,004,697	11,410,550	11,161,787
	1,242,222	1,340,376	1,434,575	1,095,877	1,308,310	1,185,350
	146,570	205,655	257,041	1,394,436	252,332	317,621
	232,290	241,606	299,845	266,860	310,719	232,374
	646,513	662,598	774,164	990,885	1,205,384	1,208,924
	-	-	-	-	-	-
	503,537	496,878	535,697	364,882	587,215	603,628
	3,699,549	1,409,906	2,463,789	1,781,718	400,090	761,122
	775,000	315,000	550,000	1,063,351	715,000	775,000
	414,411	359,338	364,696	366,145	343,909	420,853
	28,944	3,107	3,126	84,900	45,977	2,307
\$	<u>31,051,256</u>	<u>28,787,263</u>	<u>33,457,995</u>	<u>36,036,211</u>	<u>34,741,404</u>	<u>34,618,021</u>
\$	<u>(2,735,113)</u>	<u>220,064</u>	<u>(533,565)</u>	<u>(3,437,713)</u>	<u>(693,698)</u>	<u>(554,451)</u>
\$	679,572	\$ -	\$ 426,817	\$ 447,021	\$ 666,842	\$ 2,521
	(679,572)	-	(426,817)	(447,021)	(666,842)	(2,521)
	1,400,000	-	-	5,945,000	2,155,000	-
	557	-	-	8,220	36,730	-
	(13,443)	-	-	-	-	-
	-	-	-	(3,771,649)	-	-
	-	-	-	-	-	-
	3,656	8,037	-	-	-	-
\$	<u>1,390,770</u>	<u>8,037</u>	<u>-</u>	<u>2,181,571</u>	<u>2,191,730</u>	<u>-</u>
\$	<u>(1,344,343)</u>	<u>228,101</u>	<u>(533,565)</u>	<u>(1,256,142)</u>	<u>1,498,032</u>	<u>(554,451)</u>
	5.08%	2.68%	3.47%	5.10%	3.61%	4.00%

(Unaudited)

Isanti County
Net Tax Capacity and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

TABLE 5

Net Tax Capacity									
Payable Year	Real Property					Personal Property	Total Net Tax Capacity	Taxable Market Value	Ratio of Net Tax Capacity to Taxable Market Value
	Residential Homestead	Agricultural	Commercial & Industrial	Other					
2000	\$ 8,131,331	\$ 3,098,809	\$ 2,540,968	\$ 877,537	\$ 401,278	\$ 15,049,923	\$ 1,192,466,900	1.26%	
2001	9,386,899	3,486,830	2,931,535	980,959	395,802	17,182,025	1,331,888,500	1.29%	
2002	8,914,450	3,526,303	1,949,277	882,714	281,733	15,554,477	1,502,306,800	1.04%	
2003	10,368,611	3,928,276	2,276,902	980,349	304,340	17,858,478	1,724,082,605	1.04%	
2004	12,161,584	4,545,080	2,599,042	1,252,743	331,804	20,890,253	2,018,201,200	1.04%	
2005	14,396,388	4,804,759	2,983,242	1,999,613	369,334	24,553,336	2,375,005,700	1.03%	
2006	16,732,654	5,502,141	3,420,324	2,485,818	398,387	28,539,324	2,766,434,000	1.03%	
2007	18,785,795	6,169,088	3,765,846	3,085,681	498,977	32,305,387	3,132,883,700	1.03%	
2008	20,079,560	6,737,033	4,001,038	3,703,253	550,122	35,071,006	3,409,144,200	1.03%	
2009	20,435,840	7,008,961	4,443,017	4,083,918	552,634	36,524,370	3,569,260,500	1.02%	

Notes

A. In Minnesota, all taxable property is valued and classified according to its intended use on January 2 of each year. Property is valued at "market value" which is defined as the most probable selling price in an arm's length transaction. The market value is multiplied by a classification rate set by the State Legislature to arrive at a "net tax capacity" value. The net tax capacity value is then used as the tax base for levying, extending, and collecting taxes.

