

ISANTI



COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

ISANTI COUNTY
CAMBRIDGE, MINNESOTA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

PREPARED BY:

ISANTI COUNTY AUDITOR-TREASURER DEPARTMENT

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**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

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CAMBRIDGE, MINNESOTA**

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INTRODUCTORY SECTION

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CAMBRIDGE, MINNESOTA**

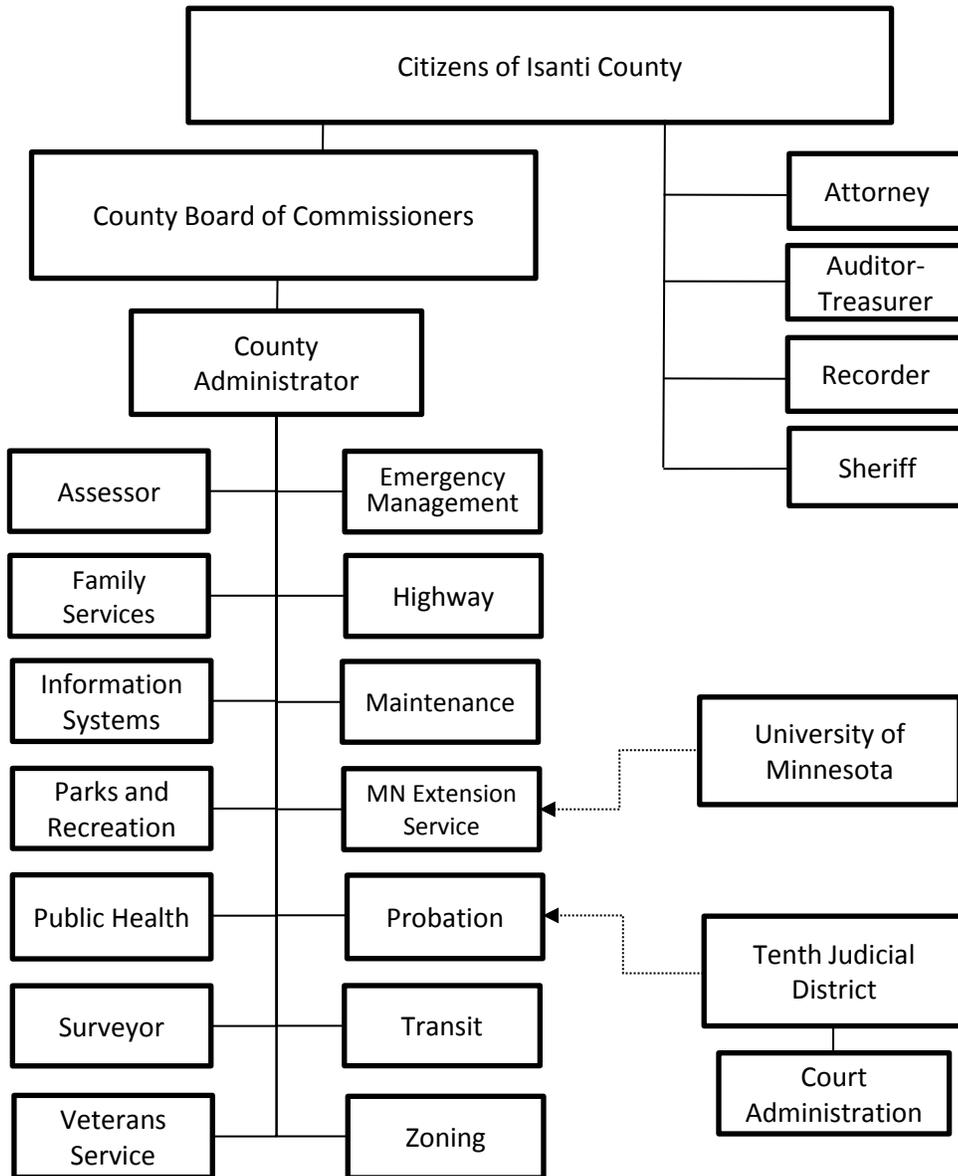
**PRINCIPAL OFFICIALS
DECEMBER 31, 2015**

Office	Name	Term Expires
Elected		
Commissioners		
District 1	Dave Oslund	January 2019
District 2	Terry Turnquist	January 2017
District 3	Greg Anderson**	January 2017
District 4	Mike Warring	January 2017
District 5	Susan Morris	January 2019
Attorney	Jeffrey R. Edblad	January 2019
Auditor-Treasurer	Chad Struss	January 2019
Recorder/Registrar of Titles	Connie Lindberg	January 2019
Sheriff	Chris Caulk	January 2019
Appointed		
Assessor	Michelle Moen	January 2017
Building Facilities Supervisor	Jeff Benting	Indefinite
County Administrator	Kevin VanHooser	Indefinite
Court Administrator	Tracy Gullerud	Indefinite
Family Services Director	Penny Messer	Indefinite
Information Services Manager	Kristy Anderson	Indefinite
Highway Engineer	Richard Heilman	May 2018
Parks and Recreation Director	Barry Wendorf	Indefinite
Probation Director	Tim MacMillan	Indefinite
Public Health Director	Tony Buttacavoli	Indefinite
Surveyor	Don E. Hansen	February 2019
Transit System Director	Craig Rempp	Indefinite
Veterans Service Director	Jim Rostberg	February 2018
Zoning Administrator	Trina Bergloff	Indefinite

** - Chair of the Board of Commissioners

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**ORGANIZATIONAL CHART
DECEMBER 31, 2015**





ISANTI COUNTY AUDITOR-TREASURER

Chad Struss, Auditor-Treasurer

555 18th Avenue SW
Cambridge, MN 55008
Phone: (763) 689-1644
Fax: (763) 689-8210

DATE: June 27, 2016

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

SUBJECT: 2015 Comprehensive Annual Financial Report

This Comprehensive Annual Financial Report of Isanti County is submitted for the fiscal year ended December 31, 2015. 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 the 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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 has historically been one of the fastest growing counties in Minnesota with a 22.7% population increase from 2000 to 2014 (the most recent year available). 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.

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. The County is 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.

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 has adopted a formal fund balance policy. 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 judgements by management.

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

SINGLE AUDIT

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

The Office of Management and Budget (OMB) Uniform Guidance 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 Uniform Guidance. These requirements have been complied with and the independent auditor's report has been included in this report.

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Isanti County for its comprehensive annual financial report for the fiscal year ended December 31, 2014. This was the seventh 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,

A handwritten signature in black ink, appearing to read 'Chad Struss', with a stylized flourish at the end.

Chad Struss
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, 2014

Executive Director/CEO

FINANCIAL SECTION

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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

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(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
Cambridge, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Isanti County, Minnesota, as of and for the year ended December 31, 2015, 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 from 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, each major fund, and the aggregate remaining fund information of Isanti County as of December 31, 2015, 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 2015 the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 82, *Pension Issues*, which represents a change 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 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 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 2, 2016, 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 2, 2016

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015
(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, 2015. 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 County's total net position is \$74,519,583 at the end of 2015.
- The County's total net position increased \$3,920,161 during 2015. This is an increase of 5.6% from the previous year's net position after restatement for a change in accounting principle.
- The governmental funds' combined fund balances increased \$1,166,414 (10.5%) in 2015.
- The County's capital assets increased \$1,934,360 (2.5%) as the County completed construction projects on County roads, purchased dispatch radio equipment, and incurred initial architectural and site preparation costs for a new law enforcement building and remodeling of the existing law enforcement building.
- The County's total bonded debt decreased \$743,346 (10.8%) due to continued debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the County's assets, deferred outflows of resources, deferred inflows of resources, and liabilities. The sum of the County's assets and deferred outflows of resources less the sum of its deferred inflows of resources and liabilities is 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 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 four 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 43 through 96 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 as well as information related to the County's pension obligations and contributions. Required supplementary information can be found on pages 99 through 109 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 113 through 126 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 and deferred outflows exceeded its liabilities and deferred inflows by \$74,519,583 at the close of 2015.

Isanti County's Net Position

	Governmental Activities	
	2015	2014
Current and other assets	\$ 17,648,602	\$ 16,677,637
Capital assets	80,648,990	78,714,630
Total Assets	\$ 98,297,592	\$ 95,392,267
Deferred pension outflows	\$ 1,957,442	\$ -
Long-term liabilities	\$ 22,221,839	\$ 11,413,819
Other liabilities	2,134,289	3,039,715
Total Liabilities	\$ 24,356,128	\$ 14,453,534
Deferred pension inflows	\$ 1,379,323	\$ -
Net Position		
Net investment in capital assets	\$ 74,630,027	\$ 72,187,171
Restricted	2,975,800	2,416,117
Unrestricted	(3,086,244)	6,335,445
Total Net Position, as reported	\$ 74,519,583	\$ 80,938,733
Change in accounting principle*		(10,339,311)
Total Net Position, as restated		\$ 70,599,422

* - This is the first year the County implemented the new pension accounting and financial reporting standards GASB Statements 68, 71, and 82. As part of the implementation, the County made a prior year change in accounting principles to record the County's net pension liability and related deferred outflows of resources.

The largest portion of Isanti County's net position, \$74,630,027 (100.2% 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 \$2,975,800 (4.0%) represents resources whose use is restricted by external requirements such as debt covenants and legislation.

The County's unrestricted net position amount is a negative \$3,086,244 (-4.1%). For 2015, the County implemented the new Governmental Accounting Standards Board (GASB) pension accounting and financial reporting standards. These standards required the County to report a liability for its pension obligations for the first time. Although the net pension liability reduces unrestricted net position, the liability is not due in the near future. In addition, the County cannot make additional payments to decrease its net pension liability because the pension contributions are statutorily determined by the state legislature.

During the current fiscal year, Isanti County's net position increased by \$3,920,161 (\$74,519,583 for 2015 compared to \$70,599,422 for 2014 after the restatement). This represents a 5.6% increase from the previous year's restated net position.

The County experienced a minor decrease in total expenses from the previous year. With the exception of general government and highways and streets, however, the expenses related to most of the County's functions actually increased slightly due to higher labor and operating costs. The County's employees received a 1.0% cost-of-living adjustment at the beginning of 2015 while the increased operating costs reflect general inflation in the purchase of goods and services.

The County expended \$874,496 (10.7%) less on general government during 2015 than in 2014. This decrease is largely attributed to decreased tax forfeited land sale activity. The County's 2014 expenses included the payment of tax forfeited land proceeds to local governments. These payments included the local governments' statutorily determined share of the proceeds as well as the cost of unpaid special assessments on the properties. In 2015, the County sold fewer tax forfeited properties. Also, the majority of the properties sold in 2015 had not accrued unpaid special assessment charges.

The expenses related to highways and streets declined by \$45,297 (1.0%) due to decreased road construction activity. The decreased road construction expenses were largely offset by the increased labor and operating costs.

The County's revenues increased from the previous year. In particular, operating grants and contributions increased \$1,179,171 (9.4%) from 2014 to 2015 primarily due to increased state and federal grant revenue. A significant portion of this revenue increase is attributed to greater County expenses for certain programs and related reimbursements. In addition, the State of Minnesota provided additional funding for statewide initiatives such as child protection, aquatic invasive species, and transportation.

In addition, the County received \$352,822 more in wheelage taxes in 2015 than in the previous year. The County had enacted the wheelage tax during 2014, but the collection of the tax did not begin until the very end of 2014.

Isanti County's Change in Net Position

	Governmental Activities	
	2015	2014
Revenues		
Program revenues		
Fees, fines, and charges	\$ 3,954,650	\$ 3,477,028
Operating grants and contributions	13,681,542	12,502,371
Capital grants and contributions	182,589	336,093
General revenues		
Property taxes	17,709,799	17,618,712
Other taxes and payments in lieu of tax	507,198	145,554
Grants not restricted to specific programs	2,604,298	2,392,587
Investment earnings	120,313	361,202
Gain on sale of capital assets	9,175	2,185
Total Revenues	\$ 38,769,564	\$ 36,835,732
Expenses		
General government	\$ 7,296,551	\$ 8,171,047
Public safety	8,563,824	8,386,951
Highways and streets	4,301,582	4,346,879
Human services	10,954,028	10,699,366
Health	1,298,757	1,246,638
Culture and recreation	626,040	602,978
Conservation of natural resources	217,437	202,800
Economic development	1,407,039	1,314,265
Interest	184,145	197,044
Total Expenses	\$ 34,849,403	\$ 35,167,968
Change in Net Position	\$ 3,920,161	\$ 1,667,764
Net Position – January 1, as restated	70,599,422*	79,270,969
Net Position – December 31, as reported	\$ 74,519,583	\$ 80,938,733

* - Amount includes a change in accounting principles.

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 \$12,292,693. This is an increase of \$1,166,414 (10.5%) in comparison with the prior year. Of the total fund balance, \$1,479,374 (12.0%) is not in spendable form (e.g. inventory) and \$3,048,482 (24.8%) is restricted in its use by external parties. The remaining \$7,764,837 (63.2%) 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 \$2,341,629, while total fund balance increased to \$4,279,491. 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 12.8% of total General Fund expenditures, while total fund balance represents 23.4% of the same amount.

The General Fund's total fund balance increased by \$827,378 (24.0%) during 2015. Of this amount, \$418,419 represents an increase in unrestricted fund balance. The County increased unrestricted fund balance through a combination of decreased expenditures and increased revenues as compared to the previous year.

