

ISANTI



COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

ISANTI COUNTY
CAMBRIDGE, MINNESOTA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

**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
Government Finance Officers Association Certificate of Achievement	10
 FINANCIAL SECTION	
Independent Auditor’s Report	13
Management’s Discussion and Analysis	16
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	Exhibit 1 30
Statement of Activities	Exhibit 2 32
Fund Financial Statements	
Balance Sheet – Governmental Funds	Exhibit 3 34
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	Exhibit 4 37
Statement of Revenues, Expenditures, and Changes in Fund Balance	Exhibit 5 38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	Exhibit 6 40
Statement of Fiduciary Net Position – Fiduciary Funds	Exhibit 7 41
Combining Statement of Net Position – Discretely Presented Component Units	Exhibit 8 42
Combining Statement of Activities – Discretely Presented Component Units	Exhibit 9 43
Notes to the Financial Statements	45
Required Supplementary Information	
Budgetary Comparison Schedules	
General Fund	Schedule 1 93
Road and Bridge Special Revenue Fund	Schedule 2 96
Human Services Special Revenue Fund	Schedule 3 97
Schedule of Funding Progress	Schedule 4 98
Notes to the Required Supplementary Information	99
Combining and Individual Fund Statements and Schedules	
Budgetary Comparison Schedule – Debt Service Fund	Schedule 5 103

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

TABLE OF CONTENTS

	<u>Page</u>
Agency Funds	105
Combining Statement of Changes in Assets and Liabilities – Agency Funds	Statement 1 106
Balance Sheet – Discretely Presented Component Units	Statement 2 108
Statement of Revenues, Expenditures, and Changes in Fund Balance – Discretely Presented Component Units	Statement 3 109
Supplementary Information	
Schedule of Intergovernmental Revenue	Schedule 6 113
Schedule of Expenditures of Federal Awards	Schedule 7 114
Notes to the Schedule of Expenditures of Federal Awards	116
 STATISTICAL SECTION	
Net Position by Component	Table 1 121
Changes in Net Position	Table 2 122
Fund Balances of Governmental Funds	Table 3 124
Changes in Fund Balances of Governmental Funds	Table 4 126
Net Tax Capacity and Estimated Actual Value of Taxable Property	Table 5 128
Property Tax Rates – Direct and Overlapping Governments	Table 6 129
Principal Property Taxpayers	Table 7 130
Property Tax Levies and Collections	Table 8 131
Ratios of Outstanding Debt by Type	Table 9 132
Ratios of Net General Bonded Debt Outstanding	Table 10 133
Computation of Direct and Overlapping Debt	Table 11 134
Legal Debt Margin Information	Table 12 135
Demographic and Economic Statistics	Table 13 136
Principal Employers	Table 14 137
Percentage of Registered Voters Voting	Table 15 138
Operating Indicators by Function	Table 16 139
Capital Asset Statistics by Function	Table 17 140
County Employees by Function and Program	Table 18 141

INTRODUCTORY SECTION

This page was intentionally left blank.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

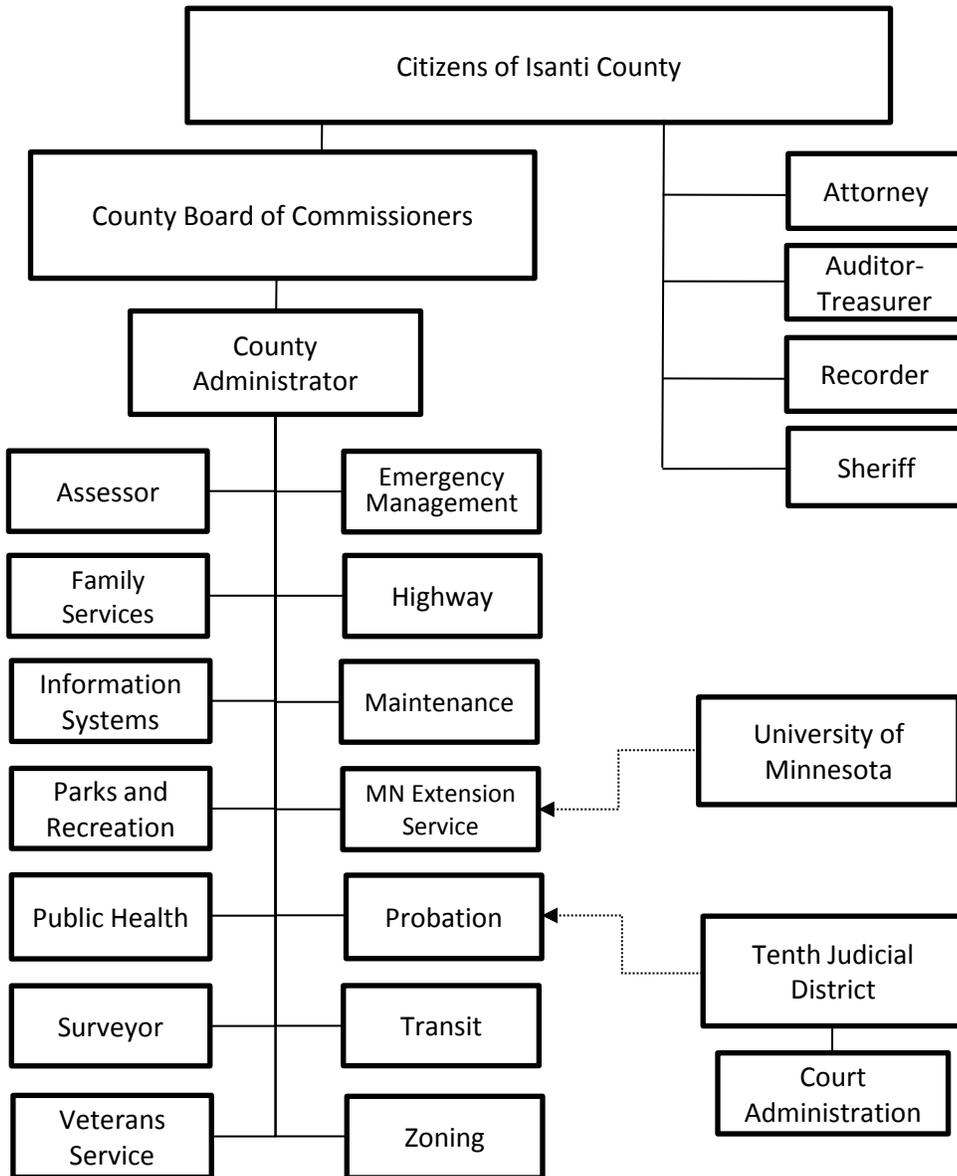
**PRINCIPAL OFFICIALS
DECEMBER 31, 2013**

Office	Name	Term Expires
Elected		
Commissioners		
District 1	George Larson	January 2015
District 2	Larry Southerland	January 2017
District 3	Greg Anderson	January 2017
District 4	Mike Warring	January 2017
District 5	Susan Morris**	January 2015
Attorney	Jeffrey R. Edblad	January 2015
Auditor-Treasurer	Terry F. Treichel	January 2015
Recorder/Registrar of Titles	Karen D. Anderson	January 2015
Sheriff	William Guenther	January 2015
Appointed		
Assessor	Michelle Moen	January 2017
Building Facilities Supervisor	Jeff Benting	Indefinite
County Administrator	Kevin VanHooser	Indefinite
Court Administrator	Monica Tschumper	Indefinite
Family Services Director	Penny Messer	Indefinite
Information Services Manager	Kristy Anderson	Indefinite
Highway Engineer	Richard Heilman	May 2014
Parks and Recreation Director	Barry Wendorf	Indefinite
Probation Director	Tim MacMillan	Indefinite
Public Health Director	Kathy Minkler	Indefinite
Surveyor	Don E. Hansen	February 2015
Transit System Director	Craig Rempp	Indefinite
Veterans Service Director	Jim Rostberg	February 2014
Zoning Administrator	Tim Anderson	Indefinite

** - Chair of the Board of Commissioners

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**ORGANIZATIONAL CHART
DECEMBER 31, 2013**





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, 2014

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

SUBJECT: 2013 Comprehensive Annual Financial Report

This Comprehensive Annual Financial Report of Isanti County is submitted for the fiscal year ended December 31, 2013. 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 all or a significant portion of three cities (Cambridge, Isanti, and Braham) and 13 townships. The County seat is Cambridge. According to the 2010 U.S. Census data, the County

has a population of 37,816 and is the 26th 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.

The County Board appoints the position of County Administrator. The County Administrator carries out the policies and ordinances of the County Board, oversees the day-to-day operations of the County, prepares the County's annual budget, and supervises the County's non-elected department heads.

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, and the Regional Director of the University of Minnesota Extension Service, who is appointed by the University of Minnesota.

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's economic condition and outlook continues to be positive. The County had been one of the fastest growing counties in Minnesota with a 20.9% population increase from 2000 to 2010. 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 various economic factors have slowed the County's growth over the last few years, the County's long-term growth potential remains strong. The Minnesota State Demographer recently projected the County's population to increase to 50,200 by 2045. This represents a projected increase of 32.8% from the 2010 census data.

As the County's population has increased, a substantial amount of commercial development has occurred in the past decade. Much of this commercial development consists of retail properties concentrated on the east side of the City of Cambridge. This concentration of retailers serves not only the County's residents but also draws customers from surrounding counties. It also contributes to the County's status as an economic hub for the entire region north of the Minneapolis-St. Paul metropolitan area.

Of course, the County's economy was not immune to the numerous economic challenges the nation faced during the recent recession. For example, the County experienced some of the highest mortgage foreclosure rates in the state during the recession. In addition, the County's

unemployment rate has been historically higher than the state average. A further concern is that the County's tax base remains largely agricultural and residential in nature with relatively little industry. As a result, a significant portion of the County's residents commute outside of the County for work.

In response to these challenges, the County actively works with several organizations to 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. Recently, the County became a participant in the Greater MSP Partnership, a public-private non-profit partnership designed to integrate and support economic development initiatives throughout the 13-county Minneapolis-St. Paul metro area.

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 preliminary 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.

The County has discussed developing a long-term financial plan to guide its financial decisions. However, a formal plan does not yet exist. The County adopted a formal fund balance policy in 2011. This policy establishes minimum fund balance levels which will help guide the County's long-term financial planning.

BUDGETARY CONTROL

Budgetary control is maintained at the department level and is subject to periodic review by the County Board.

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 judgments 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 ACHIEVMENT

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, 2012. This was the fifth year that the County 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,



Terry F. Treichel
Isanti County Auditor-Treasurer



Government Finance Officers Association

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, 2012

Executive Director/CEO

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2013 the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which represent changes in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Isanti County's basic financial statements. The introductory section, the combining and individual fund statements and schedules, the supplementary information, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014, 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, and 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* in considering Isanti County's internal control over financial reporting and compliance.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 24, 2014

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013
(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, 2013. 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 \$79,270,969 at the end of 2013. Of this amount, \$6,622,266 (8.4%) is available to finance the County's day-to-day operations and ongoing obligations to citizens and creditors.
- The County's total net position increased by \$1,288,749 during 2013. This is an increase of 1.7% from the previous year's net position.
- The governmental funds' combined fund balances decreased \$5,291,741 in 2013. Most of the fund balance decrease is related to the redemption of refunded debt through an escrow account and the use of restricted funds accumulated for highway projects.
- The County's capital assets increased \$3,259,043 (4.4%) as the County completed construction projects relating to County roads as well as the acquisition of vehicles and case management software.
- The County's total bonded debt decreased \$3,988,895 (34.3%) due primarily to the redemption of refunded debt with the proceeds from bonds issued in the previous year.

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 Position presents information on all of the County's assets and liabilities, with the difference being reported as net position. Over time, increases or decreases in the County's net position 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 position changed during the most recent fiscal year. All changes in net position 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 expenses 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, Long Lake Improvement District, and Fannie 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 30 and 32 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 five individual governmental funds: General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Debt Service Fund, and Capital Projects Fund. Each of these funds is considered a major governmental fund. 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.

The basic governmental fund financial statements can be found on pages 34 through 40 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 41 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 45 through 90 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. This report also contains required supplementary information concerning the County's progress in funding its obligation to provide post employment benefits to its employees. Required supplementary information can be found on pages 93 through 100 of this report.

This report also presents other supplementary information including the combining statements and schedules as well as information on the County's intergovernmental revenue and expenditures of federal awards. This other supplementary information can be found on pages 103 through 117 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the change in net position amounts may serve as a useful indicator of a government's financial position over time. Isanti County's assets exceeded liabilities by \$79,270,969 at the close of 2013.

Isanti County's Net Position

	Governmental Activities	
	2013	2012
Current and other assets	\$ 16,640,209	\$ 22,415,019
Capital assets	76,720,112	73,461,069
Total Assets	\$ 93,360,321	\$ 95,876,088
Long-term liabilities	\$ 11,813,400	\$ 15,255,934
Other liabilities	2,275,952	2,637,934
Total Liabilities	\$ 14,089,352	\$ 17,893,868
Net Position		
Net investment in capital assets	\$ 69,836,085	\$ 65,704,318
Restricted	2,812,618	7,169,994
Unrestricted	6,622,266	5,107,908
Total Net Position	\$ 79,270,969	\$ 77,982,220

The largest portion of Isanti County's net position, \$69,836,085 (88.1% of total net position), 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 position amount of \$2,812,618 (3.5%) represents resources whose use is restricted by external requirements such as debt covenants and legislation. The unrestricted net position amount of \$6,622,266 (8.4%) 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 position. The same situation held true for the prior fiscal year.

During the current fiscal year, Isanti County's net position increased by \$1,288,749. This represents a 1.7% increase from the previous year's net position.

Isanti County's Change in Net Position

	Governmental Activities	
	2013	2012
Revenues		
Program revenues		
Fees, fines, and charges	\$ 3,846,474	\$ 3,521,728
Operating grants and contributions	13,227,892	12,728,763
Capital grants and contributions	313,404	2,348,028
General revenues		
Property taxes	15,883,710	15,404,955
Other taxes and payments in lieu of tax	132,774	121,163
Grants not restricted to specific programs	2,012,252	2,008,849
Investment earnings	(197,605)	112,631
Gain on sale of capital assets	7,805	9,916
Miscellaneous	-	284,400
Total Revenues	\$ 35,226,706	\$ 36,540,433
Expenses		
General government	\$ 6,951,351	\$ 6,795,471
Public safety	7,983,183	7,607,613
Highways and streets	4,189,224	4,062,065
Human services	10,921,702	10,544,197
Health	1,418,525	1,211,098
Culture and recreation	588,468	576,675
Conservation of natural resources	183,452	178,213
Economic development	1,272,054	1,020,987
Interest	429,998	359,762
Total Expenses	\$ 33,937,957	\$ 32,356,081
Increase in Net Position	\$ 1,288,749	\$ 4,184,352

The County experienced a moderate increase in total expenses from the previous year. During 2013, the County negotiated new labor agreements with its employees. These labor agreements allowed for a 1.5% wage increase on April 1 and another 1.5% wage increase on July 1. As a result, the County's labor costs increased slightly from the previous year.

