

**BENTON COUNTY  
FOLEY, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2014**





**BENTON COUNTY  
FOLEY, MINNESOTA  
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FOLEY, MINNESOTA  
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## **INTRODUCTORY SECTION**



**BENTON COUNTY  
FOLEY, MINNESOTA  
ORGANIZATION  
DECEMBER 31, 2014**

Office	Name	Term	
		From	To
<b>Commissioners</b>			
1 <sup>st</sup> District	Warren Peschl	January 2013	January 2017
2 <sup>nd</sup> District	Joe Wollak	January 2011	January 2015
3 <sup>rd</sup> District	Jim McMahon*	January 2011	January 2015
4 <sup>th</sup> District	Spencer Buerkle	January 2013	January 2017
5 <sup>th</sup> District	Allen (Jake) Bauerly	January 2013	January 2017
<b>Officers</b>			
<b><u>Elected</u></b>			
Attorney	Philip Miller	January 2011	January 2015
Auditor-Treasurer	Karri Thorsten	January 2011	January 2015
County Recorder	Marilyn Novak	January 2011	January 2015
Sheriff	Brad Bennett	January 2011	January 2015
<b><u>Appointed</u></b>			
Administrator	Montgomery Headley	Indefinite	
Assessor	Brian Koester	January 2013	January 2017
Courts Administrator	Timothy Roberts	Indefinite	
Development Director	Joseph Janish	Indefinite	
Highway Engineer	Christopher Byrd, P.E.	September 2012	May 2016
Human Services Director	Robert Cornelius	Indefinite	
<b><u>Human Services Board</u></b>			
Chair	Allen (Jake) Bauerly	January 2013	January 2017
Vice-Chair	Spencer Buerkle	January 2013	January 2017
Member	Joe Wollak	January 2011	January 2015
Member	Jim McMahon	January 2011	January 2015
Member	Warren Peschl	January 2013	January 2017

\* Chair

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## **FINANCIAL SECTION**





REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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525 PARK STREET  
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## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Benton County  
Foley, 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 Benton County, Minnesota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County as of December 31, 2014, 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.

### ***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 Governmental Accounting Standards Board, 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton County's basic financial statements. The supplementary information and other supplementary information 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 supplementary information and other 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2015, on our consideration of Benton 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 Benton County's internal control over financial reporting and compliance.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 23, 2015

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## **REQUIRED SUPPLEMENTARY INFORMATION**



**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

This section of Benton County's (County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on December 31, 2014. The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34. Certain comparative information between the current year, 2014, and the prior year, 2013, is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2013-2014 fiscal years include the following:

- ◆ Government-wide net position increased 8.8 percent over the prior year; this is primarily due to the increase in infrastructure assets.
- ◆ Overall fund-level revenues totaled \$45,872,037 and were \$2,648,605 less than expenditures.
- ◆ The General Fund's fund balance increased \$548,667 from the prior year, due to higher than expected revenues, along with the typical pattern of County departments not fully expending their budgets.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – Independent Auditors' Report, Required Supplementary Information which includes the Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information other than MD&A. The basic financial statements include two kinds of statements that present different views of the County:

- ◆ The first two statements are government-wide financial statements which provide both short-term and long-term information about the County's overall financial status.
- ◆ The remaining statements are fund financial statements which focus on individual parts of the County, reporting the County's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how basic services such as general government, human services, and highways and streets were financed in the short-term, as well as what remains for future spending.
  - Fiduciary funds statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others to whom the resources belong.

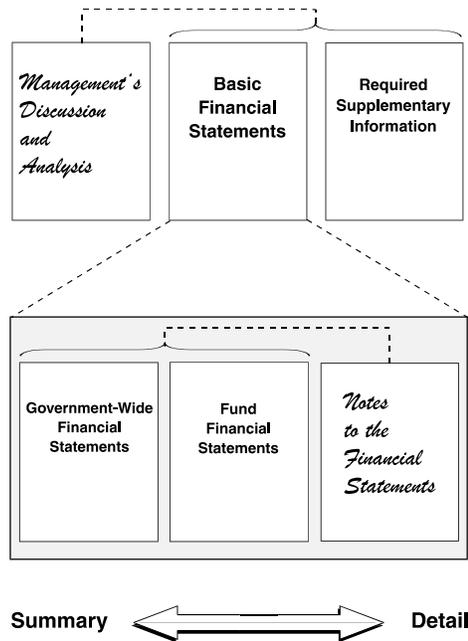
**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Annual Report Format**



**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

<b>Figure A-2. Major Features of the County's Government-Wide and Fund Financial Statements</b>			
<b>Type of statements</b>	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire County's government (except fiduciary funds).	The activities of the County that are not proprietary or fiduciary.	Instances in which the County is the trustee or agent for someone else's resources.
<b>Required financial statements</b>	Statement of net position.	Balance sheet.	Statement of fiduciary net position.
	Statement of activities.	Statement of revenues, expenditures, and changes in fund balances.	Statement of changes in fiduciary net position.
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
<b>Type of asset/liability information</b>	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term.	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter, no capital assets included.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term; agency funds do not currently contain capital assets, although they can.
<b>Type of inflow/outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.

**Government-Wide Statements**

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net position and how it has changed. Net position – the difference between the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the County's financial health or position.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-Wide Statements (Continued)**

- ◆ Over time, increases or decreases in the County's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- ◆ To assess the overall health of the County, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of County buildings and other facilities.
- ◆ Governmental activities – the County's basic services are included here. Property taxes and state aids finance most of these activities.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the County's funds – focusing on its most significant or "major" funds – not the County as a whole. Funds are accounting devices the County uses to keep track of specific sources of funding and spending on particular programs:

- ◆ Some funds are required by state law and by bond covenants.
- ◆ The County establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

**The County has two kinds of funds:**

- ◆ Governmental funds – The County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide a reconciliation that explains the relationship (or differences) between them.
- ◆ Fiduciary funds – The County is the fiscal agent, or fiduciary, for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the government-wide financial statements because the County cannot use these assets to finance its operations.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

**Net Position**

The County's net position was \$99,115,869 on December 31, 2014. (See Table A-1).

The increase in restricted net position was primarily due to the increase in infrastructure assets.

Table A-1  
Net Position

	Governmental Activities		Percent Change
	2014	2013	
Current and Other Assets	\$ 37,511,646	\$ 35,346,100	6.1 %
Capital Assets	82,154,596	72,383,121	13.5
Total Assets	<u>119,666,242</u>	<u>107,729,221</u>	11.1
Current Liabilities	5,044,047	4,082,279	23.6
Long-Term Liabilities	15,506,326	12,534,663	23.7
Total Liabilities	<u>20,550,373</u>	<u>16,616,942</u>	23.7
Net Position			
Net Investment			
in Capital Assets	69,226,267	62,458,773	10.8
Restricted	11,182,165	10,339,240	8.2
Unrestricted	18,707,437	18,314,266	2.1
Total Net Position	<u>\$ 99,115,869</u>	<u>\$ 91,112,279</u>	8.8

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

**Changes in Net Position**

The government-wide total revenues were \$45,124,500 for the year ended December 31, 2014. Property taxes and intergovernmental revenues accounted for 84 percent of total revenue for the year. Total revenues for 2014 increased 20.2 percent from 2013, as charges for services, operating grants and contributions, and capital grants and contributions revenue increased from the prior year. Total expenses increased by 13.1 percent due to increased road construction (See Table A-2).

Table A-2  
Change in Net Position

	Governmental Activities		Total % Change
	2014	2013	
<b>REVENUES</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 6,843,204	\$ 4,142,849	65.2 %
Operating Grants and Contributions	12,382,764	8,444,740	46.6
Capital Grants and Contributions	2,637,303	2,391,259	10.3
<u>General Revenues</u>			
Property and Wheelage Taxes	20,432,886	20,381,418	0.3
Unrestricted State Aid	2,264,513	1,799,189	25.9
Investment Earnings	191,159	(53,560)	456.9
Other	372,671	438,909	(15.1)
Total Revenues	<u>45,124,500</u>	<u>37,544,804</u>	20.2
<b>EXPENSES</b>			
General Government	6,701,550	6,094,615	10.0
Public Safety	8,257,873	7,755,926	6.5
Highways and Streets	8,501,540	6,078,022	39.9
Human Services	10,776,739	9,763,555	10.4
Health	946,019	928,124	1.9
Culture and Recreation	525,572	529,817	(0.8)
Conservation of Natural Resources	646,212	769,978	(16.1)
Economic Development	387,297	385,169	0.6
Interest and Fiscal Charges on Long-Term Liabilities	378,108	519,756	(27.3)
Total Expenses	<u>37,120,910</u>	<u>32,824,962</u>	13.1
<b>INCREASE IN NET POSITION</b>	8,003,590	4,719,842	69.6
Net Position - Beginning of Year	<u>91,112,279</u>	<u>86,392,437</u>	5.5
<b>NET POSITION - END OF YEAR</b>	<u>\$ 99,115,869</u>	<u>\$ 91,112,279</u>	8.8

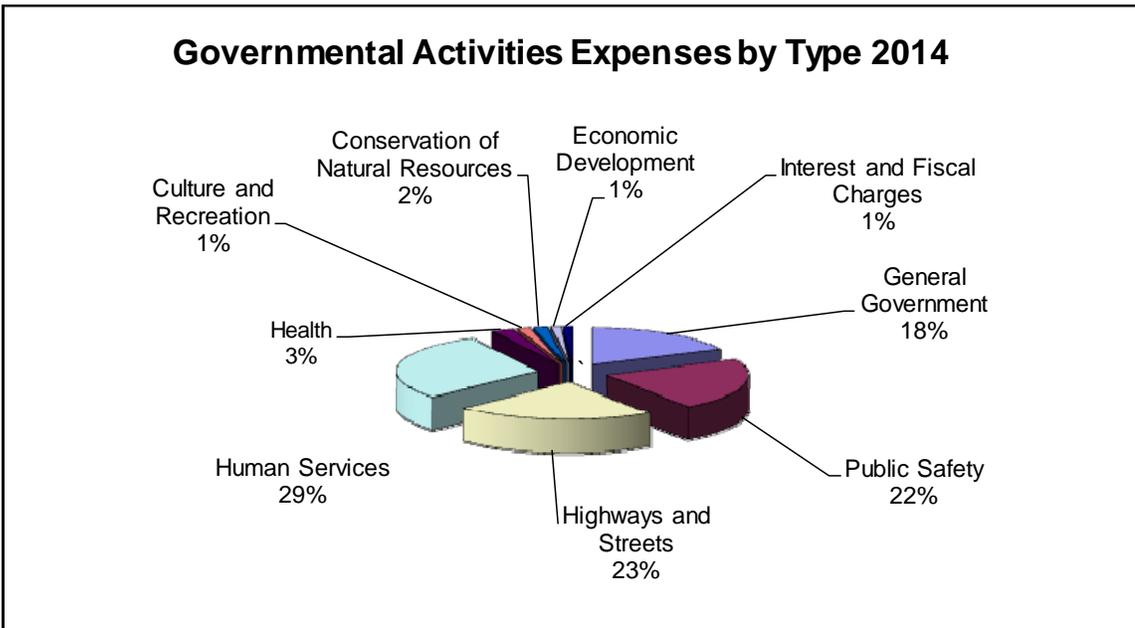
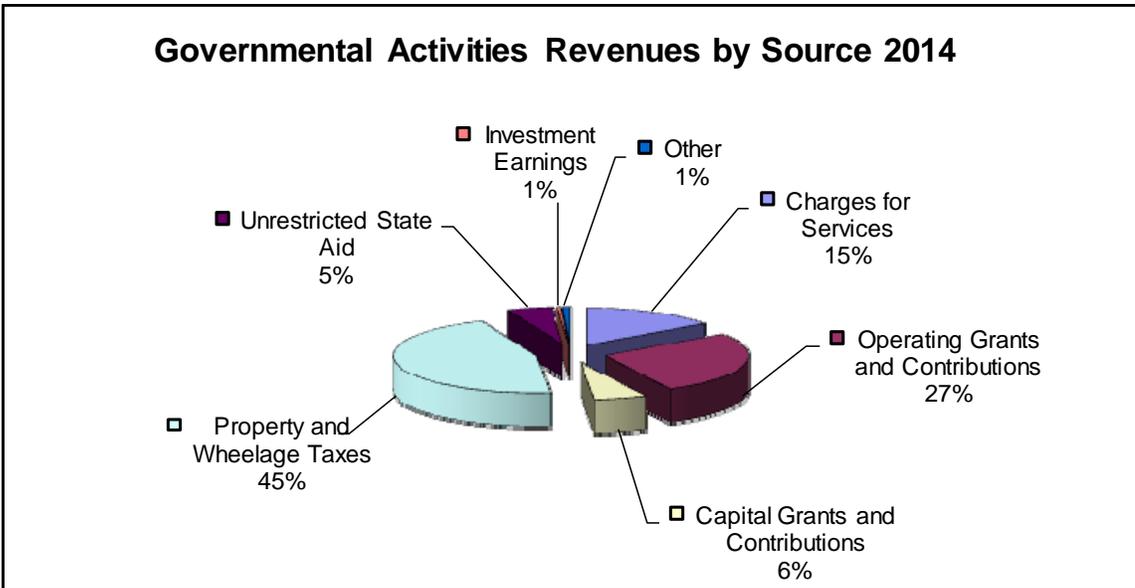
**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