Total expenditures in the General Fund decreased \$749,602 (3.9%) from the previous year. The County spent \$874,607 less on the maintenance and sale of tax forfeited properties in 2015 than in 2014. The majority of these prior year expenditures were payments to the City of Cambridge for outstanding special assessments on tax forfeited properties. In 2015, the County maintained and sold fewer tax forfeited properties.

Building maintenance and improvement expenditures decreased substantially. The County expended \$136,479 less in 2015 than the previous year for building operating and capital costs. In 2014, the County remodeled office space in the Oakview Office Complex at a cost of \$72,012. There were no similar projects completed in 2015. Similarly, the County incurred substantial elevator repair costs in 2014; the County did not require the same repair costs in 2015.

Total revenues in the General Fund increased \$379,851 (2.0%) from the previous year. This increase was largely due to increased state and federal funding. For example, the General Fund's share of County Program Aid increased \$112,659 from 2014 to 2015. The State of Minnesota had increased its overall aid to counties as part of its 2014-2015 biennial budget.

The decline in the number of tax forfeited properties sold, as discussed above, resulted in a \$914,118 decrease in related revenue. However, that decline was largely offset by the planned increase in current property tax revenue. The County received \$720,329 more in current property tax revenue for the General Fund in 2015 than the previous year. The County had increased its General Fund property tax levy to offset increases in labor and other costs as part of

the 2015 budget. This increased levy amount reflects the County's recognition of the need to maintain fund balance levels in the General Fund.

The Road and Bridge Special Revenue Fund's unrestricted fund balance of \$1,393,083 at year end represents 21.9% of the fund's annual expenditures. In 2015, the total fund balance increased \$454,473 (21.4%).

The County expended \$537,438 less on road construction in 2015 than in 2014. Although the total number of active road construction projects actually increased in 2015, the projects were generally smaller in scope and cost than the previous year.

In addition, the County expended \$914,625 less than budgeted amounts in the Road and Bridge Special Revenue Fund. This budget variance was largely due to lower than expected construction expenditures. The timing of the County's road construction projects occasionally change due to the availability of federal or state funding and the condition of the county's roads. The increased fund balance resulting from these delays in 2015 will instead be expended on road construction projects in future years.

The Human Services Special Revenue Fund's unrestricted fund balance of \$4,421,090 at year end represents 39.3% of the fund's annual expenditures. In 2015, the total fund balance increased \$393,866 (9.3%).

The County received \$392,130 more than budgeted amounts for miscellaneous revenue in the Human Services Special Revenue Fund. This additional miscellaneous revenue largely reflects increased recovery of amounts owed to the County by clients for Medical Assistance and other income maintenance programs. In recent years, the County has significantly increased its collection efforts including the establishment of a full-time staff position dedicated to collecting amounts due to the County for human services programs.

The Debt Service Fund had a total fund balance of \$1,183,745 at year end. In 2015, the fund balance increased \$51,993 (4.6 %). This modest increase is typical as the County is required by statute to levy 105% of its debt service requirements to compensate for potential uncollected property taxes.

The Capital Projects Fund had a deficit fund balance of \$390,965 at year end. In 2015, the fund balance decreased \$561,296 (329.5%) as the County incurred preliminary costs for the acquisition of property for a new law enforcement building as well as the remodeling of the existing law enforcement center. The County also purchased new dispatch equipment at a total cost of \$425,911. The deficit fund balance will be addressed by the issuance of general obligation bonds for these projects in early 2016.

General Fund Budgetary Highlights

During 2015, there was a \$261,739 increase in appropriations between the original and final

amended budget. The largest increase in appropriations was made for forfeited tax sale expenditures. Other increases in appropriations during 2015 represented funding for digital scanning of land records, computer equipment, and forestry management in county parks.

The General Fund's actual expenditures were \$339,701 less than budgeted amounts in 2015. The County had built a \$198,000 contingency amount into the 2015 budget, which accounts for a substantial portion of the budget variance.

The expenditures less than budgeted amounts also reflect delays in the filling of vacant positions. The County typically budgets for the full year cost of a position. However, some positions are vacant for part of the year due to the administrative lag time between the start of the vacancy and the filling of the position. In addition, the County intentionally delayed the filling of some vacant positions as a cost-saving measure.

The County's actual revenues exceeded budgeted amounts by \$508,610 in 2015. These additional revenues largely reflect tax revenue related to the sale of tax forfeited property and penalties and interest from delinquent taxes. Although revenues from the sale of tax forfeited property declined substantially from 2014 amounts, the actual revenues still exceeded budgeted amounts by \$178,981 in 2015. For penalties and interest on delinquent taxes, the County received \$51,515 more than it budgeted. The amount of revenue received from these sources is difficult to estimate for budgetary purposes because amounts can fluctuate significantly from year-to-year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Isanti County's investment in capital assets for its governmental activities at December 31, 2015, totaled \$80,648,990 (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 \$1,934,360 (2.5%) from the previous year.

In 2015, the major capital asset events included the following:

- The County expended \$116,720 on site preparation and architecture fees in planning for a remodel of the existing law enforcement facility and the acquisition of property for a new law enforcement center. Both projects are expected to be completed by early 2017.
- The County purchased new dispatch radio equipment at a total cost of \$425,911.
- The County purchased six vehicles and related equipment at a cost of \$550,149. The County also entered into capital leases for four additional vehicles at a capitalized cost of \$78,022. These vehicles will replace aging vehicles in the County's fleet and reduce the maintenance and repair costs associated with the older vehicles.

- The County completed road and bridge construction projects at a cost of \$3,333,282, including related right-of-way purchases.

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

	Governmental Activities	
	2015	2014
Land	\$ 5,138,948	\$ 4,947,909
Buildings	11,380,208	11,856,841
Improvements other than buildings	598,973	632,173
Machinery, furniture, and equipment	3,958,747	3,309,114
Infrastructure	59,168,394	57,619,639
Construction in progress	403,720	348,954
Total	\$ 80,648,990	\$ 78,714,630

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

Long-Term Debt

At the end of 2015, Isanti County had total outstanding bonded debt of \$6,168,233 which was backed by the full faith, credit, and taxing powers of the County.

Isanti County’s Outstanding Bonded Debt

	Governmental Activities	
	2015	2014
General obligation bonds and notes, net	\$ 6,168,233	\$ 6,911,579

The County’s outstanding bonded debt decreased \$743,346 (10.8%) during 2015. The major debt-related transactions were continued debt service payments on the County’s general obligation bonds and notes. The debt service payments included \$730,000 in principal and \$189,741 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 3.C.4 to the financial statements on pages 72 and 73 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The County's population continues to grow gradually. According to the 2010 census data, the County's population is 37,816. The Minnesota State Demographer estimates the County's population at 38,397 as of 2014 (the most recent date available).

The County's average unemployment rate for 2015 was 4.3%, which is a decrease from the rate of 5.0% a year ago. This compares unfavorably to the state's average unemployment rate of 3.7%, but is an improvement on the national average rate of 5.3%.

All of these factors were considered in preparing the County's budget for the 2016 fiscal year.

On December 16, 2015, the Isanti County Board of Commissioners approved the 2016 budget in the amount of \$42,009,958. This budget included a net property tax levy of \$18,278,500, which is 4.9% more than the previous year's levy.

The levy increase was intended to prevent further use of the County's General Fund balance to fund normal operations. The 2016 budget does not include any use of unrestricted fund balance in the General Fund despite a 6.9% increase in expenditures over the previous year's budget. The County does plan to use \$150,000 in Road and Bridge Fund balance to complete road projects.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
DECEMBER 31, 2015**

<u>Assets</u>	<u>Primary Government Governmental Activities</u>
Cash and pooled investments	\$ 10,721,754
Petty cash and change funds	3,900
Departmental cash	29,710
Taxes receivable	
Prior - net	700,994
Accounts receivable - net	113,021
Accrued interest receivable	17,543
Due from other governments	3,859,784
Leases receivable	
Due within one year - net	88,645
Due in more than one year - net	332,639
Loans receivable	
Due within one year - net	43,015
Due in more than one year - net	258,223
Inventories	1,033,694
Prepaid items	445,680
Capital assets	
Non-depreciable	5,542,668
Depreciable - net of accumulated depreciation	<u>75,106,322</u>
Total Assets	<u>\$ 98,297,592</u>
<u>Deferred Outflows of Resources</u>	
Deferred pension outflows	<u>\$ 1,957,442</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

***EXHIBIT 1
(Continued)***

**STATEMENT OF NET POSITION
DECEMBER 31, 2015**

<u>Liabilities</u>	<u>Primary Government Governmental Activities</u>
Accounts payable	\$ 498,079
Salaries payable	330,688
Due to other governments	633,372
Contracts payable	105,830
Accrued interest payable	74,939
Deposits held for others	4,905
Unearned revenue	486,476
Long-term liabilities	
Due within one year	1,749,329
Due in more than one year	6,258,002
Net pension liability	11,222,831
Net OPEB payable	2,991,677
Total Liabilities	\$ 24,356,128
<u>Deferred Inflows of Resources</u>	
Deferred pension inflows	\$ 1,379,323
<u>Net Position</u>	
Net investment in capital assets	\$ 74,630,027
Restricted for	
General government	1,135,269
Public safety	204,618
Highways and streets	135,605
Human services	150,489
Culture and recreation	147,327
Conservation of natural resources	91,429
Debt service	1,111,063
Unrestricted	(3,086,244)
Total Net Position	\$ 74,519,583

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

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	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
Functions/Programs					
Primary Government					
Governmental Activities					
General government	\$ 7,296,551	\$ 1,514,801	\$ 450,992	\$ -	\$ (5,330,758)
Public safety	8,563,824	639,474	820,688	-	(7,103,662)
Highways and streets	4,301,582	117,629	4,051,191	182,589	49,827
Human services	10,954,028	1,391,236	6,302,339	-	(3,260,453)
Health	1,298,757	115,903	766,768	-	(416,086)
Culture and recreation	626,040	5,317	71,410	-	(549,313)
Conservation of natural resources	217,437	162	169,882	-	(47,393)
Economic development	1,407,039	170,128	1,048,272	-	(188,639)
Interest	184,145	-	-	-	(184,145)
Total Primary Government	\$ 34,849,403	\$ 3,954,650	\$ 13,681,542	\$ 182,589	\$ (17,030,622)
General Revenues					
Property taxes				\$	17,709,799
Mortgage registry and deed tax					33,055
Wheelage taxes collected for highways and streets					365,302
Payments in lieu of tax					108,841
Grants and contributions not restricted to specific programs					2,604,298
Investment income					120,313
Gain on sale of capital assets					9,175
Total General Revenues				\$	20,950,783
Change in Net Position				\$	3,920,161
Net Position - Beginning, as restated (Note 1.E.)					70,599,422
Net Position - Ending				\$	74,519,583

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, 2015**

	General	Road and Bridge	Human Services
<u>Assets</u>			
Cash and pooled investments	\$ 3,720,226	\$ 1,635,099	\$ 4,195,267
Petty cash and change funds	3,900	-	-
Departmental cash	29,710	-	-
Taxes receivable			
Prior - net	428,859	81,927	153,932
Accounts receivable - net	27,689	811	84,521
Accrued interest receivable	17,543	-	-
Due from other governments	1,007,626	1,566,990	1,285,168
Due from other funds	372,789	12,880	17,695
Leases receivable - net	421,284	-	-
Loans receivable - net	301,238	-	-
Inventories	-	1,033,694	-
Prepaid items	359,219	19,130	67,331
	\$ 6,690,083	\$ 4,350,531	\$ 5,803,914
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 193,141	\$ 8,967	\$ 209,617
Salaries payable	208,775	27,275	94,638
Contracts payable	-	105,830	-
Due to other funds	35,650	5,026	63,152
Due to other governments	456,582	10,770	166,020
Unearned revenue	486,476	-	-
Deposits held for others	-	4,905	-
	\$ 1,380,624	\$ 162,773	\$ 533,427
Deferred Inflows of Resources			
Unavailable revenue	\$ 1,029,968	\$ 1,606,246	\$ 631,577
Fund Balances			
Nonspendable	\$ 359,219	\$ 1,052,824	\$ 67,331
Restricted	1,578,643	135,605	150,489
Committed	554,719	-	-
Assigned	503,833	1,393,083	4,421,090
Unassigned	1,283,077	-	-
	\$ 4,279,491	\$ 2,581,512	\$ 4,638,910
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,690,083	\$ 4,350,531	\$ 5,803,914

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

EXHIBIT 3

Debt Service	Capital Projects	Total Governmental Funds
\$ 1,171,162	\$ -	\$ 10,721,754
-	-	3,900
-	-	29,710
36,276	-	700,994
-	-	113,021
-	-	17,543
-	-	3,859,784
5,075	-	408,439
-	-	421,284
-	-	301,238
-	-	1,033,694
-	-	445,680
\$ 1,212,513	\$ -	\$ 18,057,041
\$ -	\$ 86,354	\$ 498,079
-	-	330,688
-	-	105,830
-	304,611	408,439
-	-	633,372
-	-	486,476
-	-	4,905
\$ -	\$ 390,965	\$ 2,467,789
\$ 28,768	\$ -	\$ 3,296,559
\$ -	\$ -	1,479,374
1,183,745	-	3,048,482
-	-	554,719
-	-	6,318,006
-	(390,965)	892,112
\$ 1,183,745	\$ (390,965)	\$ 12,292,693
\$ 1,212,513	\$ -	\$ 18,057,041

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**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2015**

Fund Balances - Total Governmental Funds (Exhibit 3) \$ 12,292,693

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 governmental funds. 80,648,990

Deferred outflows resulting from pension obligations are not available resources and, therefore, are not reported in governmental funds. 1,957,442

Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in governmental funds. 3,296,559

Accrued interest payable is not due and payable in the current period and, therefore, is not reported in governmental funds. (74,939)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in governmental funds.

