

LE SUEUR COUNTY

Le Center, Minnesota

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2014

LE SUEUR COUNTY

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INDEPENDENT AUDITORS' REPORT

To the County Board of Commissioners
Le Sueur County
Le Center, 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 Le Sueur County, Minnesota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Le Sueur 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing and Redevelopment Authority of Le Sueur County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing and Redevelopment Authority of Le Sueur County, is based solely on 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 auditors' 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 over financial reporting relevant to Le Sueur 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 Le Sueur 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.

To the County Board of Commissioners
Le Sueur County

Opinions

In our opinion, based on our audit and the report of other auditors, 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 Le Sueur County, Minnesota, as of December 31, 2014 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Le Sueur County's basic financial statements. The combining fund financial statements, the budgetary comparison information for the nonmajor funds and the schedule of intergovernmental revenues 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining fund financial statements, the budgetary comparison information for the nonmajor funds and the schedule of intergovernmental revenues are fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the County Board of Commissioners
Le Sueur County

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2015, on our consideration of Le Sueur 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 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 Le Sueur County's internal control over financial reporting and compliance.

Baker Tilly Vinchow Krause, LLP

Minneapolis, Minnesota
August 18, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

As of and for the Year Ended December 31, 2014

As management of Le Sueur County, we offer readers of the Le Sueur County Financial Statements this narrative overview and analysis of the financial activities of Le Sueur County for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements following this section. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

The assets of Le Sueur County exceeded its liabilities at the close of 2014 by \$91,622,276. Of this amount, \$12,121,382 (unrestricted net position) may be used to meet Le Sueur County's ongoing obligations to citizens and creditors.

Le Sueur County's total net position increased by \$320,424 in 2014.

At the close of 2014, Le Sueur County's governmental funds reported combined ending fund balances of \$15,056,083. Of this amount, \$2,129,272 is available for spending at the County's discretion and is noted as unassigned fund balance.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Le Sueur County's basic financial statements. Le Sueur County's basic financial statements are comprised of three components: 1) Government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The statement of net position presents information on all of Le Sueur County's assets, liabilities, and deferred inflows of resources with the assets less the total of liabilities and deferred inflows of resources reported as net position. Over-time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Le Sueur County is improving or deteriorating.

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

The Government-wide financial statements list the functions of Le Sueur County that are principally supported by taxes and intergovernmental revenues. The governmental activities of Le Sueur County include general government, public safety, highways and streets, sanitation, health and human services, culture, recreation and education, and conservation and development. There are no business-type activities within Le Sueur County's financial structure that are intended to recover all or a significant portion of their costs through user fees and charges.

The Government-wide financial statements include not only Le Sueur County itself (the primary government), but also the legally separate Housing and Redevelopment Authority of Le Sueur County (HRA). The HRA, although legally separate, functions for all practical purposes as an integral part of Le Sueur County, and therefore has been included in the Government-wide financial statements. A copy of the HRA audit may be obtained from the Minnesota Valley Action Council, 464 Raintree Road, Mankato, MN 56001.

A summary of the Government-wide financial statements can be found on Exhibits 1 and 2.

Fund financial statements

A “*fund*” is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Le Sueur 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 Le Sueur County can be divided into two categories: governmental funds and fiduciary funds.

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 county’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.

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, county fund-level financial statements focus on short-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 the County’s short-term financing requirements.

Le Sueur County reports four major funds and five non-major funds. The major funds are: General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund and Environmental Health Special Revenue Fund. The non-major funds are: Gravel Tax Special Revenue Fund, Victim Witness Special Revenue Fund, County Ditch Special Revenue Fund, a Debt Service Fund, and a Capital Projects Fund.

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. Le Sueur County’s fiduciary funds consist of five agency funds and two private-purpose Trust Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. 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.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided.

Other Information

In addition to the basic financial statements and notes, Le Sueur County also provides supplementary information on Le Sueur County’s combining fund financial statements and intergovernmental revenues.

Le Sueur County adopts an annual appropriated budget for its general fund, special revenue funds, capital projects fund and the debt service fund. Budgetary comparison statements have been provided for the County's major funds to demonstrate compliance with these budgets.

Government-wide Financial Analysis

Over time, net position serves as a useful indicator of the county's financial position. Le Sueur County's assets exceeded liabilities by \$91,622,276 at the close of 2014. The largest portion of Le Sueur County's net position (82.9%) reflects its investment in capital assets (e.g., land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding. However, it should be noted that these assets are not available for future spending. The operating grants and contributions increased by 2,119,401 in 2014. Some reasons for this change were from the Affordable Care Act and how things are billed and reimbursed by Le Sueur County Department of Human Services and also Road & Bridge receiving more grants in 2014 due to an increase in activity. While the capital grants and contributions decreased by 1,557,978 in 2014 compared to 2013 due to payments received from the State for projects in the Road & Bridge Department that were not recurring.

(EXHIBIT 1)

Le Sueur County's Governmental Net Position

		2014	2013
Current and other assets	\$	21,445,441	24,030,602
Capital assets	\$	87,880,415	86,121,882
Total assets	\$	<u>109,325,856</u>	<u>110,152,484</u>
Long-term liabilities outstanding	\$	13,024,012	14,880,626
Other liabilities	\$	4,636,692	3,936,380
Total liabilities	\$	<u>17,660,704</u>	<u>18,817,006</u>
Deferred inflows of resources	\$	<u>42,876</u>	<u>33,626</u>
Net position:			
Net investment in capital assets	\$	75,986,508	73,636,977
Restricted	\$	3,514,386	3,864,562
Unrestricted	\$	12,121,382	13,800,313
Total net position	\$	<u>91,622,276</u>	<u>91,301,852</u>

The unrestricted net position amount of \$12,121,382 as of December 31, 2014 may be used to meet the County's ongoing obligations to citizens and creditors.

Governmental Activities

The table below summarizes the changes in net position for 2014.

(EXHIBIT 2)

Changes in Le Sueur County's Governmental Net Position

	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 2,653,343	3,562,256
Operating grants and contributions	\$ 7,219,130	5,099,729
Capital grants and contributions	\$ 3,325,170	4,883,148
General revenues:		
Property taxes	\$ 15,427,992	14,876,461
Other	\$ 3,106,811	2,270,275
Total revenues	\$ 31,732,446	30,691,869
Expenses:		
General government	\$ 5,370,307	4,825,687
Public safety	\$ 4,199,115	4,027,070
Highways and streets	\$ 10,330,106	10,069,005
Sanitation	\$ 299,225	254,403
Health and Human Services	\$ 9,373,013	8,802,184
Culture, recreation and education	\$ 492,966	773,473
Conservation and development	\$ 943,053	849,475
Interest and fiscal charges	\$ 404,237	699,745
Total expenses	\$ 31,412,022	30,301,042
Increase in net position	\$ 320,424	390,827
Net position – January 1	\$ 91,301,852	90,911,025
Net position – December 31	\$ 91,622,276	91,301,852

