



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**PREPARED BY:
CHISAGO COUNTY AUDITOR'S OFFICE**

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**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

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CENTER CITY, MINNESOTA**

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CENTER CITY, MINNESOTA**

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INTRODUCTORY SECTION

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**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

PRINCIPAL OFFICIALS
DECEMBER 31, 2015

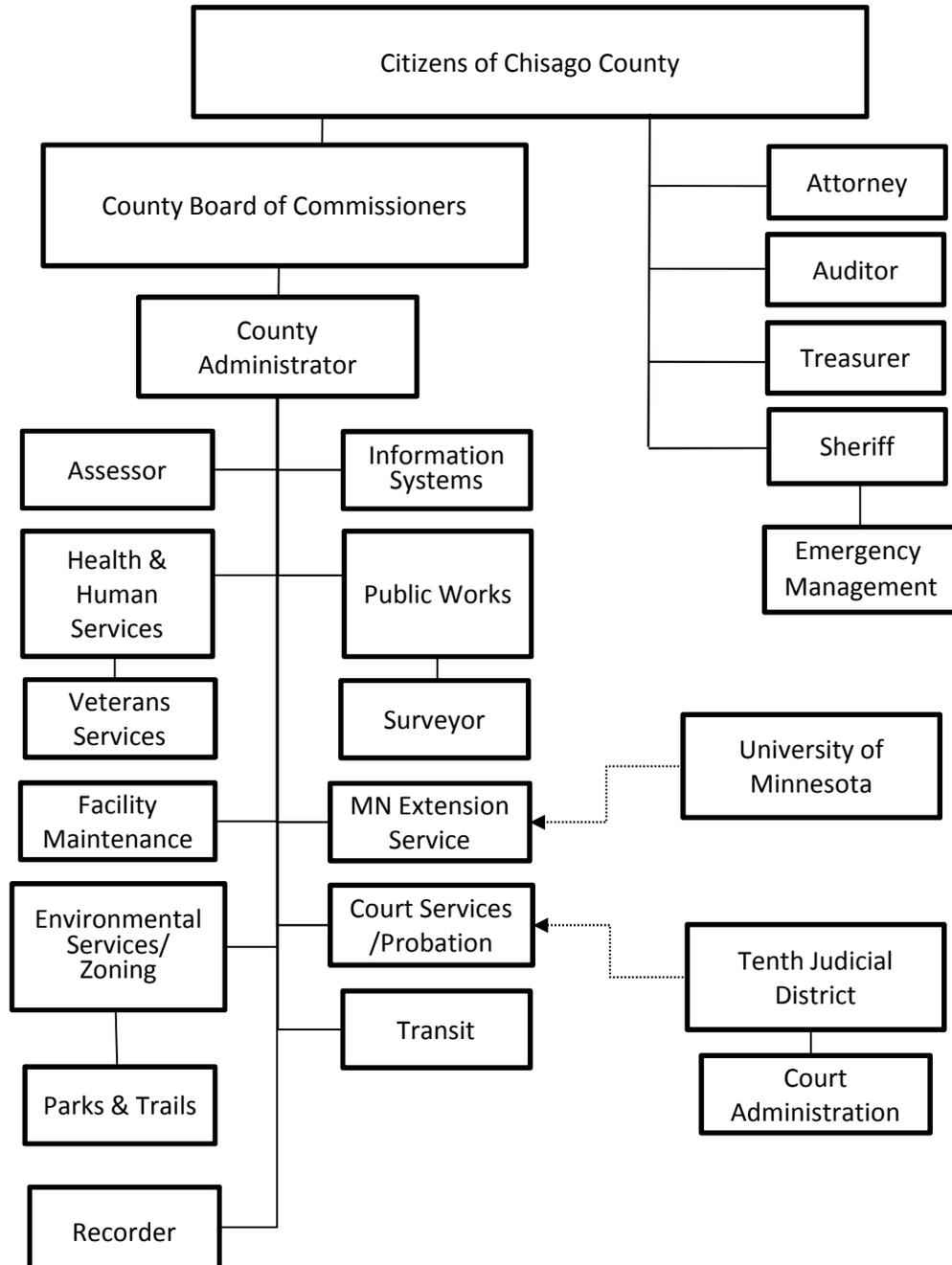
Office	Name	Term of Office	
		From	To
Elected			
Commissioners			
District 1	Lora Walker	January 2015	January 2019
District 2	Rick Greene ¹	January 2013	January 2017
District 3	George McMahon	January 2013	January 2017
District 4	Ben Montzka	January 2015	January 2019
District 5	Mike Robinson	January 2013	January 2017
Attorney	Janet Reiter	January 2015	January 2019
Auditor	Dennis Freed	January 2015	January 2019
Sheriff	Rick Duncan	January 2015	January 2019
Treasurer	Lee Olson*	January 2015	January 2019
Appointed			
Administrator	Bruce Messelt		Indefinite
Assessor	John Keefe	Jan 1, 2013	Dec 31, 2016
Emergency Management Dir.	Scott Sellman	Feb 13, 2012	Until vacated
Medical Examiner	Dr. A. Quinn Strobl	Jan 1, 2013	Dec 31, 2016
Health & Human Services Dir.	Nancy Dahlin		Indefinite
Highway Engineer	Joe Triplett	May 1, 2013	April 30, 2017
Probation Director	Amy Chavez		Indefinite
Recorder/Registrar of Titles	Lee Olson*		Indefinite
Surveyor	Paul Gibson	May 1, 2012	April 30, 2016
Veterans Service Officer	Al Budde	Jan 5, 2015	Jan 4, 2019
Zoning Administrator	Kurt Schneider		Indefinite
Appointed by the State			
Court Administrator	Kathleen Karnowski		Indefinite

¹Chair 2015

*Retired on May 31, 2016

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**ORGANIZATIONAL CHART
DECEMBER 31, 2015**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Chisago County
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

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COUNTY OF CHISAGO

DENNIS J. FREED, COUNTY AUDITOR

Chisago County Government Center

313 North Main Street, Room 271

Center City, MN 55012-9663

PHONE: 651-213-8500 - FAX: 651-213-8500

DATE: August 30, 2016

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

SUBJECT: 2015 Comprehensive Annual Financial Report

This Comprehensive Annual Financial Report of Chisago County is submitted for the fiscal year ended December 31, 2015. This report was prepared by the Auditor's department with assistance from various other County departments. Responsibility for the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with County management. This report has been prepared in conformity with generally accepted accounting principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB).

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

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

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

GENERAL INFORMATION

Chisago County is located in east central Minnesota, just 30 miles north from the cities of Minneapolis or Saint Paul. The County encompasses an area of 451.66 square miles and contains 10 cities and 9 townships, with an estimated population of 54,134 based on 2015 Minnesota State Demographic center data. The County seat is Center City. Chisago County was established in 1851, seven years before Minnesota became a state, and is governed by the general laws of the State of Minnesota.

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

The County Board appoints the position of County Administrator. The County Administrator carries out the policies and ordinances of the County Board, oversees the day-to-day operations of the County, and supervises the County’s non-elected department heads. The County Attorney, the County Sheriff, the County Auditor, and the County Treasurer are elected officials.

The County’s functions and employees are divided among 18 departments. The remaining department heads are appointed by the County Board with the exception of the Probation Director, who is appointed by the State of Minnesota Tenth Judicial District.

The County provides a full range of services. These services include public safety, public works, health and human service programs, tax assessment and collection, parks and recreational areas, environmental services, transit, veteran’s services and general administrative services.

FINANCIAL REPORTING ENTITY

The financial reporting entity includes all funds of the County including its component unit: The Chisago County Housing and Redevelopment Authority Economic Development Authority (HRA-EDA).

ECONOMIC CONDITION AND OUTLOOK

Chisago County’s economic condition and outlook show some signs of economic recovery with modest growth in 2015. Population has leveled off in the last 3 years following a 31.1 % increase from 2000 to 2010. This population growth was driven by the availability of affordable land and low housing costs as well as the close proximity to the Minneapolis-St. Paul metropolitan area. It is estimated that 60-80% of Chisago County’s residents commute outside the County for work each day. This is a result of the County’s tax base being mostly residential and agricultural with little commercial base compared to other counties. Historically, the County’s unemployment rate has been higher than the state average both of which have decreased in the past 4 years.

A number of indicators contribute to growth and financial stability in the County. Following are some of these key indicators:

<u>Key economic Indicators for Chisago County</u>	<u>Amounts</u>	<u>Comments</u>
2015 Economic output growth rate -GDP	1.2% *	Indicates economic growth is increasing slowly
2015 Jobs growth rate	1.0% *	319 Jobs added since 2005.
2015 Chisago Unemployment rate	4.2%	Rate declined in the last five years.
2015 Population	54,134	Flat since the 2010 census.
2015 Pay: Estimated Market value	\$4,530,580,500	Increase of 7.4% versus 2014 pay. 6 previous years declined.

*source: National Association of Counties-County Explorer 2016

In addition, new single family housing construction in Chisago, increased from 98 units in 2014 to 116 in 2015. Commercial industrial permits were up from 45 in 2014 to 64 in 2015. The most notable recent commercial activity is the Polaris Industries 145,000 square foot expansion to their City of Wyoming research and development facility. Pursuing its goal of economic development, the Chisago County HRA-EDA is currently facilitating various commercial projects to increase employment opportunities within the County while adding to the commercial tax base and thus diversifying its current tax base.

In summary, we believe these indicators show some signs of economic recovery in the housing and job market for Chisago County following the recession. However, the economy still remains fragile.

LONG TERM FINANCIAL PLANNING

The County meets annually to set goals and establish priorities for the County for the upcoming year. The budget process facilitated by the County Administrator implements these goals and priorities by working with the department heads.

The County currently does not have a comprehensive long-term financial plan to guide all of its long term financial decisions. However, the County recently adopted its 5 year capital improvement plan (C.I.P.) to guide its long term capital spending from 2015-2019. Also, the County's investment policy guides the County to ensure the safety and availability of operating and capital funds as needed while providing a competitive investment return and compliance with State statutes. The County also adopted a fund balance policy in 2011 to serve as a guide in maintaining stable financial reserves to ensure long term economic stability of the County. The policy establishes minimum fund balance levels as well as corrective action to be taken should these reserves drop below the minimum stated levels. The board also sets aside fund balance as "commitments" to assure funds available to pay for future strategic capital and other investments needed by the County. Lastly, conservatively limiting spending and not budgeting uncertain State funding has led to increasing fund balances in each of the last 5 years. This positions the County with funding for its 5 year C.I.P. plan.

BUDGETARY CONTROL

The County's budget is appropriated annually by the County Board. Budgetary control is maintained at the department level and is subject to periodic review by the County Board. Monthly the budget and finance committee meet to discuss year to date actual vs. budgeted results. Unspent budgeted funds can be carried over to the next year and are reported as assignments of year end fund balance. Activities of the General Fund, the Special Revenue Funds, and the Debt Service Fund are included in the annual appropriated budget.

INTERNAL CONTROL

The County's system of internal control is supported by policies and procedures that are continually reviewed, evaluated, and modified to meet current needs. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

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

SINGLE AUDIT

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

The Office of Management and Budget (OMB) Uniform Guidance sets forth the audit requirement for local governments receiving federal awards. It provides for a single independent audit of the financial operations including compliance with certain provisions of federal laws and regulations. The requirements have been established to ensure audits are made on an organizational-wide basis rather than a grant-by-grant basis. The grants for which these requirements apply are identified in the Schedule of Expenditures of Federal Awards.

INDEPENDENT AUDIT

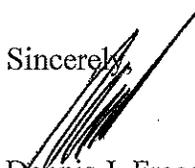
Minnesota state statutes require an annual audit of the books of account, financial records, and transactions of the County by the Office of the State Auditor. In addition to meeting the requirements in the state statutes, the audit is designed to meet the requirements of the federal Single Audit Act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

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

ACKNOWLEDGEMENTS

I would like to acknowledge the professional contribution and hard work put forth by the entire staff in the Auditor's office throughout the year and during the preparation of this report. I would also like to thank the Electronic Services/Records Management Division for their assistance in preparing this report. I would also like to thank the accounting staff in the Human Services, Highway, and other departments, for their contributions to this report. I would also like to thank the County Board of Commissioners for their interest and support in planning and conducting the County's financial activities in a responsible and professional manner.

Sincerely,



Dennis J. Freed
Chisago County Auditor

FINANCIAL SECTION

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Chisago County
Center City, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Chisago 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 did not audit the financial statements of the Chisago County Housing and Redevelopment Authority Economic Development Authority (HRA-EDA), the discretely presented component unit. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chisago County HRA-EDA component unit, is based solely upon the report of the other auditors. 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, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Chisago County as of December 31, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons of the General Fund, Road and Bridge Special Revenue Fund, and Human Services Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2016, on our consideration of Chisago 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 Chisago County's internal control over financial reporting and compliance. It does not include the Chisago County HRA-EDA, which was audited by other auditors.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

August 19, 2016

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**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

(Unaudited)

As management of Chisago County, we offer readers our discussion and analysis of Chisago County's financial performance during the fiscal year ended December 31, 2015. Please read it in conjunction with the accompanying transmittal letter at the front of this report and with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Chisago County exceeded its liabilities and deferred inflows of resources by \$161.4 million (net position) at the close of 2015. Of this amount, \$10.8 million, (unrestricted net position) or 6.7%, may be used to meet Chisago County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$9.2 million to \$161.4 million during 2015, or 5.7%.
- The County's governmental funds reported combined ending fund balances of \$42.6 million, a decrease of \$2.2 million compared to the 2014 year-end balance. The fund balance decreased was a planned used of funds not spent in previous years which were earmarked for planned building improvements to the Government Center. Of ending fund balances, \$30.9 million, or 72.4%, is available for spending at the County's discretion (committed, assigned, and unassigned fund balances). The committed or assigned for specific purposes portion makes up \$14.9 million.
- At the close of 2015, unrestricted fund balance for the General Fund was \$20.5 million, or 69.9%, of total General Fund expenditures.
- The county's bonds and notes payable decreased by \$4.4 million, or 9.4%, during 2015 as a result of scheduled debt service payments as well as a cash payment of \$1,500,000 as part of the Series 2015A current refunding of the Series 2010C (BABS) bonds.
- The county's net capital assets increased by \$7.5 million, or 4.3% as the county completed a major remolding of the 1987 portion of the Government Center and completed most of the road construction projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Chisago County's basic financial statements. This information should assist the reader in evaluating the financial condition of the County. The County's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund level financial statements, and (3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The statement of net position presents information on all of Chisago County's assets and liabilities, with the difference being reported as net position. Over time, increases or decreases in net position are one indicator of whether the financial position of Chisago County is improving or deteriorating. Other nonfinancial factors such as changes in the county's property tax base, and condition of the County's roads, should also be considered in evaluating the County's overall health.

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

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

The County's government-wide financial statements also include the legally separate entity called the Chisago County Housing and Redevelopment Authority Economic Development Authority (HRA-EDA). Although legally separate, this entity is fiscally dependent on Chisago County. Financial information for this entity, a discretely presented component unit, is reported separately from the financial information of the primary government, Chisago County.

The government-wide statements can be found on pages 34 and 36 of this report.

(Unaudited)

Fund Level Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Chisago County reports five individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The major funds are the General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Debt Service Fund, and County Capital Projects Fund. Data for the five nonmajor governmental funds are combined into "other governmental funds". Individual data for each of the five nonmajor governmental funds is provided in the Combining and Individual Fund Statements and Schedules.

Chisago County adopts annual budgets for its major funds, except for the County Capital Projects Fund. Budgetary comparison schedules have been provided for the County's budgeted major funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 40 and 46 of this report.

Fiduciary funds. Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds. Chisago County's fiduciary funds consist of nine agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Data from the agency funds are combined into a single aggregated presentation. In addition, the agency funds are not reflected in the government-wide financial statements because those resources are not available to support the County's programs.

(Unaudited)

The basic fiduciary fund financial statements can be found on page 56 of this report.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund level financial statements. The notes to the financial statements can be found on pages 57 through 129 of this report.

Other information. In addition to the basic financial statements and notes, Chisago County also provides required supplementary information on the funding status of its other postemployment benefits on page 132 and on its net pension liability on pages 133, 135 and 137; combining and individual fund statements and schedules for its nonmajor governmental funds on pages 143 through 149; intergovernmental revenues, and federal awards, on pages 158 through 163.

(Unaudited)

Government-Wide Financial Analysis

Over time, net position serves as a useful indicator of the County's financial position. Chisago County's assets exceeded liabilities by \$161.4 million at the close of 2015. The largest portion of Chisago County's net position (87.5%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. However, it should be noted that these assets are not available for future spending as the assets are used to provide services to citizens.

Chisago County's Net Position

	Governmental Activities	
	2015	2014
Current and other assets	\$ 47,467,537	\$ 50,472,193
Capital assets	<u>181,868,463</u>	<u>174,358,527</u>
Total Assets	<u>\$ 229,336,000</u>	<u>\$ 224,830,720</u>
Deferred charges on bond refunding	\$ 1,642,324	\$ 1,791,626
Deferred pension outflows	<u>2,822,803</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>\$ 4,465,127</u>	<u>\$ 1,791,626</u>
Long-term liabilities outstanding	\$ 66,416,254	\$ 53,958,600
Other liabilities	<u>3,704,179</u>	<u>2,617,217</u>
Total Liabilities	<u>\$ 70,120,433</u>	<u>\$ 56,575,817</u>
Advanced allotments	\$ -	\$ 2,015,124
Deferred pension inflows	<u>2,263,078</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>\$ 2,263,078</u>	<u>\$ 2,015,124</u>
Net Position		
Net investment in capital assets	\$ 141,195,067	\$ 128,041,933
Restricted	9,460,412	10,034,140
Unrestricted	<u>10,762,137</u>	<u>29,955,332</u>
Total Net Position	<u>\$ 161,417,616</u>	<u>\$ 168,031,405</u>

(Unaudited)

The restricted portion of net position totaling \$9.5 million represents resources whose use is restricted by external requirements such as debt covenants and legislation. The unrestricted net position of \$10.8 million as of December 31, 2015, may be used to meet the County's ongoing obligations to citizens and creditors.

Chisago County's activities increased net position by \$9.2 million, over the 2014 net position.

Chisago County's Change in Net Position

	Governmental Activities	
	2015	2014
Revenues		
Program revenues		
Charges for services	\$ 6,441,140	\$ 5,469,777
Operating grants and contributions	11,636,154	11,897,476
Capital grants and contributions	3,307,532	3,551,499
General revenues		
Property taxes	32,578,131	31,567,534
Other	4,624,828	6,129,709
Total Revenues	\$ 58,587,785	\$ 58,615,995
Expenses		
General government	\$ 10,445,902	\$ 11,618,194
Public safety	12,710,705	11,717,569
Highways and streets	8,809,601	7,661,025
Sanitation	397,953	559,182
Human services	11,080,463	10,941,581
Health	1,493,776	1,523,996
Culture and recreation	925,601	990,979
Conservation of natural resources	1,161,370	1,049,532
Economic development	646,893	896,534
Interest	1,710,957	1,989,862
Total Expenses	\$ 49,383,221	\$ 48,948,454
Increase in Net Position	\$ 9,204,564	\$ 9,667,541
Net Position, January 1, as restated (Note 1.E)	152,213,052	158,363,864
Net Position, December 31	\$ 161,417,616	\$ 168,031,405

(Unaudited)

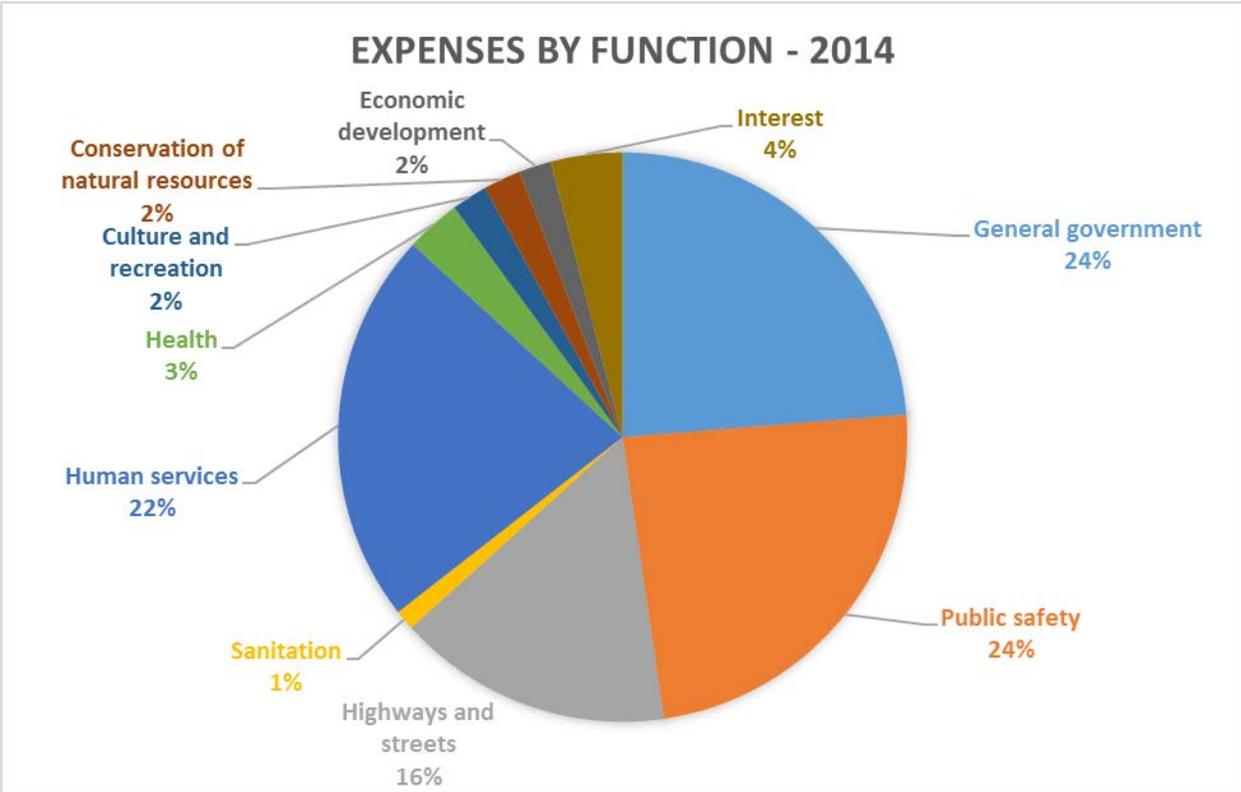
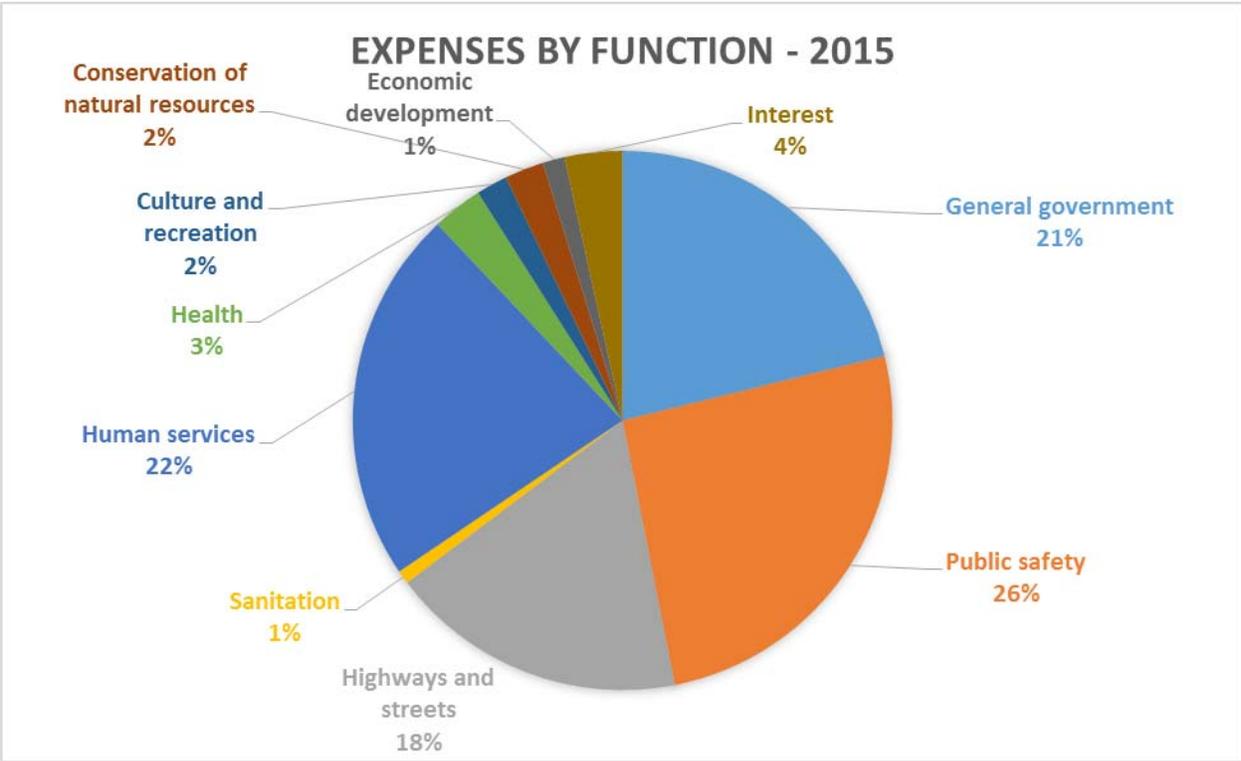
REVENUES

The County's revenues stayed about the same as in 2014. Although there was a large decrease in investments earnings of \$1.4 million due to an adjustment of the fair market value on our investments due to a change in interest rates. There was also a decrease in 'Operating Grants and Contributions' of \$0.3 million and 'Capital Grants and Contributions' of \$0.2 million. This decrease was offset by an increase in "Property Taxes of \$1.0, because of an increase in the County tax levy for the first time in many years, and an increase in 'Charges for Services' of \$1.0 million.