General obligation bonds and notes	\$ (6,085,000)	
Unamortized premium on bonds	(83,233)	
Capital leases	(119,413)	
Net other post-employment benefits liability	(2,991,677)	
Net pension liability	(11,222,831)	
Compensated absences	(1,719,685)	(22,221,839)

Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in governmental funds. (1,379,323)

Net Position of Governmental Activities (Exhibit 1) \$ 74,519,583

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
Revenues			
Taxes	\$ 11,094,048	\$ 2,211,674	\$ 3,808,641
Licenses and permits	398,111	-	-
Intergovernmental	4,849,791	4,312,259	6,416,193
Charges for services	1,547,519	101,704	623,225
Fines and forfeits	76,806	-	-
Gifts and contributions	227,311	-	-
Investment earnings	118,939	-	-
Miscellaneous	793,189	15,115	768,011
	<u>\$ 19,105,714</u>	<u>\$ 6,640,752</u>	<u>\$ 11,616,070</u>
Expenditures			
Current			
General government	\$ 6,889,270	\$ -	\$ -
Public safety	7,929,393	-	-
Highways and streets	-	6,069,781	-
Human services	-	-	11,234,391
Health	1,264,534	-	-
Culture and recreation	222,048	-	-
Conservation of natural resources	212,711	-	-
Economic development	1,388,501	-	-
Capital outlay	-	-	-
Intergovernmental	369,672	293,216	-
Debt service			
Principal	27,339	5,492	3,497
Interest	7,736	2,718	1,392
Administrative (fiscal) charges	-	-	-
	<u>\$ 18,311,204</u>	<u>\$ 6,371,207</u>	<u>\$ 11,239,280</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 794,510</u>	<u>\$ 269,545</u>	<u>\$ 376,790</u>
Other Financing Sources (Uses)			
Capital leases	\$ 23,693	\$ 37,253	\$ 17,076
Sale of capital assets	9,175	-	-
	<u>\$ 32,868</u>	<u>\$ 37,253</u>	<u>\$ 17,076</u>
Net Change in Fund Balance	<u>\$ 827,378</u>	<u>\$ 306,798</u>	<u>\$ 393,866</u>
Fund Balance - January 1	<u>3,452,113</u>	<u>2,127,039</u>	<u>4,245,044</u>
Increase (decrease) in inventories	<u>-</u>	<u>147,675</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 4,279,491</u>	<u>\$ 2,581,512</u>	<u>\$ 4,638,910</u>

EXHIBIT 5

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
\$ 956,996	\$ -	\$ 18,071,359
-	-	398,111
18,538	-	15,596,781
-	-	2,272,448
-	-	76,806
-	-	227,311
-	-	118,939
-	-	1,576,315
\$ 975,534	\$ -	\$ 38,338,070
\$ -	\$ -	\$ 6,889,270
-	-	7,929,393
-	-	6,069,781
-	-	11,234,391
-	-	1,264,534
-	-	222,048
-	-	212,711
-	-	1,388,501
-	561,296	561,296
-	-	662,888
730,000	-	766,328
189,741	-	201,587
3,800	-	3,800
\$ 923,541	\$ 561,296	\$ 37,406,528
\$ 51,993	\$ (561,296)	\$ 931,542
\$ -	\$ -	\$ 78,022
-	-	9,175
\$ -	\$ -	\$ 87,197
\$ 51,993	\$ (561,296)	\$ 1,018,739
1,131,752	170,331	11,126,279
-	-	147,675
\$ 1,183,745	\$ (390,965)	\$ 12,292,693

**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, 2015**

Net Change in Fund Balances - Total Governmental Funds (Exhibit 5) \$ 1,018,739

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

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

Expenditures for general capital assets, infrastructure, and other related capital assets	\$ 4,719,038	
Current year depreciation	<u>(2,811,765)</u>	1,907,273

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 30,000	
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A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the statement of activities. However, only the sale proceeds are reported in the governmental funds.	<u>(2,913)</u>	27,087
--	----------------	--------

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	\$ 3,296,559	
Unavailable revenue - January 1	<u>(2,594,478)</u>	702,081

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. (78,022)

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	\$ 730,000	
Principal paid on capital leases	<u>36,328</u>	766,328

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	\$ 7,896	
Amortization of discounts and premiums	13,346	
Change in compensated absences	(60,483)	
Change in other post-employment benefits payable	(226,358)	
Change in net pension liability, as restated	(271,041)	
Change in deferred pension outflows, as restated	1,344,963	
Change in deferred pension inflows	(1,379,323)	
Change in inventories	<u>147,675</u>	<u>(423,325)</u>

Change in Net Position of Governmental Activities (Exhibit 2) \$ 3,920,161

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015**

	<u>Agency</u>
<u>Assets</u>	
Cash and pooled investments	<u>\$ 911,879</u>
<u>Liabilities</u>	
Due to other governments	<u>\$ 911,879</u>

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**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015. 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.

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.

Discretely Presented Component Unit

Discretely presented component units are legally separate organizations for which the County is financially accountable. The County reports the following discretely presented component unit:

The Isanti County Economic Development Authority (EDA) was established by the Isanti County Board of Commissioners on October 16, 2007, pursuant to Minn. Stat. § 469.1082. The EDA meets the criteria to be reported as a discretely presented component unit due to the EDA's fiscal dependency on the County; the County's approval is required for the EDA to levy taxes or issue debt. The EDA board is also not substantively the same as the Isanti County Board of 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, 2015.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Joint Ventures and Jointly-Governed Organization

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

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.

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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

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.

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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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.

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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

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, 2015, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds may receive investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2015 at the fund level were \$118,939.

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.

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).

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

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

2. Receivables and Payables (Continued)

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 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.

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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

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.

The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion is calculated using a trend analysis of current usage of leave. The percentage resulting from that analysis is then used to determine the current portion of vacation and sick leave. The noncurrent portion consists of the remaining amount of vacation and sick leave.

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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

7. Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30.

For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

8. Deferred Outflows/Inflows of Resources and Unearned Revenue

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 has deferred outflows related to pension obligations. The differences between projected and actual earnings on pension plan investments are recognized over a five year period.

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.

Currently, the County has two types of deferred inflows. The governmental funds report unavailable revenues from property taxes, grants, and other revenues for amounts that are not considered available to liquidate liabilities of the current period. These amounts are deferred and recognized as revenue in the period that the amounts become available.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

8. Deferred Outflows/Inflows of Resources and Unearned Revenue (Continued)

The County also has deferred inflows related to pension obligations. The pension obligation amounts are deferred and the length of the expense recognition period is equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan, determined as of the beginning of the measurement period.

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned.

9. 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.”

10. 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:

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

10. Fund Balance (Continued)

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.

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 3.E.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

10. Fund Balance (Continued)

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.

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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

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

11. 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 these estimates.

E. Change in Accounting Principles

During the year ended December 31, 2015, the County adopted new accounting guidance by implementing the provisions of GASB Statements 68, 71, and 82. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, requires governments providing defined benefit pensions to employees through pension plans administered through trusts to record their proportionate share of the net pension obligation as a liability on their financial statements along with related deferred outflows of resources, deferred inflows of resources, and pension expense. This statement also requires additional note disclosures and schedules in the required supplementary information.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, addresses an issue regarding amounts associated with contributions made to a pension plan after the measurement date of the net pension liability.

GASB Statement, No. 82, *Pension Issues – an amendment of GASB Statement No. 68*, modifies the measure of payroll that is presented in the required supplementary information schedules.

GASB Statements 68 and 71 require the County to report its proportionate share of the PERA total employers' unfunded pension liability. As a result, beginning net position has been restated to record the County's net pension liability and related deferred outflows of resources.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

1. Summary of Significant Accounting Policies

E. Change in Accounting Principles (Continued)

	Governmental Activities
Net Position January 1, 2015, as previously reported	\$ 80,938,733
Change in accounting principles	(10,339,311)
Net Position January 1, 2015, as restated	\$ 70,599,422

2. Stewardship, Compliance, and Accountability

Individual Fund Deficits

The Capital Projects Fund had a deficit fund balance of \$390,965 as of December 31, 2015. The deficit will be eliminated with the proceeds from the \$3,900,000 General Obligation Capital Improvement Bonds, Series 2016A, which were issued on April 26, 2016.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 10,721,754
Petty cash and change funds	3,900
Departmental cash	29,710
Statement of fiduciary net position	
Cash and pooled investments	911,879
Total Cash and Investments	\$ 11,667,243
Deposits	\$ 6,892,043
Petty cash and change funds	3,900
Departmental cash	29,710
Investments	4,741,590
Total Deposits, Cash on Hand, and Investments	\$ 11,667,243

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

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, 2015, the County's deposits were not exposed to custodial credit risk as the market value of collateral was greater than the amount on deposit.

Investments

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

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Investments (Continued)

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.

Interest Rate Risk

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

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Interest Rate Risk (Continued)

At December 31, 2015, 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	\$ 919,418	\$ -	\$ -	\$ 919,418
Negotiable certificates of deposit	3,251,527	-	2,768,120	483,407
MAGIC Fund	<u>570,645</u>	<u>570,645</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 4,741,590</u>	<u>\$ 570,645</u>	<u>\$ 2,768,120</u>	<u>\$ 1,402,825</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, 2015. In order to comply with this policy, the County is replacing investments with maturities greater than five years with shorter term investments when the long term investments are called by the issuer. The County will also review its investment policy to determine if this limitation is appropriate.

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**

3. 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, 2015:

<u>Investment Type</u>	<u>Moody's/S&P Rating</u>	<u>Carrying (Fair) Value</u>
U.S. government agency securities	Aaa/AA+	\$ 919,418
Negotiable certificates of deposit	NR/NR	3,251,527
MAGIC fund	NR/NR	570,645
Total Investments		<u>\$ 4,741,590</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, 2015, 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**

3. 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:

<u>Issuer</u>	<u>Reported Amount</u>
Federal Home Loan Bank	\$ 496,500
Federal Home Loan Mortgage Corporation	422,918
Discover Bank	248,848
GE Capital Bank	247,607
GE Capital Retail Bank	247,607
American Express Central Bank	247,065
Goldman Sachs Bank USA	246,972
Capital One Bank USA	246,862
Barclays Bank	245,784
Capital One Bank	245,737
CIT Bank	245,137
First Merchants Bank	241,923
First American Bank	241,484

2. Receivables

Receivables at December 31, 2015, for the County's governmental activities, including any applicable allowances for uncollectible accounts, are as follows:

	<u>Total Receivables</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
Governmental Activities		
Taxes	\$ 700,994	\$ -
Accounts	113,021	-
Accrued interest	17,543	-
Due from other governments	3,859,784	-
Leases	421,284	332,639
Loans	301,238	258,223
	<hr/>	<hr/>
Total Governmental Activities	<u>\$ 5,413,864</u>	<u>\$ 590,862</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

2. Receivables (Continued)

Loans Receivable

The County currently has outstanding contracts for deed with 14 landowners for the purchase of tax forfeited properties. The following is a summary of these outstanding contracts for deed as of December 31, 2015:

	<u>Original Loan Amount</u>	<u>Amount Repaid To Date</u>	<u>Outstanding Balance</u>
General Fund	\$ 412,417	\$ 111,179	\$ 301,238

The contracts for deed have varying repayment schedules. The final payment on the contracts for deed is scheduled to be received in October 2025.

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, 2018, and the other lease agreement expires on September 30, 2020.

The County has also leased portions of the Oakview Office Complex to Therapeutic Services Agency for office space. One of the lease agreements expires on March 31, 2019, and the other lease agreement expires on September 30, 2019.

The County has also leased portions of the Oakview Office Complex to Canvas Health for office space. The lease agreement expires on March 31, 2020.

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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

2. Receivables

Leases Receivable (Continued)

Amounts due under the lease agreements have been recorded as leases receivable and unearned revenue in the General Fund at December 31, 2015. The amounts for 2016 are considered current and due within one year. Amounts remaining to be paid are as follows:

<u>Year</u>	<u>Office Space</u>	<u>Communications Tower</u>	<u>Total</u>
2016	\$ 82,995	\$ 5,650	\$ 88,645
2017	87,115	6,046	93,161
2018	84,852	6,046	90,898
2019	58,652	6,046	64,698
2020	26,933	6,046	32,979
2021-2025	-	31,497	31,497
2026-2030	-	19,406	19,406
Total	<u>\$ 340,547</u>	<u>\$ 80,737</u>	<u>\$ 421,284</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

Primary Government

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 4,947,909	\$ 191,039	\$ -	\$ 5,138,948
Construction in progress	348,954	226,795	172,029	403,720
Total capital assets not depreciated	\$ 5,296,863	\$ 417,834	\$ 172,029	\$ 5,542,668
Capital assets depreciated				
Buildings	\$ 19,442,833	\$ -	\$ -	\$ 19,442,833
Improvements other than buildings	844,824	5,000	7,600	842,224
Machinery, furniture, and equipment	10,881,403	1,355,990	94,615	12,142,778
Infrastructure	79,410,969	3,142,243	-	82,553,212
Total capital assets depreciated	\$ 110,580,029	\$ 4,503,233	\$ 102,215	\$ 114,981,047
Less: accumulated depreciation for				
Buildings	\$ 7,585,992	\$ 476,633	\$ -	\$ 8,062,625
Improvements other than buildings	212,651	35,287	4,687	243,251
Machinery, furniture, and equipment	7,572,289	706,357	94,615	8,184,031
Infrastructure	21,791,330	1,593,488	-	23,384,818
Total accumulated depreciation	\$ 37,162,262	\$ 2,811,765	\$ 99,302	\$ 39,874,725
Total capital assets depreciated, net	\$ 73,417,767	\$ 1,691,468	\$ 2,913	\$ 75,106,322
Primary Government Capital Assets, Net	\$ 78,714,630	\$ 2,109,302	\$ 174,942	\$ 80,648,990

Construction in progress at December 31, 2015, comprises the to-date costs of the following projects: mass appraisal software (\$35,435), courthouse security workstation (\$4,245), road projects (\$105,831), and construction of the law enforcement center (\$258,209).