The County expended \$375,570 (4.9%) more on public safety during 2013 than in 2012. In addition to the employee wage adjustments, this increase is partly attributed to additional courthouse security measures implemented in 2013. For example the County expended \$72,865 on additional staffing to ensure the security of the courthouse building.

The County also experienced large percentage increases in health (17.1%) and economic development (24.6%) expenses from the previous year. These increased expenses reflect new programs and initiatives in public health and transit respectively due to additional state and federal funding. As a result, the increased expenses are largely offset through a corresponding increase in operating grant revenue.

The County's revenues decreased from the previous year. In particular, capital grants decreased \$2,034,624 (86.7%) from 2012 to 2013. In the previous year, the County received significant capital grants for road construction projects and an expansion of the 800 MHz radio system. These were project-specific capital grants, so they were not received again in 2013.

Similarly, the County also received a \$284,400 distribution as part of the East Central Solid Waste Commission (ECSWC) joint powers organization in 2012. The ECSWC occasionally distributes excess funds created by operating surpluses to participating counties. However, no operating surplus was declared for 2013, so the County did not receive any distributions.

In addition, investment income decreased \$310,236 as the County reported a negative investment income amount for 2013. The negative investment income amount primarily reflects both low returns and the significant difference between the book and fair market value of the County's investments:

Interest revenue	\$ 81,911
Net increase (decrease) in fair value of investments	<u>(279,516)</u>
Total investment income	<u>\$ (197,605)</u>

A significant portion of the County's investment portfolio consists of Federal Home Loan Bank step-up coupon bonds. Due to slight increases in interest rates, the market value of these investments decreased substantially prior to year end. At December 31, these investments carried a market value of \$3,996,121 compared to a book value of \$4,275,000. When these step-up coupon bonds are called or mature, the issuer will pay the County par value plus interest. Since the County plans to hold these investments until maturity or call, the County will eventually recover the full book value of the investment.

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, unrestricted fund balance may serve as 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 total combined ending fund balances of \$11,156,050. This is a decrease of \$5,291,741 (32.2%) in comparison with the prior year. Of the total fund balance, \$1,180,396 (10.6%) is not in spendable form (e.g. inventory) and \$2,915,793 (26.1%) is restricted in its use by external parties. The remaining \$7,059,861 (63.3%) of fund balance is considered unrestricted and available for use as determined by the County.

The General Fund is the chief operating fund of Isanti County. At the end of the current fiscal year, it has an unrestricted fund balance of \$1,923,857, while total fund balance decreased to \$3,439,620. As a measure of the General Fund's liquidity, it may be useful to compare unrestricted fund balance and total fund balance to total expenditures. The General Fund unrestricted balance represents 10.9% of total General Fund expenditures, while total fund balance represents 19.5% of the same amount.

The General Fund's total fund balance decreased by \$440,669 (11.4%) during 2013. This decrease was largely anticipated as the County budgeted to use available fund balance to maintain current service levels. The fund balance was also used to finance needed capital outlay and one-time projects.

Total expenditures in the General Fund increased \$985,159 (5.9%) from the previous year. One of the largest increases related to the Transit department, whose expenditures increased \$264,709 (27.0%) because of a transit technology grant from the State of Minnesota. The grant will allow for technology improvements including new transportation management software and the installation of routers in the County's buses. The department's expenditures also increased due to the hiring of a Master Mechanic position. This position is expected to reduce the cost of bus repairs; the position will also perform maintenance on other County vehicles.

Public Health department expenditures also increased substantially. The department expended \$216,632 (18.3%) more in 2013 than the previous year. A significant portion of this increase was related to the Health Information Exchange project. The County expended \$192,129 under this project to expand community-based collaborative health information exchange efforts. The entire project was funded through a federal grant.

Total revenues in the General Fund increased \$883,099 (5.5%) from the previous year. As indicated above, state and federal grants increased \$319,665 (12.8%) due to funding of new programs. The General Fund's property tax revenue increased \$1,040,820 (11.7%). Although the County's overall property tax levy remained flat from the previous year, the portion allocated to the General Fund increased significantly. This adjustment was made to minimize the use of fund balance in the General Fund.

The Road & Bridge Special Revenue Fund's unrestricted fund balance of \$1,305,264 at year end represents 16.9% of the fund's annual expenditures. In 2013, the total fund balance decreased \$800,993 (27.3%). The prior year's fund balance included a substantial portion of restricted highway user tax funding received from the State of Minnesota in advance of project

expenditures. As these funds were expended on projects in 2013, the fund balance decreased.

This spending down of prior year highway user tax revenue is reflected in the fund's \$1,070,310 (16.8%) increase in expenditures from the previous year. Road and bridge construction expenditures increased \$813,339 (19.1%) due to the greater number of road projects pursued by the County in 2013. In addition, the County expended \$211,748 (39.3%) more on equipment and shop supplies for the Highway department in 2013. This is due to the purchase of a sign truck and generally higher fuel prices.

The Human Services Special Revenue Fund's unrestricted fund balance of \$3,830,740 at year end represents 33.9% of the fund's annual expenditures. In 2013, the total fund balance decreased \$794,450 (16.9%) as the County budgeted to use available fund balance to maintain services and purchase new case management software. The decline in fund balance resulted from a shift in the allocation of the property tax levy. Since the Human Services Fund had more available fund balance than the General Fund, property taxes previously allocated to Human Services were redirected to the General Fund. This was a one-time adjustment to even out fund balance levels.

The Debt Service Fund had a total fund balance of \$1,390,039 at year end. In 2013, the fund balance decreased \$3,274,497 (70.2%). The decrease is the result of the refunding of the General Obligation Jail Bonds, Series 2003A and 2004A to take advantage of favorable interest rates. Those bonds were retired with proceeds from debt issued in 2012 and held in escrow until 2013.

The Capital Projects Fund had a total fund balance of \$295,020 at year end. In 2013, the fund balance increased \$18,868 (6.8%) as the County received the final federal reimbursement for the 800 MHz radio system project completed in 2012. There were no new projects started in the fund during 2013.

General Fund Budgetary Highlights

During 2013, there was a \$252,788 increase in appropriations between the original and final amended budget. The largest increase in appropriations was made to the Transit department for technology improvements to the County's bus system. As mentioned above, the County received additional state grant revenue and a contribution from Chisago County to finance most of this project, which contributed to an overall increase to the revenue budget of \$164,809. Other increases in appropriations during 2013 represented funding for new land appraisal software, building security upgrades, vehicle replacements, and a veterans support program. Appropriations also increased to reflect prior years' unspent funds carried over to fund surveyor projects as well as the purchase of bike trail signs.

The General Fund's actual expenditures exceeded budgeted amounts by \$418,873 in 2013. This is partly due to the approval of the new labor contracts, which included an unbudgeted cost of living adjustment in 2013. This higher wage cost is mitigated somewhat through a greater

employee contribution for health insurance benefits.

In addition, the Sheriff department’s actual expenditures exceeded budgeted amounts by \$334,579. A significant portion of this variance is related to the purchase of items through available restricted fund balance or items ultimately reimbursed through other entities. For example, the County purchased a Viper 911 system using enhanced 911 funding from the State of Minnesota. This funding can only be used to improve the 911 system. The County also budgeted for only its share of support for the countywide records management system. For efficiency purposes, the County instead paid the full cost and the local cities reimbursed the County for their use of the system.

However, the County largely offset these higher than anticipated expenditure amounts through additional revenues. For 2013, the General Fund’s actual revenues were \$316,234 more than budgeted amounts. These extra revenues were partly driven by the demand for certain services. For example, license and permit revenue was significantly higher as building permits rose due to the gradual recovery in the housing market and gun permits spiked to unprecedented levels.

Finally, a significant portion of the budget to actual variance for tax revenue is offset by the variance in forfeited tax sale expenditures. The County budgeted for minimal forfeited tax activity in 2013. However, the County ultimately collected \$325,651 in the General Fund through the sale of forfeited properties. While the County retains a portion of these revenues, a significant amount is expended to maintain the properties or distributed to other taxing districts. These outflows are reported as expenditures in the General Fund.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Long-Term Debt

At the end of 2013, Isanti County had total outstanding bonded debt of \$7,635,010 which was backed by the full faith, credit, and taxing powers of the County.

Isanti County’s Outstanding Bonded Debt

	Governmental Activities	
	2013	2012
General obligation bonds and notes, net	\$ 7,635,010	\$ 11,623,905

The County’s outstanding bonded debt decreased \$3,988,895 (34.3%) during 2013 largely due to the completion of the crossover advanced refunding of the General Obligation Jail Bonds, Series 2003A and 2004A. In 2012, the County issued \$3,110,000 General Obligation Jail Refunding Bonds, Series 2012A to retire the 2003A and 2004A bonds. Since the bond issuance was structured as a “crossover advance refunding” transaction, the County was obligated for both the new (issued) and old (refunded) debt until the “crossover date” of February 1, 2013. As of December 31, 2013, the old bonds have been fully redeemed and the County is only obligated for

debt service on the Series 2012A bonds.

The County also continued regular debt service payments on its other general obligation bonds and notes. The debt service payments included \$900,000 in principal and \$298,386 in interest.

The County currently maintains an “Aa3” 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 Note 2.C.4 to the financial statements on pages 71 through 73 of this report.

Capital Assets

Isanti County’s investment in capital assets for its governmental activities at December 31, 2013, totaled \$76,720,112 (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 \$3,259,043 (4.4%) from the previous year.

Isanti County’s Capital Assets (net of depreciation)

	Governmental Activities	
	2013	2012
Land	\$ 4,855,836	\$ 4,824,377
Buildings	12,256,484	12,737,873
Improvements other than buildings	655,889	670,320
Machinery, furniture, and equipment	3,362,905	3,307,425
Infrastructure	55,266,644	51,737,146
Construction in progress	322,354	183,928
Total	\$ 76,720,112	\$ 73,461,069

In 2013, the major capital asset events included the following:

- The County implemented an electronic document management system in the Family Services department. This system will greatly improve the department’s efficiency by transitioning it to a paperless environment. The County expended \$149,697 on the software needed to implement the system.
- The County completed road and bridge construction projects at a cost of \$4,924,143, including related right-of-way purchases.

- The County purchased seven vehicles at a cost of \$248,857. The County also entered into a capital lease for five more vehicles at a capitalized cost of \$73,495. These vehicles will replace aging vehicles in the County's fleet and reduce the maintenance and repair costs associated with the older vehicles.

Additional information on the County's capital assets can be found in Note 2.A.3 to the financial statements on pages 64 and 65 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The County's population continues to grow slowly. According to the 2010 census data, the County's population is 37,816. The Minnesota State Demographer estimates the county's population at 38,235 as of 2012 (the most recent date available).

The County's average unemployment rate for 2013 was 6.0%, which is a decrease from the rate of 6.8% a year ago. This compares unfavorably to the state's average unemployment rate of 5.1%, but is an improvement on the national average rate of 7.4%.

All of these factors were considered in preparing the County's budget for the 2014 fiscal year.

On December 18, 2013, the Isanti County Board of Commissioners approved the 2014 budget in the amount of \$36,325,424. This budget included a net property tax levy of \$16,479,667, which is 6.48% more than the previous year's levy.

The levy increase was intended to prevent further use of the County's fund balances. The 2014 budget does not include any use of fund balance despite a modest 2.81% increase in expenditures over the previous year's budget.

In 2014, the County expects an additional \$376,832 in county program aid from the State of Minnesota. The state has also exempted counties from paying sales taxes on most purchases, which should result in a substantial cost savings for the County.

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 POSITION
DECEMBER 31, 2013**

<u>Assets</u>	<u>Primary Government Governmental Activities</u>	<u>Discretely Presented Component Units</u>
Cash and pooled investments	\$ 10,918,233	\$ 183,265
Petty cash and change funds	3,900	-
Departmental cash	28,961	-
Taxes receivable		
Prior - net	745,348	210
Special assessments receivable		
Prior - net	-	3,681
Accounts receivable - net	238,035	-
Accrued interest receivable	19,746	-
Due from other governments	3,257,422	-
Leases receivable		
Due within one year - net	83,642	-
Due in more than one year - net	107,761	-
Loans receivable		
Due within one year - net	11,368	-
Due in more than one year - net	45,397	-
Inventories	815,827	-
Prepaid items	364,569	978
Capital assets		
Non-depreciable	5,178,190	-
Depreciable - net of accumulated depreciation	71,541,922	32,049
Total Assets	\$ 93,360,321	\$ 220,183

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

***EXHIBIT 1
(Continued)***

**STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	Primary Government Governmental Activities	Discretely Presented Component Units
<u>Liabilities</u>		
Accounts payable	\$ 713,652	\$ 104
Salaries payable	229,320	-
Due to other governments	617,433	-
Contracts payable	250,020	-
Accrued interest payable	91,868	-
Deposits held for others	3,855	-
Unearned revenue	369,804	-
Long-term liabilities		
Due within one year	1,631,288	-
Due in more than one year	10,182,112	-
	\$ 14,089,352	\$ 104
<u>Net Position</u>		
Net investment in capital assets	\$ 69,836,085	\$ 32,049
Restricted for		
General government	947,098	-
Public safety	256,746	-
Culture and recreation	26,890	-
Debt service	1,286,864	-
Capital projects	295,020	-
Unrestricted	6,622,266	188,030
	\$ 79,270,969	\$ 220,079

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Discretely Presented Component Units
Functions/Programs						
Primary Government						
Governmental Activities						
General government	\$ 6,951,351	\$ 1,543,712	\$ 311,735	\$ -	\$ (5,095,904)	
Public safety	7,983,183	640,151	764,341	-	(6,578,691)	
Highways and streets	4,189,224	163,373	4,038,564	255,379	268,092	
Human services	10,921,702	1,213,233	6,027,360	-	(3,681,109)	
Health	1,418,525	156,999	984,873	-	(276,653)	
Culture and recreation	588,468	2,755	3,700	-	(582,013)	
Conservation of natural resources	183,452	328	102,501	-	(80,623)	
Economic development	1,272,054	125,923	994,818	58,025	(93,288)	
Interest	429,998	-	-	-	(429,998)	
Total Primary Government	\$ 33,937,957	\$ 3,846,474	\$ 13,227,892	\$ 313,404	\$ (16,550,187)	
Discretely Presented Component Units	\$ 83,616	\$ 40,165	\$ 26,734	\$ -		\$ (16,717)
General Revenues						
Property taxes				\$ 15,883,710	\$ -	
Mortgage registry and deed tax				28,089	-	
Payments in lieu of tax				104,685	-	
Grants and contributions not restricted to specific programs				2,012,252	-	
Investment income				(197,605)	-	
Gain on sale of capital assets				7,805	-	
Total General Revenues				\$ 17,838,936	\$ -	
Change in Net Position				\$ 1,288,749	\$ (16,717)	
Net Position - Beginning				77,982,220	236,796	
Net Position - Ending				\$ 79,270,969	\$ 220,079	