Exhibit 3 2014 Revenues by Source

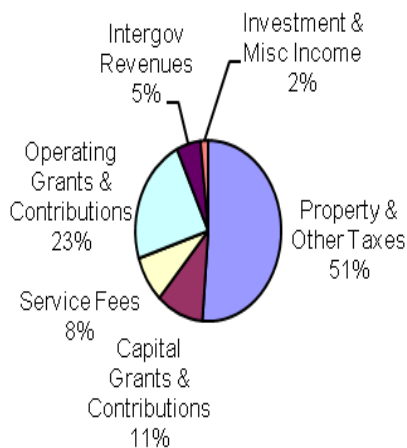
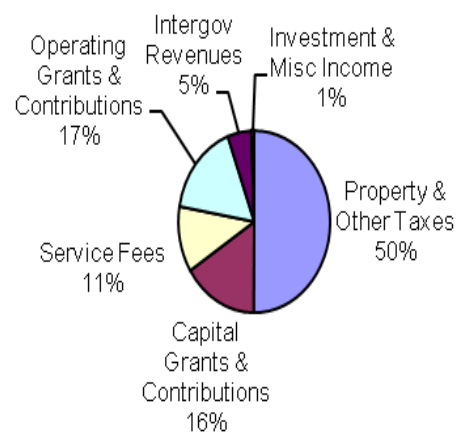
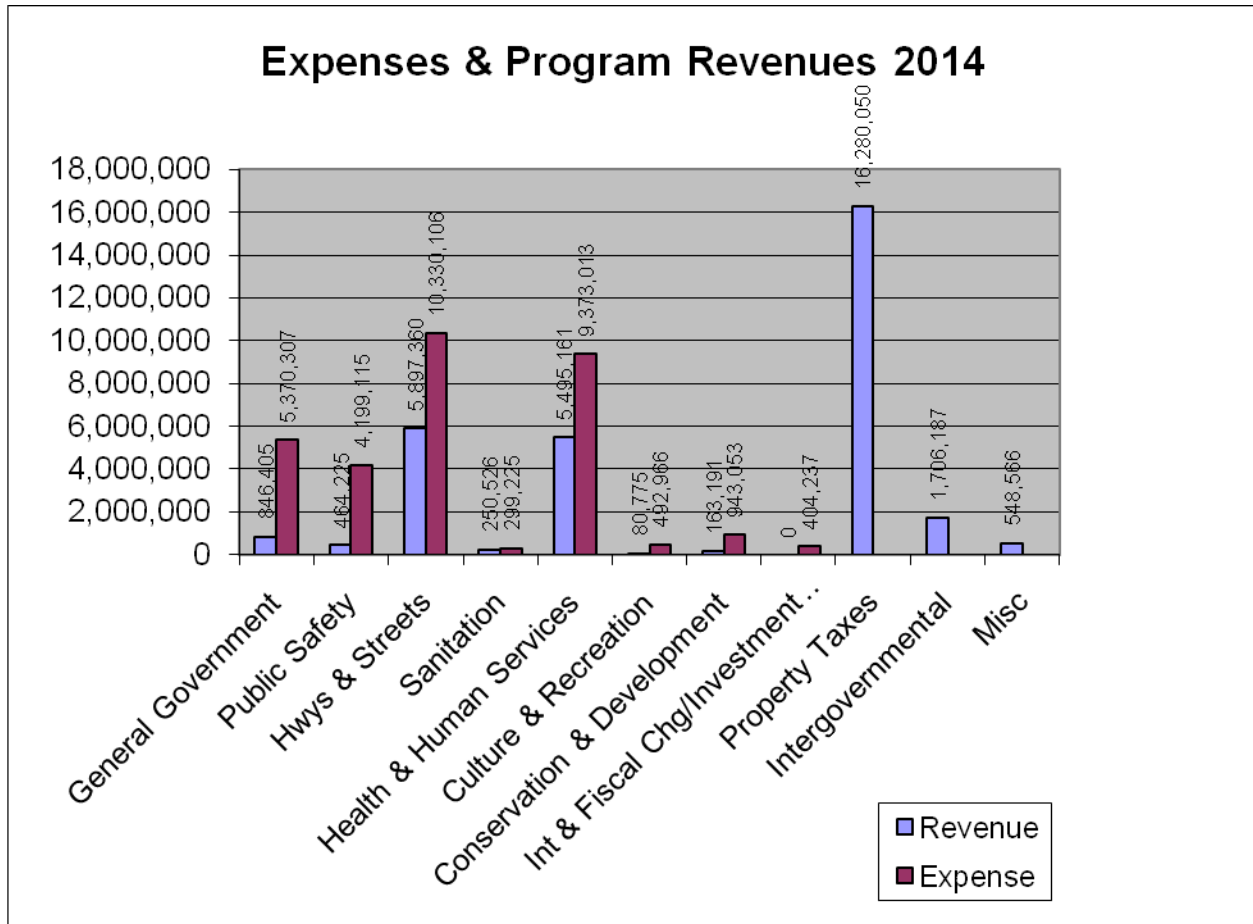


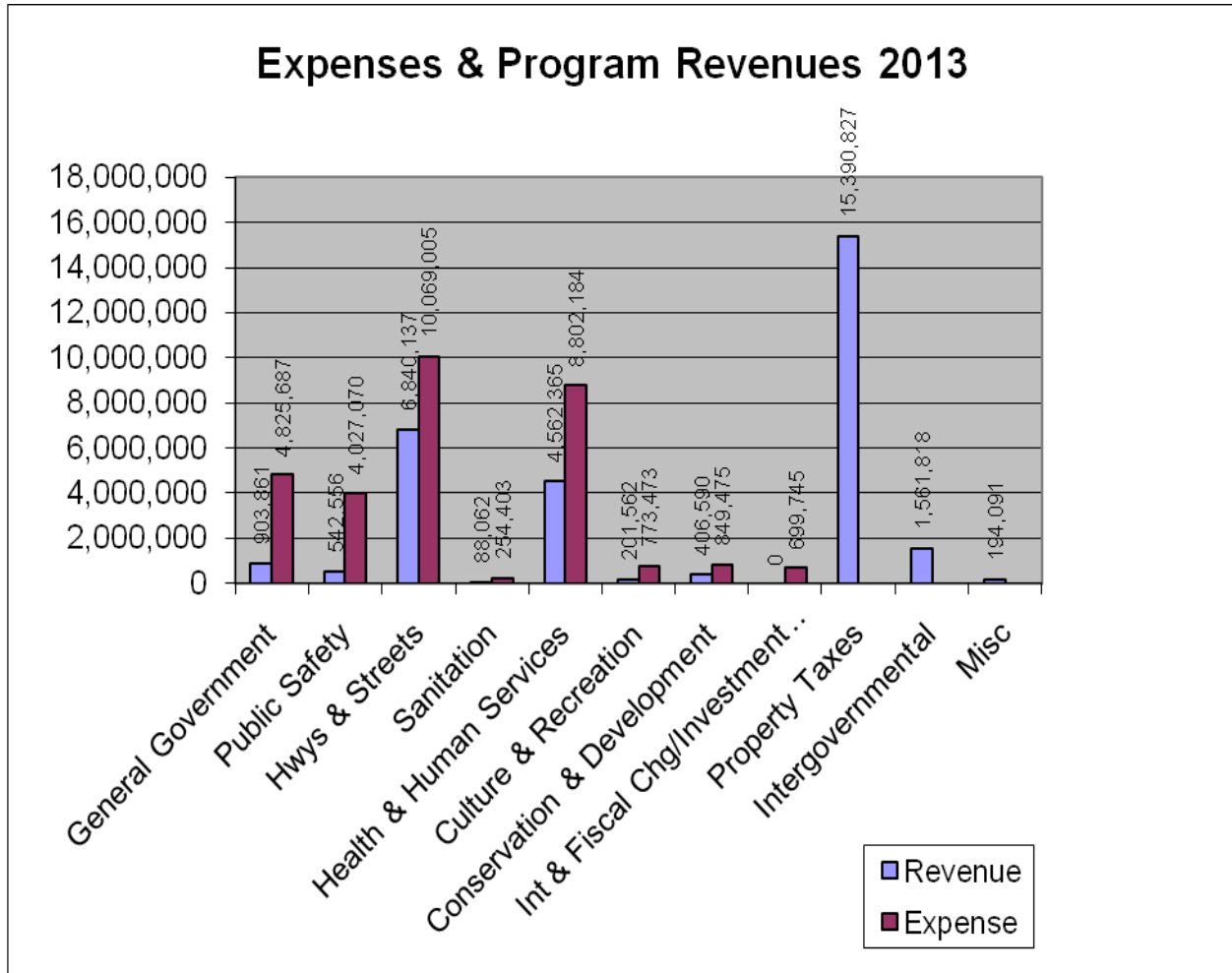
Exhibit 4 2013 Revenues by Source



(EXHIBIT 5)



(EXHIBIT 6)



Financial Analysis of the County'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, unreserved 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 \$15,056,083. The majority of this amount (\$11,557,457) constitutes unrestricted, spendable fund balance, which is available for spending at the county's discretion. The remainder of fund balance is nonspendable or restricted to indicate this it is not available for new spending because it has already been restricted for various reasons. The total fund balance has decreased by \$2,868,022, which is due to expenses incurred in the Road & Bridge fund.