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

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

General government	\$	367,570
Public safety		557,236
Highways and streets, including depreciation of infrastructure assets		1,720,078
Human services		46,249
Health		2,341
Culture and recreation		31,990
Economic development		86,301
Total	\$	2,811,765

B. Interfund Receivables, Payables, and Transfers

Interfund Balances

The composition of interfund balances as of December 31, 2015, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Human Services Fund	\$ 63,152	Services provided
General Fund	Road and Bridge Fund	5,026	Services provided
Road and Bridge Fund	General Fund	12,880	Services provided and tax sale proceeds
Human Services Fund	General Fund	17,695	Services provided and tax sale proceeds
Debt Service Fund	General Fund	5,075	Tax sale proceeds
General Fund	Capital Projects Fund	304,611	Eliminate temporary cash deficiency
Total Due To/From Other Funds		\$ 408,439	

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities

1. Payables

Payables at December 31, 2015, are as follows:

	Governmental Activities
Accounts	\$ 498,079
Salaries	330,688
Due to other governments	633,372
Contracts	105,830
Accrued interest	74,939
Total Governmental Activities	\$ 1,642,908

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, 2015, is as follows:

	Unearned Grant Revenue	Unearned Lease Revenue	Total Unearned Revenue
General Fund	\$ 61,039	\$ 425,437	\$ 486,476

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**

3. 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**

3. 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, 2014, the date of the most recent actuarial valuation:

Active employees	237
Retired employees	60
Spouses of retirees	<u>5</u>
Total plan participants	<u><u>302</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 2015, the County expended \$463,189 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 2015, the amount actuarially contributed to the plan, and changes in the County’s net OPEB obligation.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

3. Other Post-Employment Benefits

Annual OPEB Cost and Net OPEB Obligation (Continued)

Annual required contribution (ARC)	\$	735,747
Interest on net OPEB obligation		110,613
Adjustment to ARC		(156,813)
Annual OPEB cost		689,547
Contributions during the year		(463,189)
Increase in net OPEB obligation		226,358
Net OPEB – beginning of the year		2,765,319
 Net OPEB – end of the year	 \$	 2,991,677

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2015	\$ 689,547	\$ 463,189	67.17%	\$ 2,991,677
December 31, 2014	687,514	374,814	54.52%	2,765,319
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**

3. Detailed Notes on All Funds

C. Liabilities

3. Other Post-Employment Benefits

Funded Status (Continued)

	Actuarial Valuation Date January 1, 2014
Actuarial accrued liability (AAL)	\$ 8,797,927
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 8,797,927
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 12,447,790
UAAL as a percentage of covered payroll	70.68%

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

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

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, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0 percent investment rate of return. The actuarial assumptions also included an annual health care cost trend rate of 7.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after ten 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, 2015, was a weighted period of 22 years.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

4. Long-Term Debt

Bonds and Notes Payable

Bonds and notes payable as of December 31, 2015, consist of the following issues:

Description of Issue	Outstanding Balance December 31, 2015
\$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.	\$ 845,000
\$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.	545,000
\$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.	2,540,000
Total Bonds and Notes Payable	\$ 6,085,000
Plus: unamortized premium	83,233
Total Bonds and Notes Payable, Net	\$ 6,168,233

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

4. Long-Term Debt (Continued)

Debt Service Requirements

Debt service requirements at December 31, 2015, were as follows:

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2016	\$ 745,000	\$ 170,214
2017	770,000	149,603
2018	790,000	128,539
2019	780,000	107,513
2020	800,000	85,835
2021-2025	2,200,000	122,550
Total	\$ 6,085,000	\$ 764,254

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds and notes	\$ 6,815,000	\$ -	\$ 730,000	\$ 6,085,000	\$ 745,000
Plus: deferred amounts for issuance premiums	96,579	-	13,346	83,233	-
Total bonds and notes payable	\$ 6,911,579	\$ -	\$ 743,346	\$ 6,168,233	\$ 745,000
Capital lease payable	77,719	78,022	36,328	119,413	37,508
Compensated absences	1,659,202	1,302,614	1,242,131	1,719,685	966,821
Governmental Activity Long-Term Liabilities	\$ 8,648,500	\$ 1,380,636	\$ 2,021,805	\$ 8,007,331	\$ 1,749,329

The OPEB, pension, capital lease, and compensated absences liabilities are generally liquidated by the General Fund, Human Services Fund, and Road and Bridge Fund. The general obligation bonds are liquidated by the Debt Service Fund.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

5. Construction and Other Significant Commitments

The County has active construction projects and other significant commitments as of December 31, 2015. The projects and related commitments include the following:

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Property for future law enforcement center	\$ 7,500	\$ 742,500
Roads	2,010,777	130,325

6. Lease Obligations

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of ten vehicles valued at \$170,427 and a tractor valued at \$15,619. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through the capital lease are reported in the County's capital assets balances as follows:

	Governmental Activities
Machinery, furniture, and equipment	\$ 186,046
Less: Accumulated depreciation	(59,114)
Total	\$ 126,932

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015, were as follows:

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. 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>
2016	\$ 48,911	\$ 1	\$ 48,912
2017	47,294	-	47,294
2018	33,272	-	33,272
2019	12,982	-	12,982
2020	4,262	-	4,262
Total minimum lease payments	\$ 146,721	\$ 1	\$ 146,722
Less: amount representing interest	(27,309)	-	(27,309)
Present value of minimum lease payments	<u>\$ 119,412</u>	<u>\$ 1</u>	<u>\$ 119,413</u>

Operating Leases

The County has 28 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 \$105,790 in 2015. The last of the leases is scheduled to expire in September 2020.

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

<u>Year</u>	<u>Minimum Lease Payments</u>
2016	\$ 63,612
2017	31,555
2018	18,618
2019	11,842
2020	7,331
Total	<u>\$ 132,958</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

D. Deferred Inflows of Resources

Unavailable Revenue

Deferred inflows of revenues in the governmental funds 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, 2015, is as follows:

Fund	Delinquent Taxes	Other Unavailable Revenues	Total Unavailable Revenue
General Fund	\$ 354,876	\$ 675,092	\$ 1,029,968
Road and Bridge Fund	68,695	1,537,551	1,606,246
Human Services Fund	127,216	504,361	631,577
Debt Service Fund	28,768	-	28,768
Total	<u>\$ 579,555</u>	<u>\$ 2,717,004</u>	<u>\$ 3,296,559</u>

E. Fund Balance

1. Nonspendable Fund Balance

The detail of nonspendable fund balance at December 31, 2015 is as follows:

	General	Road and Bridge	Human Services	Total
Nonspendable:				
Inventory	\$ -	\$ 1,033,694	\$ -	\$ 1,033,694
Prepaid items	359,219	19,130	67,331	445,680
Total Nonspendable	<u>\$ 359,219</u>	<u>\$ 1,052,824</u>	<u>\$ 67,331</u>	<u>\$ 1,479,374</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

E. Fund Balance (Continued)

2. Restricted Fund Balance

The detail of restricted fund balance at December 31, 2015, is as follows:

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Debt Service</u>	<u>Total</u>
Restricted for:					
Missing heirs	\$ 84,696	\$ -	\$ -	\$ -	\$ 84,696
Law library	34,959	-	-	-	34,959
Recorder's technology	511,680	-	-	-	511,680
Land records compliance	264,570	-	-	-	264,570
DARE	10,978	-	-	-	10,978
Enhanced 911 system	132,961	-	-	-	132,961
Sheriff contingency	555	-	-	-	555
Attorney operations	67,213	-	-	-	67,213
Sheriff operations	9,428	-	-	-	9,428
Law enforcement	5,003	-	-	-	5,003
Permit to carry program	44,274	-	-	-	44,274
Aquatic invasive species	82,366	-	-	-	82,366
Parks and recreation	147,327	-	-	-	147,327
Child advocacy	1,419	-	-	-	1,419
Septic systems	16,323	-	-	-	16,323
SCORE recycling	155,828	-	-	-	155,828
Ditch maintenance	9,063	-	-	-	9,063
Child protection staffing	-	-	150,489	-	150,489
Highway projects	-	135,605	-	-	135,605
Debt service	-	-	-	1,183,745	1,183,745
Total Restricted	<u>\$ 1,578,643</u>	<u>\$ 135,605</u>	<u>\$ 150,489</u>	<u>\$ 1,183,745</u>	<u>\$ 3,048,482</u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

E. Fund Balance (Continued)

3. Committed Fund Balance

The detail of committed fund balance at December 31, 2015, is as follows:

	General
Committed for:	
County parks and recreation	\$ 262,579
Township parks	153,314
AED program	6,339
Safety and rescue program	11,791
Jail operations	91,321
Drug take back program	307
Project lifesaver	5,371
Sheriff explorer program	1,185
Sheriff gun range	15,000
Sheriff dive team	1,350
Sheriff mounted patrol	335
Sheriff K-9 program	5,827
Total Committed	\$ 554,719

4. Assigned Fund Balance

The detail of assigned fund balance at December 31, 2015, is as follows:

	General	Road and Bridge	Human Services	Total
Building maintenance	\$ 503,833	\$ -	\$ -	\$ 503,833
Highways and streets	-	1,393,083	-	1,393,083
Human services	-	-	4,421,090	4,421,090
Total Assigned	\$ 503,833	\$ 1,393,083	\$ 4,421,090	\$ 6,318,006

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

1. 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. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years and increasing 5 percent for each year of service until fully vested after 20 years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional facility and its inmates are covered by the Public Employees Correctional Fund. For members hired after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans (Continued)

2. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 percent post-retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent.

The benefit provisions stated in the following paragraph 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 their public service.

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for 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. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service 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**

4. Pension Plans

A. Defined Benefit Pension Plans

2. Benefits Provided (Continued)

For General Employees Retirement Fund members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Public Employees Police and Fire Fund and Public Employees Correctional Fund members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and a normal retirement age is 55. Disability benefits are available for vested members and are based on years of service and average high-five salary.

3. Contributions

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. General Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2015. Public Employees Police and Fire Fund members were required to contribute 10.80 percent of their annual covered salary in 2015. Public Employees Correctional Fund members were required to contribute 5.83 percent of their annual covered salary in 2015.

In 2015, the County was required to contribute the following percentages of annual covered salary:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.50
Public Employees Police and Fire Fund	16.20
Public Employees Correctional Fund	8.75

The General Employees Retirement Fund Coordinated Plan member and employer contribution rates each reflect a 0.25 percent increase from 2014. The Public Employees Police and Fire Fund member and employer contribution rates increased 0.60 percent and 0.90 percent, respectively, from 2014.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

3. Contributions (Continued)

The County's contributions for the years ending December 31, 2015, to the pension plans were:

General Employees Retirement Fund	\$	808,057
Public Employees Police and Fire Fund		232,774
Public Employees Correctional Fund		143,819

The contributions are equal to the contractually required contributions as set by state statute.

4. Pension Costs

General Employees Retirement Fund

At December 31, 2015, the County reported a liability of \$9,327,165 for its proportionate share of the General Employees Retirement Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 0.1800 percent. It was 0.1952 percent measured as of June 30, 2014. The County recognized pension expense of \$1,243,288 for its proportionate share of the General Employees Retirement Fund's pension expense.

The County reported its proportionate share of the General Employees Retirement Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs

General Employees Retirement Fund (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 470,248
Differences between projected and actual investment earnings	882,959	-
Changes in proportion	-	535,975
Contributions paid to PERA subsequent to the measurement date	441,184	-
Total	\$ 1,324,143	\$ 1,006,223

A total of \$441,184 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ (114,668)
2017	(114,668)
2018	(114,668)
2019	220,740

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs (Continued)

Public Employees Police and Fire Fund

At December 31, 2015, the County reported a liability of \$1,761,162 for its proportionate share of the Public Employees Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 0.155 percent. It was 0.159 percent measured as of June 30, 2014. The County recognized pension expense of \$303,490 for its proportionate share of the Public Employees Police and Fire Fund's pension expense.

The County also recognized \$13,950 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Fund. Legislation requires the State of Minnesota to contribute \$9 million to the Public Employees Police and Fire Fund each year, starting in fiscal year 2014, until the plan is 90 percent funded.