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, 2013**

	General	Road and Bridge	Human Services
<u>Assets</u>			
Cash and pooled investments	\$ 3,777,717	\$ 1,634,934	\$ 3,834,461
Petty cash and change funds	3,900	-	-
Departmental cash	28,961	-	-
Taxes receivable			
Prior - net	437,051	96,561	159,211
Accounts receivable - net	143,336	111	94,588
Accrued interest receivable	19,746	-	-
Due from other governments	666,913	1,741,004	849,505
Due from other funds	63,359	19,794	24,114
Leases receivable - net	191,403	-	-
Loans receivable - net	56,765	-	-
Inventories	-	815,827	-
Prepaid items	285,029	15,062	64,478
	\$ 5,674,180	\$ 4,323,293	\$ 5,026,357
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 260,569	\$ 106,244	\$ 346,839
Salaries payable	156,494	16,422	56,404
Contracts payable	-	250,020	-
Due to other funds	50,355	3,050	60,309
Due to other governments	475,992	5,364	136,077
Unearned revenue	369,804	-	-
Deposits held for others	-	3,855	-
	\$ 1,313,214	\$ 384,955	\$ 599,629
Deferred Inflows of Resources			
Unavailable revenue	\$ 921,346	\$ 1,802,185	\$ 531,510
Fund Balances			
Nonspendable	\$ 285,029	\$ 830,889	\$ 64,478
Restricted	1,230,734	-	-
Committed	429,431	-	-
Assigned	503,833	1,305,264	3,830,740
Unassigned	990,593	-	-
	\$ 3,439,620	\$ 2,136,153	\$ 3,895,218
	\$ 5,674,180	\$ 4,323,293	\$ 5,026,357

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

EXHIBIT 3

Debt Service	Capital Projects	Total Governmental Funds
\$ 1,376,101	\$ 295,020	\$ 10,918,233
-	-	3,900
-	-	28,961
52,525	-	745,348
-	-	238,035
-	-	19,746
-	-	3,257,422
6,447	-	113,714
-	-	191,403
-	-	56,765
-	-	815,827
-	-	364,569
\$ 1,435,073	\$ 295,020	\$ 16,753,923
\$ -	\$ -	\$ 713,652
-	-	229,320
-	-	250,020
-	-	113,714
-	-	617,433
-	-	369,804
-	-	3,855
\$ -	\$ -	\$ 2,297,798
\$ 45,034	\$ -	\$ 3,300,075
\$ -	\$ -	1,180,396
1,390,039	295,020	2,915,793
-	-	429,431
-	-	5,639,837
-	-	990,593
\$ 1,390,039	\$ 295,020	\$ 11,156,050
\$ 1,435,073	\$ 295,020	\$ 16,753,923

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

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 POSITION--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013**

Fund Balances - Total Governmental Funds (Exhibit 3)	\$	11,156,050
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		76,720,112
Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		3,300,075
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(91,868)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds and notes	\$ (7,525,000)	
Unamortized premium on bonds	(110,010)	
Capital leases	(81,316)	
Other post-employment benefits liability	(2,452,619)	
Compensated absences	<u>(1,644,455)</u>	<u>(11,813,400)</u>
Net Position of Governmental Activities (Exhibit 1)	\$	<u>79,270,969</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
Revenues			
Taxes	\$ 9,949,798	\$ 2,049,290	\$ 3,031,569
Licenses and permits	368,483	-	-
Intergovernmental	4,430,197	4,714,512	6,246,403
Charges for services	1,501,198	127,742	745,794
Fines and forfeits	69,898	-	-
Gifts and contributions	167,737	-	-
Investment earnings	(204,480)	-	-
Miscellaneous	807,974	35,631	467,439
Total Revenues	\$ 17,090,805	\$ 6,927,175	\$ 10,491,205
Expenditures			
Current			
General government	\$ 6,586,624	\$ -	\$ -
Public safety	7,595,785	-	-
Highways and streets	-	7,444,081	-
Human services	-	-	11,285,655
Health	1,401,438	-	-
Culture and recreation	177,811	-	-
Conservation of natural resources	183,442	-	-
Economic development	1,279,176	-	-
Intergovernmental	387,570	269,276	-
Debt service			
Principal	7,798	-	-
Interest	1,040	-	-
Administrative (fiscal) charges	-	-	-
Total Expenditures	\$ 17,620,684	\$ 7,713,357	\$ 11,285,655
Excess of Revenues Over (Under) Expenditures	\$ (529,879)	\$ (786,182)	\$ (794,450)
Other Financing Sources (Uses)			
Transfers in	\$ -	\$ -	\$ -
Transfers out	(28,805)	-	-
Capital leases	89,114	-	-
Insurance proceeds	21,096	-	-
Sale of capital assets	7,805	-	-
Payment to refunded bond escrow agent	-	-	-
Total Other Financing Sources (Uses)	\$ 89,210	\$ -	\$ -
Net Change in Fund Balance	\$ (440,669)	\$ (786,182)	\$ (794,450)
Fund Balance - January 1	3,880,289	2,937,146	4,689,668
Increase (decrease) in inventories	-	(14,811)	-
Fund Balance - December 31	\$ 3,439,620	\$ 2,136,153	\$ 3,895,218

EXHIBIT 5

Debt Service	Capital Projects	Total Governmental Funds
\$ 982,981	\$ -	\$ 16,013,638
-	-	368,483
16,975	18,868	15,426,955
-	-	2,374,734
-	-	69,898
-	-	167,737
2,378	-	(202,102)
-	-	1,311,044
\$ 1,002,334	\$ 18,868	\$ 35,530,387
\$ -	\$ -	\$ 6,586,624
-	-	7,595,785
-	-	7,444,081
-	-	11,285,655
-	-	1,401,438
-	-	177,811
-	-	183,442
-	-	1,279,176
-	-	656,846
900,000	-	907,798
298,386	-	299,426
7,250	-	7,250
\$ 1,205,636	\$ -	\$ 37,825,332
\$ (203,302)	\$ 18,868	\$ (2,294,945)
\$ 28,805	\$ -	\$ 28,805
-	-	(28,805)
-	-	89,114
-	-	21,096
-	-	7,805
(3,100,000)	-	(3,100,000)
\$ (3,071,195)	\$ -	\$ (2,981,985)
\$ (3,274,497)	\$ 18,868	\$ (5,276,930)
4,664,536	276,152	16,447,791
-	-	(14,811)
\$ 1,390,039	\$ 295,020	\$ 11,156,050

**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, 2013**

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ (5,276,930)

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	\$ 5,744,766	
Net book value of assets disposed or sold	(6,723)	
Current year depreciation	<u>(2,479,000)</u>	3,259,043

Receivables not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. The adjustment to revenues between the fund statements and the statement of activities is the increase (decrease) in unavailable revenue.

Unavailable revenue - December 31	\$ 3,300,075	
Unavailable revenue - January 1	<u>(3,308,945)</u>	(8,870)

The issuance of long-term debt (e.g. bonds and leases) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt. (89,114)

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

Principal paid on general obligation debt	\$ 900,000	
Principal paid on capital leases	7,798	
Payment to escrow agent for refunding	<u>3,100,000</u>	4,007,798

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	\$ 64,749	
Amortization of discounts, premiums, and deferred issuance charges	(188,071)	
Change in compensated absences	(105,866)	
Change in other post-employment benefits payable	(359,179)	
Change in inventories	<u>(14,811)</u>	<u>(603,178)</u>

Change in Net Position of Governmental Activities (Exhibit 2) \$ 1,288,749

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013**

	<u>Agency</u>
<u>Assets</u>	
Cash and pooled investments	<u>\$ 742,665</u>
<u>Liabilities</u>	
Due to other governments	<u>\$ 742,665</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 8

**COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2013**

	Green Lake Improvement District	Long Lake Improvement District	Fannie Lake Improvement District	Total Discrete Component Units
<u>Assets</u>				
Cash and pooled investments	\$ 34,814	\$ 127,079	\$ 21,372	\$ 183,265
Taxes receivable				
Prior - net	210	-	-	210
Special assessments receivable				
Prior - net	-	2,134	1,547	3,681
Prepaid items	85	15	878	978
Capital assets				
Depreciable - net	32,049	-	-	32,049
Total Assets	\$ 67,158	\$ 129,228	\$ 23,797	\$ 220,183
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 104	\$ -	\$ 104
<u>Net Position</u>				
Investment in capital assets	\$ 32,049	\$ -	\$ -	\$ 32,049
Unrestricted	35,109	129,124	23,797	188,030
Total Net Position	\$ 67,158	\$ 129,124	\$ 23,797	\$ 220,079

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

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 9

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Total</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>Fannie Lake Improvement District</u>	
<u>Component Units</u>							
Green Lake Improvement District	\$ 23,126	\$ 1,431	\$ 4,900	\$ (16,795)	\$ -	\$ -	\$ (16,795)
Long Lake Improvement District	45,692	16,735	17,279	-	(11,678)	-	(11,678)
Fannie Lake Improvement District	14,798	21,999	4,555	-	-	11,756	11,756
Total Component Units	\$ 83,616	\$ 40,165	\$ 26,734	\$ (16,795)	\$ (11,678)	\$ 11,756	\$ (16,717)
Net Position - Beginning				83,953	140,802	12,041	236,796
Net Position - Ending				\$ 67,158	\$ 129,124	\$ 23,797	\$ 220,079

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, 2013

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, 2013. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

During 2013, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement Nos. 61 and 65. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, modifies and clarifies the requirements for inclusion of component units and their presentation in the primary government's financial statements. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items previously reported as assets and liabilities. See Note 1.D.7 for additional information regarding the County's deferred inflows/outflows of resources. Restatements of December 31, 2012, net position or fund balance were not required as a result of adopting these changes in accounting principles.

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:

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Blended Component Unit (Continued)

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 meets the criteria to be reported as a blended component unit because a voting majority of the EDA's board consists of the five County Commissioners.

The EDA currently operates exclusively 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, 2013.

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 Fannie Lake Improvement District was established by the Isanti County Board of Commissioners on August 3, 2010, 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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Discretely Presented Component Units (Continued)

The Blue Lake Improvement District was established by the Isanti County Board of Commissioners on November 6, 2013, 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. As of December 31, 2013, the District has not conducted any operations. Therefore, the District's financial activity is not included in the accompanying financial statements for the year ended December 31, 2013.

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 6.

Joint Ventures and Jointly-Governed Organization

The County participates in several joint ventures which are described in Note 5.B. The County also participates in a jointly-governed organization which is described in Note 5.C.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position 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.

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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

In the government-wide statement of net position, 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 position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. 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 columns in the fund financial statements. The County reports all of its governmental funds as major 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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The Road and Bridge Special Revenue Fund accounts for the construction and maintenance of roads, bridges, and other projects affecting County roadways. These projects are primarily funded by restricted revenue from the federal and state governments as well as assigned property tax revenue.

The Human Services Special Revenue Fund accounts for economic assistance and community social services programs. These programs are primarily funded by restricted revenue from the federal and state governments as well as assigned property tax revenue.

The Debt Service Fund accounts for financial resources that are restricted, committed, or assigned to be used for principal and interest payments on County debt.

The Capital Projects Fund accounts for financial resources that are restricted, committed, or assigned to be used for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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 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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

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, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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, 2013, 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. In 2013, the County reports negative investment earnings of \$202,102 due to a decrease in the market value of investments.

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. The investment in the pool is measured at the net asset value per share provided by the pool.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

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).

The 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 “advances to/from component units.”

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 nonspendable fund balance account in the General Fund to indicate that they are not in spendable form.

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.

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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

3. Inventories and Prepaid Items (Continued)

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. 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 activities 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.

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
Computer software	5 to 20
Machinery and equipment	5 to 20

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

5. 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.

6. 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 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.

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.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County reports no deferred outflows of resources.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

7. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item that qualifies for reporting in this category, and it occurs only under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, grants, and other revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Classification of Net Position

Net position in the government-wide financial statements is classified in the following categories:

Net investment in capital assets is the amount of net position representing capital assets, net of accumulated depreciation, reduced by outstanding balances of any debt attributed to the acquisition, construction, or improvement of those assets.

Restricted is the amount of net position subject to external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions and enabling legislation.

Unrestricted is the amount of net position that does not meet the definition of “restricted net position” or “net investment in capital assets.”

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are as follows:

Nonspendable is the amount of fund balance that cannot be spent because it is either not in spendable form or is legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted is the amount of fund balance subject to external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions and enabling legislation.

Committed is the amount of fund balance that can only be used for the specific purposes imposed by formal action (i.e. resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (i.e. resolution) it employed to previously commit those amounts.

Assigned is the amount of fund balance the County intends to use for specific purposes but does not meet the criteria to be classified as “restricted” or “committed.” In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board. The County Board has also adopted a fund balance policy that delegates authority to assign fund balance to the County Administrator and Finance Director.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

9. Fund Balance (Continued)

Unassigned is the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Further detail on fund balance classifications is available in Note 2.E.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance amounts, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The County has adopted a minimum fund balance policy for the General Fund, Road and Bridge Special Revenue Fund, and Human Services Special Revenue Fund. The County does not have a minimum fund balance policy for its other funds.

In the General Fund, the policy requires a minimum unrestricted fund balance at the end of the fiscal year equivalent to 30% of the subsequent year's budgeted fund operating expenditures.

In the Road and Bridge Special Revenue Fund, the policy requires a minimum unrestricted fund balance at the end of the fiscal year equivalent to 20% of the subsequent year's budgeted fund operating expenditures.

In the Human Services Special Revenue Fund, the policy requires a minimum unrestricted fund balance at the end of the fiscal year equivalent to 30% of the subsequent year's budgeted fund operating expenditures.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

9. Fund Balance (Continued)

If the fund balance at the end of the fiscal year is less than the minimum amounts, the policy requires the County to develop a plan to increase fund balance over a period not to exceed five years.

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.

2. 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 position	
Governmental activities	
Cash and pooled investments	\$ 10,918,233
Petty cash and change funds	3,900
Departmental cash	28,961
Discretely presented component units	
Cash and pooled investments	183,265
Statement of fiduciary net position	
Cash and pooled investments	<u>742,665</u>
Total Cash and Investments	<u>\$ 11,877,024</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Deposits	\$ 6,672,542
Petty cash and change funds	3,900
Departmental cash	28,961
Investments	<u>5,171,621</u>
 Total Deposits, Cash on Hand, and Investments	 <u>\$ 11,877,024</u>

Deposits

The County is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The County is required by Minn. Stat. § 118A.03 to protect deposits with 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, 2013, the County's deposits were not exposed to custodial credit risk as the market value of collateral was greater than the amount on deposit.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

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.

The County may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- (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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

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.

At December 31, 2013, the County had the following investments and maturities:

<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	\$ 4,240,494	\$ -	\$ -	\$ 4,240,494
Negotiable certificates of deposit	739,991	-	495,444	244,547
MAGIC Fund	191,136	191,136	-	-
Total Investments	<u>\$ 5,171,621</u>	<u>\$ 191,136</u>	<u>\$ 495,444</u>	<u>\$ 4,485,041</u>

In accordance with the County's investment policy, total long term investments with maturities greater than five years should not exceed 25 percent of the investment portfolio. The County's investments exceeded this limitation as of December 31, 2013. In response, the County will review its policy to determine if the limitation is appropriate and consider changes to its investments as needed.

