

**BENTON COUNTY  
FOLEY, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2015**





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FOLEY, MINNESOTA  
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## **INTRODUCTORY SECTION**



**BENTON COUNTY  
FOLEY, MINNESOTA  
ORGANIZATION  
DECEMBER 31, 2015**

Office	Name	Term	
		From	To
<b>Commissioners</b>			
1 <sup>st</sup> District	Warren Peschl	January 2013	January 2017
2 <sup>nd</sup> District	Ed Popp	January 2015	January 2019
3 <sup>rd</sup> District	Jim McMahon	January 2015	January 2019
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 2015	January 2019
Auditor-Treasurer	Karri Thorsten	January 2015	January 2019
County Recorder	Marilyn Novak	January 2015	January 2019
Sheriff	Troy Heck	January 2015	January 2019
<b><u>Appointed</u></b>			
Administrator	Montgomery Headley	Indefinite	
Assessor	Brian Koester	January 2013	January 2017
Courts Administrator	Cheri Woehler	Indefinite	
Development Director	Joseph Janish	Indefinite	
Highway Engineer	Christopher Byrd, P.E.	September 2012	May 2016
Human Services Director	Robert Cornelius	Indefinite	
<b>Human Services Board</b>			
Chair	Spencer Buerkle	January 2013	January 2017
Vice-Chair	Warren Peschl	January 2013	January 2017
Member	Allen (Jake) Bauerly	January 2013	January 2017
Member	Ed Popp	January 2015	January 2019
Member	Jim McMahon	January 2015	January 2019

\* Chair

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## **FINANCIAL SECTION**





REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County as of December 31, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter - Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2015 the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 82, *Pension Issues*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

*Supplementary 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 the 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 August 24, 2016, 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

August 24, 2016

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## **REQUIRED SUPPLEMENTARY INFORMATION**



**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015  
(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, 2015. 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, 2015, and the prior year, 2014, is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2014-2015 fiscal years include the following:

- ◆ Government-wide net position decreased 5.5 percent from the prior year before the restatement due to the implementation of GASB 68 and 71; this is primarily due to the increase in long-term liabilities.
- ◆ Overall fund-level revenues totaled \$37,403,773 and were \$82,489 less than expenditures.
- ◆ The General Fund's fund balance decreased \$1,233,542 from the prior year, due to transfers to the Debt Service Fund to fund principal and interest on outstanding debt.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – independent auditor's 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.

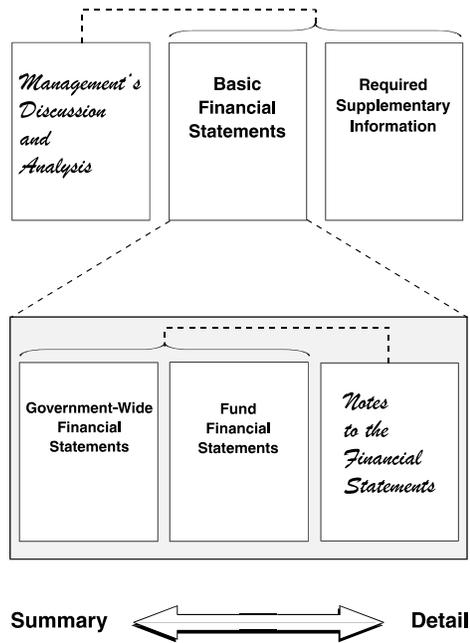
**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

**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, 2015**

**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, 2015**

**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, 2015**

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

**Net Position**

The County's net position was \$93,641,519 on December 31, 2015. (See Table A-1).

The decrease in total net position was primarily due to the implementation of GASB 68 during 2015.

Table A-1  
The County's Net Position

	Governmental Activities		Percent Change
	2015	2014	
Current and Other Assets	\$ 38,806,547	\$ 37,511,646	3.5 %
Capital Assets	82,809,559	82,154,596	0.8
Total Assets	<u>121,616,106</u>	<u>119,666,242</u>	1.6
Deferred Outflows of Resources	1,869,969	-	100.0
Current Liabilities	4,548,819	5,044,047	(9.8)
Long-Term Liabilities	23,832,753	15,506,326	53.7
Total Liabilities	<u>28,381,572</u>	<u>20,550,373</u>	38.1
Deferred Inflows of Resources	1,462,984	-	100.0
Net Position			
Net investment in Capital Assets	71,564,980	69,226,267	3.4
Restricted	13,780,093	11,182,165	23.2
Unrestricted	8,296,446	18,707,437	(55.7)
Total Net Position, as Reported	<u>\$ 93,641,519</u>	<u>99,115,869</u>	(5.5)
Prior Period Adjustment*		(9,224,200)	
Total Net Position, as Restated		<u><u>\$ 89,891,669</u></u>	

\*: This is the first year the County implemented the new pension accounting and financial reporting standards GASB 68, 71, and 82. The County had to make a prior year change in accounting principles to record the County's net pension liability and related deferred outflows of resources. This adjustment of (\$9,783,644) was offset by a prior period adjustment related to salaries payable of \$559,444.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

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

**Changes in Net Position**

The government-wide total revenues were \$39,160,354 for the year ended December 31, 2015. Property taxes, wheelage taxes, and intergovernmental revenues accounted for 88 percent of total revenue for the year. Total revenues for 2015 decreased 13.2 percent from 2014, as charges for services, operating grants and contributions, capital grants and contributions, and property and wheelage taxes revenue decreased from the prior year. Total expenses decreased by 4.6 percent due to less highway projects occurring in 2015 than in 2014 (See Table A-2).

Table A-2  
Change in Net Position

	Governmental Activities		Total % Change
	2015	2014	
<b>REVENUES</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 4,037,636	\$ 6,843,204	(41.0)%
Operating Grants and Contributions	11,923,233	12,382,764	(3.7)
Capital Grants and Contributions	425,602	2,637,303	(83.9)
<u>General Revenues</u>			
Property and Wheelage Taxes	19,494,564	20,432,886	(4.6)
Unrestricted State Aid	2,459,243	2,264,513	8.6
Investment Earnings	141,785	191,159	25.8
Other	678,291	372,671	82.0
Total Revenues	<u>39,160,354</u>	<u>45,124,500</u>	(13.2)
<b>EXPENSES</b>			
General Government	6,138,545	6,701,550	(8.4)
Public Safety	8,034,150	8,257,873	(2.7)
Highways and Streets	7,123,185	8,501,540	(16.2)
Human Services	11,066,764	10,776,739	2.7
Health	989,963	946,019	4.6
Culture and Recreation	550,733	525,572	4.8
Conservation of Natural Resources	735,113	646,212	13.8
Economic Development	333,458	387,297	(13.9)
Interest and Fiscal Charges on Long-Term Liabilities	438,593	378,108	16.0
Total Expenses	<u>35,410,504</u>	<u>37,120,910</u>	(4.6)
<b>INCREASE IN NET POSITION</b>	3,749,850	8,003,590	(53.1)
Net Position - Beginning of Year	99,115,869	91,112,279	8.8
Change in Accounting Principle	(9,783,644)	-	(100.0)
Prior Period Adjustment	559,444	-	100.0
Net Position - Beginning of Year (as Restated)	<u>89,891,669</u>	<u>91,112,279</u>	(1.3)
<b>NET POSITION - END OF YEAR</b>	<u>\$ 93,641,519</u>	<u>\$ 99,115,869</u>	(5.5)

Although revenues surpassed expenses, net position decreased \$5,474,350 from last year as a result of the implementation of a new standard.

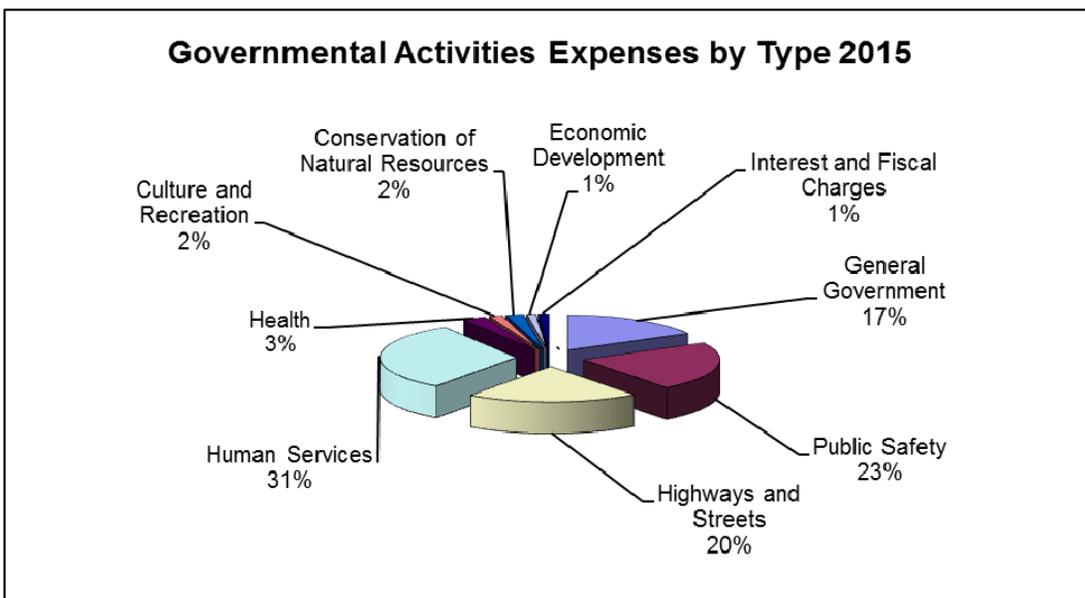
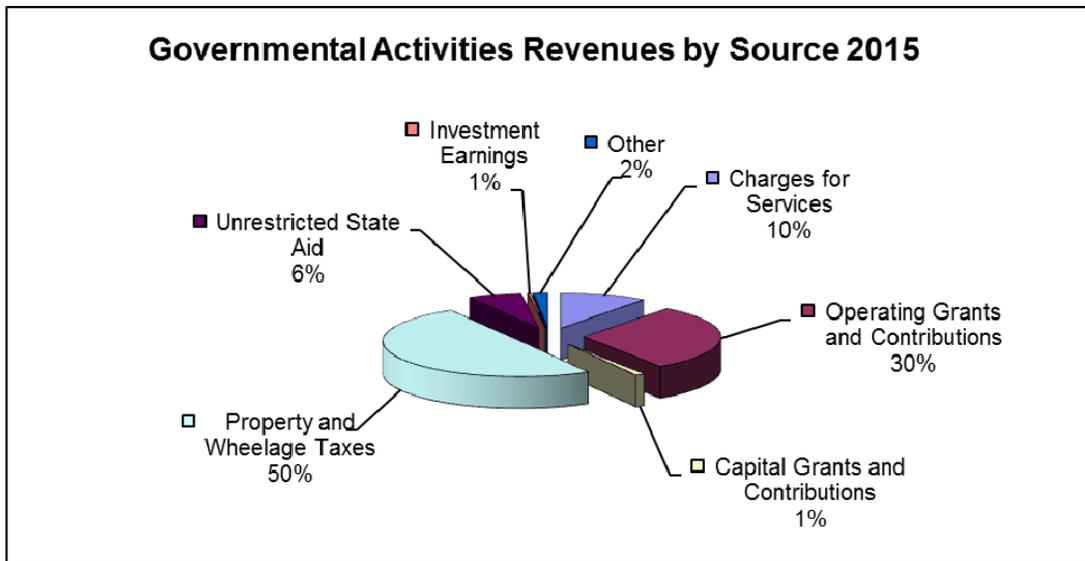
**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

**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 \$35,410,504.

- ◆ Some of the cost was paid by the users of the County's programs (\$4,037,636).
- ◆ The federal and state governments contributed to certain programs with grants and contributions (\$12,348,835).
- ◆ A significant portion of the County's costs (\$19,024,033) were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$19,827,806 in property and other taxes, \$2,459,243 of state aid, and \$486,834 from investment earnings and other general revenues.