The four major operating funds of Le Sueur County are the General Fund, Road & Bridge, Environmental Health and Human Services Special Fund. At the end of the current fiscal year these funds showed the following balances:

	Assigned/Unassigned Fund Balance	Total Fund Balance
General	4,749,292	5,781,810
Road & Bridge	-2,487,083	-1,957,741
Human Services	6,057,164	6,057,164
Environmental Health	1,694,028	1,917,340

As a measure of the liquidity of these funds, a comparison of unrestricted, spendable fund balance and total fund balance to total fund expenditures yields the following percentages:

	Liquidity Unrestricted, Spendable Fund	Liquidity Total Fund Balance
General	39.7%	48.3%
Road & Bridge	-	-
Human Services	80.2%	80.2%
Environmental Health	214.5%	242.8%

Budgetary Highlights

The Le Sueur County Board may amend/revise the County Budgets. These revisions fall into one of three categories: new information regarding original budget estimates, greater than anticipated revenues or costs, and final agreement reached on employee contracts.

In Le Sueur County's General Fund the actual revenues and other financing sources were \$131,375 over budget. Total actual expenditures and other financing uses were \$281,870 over budget.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities as of December 31, 2014, amount to \$87,880,415 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. There were no major capital asset events in 2014.

Le Sueur County's Governmental Capital Assets (net of Depreciation)

	<u>2014</u>	<u>2013</u>
Land	\$4,841,879	4,841,879
Construction in Progress	3,440,578	1,911,059
Land Improvements	112,896	114,757
Building and Improvements	3,224,899	3,187,276
Machinery, Furniture & Equipment	4,284,369	4,081,347
Infrastructure	<u>71,975,794</u>	<u>71,985,564</u>
	<u>\$ 87,880,415</u>	<u>\$ 86,121,882</u>

Additional information on the County's Capital Assets can be found in the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$11,890,000 which is backed by the full faith and credit of the government.

Le Sueur County's Governmental Outstanding Debt

	<u>2014</u>	<u>2013</u>
General Obligation Bonds	\$ <u>11,890,000</u>	\$ <u>13,825,000</u>

Le Sueur County's debt decreased by \$1,935,000 during 2014. The primary reason was that Le Sueur County did not issue any new bonds in 2014.

Le Sueur County's bond rating is "AA" from Standard & Poor's.

Minnesota statutes limit the amount of debt that a county may levy to 3% of its total market value. As of the end of 2014, Le Sueur County was well below the 3% debt limit imposed by state statutes.

Additional information on the County's long-term debt can be found in the notes to the financial statements.

Economic Factors & New Years Budgets and Rates

The County's officials and staff considered many factors when setting the fiscal year 2015 budget, tax rates, and fees that will be charged.

Le Sueur County continues to see residential growth. The County's population has increased gradually since the 2010 census. The County's total taxable net tax capacity increased by 5.4% in 2014 and increased by 2.2% in 2015. As a result of the population increase, we are experiencing an increased demand for services particularly in police protection, land use policy, road construction, and road maintenance.

Property tax reforms at the state level significantly impacted government aid payments made to the County over the past several years. The County Program Aid of \$1,019,485 has decreased \$803,249 since the original 2003 certified amount of \$1,822,734 for similar state aids before the state made major cuts. Also, added is the impact of numerous unfunded mandates.

Le Sueur County's unemployment rate was 5.3% at the end of 2014. This is above the 3.6% statewide rate.

On December 16, 2014 the Le Sueur County Board of Commissioners approved the 2015 budget for \$46,473,935. This was a 47.6% increase from payable 2014. This increase relates to the Road and Bridge Fund due to significant projects in 2015 which will be funded by debt, state aid, and reimbursements from other governmental entities. The 2015 levy is \$16,077,551, which is a 5.5% increase over payable 2014.

Audit/ Request for Information

Minnesota Statutes 6.48 requires an annual examination of books of accounts, financial records, and transactions of all County functions by the Office of the State Auditor and/or a private accounting firm. When complete, the report will be available for inspection upon request at the County Finance Director's Office during normal working hours. You may also request additional information by U.S. Mail at the following address: Office of the Le Sueur County Finance Director, Le Sueur County Courthouse, 88 South Park Avenue, Le Center, MN 56057.

LE SUEUR COUNTY

STATEMENT OF NET POSITION

As of December 31, 2014

	Primary Government	Component Unit
	Governmental Activities	Housing and Redevelopment Authority
ASSETS		
Cash and investments	\$ 17,494,605	\$ 43,896
Taxes receivable	502,655	-
Special assessments receivable	194,645	-
Accounts receivable (net)	611,613	-
Notes receivable	287,738	-
Loans receivable (net)	-	22,817
Interest receivable	223,391	-
Due from other governments	1,600,110	-
Prepaid items, materials and supplies	530,684	-
Capital Assets		
Construction in progress	3,440,578	-
Land	4,841,879	-
Other capital assets, net of depreciation	79,597,958	-
Total Assets	109,325,856	66,713
LIABILITIES		
Accounts payable	2,072,854	-
Accrued liabilities	624,513	-
Interest payable	162,636	-
Due to other governments	365,124	-
Advances from other governments	1,411,565	-
Liabilities		
Due within one year	1,717,621	-
Due in more than one year	11,306,391	-
Total Liabilities	17,660,704	-
DEFERRED INFLOWS OF RESOURCES		
Unearned revenues	42,876	-
Total Deferred Inflows of Resources	42,876	-
NET POSITION		
Net investment in capital assets	75,986,508	-
Restricted for		
Recorder equipment	380,951	-
Public safety	484,230	-
Highways and streets	383,412	-
Future septic loans	511,050	-
Culture and recreation	140,051	-
Reclamation/conservation	383,948	-
Ditch projects	117,392	-
Debt service	1,113,352	-
Economic development	-	66,713
Unrestricted	12,121,382	-
TOTAL NET POSITION	\$ 91,622,276	\$ 66,713

See accompanying notes to financial statements.