**Changes in Net Position (Continued)**

The government-wide cost of all governmental activities this year was \$37,120,910.

- ◆ Some of the cost was paid by the users of the County's programs (\$6,843,204).
- ◆ The federal and state governments contributed to certain programs with grants and contributions (\$15,020,067).
- ◆ A significant portion of the County's costs (\$15,257,639) were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$20,526,349 in property and other taxes, \$2,264,513 of state aid, and \$470,367 from investment earnings and other general revenues.



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**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

**Changes in Net Position (Continued)**

Table A-3 presents the cost of each of the County's program functions, as well as each function's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

Table A-3  
Expenses and Net (Revenue) Cost of Services

	Total Cost of Services		Percentage Change	Net (Revenue) Cost of Services		Percentage Change
	2014	2013		2014	2013	
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 6,701,550	\$ 6,094,615	10.0 %	\$ 4,965,889	\$ 4,460,860	11.3 %
Public Safety	8,257,873	7,755,926	6.5	6,990,401	6,603,861	5.9
Highways and Streets	8,501,540	6,078,022	39.9	(3,330,542)	927,458	(459.1)
Human Services	10,776,739	9,763,555	10.4	5,119,840	3,830,268	33.7
Health	946,019	928,124	1.9	168,190	370,935	(54.7)
Culture and Recreation	525,572	529,817	(0.8)	374,306	435,848	(14.1)
Conservation of Natural Resources	646,212	769,978	(16.1)	216,024	319,770	(32.4)
Economic Development	387,297	385,169	0.6	375,423	377,358	(0.5)
Interest and Fiscal Charges on Long-Term Liabilities	378,108	519,756	(27.3)	378,108	519,756	(27.3)
Total	<u>\$ 37,120,910</u>	<u>\$ 32,824,962</u>	13.1	<u>\$ 15,257,639</u>	<u>\$ 17,846,114</u>	(14.5)

**FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL**

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$31,104,848.

Revenues for the County's governmental funds were \$45,872,037, while total expenditures were \$48,520,642. The associated deficit (\$2,648,605) resulted primarily from the planned usage of fund balances for major road construction projects.

**GENERAL FUND**

The General Fund includes the primary operations of the County in providing services to citizens. The year-ending fund balance in the General Fund increased by \$548,667 from 2013, due primarily to County departments not spending all of their budgets and higher than expected revenues.

**ROAD AND BRIDGE FUND**

The Road and Bridge Fund accounts for financial activity related to the construction and maintenance of the County road system, including County state-aid highways and County roads. The fund balance in the Road and Bridge Fund decreased by \$1,331,630 from 2013, due primarily to expenditures for a locally funded road project that started in 2013 and is expected to be completed in 2015.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

**FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL (CONTINUED)**

**HUMAN SERVICES FUND**

The Human Services Fund accounts for financial activity related to the provision of social services, medical and financial assistance, and public health. The fund balance in the Human Services Fund decreased by \$44,727 from 2013. This decrease can be attributed primarily to transfers to the Capital Projects Fund for budgeted projects.

**MISCELLANEOUS SPECIAL REVENUE FUND**

The Miscellaneous Special Revenue Fund accounts for the financial activity related to a number of smaller activities, including solid waste management, E-911 surcharge funds, natural resource block grants, and park dedication fees. The fund balance in the Miscellaneous Fund increased by \$289,251 from 2013. This increase can be attributed primarily to collections in excess of expenditures from the solid waste assessment.

**DEBT SERVICE FUND**

The Debt Service Fund accounts for principal, interest, and fiscal agent fees associated with the County's outstanding debt, including general obligation debt. The fund balance in the Debt Service Fund increased by \$343,301 in 2014 from 2013. This increase is attributed to higher tax revenue than the scheduled principal and interest payments on outstanding debt. Most bond issuances require the County to levy 105 percent of the annual principal and interest payments.

**CAPITAL PROJECTS FUND**

The Capital Projects Fund accounts for the financing of multi-year capital projects, including those funded with Capital Improvement Plan bonds. The fund balance increase of \$2,219,597 was due to the issuance of bonds in 2014.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

**FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL (CONTINUED)**

The following schedule presents a summary of General Fund revenues:

Table A-4  
General Fund Revenues

	Year Ended		Change	
	December 31, 2014	December 31, 2013	Increase (Decrease)	Percent
Taxes	\$ 11,668,800	\$ 11,669,783	\$ (983)	-
Intergovernmental	1,694,017	1,328,986	365,031	27.5
Charges for Services	1,560,310	1,452,489	107,821	7.4
Investment Earnings	187,946	(56,313)	244,259	433.8
Miscellaneous and Other	465,551	534,080	(68,529)	(12.8)
Total General Fund Revenues	<u>\$ 15,576,624</u>	<u>\$ 14,929,025</u>	<u>\$ 647,599</u>	4.3

Total General Fund revenue increased by \$647,599, or 4.3 percent, from 2013. This increase was due to increased intergovernmental revenue and investment earnings.

The following schedule presents a summary of General Fund expenditures:

Table A-5  
General Fund Expenditures

	Year Ended		Change	
	December 31, 2014	December 31, 2013	Increase (Decrease)	Percent
General Government	\$ 5,920,941	\$ 5,535,407	\$ 385,534	7.0 %
Public Safety	7,741,398	7,313,997	427,401	5.8
Health	19,987	20,457	(470)	(2.3)
Culture and Recreation	511,501	518,203	(6,702)	(1.3)
Conservation of Natural Resources	384,547	376,200	8,347	2.2
Economic Development	358,150	350,187	7,963	2.3
Capital Outlay	27,615	29,923	(2,308)	(7.7)
Total Expenditures	<u>\$ 14,964,139</u>	<u>\$ 14,144,374</u>	<u>\$ 819,765</u>	5.8

Total General Fund expenditures increased by \$819,765, or 5.8 percent, from 2013 due to increased general government and public safety expenditures.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

- ◆ Actual revenues were \$812,308 more than budgeted. This favorable variance is due primarily to higher than expected tax revenue collections, intergovernmental, and charges for services revenue.
- ◆ Actual expenditures were \$17,623 more than budget due to the excess public safety expenditures exceeding the general government unspent budget.

**CONSTRUCTION PROJECTS AND DEBT SERVICE**

The Capital Projects Fund accounts for the use of bond proceeds, State County Program Aid, and other resources to finance the purchase or improvement of capital assets. Activity during 2014 was related to road construction projects and minor building projects.

An annual levy is made to fund the bond payments for all previous bond issues.

**CAPITAL ASSETS**

By the end of 2014, the County had invested over \$148 million (before depreciation) in a broad range of capital assets, including buildings, computers, equipment, and infrastructure. (See Table A-6). (More detailed information about capital assets can be found in Note 3.A.3 to the financial statements.) Total depreciation expense for the year was \$4,059,422.

Table A-6  
Capital Assets

	Governmental Activities		Percent Change
	2014	2013	
Land	\$ 2,346,666	\$ 2,346,666	-
Right-of-Way	13,544,968	10,200,955	32.8
Construction-in-Progress	8,284,842	7,834,327	5.8
Infrastructure	95,057,176	85,482,560	11.2
Land Improvements	364,356	364,356	-
Buildings	18,796,056	18,796,056	-
Machinery, Vehicles, Furniture, and Equipment	9,688,639	9,362,008	3.5
Less: Accumulated Depreciation	(65,928,107)	(62,003,807)	6.3
Total	\$82,154,596	\$ 72,383,121	13.5

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

**LONG-TERM LIABILITIES**

At year-end, the County had \$17,335,939 in long-term liabilities outstanding.

- ◆ The County's total long-term debt increased \$3,000,336, due to the issuance of debt in 2014.

Table A-7  
The County's Long-Term Liabilities

	2014	2013	Percentage Change
<b>GOVERNMENTAL ACTIVITIES</b>			
General Obligation Bonds	\$13,686,692	\$ 10,682,711	28.1 %
Economic Development Loans Payable	489,944	522,478	(6.2)
Compensated Absences	2,435,054	2,468,122	(1.3)
Other Postemployment Health Care Benefits	724,249	662,292	9.4
Total	<u>\$17,335,939</u>	<u>\$ 14,335,603</u>	20.9

**FACTORS BEARING ON THE COUNTY'S FUTURE**

Benton County experienced declines in its tax capacity every year from 2011 through 2014. Tax capacity peaked at \$30.7 million in 2010, and fell to \$25.5 million in 2014. Heading into 2015, it appears the fall in market values has ceased and new construction has resumed. The County expects that tax capacity growth will return in 2015, but at a much slower pace than it experienced in the mid to late 2000s. Unemployment in the County is well below the national average. The County did lose one of its largest employers with the closure of the VERSO paper mill in 2013, but new companies have located in the County, creating higher wage, skilled jobs.

Against this backdrop of an improving tax base and stable economy is the reality that Benton County taxes are still among the highest in the State. This situation creates ongoing challenges for the County in attracting new businesses or business expansions. Benton County's neighboring counties to the West that make up the St. Cloud metropolitan area can offer substantially lower County taxes. To improve the County's standing and competitive position, the County Board will strive to keep levy increases to the smallest possible level. Ideally, it will find ways to reduce the property tax levy. The County's strategies will include promoting economic development, while working to contain expenditure growth in all areas of County operations.

Employee compensation and benefits costs will continue to be the top cost drivers in the future. Personnel costs make up the largest share of the County's operating budget. Health insurance costs in particular will be an ongoing challenge as the County's small group size and claims experience has contributed to large annual premium increases. The County expects continued investment in capital projects, primarily major road construction. A variety of funding mechanisms are available to the County to support such projects, including general obligation bonding, healthy reserve levels, cash set aside for pay-as-you-go financing, and a new wheelage tax imposed at the County level.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2014**

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Montgomery Headley, County Administrator, at (320) 968-5004.