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**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

**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
	2015	2014		2015	2014	
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 6,138,545	\$ 6,701,550	(8.4)%	\$ 4,579,361	\$ 4,965,889	(7.8)%
Public Safety	8,034,150	8,257,873	(2.7)	6,751,598	6,990,401	(3.4)
Highways and Streets	7,123,185	8,501,540	(16.2)	1,711,075	(3,330,542)	151.4
Human Services	11,066,764	10,776,739	2.7	4,346,141	5,119,840	(15.1)
Health	989,963	946,019	4.6	185,915	168,190	10.5
Culture and Recreation	550,733	525,572	4.8	466,536	374,306	24.6
Conservation of Natural Resources	735,113	646,212	13.8	219,835	216,024	1.8
Economic Development	333,458	387,297	(13.9)	324,979	375,423	(13.4)
Interest and Fiscal Charges on Long-Term Liabilities	438,593	378,108	16.0	438,593	378,108	16.0
Total	<u>\$ 35,410,504</u>	<u>\$ 37,120,910</u>	(4.6)	<u>\$ 19,024,033</u>	<u>\$ 15,257,639</u>	24.7

**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 \$31,512,738.

Revenues for the County's governmental funds were \$37,403,773, while total expenditures were \$37,486,262. The associated shortage \$82,489 resulted primarily from greater than expected expenditures in the Human Services Fund.

**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 decreased by \$1,233,542 from 2014, due primarily to transferring funds to the Debt Service Fund for the remaining principal and interest outstanding on the Series 2009A Jail Refunding Bonds, Series 2010A CIP Refunding Bonds, and Series 2011A CIP Refunding Bonds.

**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 \$276,838 from 2014, due primarily to expenditures for a locally funded road project that started in 2013 and was completed in 2015.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

**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 \$59,893 from 2014. This decrease can be attributed primarily to greater than expected expenditures.

**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 \$55,421 from 2014. 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 \$1,556,962 in 2015 from 2014. This increase is attributed to a transfer from the General Fund to fund the remaining principal and interest outstanding on three bond issuances.

**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 decrease of \$173,452 was due to the transfer of accumulated resources to the Road and Bridge Fund for local road projects.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

**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, 2015	December 31, 2014	Increase (Decrease)	Percent
Taxes	\$ 11,564,389	\$ 11,668,800	\$ (104,411)	(0.9)%
Intergovernmental	1,798,181	1,694,017	104,164	6.1
Charges for Services	1,601,353	1,560,310	41,043	2.6
Investment Earnings	134,586	187,946	(53,360)	(28.4)
Miscellaneous and Other	514,160	465,551	48,609	10.4
Total General Fund Revenues	<u>\$ 15,612,669</u>	<u>\$ 15,576,624</u>	<u>\$ 36,045</u>	0.2

Total General Fund revenue increased by \$36,045, or 0.2 percent, from 2014. This increase was due to increased intergovernmental and miscellaneous revenue compared to the decreased investment earnings.

The following schedule presents a summary of General Fund expenditures:

Table A-5  
General Fund Expenditures

	Year Ended		Change	
	December 31, 2015	December 31, 2014	Increase (Decrease)	Percent
General Government	\$ 5,740,176	\$ 5,920,941	\$ (180,765)	(3.1)%
Public Safety	7,278,082	7,741,398	(463,316)	(6.0)
Health	20,073	19,987	86	0.4
Culture and Recreation	533,034	511,501	21,533	4.2
Conservation of Natural Resources	391,062	384,547	6,515	1.7
Economic Development	318,198	358,150	(39,952)	(11.2)
Capital Outlay	28,317	27,615	702	2.5
Total Expenditures	<u>\$ 14,308,942</u>	<u>\$ 14,964,139</u>	<u>\$ (655,197)</u>	(4.4)

Total General Fund expenditures decreased by \$655,197, or 4.4 percent, from 2014 due to decreased general government and public safety expenditures.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

- ◆ Actual revenues were \$519,331 more than budgeted. This favorable variance is due primarily to higher than expected delinquent property tax collections and jail inmate boarding fees.
- ◆ Actual expenditures were \$640,623 less than budget due to excess general government and public safety 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 2015 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 2015, the County had invested over \$152 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 to the financial statements). Total depreciation expense for the year was \$4,339,710.

Table A-6  
Capital Assets

	Governmental Activities		Percent Change
	2015	2014	
Land	\$ 2,346,666	\$ 2,346,666	-
Right-of-Way	14,704,394	13,544,968	8.6
Construction-in-Progress	1,073,257	8,284,842	(87.0)
Infrastructure	105,572,250	95,057,176	11.1
Land Improvements	364,356	364,356	-
Buildings	18,796,056	18,796,056	-
Machinery, Vehicles, Furniture, and Equipment	10,096,225	9,688,639	4.2
Less: Accumulated Depreciation	(70,143,645)	(65,928,107)	6.4
Total	<u>\$ 82,809,559</u>	<u>\$ 82,154,596</u>	0.8

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

**LONG-TERM LIABILITIES**

At year-end, the County had \$26,036,980 in long-term liabilities outstanding.

- ◆ The County's total long-term liabilities increased \$8,701,041, due to the implementation of GASB 68 during 2015.

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

	2015	2014	Percentage Change
<b>GOVERNMENTAL ACTIVITIES</b>			
General Obligation Bonds	\$ 11,990,039	\$ 13,686,692	(12.4)%
Economic Development Loans Payable	457,084	489,944	(6.7)
Capital Lease	12,903	-	100.0
Compensated Absences	2,393,626	2,435,054	(1.7)
Other Postemployment Health Care Benefits	784,370	724,249	8.3
Net Pension Liability	10,398,958	-	100.0
Total	\$ 26,036,980	\$ 17,335,939	50.2

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

The County's financial path will be influenced by both external and internal factors. One of the most significant external factors is population growth. According to the Minnesota State Demographer, Benton County has been the 13<sup>th</sup> fastest growing county among the 87 counties. Seven of those 13 are large metropolitan area counties. Of outstate counties, only five are projected to have higher population growth rates. A growing population can place increasing service demands on virtually all areas of county government. Most immediately affected can be social services and public health. These functions can be staffing-intensive, placing pressures on the County to add employees to manage growing caseloads.

Another significant external factor is state legislative mandates. Many of the most costly mandates occur in social services, and can take the form of mandated cost shares for client out-of-home placements, or performance mandates that require increased staffing to meet. Counties attempt to influence the legislature to moderate or repeal such mandates through their associations, but historically those efforts have been largely unsuccessful. Should state finances worsen, the prospects for additional mandates and cost-shifts appear likely.

Internally, the County's most significant cost pressures continue to be employee wages and benefits. Combined, wages and benefits make up 45 percent of the County budget. Employee wage demands most likely will grow as the economy has improved and neighboring counties increase their wage offers. Benton County is part of the competitive St. Cloud labor market but lacks the tax capacity of the other counties that comprise the St. Cloud metropolitan area.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

**FACTORS BEARING ON THE COUNTY'S FUTURE (CONTINUED)**

Funding employee health insurance will continue to be one the County's greatest challenges. Between 2006 and 2015, the County cost of employee health insurance increased from \$1.4 million annually to \$2.8 million, a 100 percent increase. These increases far outpaced inflation or the growth in the County's tax base. Over the past decade the County has implemented various measures to help contain the growth of health insurance costs, such as offering high deductible plans with health savings accounts, plan design changes and competitive bidding from carriers. However, the County's small plan size and claims experience continue to produce large annual increases. To provide some administrative cost relief, the County plans to explore a self-funded insurance arrangement.

While these external and internal forces exert pressure to increase spending, the County must still face the reality of an already high tax rate. The County's taxes are among the ten highest county taxes in the state. While County spending per capita is among the lowest ten counties, its per capita tax capacity ranks in the bottom ten. The County's governing board is committed to reducing the tax burden on property owners and still provides the best possible service to residents. To help grow the tax base, the County is investing new resources in economic development and helping to create a new countywide economic development organization. Such efforts hold a good prospect for relief, but tangible results could be years away.