LE SUEUR COUNTY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit HRA
Primary Government						
Governmental Activities						
General government	\$ 5,370,307	\$ 689,059	\$ 157,346	\$ -	\$ (4,523,902)	\$ -
Public safety	4,199,115	247,055	216,170	1,000	(3,734,890)	-
Highways and streets	10,330,106	349,685	2,248,434	3,299,241	(4,432,746)	-
Sanitation	299,225	19,415	231,111	-	(48,699)	-
Health and human services	9,373,013	1,224,141	4,271,020	-	(3,877,852)	-
Culture, recreation, and education	492,966	79,575	1,200	-	(412,191)	-
Conservation and development	943,053	44,413	93,849	24,929	(779,862)	-
Interest and fiscal charges	404,237	-	-	-	(404,237)	-
Total Primary Government	<u>\$ 31,412,022</u>	<u>\$ 2,653,343</u>	<u>\$ 7,219,130</u>	<u>\$ 3,325,170</u>	<u>(18,214,379)</u>	<u>-</u>
Component Unit						
Housing and Redevelopment Authority (HRA)	\$ 481,627	\$ -	\$ 439,116	\$ -	-	(42,511)
General Revenues						
Taxes						
Property taxes, levied for general purposes					13,705,836	-
Property taxes, levied for debt service					1,407,937	-
Property taxes, levied for capital projects					314,219	-
Other taxes					755,829	-
Payments in lieu of taxes					96,229	-
Intergovernmental revenues not restricted to specific programs					1,706,187	-
Investment income					331,434	47
Miscellaneous					217,132	-
Total General Revenues					<u>18,534,803</u>	<u>47</u>
Change in Net Position					320,424	(42,464)
NET POSITION - Beginning of Year					<u>91,301,852</u>	<u>109,177</u>
NET POSITION - END OF YEAR					<u>\$ 91,622,276</u>	<u>\$ 66,713</u>

See accompanying notes to financial statements.

LE SUEUR COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2014

	General Fund	Special Revenue			Nonmajor Governmental Funds	Total Governmental Funds
		Road and Bridge	Human Services	Environmental Health		
ASSETS						
Cash and investments	\$ 6,093,897	\$ 2,111	\$ 5,942,369	\$ 2,037,874	\$ 3,418,354	\$ 17,494,605
Receivables						
Taxes	233,311	74,143	120,034	724	74,443	502,655
Special assessments	-	-	-	8,140	186,505	194,645
Accounts, net	154,570	80,750	376,179	-	114	611,613
Notes	-	-	-	287,738	-	287,738
Interest	223,391	-	-	-	-	223,391
Due from other governments	333,051	556,613	636,962	-	73,484	1,600,110
Due from other funds	111,317	9,760	-	-	-	121,077
Prepaid items, materials and supplies	27,286	503,398	-	-	-	530,684
TOTAL ASSETS	\$ 7,176,823	\$ 1,226,775	\$ 7,075,544	\$ 2,334,476	\$ 3,752,900	\$ 21,566,518
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 300,385	\$ 1,067,860	\$ 522,779	\$ 59,624	\$ 122,206	\$ 2,072,854
Accrued liabilities	384,330	75,298	150,661	10,697	3,527	624,513
Due to other governments	216,444	139,978	-	7,211	1,491	365,124
Due to other funds	8,922	-	20,547	305	91,303	121,077
Advances from other governments	-	1,411,565	-	-	-	1,411,565
Total Liabilities	910,081	2,694,701	693,987	77,837	218,527	4,595,133
Deferred Inflows of Resources						
Unearned revenues	-	-	-	42,876	-	42,876
Unavailable revenues	484,932	489,815	324,393	296,423	276,863	1,872,426
Total Deferred Inflows of Resources	484,932	489,815	324,393	339,299	276,863	1,915,302
Fund Balances (Deficit)						
Nonspendable	27,286	503,398	-	-	-	530,684
Restricted	1,005,232	25,944	-	223,312	1,713,454	2,967,942
Assigned	13,000	-	6,057,164	1,694,028	1,663,993	9,428,185
Unassigned (deficit)	4,736,292	(2,487,083)	-	-	(119,937)	2,129,272
Total Fund Balances (Deficit)	5,781,810	(1,957,741)	6,057,164	1,917,340	3,257,510	15,056,083
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 7,176,823	\$ 1,226,775	\$ 7,075,544	\$ 2,334,476	\$ 3,752,900	\$ 21,566,518

See accompanying notes to financial statements.

LE SUEUR COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION As of December 31, 2014

Total fund balance - governmental funds		\$ 15,056,083
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund statements. Capital assets at year end consist of:

Capital assets	\$ 121,536,277	
Accumulated depreciation	<u>(33,655,862)</u>	87,880,415

Revenues that are not available to pay current liabilities are reported as deferred revenue in the fund financial statements and are recognized as revenue when earned in the government-wide financial statements.

These types of deferred revenues at year end consist of:

Taxes	382,576	
Special assessments	194,645	
Governmental grants	516,386	
Accounts receivable	267,690	
Notes receivable	287,738	
Interest	<u>223,391</u>	1,872,426

Long-term liabilities, including bond and notes payable, are not due in the current period and, therefore, are not reported in the fund statements.

Long-term liabilities at year end consist of:

General obligation debt	(11,890,000)	
Debt premium	(83,269)	
Accrued interest on general obligation debt	(162,636)	
Compensated absences	<u>(1,050,743)</u>	<u>(13,186,648)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 91,622,276</u>
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LE SUEUR COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General Fund	Special Revenue			Nonmajor Governmental Funds	Total Governmental Funds
		Road and Bridge	Human Services	Environmental Health		
REVENUES						
Taxes	\$ 7,571,038	\$ 2,909,295	\$ 3,605,539	\$ 32,650	\$ 1,858,597	\$ 15,977,119
Special assessments	-	-	-	182,650	71,050	253,700
Intergovernmental	1,511,225	6,252,490	4,054,961	319,649	338,882	12,477,207
Licenses and permits	221,076	-	-	114,581	-	335,657
Charges for services	2,048,094	216,850	113,430	25,122	-	2,403,496
Investment income	362,172	1,419	-	-	2,235	365,826
Miscellaneous	97,660	193,633	405,733	33,550	46,240	776,816
Total Revenues	<u>11,811,265</u>	<u>9,573,687</u>	<u>8,179,663</u>	<u>708,202</u>	<u>2,317,004</u>	<u>32,589,821</u>
EXPENDITURES						
Current						
General government	5,208,520	-	-	-	-	5,208,520
Public safety	3,755,507	-	-	-	74,066	3,829,573
Highways and streets	-	11,727,365	-	-	-	11,727,365
Sanitation	-	-	-	358,681	-	358,681
Health and human services	1,948,417	-	7,553,865	156,705	-	9,658,987
Culture, recreation, and education	478,745	-	-	-	-	478,745
Conservation and development	204,820	-	-	274,337	325,128	804,285
Capital Outlay	362,785	447,831	-	-	207,019	1,017,635
Debt Service						
Principal	-	790,000	-	-	1,145,000	1,935,000
Interest and fiscal charges	-	58,704	-	-	380,348	439,052
Total Expenditures	<u>11,958,794</u>	<u>13,023,900</u>	<u>7,553,865</u>	<u>789,723</u>	<u>2,131,561</u>	<u>35,457,843</u>
Excess (deficiency) of revenues over expenditures	<u>(147,529)</u>	<u>(3,450,213)</u>	<u>625,798</u>	<u>(81,521)</u>	<u>185,443</u>	<u>(2,868,022)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	14,966	-	14,966
Transfers out	(14,966)	-	-	-	-	(14,966)
Total Other Financing Sources (Uses)	<u>(14,966)</u>	<u>-</u>	<u>-</u>	<u>14,966</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(162,495)	(3,450,213)	625,798	(66,555)	185,443	(2,868,022)
FUND BALANCES - Beginning of Year	5,944,305	1,378,982	5,431,366	1,983,895	3,072,067	17,810,615
Change in reserve for materials and supplies	-	113,490	-	-	-	113,490
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 5,781,810	\$ (1,957,741)	\$ 6,057,164	\$ 1,917,340	\$ 3,257,510	\$ 15,056,083

See accompanying notes to financial statements.