The County reported its proportionate share of the Public Employees Police and Fire Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs

Public Employees Police and Fire Fund (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 285,603
Differences between projected and actual investment earnings	306,853	-
Changes in proportion	-	36,002
Contributions paid to PERA subsequent to the measurement date	132,572	-
Total	\$ 439,425	\$ 321,605

A total of \$132,572 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ 12,392
2017	12,392
2018	12,392
2019	12,392
2020	(64,320)

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs

Public Employees Correctional Fund (Continued)

A total of \$81,756 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2016	\$ 10,865
2017	10,865
2018	10,865
2019	28,028

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended June 30, 2015, was \$1,691,929.

5. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.75 percent per year
Active member payroll growth	3.50 percent per year
Investment rate of return	7.90 percent

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

5. Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Fund and the Public Employees Police and Fire Fund, cost of living benefit increases for retirees are assumed to be 1.0 percent effective every January 1 through 2035 and 2037, respectively, and 2.5 percent thereafter. Cost of living benefit increases for retirees are assumed to be 2.5 percent for all years for the Public Employees Correctional Fund.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Fund was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for the Public Employees Police and Fire Fund was for the period July 1, 2004, through June 30, 2009. The experience study for the Public Employees Correctional Fund was for the period July 1, 2006, through June 30, 2011.

In 2015, an updated experience study was done for PERA's General Employees Retirement Fund for the six-year period ending June 30, 2014, which would result in a larger pension liability. However, PERA will not implement the changes in assumptions until its June 30, 2016, estimate of pension liability.

The long-term expected rate of return on pension plan investments is 7.9 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

5. Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	45%	5.50%
International stocks	15	6.00
Bonds	18	1.45
Alternative Assets	20	6.40
Cash	2	0.50

6. Discount Rate

The discount rate used to measure the total pension liability was 7.9 percent. The discount rate did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

7. Pension Liability Sensitivity (Continued)

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
Proportionate share of the General Employees Retirement Fund net pension liability	\$ 14,665,620	\$ 9,327,166	\$ 4,918,423
Public Employees Police and Fire Fund net pension liability	3,432,525	1,761,163	380,327
Public Employees Correctional Fund net pension liability	936,694	134,502	(507,575)

8. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

B. Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. 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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

4. Pension Plans

B. Defined Contribution Plan (Continued)

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2015, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 7,813	\$ 7,813
Percentage of covered payroll	5.00%	5.00%

5. Risk Management

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$490,000 per claim in 2015 and \$500,000 per claim in 2016. 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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

5. Risk Management (Continued)

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 2015 and 2016. 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 percent 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, if any, are not considered to be material. Changes in the balances of claims liabilities for the past two years are as follows:

	2015		2014
Unpaid claims – January 1	\$ 55,060		\$ 48,142
Current year claims	471,156		486,044
Claim payments	(489,176)		(479,126)
Unpaid claims – December 31	\$ 37,040		\$ 55,060

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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

A. Subsequent Events

On January 4, 2016, the County purchased property in Cambridge, Minnesota at a total cost of \$754,893. The existing building on the property will be remodeled into a law enforcement center.

On April 26, 2016, the County issued \$3,900,000 General Obligation Capital Improvement Plan Bonds, Series 2016A. The proceeds of the bonds will be used to fund the property acquisition and construction costs for a law enforcement center, the remodeling of the existing county jail and dispatch center, and the purchase of public safety radio equipment.

B. 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.

C. Joint Ventures

East Central Regional Library

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

Isanti County's contribution for 2015 was \$368,972. Complete financial statements of the East Central Regional Library can be obtained at 244 South Birch, Cambridge, Minnesota 55008.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

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**

6. Summary of Significant Contingencies and Other Items

C. 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 2015 was \$5,250. 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 2015 was \$15,005. Complete financial statements of the Metropolitan Emergency Services Board can be obtained at the 911 Board Offices, 2099 University Avenue, West St. Paul, Minnesota 55104.

East Central Drug and Violent Offender Task Force

The East Central Drug and Violent Offender Task Force (Task Force) was established through a joint powers agreement between Chisago, Isanti and Pine Counties for the enforcement of controlled substance laws, deterrence of violent crimes and investigation of other associated unlawful activity in the respective jurisdictions.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

C. Joint Ventures

East Central Drug and Violent Offender Task Force (Continued)

The Task Force is governed by an administrative board composed of the County Sheriff (or the Sheriff's designee) from each of the participating counties and one associate member from the County Attorney's office of a participating county. Funding for the Task Force is provided by grants and matching contributions from participating counties. Pine County serves as the fiscal agent.

D. Jointly-Governed Organization

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

Isanti County Integrated Collaborative

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

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

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

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

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.

REQUIRED SUPPLEMENTARY INFORMATION

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**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 10,701,462	\$ 10,808,462	\$ 11,094,048	\$ 285,586
Licenses and permits	349,690	349,690	398,111	48,421
Intergovernmental	4,838,471	4,883,210	4,849,791	(33,419)
Charges for services	1,516,115	1,516,115	1,547,519	31,404
Fines and forfeits	51,400	51,400	76,806	25,406
Gifts and contributions	179,500	179,500	227,311	47,811
Investment earnings	110,000	110,000	118,939	8,939
Miscellaneous	693,727	698,727	793,189	94,462
Total Revenues	\$ 18,440,365	\$ 18,597,104	\$ 19,105,714	\$ 508,610
Expenditures				
Current				
General government				
Commissioners	\$ 272,095	\$ 272,095	\$ 253,496	\$ 18,599
Courts	81,000	81,000	67,174	13,826
Law library	29,856	29,856	46,840	(16,984)
County administration	1,062,307	1,062,307	1,041,259	21,048
County auditor-treasurer	930,853	930,853	822,464	108,389
Auditing and accounting services	35,000	35,000	37,977	(2,977)
County assessor	448,416	448,416	373,681	74,735
Elections	17,600	17,600	14,643	2,957
Management information systems	676,846	676,846	600,078	76,768
Central services	5,100	5,100	17,893	(12,793)
Attorney	1,291,060	1,291,060	1,271,288	19,772
Recorder	328,685	433,685	427,990	5,695
Surveyor	47,000	47,000	55,993	(8,993)
Geographic information systems	20,900	20,900	25,892	(4,992)
Planning and zoning	491,480	491,480	448,112	43,368
Buildings and maintenance	1,056,008	1,056,008	950,929	105,079
Veterans services	175,689	175,689	164,699	10,990
County contingency	198,000	198,000	2,884	195,116
Appropriations	62,190	62,190	62,190	-
Forfeited tax sale	-	107,000	203,788	(96,788)
Total general government	\$ 7,230,085	\$ 7,442,085	\$ 6,889,270	\$ 552,815

(Continues)

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

*Schedule 1
(Continued)*

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 6,337,212	\$ 6,337,212	\$ 6,648,228	\$ (311,016)
Probation and parole	1,051,691	1,051,691	1,035,891	15,800
Medical examiner	95,555	95,555	95,555	-
Emergency management	149,110	149,110	149,719	(609)
Total public safety	\$ 7,633,568	\$ 7,633,568	\$ 7,929,393	\$ (295,825)
Health				
Public health	\$ 1,350,648	\$ 1,350,648	\$ 1,264,534	\$ 86,114
Culture and recreation				
Parks	\$ 167,494	\$ 217,233	\$ 200,593	\$ 16,640
Historical society	21,100	21,100	21,100	-
Ceremonies for veterans	1,050	1,050	355	695
Total culture and recreation	\$ 189,644	\$ 239,383	\$ 222,048	\$ 17,335
Conservation of natural resources				
Extension service	\$ 149,506	\$ 149,506	\$ 142,721	\$ 6,785
Soil and water conservation	32,000	32,000	37,000	(5,000)
Agricultural society and county fair	5,000	5,000	5,000	-
Ditch maintenance	-	-	1,180	(1,180)
Aquatic invasive species	65,294	65,294	26,810	38,484
Total conservation of natural resources	\$ 251,800	\$ 251,800	\$ 212,711	\$ 39,089
Economic development				
Transit	\$ 1,322,739	\$ 1,322,739	\$ 1,342,056	\$ (19,317)
Economic development	33,580	33,580	41,195	(7,615)
Rail authority	5,250	5,250	5,250	-
Total economic development	\$ 1,361,569	\$ 1,361,569	\$ 1,388,501	\$ (26,932)
Intergovernmental				
Library	\$ 371,852	\$ 371,852	\$ 369,672	\$ 2,180

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

*Schedule 1
(Continued)*

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Debt service				
Principal	\$ -	\$ -	\$ 27,339	\$ (27,339)
Interest	-	-	7,736	(7,736)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,075</u>	<u>\$ (35,075)</u>
Total Expenditures	<u>\$ 18,389,166</u>	<u>\$ 18,650,905</u>	<u>\$ 18,311,204</u>	<u>\$ 339,701</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 51,199</u>	<u>\$ (53,801)</u>	<u>\$ 794,510</u>	<u>\$ 848,311</u>
Other Financing Sources (Uses)				
Capital leases	\$ -	\$ -	\$ 23,693	\$ 23,693
Sale of capital assets	-	-	9,175	9,175
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,868</u>	<u>\$ 32,868</u>
Net Change in Fund Balance	<u>\$ 51,199</u>	<u>\$ (53,801)</u>	<u>\$ 827,378</u>	<u>\$ 881,179</u>
Fund Balance - January 1	<u>3,452,113</u>	<u>3,452,113</u>	<u>3,452,113</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 3,503,312</u></u>	<u><u>\$ 3,398,312</u></u>	<u><u>\$ 4,279,491</u></u>	<u><u>\$ 881,179</u></u>

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,175,663	\$ 2,175,663	\$ 2,211,674	\$ 36,011
Intergovernmental	4,394,699	4,394,699	4,312,259	(82,440)
Charges for services	127,350	127,350	101,704	(25,646)
Miscellaneous	1,500	1,500	15,115	13,615
Total Revenues	\$ 6,699,212	\$ 6,699,212	\$ 6,640,752	\$ (58,460)
Expenditures				
Current				
Highways and streets				
Administration	\$ 343,893	\$ 343,893	\$ 340,085	\$ 3,808
Maintenance	1,435,805	1,435,805	1,294,939	140,866
Construction	3,782,934	4,219,554	3,552,514	667,040
Equipment and shop	1,007,688	1,007,688	882,243	125,445
Total highways and streets	\$ 6,570,320	\$ 7,006,940	\$ 6,069,781	\$ 937,159
Intergovernmental				
Town roads	\$ 278,892	\$ 278,892	\$ 293,216	\$ (14,324)
Debt service				
Principal	\$ -	\$ -	\$ 5,492	\$ (5,492)
Interest	-	-	2,718	(2,718)
Total debt service	\$ -	\$ -	\$ 8,210	\$ (8,210)
Total Expenditures	\$ 6,849,212	\$ 7,285,832	\$ 6,371,207	\$ 914,625
Excess of Revenues Over (Under) Expenditures	\$ (150,000)	\$ (586,620)	\$ 269,545	\$ 856,165
Other Financing Sources (Uses)				
Capital leases	-	-	37,253	37,253
Net Change in Fund Balance	\$ (150,000)	\$ (586,620)	\$ 306,798	\$ 893,418
Fund Balance - January 1	2,127,039	2,127,039	2,127,039	-
Increase (decrease) in inventories	-	-	147,675	147,675
Fund Balance - December 31	\$ 1,977,039	\$ 1,540,419	\$ 2,581,512	\$ 1,041,093

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,790,910	\$ 3,790,910	\$ 3,808,641	\$ 17,731
Intergovernmental	7,084,374	7,084,374	6,416,193	(668,181)
Charges for services	613,290	613,290	623,225	9,935
Miscellaneous	375,881	375,881	768,011	392,130
Total Revenues	\$ 11,864,455	\$ 11,864,455	\$ 11,616,070	\$ (248,385)
Expenditures				
Current				
Human services				
Income maintenance	\$ 3,601,451	\$ 3,601,451	\$ 3,676,926	\$ (75,475)
Social services	8,263,004	8,263,004	7,557,465	705,539
Total human services	\$ 11,864,455	\$ 11,864,455	\$ 11,234,391	\$ 630,064
Debt service				
Principal	\$ -	\$ -	\$ 3,497	\$ (3,497)
Interest	-	-	1,392	(1,392)
Total debt service	\$ -	\$ -	\$ 4,889	\$ (4,889)
Total Expenditures	\$ 11,864,455	\$ 11,864,455	\$ 11,239,280	\$ 625,175
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 376,790	\$ 376,790
Other Financing Sources (Uses)				
Capital leases	-	-	17,076	17,076
Net Change In Fund Balance	\$ -	\$ -	\$ 393,866	\$ 393,866
Fund Balance - January 1	4,245,044	4,245,044	4,245,044	-
Fund Balance - December 31	\$ 4,245,044	\$ 4,245,044	\$ 4,638,910	\$ 393,866

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

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 4

**SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN
DECEMBER 31, 2015**

Actuarial valuation date	January 1, 2010	January 1, 2012	January 1, 2014
Actuarial value of plan assets	\$ -	\$ -	\$ -
Actuarial accrued liability	<u>8,526,956</u>	<u>8,792,555</u>	<u>8,797,927</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 8,526,956</u>	<u>\$ 8,792,555</u>	<u>\$ 8,797,927</u>
Funded ratio	0.00%	0.00%	0.00%
Covered payroll	\$ 11,573,397	\$ 11,793,658	\$ 12,447,790
UAAL as percentage of covered payroll	73.68%	74.55%	70.68%