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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Credit Risk (Continued)

Following is a summary of the credit risk and fair values of the County's investments as of December 31, 2013:

<u>Investment Type</u>	<u>Moody's/S&P Rating</u>	<u>Carrying (Fair) Value</u>
U.S. government agency securities	Aaa/AA+	\$ 3,387,748
U.S. government agency securities	NR/AA+	852,746
Negotiable certificates of deposit	NR/NR	739,991
MAGIC fund	NR/NR	<u>191,136</u>
Total Investments		<u>\$ 5,171,621</u>

NR – Not Rated

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, 2013, 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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Concentration of Credit Risk (Continued)

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

Issuer	Reported Amount
Federal Home Loan Bank	\$ 3,996,121

2. Receivables

Receivables at December 31, 2013, for the County's governmental activities, including any applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes	\$ 745,348	\$ -
Accounts	238,035	-
Accrued interest	19,746	-
Due from other governments	3,257,422	-
Leases	191,403	107,761
Loans	56,765	45,397
Total Governmental Activities	\$ 4,508,719	\$ 153,158

Loans Receivable

The County currently has outstanding contracts for deed with nine landowners for the purchase of tax forfeited properties. The following is a summary of these outstanding contracts for deeds as of December 31, 2013:

	Original Loan Amount	Amount Repaid To Date	Outstanding Balance
General Fund	\$ 90,942	\$ 34,177	\$ 56,765

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

2. Receivables

Loans Receivable (Continued)

The contracts for deeds have varying repayment schedules. The final payment on the contracts for deeds is scheduled to be received in October 2022.

Leases Receivable

The County has leased portions of the Oakview Office Complex to the State of Minnesota to be used as office space. One of the lease agreements expires on August 31, 2014, and the other lease agreement expires on September 30, 2015.

The County has also leased part of the Cambridge library building to the East Central Regional Library to be used as office space. The lease agreement expires on December 31, 2014.

The County has leased land behind the Isanti County Government Center to Md7 Capital Three LLC for placement of a communications tower. The lease agreement expires on June 9, 2035, although there are no rent amounts due for periods after December 31, 2028.

Amounts due under the lease agreements have been recorded as leases receivable and unearned revenue in the General Fund at December 31, 2013. The amounts for 2014 are considered current and due within one year. Amounts remaining to be paid are as follows:

Year	Office Space	Communications Tower	Total
2014	\$ 77,992	\$ 5,650	\$ 83,642
2015	21,376	5,650	27,026
2016	-	5,650	5,650
2017	-	6,046	6,046
2018	-	6,046	6,046
2019-2023	-	30,650	30,650
2024-2028	-	32,343	32,343
Total	\$ 99,368	\$ 92,035	\$ 191,403

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

Primary Government

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 4,824,377	\$ 31,459	\$ -	\$ 4,855,836
Construction in progress	183,928	322,354	183,928	322,354
Total capital assets not depreciated	<u>\$ 5,008,305</u>	<u>\$ 353,813</u>	<u>\$ 183,928</u>	<u>\$ 5,178,190</u>
Capital assets depreciated				
Buildings	\$ 19,366,321	\$ -	\$ -	\$ 19,366,321
Improvements other than buildings	813,947	19,411	-	833,358
Machinery, furniture, and equipment	10,018,835	662,786	247,044	10,434,577
Infrastructure	70,647,995	4,892,684	-	75,540,679
Total capital assets depreciated	<u>\$ 100,847,098</u>	<u>\$ 5,574,881</u>	<u>\$ 247,044</u>	<u>\$ 106,174,935</u>
Less: accumulated depreciation for				
Buildings	\$ 6,628,448	\$ 481,389	\$ -	\$ 7,109,837
Improvements other than buildings	143,627	33,842	-	177,469
Machinery, furniture, and equipment	6,711,410	600,583	240,321	7,071,672
Infrastructure	18,910,849	1,363,186	-	20,274,035
Total accumulated depreciation	<u>\$ 32,394,334</u>	<u>\$ 2,479,000</u>	<u>\$ 240,321</u>	<u>\$ 34,633,013</u>
Total capital assets depreciated, net	<u>\$ 68,452,764</u>	<u>\$ 3,095,881</u>	<u>\$ 6,723</u>	<u>\$ 71,541,922</u>
Primary Government Capital Assets, Net	<u>\$ 73,461,069</u>	<u>\$ 3,449,694</u>	<u>\$ 190,651</u>	<u>\$ 76,720,112</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. 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	\$	398,334
Public safety		507,077
Highways and streets, including depreciation of infrastructure assets		1,444,271
Human services		24,059
Health		585
Culture and recreation		29,261
Economic development		75,413
		\$ 2,479,000
Total		\$ 2,479,000

B. Interfund Receivables, Payables, and Transfers

Interfund Balances

The composition of interfund balances as of December 31, 2013, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Human Services Fund	\$ 60,309	Services provided
General Fund	Road and Bridge Fund	3,050	Services provided
Road and Bridge Fund	General Fund	19,794	Services provided and tax sale proceeds
Human Services Fund	General Fund	24,114	Services provided and tax sale proceeds
Debt Service Fund	General Fund	6,447	Tax sale proceeds
		\$ 113,714	
Total Due To/From Other Funds			

Interfund Transfers

The County transferred \$28,805 from the General Fund to the Debt Service Fund. The transfer was made to allocate interest revenue earned on the Debt Service Fund's share of the cash and pooled investments.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds (Continued)

C. Liabilities

1. Payables

Payables at December 31, 2013, are as follows:

	Governmental Activities
Accounts	\$ 713,652
Salaries	229,320
Contracts	250,020
Due to other governments	617,433
Accrued interest	91,868
Total Governmental Activities	\$ 1,902,293

2. Unearned Revenue

Unearned revenue consists of grant resources received, but not yet earned, as well as amounts receivable from leases. The unearned revenue as of December 31, 2013, is as follows:

	Unearned Grant Revenue	Unearned Lease Revenue	Total Unearned Revenue
General Fund	\$ 178,401	\$ 191,403	\$ 369,804

3. 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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities

3. Other Post-Employment Benefits

Plan Description (Continued)

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.

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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities

3. Other Post-Employment Benefits (Continued)

Participants

Participants of the plan consisted of the following at January 1, 2012, the date of the most recent actuarial valuation:

Active employees	236
Retired employees	64
Spouses of retirees	<u>8</u>
Total plan participants	<u><u>308</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 2013, the County expended \$367,442 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.

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 2013, the amount actuarially contributed to the plan, and changes in the County’s net OPEB obligation.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities

3. Other Post-Employment Benefits

Annual OPEB Cost and Net OPEB Obligation (Continued)

Annual required contribution (ARC)	\$	762,863
Interest on net OPEB obligation		94,205
Adjustment to ARC		(130,447)
Annual OPEB cost		726,621
Contributions during the year		(367,442)
Increase in net OPEB obligation		359,179
Net OPEB – beginning of the year		2,093,440
 Net OPEB – end of the year	 \$	 2,452,619

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2011	\$ 710,924	\$ 347,849	48.93%	\$ 1,723,510
December 31, 2012	734,064	364,134	49.61%	2,093,440
December 31, 2013	726,621	367,442	50.57%	2,452,619

Funded 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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities

3. Other Post-Employment Benefits

Funded Status (Continued)

	Actuarial Valuation Date January 1, 2012
Actuarial accrued liability (AAL)	\$ 8,792,555
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 8,792,555
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 11,793,658
UAAL as a percentage of covered payroll	74.55%

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**

2. Detailed Notes on All Funds

C. Liabilities

3. 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, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent investment rate of return. The actuarial assumptions also included an annual health care cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after six years for plan participants age 65 and under. For plan participants over age 65, the health care cost trend rate is 5.0 percent. All rates include a 2.5 percent inflation assumption. 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, 2013, was a weighted period of 24 years.

4. Long-Term Debt

Bonds and Notes Payable

Bonds and notes payable as of December 31, 2013, consist of the following issues:

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities

4. Long-Term Debt

Bonds and Notes Payable (Continued)

Description of Issue	Outstanding Balance December 31, 2013
\$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.	\$ 1,445,000
\$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.	135,000
\$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
\$680,000 General Obligation Capital Notes, Series 2010A; due in annual installments of \$60,000 to \$155,000 through February 1, 2020; with interest rates of 1.30 to 2.65 percent.	680,000
\$3,110,000 General Obligation Jail Refunding Bonds, Series 2012A; due in annual installments of \$175,000 to \$395,000 through February 1, 2022; with interest rate of 2.00 percent.	3,110,000
Total Bonds and Notes Payable	\$ 7,525,000
Plus: unamortized premium	110,010
Total Bonds and Notes Payable, Net	\$ 7,635,010

Crossover of Refunding Bonds

In 2012, the County issued \$3,110,000 General Obligation Jail Refunding Bonds, Series 2012A. The bonds were issued to advance refund \$1,875,000 of the County's \$2,770,000 General Obligation Jail Bonds, Series 2003A and \$1,225,000 of the County's \$1,400,000 General Obligation Jail Bonds, Series 2004A. On the February 1, 2013, crossover date, the bonds were refunded and the County reports no further liability for the Series 2003A or 2004A bonds.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities

4. Long-Term Debt (Continued)

Debt Service Requirements

Debt service requirements at December 31, 2013, were as follows:

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2014	\$ 710,000	\$ 210,100
2015	730,000	189,741
2016	745,000	170,214
2017	770,000	149,603
2018	790,000	128,539
2019-2023	3,780,000	315,898
Total	\$ 7,525,000	\$ 1,164,095

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 11,525,000	\$ -	\$ 4,000,000	\$ 7,525,000	\$ 710,000
Plus: deferred amounts for issuance premiums	124,368	-	14,358	110,010	-
Less: deferred amounts for issuance discounts	(25,463)	-	(25,463)	-	-
Total bonds payable	\$ 11,623,905	\$ -	\$ 3,988,895	\$ 7,635,010	\$ 710,000
Capital lease payable	-	89,114	7,798	81,316	19,689
Net OPEB payable	2,093,440	726,621	367,442	2,452,619	-
Compensated absences	1,538,589	1,273,053	1,167,187	1,644,455	901,599
Governmental Activity Long-Term Liabilities	\$ 15,255,934	\$ 2,088,788	\$ 5,531,322	\$ 11,813,400	\$ 1,631,288

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

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities (Continued)

5. Construction Commitments

The County has active construction projects as of December 31, 2013. The projects and related commitments include the following:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental Activities		
Roads	\$ 5,980,691	\$ 314,335

6. Lease Obligations

Capital Leases

In 2013, the County entered into a lease agreement as lessee for financing the acquisition of five vehicles valued at \$73,495 and a tractor valued at \$15,619. These lease agreements qualify as a capital lease for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The leased vehicles have a five-year estimated useful life. This year, \$4,058 was included in depreciation expense for the vehicles.

Since the ownership of the tractor transfers to the County at the end of the lease term, the tractor is being depreciated over the four year lease term. This year, \$87 was included in depreciation expense for the tractor.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013, were as follows:

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities

6. Lease Obligations

Capital Leases (Continued)

<u>Year Ending December 31</u>	<u>Vehicles</u>	<u>Tractor</u>	<u>Total</u>
2014	\$ 20,440	\$ 5,431	\$ 25,871
2015	20,440	5,431	25,871
2016	20,440	1	20,441
2017	18,823	-	18,823
2018	8,947	-	8,947
Total minimum lease payments	\$ 89,090	\$ 10,863	\$ 99,953
Less: amount representing interest	(17,962)	(675)	(18,637)
Present value of minimum lease payments	<u>\$ 71,128</u>	<u>\$ 10,188</u>	<u>\$ 81,316</u>

Operating Leases

The County has 26 operating leases for office equipment with varying expiration dates. 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 \$107,957 in 2013. The last of the leases is scheduled to expire in March 2018.

The following is a schedule of future minimum operating lease payments:

<u>Year</u>	<u>Minimum Lease Payments</u>
2014	\$ 63,702
2015	56,174
2016	43,316
2017	11,104
2018	525
Total	<u>\$ 174,821</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds (Continued)

D. Deferred Inflows of Resources

Unavailable Revenue

Deferred inflows consist of amounts receivable from taxes and other revenue sources that are not considered available to pay current liabilities.

The unavailable revenue as of December 31, 2013, is as follows:

Fund	Delinquent Taxes	Other Unavailable Revenues	Total Unavailable Revenue
General Fund	\$ 367,499	\$ 553,847	\$ 921,346
Road and Bridge Fund	81,377	1,720,808	1,802,185
Human Services Fund	136,237	395,273	531,510
Debt Service Fund	45,034	-	45,034
Total	\$ 630,147	\$ 2,669,928	\$ 3,300,075

E. Fund Balance

1. Nonspendable Fund Balance

The detail of nonspendable fund balance at December 31, 2013 is as follows:

	General	Road and Bridge	Human Services	Total
Nonspendable:				
Inventory	\$ -	\$ 815,827	\$ -	\$ 815,827
Prepaid items	285,029	15,062	64,478	364,569
Total Nonspendable	\$ 285,029	\$ 830,889	\$ 64,478	\$ 1,180,396

2. Restricted Fund Balance

The detail of restricted fund balance at December 31, 2013, is as follows:

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

E. Fund Balance

2. Restricted Fund Balance (Continued)

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Restricted for:				
Missing heirs	\$ 22,762	\$ -	\$ -	\$ 22,762
Law library	52,657	-	-	52,657
Recorder's technology	553,322	-	-	553,322
Land records compliance	259,142	-	-	259,142
DARE	4,533	-	-	4,533
Enhanced 911 system	143,322	-	-	143,322
Sheriff contingency	5,000	-	-	5,000
Attorney operations	48,972	-	-	48,972
Sheriff operations	11,925	-	-	11,925
Law enforcement	3,304	-	-	3,304
Permit to carry program	88,662	-	-	88,662
County parks and recreation	26,890	-	-	26,890
Ditch maintenance	10,243	-	-	10,243
Debt service	-	1,390,039	-	1,390,039
Public safety equipment	-	-	295,020	295,020
Total Restricted	<u>\$ 1,230,734</u>	<u>\$ 1,390,039</u>	<u>\$ 295,020</u>	<u>\$ 2,915,793</u>

3. Committed Fund Balance

The detail of committed fund balance at December 31, 2013, is as follows:

	<u>General Fund</u>
Committed for:	
County parks and recreation	\$ 198,229
Township parks	145,792
AED program	476
Safety and rescue program	5,320
Jail operations	69,378
Project lifesaver	7,198
Sheriff explorer program	1,183
Sheriff K-9 program	1,855
Total Committed	<u>\$ 429,431</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

2. Detailed Notes on All Funds

E. Fund Balance (Continued)

4. Assigned Fund Balance

The detail of assigned fund balance at December 31, 2013, is as follows:

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Total</u>
Assigned for:				
Building maintenance	\$ 503,833	\$ -	\$ -	\$ 503,833
Highways and streets	-	1,305,264	-	1,305,264
Human services	-	-	3,830,740	3,830,740
Total Assigned	<u>\$ 503,833</u>	<u>\$ 1,305,264</u>	<u>\$ 3,830,740</u>	<u>\$ 5,639,837</u>

3. 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 General 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.