LE SUEUR COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

Net change in fund balances - total governmental funds	\$ (2,868,022)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The following differ in their presentation in the two statements:

Capital outlay is capitalized in the government-wide statements	1,017,635
Some capital outlay is not capitalized in the government-wide statements	(521,442)
Highway construction capitalized in the government-wide statements	3,636,908
Some other functional expenses are capitalized in the government-wide statements	287,976
Depreciation is reported in the government-wide statements	(2,656,758)
Loss on disposal of capital assets is reported in the government-wide statements	(5,786)

Taxes and other receivables that are not available to pay current liabilities are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. \$2,433,074 of taxes, grants and interest recognized as revenue on the fund statements was recognized in the government-wide statement in prior years. \$1,872,426 of taxes, grants, notes and interest are reported as unavailable revenue in the fund statements but recognized as revenue in the government-wide statements in the current year.	(560,648)
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Issuing debt provides current financial resources in the governmental funds, but the repayment of debt consumes current financial resources in the governmental funds. Principal payments	1,935,000
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the fund financial statements. The following did not require the use of current financial resources:	
Change in compensated absences	(92,743)
Change in accrued interest expense	20,457
Amortization of debt discounts and premiums	14,357

The change in materials and supplies is reported as a change in fund balance in the fund financial statements, but is a change in expense in the government-wide statements.	<u>113,490</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 320,424</u>
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LE SUEUR COUNTY

STATEMENT OF NET POSITION -
FIDUCIARY FUNDS
As of December 31, 2014

	Private-Purpose Trusts	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 60,693	\$ 1,373,129
Total Assets	<u>60,693</u>	<u>1,373,129</u>
LIABILITIES		
Accounts payable	-	5,352
Deposits	-	20,472
Due to other governments	-	1,347,305
Total Liabilities	<u>-</u>	<u>1,373,129</u>
NET POSITION HELD IN TRUST	<u>\$ 60,693</u>	<u>\$ -</u>

LE SUEUR COUNTY

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS**

For the Year Ended December 31, 2014

	<u>Private-Purpose Trusts</u>
ADDITIONS	
Interest	\$ 12
DEDUCTIONS	
Payments in accordance with trust agreements	<u>11</u>
Change in Net Position	1
NET POSITION HELD IN TRUST - Beginning of Year	<u>60,692</u>
NET POSITION HELD IN TRUST - END OF YEAR	<u>\$ 60,693</u>

LE SUEUR COUNTY

INDEX TO NOTES TO THE FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Le Sueur County, Minnesota conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

Le Sueur County was established March 5, 1853, and is an organized county having the powers, duties, and privileges granted counties by Minn. Statute 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.

The report includes all of the funds of the county. The reporting entity for the county consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financials statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organization should also be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Component units are reported using one or two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Housing and Redevelopment Authority

The government-wide statements include the Housing and Redevelopment Authority of Le Sueur County (HRA) as a component unit. The HRA is a legally separate organization. The Board of County Commissioners appoints the board of the HRA. In addition, the Board of County Commissioners can hire, reassign, or dismiss persons responsible for the day-to-day operations of the HRA. As a component unit, the HRA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended September 30, 2014. Separately issued financial statements of the HRA may be obtained from the Minnesota Valley Action Council at 464 Raintree Road, Mankato, Minnesota, 56001. See Note III.G.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. All of Le Sueur County's activities are considered governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Le Sueur County does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements

Financial statements of the county are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental fund statements. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of Le Sueur County or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10% of the corresponding total for all governmental funds.
- b. In addition, any other governmental fund that Le Sueur County believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Le Sueur County reports the following major governmental funds:

General Fund – accounts for Le Sueur County’s primary operating activities. It is used to account for all financial resources except those accounted for and reported in another fund.

Road and Bridge Special Revenue Fund – used to account for and report grants and local revenues legally restricted or committed to the construction and maintenance of county roads, highways, and bridges.

Human Services Special Revenue Fund – used to account for and report grants and local revenues legally restricted, committed or assigned to economic assistance and community social services programs.

Environmental Health Special Revenue Fund – used to account for and report grants and local revenues legally restricted, committed or assigned to health, clean water partnership, recycling, and solid waste activities.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Le Sueur County reports the following nonmajor governmental funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are legally restricted, committed or assigned to expenditures for specified purposes (other than debt service or capital projects).

Victim Witness
Gravel Tax
County Ditch

Debt Service Fund – used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payments of general long term debt principal, interest, and related costs.

Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

In addition, Le Sueur County reports the following fund types:

Private-Purpose Trust Funds – used to account for and report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments.

Cemetery Perpetual Care
U.S. Fish and Wildlife

Agency Funds – used to account for and report assets held by the county in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Agency	Family Services Collaborative
Taxes and Penalties	Sheriff
Social Welfare	

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the county considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded as receivables in the year levied. They are recognized as revenues when collected in the current year and in the first 60 days of the succeeding year.

Intergovernmental aids and grants are recognized as revenues in the period Le Sueur County is entitled to the resources and the amounts are available. Amounts owed to the county which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as unearned inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Fiduciary fund financial statements (other than agency funds) are reported using the economic resources management focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

Minnesota statutes authorize the county board to designate a depository for public funds and to invest in certificates of deposit. Minnesota statutes require that all deposits be covered by insurance, surety bond, or collateral.

Investments are limited to:

- > Bonds, notes, bills, mortgages, and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by Congress, except mortgage-backed securities defined as “high risk” by Minnesota statutes;
- > Mutual fund through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- > State and local securities that meet specified bond ratings by a national rating service;
- > Banker’s acceptances of United States banks;
- > Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less; and
- > Repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts, with certain restrictions.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Le Sueur County has adopted an investment policy. That policy limits allowable investments to securities issued by the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Association, the Federal Home Loan Bank, brokered jumbo CD's covered by FDIC, repurchase agreements, and the MAGIC fund. The policy also requires that county deposits in bank CD's will have a maturity of not more than five years.

Custodial credit risk is not specifically addressed in the county's investment policy. The county follows state statutes related to this risk.

Credit risk is addressed through the investment restrictions detailed above. The policy also states that the county may request a rating from bidders; high bidders may be denied the investment based on that rating.

The policy addresses concentration of credit risk by stating that the Treasurer shall make investments with the consideration of diversification to limit risk.

The policy addresses interest rate risk by stating that the Treasurer shall schedule the maturity of investment securities to coincide with the payment of property tax settlements and other bill paying dates.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments funds is allocated to the general fund per Minn. Stat § 385.07. Other funds received investment earning based on other state statutes, grant agreements, contracts, and bond covenants. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Le Sueur 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 MN Statutes § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Therefore, the fair value of the county's position in the pool is essentially the same as the value of the pool shares.

See Note III.A. for further information.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables

The county levies and collects property taxes and special assessments for all governmental units within the county. Property tax collections and payments to other governmental units and county funds are accounted for in agency funds.

Property taxes and special assessments 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.

The county is required to distribute the collections to the various governmental units three times each year on a schedule prescribed in MN Statutes 276.

Accounts receivable have been shown net of an allowance for uncollectible accounts. No allowance for uncollectible delinquent taxes has been provided because of the county's demonstrated ability to recover any losses through the sale of the applicable property.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

3. Prepaid Items, Materials and Supplies

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.

Governmental fund materials and supplies, if material, are valued at cost based on the FIFO method using the consumption method of accounting for all items except signs and posts, gravel stockpiles, recycled blacktop, and pea rock, which are valued using the average cost method.

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year and the following initial cost:

Machinery, Equipment and Vehicles	\$	5,000
Land Improvements		25,000
Building and Building Improvements		25,000
Roads and Bridges (Infrastructure)		50,000
Intangibles		500,000

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

4. Capital Assets (cont.)

Government–Wide Statements (cont.)

All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Machinery, Equipment and Vehicles	5-20 Years
Land Improvements	20-30 Years
Buildings and Building Improvements	15-40 Years
Infrastructure	50-75 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures of the governmental fund upon acquisition.

5. Advances from Other Governments

The county records advance allotments on its county regular construction funds from the Minnesota Department of Transportation as advances from other governments.

6. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2014 are determined on the basis of current salary rates and include salary related payments.

7. Other Post Employment Benefits

The county does not offer any significant post employment benefits.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) is reported as other financing sources and payments of principal and interest are reported as expenditures. The county has not issued any conduit debt.

For the government-wide statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method, which approximates the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

10. Equity Classifications

Government–Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding any unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the county board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the county board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The county board has adopted a financial policy authorizing the County Manager and Finance Director to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The county considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the county would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note III.F. for further information.

Fiduciary fund equity is classified as held in trust on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the county believes it is in compliance with all significant restrictions.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following individual funds had 2014 expenditures and other financing uses in excess of appropriations:

Fund	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Over Budget
General Fund	\$ 11,691,890	\$ 11,973,760	\$ 281,870
Road and Bridge	10,498,991	13,023,900	2,524,909
Human Services	6,403,272	7,553,865	1,150,593
Environmental Health	561,958	789,723	227,765
Debt Service	1,427,903	1,525,348	97,445

The county controls expenditures at the fund level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the county's year-end budget to actual report.

B. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2014, the following individual funds held a deficit balance:

Fund	Amount	Reason
Road and Bridge	\$ 1,957,741	Expenditures in excess of revenues
County Ditch	119,937	Expenditures in excess of revenues

Fund deficits are anticipated to be funded with future contributions, general tax revenues, special assessments, and long-term borrowing.

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The county maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

The county's cash and investments at year end were comprised of the following:

	Carrying Value	Statement Balance	Associated Risks
Demand and time deposits	\$ 13,915,991	\$ 15,250,993	Custodial credit
US agencies	810,549	810,549	Custodial credit, credit, concentration of credit, interest rate
Negotiable CDs	1,922,241	1,922,241	Custodial credit, credit, concentration of credit, interest rate
Repurchase agreements	2,269,866	2,269,866	Custodial credit, credit, concentration of credit, interest rate
MAGIC	6,378	6,378	Credit, interest rate
Petty cash	3,402	-	N/A
Total Cash and Investments	\$ 18,928,427	\$ 20,260,027	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 17,494,605		
Per statement of net position –			
Fiduciary Funds			
Private purpose trusts	60,693		
Agency funds	1,373,129		
Total Cash and Investments	\$ 18,928,427		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government). Wells Fargo Advisors' SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. Wells Fargo Advisors has obtained additional protection for the remaining balance in the county's account.

The county maintains collateral agreements with its banks. At December 31, 2014, the banks had pledged various government securities in the amount of \$12,247,386 to secure the county's deposits.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the county's deposits may not be returned to the county.

As of December 31, 2014, the county had no deposits exposed to custodial credit risk.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2014, the county had no investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2014, the county's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor Service
US agencies – Federal Home Loan Bank	AA+	AAA
Repurchase agreements – Le Center, MN ISD #392 GO	AA+	NR
Repurchase agreements – New Brighton, MN GO	AA	NR
Repurchase agreements – Luverne, MN Go Ref-Ser A	AA-	NR
Repurchase agreements – Willmar, MN GO	NR	Aa3
Repurchase agreements – Duluth, MN GO	AA	Aa2
Repurchase agreements – Federal Home Loan Bank	AA+	Aaa
Repurchase agreements – Federal Home Loan Mortgage Company	AA	Aaa

The county also had the following unrated investments:

- Repurchase agreements
- Minnesota Association of Governments Investing for Counties (MAGIC)
- Negotiable certificates of deposit

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2014, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Bank	US agencies and repurchase agreement	20.92%
GE Capital Bank	Repurchase agreement and negotiable certificate of deposit	8.87%
GE Capital Retail Bank	Repurchase agreement and negotiable certificate of deposit	8.87%
Goldman Sachs Bank	Repurchase agreement and negotiable certificate of deposit	8.77%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2014, the county's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1 - 3	More than 3
US agencies	\$ 810,549	\$ -	\$ -	\$ 810,549
Negotiable CDs	1,922,241	399,940	-	1,522,301
Repurchase agreements	2,269,866	2,269,866	-	-
MAGIC	6,378	6,378	-	-
Totals	<u>\$ 5,009,034</u>	<u>\$ 2,676,184</u>	<u>\$ -</u>	<u>\$ 2,332,850</u>

See Note I.D.1. for further information on deposit and investment policies.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

All receivables are expected to be collected within one year except for \$113,213 of interest in the general fund, \$240,023 of notes receivable in the environmental health fund, and \$140,654 of special assessments in the county ditch fund.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable	\$ -	\$ 382,576
Special assessments not yet due	-	194,645
Grants not received within 60 days of end of year	-	516,386
Accounts receivable not received within 60 days of end of year	-	267,690
Note receivable	-	287,738
Interest receivable	-	223,391
Grants received in advance	<u>42,876</u>	<u>-</u>
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 42,876</u>	<u>\$ 1,872,426</u>

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Construction in progress	\$ 1,911,059	\$ 3,191,901	\$ 1,662,382	\$ 3,440,578
Land	4,841,879	-	-	4,841,879
Total Capital Assets Not Being Depreciated	\$ 6,752,938	\$ 3,191,901	\$ 1,662,382	\$ 8,282,457
Other capital assets being depreciated				
Buildings and improvements	\$ 7,251,166	\$ 195,224	\$ -	\$ 7,446,390
Land improvements	150,404	-	-	150,404
Machinery, furniture, and equipment	10,691,757	851,042	364,728	11,178,071
Infrastructure	92,633,663	1,845,292	-	94,478,955
Total Other Capital Assets Being Depreciated	110,726,990	2,891,558	364,728	113,253,820
Less: Accumulated depreciation for				
Buildings and improvements	(4,063,890)	(157,601)	-	(4,221,491)
Land improvements	(35,647)	(1,861)	-	(37,508)
Machinery, furniture, and equipment	(6,610,410)	(642,234)	358,942	(6,893,702)
Infrastructure	(20,648,099)	(1,855,062)	-	(22,503,161)
Total Accumulated Depreciation	(31,358,046)	(2,656,758)	358,942	(33,655,862)
Total Other Capital Assets, Net of Depreciation	\$ 79,368,944	\$ 234,800	\$ 5,786	\$ 79,597,958

Depreciation expense was charged to functions as follows:

General government	\$ 146,799
Public safety	332,027
Highway and streets, which includes the depreciation of infrastructure	2,155,044
Human services	9,054
Culture, recreation and education	13,834
Total Governmental Activities Depreciation Expense	\$ 2,656,758

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables:

Receivables Fund	Payable Fund	Amount
General Fund	Human Services	\$ 20,014
General Fund	Ditch Fund	91,303
Road and Bridge	General Fund	8,922
Road and Bridge	Environmental Fund	305
Road and Bridge	Human Services	533
Total - Fund Financial Statements		\$ 121,077

All amounts are due within one year.