## **BASIC FINANCIAL STATEMENTS**



**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2014**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Pooled Investments	\$ 32,305,647
Petty Cash and Change Funds	3,300
Taxes Receivable	
Delinquent	687,823
Special Assessments Receivable	
Delinquent	11,209
Noncurrent	363,315
Accounts Receivable	92,648
Accrued Interest Receivable	16,008
Loans Receivable, Net of Allowance	247,498
Due from Other Governments	3,314,105
Inventories	285,818
Prepaid Items	184,275
Non-Depreciable Capital Assets	
Land	2,346,666
Right-of-Way	13,544,968
Construction-in-Progress	8,284,842
Depreciable Capital Assets	
Building (Net)	11,329,892
Machinery, Vehicles, Furniture, and Equipment (Net)	4,231,784
Land Improvements (Net)	260,915
Infrastructure (Net)	42,155,529
Total Assets	<u>119,666,242</u>
<b>LIABILITIES</b>	
Accounts Payable	661,978
Salaries Payable	1,256,279
Contracts Payable	640,056
Due to Other Governments	362,770
Accrued Interest Payable	116,922
Unearned Revenue	176,429
Compensated Absences Payable - Due in Less than One Year	121,753
General Obligation Bonds Payable - Due in Less than One Year	1,675,000
Economic Development Loans Payable - Due in Less than One Year	32,860
Compensated Absences Payable - Due in More than One Year	2,313,301
Other Postemployment Benefits Payable - Due in More than One Year	724,249
General Obligation Bonds Payable - Due in More than One Year	12,011,692
Economic Development Loans Payable - Due in More than One Year	457,084
Total Liabilities	<u>20,550,373</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	69,226,267
Restricted For:	
Debt Service	3,093,444
Gravel Pit Closure	103,399
Capital Projects	758,363
Highway Projects	1,862,338
E-911	499,929
Solid Waste Contingency	2,880,101
Economic Development Loans	1,177,206
Recorders' Equipment	226,518
SCORE Grant	290,468
Ditch Repairs	25,513
Other Items	264,886
Unrestricted	18,707,437
Total Net Position	<u>\$ 99,115,869</u>

See accompanying Notes to Financial Statements.

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**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>					
General Government	\$ 6,701,550	\$ 1,319,546	\$ 127,838	\$ 288,277	\$ (4,965,889)
Public Safety	8,257,873	798,922	468,550	-	(6,990,401)
Highways and Streets	8,501,540	3,760,597	6,081,078	1,990,407	3,330,542
Human Services	10,776,739	893,511	4,763,388	-	(5,119,840)
Health	946,019	18,414	759,415	-	(168,190)
Culture and Recreation	525,572	32,727	118,539	-	(374,306)
Conservation of Natural Resources	646,212	7,613	63,956	358,619	(216,024)
Economic Development	387,297	11,874	-	-	(375,423)
Interest	378,108	-	-	-	(378,108)
Total Governmental Activities	<u>\$ 37,120,910</u>	<u>\$ 6,843,204</u>	<u>\$ 12,382,764</u>	<u>\$ 2,637,303</u>	(15,257,639)
<b>GENERAL REVENUES</b>					
Property Taxes					20,084,384
Wheelage Taxes					348,502
Gravel Taxes					42,339
Mortgage Registry and Deed Tax					24,462
Forfeited Tax					26,662
Grants and Contributions not Restricted to Specific Programs					2,264,513
Unrestricted Investment Earnings					191,159
Miscellaneous					271,605
Gain on Sale of Capital Assets					7,603
Total General Revenues					<u>23,261,229</u>
<b>CHANGE IN NET POSITION</b>					
					8,003,590
Net Position - Beginning of Year					<u>91,112,279</u>
<b>NET POSITION - END OF YEAR</b>					<u><u>\$ 99,115,869</u></u>

See accompanying Notes to Financial Statements.

**BENTON COUNTY  
FOLEY, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

<b>ASSETS</b>	General	Road and Bridge	Human Services	Miscellaneous
Cash and Pooled Investments	\$ 10,918,122	\$ 3,181,009	\$ 4,949,249	\$ 4,376,993
Petty Cash and Change Funds	3,300	-	-	-
Undistributed Cash in Agency Funds	296,730	45,077	85,648	5,681
Taxes Receivable				
Delinquent	387,859	81,583	141,775	-
Special Assessments Receivable				
Delinquent	-	-	-	10,964
Noncurrent	-	-	-	357,990
Accounts Receivable	22,099	1,200	53,118	16,213
Accrued Interest Receivable	16,008	-	-	-
Due from Other Funds	38,875	5,907	-	-
Due from Other Governments	99,537	2,129,414	1,044,128	16,718
Inventories	-	285,818	-	-
Prepaid Items	182,155	-	-	2,120
Loans Receivable, Net of Allowance	-	-	-	-
Advances to Other Funds	5,560	-	-	62,692
Total Assets	<u>\$ 11,970,245</u>	<u>\$ 5,730,008</u>	<u>\$ 6,273,918</u>	<u>\$ 4,849,371</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 102,338	\$ 149,253	\$ 373,310	\$ 10,526
Salaries Payable	804,054	89,516	350,468	12,241
Contracts Payable	-	640,056	-	-
Due to Other Funds	5,907	78	38,797	-
Due to Other Governments	172,758	1,082	65,961	122,969
Unearned Revenue	-	-	-	176,429
Advance from Other Funds	-	-	-	-
Total Liabilities	<u>1,085,057</u>	<u>879,985</u>	<u>828,536</u>	<u>322,165</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	404,386	2,177,772	275,998	368,954
<b>FUND BALANCES</b>				
Nonspendable	187,715	285,818	-	64,812
Restricted	-	-	-	3,660,809
Committed	-	-	-	432,631
Assigned	-	2,386,433	5,169,384	-
Unassigned	10,293,087	-	-	-
Total Fund Balances	<u>10,480,802</u>	<u>2,672,251</u>	<u>5,169,384</u>	<u>4,158,252</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,970,245</u>	<u>\$ 5,730,008</u>	<u>\$ 6,273,918</u>	<u>\$ 4,849,371</u>

See accompanying Notes to Financial Statements.

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 3,090,915	\$ 4,246,137	\$ 1,063,953	\$ 31,826,378
-	-	-	3,300
43,938	1,869	326	479,269
75,513	1,093	-	687,823
-	-	245	11,209
-	-	5,325	363,315
-	-	18	92,648
-	-	-	16,008
-	-	-	44,782
-	24,308	-	3,314,105
-	-	-	285,818
-	-	-	184,275
-	-	247,498	247,498
-	-	-	68,252
<u>\$ 3,210,366</u>	<u>\$ 4,273,407</u>	<u>\$ 1,317,365</u>	<u>\$ 37,624,680</u>

\$ -	\$ 26,434	\$ 117	\$ 661,978
-	-	-	1,256,279
-	-	-	640,056
-	-	-	44,782
-	-	-	362,770
-	-	-	176,429
-	62,692	5,560	68,252
-	89,126	5,677	3,210,546

75,513	1,093	5,570	3,309,286
-	-	-	538,345
3,134,853	758,363	1,306,118	8,860,143
-	3,424,825	-	3,857,456
-	-	-	7,555,817
-	-	-	10,293,087
<u>3,134,853</u>	<u>4,183,188</u>	<u>1,306,118</u>	<u>31,104,848</u>
<u>\$ 3,210,366</u>	<u>\$ 4,273,407</u>	<u>\$ 1,317,365</u>	<u>\$ 37,624,680</u>

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**BENTON COUNTY  
FOLEY, MINNESOTA  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2014**

**TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS** \$ 31,104,848

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 82,154,596

Other long-term assets, such as delinquent taxes, delinquent and noncurrent special assessments, and certain state-aid highway allotments, are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. 3,309,286

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

General Obligation Bonds	\$ 13,686,692	
Economic Development Loans	489,944	
Compensated Absences	2,435,054	
Other Postemployment Benefits	724,249	
Accrued Interest Payable	116,922	(17,452,861)

**TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 99,115,869

**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	General	Road and Bridge	Human Services	Miscellaneous
<b>REVENUES</b>				
Taxes	\$ 11,668,800	\$ 2,199,228	\$ 4,143,108	\$ 1,761
Special Assessments	-	-	-	358,525
Licenses and Permits	213,797	17,250	-	56,490
Intergovernmental	1,694,017	5,883,440	6,634,708	289,832
Charges for Services	1,560,310	3,104,658	801,292	165,198
Fines and Forfeits	9,190	-	-	24,415
Gifts and Contributions	1,400	-	763	-
Investment Earnings	187,946	-	1,833	126
Miscellaneous	241,164	64,241	119,882	44,817
Total Revenues	15,576,624	11,268,817	11,701,586	941,164
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
General Government	5,920,941	-	-	168,015
Public Safety	7,741,398	-	-	215,257
Highways and Streets	-	12,658,806	-	-
Human Services	-	-	10,691,608	-
Health	19,987	-	963,338	-
Culture and Recreation	511,501	-	-	-
Conservation of Natural Resources	384,547	-	-	252,436
Economic Development	358,150	-	-	-
<b>INTERGOVERNMENTAL</b>	-	160,071	-	-
<b>CAPITAL OUTLAY</b>				
General Government	27,615	-	-	-
Public Safety	-	-	-	-
Highways and Streets	-	-	-	-
<b>DEBT SERVICE</b>				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	14,964,139	12,818,877	11,654,946	635,708
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	612,485	(1,550,060)	46,640	305,456
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	122,526	245,149	-	40,545
Transfers Out	(186,344)	(1,377)	(91,367)	(73,175)
Tax Abatement Bonds Issued	-	-	-	-
Premium on Bonds Issued	-	-	-	-
Proceeds from Sale of Assets	-	3,895	-	16,425
Total Other Financing Sources (Uses)	(63,818)	247,667	(91,367)	(16,205)
<b>NET CHANGE IN FUND BALANCES</b>	548,667	(1,302,393)	(44,727)	289,251
Fund Balances - Beginning of Year	9,932,135	4,003,881	5,214,111	3,869,001
<b>INCREASE (DECREASE) IN INVENTORIES</b>	-	(29,237)	-	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 10,480,802</u>	<u>\$ 2,672,251</u>	<u>\$ 5,169,384</u>	<u>\$ 4,158,252</u>

See accompanying Notes to Financial Statements.

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 2,110,195	\$ 88,466	\$ 26,662	\$ 20,238,220
-	-	1,340	359,865
-	-	-	287,537
201,596	2,947,779	-	17,651,372
-	603,399	-	6,234,857
-	-	-	33,605
-	-	-	2,163
-	2,876	211	192,992
-	374,339	26,983	871,426
<u>2,311,791</u>	<u>4,016,859</u>	<u>55,196</u>	<u>45,872,037</u>
-	434,715	-	6,523,671
-	-	-	7,956,655
-	5,722,710	-	18,381,516
-	-	-	10,691,608
-	-	-	983,325
-	-	-	511,501
-	-	9,229	646,212
-	-	26,380	384,530
-	-	-	160,071
-	-	-	27,615
-	59,156	-	59,156
-	98,605	-	98,605
1,645,000	-	32,534	1,677,534
321,315	-	5,225	326,540
2,175	89,928	-	92,103
<u>1,968,490</u>	<u>6,405,114</u>	<u>73,368</u>	<u>48,520,642</u>
343,301	(2,388,255)	(18,172)	(2,648,605)
-	190,000	-	598,220
-	(245,957)	-	(598,220)
-	4,500,000	-	4,500,000
-	163,809	-	163,809
-	-	-	20,320
-	<u>4,607,852</u>	-	<u>4,684,129</u>
343,301	2,219,597	(18,172)	2,035,524
2,791,552	1,963,591	1,324,290	29,098,561
-	-	-	(29,237)
<u>\$ 3,134,853</u>	<u>\$ 4,183,188</u>	<u>\$ 1,306,118</u>	<u>\$ 31,104,848</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 2,035,524**

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

Governmental funds report capital outlays 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 Asset Adjustments	\$ 13,843,614	
Net Book Value of Capital Assets Disposed	(12,717)	
Current Year Depreciation	<u>(4,059,422)</u>	9,771,475

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred Inflows of Resources - December 31	3,309,286	
Deferred Inflows of Resources - January 1	<u>(4,100,388)</u>	(791,102)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Proceeds for Debt Issuance	(4,500,000)	
Premium for the New Debt Issuance	<u>(163,809)</u>	(4,663,809)

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

Principal Repayments		
General Obligation Bonds	1,645,000	
Economic Development Loans	<u>32,534</u>	1,677,534

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	17,266	
Amortization of Discounts/Premiums	14,828	
Change in Compensated Absences	33,068	
Change in Other Postemployment Benefits	(61,957)	
Change in Inventories	<u>(29,237)</u>	<u>(26,032)</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 8,003,590**

**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
DECEMBER 31, 2014**

**ASSETS**

Cash and Pooled Investments	\$ 1,635,784
Due from Other Governments	644,170
	<hr/>
Total Assets	\$ 2,279,954
	<hr/> <hr/>

**LIABILITIES**

Due to Other Governments	\$ 2,212,695
Funds Held in Trust	67,259
	<hr/>
Total Liabilities	\$ 2,279,954
	<hr/> <hr/>

*See accompanying Notes to Financial Statements.*

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**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Benton County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2014. 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**

Benton County (County) was established October 27, 1849, and is an organized county having the powers, duties, and privileges granted counties by *Minnesota Statutes* ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Benton County (Primary Government) and its component units for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice-chair elected at the annual meeting in January of each year.