General 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 and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description (Continued)

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. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years. Members eligible for membership before July 1, 2010, are fully vested after three years of service.

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. Defined retirement benefits are based on a member's average yearly 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 General Employees Retirement Fund 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 remaining year. 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 remaining 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 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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Plan Description (Continued)

For all General 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 General 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 General 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. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.60 percent. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

Funding Policy (Continued)

The County is required to contribute the following percentages of annual covered payroll in 2013:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.25
Public Employees Police and Fire Fund	14.40
Public Employees Correctional Fund	8.75

The County's contributions for the years ending December 31, 2013, 2012, and 2011, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Employees Retirement Fund	\$ 746,644	\$ 690,144	\$ 690,736
Public Employees Police and Fire Fund	203,381	197,668	198,659
Public Employees Correctional Fund	133,262	128,415	127,369

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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Employee Retirement Systems and Pension Plans

B. Defined Contribution Plan (Continued)

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 5.00 percent of salary, which is matched by the employer. Employees may 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, 2013, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 4,882	\$ 4,882
Percentage of covered payroll	5.00%	5.00%

Required contribution rates were 5.00 percent.

4. 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). 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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Risk Management (Continued)

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 \$470,000 per claim in 2013 and \$480,000 per claim in 2014. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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. These deductible amounts were \$3,000 (single coverage) and \$6,000 (family coverage) in 2013 and 2014. The County is self-insured for a portion of the cost of healthcare claims up to the deductible for each employee. The County's share of the claims costs up to the deductible varies according to the plan selected by each employee. 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:

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Risk Management (Continued)

	2013	2012
Unpaid claims – January 1	\$ 42,928	\$ 65,428
Current year claims	492,381	472,342
Claim payments	(487,167)	(494,842)
Unpaid claims – December 31	\$ 48,142	\$ 42,928

The County also offers its employees a healthcare savings account (HSA) option as an alternative to the traditional health benefit plan. The County is not self-insured for any portion of the HSA option.

5. 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
CAMBRIDGE, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

East Central Regional Library (Continued)

Isanti County's contribution for 2013 was \$385,480. 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.

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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

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 Counties 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 2013 was \$6,250. St. Louis and Lake Counties Regional Railroad Authority serves as the fiscal agent.

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. Isanti County entered into the joint powers agreement effective January 1, 2010.

Isanti County's contribution for 2013 was \$14,160. 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
CAMBRIDGE, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organization (Continued)

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.

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

6. 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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

6. Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies (Continued)

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.

The Fannie 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 all three entities as discrete component units. The fiscal dependency criterion applies because the County Board of Commissioners' approval is required for any of the entities to levy taxes or issue debt.

Basis of Presentation

The Green Lake Improvement District, Long Lake Improvement District, and Fannie Lake Improvement District all present their activities as a single governmental fund.

Basis of Accounting

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

Cash and Pooled Investments

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

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

6. Discretely Presented Component Unit Disclosures (Continued)

B. Detailed Notes on All Funds

1. Assets

Receivables

Receivables as of December 31, 2013, for each discretely presented component unit, including any applicable allowances for uncollectible accounts, are as follows:

	Green Lake Improvement District	Long Lake Improvement District	Fannie Lake Improvement District	Total
Taxes	\$ 210	\$ -	\$ -	\$ 210
Special assessments	-	2,134	1,547	3,681
Total Component Units	<u>\$ 210</u>	<u>\$ 2,134</u>	<u>\$ 1,547</u>	<u>\$ 3,891</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 and Fannie Lake Improvement District do not have any capital assets as of December 31, 2013.

The Green Lake Improvement District capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated Improvements other than buildings	\$ 76,909	\$ -	\$ -	\$ 76,909
Less: accumulated depreciation	41,015	3,845	-	44,860
Component Unit Capital Assets, Net	<u>\$ 35,894</u>	<u>\$ (3,845)</u>	<u>\$ -</u>	<u>\$ 32,049</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

6. Discretely Presented Component Unit Disclosures

B. Detailed Notes on All Funds

1. Assets

Capital Assets (Continued)

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

Green Lake Improvement District	\$ 3,845
---------------------------------	----------

2. Deferred Inflows of Resources

Unavailable Revenue

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

The unavailable revenue as of December 31, 2013, is as follows:

	Green Lake Improvement District	Long Lake Improvement District	Fannie Lake Improvement District	Total
Delinquent taxes	\$ 210	\$ -	\$ -	\$ 210
Delinquent special assessments	-	2,097	1,443	3,540
Total Component Units	\$ 210	\$ 2,097	\$ 1,443	\$ 3,750

3. Fund Balance

Nonspendable Fund Balance

The detail of nonspendable fund balance at December 31, 2013, is as follows:

	Green Lake Improvement District	Long Lake Improvement District	Fannie Lake Improvement District	Total
Nonspendable Prepaid items	\$ 85	\$ 15	\$ 878	\$ 978

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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 9,462,136	\$ 9,462,136	\$ 9,949,798	\$ 487,662
Licenses and permits	223,730	223,730	368,483	144,753
Intergovernmental	4,063,488	4,196,836	4,430,197	233,361
Charges for services	1,699,084	1,699,084	1,501,198	(197,886)
Fines and forfeits	47,000	47,000	69,898	22,898
Gifts and contributions	171,500	171,500	167,737	(3,763)
Investment earnings	150,000	150,000	(204,480)	(354,480)
Miscellaneous	792,824	824,285	807,974	(16,311)
Total Revenues	\$ 16,609,762	\$ 16,774,571	\$ 17,090,805	\$ 316,234
Expenditures				
Current				
General government				
Commissioners	\$ 256,175	\$ 256,175	\$ 238,430	\$ 17,745
Courts	79,750	79,750	59,217	20,533
Law library	29,103	29,103	43,283	(14,180)
County administration	1,055,006	1,055,006	993,558	61,448
County auditor-treasurer	883,161	883,161	872,031	11,130
Auditing and accounting services	45,000	45,000	34,352	10,648
County assessor	364,009	380,727	375,430	5,297
Elections	13,000	13,000	12,926	74
Management information systems	494,821	494,821	480,310	14,511
Central services	5,000	5,000	9,892	(4,892)
Attorney	1,203,298	1,203,298	1,220,731	(17,433)
Recorder	271,462	271,462	326,508	(55,046)
Surveyor	44,100	59,683	60,041	(358)
Geographic information systems	28,600	28,600	37,768	(9,168)
Planning and zoning	414,811	414,811	465,633	(50,822)
Buildings and maintenance	947,187	947,187	890,460	56,727
Veterans services	154,194	183,129	181,451	1,678
County contingency	50,000	50,000	21,266	28,734
Appropriations	62,190	62,190	62,190	-
Forfeited tax sale	-	-	201,147	(201,147)
Total general government	\$ 6,400,867	\$ 6,462,103	\$ 6,586,624	\$ (124,521)

(Continues)

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

*Schedule 1
(Continued)*

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<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	\$ 5,851,175	\$ 5,898,454	\$ 6,233,033	\$ (334,579)
Probation and parole	1,015,371	1,015,371	1,060,637	(45,266)
Medical examiner	103,939	103,939	103,939	-
Emergency management	145,197	187,776	198,176	(10,400)
Total public safety	\$ 7,115,682	\$ 7,205,540	\$ 7,595,785	\$ (390,245)
Health				
Public health	\$ 1,467,890	\$ 1,467,890	\$ 1,401,438	\$ 66,452
Culture and recreation				
Parks	\$ 174,339	\$ 174,339	\$ 157,591	\$ 16,748
Bike trails	-	1,694	1,694	-
Historical society	17,100	17,100	17,100	-
Ceremonies for veterans	1,000	1,000	1,426	(426)
Total culture and recreation	\$ 192,439	\$ 194,133	\$ 177,811	\$ 16,322
Conservation of natural resources				
Extension service	\$ 141,770	\$ 141,770	\$ 137,442	\$ 4,328
Soil and water conservation	27,000	27,000	37,000	(10,000)
Agricultural society and county fair	9,000	9,000	9,000	-
Total conservation of natural resources	\$ 177,770	\$ 177,770	\$ 183,442	\$ (5,672)
Economic development				
Transit	\$ 1,156,345	\$ 1,256,345	\$ 1,243,737	\$ 12,608
Economic development	34,358	34,358	29,189	5,169
Rail authority	15,312	15,312	6,250	9,062
Total economic development	\$ 1,206,015	\$ 1,306,015	\$ 1,279,176	\$ 26,839
Intergovernmental				
Library	\$ 388,360	\$ 388,360	\$ 387,570	\$ 790

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

*Schedule 1
(Continued)*

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Debt service				
Principal	\$ -	\$ -	\$ 7,798	\$ (7,798)
Interest	-	-	1,040	(1,040)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,838</u>	<u>\$ (8,838)</u>
Total Expenditures	<u>\$ 16,949,023</u>	<u>\$ 17,201,811</u>	<u>\$ 17,620,684</u>	<u>\$ (418,873)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ (339,261)</u>	<u>\$ (427,240)</u>	<u>\$ (529,879)</u>	<u>\$ (102,639)</u>
Other Financing Sources (Uses)				
Transfers out	\$ -	\$ -	\$ (28,805)	\$ (28,805)
Capital leases	-	-	89,114	89,114
Insurance proceeds	-	-	21,096	21,096
Sale of capital assets	-	-	7,805	7,805
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,210</u>	<u>\$ 89,210</u>
Net Change in Fund Balance	<u>\$ (339,261)</u>	<u>\$ (427,240)</u>	<u>\$ (440,669)</u>	<u>\$ (13,429)</u>
Fund Balance - January 1	<u>3,880,289</u>	<u>3,880,289</u>	<u>3,880,289</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 3,541,028</u>	<u>\$ 3,453,049</u>	<u>\$ 3,439,620</u>	<u>\$ (13,429)</u>

The notes to the required supplementary information are an integral part of this schedule.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,014,737	\$ 2,014,737	\$ 2,049,290	\$ 34,553
Intergovernmental	3,814,051	3,814,051	4,714,512	900,461
Charges for services	133,300	133,300	127,742	(5,558)
Miscellaneous	2,000	2,000	35,631	33,631
Total Revenues	<u>\$ 5,964,088</u>	<u>\$ 5,964,088</u>	<u>\$ 6,927,175</u>	<u>\$ 963,087</u>
Expenditures				
Current				
Highways and streets				
Administration	\$ 340,904	\$ 340,904	\$ 338,762	\$ 2,142
Maintenance	1,276,228	1,318,654	1,273,161	45,493
Construction	3,370,662	3,550,580	5,080,867	(1,530,287)
Equipment and shop	781,701	799,678	751,291	48,387
Total highways and streets	<u>\$ 5,769,495</u>	<u>\$ 6,009,816</u>	<u>\$ 7,444,081</u>	<u>\$ (1,434,265)</u>
Intergovernmental				
Town roads	<u>260,593</u>	<u>260,593</u>	<u>269,276</u>	<u>(8,683)</u>
Total Expenditures	<u>\$ 6,030,088</u>	<u>\$ 6,270,409</u>	<u>\$ 7,713,357</u>	<u>\$ (1,442,948)</u>
Net Change in Fund Balance	<u>\$ (66,000)</u>	<u>\$ (306,321)</u>	<u>\$ (786,182)</u>	<u>\$ (479,861)</u>
Fund Balance - January 1	2,937,146	2,937,146	2,937,146	-
Increase (decrease) in inventories	<u>-</u>	<u>-</u>	<u>(14,811)</u>	<u>(14,811)</u>
Fund Balance - December 31	<u>\$ 2,871,146</u>	<u>\$ 2,630,825</u>	<u>\$ 2,136,153</u>	<u>\$ (494,672)</u>

The notes to the required supplementary information are an integral part of this schedule.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 3

**BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,966,830	\$ 2,966,830	\$ 3,031,569	\$ 64,739
Intergovernmental	6,715,613	6,715,613	6,246,403	(469,210)
Charges for services	511,925	511,925	745,794	233,869
Miscellaneous	384,614	384,614	467,439	82,825
Total Revenues	\$ 10,578,982	\$ 10,578,982	\$ 10,491,205	\$ (87,777)
Expenditures				
Current				
Human services				
Income maintenance	\$ 3,358,176	\$ 3,358,176	\$ 3,336,263	\$ 21,913
Social services	8,018,005	8,018,005	7,949,392	68,613
Total Expenditures	\$ 11,376,181	\$ 11,376,181	\$ 11,285,655	\$ 90,526
Net Change in Fund Balance	\$ (797,199)	\$ (797,199)	\$ (794,450)	\$ 2,749
Fund Balance - January 1	4,689,668	4,689,668	4,689,668	-
Fund Balance - December 31	\$ 3,892,469	\$ 3,892,469	\$ 3,895,218	\$ 2,749

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 4

**SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN
DECEMBER 31, 2013**

Actuarial valuation date	January 1, 2008	January 1, 2010	January 1, 2012
Actuarial value of plan assets	\$ -	\$ -	\$ -
Actuarial accrued liability	<u>8,621,249</u>	<u>8,526,956</u>	<u>8,792,555</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,621,249</u>	<u>\$ 8,526,956</u>	<u>\$ 8,792,555</u>
Funded ratio	0.00%	0.00%	0.00%
Covered payroll	\$ 11,198,374	\$ 11,573,397	\$ 11,793,658
UAAL as percentage of covered payroll	76.99%	73.68%	74.55%

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

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 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.

Expenditures in Excess of Appropriations

For the year ended December 31, 2013, 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, 2013

Budgetary Information (Continued)

Fund or Department	Excess
General Fund	
Law library	\$ 14,180
Central services	4,892
Attorney	17,433
Recorder	55,046
Surveyor	358
Geographic information systems	9,168
Planning and zoning	50,822
Forfeited tax sale	201,147
Sheriff	334,579
Probation and parole	45,266
Emergency management	10,400
Ceremonies for veterans	426
Soil and water conservation	10,000
Debt service	8,838
Road and Bridge Fund	
Construction	1,530,287
Town roads	8,683

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

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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 961,078	\$ 961,078	\$ 982,981	\$ 21,903
Intergovernmental	16,529	16,529	16,975	446
Investment earnings	-	-	2,378	2,378
Total Revenues	\$ 977,607	\$ 977,607	\$ 1,002,334	\$ 24,727
Expenditures				
Debt service				
Principal	\$ 900,000	\$ 900,000	\$ 900,000	\$ -
Interest	77,607	77,607	298,386	(220,779)
Administrative charges	-	-	7,250	(7,250)
Total Expenditures	\$ 977,607	\$ 977,607	\$ 1,205,636	\$ (228,029)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (203,302)	\$ (203,302)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 28,805	\$ 28,805
Payment to refunded bond escrow agent	-	-	(3,100,000)	(3,100,000)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (3,071,195)	\$ (3,071,195)
Net Change in Fund Balance	\$ -	\$ -	\$ (3,274,497)	\$ (3,274,497)
Fund Balance - January 1	4,664,536	4,664,536	4,664,536	-
Fund Balance - December 31	\$ 4,664,536	\$ 4,664,536	\$ 1,390,039	\$ (3,274,497)

This page was intentionally left blank.