**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, 2015**

	Governmental Activities
<b>ASSETS</b>	
Cash and Pooled Investments	\$ 32,268,005
Petty Cash and Change Funds	2,600
Taxes Receivable	
Delinquent	594,010
Special Assessments Receivable	
Delinquent	11,341
Noncurrent	362,171
Accounts Receivable	125,162
Accrued Interest Receivable	21,426
Loans Receivable, Net of Allowance	110,880
Due from Other Governments	5,051,768
Inventories	189,059
Prepaid Items	70,125
Non-Depreciable Capital Assets	
Land	2,346,666
Right-of-Way	14,704,394
Construction-in-Progress	1,073,257
Depreciable Capital Assets	
Building (Net)	10,935,897
Machinery, Vehicles, Furniture, and Equipment (Net)	4,173,338
Land Improvements (Net)	246,126
Infrastructure (Net)	49,329,881
Total Assets	121,616,106
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related	1,869,969

*See accompanying Notes to Financial Statements.*

**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

	<u>Governmental Activities</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 818,912
Salaries Payable	262,221
Contracts Payable	589,561
Due to Other Governments	293,738
Accrued Interest Payable	155,709
Unearned Revenue	224,451
Compensated Absences Payable - Due in Less than One Year	119,681
General Obligation Bonds Payable - Due in Less than One Year	2,045,000
Economic Development Loans Payable - Due in Less than One Year	33,188
Capital Leases Payable - Due in Less than One Year	6,358
Compensated Absences Payable - Due in More than One Year	2,273,945
Other Postemployment Benefits Payable - Due in More than One Year	784,370
General Obligation Bonds Payable - Due in More than One Year	9,945,039
Economic Development Loans Payable - Due in More than One Year	423,896
Capital Leases Payable - Due in More than One Year	6,545
Net Pension Liability - Due in More than One Year	<u>10,398,958</u>
Total Liabilities	28,381,572
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related	1,462,984
<b>NET POSITION</b>	
Net Investment in Capital Assets	71,564,980
Restricted For:	
General Government	240,244
Public Safety	329,234
Highways and Streets	3,881,829
Culture and Recreation	72,628
Conservation of Natural Resources	3,517,977
Economic Development	1,153,592
Debt Service	4,584,589
Unrestricted	<u>8,296,446</u>
Total Net Position	<u><u>\$ 93,641,519</u></u>

See accompanying Notes to Financial Statements.

**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015**

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	\$ 6,138,545	\$ 1,400,938	\$ 158,246	\$ -	\$ (4,579,361)
Public Safety	8,034,150	754,279	528,273	-	(6,751,598)
Highways and Streets	7,123,185	945,292	4,400,994	65,824	(1,711,075)
Human Services	11,066,764	855,446	5,865,177	-	(4,346,141)
Health	989,963	25,239	778,809	-	(185,915)
Culture and Recreation	550,733	37,287	46,910	-	(466,536)
Conservation of Natural Resources	735,113	10,676	144,824	359,778	(219,835)
Economic Development	333,458	8,479	-	-	(324,979)
Interest	438,593	-	-	-	(438,593)
Total Governmental Activities	\$ 35,410,504	\$ 4,037,636	\$ 11,923,233	\$ 425,602	(19,024,033)
<b>GENERAL REVENUES</b>					
Property Taxes					19,116,626
Wheelage Taxes					377,938
Gravel Taxes					46,510
Mortgage Registry and Deed Tax					29,577
Payments in Lieu of Taxes					36,333
Tax Abatement Payments Received					220,822
Grants and Contributions not Restricted to Specific Programs					2,459,243
Unrestricted Investment Earnings					141,785
Miscellaneous					345,049
Total General Revenues					22,773,883
<b>CHANGE IN NET POSITION</b>					
Net Position - Beginning of Year					99,115,869
Change in Accounting Principle, See Note 1					(9,783,644)
Prior Period Adjustment, See Note 10					559,444
Restated Net Position - Beginning of Year					89,891,669
<b>NET POSITION - END OF YEAR</b>					<b>\$ 93,641,519</b>

See accompanying Notes to Financial Statements.

**BENTON COUNTY  
FOLEY, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	General	Road and Bridge	Human Services	Miscellaneous
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 9,599,177	\$ 2,937,711	\$ 5,219,171	\$ 4,389,002
Petty Cash and Change Funds	2,600	-	-	-
Undistributed Cash in Agency Funds	142,301	18,822	36,682	2,811
Taxes Receivable				
Delinquent	343,724	71,723	129,464	-
Special Assessments Receivable				
Delinquent	-	-	-	10,871
Noncurrent	-	-	-	357,910
Accounts Receivable	23,774	224	86,482	14,233
Accrued Interest Receivable	21,426	-	-	-
Due from Other Funds	35,882	5,749	-	-
Due from Other Governments	100,592	3,604,106	1,295,615	23,902
Inventories	-	189,059	-	-
Prepaid Items	68,667	125	190	1,143
Loans Receivable, Net of Allowance	-	-	-	-
Advances to Other Funds	2,603	-	-	41,795
	<b>\$ 10,340,746</b>	<b>\$ 6,827,519</b>	<b>\$ 6,767,604</b>	<b>\$ 4,841,667</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 67,476	\$ 242,849	\$ 440,837	\$ 37,476
Salaries Payable	146,952	11,049	95,249	8,971
Contracts Payable	-	589,561	-	-
Due to Other Funds	5,734	1,242	35,559	15
Due to Other Governments	151,340	3,777	68,070	70,551
Unearned Revenue	-	-	85,047	139,404
Advance from Other Funds	-	-	-	-
	<b>371,502</b>	<b>848,478</b>	<b>724,762</b>	<b>256,417</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	382,305	3,542,610	757,400	368,781
<b>FUND BALANCES</b>				
Nonspendable	71,270	189,184	190	42,938
Restricted	-	-	85,047	3,612,462
Committed	-	-	-	561,069
Assigned	-	2,247,247	5,200,205	-
Unassigned	9,515,669	-	-	-
	<b>9,586,939</b>	<b>2,436,431</b>	<b>5,285,442</b>	<b>4,216,469</b>
Total Fund Balances	<b>9,586,939</b>	<b>2,436,431</b>	<b>5,285,442</b>	<b>4,216,469</b>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<b>\$ 10,340,746</b>	<b>\$ 6,827,519</b>	<b>\$ 6,767,604</b>	<b>\$ 4,841,667</b>

See accompanying Notes to Financial Statements.

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 4,682,776	\$ 4,052,047	\$ 1,176,813	\$ 32,056,697
-	-	-	2,600
9,939	753	-	211,308
48,483	616	-	594,010
-	-	470	11,341
-	-	4,261	362,171
-	-	449	125,162
-	-	-	21,426
-	-	919	42,550
-	27,553	-	5,051,768
-	-	-	189,059
-	-	-	70,125
-	-	110,880	110,880
-	-	-	44,398
<u>\$ 4,741,198</u>	<u>\$ 4,080,969</u>	<u>\$ 1,293,792</u>	<u>\$ 38,893,495</u>

\$ 900	\$ 28,822	\$ 552	\$ 818,912
-	-	-	262,221
-	-	-	589,561
-	-	-	42,550
-	-	-	293,738
-	-	-	224,451
-	41,795	2,603	44,398
<u>900</u>	<u>70,617</u>	<u>3,155</u>	<u>2,275,831</u>
48,483	616	4,731	5,104,926
-	-	-	303,582
4,691,815	758,979	1,285,906	10,434,209
-	3,250,757	-	3,811,826
-	-	-	7,447,452
-	-	-	9,515,669
<u>4,691,815</u>	<u>4,009,736</u>	<u>1,285,906</u>	<u>31,512,738</u>
<u>\$ 4,741,198</u>	<u>\$ 4,080,969</u>	<u>\$ 1,293,792</u>	<u>\$ 38,893,495</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, 2015**

**TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS** \$ 31,512,738

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. 82,809,559

The County's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Liability	\$ (10,398,958)	
Deferred Inflows of Resources - Pension Related	(1,462,984)	
Deferred Outflows of Resources - Pension Related	<u>1,869,969</u>	(9,991,973)

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. 5,104,926

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	11,990,039	
Economic Development Loans	457,084	
Capital Leases	12,903	
Compensated Absences	2,393,626	
Other Postemployment Benefits	784,370	
Accrued Interest Payable	<u>155,709</u>	<u>(15,793,731)</u>

**TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 93,641,519

**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	General	Road and Bridge	Human Services	Miscellaneous
<b>REVENUES</b>				
Taxes	\$ 11,564,389	\$ 2,258,726	\$ 4,391,240	\$ -
Special Assessments	-	-	-	359,803
Licenses and Permits	232,090	25,325	-	37,840
Intergovernmental	1,798,181	3,155,547	6,592,355	322,083
Charges for Services	1,601,353	771,372	796,896	174,252
Fines and Forfeits	21,611	-	-	38,347
Gifts and Contributions	1,183	-	35,600	2,200
Investment Earnings	134,586	-	1,801	135
Miscellaneous	259,276	224,070	92,082	120,996
Total Revenues	15,612,669	6,435,040	11,909,974	1,055,656
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
General Government	5,740,176	-	-	178,755
Public Safety	7,278,082	-	-	356,252
Highways and Streets	-	7,642,820	-	-
Human Services	-	-	10,881,237	-
Health	20,073	-	971,979	-
Culture and Recreation	533,034	-	-	2,700
Conservation of Natural Resources	391,062	-	-	330,986
Economic Development	318,198	-	-	-
<b>INTERGOVERNMENTAL</b>	-	166,929	-	-
<b>CAPITAL OUTLAY</b>				
General Government	28,317	-	-	-
Public Safety	-	-	-	-
Highways and Streets	-	-	-	-
<b>DEBT SERVICE</b>				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	14,308,942	7,809,749	11,853,216	868,693
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,303,727	(1,374,709)	56,758	186,963
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	31,900	1,194,630	-	155,583
Transfers Out	(2,588,763)	-	(116,651)	(295,225)
Proceeds from Capital Lease	19,594	-	-	-
Proceeds from Sale of Assets	-	-	-	8,100
Total Other Financing Sources (Uses)	(2,537,269)	1,194,630	(116,651)	(131,542)
<b>NET CHANGE IN FUND BALANCES</b>	(1,233,542)	(180,079)	(59,893)	55,421
Fund Balances - Beginning of Year	10,480,802	2,672,251	5,169,384	4,158,252
Prior Period Adjustment, See Note 10	339,679	41,018	175,951	2,796
Restated Fund Balances - Beginning of Year	10,820,481	2,713,269	5,345,335	4,161,048
<b>INCREASE (DECREASE) IN INVENTORIES</b>	-	(96,759)	-	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 9,586,939</u>	<u>\$ 2,436,431</u>	<u>\$ 5,285,442</u>	<u>\$ 4,216,469</u>

See accompanying Notes to Financial Statements.