B. Total net tax capacity includes tax increment amounts.

Source: Isanti County Auditor-Treasurer's Office

(Unaudited)

TABLE 6

**Isanti County
Property Tax Rates -
Direct and Overlapping Governments
Last Ten Fiscal Years**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Unit										
Isanti County	53.505	54.317	64.354	61.193	56.535	50.811	46.035	43.274	43.165	42.418
Cities										
Braham	68.652	67.594	78.096	73.184	60.676	53.149	50.937	47.110	46.977	46.973
Cambridge	72.470	71.987	100.949	94.469	80.960	73.707	66.316	63.415	63.827	59.039
Isanti	44.056	47.246	77.169	77.747	73.854	74.211	68.579	64.718	59.886	55.231
Townships										
Athens	23.779	21.715	30.009	30.586	28.387	26.239	27.408	26.995	25.396	25.804
Bradford	18.240	16.598	21.752	19.323	18.892	18.378	17.622	15.852	15.194	14.568
Cambridge	19.874	19.974	29.404	26.542	23.186	21.362	20.900	18.808	18.482	17.506
Dalbo	20.907	21.204	29.233	26.399	24.546	21.086	17.809	15.900	14.578	14.230
Isanti	19.814	20.766	29.542	26.942	25.885	25.335	24.789	22.323	21.495	20.636
Maple Ridge	14.968	13.023	21.883	23.524	22.154	19.271	16.586	14.221	13.375	13.135
North Branch	21.392	18.748	25.257	23.638	20.402	17.395	16.851	17.956	17.335	16.969
Oxford	22.879	21.783	28.320	26.963	24.405	20.927	19.275	17.330	17.076	17.249
Spencer Brook	20.473	17.013	27.587	26.008	22.592	19.616	18.682	20.687	22.532	23.058
Spencer Brook (I.S.D. #477)	20.369	16.923	27.508	25.939	22.532	19.564	18.682	20.687	22.532	23.058
Springvale	14.809	13.708	23.094	22.286	20.290	22.410	21.509	20.026	26.655	18.358
Stanchfield	10.468	13.956	18.148	20.655	17.994	16.830	15.965	15.581	16.834	16.682
Stanford	20.990	19.695	30.261	26.272	25.289	22.766	21.304	21.334	21.631	20.559
Wyanett	10.257	9.863	14.615	16.058	15.594	13.270	12.241	11.766	12.808	19.208
School districts										
I.S.D. #15	59.386	48.179	29.057	28.662	19.063	18.524	23.077	24.625	23.174	20.965
I.S.D. #138	60.970	55.111	28.466	41.474	39.751	40.126	34.413	33.268	28.731	33.317
I.S.D. #314	73.047	66.590	30.445	32.393	27.714	25.528	20.067	20.473	17.897	19.477
I.S.D. #332	54.658	53.941	21.140	19.922	17.256	15.963	16.003	15.579	14.911	15.540
I.S.D. #333	67.832	61.357	47.422	44.145	41.036	42.177	40.118	42.589	44.079	43.812
I.S.D. #477	58.398	55.693	31.212	29.468	28.186	23.604	23.253	20.773	18.412	19.374
I.S.D. #728	56.027	63.870	45.969	41.352	30.953	32.848	35.950	33.208	32.344	36.136
I.S.D. #911	59.129	54.156	35.142	36.459	25.834	32.168	27.644	19.869	26.272	26.252
I.S.D. #912	69.544	58.562	37.420	24.969	28.800	21.430	20.933	21.627	22.967	19.083
Intermediate School District #916	0.261	0.314	0.070	0.098	0.083	0.075	0.066	-	-	-
Other taxing districts										
Green Lake Improvement District	-	-	1.350	4.963	1.038	-	6.076	2.825	3.302	2.653
East Central Regional Development Commission	0.229	0.211	0.288	0.260	0.231	0.202	0.178	0.163	0.154	0.149

Note

The property tax rate is calculated by dividing a taxing district's property tax levy amount by the district's tax capacity.