Blended Component Units

Blended component units are legally separate organizations that are so intertwined with the County that they are, in substance, the same as the County and, therefore, are reported as if they were part of the County. Benton County has two blended component units.

Component Unit	Component Unit Reporting Entity Because	Separate Financial Statements
Housing and Redevelopment Authority of Benton County (HRA)	County Commissioners are the Members of the HRA Board	Separate Financial Statements are not Prepared
Benton County Economic Development Authority (EDA)	County Commissioners are the Members of the EDA Board	Separate Financial Statements are not Prepared

Jointly Governed Organizations

The County participates in several jointly governed organizations which are described in Note 8.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. Basic Financial Statements

**1. Government-Wide Statements**

The government-wide financial statements (i.e., 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. Eliminations have been made to minimize the double-counting of internal activities.

In the government-wide statement of net position, the governmental activities are presented on a consolidated basis, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The 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 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 that are 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 and blended component units. Separate statements for each fund category--governmental and fiduciary--are presented. The emphasis of governmental fund financial statements is on major individual governmental funds, with each major fund displayed as a separate column in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. Basic Financial Statements (Continued)

**2. Fund Financial Statements (Continued)**

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 accounted for in another fund.

The Road and Bridge Special Revenue Fund is used to account for revenues and expenditures of the County Highway Department which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways. Property taxes and intergovernmental revenues are the primary funds committed for these projects.

The Human Services Special Revenue Fund is used to account for public health, economic assistance and community social services programs. These programs are funded primarily by property taxes, committed through the Board approved levy, and intergovernmental revenues.

The Miscellaneous Special Revenue Fund is used to account for a number of smaller activities that do not have their own fund, including solid waste management, E-911 surcharge funds, natural resource block grants, and park dedication fees. Most of these activities are funded by restricted revenue sources.

The Debt Service Fund is used to account for the accumulation of resources for, and the payments of, principal, interest and related costs of the County's long-term bonds, which are financed by property tax revenue restricted through bond documents.

The Capital Projects Fund is used to account for financial resources to be used for capital acquisition, construction, or improvement of capital facilities. Financing is provided by bonds issued by the County, state aid, and levy dollars.

Additionally, the County reports the following fund type:

Agency Funds are custodial in nature and do not present results of operations. These funds account for assets that the County holds for others in an agency capacity. Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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. Benton 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. Issuances of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

**1. Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2014, based on market prices. Investment earnings are allocated to the Miscellaneous Special Revenue Fund based on cash balances set aside for specific purposes within that fund. Pursuant to *Minnesota Statutes* §385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2014 were \$187,946.

Benton 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 *Minnesota Statutes* §471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission. The investment in the pool is measured at the amortized cost per share provided by the pool which would approximate fair value.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

**2. Receivables and Payables**

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

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

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

Loans receivable in the Economic Development Fund consist of operating loans to businesses and are offset by an allowance for doubtful accounts of \$13,538. The County develops an estimate of this allowance based on specific identification.

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. No provision has been made for an estimated uncollectible amount.

Special assessments receivable consist of delinquent special assessments payable in the years 2009 through 2014, and noncurrent special assessments payable in 2014, and after. No provision has been made for an estimated uncollectible amount. Significant portions of special assessments receivable are not expected to be collected within one year due to the nature of the receivable.

**3. Inventories**

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. Reported inventories are equally offset by nonspendable fund balance to indicate they do not constitute available spendable resources.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

**4. Prepaids**

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

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. In the case of initial capitalization of infrastructure, the County retroactively implemented the reporting of this item when GASB #34 was implemented. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for all capital assets, except for buildings, which use a threshold of \$25,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 asset's lives are not capitalized.

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

Property, plant, and equipment of the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Land Improvements	20
Public Domain Infrastructure	25-35
Machinery, Vehicles, Furniture, and Equipment	5-20

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

**6. Compensated Absences**

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated paid-time off (PTO) balances or vacation and sick leave balances. Employees hired before June 21, 2011 can choose to convert to the PTO plan or continue receiving vacation and sick 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 current portion is equal to five percent of the ending compensated absences balance based on historical trends.

**7. Deferred Outflows of Resources**

The County reports decreases in net position or fund balance, that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position or governmental fund balance sheet. The County will not recognize the related outflow until a future event occurs. The County does not have deferred outflows of resources to report in its governmental funds in the current year.

**8. Deferred Inflows of Resources**

The County's governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has one type of item which occurs relating to revenue recognition: The deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's year) under the modified accrual basis of accounting.

**9. Unearned Revenue**

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

**10. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discount are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of bond issuance.

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.

**11. Classification of Net Position**

In the government-wide financial statements, net position is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets is the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets. Restricted net position is the amount of net position for which external restrictions of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the amount of net position that does not meet the definition of restricted or net investment in capital assets.

**12. Fund Equity**

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaids, inventories, and long term receivables, as applicable. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Commissioners. The County Administrator is delegated to assign fund balances and their intended uses. Unassigned fund balance is the residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications. Unassigned also includes deficit balances in other governmental funds.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

**12. Fund Equity (Continued)**

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, it is the County's policy to use restricted first, and then unrestricted net position. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the County's policy to use committed first, then assigned, and finally unassigned amounts.

It is the County's policy that at the end of each fiscal year to maintain an unrestricted portion of the fund balance of no less than six months of operating expenditures in the General, Road and Bridge, and Human Services Funds.

**13. Use of Estimates**

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

- E. Future Change in Accounting Standards

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*, replaces Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to employer governments that provide pensions through pension plans administered as trusts or similar arrangement that meet certain criteria. GASB Statement No. 68 requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement will be effective for the County's calendar year 2015. The County has not yet determined the financial statement impact of adopting this new standard.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Excess of Expenditures over Budget

The following funds had expenditures in excess of budget at the departmental level for the year ended December 31, 2014:

Fund	Function	Expenditures	Budget	Excess
General	Current			
	General Government			
	Public Defender	\$ 138,000	\$ 85,000	\$ 53,000
	Auditor-Treasurer	647,975	644,743	3,232
	Assessor	475,520	470,039	5,481
	Attorney	1,084,078	1,045,039	39,039
	Recorder	232,783	227,809	4,974
	Public Safety			
	Sheriff	3,932,466	3,803,996	128,470
	Emergency Management	97,035	93,885	3,150
	Prisoner Custodial	3,119,885	3,065,932	53,953
	Probation	592,012	579,693	12,319
Special Revenue Funds				
Road and Bridge	Current			
	Highways and Streets			
	Administration	415,063	403,110	11,953
	Maintenance	2,412,682	2,197,756	214,926
	Construction	8,872,698	6,800,480	2,072,218
	Intergovernmental	160,071	142,000	18,071
Human Services	Current			
	Human Services			
	Income Maintenance	3,723,023	3,462,214	260,809
	Social Services	6,968,585	6,472,864	495,721

The additional expenditures were financed by greater than anticipated grant revenues, greater than anticipated charges for services revenue, existing fund balance, and other additional revenues.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

A. Assets

**1. Deposits and Investments**

Reconciliation of Benton County's total cash and investments to the basic financial statements follows:

Government-Wide Statement of Net Position	
Governmental Activities	
Cash and Pooled Investments	\$ 32,305,647
Petty Cash and Change Funds	3,300
Statement of Fiduciary Net Position	
Cash and Pooled Investments	1,635,784
Total Cash and Investments	\$ 33,944,731

a. Deposits

*Minnesota Statutes* §§118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. *Minnesota Statutes* §118A.03 requires that all County deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by a Federal Home Loan Bank; and certificates of deposit. *Minnesota Statutes* require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. It is the County's policy to obtain collateral or bonds for all uninsured amounts on deposit, and to obtain necessary documentation to show compliance with state law and a perfect security interest under federal law. As of December 31, 2014, all of the County's deposits were insured and collateralized.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

**1. Deposits and Investments (Continued)**

b. Investments

*Minnesota Statutes* §§118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- (1) Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by *Minnesota Statutes* §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. The County does not have a formal policy to manage its exposure to interest rate risk.

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 national recognized statistical rating organization. It is the County's policy to invest only in securities that meet the rating requirements set by state statute.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

**1. Deposits and Investments (Continued)**

b. Investments (Continued)

Custodial Credit Risk – 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. It is the County's policy to invest in only securities covered 100 percent by SIPC.

Concentration 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 places a limit on investing to no more than 25 percent of total County investments in one type of security.

The following table presents the County's investment balances at December 31, 2014, and information relating to potential investment risks:

	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
Negotiable Certificates of Deposit	N/R	N/A	28.8%	N/A	\$ 2,702,844
U.S. Government agency securities					
Federal Home Loan Bank	AA+	S&P	5.3%	12/30/2019	499,935
Federal Home Loan Bank	AA+	S&P	<5.0%	5/23/2023	499,705
Total Federal Home Loan Bank					<u>999,640</u>
Federal Farm Credit Bank	AA+	S&P	<5.0%	12/30/2019	455,000
Investment Pools/Mutual Funds					
MAGIC Fund	N/R	N/A		N/A	<u>5,109,534</u>
Total Investments					9,267,018
Deposits					24,674,413
Petty Cash					3,300
Total Deposits and Investments					<u>\$ 33,944,731</u>

N/A - Not Applicable

N/R - Not Rated

<5.0% - Concentration is Less than 5% of Investments

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

**2. Loans Receivable**

Loans receivable is reported at \$247,498; of this amount, \$202,493 is expected to be collected in more than one year.