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Environmental Health	General Fund	\$ 8,566	Share of 2014 water plan
Environmental Health	General Fund	6,400	Share of machine room
Total – Fund Financial Statements		\$ 14,966	

For the statement of activities, interfund transfers within the governmental activities are netted and eliminated.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable					
General obligation debt	\$ 13,825,000	\$ -	\$ (1,935,000)	\$ 11,890,000	\$ 1,520,000
Premiums/(discounts)	97,626	-	(14,357)	83,269	-
Sub-totals	13,922,626	-	(1,949,357)	11,973,269	1,520,000
Other Liabilities					
Compensated absences	958,000	92,743	-	1,050,743	197,621
Total Long-Term Liabilities	\$ 14,880,626	\$ 92,743	\$ (1,949,357)	\$ 13,024,012	\$ 1,717,621

In accordance with Minnesota Statutes, net indebtedness of the county may not exceed 3% of the market value of taxable property within the county's jurisdiction. The debt limit as of December 31, 2014, was \$107,335,590. General obligation debt outstanding at year end was \$11,890,000.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the county. General obligation bonds will be retired by future property tax levies accumulated by the debt service fund and the road and bridge special revenue fund.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-14
State-Aid Street Bonds	2005	2015	3.00-4.00%	\$ 2,650,000	\$ 265,000
Capital Improvement Bonds	2005	2022	3.60-4.05%	2,145,000	1,285,000
Capital Improvement Bonds	2006	2023	4.00%	2,555,000	1,705,000
Capital Improvement Bonds	2007	2024	4.00-4.10%	2,555,000	1,865,000
Capital Improvement Bonds	2008	2024	3.00-4.30%	4,090,000	3,010,000
State-Aid Street Bonds	2009	2019	2.00-3.00%	2,600,000	1,300,000
Capital Improvement Bonds	2011	2022	0.50-2.75%	3,000,000	2,460,000
Total General Obligation Debt					\$ 11,890,000

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

Debt service requirements to maturity are as follows:

	General Obligation Debt	
	Principal	Interest
2015	\$ 1,520,000	\$ 385,705
2016	1,280,000	343,574
2017	1,315,000	303,323
2018	1,350,000	259,942
2019	1,395,000	213,928
2020 – 2024	<u>5,030,000</u>	<u>429,368</u>
Totals	<u>\$ 11,890,000</u>	<u>\$ 1,935,840</u>

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

F. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position includes the following:

Net investment in capital assets	
Construction in progress	\$ 3,440,578
Land	4,841,879
Other capital assets, net of accumulated depreciation	79,597,958
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(11,893,907)</u>
Total Net Investment in Capital Assets	<u>\$ 75,986,508</u>

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. NET POSITION/FUND BALANCES (cont.)

Governmental fund balances as of December 31, 2014, include the following items:

Fund Balances	General Fund	Road and Bridge	Human Services	Environmental Health	Nonmajor Funds	Totals
Nonspendable:						
Prepaid items, materials and supplies	\$ 27,286	\$ 503,398	\$ -	\$ -	\$ -	\$ 530,684
Restricted for:						
Recorder's equipment	380,951	-	-	-	-	380,951
Sheriff's forfeiture	41,988	-	-	-	-	41,988
Sheriff's drug and alcohol contingency	2,000	-	-	-	-	2,000
E-911	440,242	-	-	-	-	440,242
Parks	140,051	-	-	-	-	140,051
Capital projects	-	25,944	-	-	53,518	79,462
Future septic loans	-	-	-	223,312	-	223,312
Reclamation/conservation	-	-	-	-	383,948	383,948
Debt service	-	-	-	-	1,275,988	1,275,988
Assigned to:						
2015 budget	13,000	-	-	-	-	13,000
Human services	-	-	6,057,164	-	-	6,057,164
Environmental health	-	-	-	1,694,028	-	1,694,028
Victim witness	-	-	-	-	41,066	41,066
Capital projects	-	-	-	-	1,622,927	1,622,927
Unassigned (deficit)	<u>4,736,292</u>	<u>(2,487,083)</u>	<u>-</u>	<u>-</u>	<u>(119,937)</u>	<u>2,129,272</u>
Total Fund Balances Deficit)	<u>\$ 5,781,810</u>	<u>\$ (1,957,741)</u>	<u>\$ 6,057,164</u>	<u>\$ 1,917,340</u>	<u>\$ 3,257,510</u>	<u>\$ 15,056,083</u>

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

G. COMPONENT UNIT

This report contains the Housing and Redevelopment Authority of Le Sueur County (HRA), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Management Agreement

The HRA has entered into an agreement with the Minnesota Valley Action Council, Inc. (MVAC) to have MVAC manage all of the HRA's programs and act as its fiscal agent. Payment to MVAC for these services consists solely of the administrative fees allowed under the grant programs operated by the HRA. The HRA advances funds to MVAC as needed for disbursement under the programs.

b. Basis of Accounting and Measurement Focus

The HRA follows the full accrual basis of accounting and the economic resources measurement focus.

c. Deposits and Investments

The HRA's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 43,896	\$ 43,896	Custodial credit risk

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the authority's deposits may not be returned to the authority.

The HRA does not have any deposits exposed to custodial credit risk.

d. Loans Receivable

The HRA issued a loan through the Community Development Block Grant program. The loan was issued without bearing interest and is secured by property in Kilkenny, Minnesota. Payments of \$25 are due monthly with principal due in full upon sale of the property. The balance of the loan at September 30, 2014 is \$22,817.

The HRA has also issued loans to renovate and remodel residential and business properties through the Small Cities Payment Loan Program. The balance of these notes at September 30, 2014 is \$21,312. These loans are deferred for 10 years, at which time the loan is forgiven if the original property owner is still residing at the improved property. The loans will be forgiven by 2018. These notes are unlikely to be collected and an allowance for doubtful accounts is recorded for the amount of \$21,312.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV – OTHER INFORMATION

A. PENSION PLANS

Plan Description

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

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire-fighters and peace officers who qualify for membership by statute are covered by the PEPFF. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates are covered by the PECF.

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 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 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members. For all PEPFF members, PECF members, and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV – OTHER INFORMATION (cont.)

A. PENSION PLANS (cont.)

Plan Description (cont.)

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

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The county makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2014. PEPFF members were required to contribute 10.2% of their annual covered salary in 2014. PECF members were required to contribute 5.83% of their annual covered salary. In 2014, Le Sueur County was required to contribute the following percentages of annual covered payroll:

Basic Plan members	11.78%
Coordinated Plan members	7.25%
PEPFF members	15.30%
PECF members	8.75%

The county's contributions to the Public Employees Retirement Fund for the years ending December 31, 2014, 2013 and 2012 were \$556,680, \$500,273 and \$483,053, respectively. The county's contributions to the Public Employees Police and Fire Fund for the years ending December 31, 2014, 2013 and 2012, were \$204,488, \$185,399, and \$170,483, respectively. The county's contributions to the PECF for the years ending December 31, 2014, 2013 and 2012 were \$53,904, \$54,519, and \$47,101, respectively. The county's contributions were equal to the contractually required contributions for each year as set by state statute. Contribution rates will increase on January 1, 2015 in the Coordinated Plan (6.5% for members and 7.5% for employers) and the Police and Fire Fund (10.8% for members and 16.2% for employers).

B. RISK MANAGEMENT

The county is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The county has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT) to protect against liabilities from property and casualty and workers compensation. The county purchases commercial insurance to cover all other risks. Settled claims have not exceeded coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

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 liabilities of the property and casualty division exceed its assets, MCIT may assess the county in a method and amount to be determined by MCIT.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

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 claim liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per employee and \$1,500,000 per accident in 2014. Should workers compensation liabilities of the MCIT workers compensation division exceed its assets, MCIT may assess the county in a method and amount to be determined by MCIT.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the county is party to various other pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the county attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the county's financial position or results of operations.

The county has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The county has active construction projects as of December 31, 2014. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The county had open construction contracts in the amount of \$98,372 at December 31, 2014.

D. JOINT VENTURES

Tri-County Solid Waste

Le Sueur, Nicollet, and Sibley counties have entered into a joint powers agreement to create and operate Tri-County Solid Waste. The primary purpose of the venture is to coordinate solid waste management programs within the tri-county area. Planning, recycling, hazardous waste, problem materials, and education are areas of focus.

The board of Tri-County Solid Waste is made up of two representatives from each of the participating members' Board of Commissioners. One-half of the financing for the venture is provided by an equal appropriation from the three counties and one-half is provided by appropriations from the counties based on population. Le Sueur County made payments totaling \$85,199 to Tri-County Solid Waste in 2014. The county believes that services will continue to be provided at similar rates in the future. Current financial statements are not available.