Source: Isanti County Auditor-Treasurer's Office

**Isanti County
Principal Property Taxpayers
Current Year and Nine Years Ago**

TABLE 7

2009			2000		
Taxpayer	Net Tax Capacity	Percentage of Total County Net Tax Capacity	Taxpayer	Net Tax Capacity	Percentage of Total County Net Tax Capacity
United Power Association	\$ 253,246	0.69%	United Power Association	\$ 166,581	1.11%
Wal-Mart Real Estate Business Trust	214,786	0.59%	East Central Energy	156,558	1.04%
Menards Inc.	202,202	0.55%	Wal-Mart Stores, Inc.	109,550	0.73%
East Central Energy	171,810	0.47%	Cambridge Metals & Plastics	103,073	0.68%
Target Corporation	140,412	0.38%	Allina Medical Group	92,579	0.62%
Lakeland Construction Finance LLC	109,229	0.30%	Memorial Hospital Association of Cambridge	85,189	0.57%
Great River Energy	97,874	0.27%	Minnesota Intrastate Transportation System	81,719	0.54%
Centerpoint Energy Minnegasco	91,850	0.25%	Burlington Northern Santa Fe Railroad	68,205	0.45%
Minnco Credit Union	84,834	0.23%	Arrow Tank & Engineering Co.	63,726	0.42%
Burlington Northern Santa Fe Railroad	82,359	0.23%	Motek Engineering & Manufacturing Co.	59,748	0.40%
Total principal taxpayers	\$ 1,448,602	3.97%	Total principal taxpayers	\$ 986,928	6.56%
All other taxpayers	35,075,768	96.03%	All other taxpayers	14,062,995	93.44%
Total	\$ 36,524,370	100.00%	Total	\$ 15,049,923	100.00%

Source: Isanti County Auditor-Treasurer's Office

(Unaudited)

**Isanti County
Property Tax Levies and Collections
Last Ten Fiscal Years**

TABLE 8

Fiscal Year	Total Net Tax Levy	Collected in Year of Levy	Percent of Levy Collected in Year of Levy	Collected in Subsequent Years	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2000	\$ 7,893,808	\$ 7,667,317	97.13%	\$ 224,776	\$ 7,892,093	99.98%	\$ 1,715	0.02%
2001	9,134,962	8,864,151	97.04%	268,763	9,132,914	99.98%	2,048	0.02%
2002	9,901,872	9,671,570	97.67%	228,262	9,899,832	99.98%	2,040	0.02%
2003	10,794,578	10,551,346	97.75%	240,817	10,792,163	99.98%	2,415	0.02%
2004	11,642,555	11,388,697	97.82%	245,021	11,633,718	99.92%	8,837	0.08%
2005	12,295,435	12,000,081	97.60%	280,825	12,280,906	99.88%	14,529	0.12%
2006	12,966,766	12,550,950	96.79%	384,268	12,935,218	99.76%	31,548	0.24%
2007	13,782,283	13,283,278	96.38%	417,345	13,700,623	99.41%	81,660	0.59%
2008	14,876,597	14,222,816	95.61%	411,991	14,634,807	98.37%	241,790	1.63%
2009	15,322,895	14,734,167	96.16%	-	14,734,167	96.16%	588,728	3.84%

Source: Isanti County Auditor-Treasurer's Office

Isanti County
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

TABLE 9

Fiscal Year	Governmental Activities		Total Debt	Total Debt Per Capita	Percentage of Personal Income
	General Obligation Bonds	Capital Lease			
2000	\$ 2,355,000	\$ 12,020,000	\$ 14,375,000	\$ 459	1.67%
2001	1,990,000	11,860,000	13,850,000	428	1.49%
2002	1,585,000	5,965,000	7,550,000	224	0.77%
2003	2,970,000	5,740,000	8,710,000	247	0.85%
2004	3,815,000	5,520,000	9,335,000	256	0.85%
2005	3,765,000	5,255,000	9,020,000	239	0.79%
2006	3,710,000	4,760,000	8,470,000	220	0.70%
2007	9,580,000	-	9,580,000	246	0.75%
2008	11,020,000	-	11,020,000	282	0.84%
2009	10,245,000	-	10,245,000	n/a	n/a

n/a - Information is not yet available as of publication date.

Note

Isanti County does not engage in any business-type activities.

Source: Isanti County Auditor-Treasurer's Office

Isanti County
Ratio of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

TABLE 10

Fiscal Year	General Obligation Bonds	Capital Lease	Total Gross General Bonded Debt	Less: Amounts in Debt Service Fund	Total Net General Bonded Debt	Percentage of Net Bonded Debt to Estimated Actual Value of Taxable Property	Total Net Bonded Debt Per Capita
2000	\$ 2,355,000	\$ 12,020,000	\$ 14,375,000	\$ 7,272,505	\$ 7,102,495	0.60%	\$ 227
2001	1,990,000	11,860,000	13,850,000	7,302,304	6,547,696	0.49%	203
2002	1,585,000	5,965,000	7,550,000	1,485,790	6,064,210	0.40%	180
2003	2,970,000	5,740,000	8,710,000	1,607,429	7,102,571	0.41%	201
2004	3,815,000	5,520,000	9,335,000	1,425,766	7,909,234	0.39%	217
2005	3,765,000	5,255,000	9,020,000	1,668,455	7,351,545	0.31%	195
2006	3,710,000	4,760,000	8,470,000	1,559,827	6,910,173	0.25%	180
2007	9,580,000	-	9,580,000	1,232,621	8,347,379	0.27%	215
2008	11,020,000	-	11,020,000	1,352,409	9,667,591	0.28%	248
2009	10,245,000	-	10,245,000	1,390,366	8,854,634	0.25%	n/a