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 984,854	\$ 87,252	\$ -	\$ 19,286,461
-	-	1,052	360,855
-	-	-	295,255
416,992	476,461	-	12,761,619
-	-	-	3,343,873
-	-	-	59,958
-	-	-	38,983
-	6,868	196	143,586
-	387,027	29,732	1,113,183
1,401,846	957,608	30,980	37,403,773
-	27,712	-	5,946,643
-	42,315	-	7,676,649
-	153,515	-	7,796,335
-	-	-	10,881,237
-	-	-	992,052
-	-	-	535,734
-	-	13,065	735,113
-	-	368	318,566
-	-	-	166,929
-	-	-	28,317
-	160,417	-	160,417
-	110,424	-	110,424
1,675,000	-	32,860	1,707,860
411,811	-	4,899	416,710
13,276	-	-	13,276
2,100,087	494,383	51,192	37,486,262
(698,241)	463,225	(20,212)	(82,489)
2,255,203	493,415	-	4,130,731
-	(1,130,092)	-	(4,130,731)
-	-	-	19,594
-	-	-	8,100
2,255,203	(636,677)	-	27,694
1,556,962	(173,452)	(20,212)	(54,795)
3,134,853	4,183,188	1,306,118	31,104,848
-	-	-	559,444
3,134,853	4,183,188	1,306,118	31,664,292
-	-	-	(96,759)
<u>\$ 4,691,815</u>	<u>\$ 4,009,736</u>	<u>\$ 1,285,906</u>	<u>\$ 31,512,738</u>

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**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, 2015**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ (54,795)

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	\$ 5,058,099	
Net Book Value of Capital Assets Disposed	(63,426)	
Current Year Depreciation	<u>(4,339,710)</u>	654,963

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	5,104,926	
Deferred Inflows of Resources - January 1	<u>(3,309,286)</u>	1,795,640

Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.

(208,329)

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	1,675,000	
Economic Development Loans	<u>32,860</u>	1,707,860

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.

Capital Lease Proceeds	(19,594)	
Principal Payments for Capital Leases	<u>6,691</u>	(12,903)

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	(38,787)	
Amortization of Discounts/Premiums	21,653	
Change in Compensated Absences	41,428	
Change in Other Postemployment Benefits	(60,121)	
Change in Inventories	<u>(96,759)</u>	<u>(132,586)</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 3,749,850**

See accompanying Notes to Financial Statements.

**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
DECEMBER 31, 2015**

**ASSETS**

Cash and Pooled Investments	\$ 1,477,428
Due from Other Governments	317,040
	<hr/>
Total Assets	<u>\$ 1,794,468</u>

**LIABILITIES**

Due to Other Governments	\$ 1,737,754
Funds Held in Trust	56,714
	<hr/>
Total Liabilities	<u>\$ 1,794,468</u>

*See accompanying Notes to Financial Statements.*

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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, 2015. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

**A. Financial Reporting Entity**

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 9.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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, 2015**

**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, 2015**

**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, 2015, 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 2015 were \$143,586.

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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 \$8,700. 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 2010 through 2015, and noncurrent special assessments payable in 2015, 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, 2015**

**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. Prepaid Items**

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, 2015**

**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. 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. The noncurrent portion consists of the remaining amount of PTO or vacation and sick leave.

**7. Deferred Outflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period. The County will not recognize the related outflow until a future event occurs. More detailed information about pension related deferred outflows of resources can be found in Note 5 to the financial statements.

**8. Deferred Inflows of Resources**

The County's 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 two types of items. The first type of 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. The second type relates to pension liabilities as described in Note 5 to the financial statements. These inflows arise only under the full accrual basis of accounting and consist of difference between expected and actual pension plan economic experience and also pension plan changes on proportionate share and, accordingly, are reported only in the statement of net position.

**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, 2015**

**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. Pension**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

The pension liability is generally liquidated in the General Fund and applicable Special Revenue Funds.

**12. 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.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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)

**13. 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, that cannot be spent because they are not in spendable form. 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.

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 five months of operating expenditures in the General, Road and Bridge, and Human Services Funds.

**14. 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.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

E. Change in Accounting Principle

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

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

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

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

These pronouncements require the restatement of the December 31, 2014, net position of the governmental activities as follows:

	Governmental Activities
Net Position as Previously Stated	\$ 99,115,869
Cumulative Affect of Application of GASB 68 Net Pension Liability	(10,328,359)
Resources for County Contributions Made to the Plans During Measurement Period (7/1/14 - 12/31/14)	544,715
Period Period Adjustment	559,444
Net Position as Restated	\$ 89,891,669

There was also a prior period adjustment for \$559,444 that restated net position. See Note 10 for further details.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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, 2015:

Fund	Function	Expenditures	Budget	Excess
General	Current			
	General Government			
	Public Defender	\$ 138,250	\$ 90,000	\$ 48,250
	Attorney	1,081,659	1,058,406	23,253
	Other Outside Agencies	49,508	48,863	645
	Capital Outlay			
	General Government	28,317	28,000	317
Special Revenue Funds				
Road and Bridge	Current			
	Highways and Streets			
	Maintenance	2,440,109	2,309,139	130,970
	Intergovernmental	166,929	160,071	6,858
Human Services	Current			
	Human Services			
	Income Maintenance	3,825,817	3,564,863	260,954
	Social Services	7,055,420	6,932,204	123,216

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, 2015**

**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	\$ 32,268,005
Petty Cash and Change Funds	2,600
Statement of Fiduciary Net Position	
Cash and Pooled Investments	1,477,428
Total Cash and Investments	\$ 33,748,033

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, 2015, all of the County’s deposits were insured and collateralized.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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, 2015**

**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 have all of its investments that are held by brokers covered 100 percent by SIPC.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County 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 deposit and investment balances at December 31, 2015, and information relating to potential investment risks:

	Credit Risk		Concentration	Interest	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Rate Risk Maturity Date	
Negotiable Certificates of Deposit	N/R	N/A	25.1%*	N/A	\$ 3,871,192
U.S. Government agency securities					
Federal Home Loan Bank	AA+	S&P	<5.0%	1/13/2022	340,170
Federal Farm Credit Bank	AA+	S&P	<5.0%	12/18/2020	199,440
Investment Pools/Mutual Funds					
MAGIC Fund	N/R	N/A	71.4%	N/A	11,028,063
Total Investments					15,438,865
Deposits					18,306,568
Petty Cash					2,600
Total Deposits and Investments					<u>\$ 33,748,033</u>

N/A - Not Applicable

N/R - Not Rated

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

\* No individual issuer in excess of 5%

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

A. Assets (Continued)

**2. Loans Receivable**

Loans receivable is reported at \$110,880; of this amount, \$82,946 is expected to be collected in more than one year.

**3. Capital Assets**

Capital asset activity for the year ended December 31, 2015, 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	13,544,968	1,159,426	-	14,704,394
Construction-in-Progress	8,284,842	4,230,364	11,441,949	1,073,257
Total Capital Assets, not being Depreciated	24,176,476	5,389,790	11,441,949	18,124,317
Capital Assets being Depreciated:				
Buildings	18,796,056	-	-	18,796,056
Land Improvements	364,356	-	-	364,356
Machinery, Vehicles, Furniture and Equipment	9,688,639	595,184	187,598	10,096,225
Infrastructure	95,057,176	10,515,074	-	105,572,250
Total Capital Assets being Depreciated	123,906,227	11,110,258	187,598	134,828,887
Less Accumulated Depreciation for:				
Buildings	7,466,164	393,995	-	7,860,159
Land Improvements	103,441	14,789	-	118,230
Machinery, Vehicles, Furniture and Equipment	5,456,855	590,204	124,172	5,922,887
Infrastructure	52,901,647	3,340,722	-	56,242,369
Total Accumulated Depreciation	65,928,107	4,339,710	124,172	70,143,645
Total Capital Assets, Depreciated, Net	57,978,120	6,770,548	63,426	64,685,242
Governmental Activities Capital Assets, Net	<u>\$ 82,154,596</u>	<u>\$ 12,160,338</u>	<u>\$ 11,505,375</u>	<u>\$ 82,809,559</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**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	\$ 176,327
Public Safety	417,369
Highway and Streets	3,655,206
Human Services	82,491
Culture and Recreation	8,317
Total	<u>\$ 4,339,710</u>

B. Interfund Receivables, Payables, and Transfers

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

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

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Fund	\$ 35,559
	Road and Bridge Fund	323
Total Due to General Fund		<u>35,882</u>
Road and Bridge Fund	General Fund	5,734
	Miscellaneous Fund	15
Total Due to Road and Bridge Fund		<u>5,749</u>
Gravel Pit Restoration Fund	Road and Bridge Fund	919
	Total	<u>\$ 42,550</u>

The due from other funds above relate to: (1) payment of various legal fees, office maintenance, postage, and welfare fraud investigation for the Human Services Fund; (2) payment for gravel taxes for the Gravel Pit Restoration Fund; and (3) payment for fuel for the Road and Bridge Fund.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2015, 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	448	Excess in Sheriff Drug, Alcohol and Contingencies
Miscellaneous Fund	22,010	Transfer for Administration and Expenses for Permit to Carry
Capital Projects Fund	5,092	Transfer Residual Amount from 2013 FEMA Disaster Aid
	<u>31,900</u>	
Transfer to Road and Bridge Fund from		
General Fund	69,630	Provide Funds for GIS Salary and Expenses
Capital Projects Fund	1,125,000	Transfer to Road and Bridge Fund for Overlay Projects
	<u>1,194,630</u>	
Transfer to Miscellaneous Fund from		
General Fund	39,800	Transfer of Elections Funds to a Restricted Account
General Fund	7,500	Restore Sheriff's Contingency
General Fund	7,068	Transfer for Restore Attorney Contingency and Major Trial Expense
General Fund	75,000	Transfer Suspense Funds to a Restricted Amount
General Fund	22,064	Transfer of Phone Savings
Human Services Fund	4,151	Transfer for Tax and CAMA Contracts
	<u>155,583</u>	
Transfer to Debt Service Fund from		
General Fund	2,255,203	Transfer Reserves to Fund Remaining Principal
Transfer to Capital Projects Fund from		
General Fund	112,498	Budgeted Projects
Human Services Fund	112,500	Budgeted Projects
Miscellaneous Fund	24,967	Bend in the River Improvements
Miscellaneous Fund	101,350	Transfer from E911 to Capital Projects
Miscellaneous Fund	122,100	Loan from SW Fund for Sheriff Records Management System
Miscellaneous Fund	20,000	Transfer from Inmate Welfare for Jail Projects
	<u>493,415</u>	
Total	<u>\$ 4,130,731</u>	

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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, 2015, were as follows:

Receivable Fund	Payable Fund	Amount
General	Ditch	\$ 2,603
Miscellaneous	Capital Projects	41,795
Total		<u>\$ 44,398</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 in the governmental funds 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, 2015, are summarized below by fund:

	Special Assessments	Delinquent Taxes	Grants	Total
Major Governmental Funds				
General	\$ -	\$ 343,724	\$ 38,581	\$ 382,305
Road and Bridge	-	71,723	3,470,887	3,542,610
Human Services	-	129,464	627,936	757,400
Miscellaneous	368,781	-	-	368,781
Debt Service Fund	-	48,483	-	48,483
Capital Projects Fund	-	616	-	616
Total Major Governmental Funds	<u>368,781</u>	<u>594,010</u>	<u>4,137,404</u>	<u>5,100,195</u>
Other Governmental Funds	4,731	-	-	4,731
Deferred Inflows of Resources	<u>\$ 373,512</u>	<u>\$ 594,010</u>	<u>\$ 4,137,404</u>	<u>\$ 5,104,926</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2015</u>
2007A G. O. Reconstruction Bonds	2022	\$180,000- \$255,000	4.00	\$ 3,000,000	\$ 1,595,000
2007B G.O. State-Aid Road Bonds	2022	\$110,000- \$175,000	3.65-4.00	2,055,000	1,100,000
2008A G. O. Reconstruction Bonds	2023	\$160,000- \$255,000	3.75-4.50	3,000,000	1,770,000
2008A G.O. Capital Improvement Bonds	2023	\$70,000- \$110,000	3.75-4.50	1,280,000	755,000
2009A G.O. Jail Refunding Bonds	2016	\$595,000- \$690,000	2.00-3.25	3,845,000	690,000
2010A G.O. CIP Refunding Bonds	2018	\$145,000- \$170,000	1.00-2.40	1,100,000	495,000
2011A G.O. CIP Refunding Bonds	2018	\$265,000- \$315,000	0.50-1.40	1,710,000	895,000
2014A G.O. Tax Abatement Bonds	2030	\$190,000- \$390,000	2.50-3.50	<u>4,500,000</u>	<u>4,500,000</u>
Total General Obligation Bonds				<u>\$ 20,490,000</u>	11,800,000
Add: Unamortized Bond Premium					211,897
Less: Unamortized Bond Discount					(21,858)
Total General Obligation Bonds, Net					<u>\$ 11,990,039</u>
Economic Development Loans					
U.S. Department of Agriculture	2036	\$7,525- \$34,204	1.00	<u>\$ 805,195</u>	<u>\$ 457,084</u>
Capital Lease	2017	\$6,738	2.90	<u>\$ 19,594</u>	<u>\$ 12,903</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)

**2. Debt Service Requirements**

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

Governmental Activities

Year Ending December 31	General Obligation Bonds		Economic Development Loans	
	Principal	Interest	Principal	Interest
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	910,000	180,344	34,536	3,223
2021-2025	3,075,000	462,684	177,804	10,866
2026-2030	1,690,000	152,450	48,527	4,538
2031-2035	-	-	51,002	2,063
2036	-	-	10,458	105
Total	<u>\$ 11,800,000</u>	<u>\$ 1,936,080</u>	<u>\$ 457,084</u>	<u>\$ 37,074</u>

The County entered into an equipment lease in 2015 with IBM. The lease is for a period of three years. Minimum annual principal and interest payments required to retire long-term debt are as follows:

Year Ending December 31	Capital Lease	
	Principal	Interest
2016	\$ 6,358	\$ 380
2017	6,545	192
Total	<u>\$ 12,903</u>	<u>\$ 572</u>

The assets acquired through the capital lease are as follows:

Equipment	\$ 19,594
Less: Accumulated Depreciation	(4,898)
	<u>\$ 14,696</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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, 2015, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General Obligation Bonds	\$ 13,475,000	\$ -	\$ 1,675,000	\$ 11,800,000	\$ 2,045,000
Bond Premium	240,242	-	28,345	211,897	-
Bond Discount	(28,550)	-	(6,692)	(21,858)	-
Total Bonds Payable	13,686,692	-	1,696,653	11,990,039	2,045,000
Capital Lease	-	19,594	6,691	12,903	6,358
Economic Development Loans	489,944	-	32,860	457,084	33,188
Compensated Absences	2,435,054	2,693,035	2,734,463	2,393,626	119,681
Other Postemployment Benefits	724,249	104,883	44,762	784,370	-
Governmental Activity Long-Term Liabilities	<u>\$ 17,335,939</u>	<u>\$ 2,817,512</u>	<u>\$ 4,515,429</u>	<u>\$ 15,638,022</u>	<u>\$ 2,204,227</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, 2015. The projects include the following:

<u>Project Description</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
County Road Projects	<u>\$ 561,494</u>	<u>\$ 944,577</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, 2015. The future minimum lease payments for the lease are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2016	\$ 27,792
2017	27,792
2018	2,316
Total	<u>\$ 57,900</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 FUND BALANCES**

At December 31, 2015, 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	\$ 2,603	\$ -	\$ -	\$ 41,795	\$ -	\$ -	\$ -	\$ 44,398
Prepaid Items	68,667	125	190	1,143	-	-	-	70,125
Inventories	-	189,059	-	-	-	-	-	189,059
<b>Total Nonspendable</b>	<b>71,270</b>	<b>189,184</b>	<b>190</b>	<b>42,938</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>303,582</b>
<b>Restricted:</b>								
Law Library	-	-	-	16,858	-	-	-	16,858
E-911	-	-	-	294,792	-	-	-	294,792
SCORE Grant	-	-	-	289,542	-	-	-	289,542
Outreach Grant	-	-	-	6,354	-	-	-	6,354
Aquatic Invasive Species Grant	-	-	-	53,927	-	-	-	53,927
Recorders' Equipment	-	-	-	222,615	-	-	-	222,615
Natural Resource Block Grant	-	-	-	51,985	-	-	-	51,985
Solid Waste Contingency	-	-	-	2,567,548	-	-	-	2,567,548
Forfeitures	-	-	-	30,972	-	-	-	30,972
Law Enforcement Programs	-	-	-	2,470	-	-	-	2,470
Future Park Expenditures	-	-	-	72,628	-	-	-	72,628
Broadband Grant	-	-	-	771	-	-	-	771
Economic TIF Expenditures	-	-	-	1,000	-	-	-	1,000
Permit to Carry Guns	-	-	-	1,000	-	-	-	1,000
Child Protection Grant	-	-	85,047	-	-	-	-	85,047
Gravel Pit Closure Costs	-	-	-	-	-	-	119,814	119,814
Economic Development Loan Program	-	-	-	-	-	-	1,152,592	1,152,592
Debt Service	-	-	-	-	4,691,815	-	-	4,691,815
Bonded Construction Projects	-	-	-	-	-	758,979	-	758,979
Ditch Repairs	-	-	-	-	-	-	13,500	13,500
<b>Total Restricted</b>	<b>-</b>	<b>-</b>	<b>85,047</b>	<b>3,612,462</b>	<b>4,691,815</b>	<b>758,979</b>	<b>1,285,906</b>	<b>10,434,209</b>
<b>Committed:</b>								
Motor Pool	-	-	-	32,342	-	-	-	32,342
Jail Inmate Capital Expenditures	-	-	-	42,140	-	-	-	42,140
Contingency Funds	-	-	-	17,519	-	-	-	17,519
Juvenile Diversion Program	-	-	-	16,642	-	-	-	16,642
County Board Contingency	-	-	-	75,000	-	-	-	75,000
Elections Equipment	-	-	-	36,232	-	-	-	36,232
Other Items	-	-	-	341,194	-	-	-	341,194
Future Construction Projects	-	-	-	-	-	3,250,757	-	3,250,757
<b>Total Committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>561,069</b>	<b>-</b>	<b>3,250,757</b>	<b>-</b>	<b>3,811,826</b>
<b>Assigned:</b>								
Road and Bridge Operations	-	2,247,247	-	-	-	-	-	2,247,247
Health and Human Services Programs	-	-	5,200,205	-	-	-	-	5,200,205
<b>Total Assigned</b>	<b>-</b>	<b>2,247,247</b>	<b>5,200,205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,447,452</b>
<b>Unassigned</b>	<b>9,515,669</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,515,669</b>
<b>Total Fund Balances</b>	<b>\$ 9,586,939</b>	<b>\$ 2,436,431</b>	<b>\$ 5,285,442</b>	<b>\$ 4,216,469</b>	<b>\$ 4,691,815</b>	<b>\$ 4,009,736</b>	<b>\$ 1,285,906</b>	<b>\$ 31,512,738</b>

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

A. Plan Description

The County participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

**1. General Employees Retirement Fund (GERF)**

All full-time and certain part-time employees of the County are covered by the General Employees Retirement Fund (GERF). 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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

**2. Public Employees Police and Fire Fund (PEPFF)**

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

**3. Public Employees Correctional Fund (PECF)**

The Local Government Correctional Fund, referred to as the Public Employees Correctional Fund (PECF), was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent for one year or 85 percent for two consecutive years are given 1 percent increases.

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

**B. Benefits Provided (Continued)**

The benefit provisions stated in the following 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.

**1. GERF Benefits**

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 PERA'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. 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 members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

**2. PEPFF Benefits**

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**3. PECF Benefits**

Benefits for PECF members first hired after June 30, 2010, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. The annuity accrual rate is 1.9 percent of average salary for each year of service in that plan. For PECF members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

**1. GERF Contributions**

Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2015. The County was required to contribute 11.78 percent of annual covered salary for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2015. The County contributions to the GERF for the year ended December 31, 2015, were \$743,589. The County contributions were equal to the required contributions as set by state statute.

**2. PEPFF Contributions**

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2015. The County was required to contribute 16.20 percent of annual covered salary for PEPFF members in calendar year 2015. The County contributions to the PEPFF for the year ended December 31, 2015, were \$258,971. The County contributions were equal to the required contributions as set by state statute.

**3. PECF Contributions**

In calendar year 2015, plan members were required to contribute 5.83 percent of their annual covered salary. The County was required to contribute 8.75 percent of annual covered salary for PECF members in calendar year 2015. The County's contributions to the PECF for the year ended December 31, 2015, were \$163,494. The County's contributions were equal to the required contributions as set by state statute.

The GERF Coordinated Plan member and employer contribution rates each reflect a 0.25 percent increase from 2014. The PEPFF member and employer contribution rates increase 0.60 percent and 0.90 percent, respectively, from 2014.

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

D. Pension Costs

**1. GERS Pension Costs**

At December 31, 2015, the County reported a liability of \$8,312,760 for its proportionate share of the GERS's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County proportion was 0.160 percent, a change from 0.177 percent as of June 30, 2014.