EXPENSES

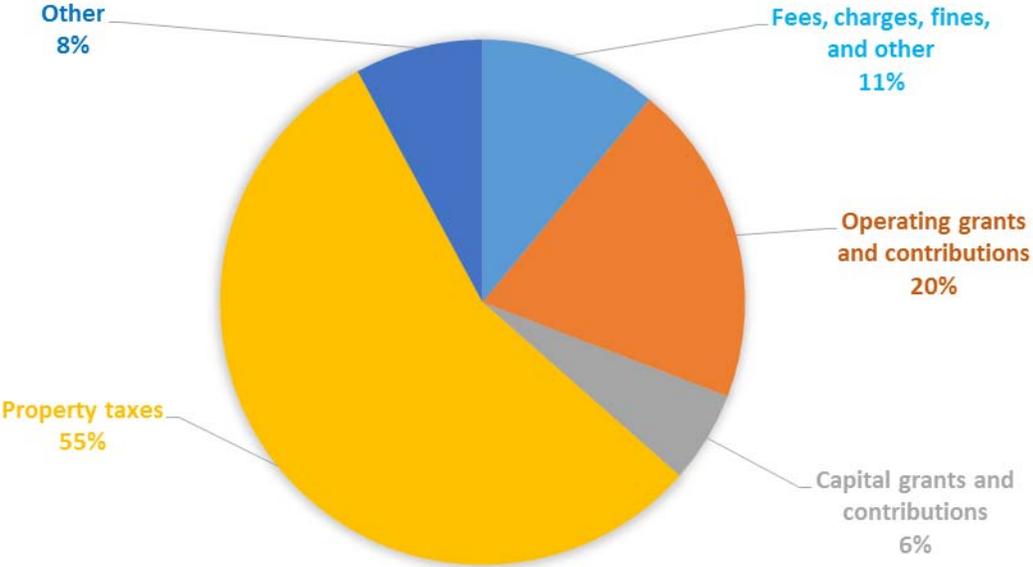
The County's expenses increased by \$0.5 million in 2015. 'Public Safety' and 'Highways and Streets' had the largest increases in expenses at \$1.0 million and 1.1 million respectively. This is attributed to the fact that architectural work was begun on the construction of a new jail and additional road construction projects. The main decrease in expenses was noted in 'General Government' at \$1.2 million due to smaller expenses in County Building improvements from the previous year.

(Unaudited)

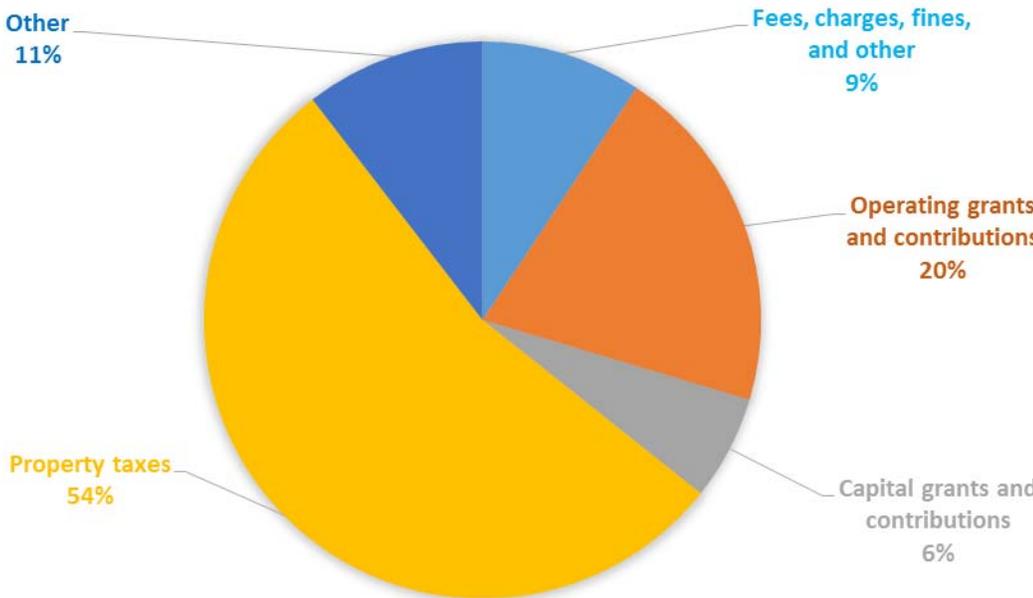


(Unaudited)

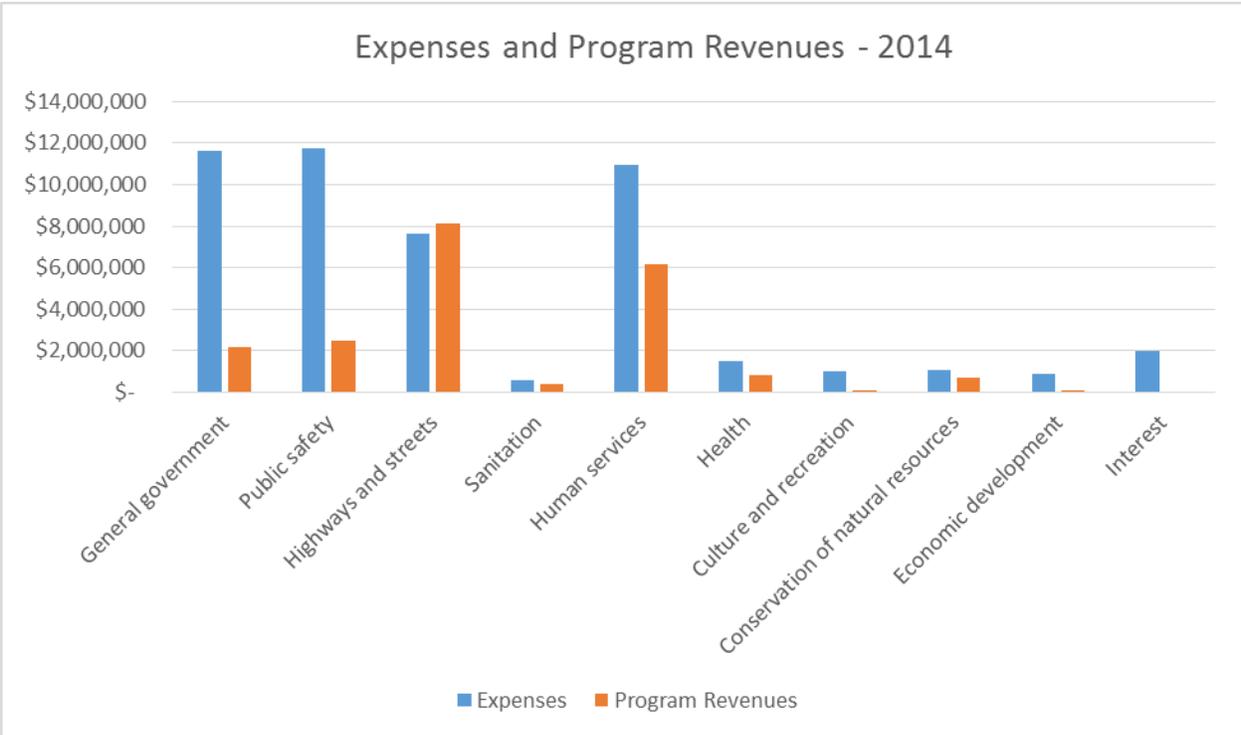
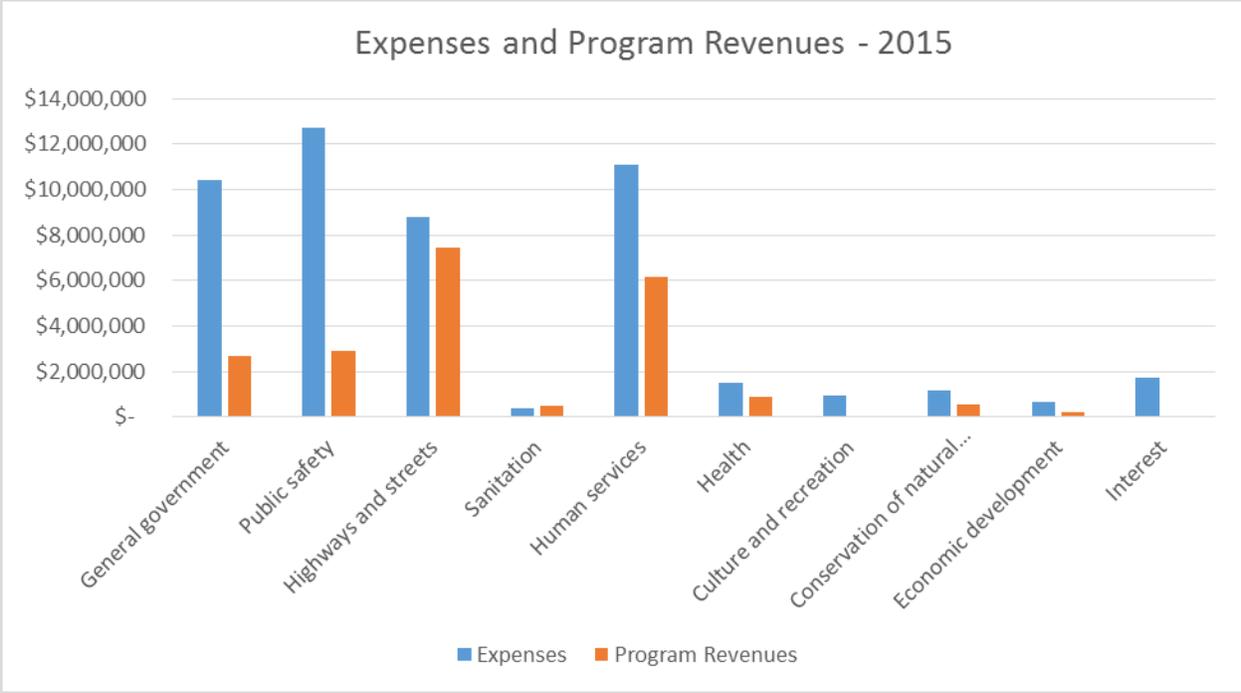
REVENUES BY SOURCE - 2015



REVENUES BY SOURCE - 2014



(Unaudited)



(Unaudited)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$42.6 million. This is a decrease of \$2.2 million in comparison with the prior year fund balance. Of the total fund balance, \$2.3 million (5.4%) is nonspendable, such as inventory, and \$9.5 million (22.2%) is restricted in its use by external parties. The remaining balance, \$30.9 million (72.4%) of unrestricted fund balance is available for spending at the County's discretion.

The General Fund is the chief operating fund of Chisago County. At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$20.5 million. As a measure of the General Fund's liquidity, it may be useful to compare unrestricted fund balance to total fund expenditures. Unrestricted fund balance represents 69.9% of total General Fund expenditures. In 2015, ending fund balance in the General Fund decreased by \$0.4 million. The largest driver of this was a decrease in investment earnings and increased capital expenditures.

Total expenditures for the General Fund increased by \$1.2 million in 2015 from the previous year. This in part is due to the architectural work done in 2015 for the construction of a new jail.

Total revenues for the General fund decreased \$0.2 million in 2015 from the previous year. Property taxes increased by 1.0 million due to an increase in the County tax levy for the first time in many years. Investment earnings decreased \$1.4 million due to the decrease of the fair market value of the County's investments caused by interest rate fluctuations.

The Road and Bridge Special Revenue Fund's unrestricted fund balance of \$2.2 million at year-end represents 18.4% of the Road and Bridge expenditures. In 2015, the total fund balance increased by \$0.5 million from the prior year mostly due to \$1.1 million in spent prior year advance allotments which were appropriated and earned in 2014.

The Human Services Special Revenue Fund's unrestricted fund balance of \$7.7 million at year-end represents 62.7% of Human Services expenditures. In 2015, the total fund balance of \$7.9 million decreased \$0.4 million when compared to 2014. This decrease was a planned reduction in fund balance to bring the balance more in line with the county fund balance policy.

(Unaudited)

The County Capital Projects Fund had a total fund balance of \$0.3 million at year end. The fund balance decreased by \$1.7 million in 2015 as the project is winding down and near complete after paying for additional radio communication equipment in MICS in 2015.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were more than final budgeted revenues by \$0.6 million. The main driver, recognizing the gain in fair market value on our investments due to a change in interest rates shows investment earnings \$0.2 million more than budget. Other favorable numbers consist of \$0.1 million in Intergovernmental fees and \$0.2 million of charges for services. There was \$0.2 million of unfavorable variances in other revenues.

Actual expenditures were less than final budgeted expenditures by \$2.0 million due to \$1.3 million in capital outlay funds budgeted for projects started in 2015 but will be completed in 2016, \$0.6 million expenditure favorability in General Government, \$0.1 million unspent budgeted funds in public safety, conservation of natural resources and economic development.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's capital assets for its governmental activities at December 31, 2015, totaled \$181.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The County's investment in capital assets increased \$7.5 million, or 4.3%, from the previous year.

Chisago County Capital Assets (Net of Depreciation)

	2015	2014
Land	\$ 16,528,206	\$ 16,409,080
Construction in progress	6,363,131	3,613,944
Buildings	17,653,955	18,161,092
Machinery, furniture, and equipment	7,490,518	8,092,087
Computer software	401,450	364,402
Infrastructure	133,431,203	127,717,922
Total	\$ 181,868,463	\$ 174,358,527

(Unaudited)

In 2015, the major events affecting capital assets included the following:

- The County closed out \$8.2 million of road construction projects during the year including right of way payments. \$3.5 million was a close out of construction costs accounted for in beginning of year construction in progress balance.
- Vehicle purchases of just under \$0.5 million were made in 2015. Additions were 4 pickup trucks, 1 crew cab truck, 1 transport bus, and 6 sheriff's pursuit vehicles. These purchases were mostly funded by the 2015 CIP plan fund balance.

Additional information on the County's capital assets can be found in Note 3.A.3 to the financial statements and on page 77 of this report.

Long-Term Debt

At the end of the current fiscal year, the County had total bonds and notes outstanding of \$42.5 million, which was backed by the full faith and credit of the government.

	Outstanding Debt	
	2015	2014
General obligation bonds	\$ 42,514,141	\$ 46,747,855
Capital notes	-	195,000
Total Long-Term Debt	\$ 42,514,141	\$ 46,942,855

- The County's debt related to general obligation bonds and notes decreased by \$4.4 million (9.4%) based on scheduled debt service payments as well as a cash payment of \$1,500,000 as part of the Series 2015A current refunding of the Series 2010C (BABS) bonds.

The County maintains an "Aa2" rating from Moody's Investor Service for its general obligation debt.

Minnesota statutes limit the amount of debt a county may levy to three percent of its total market value. At the end of 2015, Chisago County was well below the three-percent debt limit imposed by state statutes.

Additional information on the County's long term debt can be found in Note 3.C.3 to the financial statements and on page 80 of this report.

(Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Per the Bureau of Labor Statistics, Chisago County's average unemployment rate was 4.2% for 2015, reflecting a 0.2% decrease from last year. Last year also saw a decline of 1.5%. The statewide average rate was 3.7 percent, and the national average rate was 5.0%.

Chisago County's tax base increased for the 2015 levy increasing by 7.5% from 2014. The prior year remained flat from the previous year. 2015 is a continuation of a reversal of a longer term trend of tax base declines. However, recent housing sales prices are continuing to indicate market values are still continuing to the increase.

County program aid of \$2.6 million was received in 2015 from the State of Minnesota. The County anticipates receiving \$2.6 million in 2016 and has incorporated this into the 2016 budget.

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

At the end of 2015, Chisago County approved its 2016 budget. The levy was set at \$32.45 million which includes no change from 2015. Total budget expenditures are \$64.0 million, a \$9.4 million (17.2%) increase over last year. This increase is due mainly to an increase in County Road projects and capital projects.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Chisago County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Chisago County Auditor, Chisago County Government Center, 313 North Main – Room 271, Center City, Minnesota 55012.

(Unaudited)

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

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

	Primary Government Governmental Activities	HRA-EDA Discretely Presented Component Unit
<u>Assets</u>		
Cash and pooled investments	\$ 41,946,372	\$ 1,789,942
Receivables - net	4,334,590	404,399
Inventories	885,205	-
Prepaid items	301,370	19,730
Land held for resale	-	2,861,885
Investment in joint venture	-	108,306
Capital assets		
Non-depreciable capital assets	22,891,337	243,181
Depreciable capital assets - net of accumulated depreciation	158,977,126	4,730,810
Total Assets	\$ 229,336,000	\$ 10,158,253
<u>Deferred Outflows of Resources</u>		
Deferred charges on bond refunding	\$ 1,642,324	\$ -
Deferred pension outflows	2,822,803	-
Total Deferred Outflows of Resources	\$ 4,465,127	\$ -
<u>Liabilities</u>		
Accounts payable	\$ 2,747,120	\$ 17,277
Accrued interest payable	508,900	2,473
Due to other governments	314,867	2,981
Security deposits	3,350	60,102
Unearned revenue	129,942	30,451
Long-term liabilities		
Due within one year	4,601,825	100,823
Due in more than one year	45,038,628	4,198,755
Net pension liability	16,775,801	-
Total Liabilities	\$ 70,120,433	\$ 4,412,862
<u>Deferred Inflows of Resources</u>		
Deferred pension inflows	\$ 2,263,078	\$ -

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

EXHIBIT 1

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

	Primary Government Governmental Activities	HRA-EDA Discretely Presented Component Unit
<u>Net Position</u>		
Net investment in capital assets	\$ 141,195,067	\$ 1,784,864
Restricted for		
General government	1,465,539	-
Public safety	183,992	-
Highways and streets	515,701	-
Human services	185,000	-
Culture and recreation	173,864	-
Conservation of natural resources	319,823	-
Sanitation	829,323	-
Capital projects	198,422	-
Debt service	5,433,789	-
Ditch maintenance	154,959	-
Unrestricted	10,762,137	3,960,527
Total Net Position	\$ 161,417,616	\$ 5,745,391

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

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

	Expenses	Fees, Charges, Fines, and Other
<u>Functions/Programs</u>		
Primary government		
Governmental activities		
General government	\$ 10,445,902	\$ 2,691,454
Public safety	12,710,705	1,735,682
Highways and streets	8,809,601	113,487
Sanitation	397,953	292,631
Human services	11,080,463	727,952
Health	1,493,776	258,583
Culture and recreation	925,601	28,464
Conservation of natural resources	1,161,370	382,562
Economic development	646,893	210,325
Interest	1,710,957	-
	\$ 49,383,221	\$ 6,441,140
Total Primary Government	\$ 49,383,221	\$ 6,441,140
Component Unit		
Housing and Redevelopment Authority-Economic Development Authority (HRA-EDA)	\$ 1,026,584	\$ 1,305,034

General Revenues

Property taxes
Gravel taxes
Wheelage taxes
Mortgage registry and deed tax
Payments in lieu of tax
Grants and contributions not restricted to specific programs
Investment earnings
Gain on sale of capital assets

Total general revenues

Change in net position

Net Position - Beginning as Restated (Note 1.E)

Net Position - Ending

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

EXHIBIT 2

Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	HRA-EDA Discretely Presented Component Unit
\$ 12,500	\$ -	\$ (7,741,948)	
1,156,724	1,130	(9,817,169)	
4,045,284	3,306,402	(1,344,428)	
187,616	-	82,294	
5,434,429	-	(4,918,082)	
614,872	-	(620,321)	
10,000	-	(887,137)	
174,729	-	(604,079)	
-	-	(436,568)	
-	-	(1,710,957)	-
\$ 11,636,154	\$ 3,307,532	\$ (27,998,395)	
\$ 88,948	\$ -		\$ 367,398
		\$ 32,578,131	\$ 483,112
		77,134	-
		564,567	-
		57,722	-
		336,799	-
		2,963,848	-
		544,408	2,313
		80,350	6,346
		\$ 37,202,959	\$ 491,771
		\$ 9,204,564	\$ 859,169
		152,213,052	4,886,222
		\$ 161,417,616	\$ 5,745,391

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

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FUND FINANCIAL STATEMENTS

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	General	Road and Bridge
<u>Assets</u>		
Cash and pooled investments	\$ 23,214,739	\$ 3,071,968
Petty cash and change funds	2,150	-
Undistributed cash in the agency funds	336,883	155,993
Departmental cash	17,821	-
Taxes receivable		
Delinquent	633,127	207,630
Special assessments receivable		
Delinquent	14,792	-
Noncurrent	-	-
Accounts receivable	47,080	235
Accrued interest receivable	76,830	-
Notes receivable	1,000,000	-
Due from other funds	25,770	-
Due from other governments	191,531	695,701
Loans receivable	121,067	-
Inventories	-	885,205
Prepaid items	284,004	-
	\$ 25,965,794	\$ 5,016,732
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 721,090	\$ 60,397
Salaries payable	407,648	80,060
Contracts payable	447,214	465,214
Due to other funds	7,886	24
Due to other governments	153,870	12,633
Unearned revenue	-	-
Customer deposits	-	3,350
	\$ 1,737,708	\$ 621,678
Deferred Inflows of Resources		
Unavailable revenue	\$ 514,360	\$ 826,618
Fund Balances		
Nonspendable		
Septic loans receivable	\$ 121,067	\$ -
Notes receivable	1,000,000	-
Inventories	-	885,205
Prepays	284,004	-
Restricted for		
Attorney forfeiture funds	9,505	-
Recorder - compliance fees	692,671	-
Recorder - technology fees	761,720	-

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

EXHIBIT 3
(Continued)