n/a - Information is not yet available as of publication date.

Source: Isanti County Auditor-Treasurer's Office

Isanti County
Computation of Direct and Overlapping Debt
As of December 31, 2009

TABLE 11

<u>Governmental Unit</u>	<u>General Obligation Debt Outstanding¹</u>	<u>Percentage of Tax Capacity in Isanti County²</u>	<u>General Obligation Debt Applicable to Isanti County</u>
Direct			
Isanti County	\$ 10,245,000	100.00%	\$ 10,245,000
Overlapping			
City of Braham	\$ 2,115,792	99.87%	\$ 2,113,041
City of Cambridge	8,727,357	100.00%	8,727,357
City of Isanti	19,874,086	100.00%	19,874,086
Independent School District #15	47,195,000	7.14%	3,369,646
Independent School District #138	44,305,000	9.55%	4,232,272
Independent School District #314	9,750,000	52.87%	5,155,189
Independent School District #332	3,735,000	0.01%	452
Independent School District #333	2,515,000	5.95%	149,682
Independent School District #477	26,305,000	14.72%	3,872,609
Independent School District #728	326,140,000	0.01%	16,584
Independent School District #911	56,480,000	96.77%	54,658,160
Independent School District #912	22,200,000	0.56%	123,453
Total overlapping	\$ 569,342,235		\$ 102,292,531
Total direct and overlapping debt	\$ 579,587,235		\$ 112,537,531

Source: 1) County Report of Outstanding Indebtedness and 2) Isanti County Auditor-Treasurer's Office

(Unaudited)

TABLE 12

**Isanti County
Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Total market value of taxable property	\$ 1,192,466,900	\$ 1,331,888,500	\$ 1,502,164,000	\$ 1,724,082,600	\$ 2,018,201,200
Debt limit**	\$ 23,849,338	\$ 26,637,770	\$ 30,043,280	\$ 34,481,652	\$ 40,364,024
Debt applicable to limit					
General obligation bonds	\$ 14,375,000	\$ 13,850,000	\$ 7,550,000	\$ 8,710,000	\$ 9,335,000
Less: amounts set aside for repayment of general obligation debt	<u>(7,272,505)</u>	<u>(7,302,304)</u>	<u>(1,485,790)</u>	<u>(1,607,429)</u>	<u>(1,425,766)</u>
Total net debt applicable to the limit	\$ 7,102,495	\$ 6,547,696	\$ 6,064,210	\$ 7,102,571	\$ 7,909,234
Legal debt margin	<u>\$ 16,746,843</u>	<u>\$ 20,090,074</u>	<u>\$ 23,979,070</u>	<u>\$ 27,379,081</u>	<u>\$ 32,454,790</u>
Total debt applicable to the limit as a percentage of debt limit	29.78%	24.58%	20.18%	20.60%	19.59%
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total market value of taxable property	\$ 2,375,005,700	\$ 2,766,434,000	\$ 3,132,883,700	\$ 3,409,144,200	\$ 3,569,260,500
Debt limit**	\$ 47,500,114	\$ 55,328,680	\$ 62,657,674	\$ 102,274,326	\$ 107,077,815
Debt applicable to limit					
General obligation bonds	\$ 9,020,000	\$ 8,470,000	\$ 9,580,000	\$ 11,020,000	\$ 10,245,000
Less: amounts set aside for repayment of general obligation debt	<u>(1,668,455)</u>	<u>(1,559,827)</u>	<u>(1,232,621)</u>	<u>(1,352,409)</u>	<u>(1,390,366)</u>
Total net debt applicable to the limit	\$ 7,351,545	\$ 6,910,173	\$ 8,347,379	\$ 9,667,591	\$ 8,854,634
Legal debt margin	<u>\$ 40,148,569</u>	<u>\$ 48,418,507</u>	<u>\$ 54,310,295</u>	<u>\$ 92,606,735</u>	<u>\$ 98,223,181</u>
Total debt applicable to the limit as a percentage of debt limit	15.48%	12.49%	13.32%	9.45%	8.27%

Note

** - During 2008, the State of Minnesota legislature changed the statutory debt limit from 2% of market value to 3% of taxable market value.