**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 1

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<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	<u>\$ 115,955</u>	<u>\$ 5,391,246</u>	<u>\$ 5,392,292</u>	<u>\$ 114,909</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 115,955</u>	<u>\$ 5,391,246</u>	<u>\$ 5,392,292</u>	<u>\$ 114,909</u>
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 432,808</u>	<u>\$ 44,743,715</u>	<u>\$ 44,629,787</u>	<u>\$ 546,736</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 432,808</u>	<u>\$ 44,743,715</u>	<u>\$ 44,629,787</u>	<u>\$ 546,736</u>
<u>COLLABORATIVE</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 69,048</u>	<u>\$ 174,509</u>	<u>\$ 162,537</u>	<u>\$ 81,020</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 69,048</u>	<u>\$ 174,509</u>	<u>\$ 162,537</u>	<u>\$ 81,020</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Statement 1
(Continued)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 617,811</u>	<u>\$ 50,309,470</u>	<u>\$ 50,184,616</u>	<u>\$ 742,665</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 617,811</u>	<u>\$ 50,309,470</u>	<u>\$ 50,184,616</u>	<u>\$ 742,665</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Statement 2

**BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2013**

	Green Lake Improvement District	Long Lake Improvement District	Fannie Lake Improvement District	Total
<u>Assets</u>				
Cash and pooled investments	\$ 34,814	\$ 127,079	\$ 21,372	\$ 183,265
Taxes receivable				
Prior	210	-	-	210
Special assessments receivable				
Prior	-	2,134	1,547	3,681
Prepaid items	85	15	878	978
Total Assets	\$ 35,109	\$ 129,228	\$ 23,797	\$ 188,134
 <u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
Liabilities				
Accounts payable	\$ -	\$ 104	\$ -	\$ 104
Deferred Inflows of Resources				
Unavailable revenue	\$ 210	\$ 2,097	\$ 1,443	\$ 3,750
Fund Balances				
Nonspendable	\$ 85	\$ 15	\$ 878	\$ 978
Unassigned	34,814	127,012	21,476	183,302
Total Fund Balances	\$ 34,899	\$ 127,027	\$ 22,354	\$ 184,280
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 35,109	\$ 129,228	\$ 23,797	\$ 188,134
 <u>Reconciliation of Fund Balance to Net Position</u>				
Fund Balance				\$ 184,280
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				32,049
Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements, but are recognized as revenue when earned in the government-wide statements.				3,750
Net Position				\$ 220,079

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Statement 3

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Green Lake Improvement District</u>	<u>Long Lake Improvement District</u>	<u>Fannie Lake Improvement District</u>	<u>Total</u>
Revenues				
Taxes	\$ 891	\$ -	\$ -	\$ 891
Special assessments	-	16,821	21,181	38,002
Intergovernmental	4,900	10,779	4,555	20,234
Gifts and contributions	-	6,500	-	6,500
Miscellaneous	1,431	789	-	2,220
	<u>1,431</u>	<u>789</u>	<u>-</u>	<u>2,220</u>
Total Revenues	<u>\$ 7,222</u>	<u>\$ 34,889</u>	<u>\$ 25,736</u>	<u>\$ 67,847</u>
Expenditures				
Current				
Conservation of natural resources	\$ 19,281	\$ 45,692	\$ 14,798	\$ 79,771
Debt service				
Principal retirement	-	-	3,335	3,335
	<u>-</u>	<u>-</u>	<u>3,335</u>	<u>3,335</u>
Total Expenditures	<u>\$ 19,281</u>	<u>\$ 45,692</u>	<u>\$ 18,133</u>	<u>\$ 83,106</u>
Net Change in Fund Balance	<u>\$ (12,059)</u>	<u>\$ (10,803)</u>	<u>\$ 7,603</u>	<u>\$ (15,259)</u>
Fund Balance - January 1	<u>46,958</u>	<u>137,830</u>	<u>14,751</u>	<u>199,539</u>
Fund Balance - December 31	<u><u>\$ 34,899</u></u>	<u><u>\$ 127,027</u></u>	<u><u>\$ 22,354</u></u>	<u><u>\$ 184,280</u></u>

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

Net Change in Fund Balance	\$ (15,259)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(948)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these 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 position.	<u>3,335</u>
Net Change in Net Position	<u><u>\$ (16,717)</u></u>

This page was intentionally left blank.

SUPPLEMENTARY INFORMATION

This page was intentionally left blank.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 6

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Governmental Funds	Discretely Presented Component Units
Shared Revenue		
State		
Highway users tax	\$ 4,087,003	\$ -
Market value credit	220,123	-
PERA rate reimbursement	37,531	-
Disparity reduction aid	41,541	-
County program aid	1,593,057	-
Police aid	144,769	-
E-911	118,631	-
	\$ 6,242,655	\$ -
Reimbursement for Services		
State		
Minnesota department of human services	\$ 677,240	\$ -
Payments		
Local		
Payments in lieu of taxes	\$ 104,685	\$ -
Grants		
State		
Minnesota department/board of		
Corrections	\$ 298,907	\$ -
Public safety	55,751	-
Transportation	937,504	-
Peace officer standards and training	6,152	-
Health	201,425	-
Natural resources	7,343	20,234
Human services	3,069,444	-
Soil and water resources	102,501	-
Veteran's affairs	12,500	-
Pollution control agency	108,074	-
	\$ 4,799,601	\$ 20,234
Federal		
Department of		
Agriculture	\$ 401,871	\$ -
Justice	17,209	-
Transportation	429,288	-
Education	5,877	-
Health and human services	2,557,159	-
Homeland security	191,370	-
	\$ 3,602,774	\$ -
Total State and Federal Grants	\$ 8,402,375	\$ 20,234
Total Intergovernmental Revenue	\$ 15,426,955	\$ 20,234

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 7

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 189,461
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	<u>212,410</u>
Total U.S. Department of Agriculture		<u>\$ 401,871</u>
U.S. Department of Justice		
Passed Through Minnesota Department of Public Safety Law Enforcement Assistance Narcotics and Dangerous Drugs Training Violence Against Women Formula Grants	16.004 16.588	\$ 5,496 10,000
Passed Through Minnesota Coalition Against Sexual Assault Violence Against Women Formula Grants	16.588	<u>1,713</u>
Total U.S. Department of Justice		<u>\$ 17,209</u>
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation Formula Grants for Rural Areas	20.509	\$ 421,641
Passed Through Kanabec County Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	<u>9,868</u>
Total U.S. Department of Transportation		<u>\$ 431,509</u>
U.S. Department of Education		
Passed Through Independent School District 139 Special Education-Grants for Infants and Families	84.181	<u>\$ 5,877</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 7
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	\$ 56,431
Universal Newborn Hearing Screening	93.251	375
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	300
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	407
PPHF 2012 National Public Health Improvement Initiative	93.507	1,800
Temporary Assistance for Needy Families (TANF)	93.558	31,812
State Grants to Promote Health Information Technology - ARRA	93.719	192,129
Maternal and Child Health Services Block Grant to the States	93.994	36,983
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families	93.556	12,583
Temporary Assistance for Needy Families (TANF)	93.558	340,280
Child Support Enforcement	93.563	930,775
Refugee and Entrant Assistance State Administered Programs	93.566	460
Child Care and Development Block Grant	93.575	20,189
Community-Based Child Abuse Prevention Grants	93.590	12,500
Stephanie Tubbs Jones Child Welfare Services Program	93.645	6,291
Foster Care Title IV-E	93.658	123,481
Social Services Block Grant	93.667	209,966
Chafee Foster Care Independence Program	93.674	4,596
Children's Health Insurance Program	93.767	102
Medical Assistance Program	93.778	840,830
Block Grants for Community Mental Health Services	93.958	6,626
Passed Through National Association of County and City Health Officials		
Medical Reserve Corps Small Grant Program	93.008	11,000
Total U.S. Department of Health and Human Services		\$ 2,839,916
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety		
Emergency Management Performance Grants	97.042	\$ 23,734
Homeland Security Grant Program	97.067	109,514
Total U.S. Department of Homeland Security		\$ 133,248
Total Federal Awards		\$ 3,829,630

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Isanti County. The County's reporting entity is defined in Note 1 to the financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Isanti County under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Isanti County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Isanti County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

4. Reconciliation to Schedule of Intergovernmental Revenues

Federal grant revenue per Schedule of Intergovernmental Revenues	\$ 3,602,774
Grants received more than 60 days after year-end unavailable in 2013	
Formula Grants for Rural Areas	47,417
Temporary Assistance for Needy Families (TANF)	79,766
Child Care and Development Block Grant	2,217
Foster Care Title IV-E	14,714
Medical Assistance	183,908
Block Grants for Community Mental Health Services	6,626
Unavailable in 2012, recognized as revenue in 2013	
Formula Grants for Rural Areas	(45,196)
Temporary Assistance for Needy Families (TANF)	(1,136)
Child Care and Development Block Grant	(2,008)
Foster Care Title IV-E	(1,330)
Homeland Security Grant Program	(58,122)
	(58,122)
Expenditures Per Schedule of Expenditures of Federal Awards	\$ 3,829,630

5. Subrecipients

Of the expenditures presented in the schedule, Isanti County provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
20.509	Formula Grants for Rural Areas	\$ 235,852
97.067	Homeland Security Grant Program	10,000
	Total	\$ 245,852

6. American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.

This page was intentionally left blank.

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.	121
Revenue Capacity These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.	128
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.	132
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.	136
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.	139

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

TABLE 1

Isanti County
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities					
Net investment in capital assets	\$ 40,824,860	\$ 43,684,647	\$ 49,603,612	\$ 52,831,962	\$ 54,446,421
Restricted	1,652,284	2,028,957	1,833,944	1,948,487	3,400,339
Unrestricted	<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>
Total net position	<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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities					
Net investment in capital assets	\$ 56,848,424	\$ 59,519,487	\$ 62,259,821	\$ 65,704,318	\$ 69,836,085
Restricted	2,644,040	2,541,138	2,710,869	7,169,994	2,812,618
Unrestricted	<u>10,858,149</u>	<u>9,929,622</u>	<u>8,827,178</u>	<u>5,107,908</u>	<u>6,622,266</u>
Total net position	<u>\$ 70,350,613</u>	<u>\$ 71,990,247</u>	<u>\$ 73,797,868</u>	<u>\$ 77,982,220</u>	<u>\$ 79,270,969</u>

Note

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

Source: Isanti County's annual financial statements

Isanti County
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

TABLE 2

	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 5,249,287	\$ 5,491,008	\$ 5,448,844	\$ 6,025,655
Public safety	5,125,504	5,015,073	5,884,399	6,511,479
Human services	9,160,593	8,677,376	9,423,712	11,106,826
Highways and streets	1,931,377	3,910,593	2,906,716	3,282,783
Sanitation	113,336	-	-	-
Health	1,242,222	1,337,553	1,438,786	1,107,556
Culture and recreation	427,298	521,885	625,225	659,006
Conservation of natural resources	233,669	241,606	299,708	267,419
Economic development	636,553	744,030	862,950	944,630
Interest on long-term debt	322,900	273,299	365,060	383,033
Total expenses	\$ 24,442,739	\$ 26,212,423	\$ 27,255,400	\$ 30,288,387
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$ 2,269,199	\$ 1,998,197	\$ 1,465,758	\$ 1,702,688
Public safety	426,281	821,779	675,416	925,642
Human services	766,912	532,212	405,709	676,303
Other activities	557,965	695,598	1,056,817	887,282
Operating grants and contributions	8,370,562	8,423,376	9,936,564	11,049,266
Capital grants and contributions	1,702,523	2,851,537	2,029,510	1,514,686
Total program revenues	\$ 14,093,442	\$ 15,322,699	\$ 15,569,774	\$ 16,755,867
Net (expense)/revenue	\$ (10,349,297)	\$ (10,889,724)	\$ (11,685,626)	\$ (13,532,520)
General revenues and other changes in net position				
Governmental activities:				
Property taxes	\$ 10,328,885	\$ 11,195,225	\$ 11,780,833	\$ 12,573,581
Mortgage registry and deed tax	91,342	55,737	35,237	17,451
Other taxes	348	8,271	67	15
Payments in lieu of tax	60,789	33,691	96,433	97,020
Unrestricted grants and contributions	3,001,600	2,902,096	2,969,987	2,960,026
Investment earnings	329,323	354,817	550,972	664,535
Miscellaneous	6,474	6,781	25,734	13,000
Total general revenues	\$ 13,818,761	\$ 14,556,618	\$ 15,459,263	\$ 16,325,628
Change in net position	\$ 3,469,464	\$ 3,666,894	\$ 3,773,637	\$ 2,793,108

Note

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

Source: Isanti County's annual financial statements

TABLE 2
(Continued)

	2008	2009	2010	2011	2012	2013
\$	6,620,404	\$ 6,591,869	\$ 6,767,121	\$ 6,661,923	\$ 6,795,471	\$ 6,951,351
	7,082,556	7,094,295	7,142,537	7,519,474	7,607,613	7,983,183
	11,613,036	11,084,262	10,594,462	10,319,979	10,544,197	10,921,702
	3,565,275	3,299,519	4,106,582	4,109,487	4,062,065	4,189,224
	-	-	-	-	-	-
	1,354,755	1,216,814	1,250,008	1,309,613	1,211,098	1,418,525
	622,107	643,483	645,831	643,122	576,675	588,468
	314,305	235,756	199,123	186,696	178,213	183,452
	1,116,949	1,167,543	1,141,796	1,186,538	1,020,987	1,272,054
	401,745	394,573	364,800	367,851	359,762	429,998
\$	<u>32,691,132</u>	<u>\$ 31,728,114</u>	<u>\$ 32,212,260</u>	<u>\$ 32,304,683</u>	<u>\$ 32,356,081</u>	<u>\$ 33,937,957</u>
\$	1,797,427	\$ 1,292,802	\$ 1,290,686	\$ 1,427,540	\$ 1,504,847	\$ 1,543,712
	811,549	664,955	547,551	617,972	588,869	640,151
	534,788	824,407	788,526	756,581	1,028,226	1,213,233
	653,974	510,296	403,804	453,330	399,786	449,378
	11,357,076	11,633,272	11,773,796	12,876,149	12,728,763	13,227,892
	1,823,365	2,649,333	1,814,223	765,625	2,348,028	313,404
\$	<u>16,978,179</u>	<u>\$ 17,575,065</u>	<u>\$ 16,618,586</u>	<u>\$ 16,897,197</u>	<u>\$ 18,598,519</u>	<u>\$ 17,387,770</u>
\$	<u>(15,712,953)</u>	<u>\$ (14,153,049)</u>	<u>\$ (15,593,674)</u>	<u>\$ (15,407,486)</u>	<u>\$ (13,757,562)</u>	<u>\$ (16,550,187)</u>
\$	13,852,738	\$ 14,260,397	\$ 14,375,278	\$ 14,215,049	\$ 15,404,955	\$ 15,883,710
	90,762	22,296	20,400	21,691	20,266	28,089
	17	-	-	35	-	-
	96,400	101,345	100,207	98,934	100,897	104,685
	2,724,515	3,030,663	2,571,256	2,691,364	2,008,849	2,012,252
	456,703	273,722	166,167	185,734	112,631	(197,605)
	-	-	-	2,300	294,316	7,805
\$	<u>17,221,135</u>	<u>\$ 17,688,423</u>	<u>\$ 17,233,308</u>	<u>\$ 17,215,107</u>	<u>\$ 17,941,914</u>	<u>\$ 17,838,936</u>
\$	<u>1,508,182</u>	<u>\$ 3,535,374</u>	<u>\$ 1,639,634</u>	<u>\$ 1,807,621</u>	<u>\$ 4,184,352</u>	<u>\$ 1,288,749</u>

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

TABLE 3

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General fund				
Reserved	\$ 469,233	\$ 818,218	\$ 963,218	\$ 883,150
Unreserved	5,135,143	5,082,859	4,641,755	3,722,239
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 5,604,376</u>	<u>\$ 5,901,077</u>	<u>\$ 5,604,973</u>	<u>\$ 4,605,389</u>
All other governmental funds				
Reserved	\$ 1,027,125	\$ 1,035,266	\$ 954,317	\$ 786,628
Unreserved, reported in:				
Special revenue funds	4,557,513	5,151,032	6,138,638	5,501,822
Debt service fund	923,407	1,161,822	1,049,618	1,232,621
Capital projects fund	944,222	48,495	(921,297)	(490,888)
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 7,452,267</u>	<u>\$ 7,396,615</u>	<u>\$ 7,221,276</u>	<u>\$ 7,030,183</u>

Note

Isanti County implemented GASB 54 for the fiscal year ended December 31, 2011. Prior year amounts were not restated.