<u>Human Services</u>	<u>Debt Service</u>	<u>County Capital Projects</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 7,623,485	\$ 5,349,029	\$ 200,786	\$ 1,823,940	\$ 41,283,947
-	-	-	-	2,150
80,081	62,664	-	6,833	642,454
-	-	-	-	17,821
195,706	149,200	-	5,334	1,190,997
-	-	-	10,655	25,447
-	37,751	-	13,965	51,716
131,397	-	-	-	178,712
-	-	-	-	76,830
-	-	-	-	1,000,000
7,886	-	-	-	33,656
657,416	-	145,173	-	1,689,821
-	-	-	-	121,067
-	-	-	-	885,205
17,366	-	-	-	301,370
<u>\$ 8,713,337</u>	<u>\$ 5,598,644</u>	<u>\$ 345,959</u>	<u>\$ 1,860,727</u>	<u>\$ 47,501,193</u>
\$ 300,300	\$ -	\$ -	\$ 42,223	\$ 1,124,010
216,884	-	-	6,090	710,682
-	-	-	-	912,428
25,746	-	-	-	33,656
112,121	-	-	36,243	314,867
-	37,751	-	92,191	129,942
-	-	-	-	3,350
<u>\$ 655,051</u>	<u>\$ 37,751</u>	<u>\$ -</u>	<u>\$ 176,747</u>	<u>\$ 3,228,935</u>
<u>\$ 167,468</u>	<u>\$ 127,104</u>	<u>\$ -</u>	<u>\$ 14,968</u>	<u>\$ 1,650,518</u>
\$ -	\$ -	\$ -	\$ -	\$ 121,067
-	-	-	-	1,000,000
-	-	-	-	885,205
17,366	-	-	-	301,370
-	-	-	-	9,505
-	-	-	-	692,671
-	-	-	-	761,720

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	General	Road and Bridge
Fund Balances (Continued)		
Restricted for		
Sheriff's forfeitures	5,900	-
Sheriff's reserve	5,001	-
Snowmobile safety education	9,282	-
Sheriff's contingent	10,199	-
Gun permits	110,104	-
Jail canteen account	30,914	-
Juvenile substance abuse court	4,982	-
Emergency management	2,525	-
Water quality grant	26,836	-
DEA federal share program	1,435	-
Project lifesaver	3,650	-
Law library	1,643	-
Almelund SSD sewer system	108,300	-
Pit restoration reserve	-	515,701
2014 SEDLCP grant	36,940	-
Solid waste	-	-
Park acquisition	-	-
Lake Improvement District	-	-
Ditch maintenance	-	-
Debt service	-	-
Child protection grant	-	-
Aquatic invasive species	12,537	-
Capital projects - 800 megahertz project	-	-
Committed for		
Public health and north woods software IM	-	-
Subscriber radio costs	-	-
Ground improvement and repairs	606,249	-
Payroll/HRIS software and CAMA software	500,000	-
Purchase of capital equipment	300,000	-
Two-year motor pool allocation	100,000	-
Two-year other allocation	90,000	-
Assigned for		
Wellness, safety, ergo, LMC	20,265	-
Elections	25,332	-
Capital equipment	1,408,846	-
Building improvements	1,213,455	-
Human services	-	-
Vehicle insurance payment	17,615	-
Highways and streets	-	2,167,530
Auditor election equipment	59,625	-
Dental insurance	177,382	-
Capital projects	-	-
Unassigned	15,955,742	-
Total Fund Balances	\$ 23,713,726	\$ 3,568,436
Total Liabilities, Deferred inflows of Resources, and Fund Balances	\$ 25,965,794	\$ 5,016,732

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

EXHIBIT 3

<u>Human Services</u>	<u>Debt Service</u>	<u>County Capital Projects</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
-	-	-	-	5,900
-	-	-	-	5,001
-	-	-	-	9,282
-	-	-	-	10,199
-	-	-	-	110,104
-	-	-	-	30,914
-	-	-	-	4,982
-	-	-	-	2,525
-	-	-	-	26,836
-	-	-	-	1,435
-	-	-	-	3,650
-	-	-	-	1,643
-	-	-	-	108,300
-	-	-	-	515,701
-	-	-	-	36,940
-	-	-	829,323	829,323
-	-	-	173,864	173,864
-	-	-	135,210	135,210
-	-	-	154,959	154,959
-	5,433,789	-	-	5,433,789
185,000	-	-	-	185,000
-	-	-	-	12,537
-	-	198,422	-	198,422
300,000	-	-	-	300,000
-	-	147,537	-	147,537
-	-	-	-	606,249
-	-	-	-	500,000
-	-	-	-	300,000
-	-	-	-	100,000
-	-	-	-	90,000
-	-	-	-	20,265
-	-	-	-	25,332
-	-	-	-	1,408,846
-	-	-	-	1,213,455
7,388,452	-	-	-	7,388,452
-	-	-	-	17,615
-	-	-	-	2,167,530
-	-	-	-	59,625
-	-	-	-	177,382
-	-	-	375,656	375,656
-	-	-	-	15,955,742
<u>\$ 7,890,818</u>	<u>\$ 5,433,789</u>	<u>\$ 345,959</u>	<u>\$ 1,669,012</u>	<u>\$ 42,621,740</u>
<u>\$ 8,713,337</u>	<u>\$ 5,598,644</u>	<u>\$ 345,959</u>	<u>\$ 1,860,727</u>	<u>\$ 47,501,193</u>

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

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**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

EXHIBIT 4

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

Fund balance - total governmental funds (Exhibit 3)	\$	42,621,740
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		181,868,463
Deferred charges on refunding paid out in a prior year, are being written off over the life of the new debt and are not available to pay current periods expenditures in the governmental funds and therefore are reported only as deferred outflows of resources in the Statement of Net Position.		1,642,324
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.		2,822,803
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds		1,650,518
Accrued interest payable is not due in the current period and, therefore, is not reported in the governmental funds.		(508,900)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds	\$	(41,145,000)
Unamortized premium on bonds		(1,369,141)
Capital leases		(557,457)
Compensated absences		(4,194,025)
Net OPEB liability		(2,374,830)
Net pension liability		(16,775,801)
		<u>(66,416,254)</u>
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(2,263,078)</u>
Net Position of Governmental Activities (Exhibit 1)	\$	<u>161,417,616</u>

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

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

	General	Road and Bridge
Revenues		
Taxes	\$ 18,340,923	\$ 6,009,680
Special assessments	-	-
Licenses and permits	768,150	15,400
Intergovernmental	4,928,205	6,078,328
Charges for services	3,398,536	107,000
Fines and forfeits	140,680	-
Gifts and contributions	7,207	-
Investment earnings	587,495	-
Miscellaneous	506,838	-
	\$ 28,678,034	\$ 12,210,408
Expenditures		
Current		
General government	\$ 11,132,020	\$ 170,042
Public safety	10,530,586	-
Highways and streets	-	11,579,370
Sanitation	-	-
Human services	-	-
Health	-	-
Culture and recreation	277,946	-
Conservation of natural resources	940,027	-
Economic development	865,316	-
Intergovernmental	543,583	-
Capital outlay	4,981,374	-
Debt service		
Principal	-	-
Interest	-	-
Bond issuance costs	-	-
Administrative charges	-	-
	\$ 29,270,852	\$ 11,749,412
Excess of Revenues Over (Under) Expenditures	\$ (592,818)	\$ 460,996

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

EXHIBIT 5
(Continued)

Human Services	Debt Service	County Capital Projects	Other Funds	Total
\$ 5,067,406	\$ 3,966,023	\$ -	\$ 232,953	\$ 33,616,985
-	-	-	255,946	255,946
-	-	-	9,300	792,850
5,794,527	796,059	-	188,696	17,785,815
909,841	-	-	44,482	4,459,859
-	-	-	-	140,680
-	-	-	10,000	17,207
-	-	440	-	587,935
89,384	76,890	145,173	-	818,285
\$ 11,861,158	\$ 4,838,972	\$ 145,613	\$ 741,377	\$ 58,475,562
\$ 200,150	\$ -	\$ -	\$ -	\$ 11,502,212
-	-	-	-	10,530,586
-	-	-	-	11,579,370
-	-	-	407,588	407,588
10,595,677	-	-	-	10,595,677
1,469,832	-	-	-	1,469,832
-	-	-	-	277,946
-	-	-	278,553	1,218,580
-	-	-	-	865,316
-	-	-	-	543,583
-	-	390,030	300,762	5,672,166
-	14,290,000	-	-	14,290,000
-	1,589,658	-	-	1,589,658
-	89,910	-	-	89,910
-	17,160	-	-	17,160
\$ 12,265,659	\$ 15,986,728	\$ 390,030	\$ 986,903	\$ 70,649,584
\$ (404,501)	\$ (11,147,756)	\$ (244,417)	\$ (245,526)	\$ (12,174,022)

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

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

	General	Road and Bridge
Other Financing Sources (Uses)		
Transfers in	\$ 104,200	\$ -
Transfers out	-	-
Refunding bonds issued	-	-
Premium on bonds issued	-	-
Proceeds from the sale of capital assets	77,720	505
	\$ 181,920	\$ 505
Net Change in Fund Balances	\$ (410,898)	\$ 461,501
Fund Balances - January 1	24,124,624	3,088,112
Increase (decrease) in inventories	-	18,823
	\$ 23,713,726	\$ 3,568,436
Fund Balances - December 31	\$ 23,713,726	\$ 3,568,436

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

EXHIBIT 5

Human Services	Debt Service	County Capital Projects	Other Funds	Total
\$ -	\$ 1,500,000	\$ -	\$ -	\$ 1,604,200
-	-	(1,500,000)	(104,200)	(1,604,200)
-	9,630,000	-	-	9,630,000
-	310,558	-	-	310,558
-	-	-	2,125	80,350
\$ -	\$ 11,440,558	\$ (1,500,000)	\$ (102,075)	\$ 10,020,908
\$ (404,501)	\$ 292,802	\$ (1,744,417)	\$ (347,601)	\$ (2,153,114)
8,295,319	5,140,987	2,090,376	2,016,613	44,756,031
-	-	-	-	18,823
\$ 7,890,818	\$ 5,433,789	\$ 345,959	\$ 1,669,012	\$ 42,621,740

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**EXHIBIT 7
(Continued)**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 18,209,414	\$ 18,209,414	\$ 18,340,923	\$ 131,509
Licenses and permits	589,250	589,250	768,150	178,900
Intergovernmental	4,786,685	4,835,645	4,928,205	92,560
Charges for services	3,192,662	3,192,662	3,398,536	205,874
Fines and forfeits	212,500	212,500	140,680	(71,820)
Gifts and contributions	3,000	3,000	7,207	4,207
Investment earnings	400,000	400,000	587,495	187,495
Miscellaneous	609,054	643,206	506,838	(136,368)
	<u>\$ 28,002,565</u>	<u>\$ 28,085,677</u>	<u>\$ 28,678,034</u>	<u>\$ 592,357</u>
Total Revenues				
Expenditures				
Current				
General government				
Commissioners	\$ 273,914	\$ 273,914	\$ 266,218	\$ 7,696
Courts	140,000	140,000	173,058	(33,058)
Law library	34,845	32,830	28,449	4,381
County administrator	561,619	561,619	580,463	(18,844)
County auditor	475,386	475,386	454,351	21,035
County treasurer	319,483	319,483	277,412	42,071
County assessor	789,739	789,739	745,400	44,339
Elections	44,500	44,500	17,386	27,114
Data processing	4,167,311	4,167,803	3,529,973	637,830
Central services	66,142	66,142	103,543	(37,401)
Co atty forfeitures	-	1,373	2,829	(1,456)
Attorney	1,467,274	1,466,674	1,463,465	3,209
Recorder	481,703	481,703	494,240	(12,537)
Planning and zoning	897,840	897,840	930,027	(32,187)
Maintenance	469,350	469,350	565,533	(96,183)
Other general government	1,122,318	1,561,322	1,499,673	61,649
	<u>\$ 11,311,424</u>	<u>\$ 11,749,678</u>	<u>\$ 11,132,020</u>	<u>\$ 617,658</u>
Total general government				

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 5,110,693	\$ 5,110,693	\$ 5,289,137	\$ (178,444)
Driver Awareness Program	-	24,630	675	23,955
Sheriff's contingent	-	5,078	-	5,078
Boat and water safety	32,200	32,200	44,654	(12,454)
Project Lifesaver	-	2,402	518	1,884
Coroner	134,383	134,383	132,669	1,714
Enhanced 911 system	137,000	137,000	137,000	-
County jail	3,506,083	3,506,083	3,520,328	(14,245)
Caseload reduction	84,124	84,124	65,030	19,094
Jail canteen fund	-	38,871	25,203	13,668
Probation and parole	743,065	743,065	760,982	(17,917)
Sentenced to serve	56,992	56,992	29,078	27,914
Electronic monitoring	19,100	19,100	23,001	(3,901)
Juvenile substance abuse court	2,000	17,474	8,478	8,996
Emergency management	131,575	134,100	126,320	7,780
Other public safety	-	524,882	367,513	157,369
Total public safety	\$ 9,957,215	\$ 10,571,077	\$ 10,530,586	\$ 40,491
Culture and recreation				
Historical society	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Parks	234,536	234,536	243,841	(9,305)
Other	-	9,978	9,105	873
Total culture and recreation	\$ 259,536	\$ 269,514	\$ 277,946	\$ (8,432)
Conservation of natural resources				
Cooperative extension	\$ 116,625	\$ 122,413	\$ 113,829	\$ 8,584
Soil and water conservation	355,555	355,555	428,108	(72,553)
WaterCraft Inspectors	163,001	163,001	198,005	(35,004)
Agricultural society/County fair	12,500	12,500	12,500	-
Almelund SSD Sewer System	2,400	112,220	-	112,220
Water planning	71,171	100,391	63,531	36,860
Wetland challenge	95,099	95,099	93,698	1,401
Other	-	33,266	30,356	2,910
Total conservation of natural resources	\$ 816,351	\$ 994,445	\$ 940,027	\$ 54,418

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

EXHIBIT 7

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Economic development				
Community development	\$ 110,000	\$ 110,000	\$ 124,712	\$ (14,712)
Other	764,395	795,302	740,604	54,698
Total economic development	\$ 874,395	\$ 905,302	\$ 865,316	\$ 39,986
Intergovernmental				
Library	\$ 543,083	\$ 543,083	\$ 543,583	\$ (500)
Capital outlay				
General government	\$ 3,011,761	\$ 6,235,011	\$ 3,452,513	\$ 2,782,498
Public safety	-	-	942,541	(942,541)
Economic development	-	-	103,489	(103,489)
Culture and recreation	-	-	40,037	(40,037)
Highways and streets	-	-	442,794	(442,794)
Total Capital outlay	\$ 3,011,761	\$ 6,235,011	\$ 4,981,374	\$ 1,253,637
Total Expenditures	\$ 26,773,765	\$ 31,268,110	\$ 29,270,852	\$ 1,997,258
Excess of Revenues Over (Under)				
Expenditures	\$ 1,228,800	\$ (3,182,433)	\$ (592,818)	\$ 2,589,615
Other Financing Sources (Uses)				
Transfers in	\$ 140,251	\$ 3,185,619	\$ 104,200	\$ (3,081,419)
Transfers out	-	(3,045,368)	-	3,045,368
Proceeds from the sale of capital assets	-	-	77,720	77,720
Total Other Financing Sources/(Uses)	\$ 140,251	\$ 140,251	\$ 181,920	\$ 41,669
Net Change in Fund Balance	\$ 1,369,051	\$ (3,042,182)	\$ (410,898)	\$ 2,631,284
Fund Balance - January 1	24,124,624	24,124,624	24,124,624	-
Fund Balance - December 31	\$ 25,493,675	\$ 21,082,442	\$ 23,713,726	\$ 2,631,284

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

EXHIBIT 8

**BUDGETARY COMPARISON STATEMENT
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,929,631	\$ 5,929,631	\$ 6,009,680	\$ 80,049
Licenses and permits	7,000	7,000	15,400	8,400
Intergovernmental	3,643,616	3,643,616	6,078,328	2,434,712
Charges for services	37,250	37,250	107,000	69,750
Total Revenues	\$ 9,617,497	\$ 9,617,497	\$ 12,210,408	\$ 2,592,911
Expenditures				
Current				
General government				
Surveyor	\$ 203,377	\$ 203,377	\$ 170,042	\$ 33,335
Highways and streets				
Administration	\$ 631,635	\$ 631,635	\$ 1,214,886	\$ (583,251)
Engineering	1,055,025	1,055,025	725,773	329,252
Maintenance	3,603,726	3,603,726	2,647,416	956,310
Construction	3,230,000	3,230,000	6,091,036	(2,861,036)
Equipment, maintenance, and shop	893,736	893,736	900,259	(6,523)
Total highways and streets	\$ 9,414,122	\$ 9,414,122	\$ 11,579,370	\$ (2,165,248)
Total Expenditures	\$ 9,617,499	\$ 9,617,499	\$ 11,749,412	\$ (2,131,913)
Excess of Revenues Over (Under) Expenditures	\$ (2)	\$ (2)	\$ 460,996	\$ 460,998
Other Financing Sources (Uses)				
Proceeds from the sale of capital assets	\$ -	\$ -	\$ 505	\$ 505
Net Change in Fund Balance	\$ (2)	\$ (2)	\$ 461,501	\$ 461,503
Fund Balance - January 1	3,088,112	3,088,112	3,088,112	-
Increase (decrease) in inventories	-	-	18,823	18,823
Fund Balance - December 31	\$ 3,088,110	\$ 3,088,110	\$ 3,568,436	\$ 480,326

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

EXHIBIT 9

**BUDGETARY COMPARISON STATEMENT
HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,073,455	\$ 5,073,455	\$ 5,067,406	\$ (6,049)
Intergovernmental	5,599,260	5,599,260	5,794,527	195,267
Charges for services	1,262,000	1,262,000	909,841	(352,159)
Miscellaneous	86,300	86,300	89,384	3,084
Total Revenues	\$ 12,021,015	\$ 12,021,015	\$ 11,861,158	\$ (159,857)
Expenditures				
Current				
General government				
Veterans services	\$ 191,249	\$ 191,249	\$ 200,150	\$ (8,901)
Human services				
Income maintenance	\$ 3,163,635	\$ 3,163,635	\$ 3,379,696	\$ (216,061)
Social services	6,959,093	7,443,731	7,215,981	227,750
Total human services	\$ 10,122,728	\$ 10,607,366	\$ 10,595,677	\$ 11,689
Health				
Nursing service	\$ 1,091,377	\$ 1,091,377	\$ 948,768	\$ 142,609
Maternal and child health	697,645	697,645	521,064	176,581
Total health	\$ 1,789,022	\$ 1,789,022	\$ 1,469,832	\$ 319,190
Total Expenditures	\$ 12,102,999	\$ 12,587,637	\$ 12,265,659	\$ 321,978
Net Change in Fund Balance	\$ (81,984)	\$ (566,622)	\$ (404,501)	\$ 162,121
Fund Balance - January 1	8,295,319	8,295,319	8,295,319	-
Fund Balance - December 31	\$ 8,213,335	\$ 7,728,697	\$ 7,890,818	\$ 162,121

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

CHISAGO COUNTY
CENTER CITY, MINNESOTA

EXHIBIT 10

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	<u>Agency</u>
<u>Assets</u>	
Cash and pooled investments	<u>\$ 1,979,013</u>
<u>Liabilities</u>	
Accounts payable	\$ 5,021
Deferred benefits	740,702
Due to other governments	<u>1,233,290</u>
Total Liabilities	<u>\$ 1,979,013</u>

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

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

1. Summary of Significant Accounting Policies

Chisago County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2015. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Chisago County was established September 1, 1851, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. 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.

As required by generally accepted accounting principles, these financial statements present Chisago County (the primary government) and its discretely presented component unit, the Chisago County Housing and Redevelopment Authority Economic Development Authority (HRA-EDA).

Discretely Presented Component Unit

While part of the Reporting entity, the discretely presented component unit, HRA-EDA, is reported in a separate column to emphasize that the HRA-EDA is legally separate from the County. A five-member Board appointed by the County Board governs the HRA-EDA. The HRA-EDA is included because the County is financially accountable and is able to impose its will on the HRA-EDA. Separate financial statements for the HRA-EDA may be obtained at its office at 38871 - 7th Avenue, North Branch, Minnesota 55056. Disclosures for the HRA-EDA are in Note 6.

Joint Ventures and Jointly Governed Organization

The County participates in eight joint ventures described in Note 5.C. The County also participates in six jointly governed organizations described in Note 5.D.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. An exception to this general rule is inter-fund rent, which is considered an inter-fund service provided and used. Governmental activities are generally financed through taxes and intergovernmental revenues.

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

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities are offset by program revenues. Direct expenses are those 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 restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category--governmental and fiduciary (agency)--are presented. The emphasis of the governmental fund financial statements is on major individual funds, with each displayed as a separate column in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

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 accounts for the construction and maintenance of roads, bridges, and other projects affecting County roadways. These projects are primarily funded by restricted revenues from the federal and state government, as well as assigned property tax revenues.
- The Human Services Special Revenue Fund accounts for economic assistance and community social services programs. These programs are primarily funded by restricted revenue resources from the federal, state, and other oversight agencies, as well as assigned property tax revenues.
- The Debt Service Fund accounts for the accumulation of resources that are restricted for the payment of principal, interest, and related costs on debt issued by the County.
- The County Capital Projects Fund accounts for financial resources restricted, committed, or assigned for capital acquisition, construction, or improvement of capital facilities and other capital assets.

Additionally, the County reports the following fund type:

- Agency funds are custodial in nature and do not present results of operations or have a measurement focus. The agency fund is accounted for using the accrual basis of accounting. This fund is used to account for assets that the county holds for others in an agency capacity, including pass-through funds that are equivalent to pure cash conduits; Flexible Benefit Plan and other governmental agency funds held in the custody of the Treasurer; and revenues collected on behalf of other governmental units related to property taxes.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

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

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

D. Assets, Liabilities, Deferred Outflows/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 Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2015, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. In 2015, the county reports investment earnings of \$587,935.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

1. Summary of Significant Accounting Policies

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

1. Deposits and Investments (Continued)

Chisago County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool.

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” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

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 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.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

1. Summary of Significant Accounting Policies

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

3. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are recorded as expenses when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

4. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	5 - 40
Public domain infrastructure	50 - 75
Furniture, equipment, and vehicles	5 - 10
Computer software	5 - 10

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

1. Summary of Significant Accounting Policies

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

5. Compensated Absences

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

6. Deferred Outflows/Inflows of Resources and Unearned Revenues

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the County has two items that qualify for reporting in this category: deferred charges on bond refunding and deferred pension outflows. These outflows arise only under the full accrual basis of accounting and are reported only in the government-wide governmental activities statement of net position. The deferred pension outflows consist of pension plan contributions paid subsequent to the measurement date and also the differences between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the County has two such items. One which arises only under the modified accrual basis of accounting, called *unavailable revenue*, and the second, *deferred pension inflows*, arises only under the full accrual basis of accounting. Unavailable revenue is reported in the

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

1. Summary of Significant Accounting Policies

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

6. Deferred Outflows/Inflows of Resources and Unearned Revenues (Continued)

governmental funds balance sheet, while deferred pension inflows, is reported in the statement of net position. The governmental funds report unavailable revenue from the following sources: property taxes, interest receivable, and intergovernmental grants and reimbursements. Deferred pension inflows consist of differences between expected and actual pension plan economic experience and also pension plan changes in proportionate share. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

7. Pension Plan

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

8. 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 discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

1. Summary of Significant Accounting Policies

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

8. Long-Term Obligations (Continued)

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

9. Classification of Net Position

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

- Net investment in capital assets - the portion 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 - the portion of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - the portion of net position that does not meet the definition of “restricted net position” or “net investment in capital assets”.