For the year ended December 31, 2015, the County recognized pension expense of \$917,821 for its proportionate share of the GERS's pension expense.

At December 31, 2015, the County reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 419,105
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	786,931	-
Changes in Proportion and Differences Between Agency Contributions and Proportionate Share of Contributions	-	570,746
Agency Contributions Subsequent to the Measurement Date	386,557	-
Total	<u>\$ 1,173,488</u>	<u>\$ 989,851</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
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**NOTE 5 PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

**1. GERS Pension Costs (Continued)**

The total of \$386,557 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 30	Pension Expense Amount
2016	\$ (133,218)
2017	(133,218)
2018	(133,218)
2019	196,734

**2. PEPFF Pension Costs**

At December 31, 2015, the County reported a liability of \$1,931,598 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County proportion of the net pension liability was based on the County contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County proportion was 0.170 percent, a change from 0.181 percent as of June 30, 2014.

For the year ended December 31, 2015, the County recognized pension expense of \$313,059 for its proportionate share of the PEPFF's pension expense. The County also recognized \$15,300 for the year ended December 31, 2015, as pension expense (and revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014, until the plan is 90 percent funded.

**BENTON COUNTY  
FOLEY, MINNESOTA  
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**NOTE 5 PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

**2. PEPFF Pension Costs (Continued)**

At December 31, 2015, the County reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 313,242
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	336,549	-
Changes in Proportion and Differences Between Agency Contributions and Proportionate Share of Contributions	-	99,004
Agency Contributions Subsequent to the Measurement Date	142,110	-
Total	<u>\$ 478,659</u>	<u>\$ 412,246</u>

The total of \$142,110 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 30	Pension Expense Amount
2016	\$ 1,688
2017	1,688
2018	1,688
2019	1,688
2020	(82,449)

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 5 PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

**3. PECF Pension Costs**

At December 31, 2015, the County reported a liability of \$154,600 for its proportionate share of the PECF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County proportion was 1.00 percent, a change from 1.03 percent as of June 30, 2014.

For the year ended December 31, 2015, the County recognized pension expense of \$166,274 for its proportionate share of the PECF's pension expense.

At December 31, 2015, the County reported its proportionate share of the PECF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 59,190
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	128,870	-
Changes in Proportion and Differences Between Agency Contributions and Proportionate Share of Contributions	-	1,697
Agency Contributions Subsequent to the Measurement Date	88,952	-
Total	<u>\$ 217,822</u>	<u>\$ 60,887</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 5 PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

**3. PECF Pension Costs (Continued)**

The total of \$88,952 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 30	Pension Expense Amount
2016	\$ 11,922
2017	11,922
2018	11,922
2019	32,217

**4. Pension Expense**

The total pension expense for all plans recognized by the County for the year ended December 31, 2015, was \$1,397,154.

E. Actuarial Assumptions

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

Assumptions	
Inflation	2.75% per Year
Salary Increases	3.50% per Year
Investment Rate of Return	7.90% per Year

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.0 percent effective every January 1<sup>st</sup> through 2035 for GERP and 2037 for PEPFF and 2.5 percent thereafter. Cost of living benefit increases for retirees are assumed to be 2.5 percent for all years for PECF.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 5 PENSION PLANS (CONTINUED)**

E. Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERS was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009. The experience study for the PECF was for the period July 1, 2006, through June 30, 2011.

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

The long-term expected rate of return on pension plan investments is 7.90 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

F. Discount Rate

The discount rate used to measure the total pension liability was 7.90 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 5 PENSION PLANS (CONTINUED)**

G. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	6.90%	7.90%	8.90%
County's Proportionate Share of the GERF Net Pension Liability	\$ 13,070,614	\$ 8,312,760	\$ 4,383,504
County's Proportionate Share of the PEPFF Net Pension Liability	\$ 3,764,704	\$ 1,931,598	\$ 417,132
County's Proportionate Share of the PECF Net Pension Liability	\$ 1,076,660	\$ 154,600	\$ (583,420)

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](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.

**NOTE 6 DEFINED CONTRIBUTION PLAN**

Four board members 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.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employees 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 percent of employer contributions and 0.25 percent of the assets in each member's account annually.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 6 DEFINED CONTRIBUTION PLAN (CONTINUED)**

Total contributions made by Benton County during fiscal years 2015 and the preceding two years were:

	Contribution Amount		Percentage of Covered Payroll		Required Rates
	Employee	Employer	Employee	Employer	
2015	\$ 6,329	\$ 6,329	5.0 %	5.0 %	5.0 %
2014	6,462	6,462	5.0	5.0	5.0
2013	6,254	6,254	5.0	5.0	5.0

**NOTE 7 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 100 percent of the total premium cost. As of December 31, 2015, there were 22 retirees receiving health benefits from the County's health plan.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 7 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 2015, 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		32,591
Adjustment to ARC		<u>(46,205)</u>
Annual OPEB Cost		104,883
Contributions during the year		<u>(44,762)</u>
Increase in Net OPEB Obligation		60,121
Net OPEB - Beginning of the Year		<u>724,249</u>
Net OPEB - End of the Year	\$	<u><u>784,370</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2015 and the preceding two years were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/2015	\$ 104,883	\$ 44,762	42.7 %	\$ 784,370
12/31/2014	106,587	44,630	41.9	724,249
12/31/2013	126,927	54,545	43.0	662,292

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 7 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  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 8 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 \$490,000 per claim in 2015. 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 9 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  
DECEMBER 31, 2015**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

A. Jointly 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 2015.

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  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

A. Jointly 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 2015.

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 2015 contribution to the Great River Regional Library of \$520,964 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, 2015**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

A. Jointly 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 2015.

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 2015, the County contributed \$8,804 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, 2015**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

A. Jointly 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 2015, 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.

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 2015, Benton County contributed \$4,682 to the board.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

A. Jointly Governed Organizations (Continued)

Central Minnesota Emergency Services Board (Continued)

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.

**NOTE 10 PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was made during 2015 to account for an overstatement of salaries payable in 2014 due to a formula error. The result of the prior period adjustment increased the fund balance in the General Fund, Road and Bridge Fund, Human Services Fund, Miscellaneous Fund, and Governmental Activities by \$559,444. The impact of the restatement is as follows:

		As Previously Reported	Prior Period Adjustment	Change in Accounting Principle	As Restated
General Fund	Fund Balance, 1/1/15	\$ 10,480,802	\$ 339,679	\$ -	\$ 10,820,481
Road and Bridge Fund	Fund Balance, 1/1/15	2,672,251	41,018	-	2,713,269
Human Services Fund	Fund Balance, 1/1/15	5,169,384	175,951	-	5,345,335
Miscellaneous Fund	Fund Balance, 1/1/15	4,158,252	2,796	-	4,161,048
Governmental Activities	Net Position, 1/1/15	99,115,869	559,444	(9,783,644)	89,891,669

There was also a change in accounting principle for (\$9,783,644) that restated net position. See Note 1 for further details.

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



**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION  
LIABILITY  
YEAR ENDED DECEMBER 31, 2015**

**PERA GENERAL EMPLOYEES RETIREMENT FUND**

	Measurement Date June 30, 2015
County's Proportion of the Net Pension Liability (Asset)	0.160%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,312,760
County's Covered Payroll	\$ 9,915,678
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	83.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.19%

**PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND**

	Measurement Date June 30, 2015
County's Proportion of the Net Pension Liability (Asset)	0.170%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,931,598
County's Covered Payroll	\$ 1,598,587
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	120.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.61%

**PERA PUBLIC EMPLOYEES CORRECTIONAL FUND**

	Measurement Date June 30, 2015
County's Proportion of the Net Pension Liability (Asset)	1.000%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 154,600
County's Covered Payroll	\$ 1,861,093
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	8.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.95%

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

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**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF COUNTY CONTRIBUTIONS  
DECEMBER 31, 2015**

**PERA GENERAL EMPLOYEES RETIREMENT FUND**

<b>GERF</b>	2015
Statutorily Required Contributions	\$ 743,589
Actual Contributions in Relation to the Statutorily Required Contributions	(743,589)
Contribution (Deficiency) Excess	\$ -
 County's Covered Payroll	 \$ 9,914,920
 Contributions as a Percentage of Covered Payroll	 7.50%

**PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND**

<b>PEPFF</b>	2015
Contractually Required Contribution	\$ 258,971
Contributions in Relation to the Contractually Required Contribution	(258,971)
Contribution Deficiency (Excess)	\$ -
 County's Covered-Employee Payroll	 \$ 1,598,587
 Contributions as a Percentage of Covered Employee Payroll	 16.20%

**PERA PUBLIC EMPLOYEES CORRECTIONAL FUND**

<b>PECF</b>	2015
Contractually Required Contribution	\$ 163,494
Contributions in Relation to the Contractually Required Contribution	(163,494)
Contribution Deficiency (Excess)	\$ -
 County's Covered-Employee Payroll	 \$ 1,868,503
 Contributions as a Percentage of Covered Employee Payroll	 8.75%

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 11,514,983	\$ 11,514,983	\$ 11,564,389	\$ 49,406
Licenses and Permits	197,700	197,700	232,090	34,390
Intergovernmental	1,699,328	1,699,328	1,798,181	98,853
Charges for Services	1,376,222	1,376,222	1,601,353	225,131
Fines and Forfeits	11,325	11,325	21,611	10,286
Gifts and Contributions	-	-	1,183	1,183
Investment Earnings	70,000	70,000	134,586	64,586
Miscellaneous	223,780	223,780	259,276	35,496
Total Revenues	15,093,338	15,093,338	15,612,669	519,331
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>GENERAL GOVERNMENT</b>				
Commissioners	293,629	293,629	264,181	29,448
Public Defender	90,000	90,000	138,250	(48,250)
Administration	612,666	612,666	549,584	63,082
Auditor-Treasurer	583,852	583,852	565,197	18,655
Assessor	479,998	479,998	474,979	5,019
Information Technology	745,165	745,165	733,823	11,342
Attorney	1,058,406	1,058,406	1,081,659	(23,253)
Recorder	216,275	216,275	192,189	24,086
Property Management	786,787	786,787	751,067	35,720
Veterans Service Officer	68,251	68,251	62,911	5,340
Other Outside Agencies	48,863	48,863	49,508	(645)
Other General Government	995,116	995,116	876,828	118,288
Total General Government	5,979,008	5,979,008	5,740,176	238,832
<b>PUBLIC SAFETY</b>				
Sheriff	3,853,351	3,853,351	3,710,825	142,526
Emergency Management	97,349	97,349	86,322	11,027
Prisoner Custodial	3,074,538	3,074,538	3,017,329	57,209
Probation	617,458	617,458	463,606	153,852
Total Public Safety	7,642,696	7,642,696	7,278,082	364,614
<b>HEALTH</b>				
Groundwater Management	20,448	20,448	20,073	375