Source: Isanti County's annual financial statements

TABLE 3
(Continued)

2008	2009	2010	2011	2012	2013
\$ 1,020,160	\$ 1,119,923	\$ 1,197,942	\$ -	\$ -	\$ -
3,655,617	3,218,112	4,004,329	-	-	-
-	-	-	244,149	258,332	285,029
-	-	-	1,087,236	1,228,074	1,230,734
-	-	-	436,478	430,013	429,431
-	-	-	525,000	503,833	503,833
-	-	-	2,005,329	1,460,037	990,593
<u>\$ 4,675,777</u>	<u>\$ 4,338,035</u>	<u>\$ 5,202,271</u>	<u>\$ 4,298,192</u>	<u>\$ 3,880,289</u>	<u>\$ 3,439,620</u>
\$ 572,194	\$ 818,083	\$ 1,344,227	\$ -	\$ -	\$ -
5,439,472	5,909,472	4,831,556	-	-	-
1,352,409	1,390,366	1,418,813	-	-	-
1,150,837	270,875	146,545	-	-	-
-	-	-	889,769	909,486	895,367
-	-	-	1,766,348	6,079,476	1,685,059
-	-	-	5,356,070	5,578,540	5,136,004
<u>\$ 8,514,912</u>	<u>\$ 8,388,796</u>	<u>\$ 7,741,141</u>	<u>\$ 8,012,187</u>	<u>\$ 12,567,502</u>	<u>\$ 7,716,430</u>

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

TABLE 4

	2004	2005	2006	2007
Revenues				
Taxes	\$ 10,420,993	\$ 11,308,110	\$ 11,729,027	\$ 12,406,125
Special assessments	-	-	2,236	10,655
Licenses and permits	669,271	711,245	510,976	487,477
Intergovernmental	13,394,848	13,352,203	16,634,510	15,156,140
Charges for services	1,482,161	1,794,946	2,045,560	1,950,031
Fines and forfeits	269,065	339,462	121,302	86,811
Gifts and contributions	147,535	30,656	126,326	174,306
Investment earnings	329,323	354,817	550,972	664,535
Miscellaneous	1,602,947	1,115,888	1,203,521	1,662,418
Total revenues	\$ 28,316,143	\$ 29,007,327	\$ 32,924,430	\$ 32,598,498
Expenditures				
General government	\$ 5,040,806	\$ 5,305,942	\$ 5,353,483	\$ 6,141,306
Public safety	5,045,893	5,159,033	5,444,616	6,475,597
Highways and streets	4,039,828	4,586,393	6,320,139	5,005,557
Sanitation	103,496	585	-	-
Human services	9,132,197	8,700,846	9,656,824	11,004,697
Health	1,242,222	1,340,376	1,434,575	1,095,877
Culture and recreation	146,570	205,655	257,041	1,394,436
Conservation of natural resources	232,290	241,606	299,845	266,860
Economic development	646,513	662,598	774,164	990,885
Intergovernmental	503,537	496,878	535,697	364,882
Capital outlay	3,699,549	1,409,906	2,463,789	1,781,718
Debt service				
Principal	775,000	315,000	550,000	1,063,351
Interest	414,411	359,338	364,696	366,145
Other charges	28,944	3,107	3,126	84,900
Total expenditures	\$ 31,051,256	\$ 28,787,263	\$ 33,457,995	\$ 36,036,211
Excess of revenues over (under) expenditures	\$ (2,735,113)	\$ 220,064	\$ (533,565)	\$ (3,437,713)
Other financing sources (uses)				
Transfers in	\$ 679,572	\$ -	\$ 426,817	\$ 447,021
Transfers out	(679,572)	-	(426,817)	(447,021)
Bonds and notes issued	1,400,000	-	-	5,945,000
Premium on bonds issued	557	-	-	8,220
Discount on bonds issued	(13,443)	-	-	-
Payment to refunded bond escrow agent	-	-	-	(3,771,649)
Capital leases	-	-	-	-
Insurance proceeds	-	-	-	-
Sale of capital assets	3,656	8,037	-	-
Total other financing sources (uses)	\$ 1,390,770	\$ 8,037	\$ -	\$ 2,181,571
Net change in fund balances	\$ (1,344,343)	\$ 228,101	\$ (533,565)	\$ (1,256,142)
Debt service as a percentage of noncapital expenditures	4.96%	2.67%	3.46%	4.82%

Source: Isanti County's annual financial statements

TABLE 4
(Continued)

	2008	2009	2010	2011	2012	2013
\$	13,802,898	\$ 14,266,769	\$ 14,458,513	\$ 14,297,088	\$ 15,436,166	\$ 16,013,638
	1,462	1,424	10,995	2,593	-	-
	347,250	268,812	235,424	274,255	290,539	368,483
	16,015,507	15,632,755	16,991,678	15,882,255	16,593,599	15,426,955
	1,833,989	1,676,021	1,888,125	2,003,409	2,160,693	2,374,734
	66,991	86,378	117,371	82,836	83,065	69,898
	119,266	244,308	219,145	243,221	199,277	167,737
	456,703	273,722	166,167	185,734	110,943	(202,102)
	1,403,640	1,613,381	1,168,041	1,269,851	1,570,108	1,311,044
\$	<u>34,047,706</u>	<u>\$ 34,063,570</u>	<u>\$ 35,255,459</u>	<u>\$ 34,241,242</u>	<u>\$ 36,444,390</u>	<u>\$ 35,530,387</u>
\$	6,189,568	\$ 6,108,063	\$ 6,289,752	\$ 6,123,554	\$ 6,305,899	\$ 6,586,624
	6,794,529	6,496,230	6,945,759	7,342,617	7,218,497	7,595,785
	5,177,821	5,344,762	6,583,903	5,924,522	6,373,771	7,444,081
	-	-	-	-	-	-
	11,410,550	11,161,787	10,761,571	10,462,340	10,667,495	11,285,655
	1,308,310	1,185,350	1,222,913	1,280,230	1,184,806	1,401,438
	252,332	317,621	245,272	574,326	373,464	177,811
	310,719	232,374	197,787	185,641	177,513	183,442
	1,205,384	1,208,924	1,061,383	1,178,860	1,016,018	1,279,176
	587,215	603,628	615,399	642,409	619,921	656,846
	400,090	761,122	619,425	177,466	333,479	-
	715,000	775,000	805,000	835,000	870,000	907,798
	343,909	420,853	372,340	353,657	325,148	299,426
	45,977	2,307	28,319	5,681	81,702	7,250
\$	<u>34,741,404</u>	<u>\$ 34,618,021</u>	<u>\$ 35,748,823</u>	<u>\$ 35,086,303</u>	<u>\$ 35,547,713</u>	<u>\$ 37,825,332</u>
\$	<u>(693,698)</u>	<u>\$ (554,451)</u>	<u>\$ (493,364)</u>	<u>\$ (845,061)</u>	<u>\$ 896,677</u>	<u>\$ (2,294,945)</u>
\$	666,842	\$ 2,521	\$ 1,402,208	\$ 19,725	\$ -	\$ 28,805
	(666,842)	(2,521)	(1,402,208)	(19,725)	-	(28,805)
	2,155,000	-	680,000	-	3,110,000	-
	36,730	-	-	-	102,964	-
	-	-	-	-	-	-
	-	-	-	-	-	(3,100,000)
	-	-	-	-	-	89,114
	-	-	-	23,250	-	21,096
	-	-	-	2,300	9,916	7,805
\$	<u>2,191,730</u>	<u>\$ -</u>	<u>\$ 680,000</u>	<u>\$ 25,550</u>	<u>\$ 3,222,880</u>	<u>\$ (2,981,985)</u>
\$	<u>1,498,032</u>	<u>\$ (554,451)</u>	<u>\$ 186,636</u>	<u>\$ (819,511)</u>	<u>\$ 4,119,557</u>	<u>\$ (5,276,930)</u>
	3.46%	3.99%	3.84%	3.86%	3.89%	3.76%

(Unaudited)

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

TABLE 5

Net Tax Capacity									
Real Property									
Payable Year	Residential Homestead	Agricultural	Commercial & Industrial	Other	Personal Property	Total Net Tax Capacity	Taxable Market Value	Ratio of Net Tax Capacity to Taxable Market Value	Total Direct Tax Rate
2004	\$ 12,161,584	\$ 4,545,080	\$ 2,599,042	\$ 1,252,743	\$ 331,804	\$ 20,890,253	\$ 2,018,201,200	1.04%	56.535
2005	14,396,388	4,804,759	2,983,242	1,999,613	369,334	24,553,336	2,375,005,700	1.03%	50.811
2006	16,732,654	5,502,141	3,420,324	2,485,818	398,387	28,539,324	2,766,434,000	1.03%	46.035
2007	18,785,795	6,169,088	3,765,846	3,085,681	498,977	32,305,387	3,132,883,700	1.03%	43.274
2008	20,079,560	6,737,033	4,001,038	3,703,253	550,122	35,071,006	3,409,144,200	1.03%	43.165
2009	20,435,840	7,008,961	4,443,017	4,083,918	552,634	36,524,370	3,569,260,500	1.02%	42.418
2010	19,447,124	7,673,268	4,146,073	4,658,614	557,272	36,482,351	3,578,194,100	1.02%	42.629
2011	16,588,485	6,650,916	4,215,807	3,956,251	622,288	32,033,747	3,139,522,300	1.02%	48.654
2012	13,115,204	5,458,911	3,853,892	3,975,352	639,227	27,042,586	2,627,823,850	1.03%	57.852
2013	12,201,704	5,041,271	4,218,430	3,574,872	682,133	25,718,410	2,493,409,100	1.03%	60.807

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.

C. Beginning in 2012, the state legislature excluded a portion of residential homestead properties' market value from taxation. The exclusion applied to residential homestead properties valued at \$413,800 or less. This exclusion generally lowered taxable market value and net tax capacity.

Source: Isanti County Auditor-Treasurer's Office

TABLE 6

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

Fiscal Year	Isanti County					Overlapping Rates - Average Rates Within Each Classification			Average Total Direct and Overlapping Rate
	General	Human Services	Road and Bridge	Debt Service	Total County	Cities and Townships	School Districts	Special Districts	
2004	31.654	16.276	5.518	3.087	56.535	31.038	28.733	0.451	116.757
2005	29.027	13.526	5.052	3.206	50.811	28.560	28.041	0.139	107.551
2006	26.393	12.003	4.595	3.044	46.035	26.792	26.829	3.160	102.816
2007	24.613	10.877	4.695	3.089	43.274	25.571	25.779	1.494	96.118
2008	25.265	9.512	5.363	3.025	43.165	25.683	25.421	1.728	95.997
2009	23.168	10.862	5.313	3.075	42.418	25.592	25.995	1.327	95.332
2010	24.476	10.076	5.009	3.068	42.629	25.753	28.027	0.770	97.179
2011	27.412	10.576	6.664	4.002	48.654	29.170	30.886	0.401	109.111
2012	32.970	12.500	7.651	4.731	57.852	34.619	34.439	3.351	130.261
2013	37.066	11.860	8.054	3.827	60.807	37.879	37.082	0.224	135.992
Tax Year 2013									
Number of taxing districts						17	9	1	
Minimum tax capacity rate						17.236	19.410	0.224	
Maximum tax capacity rate						110.695	50.058	0.224	

Notes

- A. Amounts shown above are tax capacity based rates. The rates are calculated by dividing a taxing district's property tax levy by its net tax capacity.
- B. "Special Districts" include Intermediate School District #916 (through 2006), the East Central Regional Development Commission, and lake improvement districts.
- C. Overlapping rates are those of other local governments that apply to property owners within Isanti County. Not all overlapping rates apply to all Isanti County property owners (e.g. the rates for special districts apply only to the proportion of the County's property owners whose property is located within the geographic boundaries of the special district). Due to the numerous combinations of cities, schools, and special districts within the County, the average rate among all taxing districts within each class is presented instead of the total overlapping rate for each combination.
- D. In 2012, the state legislature excluded a portion of residential homestead properties' market value from taxation. The exclusion applied to residential homestead properties valued at \$413,800 or less. The exclusion lowered taxable market value and net tax capacity, which generally increased property tax rates.