**3. Capital Assets**

Capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 2,346,666	\$ -	\$ -	\$ 2,346,666
Infrastructure, Right-of-Way	10,200,955	3,344,013	-	13,544,968
Construction-in-Progress	7,834,327	10,025,131	9,574,616	8,284,842
Total Capital Assets, not being Depreciated	20,381,948	13,369,144	9,574,616	24,176,476
Capital Assets being Depreciated:				
Buildings	18,796,056	-	-	18,796,056
Land Improvements	364,356	-	-	364,356
Machinery, Vehicles, Furniture and Equipment	9,362,008	474,470	147,839	9,688,639
Infrastructure	85,482,560	9,574,616	-	95,057,176
Total Capital Assets being Depreciated	114,004,980	10,049,086	147,839	123,906,227
Less Accumulated Depreciation for:				
Buildings	7,072,044	394,120	-	7,466,164
Land Improvements	88,652	14,789	-	103,441
Machinery, Vehicles, Furniture and Equipment	5,029,750	562,227	135,122	5,456,855
Infrastructure	49,813,361	3,088,286	-	52,901,647
Total Accumulated Depreciation	62,003,807	4,059,422	135,122	65,928,107
Total Capital Assets, Depreciated, Net	52,001,173	5,989,664	12,717	57,978,120
Governmental Activities Capital Assets, Net	<u>\$ 72,383,121</u>	<u>\$ 19,358,808</u>	<u>\$ 9,587,333</u>	<u>\$ 82,154,596</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

**3. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the Primary Government as follows:

Governmental Activities		
General Government	\$	167,447
Public Safety		411,956
Highway and Streets		3,390,342
Human Services		81,281
Culture and Recreation		8,396
Total		<u><u>\$ 4,059,422</u></u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2014, is as follows:

**1. Due To/From Other Funds**

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Fund	\$ 38,797
	Road and Bridge Fund	<u>78</u>
Total Due to General Fund		<u>38,875</u>
Road and Bridge Fund	General Fund	<u>5,907</u>
	Total	<u><u>\$ 44,782</u></u>

The due from other funds above relate to: (1) payment of various legal fees, phone services, and copier charges for the Human Services Fund; (2) payment for phone services for the Road and Bridge Fund and; (3) payment for professional services for the Road and Bridge Fund.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

B. Interfund Receivables, Payables, and Transfers (Continued)

**2. Interfund Transfers**

Interfund transfers for the year ended December 31, 2014, consisted of the following:

Interfund Transfer	Amount	Description
Transfer to General Fund from		
Miscellaneous Fund	\$ 4,350	Transfer to Cover Assessor's Web Costs
Miscellaneous Fund	356	Excess in Sheriff Drug, Alcohol and Contingencies
Miscellaneous Fund	2,045	Transfer Overpayment of Restoration of Sheriff Contingency Fund
Miscellaneous Fund	46,425	Transfer for Administration and Expenses for Permit to Carry
Capital Projects Fund	<u>69,350</u>	Transfer Remaining FEMA Revenue
	122,526	
Transfer to Road and Bridge Fund from		
General Fund	68,542	Provide Funds for GIS Salary and Expenses
Capital Projects Fund	<u>176,607</u>	Budgeted Transfer
	245,149	
Transfer to Miscellaneous Fund from		
General Fund	6,511	Restore Sheriff's Contingency
General Fund	3,030	Transfer for Restore Attorney Contingency and Major Trial Expense
General Fund	23,260	Transfer of Phone Savings
Human Services Fund	6,367	Transfer of Phone Savings
Road and Bridge Fund	500	Pictometry Funding Plan
Road and Bridge Fund	<u>877</u>	Transfer of Phone Savings
	40,545	
Transfer to Capital Projects Fund from		
General Fund	85,001	Budgeted Projects
Human Services Fund	85,000	Budgeted Projects
Miscellaneous Fund	<u>19,999</u>	Budgeted Transfer for Jail Projects
	<u>190,000</u>	
Total	<u>\$ 598,220</u>	

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

B. Interfund Receivables, Payables, and Transfers (Continued)

**3. Advances From/To Other Funds**

Advances from/to other funds as of December 31, 2014, were as follows:

Receivable Fund	Payable Fund	Amount
General	Ditch	\$ 5,560
Miscellaneous	Capital Projects	62,692
Total		<u>\$ 68,252</u>

The advances above relate to a loan from the General Fund for ditch deficits and a loan from the Miscellaneous Fund (solid waste contingency) to the Capital Projects Fund for the jail master control panel project.

C. Deferred Inflows of Resources

Deferred inflows of resources consist of special assessments, taxes, and grant receivables that are not collected soon enough after year-end to pay liabilities of the current year. Deferred inflows at December 31, 2014, are summarized below by fund:

	Special Assessments	Delinquent Taxes	Grants	Total
Major Governmental Funds				
General	\$ -	\$ 387,859	\$ 16,527	\$ 404,386
Road and Bridge	-	81,583	2,096,189	2,177,772
Human Services	-	141,775	134,223	275,998
Miscellaneous	368,954	-	-	368,954
Debt Service Fund	-	75,513	-	75,513
Capital Projects Fund	-	1,093	-	1,093
Total Major Governmental Funds	<u>368,954</u>	<u>687,823</u>	<u>2,246,939</u>	<u>3,303,716</u>
Other Governmental Funds	<u>5,570</u>	<u>-</u>	<u>-</u>	<u>5,570</u>
Deferred Inflows of Resources	<u>\$ 374,524</u>	<u>\$ 687,823</u>	<u>\$ 2,246,939</u>	<u>\$ 3,309,286</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

D. Liabilities

**1. Long-Term Debt**

Governmental Activities

<u>Types of Indebtedness</u>	<u>Maturity Date</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2014</u>
2007A G. O. Reconstruction Bonds	2022	\$180,000- \$255,000	4.00	\$ 3,000,000	\$ 1,790,000
2007B G.O. State-Aid Road Bonds	2022	\$110,000- \$175,000	3.65-4.00	2,055,000	1,235,000
2008A G. O. Reconstruction Bonds	2023	\$160,000- \$255,000	3.75-4.50	3,000,000	1,955,000
2008A G.O. Capital Improvement Bonds	2023	\$70,000- \$110,000	3.75-4.50	1,280,000	835,000
2009A G.O. Jail Refunding Bonds	2016	\$595,000- \$690,000	2.00-3.25	3,845,000	1,340,000
2010A G.O. CIP Refunding Bonds	2018	\$145,000- \$170,000	1.00-2.40	1,100,000	650,000
2011A G.O. CIP Refunding Bonds	2018	\$265,000- \$315,000	0.50-1.40	1,710,000	1,170,000
2014A G.O. Tax Abatement Bonds	2030	\$190,000- \$390,000	2.50-3.50	4,500,000	4,500,000
Total General Obligation Bonds				<u>\$ 20,490,000</u>	13,475,000
Less: Unamortized Bond Discount					(28,550)
Add: Unamortized Bond Premium					240,242
Total General Obligation Bonds, Net					<u>\$ 13,686,692</u>
Economic Development Loans U.S. Department of Agriculture	2036	\$7,525- \$34,204	1.00	\$ 805,195	\$ 489,944

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

D. Liabilities (Continued)

**2. Debt Service Requirements**

Debt service requirements at December 31, 2014, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds		Economic Development Loans	
	Principal	Interest	Principal	Interest
2015	\$ 1,675,000	\$ 411,812	\$ 32,860	\$ 4,899
2016	2,045,000	359,363	33,188	4,571
2017	1,470,000	305,611	33,520	4,239
2018	1,530,000	259,325	33,855	3,904
2019	1,080,000	216,303	34,194	3,565
2020-2024	3,715,000	583,240	176,167	12,628
2025-2029	1,570,000	205,413	74,800	5,286
2030-2034	390,000	6,825	50,497	2,568
2035-2036	-	-	20,863	313
Total	<u>\$ 13,475,000</u>	<u>\$ 2,347,892</u>	<u>\$ 489,944</u>	<u>\$ 41,973</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

D. Liabilities (Continued)

**3. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2014, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General Obligation Bonds	\$ 10,620,000	\$ 4,500,000	\$ 1,645,000	\$ 13,475,000	\$ 1,675,000
Bond Premium	97,953	163,809	21,520	240,242	-
Bond Discount	(35,242)	-	(6,692)	(28,550)	-
Total Bonds Payable	10,682,711	4,663,809	1,659,828	13,686,692	1,675,000
Economic Development Loans	522,478	-	32,534	489,944	32,860
Compensated Absences	2,468,122	2,602,451	2,635,519	2,435,054	121,753
Other Postemployment Benefits	662,292	106,587	44,630	724,249	-
Governmental Activity Long-Term Liabilities	<u>\$ 14,335,603</u>	<u>\$ 7,372,847</u>	<u>\$ 4,372,511</u>	<u>\$ 17,335,939</u>	<u>\$ 1,829,613</u>

Compensated absences and Other Postemployment Benefits are typically liquidated in the General Fund and applicable Special Revenue Funds. Economic Development Loans are liquidated in the Economic Development Special Revenue Fund.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

D. Liabilities (Continued)

**4. Construction Commitments**

The County has active construction projects as of December 31, 2014. The projects include the following:

<u>Project Description</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
County Road Projects	<u>\$ 11,424,934</u>	<u>\$ 883,766</u>

**5. Operating Lease**

The County leases office equipment under a noncancelable operating lease. Total costs for the lease were \$27,792 for the year ended December 31, 2014. The future minimum lease payments for the lease are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2015	\$ 27,792
2016	27,792
2017	27,792
2018	2,316
Total	<u>\$ 85,692</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 4 FUND BALANCES**

At December 31, 2014, portions of the County's fund balance are not available for appropriation due to legal restrictions (Restricted), County Board action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General Fund	Road and Bridge Fund	Human Services Fund	Miscellaneous Fund	Debt Service Fund	Capital Project Funds	Other Governmental Funds	Total Funds
<b>Nonspendable:</b>								
Advances to Other Funds	\$ 5,560	\$ -	\$ -	\$ 62,692	\$ -	\$ -	\$ -	\$ 68,252
Prepays	182,155	-	-	2,120	-	-	-	184,275
Inventories	-	285,818	-	-	-	-	-	285,818
<b>Total Nonspendable</b>	<b>187,715</b>	<b>285,818</b>	<b>-</b>	<b>64,812</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>538,345</b>
<b>Restricted:</b>								
Law Library	-	-	-	19,928	-	-	-	19,928
E-911	-	-	-	499,929	-	-	-	499,929
SCORE Grant	-	-	-	290,468	-	-	-	290,468
Outreach Grant	-	-	-	8,557	-	-	-	8,557
Aquatic Invasive Species Grant	-	-	-	16,736	-	-	-	16,736
Recorders' Equipment	-	-	-	226,518	-	-	-	226,518
Natural Resource Block Grant	-	-	-	98,723	-	-	-	98,723
Solid Waste Contingency	-	-	-	2,379,008	-	-	-	2,379,008
Forfeitures	-	-	-	20,208	-	-	-	20,208
Law Enforcement Programs	-	-	-	2,470	-	-	-	2,470
Future Park Expenditures	-	-	-	95,493	-	-	-	95,493
Broadband Grant	-	-	-	771	-	-	-	771
Economic TIF Expenditures	-	-	-	1,000	-	-	-	1,000
Permit to Carry Guns	-	-	-	1,000	-	-	-	1,000
Gravel Pit Closure Costs	-	-	-	-	-	-	103,399	103,399
Economic Development Loan Program	-	-	-	-	-	-	1,177,206	1,177,206
Debt Service	-	-	-	-	3,134,853	-	-	3,134,853
Bonded Construction Projects	-	-	-	-	-	758,363	-	758,363
Ditch Repairs	-	-	-	-	-	-	25,513	25,513
<b>Total Restricted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,660,809</b>	<b>3,134,853</b>	<b>758,363</b>	<b>1,306,118</b>	<b>8,860,143</b>
<b>Committed:</b>								
Motor Pool	-	-	-	33,192	-	-	-	33,192
Jail Inmate Capital Expenditures	-	-	-	36,657	-	-	-	36,657
Contingency Funds	-	-	-	17,519	-	-	-	17,519
Juvenile Diversion Program	-	-	-	16,140	-	-	-	16,140
Other Items	-	-	-	329,123	-	-	-	329,123
Future Construction Projects	-	-	-	-	-	3,424,825	-	3,424,825
<b>Total Committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>432,631</b>	<b>-</b>	<b>3,424,825</b>	<b>-</b>	<b>3,857,456</b>
<b>Assigned:</b>								
Road and Bridge Operations	-	2,386,433	-	-	-	-	-	2,386,433
Health and Human Services Programs	-	-	5,169,384	-	-	-	-	5,169,384
<b>Total Assigned</b>	<b>-</b>	<b>2,386,433</b>	<b>5,169,384</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,555,817</b>
<b>Unassigned</b>								
	10,293,087	-	-	-	-	-	-	10,293,087
<b>Total Fund Balances</b>	<b>\$ 10,480,802</b>	<b>\$ 2,672,251</b>	<b>\$ 5,169,384</b>	<b>\$ 4,158,252</b>	<b>\$ 3,134,853</b>	<b>\$ 4,183,188</b>	<b>\$ 1,306,118</b>	<b>\$ 31,104,848</b>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 DEFINED BENEFIT PENSION PLANS**

A. Plan Description

All full-time and certain part-time employees of Benton County are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF), and the Local Government Correctional Service Retirement Fund, called the Public Employees Correctional Fund (PECF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes* Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after five years of credited service. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the PEPFF. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates are covered by the PECF. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years.