Source: Isanti County Auditor-Treasurer's Office

(Unaudited)

**Isanti County
Demographic and Economic Statistics
Last Ten Fiscal Years**

TABLE 13

Year	Population ¹	Population Growth	Personal Income ² (in thousands)	Per Capita Personal Income ²	Unemployment Rates ³		
					Isanti County	State of Minnesota	United States
2000	31,287	1.50%	863,255	27,392	3.40%	3.10%	4.00%
2001	32,332	3.34%	928,106	28,446	4.30%	3.80%	4.70%
2002	33,757	4.41%	974,818	28,878	5.30%	4.50%	5.80%
2003	35,321	4.63%	1,021,416	28,987	5.70%	4.90%	6.00%
2004	36,512	3.37%	1,093,044	30,159	5.20%	4.60%	5.60%
2005	37,699	3.25%	1,137,547	30,572	4.90%	4.20%	5.10%
2006	38,436	1.95%	1,214,796	31,824	4.90%	4.00%	4.60%
2007	38,881	1.16%	1,271,022	32,666	6.00%	4.60%	4.60%
2008	39,059	0.46%	1,319,353	33,647	7.00%	5.40%	5.80%
2009	n/a	n/a	n/a	n/a	10.30%	8.00%	9.30%

n/a - Information is not yet available as of publication date

Sources: 1) Minnesota State Demographic Center, 2) U.S. Department of Commerce - Bureau of Economic Analysis, and 3) Minnesota Department of Employment and Economic Development

**Isanti County
Principal Employers
Current Year and Six Years Ago**

TABLE 14

2009			2003		
Employer ¹	Estimated Number of Employees ¹	Estimated Percentage of Total County Employment	Employer ¹	Estimated Number of Employees ¹	Estimated Percentage of Total County Employment
Cambridge Medical Center	924	4.65%	Cambridge Medical Center	930	5.91%
Grace Pointe Crossing	620	3.12%	I.S.D. No. 911	697	4.43%
I.S.D. No. 911	534	2.69%	Wal-Mart Supercenter	515	3.27%
Wal-Mart Supercenter	437	2.20%	Grandview Christian Home	410	2.61%
Isanti County	288	1.45%	Isanti County	281	1.79%
Arrow Tank & Engineering Co.	183	0.92%	TEAM Industries Cambridge, Inc.	240	1.53%
Minnesota Extended Treatment Options	182	0.92%	Cambridge Metals & Plastics Inc.	208	1.32%
East Central Electric Energy	180	0.91%	Cambridge Health Care Center	200	1.27%
Menards	160	0.80%	Minnesota Extended Treatment Options	190	1.21%
TEAM Industries Cambridge, Inc.	140	0.70%	I.S.D. No. 314	139	0.88%
Total Principal Employers	3,648	18.34%	Total Principal Employers	3,810	24.22%
Total County Employment²	19,886		Total County Employment²	15,732	

Note

Information for the period nine years prior was not available. As a result, the County is reporting the earliest data available for comparison purposes

Sources: 1) Bond disclosure document issued during respective year and 2) Minnesota Department of Employment and Economic Development

**Isanti County
Percentage of Registered Voters Voting
Last Ten General Elections**

TABLE 15

General Election	Number of Voters	Total Registered Voters	Percentage of Registered Voters Voting
November 6, 1990	10,755	15,507	69.36%
November 3, 1992	13,458	17,677	76.13%
November 8, 1994	10,678	16,459	64.88%
November 5, 1996	13,022	18,025	72.24%
November 3, 1998	13,700	18,630	73.54%
November 7, 2000	15,064	20,365	73.97%
November 5, 2002	15,018	21,024	71.43%
November 2, 2004	19,368	23,439	82.63%
November 7, 2006	14,746	22,892	64.42%
November 4, 2008	20,122	25,277	79.61%