Source: Isanti County Auditor-Treasurer's Office

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

TABLE 7

2013			2004		
Taxpayer	Net Tax Capacity	Percentage of Total County Net Tax Capacity	Taxpayer	Net Tax Capacity	Percentage of Total County Net Tax Capacity
Great River Energy	\$ 272,498	1.06%	Wal-Mart Real Estate Business Trust	\$ 163,608	0.78%
Wal-Mart Real Estate Business Trust	209,454	0.81%	Menards Inc.	145,977	0.70%
East Central Energy	156,590	0.61%	East Central Energy	119,609	0.57%
Centerpoint Energy	152,108	0.59%	Target Corporation	113,688	0.54%
Menards Inc.	128,308	0.50%	United Power Association	90,700	0.43%
Burlington Northern Santa Fe	120,545	0.47%	L & P Acquisition Company - 45	80,898	0.39%
Target Corporation	119,624	0.47%	Allina Hospitals & Clinics	61,884	0.30%
Mills Properties Inc.	100,949	0.39%	Grandview West	57,309	0.27%
United Power Association	95,662	0.37%	Allina Medical Clinic	55,732	0.27%
LAAM Properties	72,770	0.28%	Isanti Village Apartments LLC	55,188	0.26%
Total principal taxpayers	\$ 1,428,508	5.55%	Total principal taxpayers	\$ 944,593	4.52%
All other taxpayers	24,289,902	94.45%	All other taxpayers	19,945,660	95.48%
Total	<u>\$ 25,718,410</u>	<u>100.00%</u>	Total	<u>\$ 20,890,253</u>	<u>100.00%</u>

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
2004	\$ 11,642,555	\$ 11,388,697	97.82%	\$ 253,122	\$ 11,641,819	99.99%	\$ 736	0.01%
2005	12,295,435	12,000,041	97.60%	293,804	12,293,845	99.99%	1,590	0.01%
2006	12,966,766	12,550,950	96.79%	412,467	12,963,417	99.97%	3,349	0.03%
2007	13,782,283	13,283,278	96.38%	491,782	13,775,060	99.95%	7,223	0.05%
2008	14,876,597	14,222,816	95.61%	634,885	14,857,701	99.87%	18,896	0.13%
2009	15,322,895	14,734,167	96.16%	540,538	15,274,705	99.69%	48,190	0.31%
2010	15,368,864	14,584,002	94.89%	409,364	14,993,366	97.56%	375,498	2.44%
2011	15,476,446	14,611,604	94.41%	337,368	14,948,972	96.59%	527,474	3.41%
2012	15,476,446	15,070,034	97.37%	270,894	15,340,928	99.12%	135,518	0.88%
2013	15,476,446	15,136,338	97.80%	-	15,136,338	97.80%	340,108	2.20%

Note:

The total net tax levy includes credits to property owners reimbursed to the County by the State of Minnesota. In 2010 and 2011, the state did not reimburse the full amount of the credits to the County. As a result, the County will never collect the full amount of the net tax levies for those years. The 2010 amount not reimbursed was \$317,985 and the 2011 amount was \$439,895.

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	General Obligation Notes	Capital Lease			
2004	\$ 3,765,115	\$ -	\$ 5,520,000	\$ 9,285,115	\$ 254	0.85%
2005	3,718,167	-	5,255,000	8,973,167	238	0.79%
2006	3,666,220	-	4,760,000	8,426,220	219	0.70%
2007	9,546,558	-	-	9,546,558	246	0.75%
2008	11,023,557	-	-	11,023,557	282	0.84%
2009	10,247,996	-	-	10,247,996	262	0.79%
2010	9,442,435	680,000	-	10,122,435	268	0.75%
2011	8,606,874	680,000	-	9,286,874	243	0.66%
2012	10,943,905	680,000	-	11,623,905	304	0.79%
2013	6,955,010	680,000	81,316	7,716,326	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	General Obligation Notes	Total Gross General Bonded Debt	Less: Amounts Available 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
2004	\$ 3,765,115	\$ -	\$ 3,765,115	\$ 315,000	\$ 3,450,115	0.17%	\$ 94
2005	3,718,167	-	3,718,167	550,000	3,168,167	0.13%	84
2006	3,666,220	-	3,666,220	590,000	3,076,220	0.11%	80
2007	9,546,558	-	9,546,558	715,000	8,831,558	0.28%	227
2008	11,023,557	-	11,023,557	775,000	10,248,557	0.30%	262
2009	10,247,996	-	10,247,996	805,000	9,442,996	0.26%	241
2010	9,442,435	680,000	10,122,435	835,000	9,287,435	0.26%	246
2011	8,606,874	680,000	9,286,874	870,000	8,416,874	0.27%	220
2012	10,943,905	680,000	11,623,905	4,000,000	7,623,905	0.29%	199
2013	6,955,010	680,000	7,635,010	710,000	6,925,010	0.28%	n/a

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

Notes:

A. All debt amounts are reported net of original issue discounts and premiums.

B. The "amounts available in debt service fund" is the amount restricted for debt service principal payments.

Source: Isanti County Auditor-Treasurer's Office

Isanti County
Computation of Direct and Overlapping Debt
As of December 31, 2013

TABLE 11

<u>Governmental Unit</u>	<u>General Obligation Debt Outstanding¹</u>	<u>Percentage of Tax Capacity in Isanti County²</u>	<u>Estimated Share of Debt Applicable to Isanti County</u>
Direct			
Isanti County	\$ 7,635,010	100.00%	\$ 7,635,010
Overlapping			
City of Braham	\$ 4,195,000	99.94%	\$ 4,192,384
City of Cambridge	9,862,859	100.00%	9,862,859
City of Isanti	5,595,000	100.00%	5,595,000
City of St. Francis	1,380,000	0.18%	2,537
Town of North Branch	260,000	100.00%	260,000
Independent School District #15	32,035,000	6.78%	2,171,870
Independent School District #138	46,375,000	10.20%	4,729,249
Independent School District #314	7,580,000	51.71%	3,919,359
Independent School District #332	1,380,000	0.01%	143
Independent School District #333	3,329,000	5.86%	195,079
Independent School District #477	23,835,000	15.69%	3,740,659
Independent School District #728	210,690,000	0.01%	10,884
Independent School District #911	99,280,000	96.79%	96,096,455
Independent School District #912	23,810,000	0.61%	146,284
Total overlapping	\$ 469,606,859		\$ 130,922,762
Total direct and overlapping debt	\$ 477,241,869		\$ 138,557,772

Note:

The overlapping debt is calculated by the percentage of property in each governmental unit subject to taxation by Isanti County.
Source: 1) County Report of Outstanding Indebtedness and 2) Isanti County Auditor-Treasurer's Office

(Unaudited)

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

TABLE 12

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total market value of taxable property	\$ 2,018,201,200	\$ 2,375,005,700	\$ 2,766,434,000	\$ 3,132,883,700	\$ 3,409,144,200
Debt limit**	\$ 40,364,024	\$ 47,500,114	\$ 55,328,680	\$ 62,657,674	\$ 102,274,326
Debt applicable to limit					
General obligation bonds and notes	\$ 9,335,000	\$ 9,020,000	\$ 8,470,000	\$ 9,580,000	\$ 11,020,000
Less: amounts set aside for repayment of general obligation debt	<u>(1,425,766)</u>	<u>(1,668,455)</u>	<u>(1,559,827)</u>	<u>(1,232,621)</u>	<u>(1,352,409)</u>
Total net debt applicable to the limit	<u>\$ 7,909,234</u>	<u>\$ 7,351,545</u>	<u>\$ 6,910,173</u>	<u>\$ 8,347,379</u>	<u>\$ 9,667,591</u>
Legal debt margin	<u>\$ 32,454,790</u>	<u>\$ 40,148,569</u>	<u>\$ 48,418,507</u>	<u>\$ 54,310,295</u>	<u>\$ 92,606,735</u>
Total debt applicable to the limit as a percentage of debt limit	19.59%	15.48%	12.49%	13.32%	9.45%
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total market value of taxable property	\$ 3,569,260,500	\$ 3,578,194,100	\$ 3,139,522,300	\$ 2,627,823,850	\$ 2,493,409,100
Debt limit**	\$ 107,077,815	\$ 107,345,823	\$ 94,185,669	\$ 78,834,716	\$ 74,802,273
Debt applicable to limit					
General obligation bonds and notes	\$ 10,245,000	\$ 10,120,000	\$ 9,285,000	\$ 11,525,000	\$ 7,525,000
Less: amounts set aside for repayment of general obligation debt	<u>(1,390,366)</u>	<u>(1,418,813)</u>	<u>(1,460,721)</u>	<u>(4,664,536)</u>	<u>(1,390,039)</u>
Total net debt applicable to the limit	<u>\$ 8,854,634</u>	<u>\$ 8,701,187</u>	<u>\$ 7,824,279</u>	<u>\$ 6,860,464</u>	<u>\$ 6,134,961</u>
Legal debt margin	<u>\$ 98,223,181</u>	<u>\$ 98,644,636</u>	<u>\$ 86,361,390</u>	<u>\$ 71,974,252</u>	<u>\$ 68,667,312</u>
Total debt applicable to the limit as a percentage of debt limit	8.27%	8.11%	8.31%	8.70%	8.20%

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

<u>Year</u>	<u>Population¹</u>	<u>Population Growth</u>	<u>Personal Income² (in thousands)</u>	<u>Per Capita Personal Income²</u>	<u>Unemployment Rates³</u>		
					<u>Isanti County</u>	<u>State of Minnesota</u>	<u>United States</u>
2004	36,512	3.37%	1,097,590	30,838	5.20%	4.60%	5.50%
2005	37,699	3.25%	1,137,617	31,088	5.00%	4.20%	5.10%
2006	38,436	1.95%	1,209,611	32,531	5.00%	4.10%	4.60%
2007	38,881	1.16%	1,278,305	33,897	6.00%	4.70%	4.60%
2008	39,059	0.46%	1,311,514	34,649	6.90%	5.40%	5.80%
2009	39,176	0.30%	1,295,883	34,274	10.40%	8.00%	9.30%
2010	37,816	-3.47%	1,343,931	35,468	9.60%	7.40%	9.60%
2011	38,209	1.04%	1,415,292	37,030	8.30%	6.50%	8.90%
2012	38,235	0.07%	1,464,865	38,299	6.80%	5.60%	8.10%
2013	n/a	n/a	n/a	n/a	6.00%	5.10%	7.40%

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

Sources: 1) Minnesota State Demographic Center (2001-2009) and U.S. Census Bureau (2010), 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 Nine Years Ago**

TABLE 14

2013			2004		
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	800	4.12%	Cambridge Medical Center	939	4.83%
I.S.D. No. 911	784	4.04%	I.S.D. No. 911	700	3.60%
Wal-Mart Supercenter	350	1.80%	Wal-Mart Supercenter	550	2.83%
Grace Pointe Crossing	300	1.54%	Grandview Christian Home	480	2.47%
Isanti County	271	1.40%	Isanti County	264	1.36%
TEAM Industries Cambridge, Inc.	220	1.13%	TEAM Industries Cambridge, Inc.	219	1.13%
Menards	200	1.03%	I.S.D. No. 314	197	1.01%
Cambridge Metals & Plastics Inc.	200	1.03%	Cambridge Health Care Center	175	0.90%
Target	150	0.77%	Minnesota Extended Treatment Options	175	0.90%
East Central Energy	150	0.77%	Cambridge Metals & Plastics Inc.	175	0.90%
Total Principal Employers	<u>3,425</u>	<u>17.64%</u>	Total Principal Employers	<u>3,874</u>	<u>19.90%</u>
Total County Employment²	19,418		Total County Employment²	19,459	

Sources: 1) Bond disclosure document issued during respective year and City of Cambridge Economic Development Department; 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 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%
November 2, 2010	14,873	21,560	68.98%
November 6, 2012	20,316	21,698	93.63%

Source: Isanti County Auditor-Treasurer's Office

Isanti County
Operating Indicators by Function
Last Ten Fiscal Years

TABLE 16

Function and program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Drivers licenses processed	11,490	11,045	10,834	10,765	11,430	10,670	10,537	10,947	11,726	11,265
Warrants issued	n/a	n/a	7,883	7,964	7,767	8,918	7,074	6,919	6,783	7,204
Number of parcels	20,276	20,992	21,890	22,215	22,298	22,378	22,919	21,185	22,454	22,502
New housing permits issued	161	142	82	72	28	18	17	16	17	37
Building permits issued	604	553	448	818	613	424	402	642	477	412
Public safety										
Arrests by county sheriff department	236	279	317	213	222	160	211	184	165	n/a
Applications for permits to carry	n/a	96	105	103	267	260	159	224	388	776
Adult probation active cases	700	892	914	1,155	965	956	849	829	718	846
Juvenile probation active cases	271	287	213	202	294	225	202	218	247	161
Highways and streets										
Active road projects	35	25	25	23	25	14	24	28	22	30
Health										
Family health referrals	460	575	527	491	282	198	216	390	389	596
WIC participants	902	1,131	1,939	2,091	2,325	2,088	2,046	1,781	n/a	1,552
Immunizations provided	n/a	n/a	746	764	570	341	546	112	178	281
Long-term care clients	141	137	190	215	219	223	276	201	169	162
Emergency preparedness exercises	3	6	4	10	12	11	6	8	10	7
Human services										
Active child support cases	n/a	1,993	2,105	2,151						
Food support cases	n/a	1,378	1,466	1,452						
County burials	n/a	14	24	11						
Rule 25 chemical assessments	n/a	213	301	217						
Child protection intake cases	n/a	1,063	1,218	1,265						
Mental health clients served	n/a	291	270	280						

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

Source: Various County departments and state agencies

(Unaudited)

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

TABLE 17

<u>Function and program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government										
Buildings	1	1	1	2	2	2	2	2	2	2
Public safety										
Number of squad cars	25	26	26	24	22	22	22	22	20	21
Highways and streets										
Buildings	1	1	1	1	1	1	1	1	1	1
Miles	360	360	359	359	359	359	359	358	358	358
Economic Development										
Number of transit buses	7	7	8	9	9	9	8	9	10	11

Source: Isanti County Auditor-Treasurer's Office

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

TABLE 18

Function and program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Assessor	6	6	6	6	5	5	4	5	5	5
Attorney	12	12	12	12	12	12	12	12	12	12
Auditor-Treasurer	8	10	10	10	13	13	12	13	13	12
Buildings and maintenance	6	7	7	8	8	8	7	7	7	7
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	11	-	-	-	-	-	-	-	-	-
Information systems	2	2	2	2	2	2	2	2	2	3
Recorder	5	4	4	4	4	4	4	4	4	4
Treasurer	3	3	3	3	-	-	-	-	-	-
Veterans services	2	2	2	4	4	4	4	3	2	2
Victim services	2	2	2	2	2	2	2	2	2	2
Zoning	7	7	7	7	5	5	4	4	4	5
Public safety										
Emergency management	1	1	1	1	2	2	2	1	1	1
Probation	10	11	13	13	13	12	13	13	13	13
Sheriff	65	70	71	77	77	75	74	74	66	66
Highways and streets										
Highway	21	20	21	20	21	20	20	19	20	20
Health										
Public health	20	23	23	20	21	20	19	19	18	19
Human services										
Family services	61	64	68	71	71	68	65	70	73	73
Culture and recreation										
Parks and recreation	1	1	2	2	2	3	3	3	3	3
Conservation of natural resources										
Agricultural inspector	1	1	1	1	1	-	-	-	-	-
County extension service	1	1	1	1	1	1	1	1	1	1
Economic development										
Transit	11	11	11	11	12	11	13	14	14	15
Total	<u>264</u>	<u>266</u>	<u>275</u>	<u>283</u>	<u>284</u>	<u>275</u>	<u>269</u>	<u>274</u>	<u>268</u>	<u>271</u>

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.