10. Classification of Fund Balances

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

1. Summary of Significant Accounting Policies

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

10. Classification of Fund Balances (Continued)

- Nonspendable - amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- Restricted – amounts for which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or by laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Committed - amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.
- Assigned - amounts the County intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Auditor, who has been delegated that authority by Board resolution.
- Unassigned - the residual classification for the General Fund, it includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

1. Summary of Significant Accounting Policies

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

10. Classification of Fund Balances (Continued)

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

Chisago County has adopted a minimum fund balance policy for the General Fund, the Road and Bridge Special Revenue Fund, and the Human Services Special Revenue Fund. All three funds rely heavily on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined it needs to maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) of 35 to 50 percent of operating revenues or no less than five months of operating expenditures. The Fund Balance Policy was adopted by the County Board on August 17, 2011.

11. Use of Estimates

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

E. Change in Accounting Principles

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

1. Summary of Significant Accounting Policies

E. Change in Accounting Principles

resources, and pension expense. This statement also requires additional note disclosures and schedules in the required supplementary information.

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

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

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

	<u>Governmental Activities</u>
Net Position, January 1, 2015, as previously reported	\$ 168,031,405
Change in accounting principles	<u>(15,818,353)</u>
Net Position, January 1, 2015, as restated	<u>\$ 152,213,052</u>

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all major and most nonmajor governmental funds. All appropriations lapse at year-end.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

2. Stewardship, Compliance, and Accountability

A. Budgetary Information (Continued)

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control--the level at which expenditures may not legally exceed appropriation--is the departmental level. The Board made some supplemental budgetary appropriations throughout the year; however, none were material.

Early in June each year, the County Administrator meets with department heads to discuss the budget process and requests a priority-based budget assessment. These assessments are returned in mid-June to the Administrator. Next, the County Administrator, County Auditor, and County Treasurer meet and review budget options and set proposed budget appropriation targets for each department based on preliminary levy goals established by the County Board. These targets are then sent to the department heads in early July. As needed, department budget presentations are made to the County Board throughout July and August. Before August 31, the proposed budget is presented by the County Administrator to the County Board for review, and the Board will set a preliminary maximum levy by September 15. The County Board holds public hearings (truth in taxation) on the proposed budget in early December. A final operating budget is approved, and a final levy is set before December 31.

B. Excess of Expenditures Over Budget

The following funds had expenditures in excess of budget at the department level for the year ended December 31, 2015.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General fund			
General government			
County courts	\$ 173,058	\$ 140,000	\$ 33,058
County administrator	580,463	561,619	18,844
Central services	103,543	66,142	37,401
Recorder	494,240	481,703	12,537
Planning and zoning	930,027	897,840	32,187
Maintenance	565,533	469,350	96,183
Public safety			
Sheriff	5,289,137	5,110,693	178,444
Boat and water safety	44,654	32,200	12,454
County jail	3,520,328	3,506,083	14,245
Probation and parole	760,982	743,065	17,917
Electronic monitoring	23,001	19,100	3,901

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

2. Stewardship, Compliance, and Accountability

B. Excess of Expenditures Over Budget (Continued)

Culture and recreation			
Parks	243,841	234,536	9,305
Conservation of natural resources			
Soil and water conservation	428,108	355,555	72,553
Watercraft inspectors	198,005	163,001	35,004
Economic development			
Community development	124,712	110,000	14,712
Intergovernmental			
Library	543,583	543,083	500
Capital outlay			
Public safety	942,541	-	942,541
Economic development	103,489	-	103,489
Culture and recreation	40,037	-	40,037
Highways and streets	442,794	-	442,794
Special revenue funds			
Road and bridge			
Administration	1,214,886	631,635	583,251
Construction	6,091,036	3,230,000	2,861,036
Equipment, maintenance, and shop	900,259	893,736	6,523
Human services			
Veterans services	200,150	191,249	8,901
Income maintenance	3,379,696	3,163,635	216,061
Lake improvement district			
Lake improvement district	278,553	240,000	38,553
Solid waste			
Recycling	205,642	165,239	40,403
Debt service fund			
Principal retirement	14,290,000	3,984,250	10,305,750
Interest	1,589,658	475,750	1,113,908
Administrative charges	17,160	-	17,160
Bond issuance costs	89,910	-	89,910

These expenditures in excess of appropriations were funded by greater than anticipated revenues and other departmental expenditure savings.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 41,946,372
Statement of fiduciary net position	
Cash and pooled investments	1,979,013
Total Cash and Investments	\$ 43,925,385
Deposits	\$ 3,602,675
Petty cash and change funds	2,150
Departmental cash	17,821
Investments	40,302,739
Total Deposits, Cash on Hand, and Investments	\$ 43,925,385

a. Deposits

The County is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The County is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution’s banking day, not covered by insurance or bonds.

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. However, the County complies with Minnesota statutes in establishing collateral for its deposits. At December 31, 2015, the County was not exposed to custodial credit risk.

b. Investments

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

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (6) With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

At December 31, 2015, the County had the following investments:

	Fair Value	Less Than 1 Year	1 - 5 Years	5+ Years
U.S. agency securities	\$ 15,268,103	\$ -	\$ 2,994,800	\$ 12,273,303
MAGIC Fund	16,564,916	16,564,916	-	-
Negotiable certificates of deposit	8,469,720	-	7,325,954	1,143,766
Total Investments	<u>\$ 40,302,739</u>	<u>\$ 16,564,916</u>	<u>\$ 10,320,754</u>	<u>\$ 13,417,069</u>

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In accordance with the County's investment policy, to minimize investment risk, 1) investments will be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and 2) investing operating funds primarily in shorter term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the County's cash requirements.

The County's investments include the following investments that are highly sensitive to interest rates fluctuations (to a greater degree than already indicated in the above information)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Interest Rate Risk (Continued)

<u>Highly Sensitive Investments</u>	<u>Fair Value at Year End</u>
U.S. agency securities with step-up features which are callable on specific dates. If the security is not called, the interest rate increases by a specified amount.	\$ 15,268,103

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's exposure to credit risk at December 31, 2015, is as follows:

	<u>S & P Rating</u>	<u>Fair Value</u>
U.S. agency securities	AA+	\$ 15,268,103
MAGIC Fund	N/R	16,564,916
Negotiable certificates of deposit	N/A	8,469,720
Total		\$ 40,302,739

N/R - Not rated
N/A - Not Applicable

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Concentration of Credit Risk (Continued)

Issuer	Reported Amount
MAGIC Fund	\$ 16,564,916
FHLMC - Wells Fargo Advisors	8,752,410
FHLB - Wells Fargo Advisors	4,336,393
FFCB - Wells Fargo Advisors	2,179,300

Custodial Credit Risk

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 investments or collateral securities in the possession of an outside party. All securities purchased by the County are held in safekeeping by a third-party designated institution as agent for the County. As of December 31, 2015, the County's investments were not exposed to custodial credit risk.

2. Receivables

Receivables as of December 31, 2015, for the County's governmental activities are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes	\$ 1,190,997	\$ -
Special assessments	77,163	51,716
Accounts	178,712	-
Accrued interest	76,830	-
Notes	1,000,000	1,000,000
Due from other governments	1,689,821	-
Loans	121,067	96,094
Total Governmental Activities	\$ 4,334,590	\$ 1,147,810

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

2. Receivables (Continued)

Notes

In 2006, Chisago County entered into an interest-only loan to the Chisago County HRA-EDA. This demand promissory note is due in 2026.

Loans Receivable

In 2007, Chisago County began a septic loan program to assist landowners with problem septic systems by providing them with low-interest loans for the upgrade and repair of these septic systems. The loans are for a period of ten years. Future payments to be received are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 24,973	\$ 2,133	\$ 27,106
2017	25,433	1,673	27,106
2018	25,901	1,205	27,106
2019	19,770	728	20,498
2020	9,127	406	9,533
2021 - 2024	<u>15,863</u>	<u>560</u>	<u>16,423</u>
Total	<u>\$ 121,067</u>	<u>\$ 6,705</u>	<u>\$ 127,772</u>

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 16,409,080	\$ 119,126	\$ -	\$ 16,528,206
Construction in progress	3,613,944	5,671,327	2,922,140	6,363,131
Total capital assets not depreciated	<u>\$ 20,023,024</u>	<u>\$ 5,790,453</u>	<u>\$ 2,922,140</u>	<u>\$ 22,891,337</u>
Capital assets depreciated				
Buildings	\$ 28,322,824	\$ 3,354,168	\$ 3,150,066	\$ 28,526,926
Machinery, furniture, and equipment	20,425,687	1,480,388	967,893	20,938,182
Computer software	753,935	187,835	-	941,770
Infrastructure	157,563,708	8,803,258	-	166,366,966
Total capital assets depreciated	<u>\$ 207,066,154</u>	<u>\$ 13,825,649</u>	<u>\$ 4,117,959</u>	<u>\$ 216,773,844</u>
Less: accumulated depreciation for				
Buildings	\$ 10,161,732	\$ 756,113	\$ 44,874	\$ 10,872,971
Machinery, furniture, and equipment	12,333,600	1,989,601	875,537	13,447,664
Computer software	389,533	150,787	-	540,320
Infrastructure	29,845,786	3,089,977	-	32,935,763
Total accumulated depreciation	<u>\$ 52,730,651</u>	<u>\$ 5,986,478</u>	<u>\$ 920,411</u>	<u>\$ 57,796,718</u>
Total capital assets depreciated, net	<u>\$ 154,335,503</u>	<u>\$ 7,839,171</u>	<u>\$ 3,197,548</u>	<u>\$ 158,977,126</u>
Capital Assets, Net	<u>\$ 174,358,527</u>	<u>\$ 13,629,624</u>	<u>\$ 6,119,688</u>	<u>\$ 181,868,463</u>

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

Governmental Activities	
General government	\$ 811,560
Public safety	1,444,538
Highways and streets, including depreciation of infrastructure assets	3,393,404
Sanitation	8,959
Health	62,236
Culture and recreation	207,493
Conservation	2,656
Economic development	55,632
Total Depreciation Expense - Governmental Activities	<u>\$ 5,986,478</u>

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

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

1. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Human Services	\$ 25,746	Services provided
General	Road and Bridge	24	Services provided
Human Services	General	<u>7,886</u>	Services provided
Total Due To/From Other Funds		<u>\$ 33,656</u>	

The outstanding balances between funds result from the time lag between the dates the interfund goods and services were provided and reimbursable expenditures occurred, and when transactions are recorded in the accounting system and when the funds are repaid. All balances are expected to be liquidated in the subsequent year.

2. Interfund Transfers

Interfund transfers for the year ended December 31, 2015, consisted of the following:

	<u>Transfers In</u>	<u>Description</u>
Transfers to General Fund from		
Solid waste fund	\$ 96,500	Services provided
Lake improvement district fund	7,700	Watercraft inspection program
Transfers to Debt Service Fund from		
County capital projects fund	1,500,000	Excess funds for debt service payment

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities

1. Payables

Payables at December 31, 2015, were as follows:

	Governmental Activities
Accounts	\$ 1,124,010
Salaries	710,682
Contracts	912,428
Total Payables	\$ 2,747,120

2. Unearned Revenue

Unearned revenue includes state and federal grants received, but not yet earned, and deferred special assessments not collectible until underlying property is sold.

Unearned revenue at December 31, 2015, is summarized below by fund:

Fund	Taxes and Special Assessments	State and Federal Grants	Total
Debt Service	\$ 37,751	\$ -	\$ 37,751
Lake Improvement District	13,965	-	13,965
Solid Waste	-	78,226	78,226
Total	\$ 51,716	\$ 78,226	\$ 129,942

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

3. Long-Term Debt

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. General obligation bonds outstanding at December 31, 2015, are as follows:

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Balance December 31, 2015
2005A Road Reconstruction Bonds	2017	\$590,000 - 835,000	3.500 - 4.000	7,000,000	1,635,000
2009A Refunding Bonds	2018	\$85,000 - 510,000	2.000 - 3.000	3,315,000	685,000
2010B Capital Improvement Bonds (Build America Bonds)	2026	\$340,000 - 605,000	1.700 - 4.850	7,000,000	6,230,000
2012A State-Aid Refunding Bonds	2018	\$350,000 - 450,000	0.350 - 1.000	2,555,000	1,335,000
2012B Capital Improvement Refunding Bonds	2032	\$210,000 - 2,300,000	2.000 - 3.125	24,430,000	21,630,000
2015A Refunding Bonds	2031	\$335,000 - 1,415,000	2.300 - 3.250	9,630,000	9,630,000
Total general obligation bonds				<u>\$ 53,930,000</u>	<u>\$ 41,145,000</u>
Add: unamortized premium					1,369,141
Total Bonds, Net					<u>\$42,514,141</u>

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

3. Long-Term Debt (Continued)

Defeasance of Debt

In 2012, Chisago County refunded a bond by placing proceeds of the new bond in an irrevocable escrow account to provide for all future debt service payments on the old bond. Accordingly, the bond is considered defeased for financial reporting purposes. The escrow account assets and the liabilities for the refunded bond is not included in the financial statements of Chisago County nor its Discretely Presented Component unit HRA-EDA. On December 31, 2015 the bond considered defeased was as follows:

<u>Bond Issue</u>	<u>Balance of Defeased Debt As of 12/31/15</u>	<u>Scheduled Maturity/ Call Date</u>
2006 G.O. Capital Improvement Bonds	13,160,000	February 1, 2016

The total balance held by the trustee in the refunding escrow account was \$13,742,659 at December 31, 2015.

Refunding of Debt

On July 14, 2015, the County issued General Obligation Refunding Bonds, Series 2015A in the amount of \$9,630,000. The proceeds, along with an additional contribution, were used to current refund the County's Taxable Obligation Capital Improvement Plan Bonds, Series 2010C in the amount of \$11,350,000. The difference between the reacquisition price and the net carrying amount of the old debt was considered immaterial and has not been reported. The County refunded the 2010C bonds to reduce its total debt service payments by \$1,477,013 and to obtain an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$902,084.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

4. Debt Service Requirements

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

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 3,015,000	\$ 1,233,553
2017	3,100,000	1,138,251
2018	3,185,000	1,047,256
2019	2,700,000	960,048
2020	2,785,000	873,662
2021 - 2025	15,225,000	2,944,373
2026 - 2030	9,235,000	873,449
2031 - 2032	1,900,000	36,309
Total	<u>\$ 41,145,000</u>	<u>\$ 9,106,901</u>

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), Chisago County issued \$7,000,000 of Taxable General Obligation Capital Improvement Bonds, Series 2010B. These bond issues are direct payment tax credit Build America Bonds (BABS), in which the County receives a 35 percent credit on bond interest paid. The County has complied with all ARRA requirements to be eligible for the BABS interest credit. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985 the refundable credit has been reduced by 7.3 percent from sequestration.

Taking into consideration the BABS interest credit, as of December 31, 2015, the County's net annual debt service requirements to amortize all taxable general obligation bonds outstanding, including interest of \$8,616,492 on the governmental activities debt, is as follows:

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

4. Debt Service Requirements (Continued)

Year Ending December 31	Principal	Interest	Federal Subsidy	Net Interest	Total Payment
2016	\$ 3,015,000	\$ 1,233,553	\$ (81,912)	\$ 1,151,641	\$ 4,166,641
2017	3,100,000	1,138,251	(74,589)	1,063,662	4,163,662
2018	3,185,000	1,047,256	(64,985)	982,271	4,167,271
2019	2,700,000	960,048	(57,193)	902,855	3,602,855
2020	2,785,000	873,662	(51,578)	822,084	3,607,084
2021 - 2025	15,225,000	2,944,373	(155,017)	2,789,356	18,014,356
2026 - 2030	9,235,000	873,449	(5,135)	868,314	10,103,314
2031 - 2032	1,900,000	36,309	-	36,309	1,936,309
Total	<u>\$ 41,145,000</u>	<u>\$ 9,106,901</u>	<u>\$ (490,409)</u>	<u>\$ 8,616,492</u>	<u>\$ 49,761,492</u>

5. Capital Lease

The County has entered into a capital lease agreement for computer equipment. This agreement qualifies as a capital lease for accounting purposes. The computer equipment is recorded by the County as a capital asset at the present value of the future minimum lease payments as of the inception of the lease.

Lease	Maturity	Installment	Payment Amount	Original	Balance
Computer equipment	2018	Annually	\$ 195,460	\$ 929,495	\$ 557,457

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

Year Ending December 31	
2016	195,460
2017	195,460
2018	<u>195,460</u>
Total minimum lease payments	586,380
Less amount representing interest	<u>(28,923)</u>
Present Value of Minimum Lease Payments	<u><u>557,457</u></u>

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

6. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and notes payable					
General obligation bonds	\$ 45,610,000	\$ 9,630,000	\$ 14,095,000	\$ 41,145,000	\$ 3,015,000
Capital notes	195,000	-	195,000	-	-
Add: unamortized premium	1,137,855	310,558	79,272	1,369,141	-
Total bonds and notes payable	\$ 46,942,855	\$ 9,940,558	\$ 14,369,272	\$ 42,514,141	\$ 3,015,000
Capital lease	734,035	-	176,578	557,457	181,120
Compensated absences	4,207,457	278,719	292,151	4,194,025	1,405,705
Net OPEB liability	2,074,253	300,577	-	2,374,830	-
Long-Term Liabilities	<u>\$ 53,958,600</u>	<u>\$ 10,519,854</u>	<u>\$ 14,838,001</u>	<u>\$ 49,640,453</u>	<u>\$ 4,601,825</u>

The compensated absences liability is liquidated by the General fund and special revenue funds. The OPEB liability is generally liquidated by the General fund.

7. Construction Commitments

The County has various active construction projects at December 31, 2015. The related projects and commitments are as follows:

	Spent to Date	Remaining Commitment
Roads	\$ 721,193	\$ 397,776
Building Renovation	984,402	1,205,994
Bike Trail	-	1,677,141

8. Operating Lease Commitments

The County has 57 operating leases for office space, office equipment, and motor vehicles with varying expiration dates. The latest of which expires July 13, 2020. The lease terms range from 24-60 months. Including usage charges, the total cost for these leases in 2015 was \$423,840.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

8. Operating Lease Commitments (Continued)

Following are the future minimum operating lease payments:

<u>Year</u>	<u>Future Minimum Lease Payments</u>
2016	\$ 271,296
2017	207,400
2018	151,215
2019	52,478
2020	7,330
Total	<u>\$ 689,719</u>

D. Deferred Inflows of Resources

Unavailable Revenue

Unavailable revenue consists of amounts receivable for taxes, special assessments, and highway allotments that are not collected soon enough after year-end to pay liabilities of the current period.

Unavailable revenue at December 31, 2015, is summarized below by fund:

<u>Fund</u>	<u>Taxes and Special Assessments</u>	<u>State-Aid Highway Allotments</u>	<u>Total</u>
General	\$ 514,360	\$ -	\$ 514,360
Road and Bridge	177,453	649,165	826,618
Human Services	167,468	-	167,468
Debt Service	127,104	-	127,104
Lake Improvement District	4,315	-	4,315
Solid Waste	10,029	-	10,029
Ditch	624	-	624
Total	<u>\$ 1,001,353</u>	<u>\$ 649,165</u>	<u>\$ 1,650,518</u>

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

1. Plan Description

All full-time and certain part-time employees of Chisago County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Local Government Correctional Service Retirement Fund (the Public Employees Correctional Fund), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

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

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans (Continued)

2. Benefits Provided

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

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

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Fund Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

2. Benefits Provided (Continued)

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

3. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2015. Public Employees Police and Fire Fund members were required to contribute 10.80 percent of their annual covered salary in 2015. Public Employees Correctional Fund members were required to contribute 5.83 percent of their annual covered salary in 2015.

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

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

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

3. Contributions (Continued)

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

	<u>2015</u>
General Employees Retirement Fund	\$ 1,080,886
Public Employees Police and Fire Fund	478,821
Public Employees Correctional Fund	85,247

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

4. Pension Costs

General Employees Retirement Fund

At December 31, 2015, the County reported a liability of \$12,920,020 for its proportionate share of the General Employees Retirement Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 0.2493 percent. It was 0.2762 percent measured as of June 30, 2014. The County recognized pension expense of \$1,363,221 for its proportionate share of the General Employees Retirement Fund's pension expense.

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

4. Pension Costs

General Employees Retirement Fund (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 651,388
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	1,223,078	-
Changes in proportion	-	947,720
Contributions paid to PERA subsequent to the measurement date	569,543	-
Total	\$ 1,792,621	\$ 1,599,108

A total of \$569,543 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ (227,267)
2017	(227,267)
2018	(227,267)
2019	305,770

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

4. Pension Costs (Continued)

Public Employees Police and Fire Fund

At December 31, 2015, the County reported a liability of \$3,772,297 for its proportionate share of the Public Employees Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 0.332 percent. It was 0.334 percent measured as of June 30, 2014. The County recognized pension expense of \$623,552 for its proportionate share of the Public Employees Police and Fire Fund's pension expense.

The County also recognized \$29,880 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Fund. Legislation requires the State of Minnesota to contribute \$9 million to the Public Employees Police and Fire Fund each year, starting in fiscal year 2014, until the plan is 90 percent funded.

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

4. Pension Costs

Public Employees Police and Fire Fund (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 611,743
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	657,260	-
Changes in proportion	-	18,001
Contributions paid to PERA subsequent to the measurement date	256,922	-
Total	\$ 914,182	\$ 629,744

A total of \$256,922 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ 38,366
2017	38,366
2018	38,366
2019	38,366
2020	(125,949)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

4. Pension Costs (Continued)

Public Employees Correctional Fund

At December 31, 2015, the County reported a liability of \$83,484 for its proportionate share of the Public Employees Correctional Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 0.54 percent. It was 0.58 percent measured as of June 30, 2014. The County recognized pension expense of \$171,119 for its proportionate share of the Public Employees Correctional Fund's pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 31,963
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	69,590	-
Changes in proportion	-	2,263
Contributions paid to PERA subsequent to the measurement date	46,410	-
Total	\$ 116,000	\$ 34,226

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

4. Pension Costs

Public Employees Correctional Fund (Continued)

A total of \$46,410 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2016	\$ 5,989
2017	5,989
2018	5,989
2019	17,398

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2015, was \$2,157,892.

5. Actuarial Assumptions

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

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

5. Actuarial Assumptions (Continued)

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

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

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

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

5. Actuarial Assumptions (Continued)

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

6. Discount Rate

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

7. Pension Liability Sensitivity

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plans

7. Pension Liability Sensitivity (Continued)

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
Proportionate share of the General Employees Retirement Fund net pension liability	\$ 20,314,864	\$ 12,920,020	\$ 6,813,015
Public Employees Police and Fire Fund net pension liability	7,352,246	3,772,297	814,635
Public Employees Correctional Fund net pension liability	581,396	83,484	(315,047)

8. Pension Plan Fiduciary Net Position

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

B. Defined Contribution Plan

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

B. Defined Contribution Plan (Continued)

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

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

	Employee	Employer
Contribution amount	\$ 4,603	\$ 4,603
Percentage of covered payroll	5%	5%

C. Other Postemployment Benefits (OPEB)

Plan Description

Chisago County provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical, dental, and life insurance benefits. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. A separate, audited GAAP-basis benefits plan report is not issued. The activity of the plan is reported in the government-wide financial statements.