Source: Isanti County Auditor-Treasurer's Office

**Isanti County
Operating Indicators by Function
Last Seven Fiscal Years**

TABLE 16

Function and program	2003	2004	2005	2006	2007	2008	2009
General government							
Drivers licenses processed	10,821	11,490	11,045	10,834	10,765	11,430	10,670
Warrants issued	n/a	n/a	n/a	7,883	7,964	7,767	8,918
Number of parcels	19,583	20,276	20,992	21,890	22,215	22,298	22,378
Veteran services intake cases	526	567	650	796	706	1,149	1,118
Veteran medical care applications	n/a	n/a	59	57	38	145	192
Public safety							
Physical arrests in County	554	584	664	578	408	476	n/a
Applications for permits to carry handguns	n/a	n/a	96	105	103	267	260
Adult probation offenders	591	700	892	914	1,155	965	956
Juvenile probation offenders	313	271	287	213	202	294	225
Highways and streets							
Active road projects	29	35	25	25	23	25	n/a
Health							
Family health referrals	n/a	460	575	527	491	282	198
WIC participants	n/a	902	1,131	1,939	2,091	2,325	2,088
Flu shots provided	n/a	181	200	348	392	340	160
Long-term care clients	n/a	141	137	190	215	219	223
Emergency preparedness exercises	n/a	3	6	4	10	12	n/a
Human services							
Intake and crisis calls	n/a	1,412	1,641	1,333	1,605	1,998	n/a
Food support cases	n/a	3,819	4,883	5,254	5,777	6,873	n/a
Economic development							
Number of transit passengers	63,084	61,457	59,214	62,078	55,004	n/a	n/a

Note

Isanti County could accurately provide only seven years of information for this schedule.

n/a - Information is not available as of publication date.

Source: Various County departments and state agencies

**Isanti County
Capital Asset Statistics by Function
Last Seven Fiscal Years**

TABLE 17

<u>Function and program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government							
Buildings	1	1	1	1	2	2	2
Public safety							
Number of squad cars	23	25	26	26	24	22	22
Highways and streets							
Buildings	1	1	1	1	1	1	1
Miles	360	360	360	359	359	359	359
Economic development							
Number of transit buses	7	7	7	8	9	9	9

Note

Isanti County could provide only seven years of information for this schedule.

Source: Isanti County Auditor-Treasurer's Office

**Isanti County
County Employees by Function and Program
Last Ten Fiscal Years**

TABLE 18

Function and program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Assessor	6	6	6	6	6	6	6	6	5	5
Attorney	12	12	12	12	12	12	12	12	12	12
Auditor-Treasurer	7	7	8	8	8	10	10	10	13	13
Buildings and maintenance	6	5	6	6	6	7	7	8	8	8
Commissioners	5	5	5	5	5	5	5	5	5	5
County administrator	3	3	3	3	3	3	3	3	3	3
Court administration	10	10	11	11	11	-	-	-	-	-
Information systems	2	2	2	2	2	2	2	2	2	2
Recorder	3	4	4	4	5	4	4	4	4	4
Treasurer	3	3	5	2	3	3	3	3	-	-
Veterans services	1	2	2	2	2	2	2	4	4	4
Victim services	2	2	2	2	2	2	2	2	2	2
Zoning	6	7	7	7	7	7	7	7	5	5
Public safety										
Emergency management	1	1	1	1	1	1	1	1	2	2
Probation	8	9	9	8	10	11	13	13	13	12
Sheriff	60	62	60	62	65	70	71	77	77	75
Highways and streets										
Highway	20	20	21	20	21	20	21	20	21	20
Health										
Public health	21	26	23	21	20	23	23	20	21	20
Human services										
Family services	55	58	57	61	61	64	68	71	71	68
Culture and recreation										
Parks and recreation	1	1	1	1	1	1	2	2	2	3
Conservation of natural resources										
Agricultural inspector	1	1	1	1	1	1	1	1	1	-
County extension service	2	2	1	3	1	1	1	1	1	1
Economic development										
Transit	7	8	8	9	11	11	11	11	12	11
Total	242	256	255	257	264	266	275	283	284	275

Notes

- A. The number of employees is based on a count of the number of employees as of December 31 of each year.
- B. The employees in the court administration department became employees of the State of Minnesota on July 1, 2005.
- C. The auditor and treasurer departments were combined on March 1, 2008.

Source: Isanti County Auditor-Treasurer's Office

(Unaudited)

This page was intentionally left blank.