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

Two methods are used to compute benefits for GERF's 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 and 1.7 percent for each remaining year.

**BENTON COUNTY  
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**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

A. Plan Description (Continued)

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 PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members.

For all PEPFF members, PECF members, and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF, PEPFF, and PECF. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org), by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**B. Funding Policy**

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. *Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.25 percent, respectively, of their annual covered salary in 2014. PEPFF members were required to contribute 10.20 percent of their annual covered salary in 2014. PECF members were required to contribute 5.83 percent of their annual covered salary. Benton County was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERP members, 7.25 percent for Coordinated Plan GERP members, 15.30 percent for PEPFF members, and 8.75 percent for PECF members.

The County's contributions to the GERP for the years ending December 31, 2014, 2013, and 2012 were \$673,046, \$674,670, and \$660,316, respectively. The County's contributions to the PEPFF for the years ending December 31, 2014, 2013, and 2012 were \$247,616, \$232,115, and \$224,264, respectively. The County's contributions to the PECF for the years ending December 31, 2014, 2013, and 2012 were \$157,133, \$152,626, and \$153,772, respectively.

The County's contributions were equal to the contractually required contributions for each year as set by state statute. Contribution rates will increase on January 1, 2015 in the Coordinated Plan (6.50 percent for members and 7.50 percent for employers) and the PEPFF (10.80 percent for members and 16.20 percent for employers).

**C. Defined Contribution Plan**

Four County Commissioners of Benton County are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP 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.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

C. Defined Contribution Plan (Continued)

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes* Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee 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's account annually.

Total contributions made by Benton County during fiscal years 2014 and the preceding two years were:

	Contribution Amount		Percentage of Covered Payroll		Required Rates
	Employee	Employer	Employee	Employer	
2014	\$ 6,462	\$ 6,462	5.0 %	5.0 %	5.0 %
2013	6,254	6,254	5.0	5.0	5.0
2012	4,820	4,820	5.0	5.0	5.0

**NOTE 6 OPEB DISCLOSURE**

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by *Minnesota Statutes* §471.61 subdivision 2b. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay varying percentages of the total premium cost. As of December 31, 2014, there were 30 retirees receiving health benefits from the County's health plan.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6 OPEB DISCLOSURE (CONTINUED)**

A. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment 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 cost 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 annual OPEB cost of 2014, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC):	\$	118,497
Interest on Net OPEB Obligation		29,803
Adjustment to ARC		<u>(41,713)</u>
Annual OPEB Cost		106,587
Contributions during the year		<u>(44,630)</u>
Increase in Net OPEB Obligation		61,957
Net OPEB - Beginning of the Year		<u>662,292</u>
Net OPEB - End of the Year	\$	<u><u>724,249</u></u>

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 preceding two years were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/2014	\$ 106,587	\$ 44,630	41.9 %	\$ 724,249
12/31/2013	126,927	54,545	43.0	662,292
12/31/2012	128,774	42,067	32.7	589,910

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6 OPEB DISCLOSURE (CONTINUED)**

**B. 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 assets is zero.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2014	\$ -	\$ 845,658	\$ 845,658	- %	\$ 11,992,953	7.1 %

**C. Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. 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.

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

In the January 1, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.50 percent discount rate, which is based on the estimated long-term investment yield on the general assets of the County using an underlying long-term inflation assumption of 2.50 percent. The annual healthcare cost trend rate is 7.50 percent initially, reduced incrementally to an ultimate rate of 5.00 percent after ten years. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open thirty-year period.

**BENTON COUNTY  
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**NOTE 7 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. 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. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal 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 \$480,000 per claim in 2014. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS**

A. Jointly Governed Organizations

Stearns-Benton Employment and Training Council

The Stearns-Benton Employment Training Council was created for the purpose of undertaking, implementing, and maintaining the programs established under the Job Training Partnership Act of 1982 and other federal and state laws and regulations governing the establishment and implementation of programs within the areas governed by Stearns and Benton Counties. The Council is an organized joint venture having the duties, powers, and privileges granted joint powers by *Minnesota Statutes* §471.59. The Council is governed by a Joint Powers Board and a Workforce Development Council. The Joint Powers Board is composed of two commissioners each from Stearns and Benton Counties and one Workforce Development Council member. The Workforce Development Council is composed of 24 members from local business, industry, agriculture, labor organizations, public or private education, and community service groups. Included in the Joint Powers Board's duties and powers is the authority to approve the Council's budget and enter into any necessary contracts or leases.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

A. Joint Governed Organizations (Continued)

Stearns-Benton Employment and Training Council (Continued)

Benton County pays a contractual amount through Human Services for their administrative costs, but the amounts contributed are considered immaterial.

Complete financial information can be obtained from:

Minnesota Workforce Center  
1540 Northway Drive  
St. Cloud, MN 56303

Tri-County Solid Waste Commission

The Tri-County Solid Waste Commission was established in July 1983 by a joint powers agreement among Benton, Sherburne, and Stearns Counties to conduct a solid waste management program on behalf of the participating counties. The Commission is an organized joint venture having the duties, powers, and privileges granted joint powers by *Minnesota Statutes* §471.59. The Commission is governed by a Board of Directors. Each member county is entitled to no less than two and no more than four of its own county commissioners on the Board. Population of the member counties determines how many of their commissioners sit on the Board. The Board of Directors currently comprises eight members: four county commissioners from Stearns County and two each from Benton and Sherburne Counties.

Each county's proportionate share of the net operating costs is based on the usage of the household hazardous waste facility and the solid waste picked up in each county. The County had no contributions during 2014.

The Commission will remain in existence so long as two or more 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 member counties in the ratio that the total contributions made by each of them bears to the sum total of contributions made by all.

Separate financial information can be obtained from:

Tri-County Solid Waste Commission  
3601 5th Street South  
Waite Park, MN 56387

**BENTON COUNTY  
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**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

A. Joint Governed Organizations (Continued)

Central Minnesota Violent Offender Task Force

Benton, Morrison, Todd, Sherburne, and Stearns Counties and the Cities of Sartell, Sauk Rapids, Waite Park, St. Joseph, St. Cloud, and Little Falls have entered into a joint powers agreement to investigate, identify, and disrupt illegal drug and gang activity through multi-jurisdictional investigations in Central Minnesota. The Stearns County Sheriff's Office is the fiscal agent for the Central Minnesota Violent Offender Task Force. Members provide officers to the Task Force in lieu of appropriations. Benton County provided no cash funding to this organization in 2014.

Control of the Task Force is vested in a Board of Directors. The members of the Board shall be the Sheriff of each member county, a county attorney from a member county as the legal advisor to the Task Force, the chief of police for the Little Falls Police Department, the chief of police for the City of St. Cloud, and one representative among the chiefs of police from the Cities of Sartell, Sauk Rapids, Waite Park, and St. Joseph, who shall be selected annually by a majority vote of the chiefs of police.

Separate financial information can be obtained from:

St. Cloud Police Department  
101 11th Avenue North, P.O. Box 1616  
St. Cloud, MN 56303

Great River Regional Library

The Great River Regional Library operates under a joint powers agreement and according to the authority granted by *Minnesota Statutes*. The specific operating framework is set forth in a service agreement which has been entered into by each of the seven members. The membership consists of Benton, Morrison, Stearns, Wright, Sherburne, and Todd Counties and the City of St. Cloud. The Board of Directors consists of 15 people. The Benton County Board of Commissioners has one representative on the Library Board. The County's 2014 contribution to the Great River Regional Library of \$499,431 is included in the expenditures of the General Fund.

Separate financial information can be obtained from:

Great River Regional Library  
1300 W. St. Germain Street  
St. Cloud, MN 56301

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

A. Joint Governed Organizations (Continued)

Central Minnesota Emergency Medical Services

The Central Minnesota Emergency Medical Services Region was established in 2001, under *Minnesota Statutes* §471.59, to improve access, delivery, and effectiveness of the emergency medical services system; promote systematic and cost-effective delivery of services; and identify and address system needs within the member counties. The member counties are Benton, Cass, Chisago, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, Pine, Sherburne, Stearns, Todd, Wadena, and Wright. The Region established a Board comprising one Commissioner from each county. The Region's Board has financial responsibility, and Stearns County is the fiscal agent. The County had no contributions during 2014.

Complete financial information can be obtained from:

Central Minnesota Emergency Medical Services Region  
Administration Center  
705 Courthouse Square  
St. Cloud, MN 56303-4701

St. Cloud Area Planning Organization

The St. Cloud Area Planning Organization was created to keep governmental units and the general public informed and advised on all matters relative to the transportation planning, programming, and funding. The Council is an organized joint venture having the duties, powers, and privileges granted joint powers by *Minnesota Statutes* §471.59. The joint venture is governed by a Policy Board, which is comprised of 11 local government member jurisdictions, as well as representatives from the Central Minnesota Transportation Alliance and St. Cloud Metro Bus. The Policy Board is responsible for adopting regional transportation plans, projects, and policies. The Policy Board consists of 43 voting member, 36 of which are elected officials from cities, counties, and townships. During 2014, the County contributed \$8,169 to the St. Cloud Area Planning Organization. Complete financial statements can be obtained from:

St. Cloud Area Planning Organization  
1040 County Road #4  
St. Cloud, MN 56303

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

A. Joint Governed Organizations (Continued)

Elk River Watershed Association

The Elk River Watershed Association was created to coordinate actions related to common activities in Sherburne and Benton Counties comprehensive local water management plans within the Elk River Watershed. The Association is comprised of Benton and Sherburne Counties and Benton and Sherburne Soil and Water Conservation Districts, with each having one representative on the Board of Directors. During 2014, the County contributed \$2,000 to the Elk River Watershed Association.

Separate financial information can be obtained from:

Sherburne County Soil and Water Conservation District  
14855 Highway 10  
Elk River, MN 55330

Central Minnesota Emergency Services Board

The Central Minnesota Regional Radio Board was established in 2007, under the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39. As of June 1, 2011, the Central Minnesota Regional Radio Board changed its name to the Central Minnesota Emergency Services Board. Members include the City of St. Cloud and the Counties of Benton, Big Stone, Douglas, Grant, Kandiyohi, Meeker, Mille Lacs, Morrison, Otter Tail, Pope, Sherburne, Stearns, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Wright.

The purpose of the Central Minnesota Emergency Services Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota.

The Central Minnesota Emergency Services Board is composed of one Commissioner of each county appointed by their respective County Board and one City Council member from each city appointed by their respective City Council, as provided in the Central Minnesota Emergency Service Board's by-laws.