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 5

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2015**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.180%	\$ 9,327,166	\$ 10,589,636	88.08%	78.19%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 6

**SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2015**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 808,057	\$ 808,057	-	\$ 10,774,089	7.50%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The County's year-end is December 31.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 7

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND
DECEMBER 31, 2015**

<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</u>	<u>Covered Payroll (b)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	0.155%	\$ 1,761,163	\$ 1,429,034	123.24%	86.61%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 8

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND
DECEMBER 31, 2015**

<u>Year Ending</u>	<u>Statutorily Required Contributions (a)</u>	<u>Actual Contributions in Relation to Statutorily Required Contributions (b)</u>	<u>Contribution (Deficiency) Excess (b-a)</u>	<u>Covered Payroll (c)</u>	<u>Actual Contributions as a Percentage of Covered Payroll (b/c)</u>
2015	\$ 232,774	\$ 232,774	-	\$ 1,436,879	16.20%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The County's year-end is December 31.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 9

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES CORRECTIONAL FUND
DECEMBER 31, 2015**

<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</u>	<u>Covered Payroll (b)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	0.870%	\$ 134,502	\$ 1,570,612	8.56%	96.95%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 10

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES CORRECTIONAL FUND
DECEMBER 31, 2015**

<u>Year Ending</u>	<u>Statutorily Required Contributions (a)</u>	<u>Actual Contributions in Relation to Statutorily Required Contributions (b)</u>	<u>Contribution (Deficiency) Excess (b-a)</u>	<u>Covered Payroll (c)</u>	<u>Actual Contributions as a Percentage of Covered Payroll (b/c)</u>
2015	\$ 143,819	\$ 143,819	\$ -	\$ 1,643,649	8.75%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The County's year-end is December 31.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015

Budgetary Information

General Budget Policies

The County Board adopts annual estimated revenue and expenditure budgets for the General Fund, the Road and 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.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015

Budgetary Information (Continued)

Expenditures in Excess of Appropriations

For the year ended December 31, 2015, expenditures exceeded appropriations in the funds, departments, and programs as follows:

Fund or Department	Excess
General Fund	
Law library	\$ 16,984
Auditing and accounting services	2,977
Central services	12,793
Surveyor	8,993
Geographic information systems	4,992
Forfeited tax sale	96,788
Sheriff	311,016
Emergency management	609
Soil and water conservation	5,000
Ditch maintenance	1,180
Transit	19,317
Economic development	7,615
Debt service	35,075
Road and Bridge Fund	
Town roads	14,324
Debt service	8,210
Human Services Fund	
Income maintenance	75,475
Debt service	4,889

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

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COMBINING AND INDIVIDUAL FUND STATEMENTS

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**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 11

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 953,284	\$ 953,284	\$ 956,996	\$ 3,712
Intergovernmental	18,310	18,310	18,538	228
Total Revenues	\$ 971,594	\$ 971,594	\$ 975,534	\$ 3,940
Expenditures				
Debt service				
Principal	\$ 730,000	\$ 730,000	\$ 730,000	\$ -
Interest	189,742	189,742	189,741	1
Administrative charges	-	-	3,800	(3,800)
Total Expenditures	\$ 919,742	\$ 919,742	\$ 923,541	\$ (3,799)
Net Change in Fund Balance	\$ 51,852	\$ 51,852	\$ 51,993	\$ 141
Fund Balance - January 1	1,131,752	1,131,752	1,131,752	-
Fund Balance - December 31	\$ 1,183,604	\$ 1,183,604	\$ 1,183,745	\$ 141

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**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.

The Lake Improvement Districts Fund accounts for the collection and payment of monies on behalf of the lake improvement districts in the County.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Statement 1

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance January 1	Additions	Deductions	Balance December 31
<u>AGENCY</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 107,383	\$ 2,354,084	\$ 2,371,594	\$ 89,873
<u>Liabilities</u>				
Due to other governments	\$ 107,383	\$ 2,354,084	\$ 2,371,594	\$ 89,873
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 403,332	\$ 51,973,738	\$ 51,878,064	\$ 499,006
<u>Liabilities</u>				
Due to other governments	\$ 403,332	\$ 51,973,738	\$ 51,878,064	\$ 499,006
<u>COLLABORATIVE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 84,581	\$ 113,548	\$ 112,977	\$ 85,152
<u>Liabilities</u>				
Due to other governments	\$ 84,581	\$ 113,548	\$ 112,977	\$ 85,152

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Statement 1
(Continued)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>LAKE IMPROVEMENT DISTRICTS</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 214,413</u>	<u>\$ 162,501</u>	<u>\$ 139,066</u>	<u>\$ 237,848</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 214,413</u>	<u>\$ 162,501</u>	<u>\$ 139,066</u>	<u>\$ 237,848</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 809,709</u>	<u>\$ 54,603,871</u>	<u>\$ 54,501,701</u>	<u>\$ 911,879</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 809,709</u>	<u>\$ 54,603,871</u>	<u>\$ 54,501,701</u>	<u>\$ 911,879</u>

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SUPPLEMENTARY INFORMATION

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**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 12

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Governmental Funds
Shared Revenue	
State	
Highway users tax	\$ 3,852,518
Market value credit	286,862
Aquatic invasive species aid	75,294
PERA rate reimbursement	37,531
Disparity reduction aid	41,509
County program aid	2,118,396
Police aid	158,848
E-911	117,031
	6,687,989
Total Shared Revenue	\$ 6,687,989
Reimbursement for Services	
State	
Minnesota department of human services	\$ 797,915
	797,915
Payments	
Local	
Payments in lieu of taxes	\$ 108,841
	108,841
Grants	
State	
Minnesota department/board of	
Corrections	\$ 302,885
Public safety	42,608
Transportation	583,629
Peace officer standards and training	6,330
Health	211,258
Natural resources	48,810
Human services	2,463,751
Soil and water resources	94,986
Veteran's affairs	12,500
Pollution control agency	248,224
	4,014,981
Total State	\$ 4,014,981
Federal	
Department of	
Agriculture	\$ 469,522
Justice	32,529
Transportation	620,818
Education	2,975
Health and human services	2,777,953
Homeland security	83,258
	3,987,055
Total Federal	\$ 3,987,055
Total State and Federal Grants	\$ 8,002,036
Total Intergovernmental Revenue	\$ 15,596,781

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 13
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2015G996115	\$ 213,723	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	15152MN10152514	245,909	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	15152MN127Q7503	5,688	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) (Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$251,933)	10.561	15152MN10152520	336	-
Total U.S. Department of Agriculture			\$ 465,656	\$ -
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	A-CVS-2016-ISANTIAO-00025	\$ 20,337	\$ -
Violence Against Women Formula Grants (Total Violence Against Women Formula Grants 16.588 \$12,192)	16.588	A-SMART-2015-ISANTIAO-00008	10,000	-
Passed Through Minnesota Coalition Against Sexual Assault Violence Against Women Formula Grants (Total Violence Against Women Formula Grants 16.588 \$12,192)	16.588	Not provided	2,192	-
Total U.S. Department of Justice			\$ 32,529	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	3014174	\$ 3,990	\$ -
Highway Planning and Construction	20.205	3014200	12,931	-
Highway Planning and Construction (Total Highway Planning and Construction 20.205 \$182,589)	20.205	3015274	165,668	-
Formula Grants for Rural Areas	20.509	1001736	461,000	230,500
Passed Through Kanabec County, Minnesota Highway Safety Cluster State and Community Highway Safety	20.600	Not provided	1,233	-
Occupant Protection Incentive Grants	20.602	Not provided	2,502	-
National Priority Safety Programs (Total Highway Safety Cluster \$3,932)	20.616	Not provided	197	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Not provided	4,781	-
Total U.S. Department of Transportation			\$ 652,302	\$ 230,500

(Continued on next page)

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 13
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Education				
Passed Through Minnesota Department of Health Special Education-Grants for Infants and Families	84.181	75384	\$ 2,975	\$ -
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.069	65479	\$ 26,274	\$ -
Universal Newborn Hearing Screening	93.074	Not provided	2,500	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.251	Not provided	400	-
Temporary Assistance for Needy Families (TANF)	93.314	Not provided	75	-
(Total Temporary Assistance for Needy Families 93.558 \$402,185)	93.558	2015G996115	46,437	-
Maternal and Child Health Services Block Grant to the States	93.994	Not provided	41,386	-
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	1411MNFPS	12,017	-
Temporary Assistance for Needy Families (TANF) (Total Temporary Assistance for Needy Families 93.558 \$402,185)	93.558	1502MNTANF	355,748	-
Child Support Enforcement	93.563	1504MN4005	1,028,425	-
Refugee and Entrant Assistance State Administered Programs	93.566	1501MNRMA	339	-
Child Care and Development Block Grant	93.575	G1501MNCCDF	19,458	-
Community-Based Child Abuse Prevention Grants	93.590	1302MNFPRG	4,357	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1401MNCWSS	8,707	-
Foster Care Title IV-E	93.658	1501MNFOST	138,123	-
Social Services Block Grant	93.667	1501MNSOSR	209,322	-
Chafee Foster Care Independence Program	93.674	1401MN1420	2,669	-
Children's Health Insurance Program	93.767	1405MN5021	108	-
Medical Assistance Program	93.778	1505MNSADM	899,626	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	14B1MNSAPT	520	-
Passed Through National Association of County and City Health Officials Medical Reserve Corps Small Grant Program	93.008	MRC 15 - 0977	3,500	-
Passed Through Central Minnesota Healthcare System Preparedness Coalition National Bioterrorism Hospital Preparedness Program	93.889	2014-2015	10,000	-
Total U.S. Department of Health and Human Services			\$ 2,809,991	\$ -

(Continued on next page)

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

Schedule 13
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	A-EMPG-2014-ISANTICO-00033	\$ 24,789	\$ -
Emergency Management Performance Grants	97.042	A-EMPG-2015-ISANTICO-00031	22,961	-
(Total Emergency Management Performance Grants 97.042 \$47,750)				
Homeland Security Grant Program	97.067	A-UASI-2013-ISANTICO-00008	2,912	-
Homeland Security Grant Program	97.067	A-UASI-2014-ISANTICO-00008	44,839	-
(Total Homeland Security Grant Program 97.067 \$47,751)				
Total U.S. Department of Homeland Security			\$ 95,501	\$ -
Total Federal Awards			\$ 4,058,954	\$ 230,500

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). 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, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Isanti County has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**ISANTI COUNTY
CAMBRIDGE, MINNESOTA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

4. Reconciliation to Schedule of Intergovernmental Revenues

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 3,987,055
Grants received more than 60 days after year-end unavailable in 2015	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	225
Formula Grants for Rural Areas	91,273
Child Support Enforcement	35,400
Homeland Security Grant Program	12,243
Unavailable in 2014, recognized as revenue in 2015	
State Administrative Matching Grants for the Supplement Nutrition Assistance Program	(4,091)
Formula Grants for Rural Areas	(59,789)
Temporary Assistance for Needy Families (TANF)	(1,818)
Child Care and Development Block Grant	(1,544)
	<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 4,058,954</u>

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.	129
Revenue Capacity These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.	136
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.	140
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.	144
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.	147

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities					
Net investment in capital assets	\$ 49,603,612	\$ 52,831,962	\$ 54,446,421	\$ 56,848,424	\$ 59,519,487
Restricted	1,833,944	1,948,487	3,400,339	2,644,040	2,541,138
Unrestricted	<u>11,076,393</u>	<u>10,526,608</u>	<u>8,968,479</u>	<u>10,858,149</u>	<u>9,929,622</u>
Total net position	<u>\$ 62,513,949</u>	<u>\$ 65,307,057</u>	<u>\$ 66,815,239</u>	<u>\$ 70,350,613</u>	<u>\$ 71,990,247</u>
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities					
Net investment in capital assets	\$ 62,259,821	\$ 65,704,318	\$ 69,836,085	\$ 72,187,171	\$ 74,630,027
Restricted	2,710,869	7,169,994	2,812,618	2,416,117	2,975,800
Unrestricted	<u>8,827,178</u>	<u>5,107,908</u>	<u>6,622,266</u>	<u>6,335,445</u>	<u>(3,086,244)</u>
Total net position	<u>\$ 73,797,868</u>	<u>\$ 77,982,220</u>	<u>\$ 79,270,969</u>	<u>\$ 80,938,733</u>	<u>\$ 74,519,583</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