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

	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	520,964	520,964	520,964	-
Total Culture and Recreation	533,034	533,034	533,034	-
<b>CONSERVATION OF NATURAL RESOURCES</b>				
University of Minnesota Extension	213,898	213,898	211,062	2,836
Soil and Water Conservation	170,000	170,000	170,000	-
Agricultural Society/County Fair	10,000	10,000	10,000	-
Total Conservation of Natural Resources	393,898	393,898	391,062	2,836
<b>ECONOMIC DEVELOPMENT</b>				
Economic Development	37,767	37,767	10,699	27,068
Department of Development	342,481	342,481	307,499	34,982
Total Economic Development	380,248	380,248	318,198	62,050
<b>CAPITAL OUTLAY</b>				
General Government	28,000	28,000	28,317	(317)
Total Expenditures	14,977,332	14,977,332	14,308,942	668,390
<b>EXCESS OF REVENUES OVER (UNDER)     EXPENDITURES</b>	116,006	116,006	1,303,727	1,187,721
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	7,200	7,200	31,900	24,700
Transfers Out	(2,552,502)	(2,552,502)	(2,588,763)	(36,261)
Proceeds from Capital Lease	-	-	19,594	19,594
Total Other Financing Sources (Uses)	(2,545,302)	(2,545,302)	(2,537,269)	8,033
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (2,429,296)</u>	<u>\$ (2,429,296)</u>	(1,233,542)	<u>\$ 1,195,754</u>
Fund Balance - Beginning of Year			10,480,802	
Prior Period Adjustment, See Note 10			339,679	
Restated Fund Balance - Beginning of Year			<u>10,820,481</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 9,586,939</u>	

The Notes to 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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,235,415	\$ 2,235,415	\$ 2,258,726	\$ 23,311
Licenses and Permits	7,000	7,000	25,325	18,325
Intergovernmental	2,545,733	2,545,733	3,155,547	609,814
Charges for Services	3,121,500	3,121,500	771,372	(2,350,128)
Miscellaneous	30,000	30,000	224,070	194,070
Total Revenues	7,939,648	7,939,648	6,435,040	(1,504,608)
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HIGHWAYS AND STREETS</b>				
Administration	433,777	433,777	408,267	25,510
Maintenance	2,309,139	2,309,139	2,440,109	(130,970)
Construction	5,229,149	5,229,149	3,877,242	1,351,907
GIS	75,281	75,281	72,856	2,425
Equipment and Maintenance Shop	947,231	947,231	844,346	102,885
Total Highways and Streets	8,994,577	8,994,577	7,642,820	1,351,757
<b>INTERGOVERNMENTAL</b>	160,071	160,071	166,929	(6,858)
Total Expenditures	9,154,648	9,154,648	7,809,749	1,344,899
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,215,000)	(1,215,000)	(1,374,709)	(159,709)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,195,000	1,195,000	1,194,630	(370)
Proceeds from Sale of Assets	20,000	20,000	-	(20,000)
Total Other Financing Sources (Uses)	1,215,000	1,215,000	1,194,630	(20,370)
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	(180,079)	\$ (180,079)
Fund Balance - Beginning of Year			2,672,251	
Prior Period Adjustment, See Note 10			41,018	
Restated Fund Balance - Beginning of Year			2,713,269	
Decrease in Inventory			(96,759)	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 2,436,431</u>	

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
HUMAN SERVICES FUND  
YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 4,368,700	\$ 4,368,700	\$ 4,391,240	\$ 22,540
Intergovernmental	6,344,652	6,344,652	6,592,355	247,703
Charges for Services	748,712	748,712	796,896	48,184
Gifts and Contributions	-	-	35,600	35,600
Investment Earnings	1,300	1,300	1,801	501
Miscellaneous	61,450	61,450	92,082	30,632
Total Revenues	11,524,814	11,524,814	11,909,974	385,160
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HUMAN SERVICES</b>				
Income Maintenance	3,564,863	3,564,863	3,825,817	(260,954)
Social Services	6,932,204	6,932,204	7,055,420	(123,216)
Total Human Services	10,497,067	10,497,067	10,881,237	(384,170)
<b>HEALTH</b>				
Nursing Service	1,068,920	1,068,920	971,979	96,941
Total Expenditures	11,565,987	11,565,987	11,853,216	(287,229)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(41,173)	(41,173)	56,758	97,931
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	(112,500)	(116,651)	(4,151)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (41,173)</u>	<u>\$ (153,673)</u>	(59,893)	<u>\$ 93,780</u>
Fund Balance - Beginning of Year			5,169,384	
Prior Period Adjustment, See Note 10			175,951	
Restated Fund Balance - Beginning of Year			<u>5,345,335</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u><u>\$ 5,285,442</u></u>	

The Notes to 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, 2015**

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 Required Supplementary Information are an Integral Part of this Schedule.*

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**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2015**

**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, 2015:

Fund	Function	Expenditures	Budget	Excess
General	Current			
	General Government			
	Public Defender	\$ 138,250	\$ 90,000	\$ 48,250
	Attorney	1,081,659	1,058,406	23,253
	Other Outside Agencies	49,508	48,863	645
	Capital Outlay			
	General Government	28,317	28,000	317
Special Revenue Funds				
Road and Bridge	Current			
	Highways and Streets			
	Maintenance	2,440,109	2,309,139	130,970
	Intergovernmental	166,929	160,071	6,858
Human Services	Current			
	Human Services			
	Income Maintenance	3,825,817	3,564,863	260,954
	Social Services	7,055,420	6,932,204	123,216

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

## **SUPPLEMENTARY INFORMATION**



**BENTON COUNTY  
FOLEY, MINNESOTA  
YEAR ENDED DECEMBER 31, 2015**

**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.



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**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	Nonmajor Special Revenue Funds			Total Nonmajor Funds
	Ditch	Economic Development	Gravel Pit Restoration	
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 16,624	\$ 1,041,294	\$ 118,895	\$ 1,176,813
Special Assessments Receivable				
Delinquent	470	-	-	470
Noncurrent	4,261	-	-	4,261
Accounts Receivable	-	449	-	449
Due from Other Funds	-	-	919	919
Loans Receivable, Net of Allowance	-	110,880	-	110,880
Total Assets	<u>\$ 21,355</u>	<u>\$ 1,152,623</u>	<u>\$ 119,814</u>	<u>\$ 1,293,792</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 521	\$ 31	\$ -	\$ 552
Advances from Other Funds	2,603	-	-	2,603
Total Liabilities	3,124	31	-	3,155
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	4,731	-	-	4,731
<b>FUND BALANCES</b>				
Restricted	13,500	1,152,592	119,814	1,285,906
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 21,355</u>	<u>\$ 1,152,623</u>	<u>\$ 119,814</u>	<u>\$ 1,293,792</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	Nonmajor Special Revenue Funds			Total Nonmajor Funds
	Ditch	Economic Development	Gravel Pit Restoration	
<b>REVENUES</b>				
Special Assessments	\$ 1,052	\$ -	\$ -	\$ 1,052
Investment Earnings	-	196	-	196
Miscellaneous	-	13,317	16,415	29,732
Total Revenues	1,052	13,513	16,415	30,980
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
Conservation of Natural Resources	13,065	-	-	13,065
Economic Development	-	368	-	368
<b>DEBT SERVICE</b>				
Principal	-	32,860	-	32,860
Interest	-	4,899	-	4,899
Total Expenditures	13,065	38,127	-	51,192
<b>NET CHANGE IN FUND BALANCES</b>	(12,013)	(24,614)	16,415	(20,212)
Fund Balances - Beginning of Year	25,513	1,177,206	103,399	1,306,118
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 13,500</u>	<u>\$ 1,152,592</u>	<u>\$ 119,814</u>	<u>\$ 1,285,906</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	Balance January 1	Additions	Deductions	Balance December 31
<b>HOUSING AND REDEVELOPMENT AUTHORITY</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ -	\$ 550,205	\$ 550,205	\$ -
Due from Other Governments	890	396	890	396
Total Assets	<u>\$ 890</u>	<u>\$ 550,601</u>	<u>\$ 551,095</u>	<u>\$ 396</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 890</u>	<u>\$ 550,601</u>	<u>\$ 551,095</u>	<u>\$ 396</u>
<b>METROPOLITAN TRANSIT</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ -	\$ 430,955	\$ 430,955	\$ -
Due from Other Governments	2,303	1,693	2,303	1,693
Total Assets	<u>\$ 2,303</u>	<u>\$ 432,648</u>	<u>\$ 433,258</u>	<u>\$ 1,693</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 2,303</u>	<u>\$ 432,648</u>	<u>\$ 433,258</u>	<u>\$ 1,693</u>
<b>SCHOOL DISTRICTS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 55,106	\$ 15,513,804	\$ 15,519,848	\$ 49,062
Due from Other Governments	277,374	174,607	277,374	174,607
Total Assets	<u>\$ 332,480</u>	<u>\$ 15,688,411</u>	<u>\$ 15,797,222</u>	<u>\$ 223,669</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 332,480</u>	<u>\$ 15,688,411</u>	<u>\$ 15,797,222</u>	<u>\$ 223,669</u>
<b>STATE FUNDS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 139,705	\$ 5,018,858	\$ 5,083,491	\$ 75,072
Due from Other Governments	64,769	19,936	64,769	19,936
Total Assets	<u>\$ 204,474</u>	<u>\$ 5,038,794</u>	<u>\$ 5,148,260</u>	<u>\$ 95,008</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 204,474</u>	<u>\$ 5,038,794</u>	<u>\$ 5,148,260</u>	<u>\$ 95,008</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	Balance January 1	Additions	Deductions	Balance December 31
<b>CHM COLLABORATIVE</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 182,573	\$ 96,504	\$ 129,924	\$ 149,153
Due from Other Governments	-	17,668	-	17,668
Total Assets	<u>\$ 182,573</u>	<u>\$ 114,172</u>	<u>\$ 129,924</u>	<u>\$ 166,821</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 182,573</u>	<u>\$ 114,172</u>	<u>\$ 129,924</u>	<u>\$ 166,821</u>
<b>TAXES AND PENALTIES</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 568,566	\$ 50,123,977	\$ 50,381,848	\$ 310,695
Due from Other Governments	-	3,690	-	3,690
Total Assets	<u>\$ 568,566</u>	<u>\$ 50,127,667</u>	<u>\$ 50,381,848</u>	<u>\$ 314,385</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 568,566</u>	<u>\$ 50,127,667</u>	<u>\$ 50,381,848</u>	<u>\$ 314,385</u>
<b>TOWNS AND CITIES</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 65	\$ 10,378,566	\$ 10,378,631	\$ -
Due from Other Governments	298,834	99,050	298,834	99,050
Total Assets	<u>\$ 298,899</u>	<u>\$ 10,477,616</u>	<u>\$ 10,677,465</u>	<u>\$ 99,050</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 298,899</u>	<u>\$ 10,477,616</u>	<u>\$ 10,677,465</u>	<u>\$ 99,050</u>
<b>MENTAL HEALTH INITIATIVE COMMUNITY PROJECT</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	<u>\$ 515,636</u>	<u>\$ 2,143,670</u>	<u>\$ 1,937,974</u>	<u>\$ 721,332</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 515,636</u>	<u>\$ 2,143,670</u>	<u>\$ 1,937,974</u>	<u>\$ 721,332</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	Balance January 1	Additions	Deductions	Balance December 31
<b>SOCIAL WELFARE</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 51,898	\$ 750,533	\$ 759,080	\$ 43,351
<b>LIABILITIES</b>				
Funds Held in Trust	\$ 51,898	\$ 750,533	\$ 759,080	\$ 43,351
<b>JAIL INMATE</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 2,172	\$ 207,273	\$ 206,974	\$ 2,471
<b>LIABILITIES</b>				
Funds Held in Trust	\$ 2,172	\$ 207,273	\$ 206,974	\$ 2,471
<b>MISSING HEIRS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 13,189	\$ 24	\$ 2,321	\$ 10,892
<b>LIABILITIES</b>				
Funds Held in Trust	\$ 13,189	\$ 24	\$ 2,321	\$ 10,892
<b>HENKEMEYER LANDFILL TRUST</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 101,036	\$ 6,978	\$ -	\$ 108,014
<b>LIABILITIES</b>				
Due to Other Governments	\$ 101,036	\$ 6,978	\$ -	\$ 108,014
<b>BUILDING OFFICIAL</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 5,081	\$ 66,928	\$ 65,731	\$ 6,278
<b>LIABILITIES</b>				
Due to Other Governments	\$ 5,081	\$ 66,928	\$ 65,731	\$ 6,278