In the event of dissolution of the Central Minnesota Emergency Services Board, all property, assets, and funds of the Board shall be distributed to the parties of the agreement upon termination in direct proportion to their participation and contribution. Any city or county that has withdrawn from the agreement prior to termination of the Board shall share in the distribution of property, assets, and funds of the Board only to the extent they shared in the original expense.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

A. Joint Governed Organizations (Continued)

Central Minnesota Emergency Services Board (Continued)

The Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. During 2014, Benton County contributed \$4,675 to the Board.

Separate financial information can be obtained from:

Central Minnesota Emergency Services Board  
City of St. Cloud  
Office of the Mayor  
City Hall  
400 Second Street South  
St. Cloud, MN 56301

B. Contingent Liabilities

Amounts received or receivable from granting 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.

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BENTON COUNTY  
FOLEY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 11,463,817	\$ 11,463,817	\$ 11,668,800	\$ 204,983
Licenses and Permits	178,200	178,200	213,797	35,597
Intergovernmental	1,618,000	1,618,000	1,694,017	76,017
Charges for Services	1,184,074	1,184,074	1,560,310	376,236
Fines and Forfeits	12,825	12,825	9,190	(3,635)
Gifts and Contributions	-	-	1,400	1,400
Investment Earnings	55,000	55,000	187,946	132,946
Miscellaneous	252,400	252,400	241,164	(11,236)
Total Revenues	14,764,316	14,764,316	15,576,624	812,308
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>GENERAL GOVERNMENT</b>				
Commissioners	368,084	368,084	306,230	61,854
Public Defender	85,000	85,000	138,000	(53,000)
Administration	627,279	627,279	578,761	48,518
Auditor-Treasurer	644,743	644,743	647,975	(3,232)
Assessor	470,039	470,039	475,520	(5,481)
Information Technology	719,987	719,987	697,484	22,503
Attorney	1,045,039	1,045,039	1,084,078	(39,039)
Recorder	227,809	227,809	232,783	(4,974)
Property Management	768,648	768,648	766,526	2,122
Veterans Service Officer	72,809	72,809	61,705	11,104
Other General Government	1,039,943	1,039,943	931,879	108,064
Total General Government	6,069,380	6,069,380	5,920,941	148,439
<b>PUBLIC SAFETY</b>				
Sheriff	3,803,996	3,803,996	3,932,466	(128,470)
Emergency Management	93,885	93,885	97,035	(3,150)
Prisoner Custodial	3,065,932	3,065,932	3,119,885	(53,953)
Probation	579,693	579,693	592,012	(12,319)
Total Public Safety	7,543,506	7,543,506	7,741,398	(197,892)
<b>HEALTH</b>				
Groundwater Management	20,448	20,448	19,987	461

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

**BENTON COUNTY  
FOLEY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>CURRENT (CONTINUED)</b>				
<b>CULTURE AND RECREATION</b>				
Historical Society	\$ 12,070	\$ 12,070	\$ 12,070	\$ -
Regional Library	499,431	499,431	499,431	-
Total Culture and Recreation	511,501	511,501	511,501	-
<b>CONSERVATION OF NATURAL RESOURCES</b>				
University of Minnesota Extension	212,280	212,280	209,547	2,733
Soil and Water Conservation	165,000	165,000	165,000	-
Agricultural Society/County Fair	10,000	10,000	10,000	-
Total Conservation of Natural Resources	387,280	387,280	384,547	2,733
<b>ECONOMIC DEVELOPMENT</b>				
Economic Development	54,752	54,752	53,662	1,090
Department of Development	331,649	331,649	304,488	27,161
Total Economic Development	386,401	386,401	358,150	28,251
<b>CAPITAL OUTLAY</b>				
General Government	28,000	28,000	27,615	385
Total Expenditures	14,946,516	14,946,516	14,964,139	(17,623)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(182,200)	(182,200)	612,485	794,685
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	62,200	62,200	122,526	60,326
Transfers Out	(155,000)	(155,000)	(186,344)	(31,344)
Total Other Financing Sources (Uses)	(92,800)	(92,800)	(63,818)	28,982
<b>NET CHANGE IN FUND BALANCE</b>				
	\$ (275,000)	\$ (275,000)	548,667	\$ 823,667
Fund Balance - Beginning of Year			9,932,135	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 10,480,802</b>	

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

**BENTON COUNTY  
FOLEY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE FUND  
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,157,451	\$ 2,157,451	\$ 2,199,228	\$ 41,777
Licenses and Permits	5,000	5,000	17,250	12,250
Intergovernmental	5,631,956	5,631,956	5,883,440	251,484
Charges for Services	1,822,300	1,822,300	3,104,658	1,282,358
Miscellaneous	35,000	35,000	64,241	29,241
Total Revenues	9,651,707	9,651,707	11,268,817	1,617,110
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HIGHWAYS AND STREETS</b>				
Administration	403,110	403,110	415,063	(11,953)
Maintenance	2,197,756	2,197,756	2,412,682	(214,926)
Construction	6,800,480	6,800,480	8,872,698	(2,072,218)
GIS	72,064	72,064	71,295	769
Equipment and Maintenance Shop	932,309	932,309	887,068	45,241
Total Highways and Streets	10,405,719	10,405,719	12,658,806	(2,253,087)
<b>INTERGOVERNMENTAL</b>	142,000	142,000	160,071	(18,071)
Total Expenditures	10,547,719	10,547,719	12,818,877	(2,271,158)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(896,012)	(896,012)	(1,550,060)	(654,048)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	246,608	246,608	245,149	(1,459)
Transfers Out	-	-	(1,377)	(1,377)
Proceeds from Sale of Assets	1,000	1,000	3,895	2,895
Total Other Financing Sources (Uses)	247,608	247,608	247,667	59
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (648,404)</u>	<u>\$ (648,404)</u>	(1,302,393)	<u>\$ (653,989)</u>
Fund Balance - Beginning of Year			4,003,881	
Decrease in Inventory			(29,237)	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 2,672,251</u>	

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

**BENTON COUNTY  
FOLEY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
HUMAN SERVICES FUND  
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 4,078,577	\$ 4,078,577	\$ 4,143,108	\$ 64,531
Intergovernmental	5,984,926	5,984,926	6,634,708	649,782
Charges for Services	758,641	758,641	801,292	42,651
Gifts and Contributions	-	-	763	763
Investment Earnings	1,300	1,300	1,833	533
Miscellaneous	58,950	58,950	119,882	60,932
Total Revenues	10,882,394	10,882,394	11,701,586	819,192
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HUMAN SERVICES</b>				
Income Maintenance	3,462,214	3,462,214	3,723,023	(260,809)
Social Services	6,472,864	6,472,864	6,968,585	(495,721)
Total Human Services	9,935,078	9,935,078	10,691,608	(756,530)
<b>HEALTH</b>				
Nursing Service	1,017,316	1,017,316	963,338	53,978
Total Expenditures	10,952,394	10,952,394	11,654,946	(702,552)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(70,000)	(70,000)	46,640	116,640
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	(85,000)	(91,367)	(6,367)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (70,000)</u>	<u>\$ (155,000)</u>	(44,727)	<u>\$ 110,273</u>
Fund Balance - Beginning of Year			5,214,111	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 5,169,384</u>	

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS  
DECEMBER 31, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2010	\$ -	\$ 1,373,132	\$ 1,373,132	- %	\$ 12,377,041	11.1 %
January 1, 2012	-	1,008,948	1,008,948	-	12,005,271	8.4
January 1, 2014	-	845,658	845,658	-	11,992,953	7.1

*The Notes to the Required Supplementary Information are an Integral Part of this Schedule.*

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2014**

**BUDGETARY INFORMATION**

The County Board adopts annual budgets for the General Fund, certain special revenue funds (Road and Bridge, and Human Services), Debt Service Fund, and Capital Projects Fund. These budgets are prepared on the modified accrual basis of accounting. Annual budgets are not adopted for the Economic Development, Miscellaneous, Ditch, and Gravel Pit Restoration Special Revenue Funds.

Based on a process established by the County Board, all departments for the County submit requests for appropriations to the County Administrator each year. After review, analysis and discussions with the departments, the County Administrator's proposed budget is presented to the County Board for review. The County Board holds public hearings and a final budget must be prepared and adopted no later than December 31.

The overall budget is prepared by fund and department. The legal level of budgetary control – the level at which expenditures may not legally exceed appropriations – is the department level. The Road and Bridge and Human Services funds are considered departments of one for budgetary control purposes. Budgets may be amended during the year with proper approval.

The following major funds had expenditures in excess of budget at the department level for the year ended December 31, 2014:

Fund	Function	Expenditures	Budget	Excess
General	Current			
	General Government			
	Public Defender	\$ 138,000	\$ 85,000	\$ 53,000
	Auditor-Treasurer	647,975	644,743	3,232
	Assessor	475,520	470,039	5,481
	Attorney	1,084,078	1,045,039	39,039
	Recorder	232,783	227,809	4,974
	Public Safety			
	Sheriff	3,932,466	3,803,996	128,470
	Emergency Management	97,035	93,885	3,150
	Prisoner Custodial	3,119,885	3,065,932	53,953
	Probation	592,012	579,693	12,319
Special Revenue Funds				
Road and Bridge	Current			
	Highways and Streets			
	Administration	415,063	403,110	11,953
	Maintenance	2,412,682	2,197,756	214,926
	Construction	8,872,698	6,800,480	2,072,218
	Intergovernmental	160,071	142,000	18,071
Human Services	Current			
	Human Services			
	Income Maintenance	3,723,023	3,462,214	260,809
	Social Services	6,968,585	6,472,864	495,721

The additional expenditures were financed by greater than anticipated charges for services and grant revenues, existing fund balance, and other additional revenues.

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## **SUPPLEMENTARY INFORMATION**



**BENTON COUNTY  
FOLEY, MINNESOTA  
YEAR ENDED DECEMBER 31, 2014**

**NONMAJOR GOVERNMENTAL FUNDS**

The Ditch Special Revenue Fund is used to account for the cost of constructing and maintaining an agricultural drainage ditch system. Financing is provided by special assessments levied against benefited property.

The Economic Development Special Revenue Fund is used to account for the activities of the Economic Development revolving loan program.

The Gravel Pit Restoration Special Revenue Fund is used to account for the five percent of aggregate production taxes collected and retained by the County to restore abandoned pits on public or tax-forfeited land.