	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 5,448,844	\$ 6,025,655	\$ 6,620,404	\$ 6,591,869
Public safety	5,884,399	6,511,479	7,082,556	7,094,295
Human services	9,423,712	11,106,826	11,613,036	11,084,262
Highways and streets	2,906,716	3,282,783	3,565,275	3,299,519
Health	1,438,786	1,107,556	1,354,755	1,216,814
Culture and recreation	625,225	659,006	622,107	643,483
Conservation of natural resources	299,708	267,419	314,305	235,756
Economic development	862,950	944,630	1,116,949	1,167,543
Interest on long-term debt	365,060	383,033	401,745	394,573
Total expenses	\$ 27,255,400	\$ 30,288,387	\$ 32,691,132	\$ 31,728,114
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,465,758	\$ 1,702,688	\$ 1,797,427	\$ 1,292,802
Public safety	675,416	925,642	811,549	664,955
Human services	405,709	676,303	534,788	824,407
Other activities	1,056,817	887,282	653,974	510,296
Operating grants and contributions	9,936,564	11,049,266	11,357,076	11,633,272
Capital grants and contributions	2,029,510	1,514,686	1,823,365	2,649,333
Total program revenues	\$ 15,569,774	\$ 16,755,867	\$ 16,978,179	\$ 17,575,065
Net (expense)/revenue	\$ (11,685,626)	\$ (13,532,520)	\$ (15,712,953)	\$ (14,153,049)
General revenues and other changes in net position				
Governmental activities:				
Property taxes	\$ 11,780,833	\$ 12,573,581	\$ 13,852,738	\$ 14,260,397
Mortgage registry and deed tax	35,237	17,451	90,762	22,296
Other taxes	67	15	17	-
Payments in lieu of tax	96,433	97,020	96,400	101,345
Unrestricted grants and contributions	2,969,987	2,960,026	2,724,515	3,030,663
Investment earnings	550,972	664,535	456,703	273,722
Miscellaneous	25,734	13,000	-	-
Total general revenues	\$ 15,459,263	\$ 16,325,628	\$ 17,221,135	\$ 17,688,423
Change in net position	\$ 3,773,637	\$ 2,793,108	\$ 1,508,182	\$ 3,535,374

Note

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

Source: Isanti County's annual financial statements

TABLE 2
(Continued)

2010	2011	2012	2013	2014	2015
\$ 6,767,121	\$ 6,661,923	\$ 6,795,471	\$ 6,951,351	\$ 8,171,047	\$ 7,296,551
7,142,537	7,519,474	7,607,613	7,983,183	8,386,951	8,563,824
10,594,462	10,319,979	10,544,197	10,921,702	10,699,366	10,954,028
4,106,582	4,109,487	4,062,065	4,189,224	4,346,879	4,301,582
1,250,008	1,309,613	1,211,098	1,418,525	1,246,638	1,298,757
645,831	643,122	576,675	588,468	602,978	626,040
199,123	186,696	178,213	183,452	202,800	217,437
1,141,796	1,186,538	1,020,987	1,272,054	1,314,265	1,407,039
364,800	367,851	359,762	429,998	197,044	184,145
<u>\$ 32,212,260</u>	<u>\$ 32,304,683</u>	<u>\$ 32,356,081</u>	<u>\$ 33,937,957</u>	<u>\$ 35,167,968</u>	<u>\$ 34,849,403</u>
\$ 1,290,686	\$ 1,427,540	\$ 1,504,847	\$ 1,543,712	\$ 1,428,162	\$ 1,514,801
547,551	617,972	588,869	640,151	438,428	639,474
788,526	756,581	1,028,226	1,213,233	1,198,788	1,391,236
403,804	453,330	399,786	449,378	411,650	409,139
11,773,796	12,876,149	12,728,763	13,227,892	12,502,371	13,681,542
1,814,223	765,625	2,348,028	313,404	336,093	182,589
<u>\$ 16,618,586</u>	<u>\$ 16,897,197</u>	<u>\$ 18,598,519</u>	<u>\$ 17,387,770</u>	<u>\$ 16,315,492</u>	<u>\$ 17,818,781</u>
<u>\$ (15,593,674)</u>	<u>\$ (15,407,486)</u>	<u>\$ (13,757,562)</u>	<u>\$ (16,550,187)</u>	<u>\$ (18,852,476)</u>	<u>\$ (17,030,622)</u>
\$ 14,375,278	\$ 14,215,049	\$ 15,404,955	\$ 15,883,710	\$ 17,618,712	\$ 17,709,799
20,400	21,691	20,266	28,089	24,381	33,055
-	35	-	-	12,480	365,302
100,207	98,934	100,897	104,685	108,693	108,841
2,571,256	2,691,364	2,008,849	2,012,252	2,392,587	2,604,298
166,167	185,734	112,631	(197,605)	361,202	120,313
-	2,300	294,316	7,805	2,185	9,175
<u>\$ 17,233,308</u>	<u>\$ 17,215,107</u>	<u>\$ 17,941,914</u>	<u>\$ 17,838,936</u>	<u>\$ 20,520,240</u>	<u>\$ 20,950,783</u>
<u>\$ 1,639,634</u>	<u>\$ 1,807,621</u>	<u>\$ 4,184,352</u>	<u>\$ 1,288,749</u>	<u>\$ 1,667,764</u>	<u>\$ 3,920,161</u>

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

TABLE 3

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund				
Reserved	\$ 963,218	\$ 883,150	\$ 1,020,160	\$ 1,119,923
Unreserved	4,641,755	3,722,239	3,655,617	3,218,112
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 5,604,973</u>	<u>\$ 4,605,389</u>	<u>\$ 4,675,777</u>	<u>\$ 4,338,035</u>
All other governmental funds				
Reserved	\$ 954,317	\$ 786,628	\$ 572,194	\$ 818,083
Unreserved, reported in:				
Special revenue funds	6,138,638	5,501,822	5,439,472	5,909,472
Debt service fund	1,049,618	1,232,621	1,352,409	1,390,366
Capital projects fund	(921,297)	(490,888)	1,150,837	270,875
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 7,221,276</u>	<u>\$ 7,030,183</u>	<u>\$ 8,514,912</u>	<u>\$ 8,388,796</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)

2010	2011	2012	2013	2014	2015
\$ 1,197,942	\$ -	\$ -	\$ -	\$ -	\$ -
4,004,329	-	-	-	-	-
-	244,149	258,332	285,029	283,989	359,219
-	1,087,236	1,228,074	1,230,734	1,244,914	1,578,643
-	436,478	430,013	429,431	472,132	554,719
-	525,000	503,833	503,833	503,833	503,833
-	2,005,329	1,460,037	990,593	947,245	1,283,077
<u>\$ 5,202,271</u>	<u>\$ 4,298,192</u>	<u>\$ 3,880,289</u>	<u>\$ 3,439,620</u>	<u>\$ 3,452,113</u>	<u>\$ 4,279,491</u>
\$ 1,344,227	\$ -	\$ -	\$ -	\$ -	\$ -
4,831,556	-	-	-	-	-
1,418,813	-	-	-	-	-
146,545	-	-	-	-	-
-	889,769	909,486	895,367	975,504	1,120,155
-	1,766,348	6,079,476	1,685,059	1,131,752	1,469,839
-	5,356,070	5,578,540	5,136,004	5,566,910	5,814,173
-	-	-	-	-	(390,965)
<u>\$ 7,741,141</u>	<u>\$ 8,012,187</u>	<u>\$ 12,567,502</u>	<u>\$ 7,716,430</u>	<u>\$ 7,674,166</u>	<u>\$ 8,013,202</u>

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

TABLE 4

	2006	2007	2008	2009
Revenues				
Taxes	\$ 11,729,027	\$ 12,406,125	\$ 13,802,898	\$ 14,266,769
Special assessments	2,236	10,655	1,462	1,424
Licenses and permits	510,976	487,477	347,250	268,812
Intergovernmental	16,634,510	15,156,140	16,015,507	15,632,755
Charges for services	2,045,560	1,950,031	1,833,989	1,676,021
Fines and forfeits	121,302	86,811	66,991	86,378
Gifts and contributions	126,326	174,306	119,266	244,308
Investment earnings	550,972	664,535	456,703	273,722
Miscellaneous	1,203,521	1,662,418	1,403,640	1,613,381
Total revenues	\$ 32,924,430	\$ 32,598,498	\$ 34,047,706	\$ 34,063,570
Expenditures				
General government	\$ 5,353,483	\$ 6,141,306	\$ 6,189,568	\$ 6,108,063
Public safety	5,444,616	6,475,597	6,794,529	6,496,230
Highways and streets	6,320,139	5,005,557	5,177,821	5,344,762
Sanitation	-	-	-	-
Human services	9,656,824	11,004,697	11,410,550	11,161,787
Health	1,434,575	1,095,877	1,308,310	1,185,350
Culture and recreation	257,041	1,394,436	252,332	317,621
Conservation of natural resources	299,845	266,860	310,719	232,374
Economic development	774,164	990,885	1,205,384	1,208,924
Intergovernmental	535,697	364,882	587,215	603,628
Capital outlay	2,463,789	1,781,718	400,090	761,122
Debt service				
Principal	550,000	1,063,351	715,000	775,000
Interest	364,696	366,145	343,909	420,853
Other charges	3,126	84,900	45,977	2,307
Total expenditures	\$ 33,457,995	\$ 36,036,211	\$ 34,741,404	\$ 34,618,021
Excess of revenues over (under) expenditures	\$ (533,565)	\$ (3,437,713)	\$ (693,698)	\$ (554,451)
Other financing sources (uses)				
Transfers in	\$ 426,817	\$ 447,021	\$ 666,842	\$ 2,521
Transfers out	(426,817)	(447,021)	(666,842)	(2,521)
Bonds and notes issued	-	5,945,000	2,155,000	-
Premium on bonds issued	-	8,220	36,730	-
Payment to refunded bond escrow agent	-	(3,771,649)	-	-
Capital leases	-	-	-	-
Insurance proceeds	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	\$ -	\$ 2,181,571	\$ 2,191,730	\$ -
Net change in fund balances	\$ (533,565)	\$ (1,256,142)	\$ 1,498,032	\$ (554,451)
Debt service as a percentage of noncapital expenditures	3.46%	4.82%	3.46%	3.99%

Source: Isanti County's annual financial statements

TABLE 4
(Continued)

	2010	2011	2012	2013	2014	2015
\$	14,458,513	\$ 14,297,088	\$ 15,436,166	\$ 16,013,638	\$ 17,566,860	\$ 18,071,359
	10,995	2,593	-	-	-	-
	235,424	274,255	290,539	368,483	393,537	398,111
	16,991,678	15,882,255	16,593,599	15,426,955	15,868,600	15,596,781
	1,888,125	2,003,409	2,160,693	2,374,734	2,126,467	2,272,448
	117,371	82,836	83,065	69,898	63,750	76,806
	219,145	243,221	199,277	167,737	207,805	227,311
	166,167	185,734	110,943	(202,102)	359,770	118,939
	1,168,041	1,269,851	1,570,108	1,311,044	1,267,654	1,576,315
\$	<u>35,255,459</u>	<u>\$ 34,241,242</u>	<u>\$ 36,444,390</u>	<u>\$ 35,530,387</u>	<u>\$ 37,854,443</u>	<u>\$ 38,338,070</u>
\$	6,289,752	\$ 6,123,554	\$ 6,305,899	\$ 6,586,624	\$ 7,788,005	\$ 6,889,270
	6,945,759	7,342,617	7,218,497	7,595,785	7,905,889	7,929,393
	6,583,903	5,924,522	6,373,771	7,444,081	6,720,057	6,069,781
	-	-	-	-	-	-
	10,761,571	10,462,340	10,667,495	11,285,655	10,887,063	11,234,391
	1,222,913	1,280,230	1,184,806	1,401,438	1,239,111	1,264,534
	245,272	574,326	373,464	177,811	224,876	222,048
	197,787	185,641	177,513	183,442	202,228	212,711
	1,061,383	1,178,860	1,016,018	1,279,176	1,296,372	1,388,501
	615,399	642,409	619,921	656,846	653,200	662,888
	619,425	177,466	333,479	-	124,689	561,296
	805,000	835,000	870,000	907,798	732,507	766,328
	372,340	353,657	325,148	299,426	217,610	201,587
	28,319	5,681	81,702	7,250	1,898	3,800
\$	<u>35,748,823</u>	<u>\$ 35,086,303</u>	<u>\$ 35,547,713</u>	<u>\$ 37,825,332</u>	<u>\$ 37,993,505</u>	<u>\$ 37,406,528</u>
\$	<u>(493,364)</u>	<u>\$ (845,061)</u>	<u>\$ 896,677</u>	<u>\$ (2,294,945)</u>	<u>\$ (139,062)</u>	<u>\$ 931,542</u>
\$	1,402,208	\$ 19,725	\$ -	\$ 28,805	\$ 308,337	\$ -
	(1,402,208)	(19,725)	-	(28,805)	(308,337)	-
	680,000	-	3,110,000	-	-	-
	-	-	102,964	-	-	-
	-	-	-	(3,100,000)	-	-
	-	-	-	89,114	18,910	78,022
	-	23,250	-	21,096	18,004	-
	-	2,300	9,916	7,805	2,185	9,175
\$	<u>680,000</u>	<u>\$ 25,550</u>	<u>\$ 3,222,880</u>	<u>\$ (2,981,985)</u>	<u>\$ 39,099</u>	<u>\$ 87,197</u>
\$	<u>186,636</u>	<u>\$ (819,511)</u>	<u>\$ 4,119,557</u>	<u>\$ (5,276,930)</u>	<u>\$ (99,963)</u>	<u>\$ 1,018,739</u>
	3.84%	3.86%	3.89%	3.76%	2.85%	2.96%

(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
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
2014	11,997,662	4,667,993	4,222,584	3,240,851	653,915	24,783,005	2,395,654,700	1.03%	67.285
2015	12,934,508	5,153,707	3,771,336	3,766,908	623,460	26,249,919	2,545,430,000	1.03%	66.996

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	
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
2014	40.732	14.587	7.997	3.969	67.285	38.663	37.054	3.315	146.317
2015	41.215	14.858	7.199	3.724	66.996	37.714	34.450	2.819	141.979
Tax Year 2015									
Number of taxing districts						17	9	2	
Minimum tax capacity rate						15.949	7.216	0.235	
Maximum tax capacity rate						98.459	48.149	5.403	