The contribution requirements of the plan members and the County are established and may be amended by the Chisago County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements. Retirees and their spouses contribute to the health care plan at the same rate as County employees. This results in the retirees receiving an implicit rate subsidy. As of January 1, 2012, the date of the most recent actuarial valuation, there were 362 participants in the plan, including 45 retirees and 10 retirees' spouses.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial accrued 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 for 2015, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

ARC	\$	534,723
Interest on net OPEB obligation		82,970
Adjustment to ARC		<u>(117,625)</u>
Annual OPEB cost (expense)	\$	500,068
Contributions made during the year		<u>(199,491)</u>
Increase in net OPEB obligation	\$	300,577
Net OPEB Obligation - Beginning of Year		<u>2,074,253</u>
Net OPEB Obligation - End of Year	\$	<u>2,374,830</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2012 through 2015, were as follows:

Fiscal Year-End	Annual OPEB Cost	Employer Contribution	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	409,458	140,033	34.2%	1,506,747
December 31, 2013	404,058	186,136	46.1	1,724,669
December 31, 2014	500,676	151,092	30.2	2,074,253
December 31, 2015	500,068	199,491	40.0	2,374,830

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB) (Continued)

Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$3,547,229, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,547,229. The covered payroll (annual payroll of active employees covered by the plan) was \$16,742,922, and the ratio of the UAAL to the covered payroll was 21.2 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care 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. The Schedule of Funding Progress - Other Postemployment Benefits, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB)

Actuarial Methods and Assumptions (Continued)

In the January 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0 percent investment rate of return (net of investment expenses), which is Chisago County's implicit rate of return on the General Fund. The annual health care cost trend is 7.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent over 10 years. Both rates included a 2.5 percent inflation assumption. The UAAL is being amortized over 30 years on a closed basis. The remaining amortization period at December 31, 2015, was 23 years.

5. Summary of Significant Contingencies and Other Items

A. Risk Management

Chisago 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 for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County self-insures for employee dental coverage. The county also self-insures for its HRA-EDA medical spending accounts. 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 and \$500,000 per claim in 2016. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

**CHISAGO COUNTY
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5. Summary of Significant Contingencies and Other Items

A. Risk Management (Continued)

The Property and Casualty Division of MCIT is self-sustaining, and the County pays an annual premium to cover current and future losses. 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.

Beginning in 2013, the County offered its employees a healthcare reimbursement account plan (HRA). The County also offered a Health Savings Account plan (HSA) since 2009 as an alternative to its traditional health plans. The County is not self-insured for any portion of its HSA plan.

For the HRA plan, the County self-insures only on the County contributions to the employee HRA account, up to \$1,500 for single coverage and up to \$3,000 family coverage. The County contracts with HealthPartners to administer medical benefits claims to the HRA account. Select Account processes all benefit claims, and charges the County an administrative fee. Claims are paid from the respective fund where the employees work. Any amounts not used by the employee during the year are forfeited to the County. The County's self-insurance health claims liability represents claim costs incurred but not paid prior to December 31. The liability is reported in the General fund as part of accounts payable. The County's management is not aware of any claims incurred but not reported (IBNR's); such amounts are not considered to be material. Changes in the claims liability for the current year is as follows:

	2015	2014
Unpaid Claims at January 1	\$ 15,120	\$ 8,751
Current year claims	27,884	49,697
Claims payments	(24,328)	(43,328)
Liability at December 31	\$ 18,676	\$ 15,120

In 2001, Chisago County began to self-insure for employee dental coverage. The County contracts with Midwest Dental to administer the County's self-insured dental benefit claims. Midwest Dental processes all benefit claims and charges the County an administrative fee. The County maintains a self-insurance account within the General

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

5. Summary of Significant Contingencies and Other Items

A. Risk Management (Continued)

Fund and pays all claims as incurred. For 2015, the County collected premiums of \$316,540 from County departments. For 2015, claims and administrative costs paid were \$283,274. The claims asset/(liability) is recorded on the financial statements as cash and pooled investments as it is the dedicated cash account balance for self-insure dental. Any unpaid claims at December 31 that are paid out after the year end are not reported as part of this asset/(liability), but are reported as part of accounts payable in the General fund. The County's management is not aware of any claims incurred but not reported (IBNR's); such amounts are not considered to be material.

Changes in the claims asset/(liability) and unpaid claims for the past two years are:

	Year Ended December 31	
	2015	2014
Asset (liability) at January 1	\$ 144,116	\$ 73,273
Current year premiums	316,540	339,149
Current year Claims payments	(283,274)	(268,306)
Asset (Liability) at December 31	\$ 177,382	\$ 144,116

	Year Ended December 31	
	2015	2014
Unpaid claims at December 31	\$ -	\$ -

B. Contingent Liabilities

Amounts received or receivable from grantor 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 of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial. The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

5. Summary of Significant Contingencies and Other Items (Continued)

C. Joint Ventures

Chisago Lakes Joint Sewage Treatment Commission

Chisago County and the cities of Lindstrom, Chisago City, and Center City entered into a joint powers agreement to create and operate the Chisago Lakes Joint Sewage Treatment Commission, pursuant to Minn. Stat. § 471.59. The Sewage Treatment Commission provides sewage treatment for the above communities. Chisago County's share of the Sewage Treatment Commission is 8.8 percent.

The Sewage Treatment Commission's annual financial report shows a total net position of \$8,849,918 as of December 31, 2015.

Complete financial statements of the Chisago Lakes Joint Sewage Treatment Commission can be obtained at Box 313, Center City, Minnesota 55012.

East Central Solid Waste Commission

The East Central Solid Waste Commission was established in March 1988 by a joint powers agreement among Chisago, Isanti, Kanabec, Mille Lacs, and Pine Counties to conduct a solid waste management program on behalf of the participating counties. The Commission is an organized joint venture having the powers, duties, and privileges granted joint powers by Minn. Stat. § 471.59. The Commission has five voting members, one from each county. At its annual meeting, the Board of County Commissioners of each county chooses a member and an alternate, both County Commissioners, as representatives of the county. Each county has one voting member and, in the absence of the voting member, the alternate votes.

Each county's proportionate share of the total operating costs is based on the most recent census data available and is to be adjusted upon the admission of additional counties or the withdrawal of present counties. The Commission will remain in existence so long as two or more of the counties remain as parties to the agreement.

Upon dissolution of the Commission, there will be an accounting to determine assets and liabilities. The assets of the Commission will be liquidated and, after payment of liabilities, the proceeds will be distributed to the counties based on their respective ratios set by the most recent census data.

**CHISAGO COUNTY
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5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

East Central Solid Waste Commission (Continued)

Each county's share of the Commission's assets, liabilities, and equities cannot be accurately determined since it will fluctuate with census data rather than ownership interest. Following is a summary of the financial information as of and for the year ended December 31, 2014 (most recent figures available):

Total Assets	\$ 14,682,659
Total Liabilities	<u>6,369,237</u>
Total Net Position	<u>\$ 8,313,422</u>
Operating and nonoperating revenues	\$ 5,854,380
Operating and nonoperating expenses	<u>5,604,999</u>
Change in Net Position	<u>\$ 249,381</u>

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

East Central Regional Library

The East Central Regional Library was established by a joint powers agreement among Aitkin, Chisago, Isanti, Kanabec, Mille Lacs, and Pine Counties to provide an efficient and improved regional public library service. The Library's Board comprises 18 members--one County Board member and two appointees from each county. The Library's financial statements for the year ended December 31, 2015, show total assets of \$2,824,268, total liabilities of \$1,795,789, and total net position of \$1,000,565. Chisago County's contribution for 2015 was \$543,083.

Complete financial statements of the East Central Regional Library can be obtained at 244 South Birch, Cambridge, Minnesota 55008.

**CHISAGO COUNTY
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5. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Metropolitan Emergency Services Board

The Metropolitan Emergency Services Board was established by a joint powers agreement between Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties as well as the City of Minneapolis for the implementation and administration of a regional 911 system. Chisago County entered this agreement effective October 1, 2006. Isanti County later joined the joint powers agreement effective January 1, 2010.

Chisago County's contribution for 2015 was \$21,026. Complete financial statements of the Metropolitan Emergency Services Board can be obtained at the 911 Board Offices, 2099 University Avenue, West Saint Paul, Minnesota 55104.

Rush Line Corridor Task Force

The Rush Line Corridor joint powers agreement was established in 1999 pursuant to Minn. Stat. § 471.59. The Rush Line Corridor is a transit way corridor that originates in St. Paul and extends north to Duluth. The Rush Line Corridor consists of the cities, counties, and towns from St. Paul to Duluth and was created to preserve the corridor for future multi-modal transportation improvements including highway, rail transit, and multi-use paths. This agreement is between Anoka County, Carlton County, Chisago County Regional Railroad Authority, Pine County, Ramsey County Regional Railroad Authority, St. Louis and Lake Counties Regional Railroad Authority, Washington County Regional Railroad Authority, and 39 cities and 6 townships therein.

As part of the agreement, a joint powers board called the Rush Line Corridor Task Force was created to make the decisions needed to carry out the terms of the joint powers agreement. This Task Force consists of one member and one alternate appointed from each party, with their membership terms beginning on January 15 and ending on January 14 of the next succeeding year, or until a successor is appointed.

The Task Force has the authority to adopt budgets; enter into transactions, contracts, and leases; incur debts, liabilities, and obligations; employ agents and employees; and enter into legal claims. The Task Force is also a separate entity from its members, and the members are not liable for the Task Force's actions. Funding for the Rush Line Corridor Task Force consists of federal and state grants and contributions from the member organizations based on corridor county population for the most recent census

**CHISAGO COUNTY
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5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Rush Line Corridor Task Force (Continued)

year or state demographer data available. During 2015, Chisago County did not make any contributions. For more information, please contact the Rush Line Coordinator staff lead: Mike Rogers, Ramsey County (651-266-2773).

Central Minnesota Emergency Medical Services

The Central Minnesota Emergency Medical Services Region was established in 2001, under Minn. Stat. § 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 member county. The Region's Board has financial responsibility, and Stearns County is the fiscal agent.

Complete financial information can be obtained from:

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

Central Minnesota Jobs & Training Services (WIA - Workforce Service Area 5)

Central Minnesota Jobs and Training Services, Inc. (CMJTS) is a nonprofit employment and training agency and a partner in the Minnesota WorkForce Center System. CMJTS is a Joint Venture established pursuant to Minnesota Statutes ch. 268 and §471.59, consisting of 11 counties in Central Minnesota, including Meeker, McLeod, Renville, Kandiyohi, Kanabec, Wright, Sherburne, Mille Lacs, Isanti, Chisago, and Pine Counties and is also a partner of Workforce Service Area 5.

**CHISAGO COUNTY
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5. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Central Minnesota Jobs & Training Services (WIA - Workforce Service Area 5)
(Continued)

CMJTS's mission is to match job seekers, youth, businesses, and those seeking training with the resources available to them. Funding is to be provided through block grants from the U.S. Department of Labor. One County Commissioner from each participating county is appointed to the Joint Powers Board.

East Central Drug Task Force

The East Central Drug Task Force (Task Force) was established through a joint powers agreement, pursuant to Minnesota Statute § 471.59, for the enforcement of controlled substance laws, deterrence of violent crimes and investigation of other associated unlawful activity in the respective jurisdictions.

The joint powers are Chisago County, Isanti County, and Pine County. Control of the Task Force is vested in an Administrative Board composed of the sheriff of each of the members, or his or her designee, and one associate member from one of the participating counties' county attorney's office as appointed by the Board. Pine County is the fiscal agent for the Task Force and accounts for it as an agency fund. Funding is provided by grants and matching contributions from participating members. Chisago County did not contribute to the Task Force during 2015.

Separate financial information can be obtained from:

Pine County Courthouse
635 Northridge Drive NW
Pine City, MN 55063

**CHISAGO COUNTY
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5. Summary of Significant Contingencies and Other Items (Continued)

D. Jointly-Governed Organizations

Chisago County, in conjunction with other local governments and various private organizations, has formed the following jointly-governed organizations:

Chisago County Interagency Agreement to Collaborate on Services for Children

This collaborative was formed July 27, 1997 pursuant to Minn. Stat. § 124D.23 and 245.491 to 245.496. The collaborative includes Chisago County, Lakes and Pines Community Action Council, and three Independent School Districts #2144-Chisago Lakes, #139-Rush City, and #138-North Branch.

The purpose of the collaborative is to broaden the geographical and political base for planning and administering children and family services by acting not as a service provider, but as a coordinator between existing agencies to support interventions and services.

The management of the collaborative is accomplished through a 10 voting member Children's Services Committee. The committee is comprised of four Chisago County members (Health and Human Services Director, County Administrator, Court Services Director, and the County Sheriff), four additional collaborative members, one appointed non-governmental agency representative and one mental health representative.

Funding is provided by state and federal grants and contributions from its members. Chisago County is also the acting fiscal host responsible for overseeing the Collaborative's integrated fund. The Collaborative's cash transactions are reported as an agency fund in Chisago County's financial statements.

Financial statements of the Chisago County Interagency Agreement to Collaborate on Services for Children can be obtained at Chisago County, Health and Human Services Department, Room 239, 313 N. Main Street, Center City, Minnesota 55012.

Community Health Information Collaborative

The Community Health Information Collaborative (CHIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. The County did not contribute to the CHIC during 2015.

**CHISAGO COUNTY
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5. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Region Six - Southwest Minnesota Homeland Security Emergency Management Organization

The Region Six - Metro Minnesota Security Emergency Management Organization (Metro) was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better response to emergencies and natural or other disasters within the Metro region. Control is vested in the Board, which is composed of representatives by each Board of County Commissioners. Chisago County's responsibility does not extend beyond making this appointment.

Minnesota Counties Computer Cooperative (MCCC)

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created MCCC to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information system. Chisago County's payments for 2015 were \$76,553.

Minnesota Criminal Justice Data Communications Network

The Minnesota Criminal Justice Data Communications Network Joint Powers Agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, the County made no payments to the joint powers.

Sentencing to Service Program

Chisago County, in conjunction with other local governments, participates in the State of Minnesota's Sentencing to Service (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Provide funding, funds from various foundations and initiative funds, as well as the Minnesota Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program.

**CHISAGO COUNTY
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5. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations

Sentencing to Service Program (Continued)

Although Chisago County has no operational or financial control over the STS program, Chisago County budgets for a percentage of this program. Examples of Chisago County work projects include: trail and prairie restoration for state and county agencies, recycling for county buildings, natural disaster relief, painting, and/or general clean-up.

E. Subsequent Event

On August 24, 2016, the County issued General Obligation Jail Bonds, Series 2016A in the amount of \$9,695,000. The proceeds will be used to finance a portion of the cost of constructing and equipping new jail and law enforcement facilities.

6. Component Unit Disclosures

A. Summary of Significant Accounting Policies

1. Reporting Entity

The Chisago County Housing and Redevelopment Authority was established in 1988 with the powers, duties, and privileges granted by Minn. Stat. ch. 469. In 2000, the Authority adopted economic development powers, as granted by Minn. Stat. ch. 469, and changed its name to the Chisago County Housing and Redevelopment Authority Economic Development Authority (HRA-EDA). The HRA-EDA is governed by a five-member Board of Directors (the Board) appointed by the Chisago County (the County) Board of Commissioners. The Treasurer of the HRA-EDA is the Chisago County Treasurer for an indefinite term. The Executive Director of the HRA-EDA is appointed by the HRA-EDA Board for an indefinite term.

The HRA-EDA has considered all potential units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the HRA-EDA are such that exclusion would cause the HRA-EDA's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body,

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

A. Summary of Significant Accounting Policies

1. Reporting Entity (Continued)

and (1) the ability of the primary government to impose its will on that organization; or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the primary government. The HRA-EDA has no component units. However, the HRA-EDA is reported as a component unit in Chisago County's financial statements.

Joint Ventures

The HRA-EDA is a general partner Wyoming I and Wyoming II, both limited partnerships that were formed to construct and operate workforce housing townhome developments throughout Chisago County and financed, in part, with low income housing tax credits which place certain restrictions on rental rates and require tenants to qualify for occupancy based on income levels. Contributions and distributions, if any, are recorded as direct adjustments to the investment in joint ventures on the Statement of Net Position. Any income or loss from the operation of these limited partnerships is also recorded as a direct adjustment to the investment in joint ventures based on the HRA-EDA's ownership percentage, which is 50 percent for both Wyoming I and Wyoming II.

2. Measurement Focus, Basis of Accounting, and Basis of Presentation

The HRA-EDA is considered a single enterprise fund for financial reporting purposes. The activities of the HRA-EDA are recorded under various programs established for the administration of the HRA-EDA's programs. For the most part, the effect of inter-program activity has been removed from the statements of net position and the statements of activities. The HRA-EDA's basic financial statements have been prepared on the basis of the governmental proprietary fund concept which pertains to financial activities that operate in a manner similar to private business enterprises and are financed through tenant rentals and user charges. The HRA-EDA's basic financial statements are presented on the accrual basis of accounting.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

A. Summary of Significant Accounting Policies

2. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the HRA-EDA receives value without directly giving equal value in return, include property taxes, grants, entitlement, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the HRA-EDA must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the HRA-EDA on a reimbursement basis.

Proprietary funds distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are tenant rent and HRA-EDA contributions. Operating expenses for proprietary funds include the cost of housing assistance payments, utilities, sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

A. Summary of Significant Accounting Policies (Continued)

3. Assets, Liabilities, and Net Position

Deposits and Investments

The HRA-EDA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The HRA-EDA may invest idle funds authorized by Minnesota statutes as follows:

- a. direct obligations or guaranteed or insured issues of the United States or its agencies;
- b. shares of investment companies registered under the Federal Investment Company Act of 1940 and receiving the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and having a final maturity of 13 months or less;
- c. general obligations of a state or local government with taxing powers rated "A" or better, and revenue obligations rated "AA" or better;
- d. general obligations of the Minnesota Housing Finance Agency rated "A" or better;
- e. obligations of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55;
- f. bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System;
- g. commercial paper issued by United States corporations or their Canadian subsidiaries, rated in the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less;

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

A. Summary of Significant Accounting Policies

3. Assets, Liabilities, and Net Position

Deposits and Investments (Continued)

- h. repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, with primary reporting dealers in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers; and
- i. guaranteed investment contracts (GICs) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Investments are stated at fair value.

Property Taxes

The HRA-EDA Board annually adopts a levy and certifies it to the County for collection. The County is responsible for collecting all property taxes for the HRA-EDA. Real property taxes are paid by taxpayers of the County in two equal installments on May 15 and October 15. The County provides tax settlements to the HRA-EDA three times per year in January, July, and December.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year-end.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

A. Summary of Significant Accounting Policies

3. Assets, Liabilities, and Net Position (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the HRA-EDA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40 - 50
Furniture, equipment, and machinery	3 - 10
Improvements	5 - 20

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

A. Summary of Significant Accounting Policies

3. Assets, Liabilities, and Net Position (Continued)

Compensated Absences

The HRA-EDA reports all earned but unpaid compensated absences as a current and noncurrent liability on the statement of net position. The HRA-EDA records an expense to reflect the change in compensated absences earned and used during the year.

B. Detailed Notes on All Funds

1. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the HRA-EDA's deposits may not be returned, or the HRA-EDA will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Board, the HRA-EDA maintains deposits at those depository banks which are members of the Federal Reserve System.

Minnesota statutes require that all HRA-EDA deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, and Treasury bonds;
- issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;

**CHISAGO COUNTY
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6. Component Unit Disclosures

B. Detailed Notes on All Funds

1. Deposits and Investments

Deposits (Continued)

- general obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service;
- general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank’s public debt is rated “AA” or better by Moody’s Investors Service, Inc., or Standard & Poor’s Corporation; and
- time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the HRA-EDA.

At December 31, 2015, the HRA-EDA’s carrying amount of deposits was \$1,789,842 and the bank balance was \$1,782,360, all of which was covered by federal depository insurance and by collateral held by the HRA-EDA’s agent in the HRA-EDA’s name.

Investments

A reconciliation of cash and temporary investments as shown on the statement of net position as of December 31, 2015, for the HRA-EDA follows:

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

B. Detailed Notes on All Funds

1. Deposits and Investments

Investments (Continued)

Carrying amount of deposits	\$ 1,789,842
Cash on hand	100
Total	\$ 1,789,942
Cash and investments	
Cash and temporary investments - unrestricted	\$ 1,730,689
Cash - restricted for tenant security deposits	59,253
Total	\$ 1,789,942

2. Receivables

Loans Receivable

The HRA-EDA partnered with the City of Taylors Falls to assist with its redevelopment project located at the MNDOT facility. The City has purchased the property from MNDOT in exchange for a long-term lease of a new facility to be located on City Hall property to house state equipment and supplies. The HRA-EDA Board approved a \$175,000 no-interest loan to cover the costs of the new facility. The City will reimburse the HRA-EDA in \$5,000 increments for five years starting in 2011, with the final lump sum due by December 31, 2020.

In 2013, the HRA-EDA approved a non interest loan to the City of Taylors Falls to assist with their redevelopment project in the amount of \$20,000. The City is required to reimburse the HRA-EDA at the time the redevelopment property is sold or by December 31, 2020, whichever occurs first.

In 2013, the HRA-EDA approved a non interest loan to the City of Lindstrom to help them finance a redevelopment property in the amount of \$135,000. The City will reimburse the HRA-EDA in \$5,000 increments for five years starting in 2014 with the final lump-sum due by December 31, 2019.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

B. Detailed Notes on All Funds

2. Receivables

Loans Receivable (Continued)

In 2014, the HRA-EDA approved a non interest loan to the City of Rush City to help them finance a redevelopment property in the amount of \$100,000. The City will reimburse the HRA-EDA in \$10,000 increments for ten years starting in 2015 with final payment in 2024.

All net proceeds of subsequent sale of parcels of the redevelopment properties shall be applied towards the loans.

The following is a schedule of future loan receivable payments.

<u>Year Ending December 31</u>	<u>Loan Receivable</u>
2016	\$ 25,000
2017	15,000
2018	15,000
2019	120,000
2020	180,000
2021 – 2024	<u>40,000</u>
Total	<u>\$ 395,000</u>

Accounts Receivable

As of December 31, 2015, accounts receivable were \$2,932. These amounts represent amounts earned in 2015 but not received until 2016.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

B. Detailed Notes on All Funds (Continued)

3. Investment in Joint Venture

The HRA-EDA is a general partner Wyoming I, LLC and Wyoming II, LLC, both limited partnerships that were formed to construct and operate workforce housing townhome developments throughout Chisago County and financed, in part, with low income housing tax credits which place certain restrictions on rental rates and require tenants to qualify for occupancy based on income levels. Contributions and distributions, if any, are recorded as direct adjustments to the investment in joint ventures on the Statement of Net Position. Any income or loss from the operation of these limited partnerships is also recorded as a direct adjustment to the investment in joint ventures based on the HRA-EDA's ownership percentage, which is 50 percent for both Wyoming I and Wyoming II.