**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

	Nonmajor Special Revenue Funds			Total Nonmajor Funds
	Ditch	Economic Development	Gravel Pit Restoration	
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 30,747	\$ 929,807	\$ 103,399	\$ 1,063,953
Undistributed Cash in Agency Funds	326	-	-	326
Special Assessments Receivable				
Delinquent	245	-	-	245
Noncurrent	5,325	-	-	5,325
Accounts Receivable	-	18	-	18
Loans Receivable, Net of Allowance	-	247,498	-	247,498
Total Assets	<u>\$ 36,643</u>	<u>\$ 1,177,323</u>	<u>\$ 103,399</u>	<u>\$ 1,317,365</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 117	\$ -	\$ 117
Advances from Other Funds	5,560	-	-	5,560
Total Liabilities	5,560	117	-	5,677
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	5,570	-	-	5,570
<b>FUND BALANCES</b>				
Restricted	25,513	1,177,206	103,399	1,306,118
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 36,643</u>	<u>\$ 1,177,323</u>	<u>\$ 103,399</u>	<u>\$ 1,317,365</u>

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**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>Nonmajor Special Revenue Funds</u>			<u>Total Nonmajor Funds</u>
	<u>Ditch</u>	<u>Economic Development</u>	<u>Gravel Pit Restoration</u>	
<b>REVENUES</b>				
Taxes	\$ -	\$ 26,662	\$ -	\$ 26,662
Special Assessments	1,340	-	-	1,340
Investment Earnings	-	211	-	211
Miscellaneous	-	12,040	14,943	26,983
Total Revenues	<u>1,340</u>	<u>38,913</u>	<u>14,943</u>	<u>55,196</u>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
Conservation of Natural Resources	9,229	-	-	9,229
Economic Development	-	26,380	-	26,380
<b>DEBT SERVICE</b>				
Principal	-	32,534	-	32,534
Interest	-	5,225	-	5,225
Total Expenditures	<u>9,229</u>	<u>64,139</u>	<u>-</u>	<u>73,368</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(7,889)</u>	<u>(25,226)</u>	<u>14,943</u>	<u>(18,172)</u>
Fund Balances - Beginning of Year	<u>33,402</u>	<u>1,202,432</u>	<u>88,456</u>	<u>1,324,290</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 25,513</u></u>	<u><u>\$ 1,177,206</u></u>	<u><u>\$ 103,399</u></u>	<u><u>\$ 1,306,118</u></u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	Balance January 1	Additions	Deductions	Balance December 31
<b>HOUSING AND REDEVELOPMENT AUTHORITY</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ -	\$ 1,808,152	\$ 1,808,152	\$ -
Due From Other Governments	1,363	890	1,363	890
Total Assets	<u>\$ 1,363</u>	<u>\$ 1,809,042</u>	<u>\$ 1,809,515</u>	<u>\$ 890</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 1,363</u>	<u>\$ 1,809,042</u>	<u>\$ 1,809,515</u>	<u>\$ 890</u>
<b>METROPOLITAN TRANSIT</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ -	\$ 179,935	\$ 179,935	\$ -
Due From Other Governments	1,824	2,303	1,824	2,303
Total Assets	<u>\$ 1,824</u>	<u>\$ 182,238</u>	<u>\$ 181,759</u>	<u>\$ 2,303</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 1,824</u>	<u>\$ 182,238</u>	<u>\$ 181,759</u>	<u>\$ 2,303</u>
<b>SCHOOL DISTRICTS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 70,069	\$ 13,624,909	\$ 13,639,872	\$ 55,106
Due From Other Governments	191,715	277,374	191,715	277,374
Total Assets	<u>\$ 261,784</u>	<u>\$ 13,902,283</u>	<u>\$ 13,831,587</u>	<u>\$ 332,480</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 261,784</u>	<u>\$ 13,902,283</u>	<u>\$ 13,831,587</u>	<u>\$ 332,480</u>
<b>STATE FUNDS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 57,741	\$ 5,044,368	\$ 4,962,404	\$ 139,705
Due From Other Governments	51,376	64,769	51,376	64,769
Total Assets	<u>\$ 109,117</u>	<u>\$ 5,109,137</u>	<u>\$ 5,013,780</u>	<u>\$ 204,474</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 109,117</u>	<u>\$ 5,109,137</u>	<u>\$ 5,013,780</u>	<u>\$ 204,474</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	Balance January 1	Additions	Deductions	Balance December 31
<b>CHM COLLABORATIVE</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 211,264	\$ 86,430	\$ 115,121	\$ 182,573
<b>LIABILITIES</b>				
Due to Other Governments	\$ 211,264	\$ 86,430	\$ 115,121	\$ 182,573
<b>TAXES AND PENALTIES</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 404,333	\$ 50,986,521	\$ 50,822,288	\$ 568,566
<b>LIABILITIES</b>				
Due to Other Governments	\$ 404,333	\$ 50,986,521	\$ 50,822,288	\$ 568,566
<b>TOWNS AND CITIES</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ (13)	\$ 10,413,316	\$ 10,413,238	\$ 65
Due From Other Governments	136,701	298,834	136,701	298,834
Total Assets	\$ 136,688	\$ 10,712,150	\$ 10,549,939	\$ 298,899
<b>LIABILITIES</b>				
Due to Other Governments	\$ 136,688	\$ 10,712,150	\$ 10,549,939	\$ 298,899
<b>MENTAL HEALTH INITIATIVE COMMUNITY PROJECT</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 395,811	\$ 2,321,064	\$ 2,201,239	\$ 515,636
<b>LIABILITIES</b>				
Due to Other Governments	\$ 395,811	\$ 2,321,064	\$ 2,201,239	\$ 515,636
<b>SOCIAL WELFARE</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 87,840	\$ 715,539	\$ 751,481	\$ 51,898
<b>LIABILITIES</b>				
Funds Held in Trust	\$ 87,840	\$ 715,539	\$ 751,481	\$ 51,898

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	Balance January 1	Additions	Deductions	Balance December 31
<b>JAIL INMATE</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 1,971	\$ 195,220	\$ 195,019	\$ 2,172
<b>LIABILITIES</b>				
Funds Held in Trust	\$ 1,971	\$ 195,220	\$ 195,019	\$ 2,172
<b>MISSING HEIRS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 13,171	\$ 18	\$ -	\$ 13,189
<b>LIABILITIES</b>				
Funds Held in Trust	\$ 13,171	\$ 18	\$ -	\$ 13,189
<b>HENKEMEYER LANDFILL TRUST</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 92,719	\$ 8,317	\$ -	\$ 101,036
<b>LIABILITIES</b>				
Due to Other Governments	\$ 92,719	\$ 8,317	\$ -	\$ 101,036
<b>BUILDING OFFICIAL</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ -	\$ 73,112	\$ 68,031	\$ 5,081
<b>LIABILITIES</b>				
Due to Other Governments	\$ -	\$ 73,112	\$ 68,031	\$ 5,081
<b>HUMAN SERVICES AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 1,857	\$ 1,190	\$ 2,290	\$ 757
<b>LIABILITIES</b>				
Due to Other Governments	\$ 1,857	\$ 1,190	\$ 2,290	\$ 757

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2014**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 1,336,763	\$ 85,458,091	\$ 85,159,070	\$ 1,635,784
Due from Other Governments	<u>382,979</u>	<u>644,170</u>	<u>382,979</u>	<u>644,170</u>
Total Assets	<u><u>\$ 1,719,742</u></u>	<u><u>\$ 86,102,261</u></u>	<u><u>\$ 85,542,049</u></u>	<u><u>\$ 2,279,954</u></u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 1,616,760	\$ 85,191,484	\$ 84,595,549	\$ 2,212,695
Funds Held in Trust	<u>102,982</u>	<u>910,777</u>	<u>946,500</u>	<u>67,259</u>
Total Liabilities	<u><u>\$ 1,719,742</u></u>	<u><u>\$ 86,102,261</u></u>	<u><u>\$ 85,542,049</u></u>	<u><u>\$ 2,279,954</u></u>

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## **OTHER SUPPLEMENTARY INFORMATION**

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF INTERGOVERNMENTAL REVENUE  
YEAR ENDED DECEMBER 31, 2014**

	Special Revenue Funds			
	General	Road and Bridge	Human Services	Miscellaneous
<b>SHARED REVENUE</b>				
State				
County Program Aid	\$ 1,019,747	\$ 192,203	\$ 369,639	\$ -
PERA Rate Reimbursement	19,781	5,043	13,080	-
Disparity Reduction Aid	7,441	-	-	-
Police Aid	178,341	-	-	-
Highway Users Tax	-	3,664,852	-	-
Market Value Credit	117,365	22,121	42,542	-
Aquatic Invasive Species Aid	-	-	-	16,736
Enhanced 911	-	-	-	117,850
SCORE	-	8,814	-	47,220
Total Shared Revenue	1,342,675	3,893,033	425,261	181,806
<b>REIMBURSEMENT FOR SERVICES</b>				
State				
Minnesota Department of Human Services	-	-	1,010,827	-
<b>GRANTS</b>				
State				
Minnesota Department/Board of Revenue	-	-	-	3,529
Corrections	82,360	-	-	-
Public Safety	75,370	-	-	-
Health	-	-	254,748	-
Natural Resources	5,351	-	-	-
Human Services	-	-	1,433,678	-
Water and Soil Resources	26,542	-	-	91,997
Veterans Affairs	-	-	-	12,500
Transportation	-	-	-	-
Peace Officer's Board	7,080	-	-	-
Total State Grants	196,703	-	1,688,426	108,026
Federal				
Department of Agriculture	34,549	-	508,366	-
Justice	798	-	-	-
Transportation	-	1,990,407	-	-
Health and Human Services	92,494	-	3,001,828	-
Homeland Security	26,798	-	-	-
Total Federal Grants	154,639	1,990,407	3,510,194	-
Total State and Federal Grants	351,342	1,990,407	5,198,620	108,026
Total Intergovernmental Revenue	\$ 1,694,017	\$ 5,883,440	\$ 6,634,708	\$ 289,832

Debt Service	Capital Projects	Total All Funds
\$ -	\$ 433,000	\$ 2,014,589
-	-	37,904
-	-	7,441
-	-	178,341
179,953	-	3,844,805
21,643	908	204,579
-	-	16,736
-	-	117,850
-	-	56,034
201,596	433,908	6,478,279
-	-	1,010,827
-	-	3,529
-	-	82,360
-	22,000	97,370
-	-	254,748
-	283,185	288,536
-	-	1,433,678
-	-	118,539
-	-	12,500
-	2,145,783	2,145,783
-	-	7,080
-	2,450,968	4,444,123
-	-	542,915
-	-	798
-	-	1,990,407
-	-	3,094,322
-	62,903	89,701
-	62,903	5,718,143
-	2,513,871	10,162,266
\$ 201,596	\$ 2,947,779	\$ 17,651,372

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2014**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 163,013
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	<u>326,814</u>
Total Department of Agriculture		489,827
U.S. Department of Justice		
Direct		
State Criminal Alien Assistance Program	16.606	798
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	1,990,407
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	17,673
Universal Newborn Hearing Screening	93.251	225
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	150
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$498,970)	93.558	45,346
Maternal and Child Health Services Block Grant to the States	93.994	32,389
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families	93.556	7,366
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$498,970)	93.558	453,624
Child Support Enforcement	93.563	789,364
Refugee and Entrant Assistance-State Administered Programs	93.566	1,748
Child Care and Development Block Grant	93.575	32,354
Stephanie Tubbs Jones Child Welfare Services Program	93.645	4,855
Foster Care - Title IV-E	93.658	199,960
Social Services Block Grant	93.667	174,081
Chafee Foster Care Independence Program	93.674	2,462
Children's Health Insurance Program	93.767	221
Medical Assistance Program	93.778	943,919
Block Grants for Community Mental Health Services	93.958	<u>20,785</u>
Total Department of Health and Human Services		2,726,522

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2014**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	\$ 1,103
Total Cash Type Federal Awards		<u>\$ 5,208,657</u>

1. The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Benton County. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Benton County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Benton County.
2. The expenditures on this schedule are on the basis of accounting used by the individual funds of the County. Governmental funds use the modified accrual basis of accounting. Pass-through grant numbers were not assigned by the pass-through entities.
3. During 2014, the County did not pass on any Federal money to sub recipients.

Reconciliation to the Schedule of Intergovernmental Revenue

Federal Grant Revenue per Schedule of Intergovernmental Revenue:	\$ 5,718,143
Grants Received More than 60 Days After Year-End, Unavailable in 2014	
Temporary Assistance for Needy Families	1,886
Child Care and Development Block Grant	1,631
Medical Assistance Program	6,462
Grants Received More than 60 Days After Year-End, Unavailable in 2013	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	(53,088)
Temporary Assistance for Needy Families	(138,269)
Child Care and Development Block Grant	(1,245)
Child Support Enforcement	(79,263)
Medical Assistance Program	(159,002)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	(61,800)
Emergency Management Performance Grants	(25,276)
Homeland Security Grant Program	<u>(1,522)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 5,208,657</u>

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