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

2015			2006		
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	\$ 258,494	0.98%	Wal-Mart Real Estate Business Trust	\$ 208,322	0.73%
Wal-Mart Real Estate Business Trust	204,444	0.78%	Menards Inc.	163,430	0.57%
East Central Energy	159,179	0.61%	Target Corporation	135,024	0.47%
Centerpoint Energy Minnegasco	158,392	0.60%	East Central Energy	131,717	0.46%
Mills Properties Inc.	156,294	0.60%	United Power Association	119,554	0.42%
Menards Inc.	135,232	0.52%	Allina Medical Clinic	89,416	0.31%
Burlington Northern Sante Fe	127,493	0.49%	Allina Hospitals & Clinics	84,803	0.30%
Target Corporation	115,294	0.44%	Centerpoint Energy Minnesgasco	82,842	0.29%
United Power Association	101,089	0.39%	Iverson Real Estate Corp.	70,061	0.25%
Recycling Fulfillment Centers LLC	70,192	0.27%	Isanti Village Apartments LLC	64,539	0.23%
Total principal taxpayers	\$ 1,486,103	5.68%	Total principal taxpayers	\$ 1,149,708	4.03%
All other taxpayers	24,763,816	94.32%	All other taxpayers	27,389,616	95.97%
Total	<u>\$ 26,249,919</u>	<u>100.00%</u>	Total	<u>\$ 28,539,324</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
2006	\$ 12,966,766	\$ 12,550,950	96.79%	\$ 413,488	\$ 12,964,438	99.98%	\$ 2,328	0.02%
2007	13,782,283	13,283,278	96.38%	494,394	13,777,672	99.97%	4,611	0.03%
2008	14,876,597	14,222,816	95.61%	646,099	14,868,915	99.95%	7,682	0.05%
2009	15,322,895	14,734,167	96.16%	567,538	15,301,705	99.86%	21,190	0.14%
2010	15,368,864	14,584,002	94.89%	765,316	15,349,318	99.87%	19,546	0.13%
2011	15,476,446	14,611,604	94.41%	829,872	15,441,476	99.77%	34,970	0.23%
2012	15,476,446	15,070,034	97.37%	347,047	15,417,081	99.62%	59,365	0.38%
2013	15,476,446	15,136,338	97.80%	261,580	15,397,918	99.49%	78,528	0.51%
2014	16,479,667	16,184,324	98.21%	179,070	16,363,394	99.29%	116,273	0.71%
2015	17,424,690	17,111,439	98.20%	-	17,111,439	98.20%	313,251	1.80%

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			
2006	\$ 3,666,220	\$ -	\$ 4,760,000	\$ 8,426,220	\$ 219	0.71%
2007	9,546,558	-	-	9,546,558	246	0.77%
2008	11,023,557	-	-	11,023,557	282	0.86%
2009	10,247,996	-	-	10,247,996	262	0.82%
2010	9,442,435	680,000	-	10,122,435	268	0.78%
2011	8,606,874	680,000	-	9,286,874	243	0.68%
2012	10,943,905	680,000	-	11,623,905	304	0.83%
2013	6,955,010	680,000	81,316	7,716,326	202	0.54%
2014	6,306,579	605,000	77,719	6,989,298	182	0.47%
2015	5,623,233	545,000	119,413	6,287,646	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
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%	181
2014	6,306,579	605,000	6,911,579	730,000	6,181,579	0.26%	161
2015	5,623,233	545,000	6,168,233	745,000	5,423,233	0.21%	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, 2015

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	\$ 6,287,646	100.00%	\$ 6,287,646
Overlapping			
City of Braham	\$ 3,659,000	99.87%	\$ 3,654,107
City of Cambridge	9,233,317	100.00%	9,233,317
City of Isanti	14,241,256	100.00%	14,241,256
City of St. Francis	8,998,000	0.11%	9,516
Town of North Branch	378,765	100.00%	378,765
Independent School District #15	35,300,000	6.65%	2,349,105
Independent School District #138	21,935,000	9.77%	2,143,357
Independent School District #314	11,175,000	52.02%	5,812,935
Independent School District #332	9,990,000	0.01%	1,118
Independent School District #333	2,634,000	5.98%	157,617
Independent School District #477	47,085,000	15.75%	7,413,948
Independent School District #728	287,380,000	0.01%	20,625
Independent School District #911	77,820,000	96.69%	75,242,772
Independent School District #912	24,775,000	0.64%	159,724
Total overlapping	\$ 554,604,338		\$ 120,818,162
Total direct and overlapping debt	\$ 560,891,984		\$ 127,105,808

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)

TABLE 12

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total market value of taxable property	\$ 2,766,434,000	\$ 3,132,883,700	\$ 3,409,144,200	\$ 3,569,260,500	\$ 3,578,194,100
Debt limit**	\$ 55,328,680	\$ 62,657,674	\$ 102,274,326	\$ 107,077,815	\$ 107,345,823
Debt applicable to limit					
General obligation bonds and notes	\$ 8,470,000	\$ 9,580,000	\$ 11,020,000	\$ 10,245,000	\$ 10,120,000
Less: amounts set aside for repayment of general obligation debt	<u>(1,559,827)</u>	<u>(1,232,621)</u>	<u>(1,352,409)</u>	<u>(1,390,366)</u>	<u>(1,418,813)</u>
Total net debt applicable to the limit	\$ 6,910,173	\$ 8,347,379	\$ 9,667,591	\$ 8,854,634	\$ 8,701,187
Legal debt margin	<u>\$ 48,418,507</u>	<u>\$ 54,310,295</u>	<u>\$ 92,606,735</u>	<u>\$ 98,223,181</u>	<u>\$ 98,644,636</u>
Total debt applicable to the limit as a percentage of debt limit	12.49%	13.32%	9.45%	8.27%	8.11%
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total market value of taxable property	\$ 3,139,522,300	\$ 2,627,823,850	\$ 2,493,409,100	\$ 2,395,654,700	\$ 2,545,430,000
Debt limit**	\$ 94,185,669	\$ 78,834,716	\$ 74,802,273	\$ 71,869,641	\$ 76,362,900
Debt applicable to limit					
General obligation bonds and notes	\$ 9,285,000	\$ 11,525,000	\$ 7,525,000	\$ 6,815,000	\$ 6,805,000
Less: amounts set aside for repayment of general obligation debt	<u>(1,460,721)</u>	<u>(4,664,536)</u>	<u>(1,390,039)</u>	<u>(1,131,752)</u>	<u>(1,183,745)</u>
Total net debt applicable to the limit	\$ 7,824,279	\$ 6,860,464	\$ 6,134,961	\$ 5,683,248	\$ 5,621,255
Legal debt margin	<u>\$ 86,361,390</u>	<u>\$ 71,974,252</u>	<u>\$ 68,667,312</u>	<u>\$ 66,186,393</u>	<u>\$ 70,741,645</u>
Total debt applicable to the limit as a percentage of debt limit	8.31%	8.70%	8.20%	7.91%	7.36%

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>
2006	38,436	1.95%	1,185,894	31,893	4.90%	4.00%	4.60%
2007	38,881	1.16%	1,235,887	32,773	6.00%	4.60%	4.60%
2008	39,059	0.46%	1,281,748	33,863	6.90%	5.40%	5.80%
2009	39,176	0.30%	1,254,865	33,190	10.40%	7.80%	9.30%
2010	37,816	-3.47%	1,299,505	34,309	9.60%	7.40%	9.60%
2011	38,209	1.04%	1,375,027	35,956	8.30%	6.50%	8.90%
2012	38,235	0.07%	1,407,769	36,809	6.80%	5.60%	8.10%
2013	38,231	-0.01%	1,428,480	37,420	6.00%	4.90%	7.40%
2014	38,397	0.43%	1,484,882	38,656	5.00%	4.20%	6.20%
2015	n/a	n/a	n/a	n/a	4.30%	3.70%	5.30%

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

Sources: 1) Minnesota State Demographic Center (2006-2009, 2011-2015) 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 Eight Years Ago**

TABLE 14

2015			2007		
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
Independent School District 911	1,149	5.87%	Cambridge Medical Center	900	4.36%
Cambridge Medical Center	800	4.09%	Independent School District 911	779	3.78%
Grace Pointe Crossing	500	2.55%	Wal-Mart	500	2.42%
Wal-Mart	335	1.71%	Grandview Christian Home	400	1.94%
Park Manufacturing	300	1.53%	Isanti County	283	1.37%
Isanti County	296	1.51%	TEAM Industries Cambridge, Inc.	220	1.07%
TEAM Industries, Inc.	200	1.02%	Minnesota Extended Treatment Options	190	0.92%
Menards	200	1.02%	East Central Energy	173	0.84%
Cambridge Metals and Plastics	200	1.02%	Cambridge Health Care Center	170	0.82%
East Central Energy	150	0.77%	Target	150	0.73%
Total Principal Employers	4,130	21.09%	Total Principal Employers	3,765	18.25%
Total County Employment²	19,574		Total County Employment²	20,629	

Note

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

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 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%
November 4, 2014	13,991	22,090	63.34%

Source: Isanti County Auditor-Treasurer's Office

Isanti County
Operating Indicators by Function
Last Ten Fiscal Years

TABLE 16

Function and program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Drivers licenses processed	10,834	10,765	11,430	10,670	10,537	10,947	11,726	11,265	11,296	11,843
Warrants issued	7,883	7,964	7,767	8,918	7,074	6,919	6,783	7,204	7,117	8,575
Number of parcels	21,890	22,215	22,298	22,378	22,919	21,185	22,454	22,502	22,551	22,588
New housing permits issued	82	72	28	18	17	16	17	37	n/a	n/a
Building permits issued	448	818	613	424	402	642	477	412	n/a	n/a
Public safety										
Arrests by county sheriff department	317	213	222	160	211	184	165	156	168	n/a
Applications for permits to carry	105	103	267	260	159	224	388	776	507	588
Adult probation active cases	914	1,155	965	956	849	829	718	846	n/a	n/a
Juvenile probation active cases	213	202	294	225	202	218	247	161	n/a	n/a
Highways and streets										
Active road projects	25	23	25	14	24	28	22	30	26	30
Health										
Family health referrals	527	491	282	198	216	390	389	596	n/a	n/a
WIC participants	1,939	2,091	2,325	2,088	2,046	1,781	n/a	1,552	n/a	n/a
Immunizations provided	746	764	570	341	546	112	178	281	n/a	n/a
Long-term care clients	190	215	219	223	276	201	169	162	n/a	n/a
Emergency preparedness exercises	4	10	12	11	6	8	10	7	n/a	n/a
Human services										
Active child support cases	n/a	n/a	n/a	n/a	n/a	1,993	2,105	2,151	2,037	n/a
Food support cases	n/a	n/a	n/a	n/a	n/a	1,378	1,466	1,452	1,429	n/a
County burials	n/a	n/a	n/a	n/a	n/a	14	24	11	15	n/a
Rule 25 chemical assessments	n/a	n/a	n/a	n/a	n/a	213	301	217	223	n/a
Child protection intake cases	n/a	n/a	n/a	n/a	n/a	1,063	1,218	1,265	1,125	n/a
Mental health clients served	n/a	n/a	n/a	n/a	n/a	291	270	280	311	n/a

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government										
Buildings	1	2	2	2	2	2	2	2	2	2
Public safety										
Number of squad cars	26	24	22	22	22	22	20	21	21	21
Highways and streets										
Buildings	1	1	1	1	1	1	1	1	1	1
Miles	359	359	359	359	359	358	358	358	358	358
Economic Development										
Number of transit buses	8	9	9	9	8	9	10	11	12	13

Source: Isanti County Auditor-Treasurer's Office

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

TABLE 18

Function and program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Assessor	6	6	5	5	4	5	5	5	5	5
Attorney	12	12	12	12	12	12	12	12	12	12
Auditor-Treasurer	10	10	13	13	12	13	13	12	12	12
Buildings and maintenance	7	8	8	8	7	7	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
Information systems	2	2	2	2	2	2	2	3	4	4
Recorder	4	4	4	4	4	4	4	4	4	4
Treasurer	3	3	-	-	-	-	-	-	-	-
Veterans services	2	4	4	4	4	3	2	2	3	2
Victim services	2	2	2	2	2	2	2	2	2	2
Zoning	7	7	5	5	4	4	4	5	4	4
Public safety										
Emergency management	1	1	2	2	2	1	1	1	1	2
Probation	13	13	13	12	13	13	13	13	13	12
Sheriff	71	77	77	75	74	74	66	66	74	77
Highways and streets										
Highway	21	20	21	20	20	19	20	20	20	21
Health										
Public health	23	20	21	20	19	19	18	19	17	19
Human services										
Family services	68	71	71	68	65	70	73	73	77	78
Culture and recreation										
Parks and recreation	2	2	2	3	3	3	3	3	4	4
Conservation of natural resources										
Agricultural inspector	1	1	1	-	-	-	-	-	-	-
County extension service	1	1	1	1	1	1	1	1	1	1
Economic development										
Transit	11	11	12	11	13	14	14	15	18	17
Total	<u>275</u>	<u>283</u>	<u>284</u>	<u>275</u>	<u>269</u>	<u>274</u>	<u>268</u>	<u>271</u>	<u>286</u>	<u>291</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 auditor and treasurer departments were combined on March 1, 2008.

Source: Isanti County Auditor-Treasurer's Office

(Unaudited)

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