For the year ended December 31, 2015, the HRA-EDA's investment in joint ventures is as follows:

	Balance 12/31/2014	Increases	Decreases	Balance 12/31/2015
Wyoming I, LLC	\$ (3,165)	\$ 34,359	\$ -	\$ 31,194
Wyoming II, LLC	23,246	53,866	-	77,112
Total	<u>\$ 20,081</u>	<u>\$ 88,225</u>	<u>\$ -</u>	<u>\$ 108,306</u>

Separate financial statements for each of these limited partnerships can be obtained by contacting the Executive Director of the Chisago County HRA-EDA, 38871 7th Avenue, P.O. Box 815, North Branch, Minnesota 55123.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

B. Detailed Notes on All Funds (Continued)

4. Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 243,181	\$ -	\$ -	\$ 243,181
Capital assets depreciated				
Buildings	\$ 6,273,799	\$ -	\$ -	\$ 6,273,799
Furniture, equipment, and machinery	31,584	-	-	31,584
Improvements	118,366	25,415	(6,295)	137,486
Total capital assets depreciated	\$ 6,423,749	\$ 25,415	\$ (6,295)	\$ 6,442,869
Less: accumulated depreciation for				
Buildings	\$ 1,486,974	\$ 135,036	\$ -	\$ 1,622,010
Furniture, equipment, and machinery	21,773	1,640	-	23,413
Improvements	64,032	8,269	(5,665)	66,636
Total accumulated depreciation	\$ 1,572,779	\$ 144,945	\$ (5,665)	\$ 1,712,059
Total capital assets depreciated, net	\$ 4,850,970	\$ (119,530)	\$ (630)	\$ 4,730,810
Total Capital Assets, Net	\$ 5,094,151	\$ (119,530)	\$ (630)	\$ 4,973,991

5. Long-Term Debt

General Obligation Bonds

General obligation bonds outstanding as of December 31, 2015, are as follows:

Description	Authorized and Issued	Interest Rate (%)	Issue Date	Maturity Date	Ending Balance
G.O. Housing Development Bonds, Series 2011A	\$ 1,285,000	1.10 - 3.75	12/29/2011	01/01/2033	\$ 1,180,000
G.O. Housing Development Refunding Bonds, Series 2014A	1,590,000	2.00 - 3.25	10/28/2014	01/01/2035	1,510,000
Total General Obligation Bonds					\$ 2,690,000

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

B. Detailed Notes on All Funds

5. Long-Term Debt

General Obligation Bonds (Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	G.O. Bonds Business-type Activities		
	Principal	Interest	Total
2016	\$ -	\$ 38,646	\$ 38,646
2017	145,000	75,953	220,953
2018	145,000	73,273	218,273
2019	150,000	70,433	220,433
2020	160,000	66,833	226,833
2021 – 2025	850,000	266,955	1,116,955
2026 – 2030	690,000	150,216	840,216
2031 – 2035	550,000	38,738	588,738
Total	<u>\$ 2,690,000</u>	<u>\$ 781,047</u>	<u>\$ 3,471,047</u>

Taxable Revenue Bonds

Taxable revenue bonds outstanding as of December 31, 2015, are as follows:

Description	Authorized and Issued	Interest Rate (%)	Issue Date	Maturity Date	Ending Balance
Taxable Revenue Bonds, Series 2006A	\$ 1,200,000	2.75	11/28/2006	01/01/2016	<u>\$ 66,523</u>

Annual debt service requirements to maturity for taxable revenue bonds are as follows:

Year Ending December 31	Taxable Revenue Bonds Business-type Activities		
	Principal	Interest	Total
2016	<u>\$ 66,523</u>	<u>\$ -</u>	<u>\$ 66,523</u>

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

B. Detailed Notes on All Funds

5. Long-Term Debt (Continued)

Note Payable

In 2006, the HRA-EDA entered into an interest-only loan with Chisago County. The note payable outstanding as of December 31, 2015 is as follows:

Description	Authorized and Issued	Interest Rate (%)	Issue Date	Maturity Date	Ending Balance
Chisago County Promissory Note	\$ 1,000,000	3.00	11/28/2006	11/28/2026	<u>\$ 1,000,000</u>

Annual debt service requirements to maturity for the note payable are as follows:

Year Ending December 31	Note Payable Business-type Activities		
	Principal	Interest	Total
2016	\$ -	\$ 30,000	\$ 30,000
2017	-	30,000	30,000
2018	-	30,000	30,000
2019	-	30,000	30,000
2020	-	30,000	30,000
2021 - 2025	-	150,000	150,000
2026	1,000,000	30,000	1,030,000
Total	<u>\$ 1,000,000</u>	<u>\$ 330,000</u>	<u>\$ 1,330,000</u>

Mortgages Payable

In 2007, the HRA-EDA assumed three mortgages through the acquisition of Rush Estates I and Rush Estates II, payable to the United States Department of Agriculture, Rural Development. Principal and interest payments are determined based on the rental income and government subsidy received during the year. Information on the mortgages as of December 31, 2015, is as follows:

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

B. Detailed Notes on All Funds

5. Long-Term Debt

Mortgages Payable (Continued)

Description	Authorized and Issued	Interest Rate (%)	Issue Date	Maturity Date	Ending Balance
United States Department of Agriculture, Rural Development					
Mortgage 01	\$ 205,801	7.125	07/07/2000	07/07/2030	\$ 151,768
Mortgage 02	45,896	3.000	03/05/1968	03/05/2018	7,774
Mortgage 03	382,434	7.250	06/30/1993	06/30/2043	339,585
Total Mortgages Payable					<u>\$ 499,127</u>

Annual estimated debt service requirements to maturity for the mortgages payable are as follows:

Year Ending December 31	Mortgages Payable Business-type Activities		
	Principal	Interest	Total
2016	\$ 12,336	\$ 35,278	\$ 47,614
2017	14,226	34,426	48,652
2018	13,867	33,540	47,407
2019	12,626	32,664	45,290
2020	13,562	31,728	45,290
2021 - 2025	84,473	141,977	226,450
2026 - 2030	114,147	105,735	219,882
2031 - 2035	69,402	73,239	142,641
2036 - 2040	99,616	43,025	142,641
2041 - 2043	64,872	6,262	71,134
Total	<u>\$ 499,127</u>	<u>\$ 537,874</u>	<u>\$ 1,037,001</u>

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

B. Detailed Notes on All Funds

5. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 2,820,000	\$ -	\$ 130,000	\$ 2,690,000	\$ -
Taxable revenue bonds	610,726	-	544,203	66,523	66,523
Notes payable	1,000,000	-	-	1,000,000	-
Mortgages payable	511,458	-	12,331	499,127	12,336
Compensated absences	31,458	21,837	9,367	43,928	21,964
Total	<u>\$ 4,973,642</u>	<u>\$ 21,837</u>	<u>\$ 695,901</u>	<u>\$ 4,299,578</u>	<u>\$ 100,823</u>

C. Other Information

1. Risk Management

The HRA-EDA is exposed to various risks of loss including general liability, property damage, and employee bodily injury, and carries commercial insurance. The insurance coverage is considered to be adequate to cover unexpected claims against the HRA-EDA. There was no reduction in coverage from the prior year, and settlements have not exceeded insurance coverage in the past three years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNR). The HRA-EDA's management is not aware of any IBNR claims.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

C. Other Information

1. Risk Management (Continued)

Conduit Debt

The HRA-EDA has issued Tax-Exempt Mortgage Revenue Refunding Bonds on behalf of Franconia Sculpture Park Project, a Minnesota non-profit corporation. The HRA-EDA is not obligated in any manner, as the bonds do not constitute a general obligation or indebtedness of the HRA-EDA and are payable solely from revenues pledged by Franconia Sculpture Park Project. At December 31, 2015, the aggregate principal amount of this conduit debt obligation outstanding amounted to \$500,000.

2. Retirement Plan

HRA-EDA employees participate in a Simplified Employee Pension plan, a defined contribution plan established under Section 408(k) of the Internal Revenue Code.

The HRA-EDA establishes plan provisions and contribution requirements. Employees are eligible to participate subject to conditions set forth in the policy of the carrier and are at least 18 years of age. The HRA-EDA is required to contribute five percent of each participant's salary, and the employee may elect to contribute up to five percent. Benefits depend solely on amounts contributed plus related investment earnings.

Total payroll for employees covered by the plan for the year ended December 31, 2015 was \$137,965. The HRA-EDA made contributions into the plan of \$6,856, \$6,646, and \$6,467 for the years ended December 31, 2015, 2014, and 2013, respectively.

As of December 31, 2015, the plan held no securities issued by the HRA-EDA or other related parties.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

C. Other Information (Continued)

3. Commitments and Contingencies - Joint Agreements

Rush City Senior Townhome Agreement

The HRA-EDA partnered with the City of Rush City to build two additional townhomes (total of four units). These townhomes were completed, and three of the four units were sold in 2011 at an estimated loss of \$33,768. The HRA-EDA is financing the remaining unit to be reimbursed upon the sale. The City owns the lot, and will be reimbursed upon sale. There is a potential for a total of 18 townhomes on the site in Rush City.

Small Business Development Center

The HRA-EDA has partnered with Central Lakes College to open a Small Business Development Center satellite office to provide services to County businesses. The original agreement was for a three-year period with a financial contribution required of \$4,000 per year plus in-kind ending in 2013. Since then, financial contributions are determined on a per year basis. For 2015, the Board set the contribution at \$4,000 and funds received were short of the contribution (\$3,200). The Executive Director provides counseling services and is reimbursed at the rate of \$40 per hour. For 2016, the Board set the contribution at \$4,000.

4. Related Parties

The HRA-EDA multi-family apartment buildings are insured with Stein Insurance Agency, which is owned and operated by the Board Chair, James Stein. He has abstained from discussion and voting on any action related to the placement of insurance for the multi-family apartment buildings.

The HRA-EDA maintains financial accounts and currently has bonds placed with Central Bank where Greg Hickcox, Board Director, is Vice President. He abstains from voting on any actions related to the bonds.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

6. Component Unit Disclosures

C. Other Information

4. Related Parties (Continued)

The HRA-EDA occasionally holds meetings and seminars at the AmericInn located in North Branch, Minnesota. Jack Juve, Board Director, has an interest in the hotel and will abstain from any action relating to conference space being leased at the hotel.

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REQUIRED SUPPLEMENTARY INFORMATION

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

SCHEDULE 1

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2015

Other Postemployment Benefits Funding Status

Beginning in 2008, Chisago County implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Since the County has not irrevocably deposited funds in a trust for future health benefits, the actuarial value of the assets is zero.

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	\$ -	\$ 2,713,711	\$ 2,713,711	0.00%	\$ 16,326,167	16.6%
January 1, 2012	-	2,858,168	2,858,168	0.00%	16,149,992	17.7%
January 1, 2014	-	3,547,229	3,547,229	0.00%	16,742,922	21.2%

See Note 4.C. in the notes to the financial statements for additional information regarding the County's other postemployment benefits.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

SCHEDULE 2

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

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.2493%	\$ 12,920,020	\$ 14,655,625	88.16%	78.19%

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

SCHEDULE 3

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

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 1,120,108	\$ 1,120,108	\$ -	\$ 14,934,773	7.50%

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

SCHEDULE 4

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

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.332%	\$ 3,772,297	\$ 3,040,772	124.06%	86.61%

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

SCHEDULE 5

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

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 501,414	\$ 501,414	\$ -	\$ 3,095,148	16.20%

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

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

SCHEDULE 6

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

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.540%	\$ 83,484	\$ 974,263	8.57%	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.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

SCHEDULE 7

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

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 89,078	\$ 89,078	\$ -	\$ 1,018,034	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.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES**

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**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

SCHEDULE 8

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,970,000	\$ 3,970,000	\$ 3,966,023	\$ (3,977)
Intergovernmental	440,000	440,000	796,059	356,059
Miscellaneous	50,000	50,000	76,890	26,890
	<u>5,460,000</u>	<u>5,460,000</u>	<u>4,838,972</u>	<u>26,890</u>
Total Revenues	\$ 4,460,000	\$ 4,460,000	\$ 4,838,972	\$ 378,972
Expenditures				
Current				
Debt service				
Principal retirement	\$ 3,984,250	\$ 3,984,250	\$ 14,290,000	\$ (10,305,750)
Interest	475,750	475,750	1,589,658	(1,113,908)
Administrative charges	-	-	17,160	(17,160)
Bond issuance costs	-	-	89,910	(89,910)
	<u>-</u>	<u>-</u>	<u>89,910</u>	<u>(89,910)</u>
Total Expenditures	\$ 4,460,000	\$ 4,460,000	\$ 15,986,728	\$ (11,526,728)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (11,147,756)	\$ (11,147,756)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000
Refunding bonds issued	-	-	9,630,000	9,630,000
Premium on bonds issued	-	-	310,558	310,558
	<u>-</u>	<u>-</u>	<u>310,558</u>	<u>310,558</u>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 11,440,558	\$ 11,440,558
Net Change in Fund Balance	\$ -	\$ -	\$ 292,802	\$ 292,802
Fund Balance - January 1	5,140,987	5,140,987	5,140,987	-
Fund Balance - December 31	\$ 5,140,987	\$ 5,140,987	\$ 5,433,789	\$ 292,802

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**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Parks – to account for the accumulation of plat fees for future park land acquisition. Financing is provided by charges for services.

Ditch – to account for funds used to maintain County and judicial ditches. Financing is provided by special assessments against parcels of property benefited by ditch maintenance.

Lake Improvement District – to account for funds used for lake improvements. Financing is provided by bonds and special assessments against parcels of property benefited by the program.

Solid Waste – to account for funds used for recycling and solid waste activities. Financing is provided by user fees against benefiting parcels of property and taxes levied when needed.

CAPITAL PROJECT FUND

Jail Capital Projects Fund – The Jail Capital Projects Fund is used to account for the preconstruction costs of the new jail that previously was funded by the issuance of temporary jail bonds. Current activity represents a refund of a prior payment for infrastructure costs which were not utilized.

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**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

STATEMENT 1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	Special Revenue Funds				Jail Capital Projects	Total
	Parks	Ditch	Lake Improvement District	Solid Waste		
<u>Assets</u>						
Cash and pooled investments	\$ 198,491	\$ 154,739	\$ 174,613	\$ 920,441	\$ 375,656	\$ 1,823,940
Undistributed cash in agency funds	-	218	2,889	3,726	-	6,833
Taxes receivable						
Delinquent	-	-	5,334	-	-	5,334
Special assessments receivable						
Delinquent	-	626	-	10,029	-	10,655
Noncurrent	-	-	13,965	-	-	13,965
Total Assets	\$ 198,491	\$ 155,583	\$ 196,801	\$ 934,196	\$ 375,656	\$ 1,860,727
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 24,627	\$ -	\$ 8,315	\$ 9,281	\$ -	\$ 42,223
Salaries payable	-	-	2,445	3,645	-	6,090
Due to other governments	-	-	32,551	3,692	-	36,243
Unearned revenue	-	-	13,965	78,226	-	92,191
Total Liabilities	\$ 24,627	\$ -	\$ 57,276	\$ 94,844	\$ -	\$ 176,747
Deferred Inflows of Resources						
Unavailable revenue	\$ -	\$ 624	\$ 4,315	\$ 10,029	\$ -	\$ 14,968
Fund Balances						
Restricted for						
Solid waste	-	-	-	829,323	-	829,323
Park acquisition	173,864	-	-	-	-	173,864
Lake Improvement District	-	-	135,210	-	-	135,210
Ditch maintenance	-	154,959	-	-	-	154,959
Assigned for						
Capital projects	-	-	-	-	375,656	375,656
Total Fund Balances	\$ 173,864	\$ 154,959	\$ 135,210	\$ 829,323	\$ 375,656	\$ 1,669,012
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 198,491	\$ 155,583	\$ 196,801	\$ 934,196	\$ 375,656	\$ 1,860,727

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

STATEMENT 2

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

	Special Revenue Funds					Total
	Parks	Ditch	Lake Improvement District	Solid Waste	Jail Capital Projects	
Revenues						
Taxes	\$ -	\$ -	\$ 232,953	\$ -	\$ -	\$ 232,953
Special assessments	-	9,097	-	246,849	-	255,946
Licenses and permits	-	-	-	9,300	-	9,300
Intergovernmental	-	-	1,080	187,616	-	188,696
Charges for services	8,000	-	-	36,482	-	44,482
Gifts and contributions	10,000	-	-	-	-	10,000
Total Revenues	\$ 18,000	\$ 9,097	\$ 234,033	\$ 480,247	\$ -	\$ 741,377
Expenditures						
Current						
Sanitation	\$ -	\$ -	\$ -	\$ 407,588	\$ -	\$ 407,588
Conservation of natural resources	-	-	278,553	-	-	278,553
Capital outlay	300,762	-	-	-	-	300,762
Total Expenditures	\$ 300,762	\$ -	\$ 278,553	\$ 407,588	\$ -	\$ 986,903
Excess of Revenues Over (Under) Expenditures	\$ (282,762)	\$ 9,097	\$ (44,520)	\$ 72,659	\$ -	\$ (245,526)
Other Financing Sources (Uses)						
Transfers out	\$ -	\$ -	\$ (7,700)	\$ (96,500)	\$ -	\$ (104,200)
Proceeds from sale of capital assets	-	-	-	2,125	-	2,125
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (7,700)	\$ (94,375)	\$ -	\$ (102,075)
Net Change in Fund Balance	\$ (282,762)	\$ 9,097	\$ (52,220)	\$ (21,716)	\$ -	\$ (347,601)
Fund Balance - January 1	456,626	145,862	187,430	851,039	375,656	2,016,613
Fund Balance - December 31	\$ 173,864	\$ 154,959	\$ 135,210	\$ 829,323	\$ 375,656	\$ 1,669,012

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

SCHEDULE 9

**BUDGETARY COMPARISON SCHEDULE
DITCH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 9,500	\$ 9,500	\$ 9,097	\$ (403)
Expenditures				
Current				
Conservation of natural resources				
Ditch	\$ 9,500	\$ 9,500	\$ -	\$ 9,500
Net Change in Fund Balance	\$ -	\$ -	\$ 9,097	\$ 9,097
Fund Balance - January 1	145,862	145,862	145,862	-
Fund Balance - December 31	\$ 145,862	\$ 145,862	\$ 154,959	\$ 9,097

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

SCHEDULE 10

**BUDGETARY COMPARISON SCHEDULE
LAKE IMPROVEMENT DISTRICT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 232,500	\$ 232,500	\$ 232,953	\$ 453
Intergovernmental	-	-	1,080	1,080
Miscellaneous	7,500	7,500	-	(7,500)
Total Revenues	\$ 240,000	\$ 240,000	\$ 234,033	\$ (5,967)
Expenditures				
Current				
Conservation of natural resources				
Lake improvement district	\$ 240,000	\$ 240,000	\$ 278,553	\$ (38,553)
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ (44,520)	\$ (44,520)
Other Financing Sources (Uses)				
Transfers out	-	-	(7,700)	(7,700)
Net Change in Fund Balance	\$ -	\$ -	\$ (52,220)	\$ (52,220)
Fund Balance - January 1	187,430	187,430	187,430	-
Fund Balance - December 31	\$ 187,430	\$ 187,430	\$ 135,210	\$ (52,220)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

SCHEDULE 11

**BUDGETARY COMPARISON SCHEDULE
SOLID WASTE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 210,000	\$ 210,000	\$ 246,849	\$ 36,849
Licenses and permits	8,000	8,000	9,300	1,300
Intergovernmental	188,748	188,748	187,616	(1,132)
Charges for services	14,000	14,000	36,482	22,482
Total Revenues	\$ 420,748	\$ 420,748	\$ 480,247	\$ 59,499
Expenditures				
Current				
Sanitation				
Recycling	\$ 165,239	\$ 165,239	\$ 205,642	\$ (40,403)
Hazardous waste	319,164	319,164	201,946	117,218
Total Expenditures	\$ 484,403	\$ 484,403	\$ 407,588	\$ 76,815
Excess of Revenues Over (Under) Expenditures	\$ (63,655)	\$ (63,655)	\$ 72,659	\$ 136,314
Other Financing Sources (Uses)				
Transfers out	\$ (96,500)	\$ (96,500)	\$ (96,500)	\$ -
Proceeds from sale of capital assets	-	-	2,125	2,125
Total Other Financing Sources (Uses)	\$ (96,500)	\$ (96,500)	\$ (94,375)	\$ 2,125
Net Change in Fund Balance	\$ (160,155)	\$ (160,155)	\$ (21,716)	\$ 138,439
Fund Balance - January 1	851,039	851,039	851,039	-
Fund Balance - December 31	\$ 690,884	\$ 690,884	\$ 829,323	\$ 138,439

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**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

AGENCY FUNDS

Employee Recognition – to account for vending machine collections to be used for various activities relating to employee recognition.

Flexible Benefits Plan – to account for employee deductions held for certain specific needs of the employees available through this program.

Region 7E – to account for collection and payment of tax monies levied for the Regional Development Commission.

School Districts – to account for collection and payment of taxes due to school districts.

Taxes and Penalties – to account for collection and payment of taxes and penalties to various taxing districts.

Forfeited Tax Sale – to account for all funds collected per state statute from sale of lands forfeited for unpaid taxes.

Towns and Cities – to account for collection and payment of taxes due to towns and cities.

Agency – to account for collection and payment of various fees and fines for other governments collected by the Recorder, Courts, and the Planning and Zoning Department.

Local Collaboratives – to account for activity of the Chisago County North Family Services Collaborative and the Chisago County Family Services Collaborative.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

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

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>EMPLOYEE RECOGNITION</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 4,348	\$ 673	\$ -	\$ 5,021
<u>Liabilities</u>				
Accounts payable	\$ 4,348	\$ 673	\$ -	\$ 5,021
<u>FLEXIBLE BENEFITS PLAN</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 460,964	\$ 3,585,127	\$ 3,305,389	\$ 740,702
<u>Liabilities</u>				
Deferred benefits	\$ 460,964	\$ 3,585,127	\$ 3,305,389	\$ 740,702
<u>REGION 7E</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 98,720	\$ 98,720	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 98,720	\$ 98,720	\$ -

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**STATEMENT 3
(Continued)**

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

	Balance January 1	Additions	Deductions	Balance December 31
<u>SCHOOL DISTRICTS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 19,610,034	\$ 19,610,034	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 19,610,034	\$ 19,610,034	\$ -
 <u>TAX AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 612,611	\$ 80,684,707	\$ 80,539,917	\$ 757,401
<u>Liabilities</u>				
Unapportioned taxes	\$ -	\$ 567,781	\$ 567,781	\$ -
Unapportioned special assessments	-	4,203	4,203	-
Due to other governments	612,611	80,112,723	79,967,933	757,401
Total Liabilities	\$ 612,611	\$ 80,684,707	\$ 80,539,917	\$ 757,401
 <u>Forfeited Tax Sale</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 19,944	\$ 73,482	\$ 73,657	\$ 19,769
<u>Liabilities</u>				
Due to other governments	\$ 19,944	\$ 73,482	\$ 73,657	\$ 19,769

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

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

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>TOWNS AND CITIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 27,176,401	\$ 27,176,401	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 27,176,401	\$ 27,176,401	\$ -
 <u>AGENCY</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 337,021	\$ 2,325,177	\$ 2,239,738	\$ 422,460
<u>Liabilities</u>				
Unapportioned taxes	\$ -	\$ 77,134	\$ 77,134	\$ -
Due to other governments	337,021	2,248,043	2,162,604	422,460
Total Liabilities	\$ 337,021	\$ 2,325,177	\$ 2,239,738	\$ 422,460
 <u>LOCAL COLLABORATIVES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 143,972	\$ 106,385	\$ 216,697	\$ 33,660
<u>Liabilities</u>				
Due to other governments	\$ 143,972	\$ 106,385	\$ 216,697	\$ 33,660

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

STATEMENT 3

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

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 1,578,860	\$ 133,660,706	\$ 133,260,553	\$ 1,979,013
<u>Liabilities</u>				
Accounts payable	\$ 4,348	\$ 673	\$ -	\$ 5,021
Unapportioned taxes	-	644,915	644,915	-
Unapportioned special assessments	-	4,203	4,203	-
Deferred benefits	460,964	3,585,127	3,305,389	740,702
Due to other governments	1,113,548	129,425,788	129,306,046	1,233,290
Total Liabilities	\$ 1,578,860	\$ 133,660,706	\$ 133,260,553	\$ 1,979,013

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SUPPLEMENTARY INFORMATION

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

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

Shared Revenue

State

Highway users tax	\$ 6,223,037
Market value credit	254,917
PERA rate reimbursement	48,855
Disparity reduction aid	2,926
County program aid	2,627,270
Police aid	319,024
E-911	137,732
Aquatic invasive species	139,810

Total shared revenue **\$ 9,753,571**

Reimbursement for Services

State

Minnesota Department of Human Services	\$ 663,992
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Payments

Local

Payments in lieu of taxes	\$ 336,799
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Grants