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>HUMAN SERVICES AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 757	\$ 2,045	\$ 1,694	\$ 1,108
<b>LIABILITIES</b>				
Due to Other Governments	\$ 757	\$ 2,045	\$ 1,694	\$ 1,108
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 1,635,784	\$ 85,290,320	\$ 85,448,676	\$ 1,477,428
Due from Other Governments	644,170	317,040	644,170	317,040
Total Assets	<u>\$ 2,279,954</u>	<u>\$ 85,607,360</u>	<u>\$ 86,092,846</u>	<u>\$ 1,794,468</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 2,212,695	\$ 84,649,530	\$ 85,124,471	\$ 1,737,754
Funds Held in Trust	67,259	957,830	968,375	56,714
Total Liabilities	<u>\$ 2,279,954</u>	<u>\$ 85,607,360</u>	<u>\$ 86,092,846</u>	<u>\$ 1,794,468</u>

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## **OTHER SUPPLEMENTARY INFORMATION**

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF INTERGOVERNMENTAL REVENUE  
YEAR ENDED DECEMBER 31, 2015**

	Special Revenue Funds			
	General	Road and Bridge	Human Services	Miscellaneous
<b>SHARED REVENUE</b>				
State				
County Program Aid	\$ 1,031,401	\$ 201,282	\$ 400,026	\$ -
PERA Rate Reimbursement	35,081	5,043	13,080	-
Disparity Reduction Aid	7,441	-	-	-
Police Aid	173,470	-	-	-
Highway Users Tax	-	2,837,279	-	-
Market Value Credit	173,569	33,873	67,318	-
Aquatic Invasive Species Aid	-	-	-	37,191
Enhanced 911	-	-	-	117,849
SCORE	-	9,000	-	107,633
Total Shared Revenue	1,420,962	3,086,477	480,424	262,673
<b>REIMBURSEMENT FOR SERVICES</b>				
State				
Minnesota Department of Human Services	-	-	1,136,550	-
<b>LOCAL</b>				
Payments in Lieu of Tax	25,100	3,246	6,451	-
Local Contributions	-	-	-	-
Total Local	25,100	3,246	6,451	-
<b>GRANTS</b>				
State				
Minnesota Department/Board of Corrections	92,626	-	-	-
Public Safety	47,117	-	-	-
Health	-	-	333,545	-
Natural Resources	6,202	-	-	-
Human Services	-	-	1,768,316	-
Water and Soil Resources	-	-	-	46,910
Veterans Affairs	-	-	-	12,500
Peace Officer's Board	6,997	-	-	-
Total State Grants	152,942	-	2,101,861	59,410
Federal				
Department of Agriculture	25,564	-	423,638	-
Justice	11,313	-	-	-
Transportation	20,947	65,824	-	-
Education	-	-	2,492	-
Health and Human Services	92,984	-	2,440,939	-
Homeland Security	48,369	-	-	-
Total Federal Grants	199,177	65,824	2,867,069	-
Total State and Federal Grants	352,119	65,824	4,968,930	59,410
Total Intergovernmental Revenue	<u>\$ 1,798,181</u>	<u>\$ 3,155,547</u>	<u>\$ 6,592,355</u>	<u>\$ 322,083</u>

Debt Service	Capital Projects	Total All Funds
\$ -	\$ 475,000	\$ 2,107,709
-	-	53,204
-	-	7,441
-	-	173,470
180,016	-	3,017,295
14,745	1,334	290,839
-	-	37,191
-	-	117,849
-	-	116,633
194,761	476,334	5,921,631
-	-	1,136,550
1,409	127	36,333
220,822	-	220,822
222,231	127	257,155
-	-	92,626
-	-	47,117
-	-	333,545
-	-	6,202
-	-	1,768,316
-	-	46,910
-	-	12,500
-	-	6,997
-	-	2,314,213
-	-	449,202
-	-	11,313
-	-	86,771
-	-	2,492
-	-	2,533,923
-	-	48,369
-	-	3,132,070
-	-	5,446,283
<u>\$ 416,992</u>	<u>\$ 476,461</u>	<u>\$ 12,761,619</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass - Through Agency Grant Program Title (Program or Cluster Title)	Federal CFDA Number	Pass - Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	15152MN004W1003	\$ 193,685	\$ -
Passed Through Minnesota Department of Human Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	15152MN127Q7503	317,706	-
Total Department of Agriculture			511,391	-
U.S. Department of Justice				
Direct				
State Criminal Alien Assistance Program	16.606	N/A	7,749	-
Bulletproof Vest Partnership Program	16.607	N/A	3,564	-
Total Department of Justice			11,313	-
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction	20.205	HPPH H162(008)	65,824	-
Passed Through City of St. Cloud				
State and Community Highway Safety (Part of Highway Safety Cluster)	20.600	F-ENFRC15-2015- STCLOUDPD	5,176	-
National Priority Safety Programs (Part of Highway Safety Cluster) (Total expenditures for Highway Safety Cluster \$8,534)	20.616	F-ENFRC15-2015- STCLOUDPD	3,358	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC15-2015- STCLOUDPD	12,413	-
Total Department of Transportation			86,771	-
U.S. Department of Education				
Passed Through Minnesota Department of Health				
Special Education-Grants for Infants and Families	84.181	12-700-00103	2,492	-
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	U90TP000418	32,369	-
Universal Newborn Hearing Screening	93.251	12-700-00103	800	-
Immunization Cooperative Agreements	93.268	IP-150302CONT16	1,420	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	12-700-00103	150	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$476,796)	93.558	1502MNTANF	44,160	-
Maternal and Child Health Services Block Grant to the States	93.994	B04MC29349	40,842	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	1401MNF PSS	3,511	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$476,796)	93.558	1502MNTANF	432,636	308,531
Child Support Enforcement	93.563	1504MN4005	774,746	-
Refugee and Entrant Assistance-State Administered Programs	93.566	1501MNR CMA	527	-
Child Care and Development Block Grant	93.575	G1501MNC CDF	30,878	-
Community-Based Child Abuse Prevention Grants	93.590	1302MNF R PG	5,689	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1401MNC WSS	2,292	-
Foster Care - Title IV-E	93.658	1501MNF OST	216,659	-
Social Services Block Grant	93.667	1501MNS OSR	221,407	-
Chafee Foster Care Independence Program	93.674	1401MN1420	2,462	-
Children's Health Insurance Program	93.767	1405MN5021	75	-
Medical Assistance Program	93.778	1505MN5ADM	1,077,764	-
Total Department of Health and Human Services			2,888,387	308,531

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass - Through Agency Grant Program Title (Program or Cluster Title)	Federal CFDA Number	Pass - Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security Passed Through Minnesota Department of Public Safety  Emergency Management Performance Grants	97.042	F-EMPG-2015- BENTONCO-1117	\$ 48,369	\$ -
Total Cash Type Federal Awards			<u>\$ 3,548,723</u>	<u>\$ 308,531</u>

**Notes to the Schedule of Expenditures of Federal Awards**

- The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Benton County. The County's reporting entity is defined in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 or changes in net position of Benton County.
- Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Benton County has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**3. Reconciliation to the Schedule of Intergovernmental Revenue**

Federal Grant Revenue per Schedule of Intergovernmental Revenue:	\$ 3,132,070
Grants Received More than 60 Days After Year-End, Unavailable in 2015	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	62,189
Temporary Assistance for Needy Families	40,021
Child Support Enforcement	117,357
Refugee and Entrant Assistance-State Administered Programs	430
Foster Care - Title IV-E	5,419
Medical Assistance Program	201,216
Grants Unavailable in 2014, Recognized as Revenue in 2015	
Temporary Assistance for Needy Families	(1,886)
Child Care and Development Block Grant	(1,631)
Medical Assistance Program	(6,462)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 3,548,723</u>

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