State

Minnesota Department/Board of	
Corrections	\$ 256,455
Public Safety	46,000
Transportation	483,544
Health	322,251
Natural Resources	29,669
Human Services	1,716,685
Veteran's Affairs	12,500
Peace Officer Standards and Training Board	13,327
Pollution Control Agency	187,616

Total state **\$ 3,068,047**

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

SCHEDULE 12

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

Grants (Continued)

Federal

Department of	
Agriculture	\$ 550,672
Justice	1,130
Transportation	528,132
Education	2,772
Health and Human Services	2,795,729
Homeland Security	84,971
	<hr/>

Total federal **\$ 3,963,406**

Total state and federal grants **\$ 7,031,453**

Total Intergovernmental Revenue **\$ 17,785,815**

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	12-700-00093	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16162MN127Q7503	(1,031)
Total U.S. Department of Agriculture			\$ (1,031)
U.S. Department of Justice			
Direct State Criminal Alien Assistance	16.606		\$ -
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	1314230	\$ 11,224
Highway Planning and Construction	20.205	1315145	219,650
Total CFDA #20.205			\$ 230,874
Passed Through Isanti County Minnesota Formula Grants for Rural Areas	20.509	Not Provided	-
Passed Through Minnesota Department of Public Safety Highway Safety Cluster			
State and Community Highway Safety	20.600	Not Provided	-
National Priority Safety Programs	20.616	Not Provided	-
Total Highway Safety Cluster			-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Not Provided	-
Total U.S. Department of Transportation			\$ 230,874
U.S. Department of Education			
Passed Through Minnesota Department of Health Special Education-Grants for Infants and Families	84.181	Not Provided	\$ 0
U.S. Department of Health and Human Services			
Passed Through Central Minnesota Council on Aging Special Programs for the Aging Title III, Part Grants for Supportive Services and Senior Centers	93.044	315-14-003D-010	\$ -
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	G-160MNEPSS	-

he notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

SCHEDULE 13

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-through Grant Numbers	Expenditures
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$370,674)	93.558	1601MNTANF	(900)
Child Support Enforcement	93.563	1604MNCEST	-
Refugee and Entrant Assistance - State-Administered Programs	93.566	1601MNRDMA	-
Child Care and Development Block Grant	93.575	G1601MNCCDF	(869)
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFPRG	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	-
Foster Care "Title IV-E"	93.658	1601MNFOST	-
Social Services Block Grant	93.667	16-01MNSOSR	-
Child Abuse and Neglect State Grants	93.669	G-1601MNCA01	-
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	-
Children's Health Insurance Program	93.767	1605MN5021	-
Medical Assistance Program	93.778	05-1605MNSADM	-
Passed Through Minnesota Department of Health			
Public Health Emergency Preparedness	93.069	65461	\$ -
Universal Newborn Hearing Screening	93.251	H61MC00035	-
Temporary Assistance for Needy Families (TANF) (Total Temporary Assistance for Needy Families 93.558 \$370,674)	93.558	1601MNTANF	-
Maternal and Child Health Services Block Grant to the States	93.994	B04MC28107	-
Total U.S. Department of Health and Human Services			\$ (1,769)
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Natural Resources			
Boating Safety Financial Assistance	97.012	3315FAS150127	\$ -
Passed Through Minnesota Department of Public Safety			
Hazard Mitigation Grant	97.039	Not Provided	-
Emergency Management Performance Grants	97.042	Not Provided	-
Homeland Security Grant Program	97.067	Not Provided	-
Total U.S. Department of Homeland Security			\$ -
Total Federal Awards			\$ 228,074

The County did not pass any federal awards to subrecipients during the year ended December 31, 2015

he notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

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

1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of [entity] under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Chisago County, it is not intended to and does not present the financial position or changes in net position of Chisago County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Chisago County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$3,963,406
Unavailable revenue in 2014, recognized as revenue in 2015	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA #10.561)	(1,031)
Temporary Assistance for Needy Families (CFDA #93.558)	(900)
Child Care and Development Block Grant (CFDA #93.575)	<u>(869)</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$3,960,606</u>

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STATISTICAL SECTION

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**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

STATISTICAL SECTION

This part of Chisago County's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information conveys about the County's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	169
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.	178
Debt Capacity These schedules present information to help the reader assess the factors affecting the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	186
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	190
Operating Information These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	192
Sources Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.	

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**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

TABLE 1

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities					
Net investment in capital assets	\$ 80,638,861	\$ 73,197,229	\$ 83,046,458	\$ 91,763,731	\$ 99,618,353
Restricted	6,782,414	4,846,412	5,433,371	7,572,797	20,106,691
Unrestricted	<u>4,367,586</u>	<u>17,842,060</u>	<u>14,820,989</u>	<u>17,450,140</u>	<u>6,473,177</u>
Total Net Position	<u>\$ 91,788,861</u>	<u>\$ 95,885,701</u>	<u>\$ 103,300,818</u>	<u>\$ 116,786,668</u>	<u>\$ 126,198,221</u>
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities					
Net investment in capital assets	\$ 112,327,612	\$ 115,296,909	\$ 118,179,036	\$ 128,041,933	\$ 141,195,067
Restricted	18,449,046	10,571,003	11,007,768	10,034,140	9,460,412
Unrestricted	<u>12,005,983</u>	<u>25,047,218</u>	<u>29,177,060</u>	<u>29,955,332</u>	<u>10,762,137</u>
Total Net Position	<u>\$ 142,782,641</u>	<u>\$ 150,915,130</u>	<u>\$ 158,363,864</u>	<u>\$ 168,031,405</u>	<u>\$ 161,417,616</u>

Notes:

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

Source: Chisago County's annual financial statements.

(Unaudited)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses				
Governmental activities:				
General government	\$ 9,425,901	\$ 9,543,145	\$ 10,185,364	\$ 10,911,564
Public safety	9,870,211	11,040,267	11,592,485	10,097,062
Highways and streets	7,012,530	11,028,603	7,387,306	7,779,210
Sanitation	80,520	331,909	447,775	334,342
Human services	13,198,134	9,997,372	10,384,380	9,680,067
Health	2,252,484	2,686,486	2,914,001	2,885,232
Culture and recreation	429,249	611,105	722,872	591,247
Conservation of natural resources	579,089	602,465	935,904	835,981
Economic development	1,215,035	1,300,694	1,358,859	1,355,708
Interest	1,590,682	2,132,420	1,996,537	1,887,535
Total Expenses	<u>\$ 45,653,835</u>	<u>\$ 49,274,466</u>	<u>\$ 47,925,483</u>	<u>\$ 46,357,948</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$ 2,575,721	\$ 2,344,600	\$ 2,289,995	\$ 2,091,635
Public safety	968,128	987,225	1,064,635	1,104,768
Human services	2,579,305	681,769	467,140	558,612
Health	859,039	889,941	858,211	937,169
Other activities	652,754	927,507	594,136	703,783
Operating grants and contributions	12,735,039	12,893,997	11,524,909	16,787,898
Capital grants and contributions	2,067,228	2,156,051	4,693,823	2,538,498
Total program revenues	<u>\$ 22,437,214</u>	<u>\$ 20,881,090</u>	<u>\$ 21,492,849</u>	<u>\$ 24,722,363</u>
Net (expense)/revenue	<u>\$ (23,216,621)</u>	<u>\$ (28,393,376)</u>	<u>\$ (26,432,634)</u>	<u>\$ (21,635,585)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 23,485,715	\$ 26,367,496	\$ 29,028,664	\$ 30,504,263
Gravel taxes	55,358	45,590	76,522	42,620
Wheelage Tax	-	-	-	-
Mortgage registry and deed tax	85,597	71,978	43,125	44,967
Payments in lieu of tax	585,714	585,719	588,147	596,436
Unrestricted grants and contributions	3,483,226	3,539,746	2,986,326	3,425,311
Investment earnings	1,532,803	1,786,777	1,073,667	481,571
Gain on sale of capital assets	56,882	92,910	51,300	26,267
Insurance dividends	-	-	-	-
Total general revenues and other changes in net position	<u>\$ 29,285,295</u>	<u>\$ 32,490,216</u>	<u>\$ 33,847,751</u>	<u>\$ 35,121,435</u>
Change in Net Position	<u><u>\$ 6,068,674</u></u>	<u><u>\$ 4,096,840</u></u>	<u><u>\$ 7,415,117</u></u>	<u><u>\$ 13,485,850</u></u>

Notes:

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

Prior period adjustments are not reflected in this table.

Source: Chisago County's annual financial statements.

(Unaudited)

TABLE 2

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	11,664,214	\$ 10,695,966	\$ 11,130,866	\$ 10,982,065	\$ 11,618,194	\$ 10,445,902
	11,080,555	10,924,587	11,140,810	11,219,268	11,717,569	12,710,705
	6,432,904	10,509,001	12,401,875	8,881,773	7,661,025	8,809,601
	309,618	327,024	385,494	379,046	559,182	397,953
	8,950,239	8,679,096	8,748,237	9,760,075	10,941,581	11,080,463
	2,933,008	2,834,449	2,101,501	1,326,722	1,523,996	1,493,776
	526,555	475,769	552,993	542,761	990,979	925,601
	935,046	1,312,231	860,392	907,383	1,049,532	1,161,370
	1,538,651	1,581,637	1,688,537	1,448,820	896,534	646,893
	<u>1,750,764</u>	<u>2,053,550</u>	<u>1,787,390</u>	<u>1,538,205</u>	<u>1,989,862</u>	<u>1,710,957</u>
\$	<u>46,121,554</u>	<u>\$ 49,393,310</u>	<u>\$ 50,798,095</u>	<u>\$ 46,986,118</u>	<u>\$ 48,948,454</u>	<u>\$ 49,383,221</u>
\$	1,978,686	\$ 2,070,335	\$ 2,300,478	\$ 2,095,221	\$ 2,123,056	\$ 2,691,454
	1,094,477	1,081,583	1,400,387	1,514,918	1,503,626	1,735,682
	492,142	616,791	970,074	1,197,014	821,679	727,952
	1,013,572	973,201	334,925	212,030	229,137	258,583
	370,536	1,209,973	570,590	892,915	792,279	1,027,469
	11,860,912	17,574,820	14,092,488	9,834,309	11,897,476	11,636,154
	<u>4,177,937</u>	<u>7,841,697</u>	<u>5,551,798</u>	<u>4,750,786</u>	<u>3,551,499</u>	<u>3,307,532</u>
\$	<u>20,988,262</u>	<u>\$ 31,368,400</u>	<u>\$ 25,220,740</u>	<u>\$ 20,497,193</u>	<u>\$ 20,918,752</u>	<u>\$ 21,384,826</u>
\$	<u>(25,133,292)</u>	<u>\$ (18,024,910)</u>	<u>\$ (25,577,355)</u>	<u>\$ (26,488,925)</u>	<u>\$ (28,029,702)</u>	<u>\$ (27,998,395)</u>
\$	30,530,695	\$ 30,418,914	\$ 32,170,052	\$ 31,947,360	\$ 31,567,534	\$ 32,578,131
	37,059	42,168	56,511	56,754	65,916	77,134
	-	-	-	-	545,317	564,567
	36,518	31,719	46,947	49,927	43,227	57,722
	595,563	313,442	311,867	353,534	336,115	336,799
	2,612,239	2,607,687	1,790,042	2,273,447	2,817,718	2,963,848
	412,172	626,469	502,861	(1,293,468)	2,014,280	544,408
	4,860	33,701	771,616	113,398	104,042	-
	<u>315,739</u>	<u>535,230</u>	<u>93,633</u>	<u>436,707</u>	<u>203,094</u>	<u>80,350</u>
\$	<u>34,544,845</u>	<u>\$ 34,609,330</u>	<u>\$ 35,743,529</u>	<u>\$ 33,937,659</u>	<u>\$ 37,697,243</u>	<u>\$ 37,203,959</u>
\$	<u>9,411,553</u>	<u>\$ 16,584,420</u>	<u>\$ 10,166,174</u>	<u>\$ 7,448,734</u>	<u>\$ 9,667,541</u>	<u>\$ 9,205,564</u>

(Unaudited)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Reserved	\$ 1,688,227	\$ 1,847,359	\$ 2,171,054	\$ 2,466,847
Unreserved	6,929,308	7,435,385	7,795,201	9,016,452
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 8,617,535</u>	<u>\$ 9,282,744</u>	<u>\$ 9,966,255</u>	<u>\$ 11,483,299</u>
All other governmental funds				
Reserved	\$ 5,094,187	\$ 2,999,053	\$ 3,262,317	\$ 5,107,750
Unreserved, reported in				
Special revenue funds	11,448,553	10,825,526	11,544,255	13,433,945
Capital projects funds	3,299,917	3,942,274	1,153,169	890,232
Debt service fund	89,000	409,501	38,372	664,705
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 19,931,657</u>	<u>\$ 18,176,354</u>	<u>\$ 15,998,113</u>	<u>\$ 20,096,632</u>
Total Fund Balances of Governmental Funds	<u>\$ 28,549,192</u>	<u>\$ 27,459,098</u>	<u>\$ 25,964,368</u>	<u>\$ 31,579,931</u>

Note:

Chisago County implemented Governmental Accounting Standards Board Statement 54 for the fiscal year ended December 31, 2011 for which prior year amounts were not restated.

Source: Chisago County's annual financial statements

(Unaudited)

TABLE 3

<u>2010</u>	<u>2011</u>	<u>2012 (Restated)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 2,682,605	\$ -	\$ -	\$ -	\$ -	\$ -
9,752,649	-	-	-	-	-
-	1,347,545	1,262,562	1,211,824	1,203,573	1,405,071
-	1,662,514	1,701,559	1,889,873	1,957,149	1,834,144
-	1,058,623	2,204,464	1,596,249	1,596,249	1,596,249
-	1,913,463	2,100,429	4,886,538	4,901,493	2,922,520
-	9,449,788	12,793,017	12,580,779	14,466,160	15,955,742
<u>\$ 12,435,254</u>	<u>\$ 15,431,933</u>	<u>\$ 20,062,031</u>	<u>\$ 22,165,263</u>	<u>\$ 24,124,624</u>	<u>\$ 23,713,726</u>
\$ 17,424,086	\$ -	\$ -	\$ -	\$ -	\$ -
15,732,053	-	-	-	-	-
-	-	-	-	-	-
636,539	-	-	-	-	-
-	924,735	1,206,837	624,678	883,748	902,571
-	16,786,532	8,869,444	9,117,895	8,076,991	7,626,268
-	2,468,276	595,719	447,537	447,537	447,537
-	12,296,775	10,781,110	12,403,955	11,223,128	9,931,638
-	(487)	(487)	-	-	-
<u>\$ 33,792,678</u>	<u>\$ 32,475,831</u>	<u>\$ 21,452,623</u>	<u>\$ 22,594,065</u>	<u>\$ 20,631,404</u>	<u>\$ 18,908,014</u>
<u>\$ 46,227,932</u>	<u>\$ 47,907,764</u>	<u>\$ 41,514,654</u>	<u>\$ 44,759,328</u>	<u>\$ 44,756,028</u>	<u>\$ 42,621,740</u>

(Unaudited)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues				
Taxes	\$ 23,505,272	\$ 26,257,374	\$ 28,907,291	\$ 30,320,481
Special assessments	497,180	376,786	256,767	253,702
Licenses and permits	627,437	429,140	378,894	326,249
Intergovernmental	17,468,972	15,672,594	21,858,077	24,181,247
Charges for services	6,185,207	3,738,016	3,780,690	3,692,119
Fines and forfeits	239,272	238,848	277,657	230,346
Gifts and contributions	34,445	47,255	4,990	7,004
Investment earnings	1,532,803	1,786,777	1,017,091	533,712
Miscellaneous	545,414	1,558,881	680,048	988,166
	<u>\$ 50,636,002</u>	<u>\$ 50,105,671</u>	<u>\$ 57,161,505</u>	<u>\$ 60,533,026</u>
Expenditures				
General government	\$ 8,381,549	\$ 9,871,460	\$ 10,508,552	\$ 10,264,305
Public safety	8,971,613	9,498,140	9,253,468	9,665,095
Highways and streets	13,291,120	13,260,036	12,720,193	15,587,282
Sanitation	511,701	322,153	421,040	362,716
Human services	12,499,488	10,382,669	10,116,782	9,478,687
Health	2,227,734	2,606,952	2,871,440	2,847,997
Culture and recreation	406,081	514,958	442,648	330,378
Conservation of natural resources	577,777	599,864	931,653	832,177
Economic development	665,140	703,656	743,211	716,714
Intergovernmental	493,641	518,440	565,130	567,738
Capital outlay	9,631,588	7,998,604	4,614,027	738,182
Debt service				
Principal	1,800,831	2,294,266	3,300,080	5,231,768
Interest	1,255,484	2,008,952	2,041,060	1,884,205
Bond issuance costs	-	63,200	-	19,344
Payment to escrow	-	-	-	-
Administrative charges	-	-	-	5,743
	<u>\$ 60,713,747</u>	<u>\$ 60,643,350</u>	<u>\$ 58,529,284</u>	<u>\$ 58,532,331</u>
Excess of revenues over (under) expenditures	<u>\$ (10,077,745)</u>	<u>\$ (10,537,679)</u>	<u>\$ (1,367,779)</u>	<u>\$ 2,000,695</u>

(Unaudited)

TABLE 4
(Continued)

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 30,301,692	\$ 30,487,813	\$ 32,309,111	\$ 32,162,824	\$ 32,475,367	\$ 33,616,985
251,930	255,897	253,384	258,447	254,530	255,946
310,124	454,953	538,125	671,334	711,931	792,850
21,119,339	27,840,812	22,251,007	16,632,537	19,255,470	17,785,815
3,712,380	4,380,463	3,986,423	4,290,327	3,902,975	4,459,859
215,873	175,554	152,680	161,954	124,327	140,680
337,707	9,092	7,423	10,129	16,072	17,207
363,642	618,456	540,316	(1,312,099)	2,012,907	587,935
780,747	1,215,927	1,361,298	983,678	709,879	818,285
<u>\$ 57,393,434</u>	<u>\$ 65,438,967</u>	<u>\$ 61,399,767</u>	<u>\$ 53,859,131</u>	<u>\$ 59,463,458</u>	<u>\$ 58,475,562</u>
\$ 10,073,241	\$ 9,634,966	\$ 10,018,846	\$ 10,223,150	\$ 11,846,873	\$ 11,502,212
9,528,033	9,089,021	9,463,866	10,004,871	10,346,140	10,530,586
18,660,928	20,441,149	19,330,118	9,933,932	13,936,142	11,579,370
299,758	301,234	373,921	367,363	527,660	407,588
8,872,597	8,503,515	8,617,005	9,458,207	10,611,083	10,595,677
2,875,930	2,811,044	2,305,210	1,446,092	1,498,980	1,469,832
295,414	265,340	282,347	258,888	254,090	277,946
929,357	1,303,566	850,279	902,014	1,044,628	1,218,580
941,804	966,163	1,067,784	826,642	835,625	865,316
551,288	534,849	534,637	518,483	523,315	543,583
2,171,986	4,310,179	7,643,795	1,906,464	4,334,157	5,672,166
8,769,691	3,932,797	10,436,098	3,180,000	3,330,000	14,290,000
1,689,852	1,878,555	1,920,087	1,409,265	1,667,490	1,589,658
139,374	-	295,982	-	-	89,910
-	-	6,374	-	-	-
5,756	9,524	-	4,411	9,950	17,160
<u>\$ 65,805,009</u>	<u>\$ 63,981,902</u>	<u>\$ 73,146,349</u>	<u>\$ 50,439,782</u>	<u>\$ 60,766,133</u>	<u>\$ 70,649,584</u>
<u>\$ (8,411,575)</u>	<u>\$ 1,457,065</u>	<u>\$ (11,746,582)</u>	<u>\$ 3,419,349</u>	<u>\$ (1,302,675)</u>	<u>\$ (12,174,022)</u>

(Unaudited)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Other Financing Sources (Uses)				
Transfers in	\$ 4,436,010	\$ 1,689,008	\$ 7,936,876	\$ 2,234,092
Transfers out	(4,436,010)	(1,689,008)	(7,936,876)	(2,234,092)
Bonds issued	14,500,000	9,460,000	-	-
Refunding bonds issued	-	-	-	3,315,000
Discount on bonds issued	-	(43,488)	-	(37,294)
Premium on bonds issued	57,493	-	-	86,628
Proceeds from sale of capital assets	-	-	-	24,936
Payment to advance refunding escrow agent	-	-	-	-
Payment of capital lease refunded	-	-	-	-
	<u>14,557,493</u>	<u>9,416,512</u>	<u>-</u>	<u>3,389,270</u>
Total other financing sources (uses)	\$ 14,557,493	\$ 9,416,512	\$ -	\$ 3,389,270
Net Change in Fund Balances	\$ 4,479,748	\$ (1,121,167)	\$ (1,367,779)	\$ 5,389,965

Debt service as a percentage of noncapital expenditures	6.94%	9.01%	11.50%	15.15%
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Prior period adjustments are not reflected in this table

Source: Chisago County's annual financial statements.

(Unaudited)

TABLE 4

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,265,251	\$ 2,925,808	\$ 1,260,931	\$ 371,075	\$ 115,500	\$ 1,604,200
(1,265,251)	(2,925,808)	(1,260,931)	(371,075)	(115,500)	(1,604,200)
18,350,000	-	-	-	-	-
4,870,000	-	25,985,000	-	929,495	9,630,000
(165,166)	-	-	-	-	-
-	-	1,221,481	-	-	310,558
8,396	52,860	93,633	405,113	110,712	80,350
-	-	(15,832,623)	-	-	-
-	-	(4,653,721)	-	-	-
<u>\$ 23,063,230</u>	<u>\$ 52,860</u>	<u>\$ 6,813,770</u>	<u>\$ 405,113</u>	<u>\$ 1,040,207</u>	<u>\$ 10,020,908</u>
<u>\$ 14,651,655</u>	<u>\$ 1,509,925</u>	<u>\$ (4,932,812)</u>	<u>\$ 3,824,462</u>	<u>\$ (262,468)</u>	<u>\$ (2,153,114)</u>
20.82%	12.11%	21.73%	10.45%	10.80%	29.43%

(Unaudited)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**NET TAX CAPACITY AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Payable Year	Net Tax Capacity (1)			
	Real Property			
	Residential Homestead	Agricultural	Commercial and Industrial	Other (2)
2006	29,697,938	5,583,199	5,036,464	4,598,491
2007	33,186,780	6,171,638	5,966,650	5,604,564
2008	34,665,926	6,780,646	6,561,224	6,944,655
2009	33,603,610	6,787,363	7,140,435	7,706,035
2010	32,960,926	5,965,838	7,562,482	7,013,637
2011	29,577,340	5,437,856	7,490,097	6,492,475
2012	24,777,196	4,608,732	7,305,717	6,169,645
2013	22,355,363	4,439,626	6,945,312	6,055,590
2014	22,352,697	4,402,220	6,760,495	6,254,780
2015	24,603,239	4,816,400	6,885,451	6,535,631

Notes:

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

(2) Includes public utility, non-homestead residential, railroad, and seasonal.

(3) Total net tax capacity includes tax increment amounts.

Source: Chisago County Auditor

(Unaudited)

TABLE 5

Personal Property	Total Net Tax Capacity (3)	Estimated Market Value	Taxable Market Value	Ratio of Net Tax Capacity to Taxable Market Value	Total Direct Net Tax Rate
887,093	45,803,185	5,153,902,500	4,359,363,200	1.05%	54.986
913,744	51,843,376	5,670,475,900	4,913,509,300	1.06%	54.114
907,223	55,859,674	5,990,423,800	5,289,796,400	1.06%	54.641
789,043	56,026,486	5,794,922,600	5,316,652,000	1.05%	57.461
818,933	54,321,816	5,392,586,000	5,113,872,600	1.06%	59.356
959,908	49,957,676	4,884,289,600	4,673,872,800	1.07%	64.719
1,044,908	43,906,198	4,516,730,100	4,063,753,000	1.08%	73.687
1,119,974	40,915,865	4,216,664,300	3,778,660,500	1.08%	78.469
1,153,582	40,923,774	4,218,960,600	3,790,497,300	1.08%	77.998
1,182,822	44,023,543	4,530,580,500	4,105,111,700	1.07%	75.083

(Unaudited)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	Chisago County Direct Tax Rates (1)				
	General Levy	Human Services Levy	Road and Bridge Levy	Debt Service Levy	Regional Library Levy
2006	30.780	9.142	8.934	5.041	1.089
2007	29.030	9.280	9.798	4.964	1.042
2008	29.391	8.816	9.297	6.079	1.058
2009	29.534	9.220	10.497	7.142	1.068
2010	30.773	8.710	10.939	7.879	1.055
2011	34.702	9.264	11.612	8.024	1.117
2012	42.209	8.622	12.217	9.344	1.295
2013	44.070	9.255	13.283	10.529	1.332
2014	43.657	9.271	13.827	9.904	1.339
2015	42.926	9.125	12.543	9.197	1.292

Number of Taxing Districts
Minimum Tax Capacity rate
Maximum Tax Capacity rate
State General Tax Rate Commercial
State General Tax Rate Seasonal Recreational

Notes:

- (1) Amounts shown above are net tax capacity rates. The rates are calculated by dividing a taxing district's property tax levy by its net tax capacity.
- (2) Special Districts include the Lake Improvement District, Chisago County HRA-EDA, ECRDC, Comfort Lake/Forest Lake Watershed, 916 Technical College, and North Branch EDA/HRA.
- (3) Overlapping rates are those of other local governments that apply to property owners within Chisago County. Not all overlapping rates apply to all property owners in Chisago County. Only those property tax owners who live within the specific geographic boundary of the special taxing district are subject to the special tax district rate. As there are numerous combinations of the cities, schools, and special districts within the County, only the average rates within each taxing district class was given.

Source: Chisago County Auditor

(Unaudited)

TABLE 6

Overlapping Rates					
Average Rates Within Each Classification					
Total County	Cities and Townships	School Districts	Special Districts (2)	Average Total Direct and Overlapping Rates (3)	Referendum Market Value Rates
54.986	31.226	23.667	1.162	111.041	0.08263
54.114	30.251	21.703	1.225	107.293	0.08030
54.641	30.952	20.230	1.196	107.019	0.08926
57.461	31.837	21.141	1.741	112.180	0.08941
59.356	33.175	22.880	2.113	117.524	0.08521
64.719	35.890	25.146	2.299	128.054	0.09049
73.687	41.060	29.015	2.545	146.307	0.09675
78.469	41.312	30.064	2.620	152.465	0.08647
77.998	42.907	30.090	2.657	153.652	0.11710
75.083	41.265	30.385	2.386	149.119	0.13508
Tax Year 2015					
	19	7	5		8
	17.015	1.606	0.228		0.02196
	71.728	39.856	4.577		0.32275
				48.641	
				21.167	

(Unaudited)

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**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

TABLE 7

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO**

<u>Taxpayer</u>	<u>2015</u>		
	<u>Net Tax Capacity Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Net Tax Capacity Value</u>
Xcel Energy	\$ 1,529,737	1	3.47%
Polaris Industries	421,060	2	0.96%
Northern Natural Gas	274,648	3	0.62%
Fairview Hospital and Healthcare	272,511	4	0.62%
SUSU 4 North Branch LP	257,712	5	0.59%
Hallberg Inc	194,106	6	0.44%
North Branch Outlets 1-21 LLC	171,250	7	0.39%
Hallberg Marine Inc	128,320	8	0.29%
NB Group LLC	103,192	9	0.23%
East Central Energy	101,280	10	0.23%
Total principal taxpayers	\$ 3,453,816		7.85%
All other taxpayers	40,569,727		92.15%
Total County	<u>\$ 44,023,543</u>		<u>100.00%</u>
<u>Taxpayer</u>	<u>2006</u>		
	<u>Net Tax Capacity Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Net Tax Capacity Value</u>
Xcel Energy	\$ 937,279	1	2.05%
Tanger Properties	216,580	2	0.47%
Hallberg Inc	185,776	3	0.41%
Northern Natural Gas	135,888	4	0.30%
Polaris Industries	128,498	5	0.28%
Cooperative Power Association	114,500	6	0.25%
NB Group LLC	106,202	7	0.23%
East Central Energy	99,109	8	0.22%
CDL Homes Inc	77,683	9	0.17%
Hallberg Marine Inc	72,922	10	0.16%
Total principal taxpayers	\$ 2,074,437		4.53%
All other taxpayers	43,728,748		95.47%
Total County	<u>\$ 45,803,185</u>		<u>100.00%</u>

Source: Chisago County Auditor

(Unaudited)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Total Net Tax Levy</u>	<u>Collected in Year of Levy</u>	<u>Percentage of Levy Collected in Year of Levy</u>
2006	24,550,308	23,897,816	97.34%
2007	27,250,842	26,426,286	96.97%
2008	29,773,425	28,768,969	96.63%
2009	31,747,140	30,666,855	96.60%
2010	31,667,667	30,536,077	96.43%
2011	31,667,667	30,687,741	96.91%
2012	31,667,667	30,771,471	97.17%
2013	31,397,021	30,741,172	97.91%
2014	31,397,021	30,816,590	98.15%
2015	32,450,000	31,926,300	98.39%

Note:

The total net tax levy includes credits to property tax owners reimbursed to the County by the State of Minnesota. Since 2011, the State no longer provides market value credits to the County but, instead, replaced this with a market value exclusion to the taxpayer.

Source: Chisago County Auditor

(Unaudited)

TABLE 8

Collected in Subsequent Years	Total Tax Collections	Percentage of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Tax Levy
631,363	24,529,179	99.91%	8,025	0.03%
786,775	27,213,061	99.86%	9,071	0.03%
951,113	29,720,082	99.82%	18,084	0.06%
999,985	31,666,840	99.75%	39,174	0.12%
1,050,319	31,586,396	99.74%	62,838	0.20%
793,860	31,481,601	99.41%	116,299	0.37%
711,487	31,482,958	99.42%	117,210	0.37%
440,892	31,182,064	99.32%	156,738	0.50%
291,623	31,108,213	99.08%	174,969	0.56%
-	31,926,300	98.39%	476,057	1.47%

(Unaudited)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

TABLE 9

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Total Debt	Total Debt Per Capita	Percentage of Personal Income
	General Obligation Bonds	General Obligation Capital Notes	Capital Leases			
2006	32,295,508	1,599,510	7,813,174	41,708,192	830	2.60%
2007	40,659,366	1,420,031	7,362,349	49,441,746	980	3.01%
2008	39,183,019	1,215,550	5,797,685	46,196,254	917	2.74%
2009	37,771,522	1,061,900	5,582,311	44,415,733	880	2.68%
2010	52,510,525	903,250	5,287,614	58,701,389	1,089	3.23%
2011	49,068,113	734,600	4,979,817	54,782,530	1,016	2.80%
2012	52,893,959	560,950	-	53,454,909	998	2.69%
2013	49,967,128	385,000	-	50,352,128	937	2.45%
2014	46,747,855	195,000	734,035	47,676,890	882	2.21%
2015	42,514,141	-	557,457	43,071,598	796	N/A

N/A - information is not available as of date of publication.

Note:

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

Source: Chisago County's annual financial statements for debt information.
See Table 13 for population and personal income data.

(Unaudited)

**CHISAGO COUNTY
CENER CITY, MINNESOTA**

TABLE 10

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Net Bonded Debt to Estimated Actual Value of Taxable Property	Total Net Bonded Debt Per Capita
	General Obligation Bonds and Notes	Capital Leases	Less: Amounts in Debt Service Fund			
2006	33,895,018	7,813,174	3,254,599	38,453,593	0.88%	765
2007	42,079,397	7,362,349	2,609,501	46,832,245	0.95%	929
2008	40,398,569	5,797,685	2,683,372	43,512,882	0.82%	864
2009	38,833,422	5,582,311	4,664,705	39,751,028	0.75%	787
2010	53,413,775	5,287,614	5,041,539	53,659,850	1.05%	996
2011	49,802,713	4,979,817	4,586,981	50,195,549	1.07%	931
2012	53,454,909	-	4,744,030	48,710,879	1.20%	909
2013	50,352,128	-	5,346,286	45,005,842	1.19%	837
2014	46,942,855	734,035	5,140,987	42,535,903	1.12%	787
2015	42,514,141	557,457	5,433,789	37,637,809	0.92%	695

Note:

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

Source: Chisago County's annual financial statements for debt information.
See Table 5 for taxable market value of property.
See Table 13 for population and personal income data.

(Unaudited)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

TABLE 11

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2015**

<u>Governmental Unit</u>	<u>General Obligation Debt Outstanding (1)</u>	<u>Percentage of Tax Capacity in Chisago County (2)</u>	<u>General Obligation Debt Applicable to Chisago County</u>
Direct Debt			
Chisago County	\$ 42,514,141	100.00%	\$ 42,514,141
Overlapping Debt			
City of Center City	\$ 976,152	100.00%	\$ 976,152
City of Chisago City	5,260,000	100.00%	5,260,000
City of Harris	5,662,000	100.00%	5,662,000
City of Lindstrom	3,559,727	100.00%	3,559,727
City of North Branch	46,818,814	100.00%	46,818,814
City of Rush City	3,703,560	100.00%	3,703,560
City of Shafer	1,706,603	100.00%	1,706,603
City of Stacy	6,089,239	100.00%	6,089,239
City of Taylors Falls	2,529,000	100.00%	2,529,000
City of Wyoming	10,499,000	100.00%	10,499,000
Amador Township	763,925	100.00%	763,925
Fish Lake Township	80,000	100.00%	80,000
Franconia Township	-	100.00%	-
Nessel Township	29,000	100.00%	29,000
Shafer Township	-	100.00%	-
Braham Schools	11,175,000	22.33%	2,495,378
Cambridge Schools	77,820,000	3.44%	2,677,008
Chisago Lakes Schools	13,155,000	95.67%	12,585,389
Forest Lake Schools	30,325,000	13.71%	4,157,558
North Branch Schools	21,935,000	90.57%	19,866,530
Rush City Schools	12,565,000	92.92%	11,675,398
Total Overlapping Debt	<u>\$ 254,652,020</u>		<u>\$ 141,134,281</u>
Total Direct and Overlapping Debt	<u>\$ 297,166,161</u>		<u>\$ 183,648,422</u>

Note:

The overlapping debt is calculated by the percentage of property in each governmental unit subject to taxation by Chisago County.

Sources:

- (1) County Report of Outstanding Indebtedness
- (2) Chisago County Auditor

(Unaudited)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

TABLE 12

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total market value of taxable property	\$ 4,359,363,200	\$ 4,913,509,300	\$ 5,289,796,400	\$ 5,316,652,000	\$ 5,113,872,600
Debt limit (% of market value) (1)	\$ 87,187,264	\$ 98,270,186	\$ 158,693,892	\$ 159,499,560	\$ 153,416,178
Debt applicable to limit:					
General obligation bonds and notes	\$ 41,654,834	\$ 49,433,180	\$ 46,177,685	\$ 44,332,311	\$ 58,782,614
Less: Amounts set aside for payment of general obligation debt	(3,254,599)	(2,609,501)	(2,683,372)	(4,664,705)	(5,041,539)
Total net debt applicable to limit	\$ 38,400,235	\$ 46,823,679	\$ 43,494,313	\$ 39,667,606	\$ 53,741,075
Legal debt margin	\$ 48,787,029	\$ 51,446,507	\$ 115,199,579	\$ 119,831,954	\$ 99,675,103
Total net debt applicable to the limit as a percentage of the debt limit	44.04%	47.65%	27.41%	24.87%	35.03%
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total market value of taxable property	\$ 4,673,872,800	\$ 4,063,753,000	\$ 3,778,660,500	\$ 3,790,497,300	\$ 4,105,111,700
Debt limit (% of market value) (1)	\$ 140,216,184	\$ 121,912,590	\$ 113,359,815	\$ 113,714,919	\$ 123,153,351
Debt applicable to limit:					
General obligation bonds and notes	\$ 54,849,817	\$ 52,315,000	\$ 49,135,000	\$ 45,805,000	\$ 41,145,000
Less: Amounts set aside for payment of general obligation debt	(4,586,981)	(4,744,030)	(5,346,286)	(5,140,987)	(5,433,789)
Total net debt applicable to limit	\$ 50,262,836	\$ 47,570,970	\$ 43,788,714	\$ 40,664,013	\$ 35,711,211
Legal debt margin	\$ 89,953,348	\$ 74,341,620	\$ 69,571,101	\$ 73,050,906	\$ 87,442,140
Total net debt applicable to the limit as a percentage of the debt limit	35.85%	39.02%	38.63%	35.76%	29.00%

Note:

(1) During 2008, the Minnesota State Legislature changed the statutory rate from 2% of taxable market value to 3% of taxable market value.

Source: Chisago County Auditor - Assessors Abstract

(Unaudited)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

TABLE 13

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Population (1)	Population Growth	Personal Income (2) (in thousands)	Per Capita Personal Income (2)	Labor Force (3)	Unemployment Rates (3)	
						Chisago County	State of Minnesota
2006	50,278	1.74%	1,643,652	31,950	27,461	4.90%	4.10%
2007	50,433	0.31%	1,701,055	32,517	27,388	5.90%	4.70%
2008	50,384	-0.10%	1,773,832	33,461	27,458	6.80%	5.40%
2009	50,489	0.21%	1,756,286	32,812	27,560	10.20%	8.00%
2010	53,887	6.31%	1,819,930	33,761	28,933	9.20%	7.40%
2011	53,929	0.08%	1,950,295	36,296	28,722	7.90%	6.50%
2012	53,576	-0.65%	1,984,923	37,135	28,748	6.70%	5.60%
2013	53,743	0.31%	2,052,481	38,178	28,989	5.90%	5.10%
2014	54,025	0.52%	2,152,568	39,844	28,533	4.40%	4.50%
2015	54,134	0.20%	N/A	N/A	28,963	4.20%	3.80%

Sources:

- (1) Minnesota State Demographic Center (all years excluding 2010), and U.S. Bureau of Census (2010)
- (2) U.S. Department of Commerce, Bureau of Economic Analysis
- (3) Minnesota Department of Employment and Economic Development (annual average, not seasonally adjusted)

(Unaudited)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

TABLE 14

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer (1)</u>	2015		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Fairview Lakes Health Services	1,250	1	4.58%
Hazelden Foundation	800	2	2.93%
I.S.D. No. 2144 (Chisago Lakes)	560	3	2.05%
Polaris Industries	500	4	1.83%
Chisago County	383	5	1.40%
I.S.D. No. 138 (North Branch)	382	6	1.40%
Plastech Corporation	353	7	1.29%
Minnesota Correctional Facility	349	8	1.28%
Rosenbauer Minnesota	320	9	1.17%
North Branch Outlets	300	10	1.10%
Total Principal Employers	<u>5,197</u>		<u>19.03%</u>
Total County Employment (3)	<u>27,272</u>		
<u>Employer (2)</u>	2006		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Fairview Lakes Regional Medical Center	800	1	3.09%
Hazelden Foundation	747	2	2.88%
I.S.D. No. 138 (North Branch)	486	3	1.88%
I.S.D. No. 2144 (Chisago Lakes)	458	4	1.77%
Chisago County	409	5	1.58%
Tanger Factory Outlet	400	6	1.54%
Minnesota Correctional Facility	327	7	1.26%
Shafer Contracting Co.	325	8	1.25%
Taylors Falls Recreation	277	9	1.07%
Plastech Corporation	266	10	1.03%
Total Principal Employers	<u>4,495</u>		<u>17.35%</u>
Total County Employment (3)	<u>25,899</u>		

Sources:

- (1) Chisago County HRA-EDA
- (2) Bond disclosure documents issued during respective year or nearest the year end presented
- (3) Minnesota Department of Employment and Economic Development (annual average, not seasonally adjusted)

(Unaudited)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

<u>Function</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government (1)	78.95	79.70	75.60	80.35
Public safety	88.00	96.50	97.50	88.50
Highways and streets	39.00	42.00	38.00	35.00
Health and human services	135.25	137.00	135.00	124.80
Culture and recreation	2.80	2.80	2.80	1.50
Environmental services	4.15	4.15	4.30	4.00
Conservation of natural resources	1.40	1.40	0.40	0.00
Economic development	<u>9.00</u>	<u>9.00</u>	<u>9.00</u>	<u>9.00</u>
Total	<u><u>358.55</u></u>	<u><u>372.55</u></u>	<u><u>362.60</u></u>	<u><u>343.15</u></u>

Note:

(1) FTE's exclude temporary and seasonal positions.

Source: Chisago County Human Resources Department

(Unaudited)

TABLE 15

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
77.20	77.40	78.10	79.10	81.40	83.50
88.50	90.00	91.00	91.80	95.40	96.90
35.00	33.00	34.00	35.20	36.00	34.00
124.80	120.00	107.00	107.20	114.30	121.10
1.50	1.80	1.80	1.80	2.00	2.00
4.15	4.45	4.50	4.15	2.10	2.10
0.00	0.00	0.00	0.00	0.50	2.60
<u>9.00</u>	<u>9.00</u>	<u>9.00</u>	<u>9.00</u>	<u>9.10</u>	<u>8.80</u>
<u><u>340.15</u></u>	<u><u>335.65</u></u>	<u><u>325.40</u></u>	<u><u>328.25</u></u>	<u><u>340.80</u></u>	<u><u>351.00</u></u>

(Unaudited)

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**Operating Indicators by Function
Last Ten Fiscal Years**

<u>Function and Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government				
Warrants issued	23,186	22,677	23,092	22,055
Number of documents recorded/processed	17,761	15,030	12,112	12,982
Number of parcels	28,944	29,793	29,834	30,386
New housing permits issued	125	69	30	23
Number of rides given to veterans	N/A	N/A	N/A	301
Number of veterans appointments	N/A	N/A	N/A	N/A
Public Safety				
Number of calls to Sheriff's office	N/A	N/A	N/A	N/A
Traffic stops	N/A	N/A	N/A	N/A
Arrests by County Sheriff's department	N/A	N/A	N/A	N/A
Number of citations	N/A	N/A	N/A	N/A
Adult probation offenders	1,269	1,361	1,426	1,310
Juvenile probation offenders	164	142	143	120
Highways and Streets				
CSAH/County road projects during year	47	36	32	31
Miles of paving	N/A	N/A	N/A	N/A
Miles of roads graveled	20	16	20	8
Miles of roads shouldered	88	9	55	144
Miles of overlay	N/A	N/A	N/A	N/A
Miles of construction	N/A	N/A	N/A	N/A
Miles of sealcoating/crack sealing	N/A	N/A	54	103
Number of bridges rebuilt/constructed	N/A	N/A	N/A	N/A
Public Health				
Number of WIC participants	N/A	1,830	1,930	1,735
Number of maternal child health visits	N/A	N/A	2,097	2,389
Number of follow along visits	355	329	625	1,172
Human Services				
Number of SNAP (food assistance) cases	N/A	N/A	734	992
Number of health care assistance cases	N/A	N/A	2,447	2,690
Number of child support cases	2,172	2,136	2,183	2,173
Child care assistance cases	N/A	N/A	N/A	122
Unduplicated number of children in out of home placement	213	154	129	112
Dollars spent for children's shelter	51,411	54,797	40,160	39,947
Dollars spent for children's foster care	784,233	660,820	417,220	247,103
Dollars spent for children's rule 5 foster care	467,694	268,937	178,224	281,311
Number of children's mental health cases	253	206	211	209
Number of adult mental health cases	279	294	312	365
Number of DD cases	203	221	232	230
Number of adult services cases				317
Culture and recreation				
Number of people visiting Parks				
Environmental Services				
Tons of hazardous waste collected	N/A	109	115	114
Tons of recycling collected	N/A	8,306	8,648	8,683
Tons of municipal solid waste collected	N/A	23,823	22,545	21,960

Source: Various County departments.

N/A - information is not available

TABLE 16

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
20,572	20,176	20,198	19,436	20,523	21,094
11,966	11,582	13,813	13,009	9,672	10,770
29,329	29,426	29,433	29,411	29,412	29,457
26	24	49	90	98	116
335	376	390	300	348	372
N/A	N/A	678	588	646	612
N/A	N/A	N/A	64,315	53,698	39,529
N/A	N/A	N/A	4,282	3,878	3,492
N/A	N/A	N/A	885	603	558
N/A	N/A	N/A	2,851	1,631	558
1,180	991	978	1,002	1,157	1,095
116	97	77	81	67	50
44	35	33	27	18	18
N/A	N/A	N/A	5	16	15
N/A	19	8	7	8	8
N/A	149	82	52	6	6
N/A	N/A	N/A	3	16	8
N/A	N/A	N/A	2	16	0
N/A	31	10	41	33	31
N/A	N/A	N/A	4	4	2
1,607	1,400	1,288	1,275	1,276	1,231
2,560	2,150	1,620	1,588	1,207	1,655
1,637	2,117	2,233	2,495	2,447	2,387
1,185	1,454	1,515	1,584	1,403	1,296
2,806	3,133	3,118	3,155	4,616	5,281
2,167	2,192	2,218	2,226	2,541	2,484
124	126	119	161	154	160
92	91	90	83	99	106
15,723	8,826	10,823	10,125	8,524	640
166,339	124,906	152,480	276,008	437,105	517,168
86,341	109,784	120,313	135,741	216,109	451,024
157	124	105	103	98	113
344	324	318	290	264	238
241	238	250	227	248	242
377	349	459	468	399	314
117	125	142	212	129	119
8,324	8,335	11,810	11,388	7,025	9,997
21,924	26,002	25,693	24,223	27,145	28,366

**CHISAGO COUNTY
CENTER CITY, MINNESOTA**

**Capital Assets Statistics by Function
Last Ten Fiscal Year**

<u>Function and Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government				
Court house building complex (1)	1	1	1	1
Motor pool vehicles	13	16	16	17
Public Safety				
Vehicles	N/A	52	55	55
Satellite offices	1	1	1	2
Jail/lockup facilities	1	1	1	1
Radio tower sites	5	5	5	5
Communications center (stand alone)	-	-	-	-
Highways and Streets				
Vehicles, light trucks	21	24	18	20
Miles of county road	138	138	135	135
Miles of county state aid road	234	234	231	234
Office, garages, storage facilities	6	6	6	6
Graders, loaders, tractors, heavy trucks	39	37	42	43
Health and Human services				
Office Buildings	-	1	1	1
Culture and Recreation				
Number of county parks	5	5	5	5
Park buildings & shelters	16	16	16	16
Number of libraries (2)	3	4	4	4
Environmental Services				
Household hazardous waste facility	1	1	1	1
Economic Development				
Number of transit buses	N/A	5	6	6

Note:

- 1.) Also contains office space for General government departments, Health and Human services, and Public safety departments.
- 2.) Leased 3 library's from HRA-EDA from 2006-2012. Chisago County now owns these 3 libraries in 2012.

N/A - information is not available

Sources:

Chisago County Auditor's Department
Various other County Departments

TABLE 17

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1	1	1	1	1	1
17	17	12	9	0	18
57	58	62	63	48	62
2	2	2	2	1	1
1	1	1	1	1	1
5	5	8	13	12	12
-	-	1	1	1	1
18	17	17	17	18	23
126	127	127	123	117	117
234	232	232	232	239	239
6	4	4	4	6	6
43	42	41	43	35	37
1	1	1	1	1	1
5	5	5	5	5	5
16	16	16	16	16	16
4	4	4	4	4	4
1	1	1	1	1	1
6	7	7	9	10	10

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