LE SUEUR COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV – OTHER INFORMATION (cont.)

E. JOINTLY GOVERNED ORGANIZATIONS

Jointly governed organizations are a regional government or multi-government arrangement governed by representatives of each creating government. Participants do not retain an ongoing financial interest or responsibility. Le Sueur County, in conjunction with other local governments, has formed joint powers boards to provide a variety of services. The county appoints at least one member to the following organizations:

	<u>2014 Payments</u>
Family Services Collaborative	\$ -
South Central Workforce Council	-
Minnesota County Computer Cooperative	177,672
Waseca-LeSueur Regional Library	448,734
South Central Minnesota Regional Radio	-
Minnesota Rivers Board	857
U.S. Highway 169 Corridor Coalition	-
South Central Community Based Initiative	-
Criminal Justice Agency	-
South Central Workforce Service Area	-
South Central Regional Immtrack	6,744

F. SUBSEQUENT EVENTS

On December 23, 2014 the County Board approved the sale of \$9,625,000 of Series 2015A general obligation bonds with an interest rate of 2% for the purpose of financing road and bridge projects. The notes are dated February 19, 2015.

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 71, *Pension – Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LE SUEUR COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - GENERAL FUND For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 7,715,781	\$ 7,571,038	\$ (144,743)
Intergovernmental	1,288,157	1,511,225	223,068
Licenses and permits	199,670	221,076	21,406
Charges for services	2,124,232	2,048,094	(76,138)
Investment income	300,150	362,172	62,022
Miscellaneous	<u>51,900</u>	<u>97,660</u>	<u>45,760</u>
Total Revenues	<u>11,679,890</u>	<u>11,811,265</u>	<u>131,375</u>
EXPENDITURES			
Current			
General government	5,141,028	5,208,520	(67,492)
Public safety	3,714,849	3,755,507	(40,658)
Health and human services	1,920,858	1,948,417	(27,559)
Culture, recreation, and education	463,201	478,745	(15,544)
Conservation and development	209,826	204,820	5,006
Capital Outlay	<u>227,162</u>	<u>362,785</u>	<u>(135,623)</u>
Total Expenditures	<u>11,676,924</u>	<u>11,958,794</u>	<u>(281,870)</u>
Excess (Deficiency) of Revenues Over Expenditures	2,966	(147,529)	(150,495)
OTHER FINANCING USES			
Transfers out	<u>(14,966)</u>	<u>(14,966)</u>	<u>-</u>
Net change in fund balance	(12,000)	(162,495)	(150,495)
FUND BALANCE - Beginning of Year	<u>5,944,305</u>	<u>5,944,305</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,932,305</u>	<u>\$ 5,781,810</u>	<u>\$ (150,495)</u>

See independent auditors' report and accompanying notes to required supplementary information.

LE SUEUR COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - ROAD AND BRIDGE For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 2,937,196	\$ 2,909,295	\$ (27,901)
Intergovernmental	6,956,795	6,252,490	(704,305)
Charges for services	145,000	216,850	71,850
Investment income	-	1,419	1,419
Miscellaneous	460,000	193,633	(266,367)
Total Revenues	<u>10,498,991</u>	<u>9,573,687</u>	<u>(925,304)</u>
EXPENDITURES			
Current			
Highways and streets			
Administration	437,648	556,509	(118,861)
Maintenance	2,041,388	2,657,044	(615,656)
Construction	6,017,424	7,368,597	(1,351,173)
Equipment maintenance and shop	698,237	1,145,215	(446,978)
Capital Outlay	454,790	447,831	6,959
Debt Service			
Principal	790,000	790,000	-
Interest and fiscal charges	59,504	58,704	800
Total Expenditures	<u>10,498,991</u>	<u>13,023,900</u>	<u>(2,524,909)</u>
Net change in fund balance	-	(3,450,213)	(3,450,213)
FUND BALANCE - Beginning of Year	1,378,982	1,378,982	-
Change in reserve for inventory	-	113,490	113,490
FUND BALANCE - END OF YEAR	<u>\$ 1,378,982</u>	<u>\$ (1,957,741)</u>	<u>\$ (3,336,723)</u>

See independent auditors' report and accompanying notes to required supplementary information.

LE SUEUR COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - HUMAN SERVICES For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 3,718,228	\$ 3,605,539	\$ (112,689)
Intergovernmental	2,453,294	4,054,961	1,601,667
Charges for services	53,250	113,430	60,180
Miscellaneous	<u>178,500</u>	<u>405,733</u>	<u>227,233</u>
Total Revenues	<u>6,403,272</u>	<u>8,179,663</u>	<u>1,776,391</u>
EXPENDITURES			
Current			
Human services			
Income maintenance	1,758,807	1,859,152	(100,345)
Social services	4,258,659	5,363,230	(1,104,571)
Child support	<u>385,806</u>	<u>331,483</u>	<u>54,323</u>
Total Expenditures	<u>6,403,272</u>	<u>7,553,865</u>	<u>(1,150,593)</u>
Net change in fund balance	-	625,798	625,798
FUND BALANCE - Beginning of Year	<u>5,431,366</u>	<u>5,431,366</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 5,431,366</u>	<u>\$ 6,057,164</u>	<u>\$ 625,798</u>

See independent auditors' report and accompanying notes to required supplementary information.

LE SUEUR COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - ENVIRONMENTAL HEALTH For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 33,213	\$ 32,650	\$ (563)
Special assessments	148,000	182,650	34,650
Intergovernmental	158,365	319,649	161,284
Licenses and permits	115,179	114,581	(598)
Charges for services	17,825	25,122	7,297
Miscellaneous	1,000	33,550	32,550
Total Revenues	<u>473,582</u>	<u>708,202</u>	<u>234,620</u>
EXPENDITURES			
Current			
Sanitation	264,075	358,681	(94,606)
Health and human services	161,734	156,705	5,029
Conservation and development	136,149	274,337	(138,188)
Total Expenditures	<u>561,958</u>	<u>789,723</u>	<u>(227,765)</u>
Excess (Deficiency) of Revenues Over Expenditures	(88,376)	(81,521)	6,855
OTHER FINANCING SOURCES			
Transfer in	<u>14,966</u>	<u>14,966</u>	<u>-</u>
Net change in fund balance	(73,410)	(66,555)	6,855
FUND BALANCE - Beginning of Year	<u>1,983,895</u>	<u>1,983,895</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,910,485</u>	<u>\$ 1,917,340</u>	<u>\$ 6,855</u>

See independent auditors' report and accompanying notes to required supplementary information.

LE SUEUR COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2014

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for governmental funds as described in Note I.C.

A budget has been adopted for all major governmental funds and selected nonmajor special revenue funds.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The appropriated budget is prepared by fund, function, and department. Transfers of appropriations within a department and between departments require approval of the county board.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the fund level of expenditure.

SUPPLEMENTARY INFORMATION

LE SUEUR COUNTY

NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2014

Special Revenue Funds

Victim Witness Fund – Used to account for and report grants and local revenues legally restricted, committed or assigned to supporting expenditures for assistance provided to victims of crimes and to witnesses to crimes

Gravel Tax Fund – Used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for gravel pit restoration or other conservation projects.

County Ditch Fund – Used to account for and report the grants and local revenues legally restricted or committed to supporting expenditures for the maintenance of the county ditch system.

Debt Service Fund

Used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payments of general long term debt principal, interest, and related costs.

Capital Projects Fund

Used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

LE SUEUR COUNTY

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2014

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Victim Witness	Gravel Tax	County Ditch	Debt Service	Capital Projects	
ASSETS						
Cash and investments	\$ 44,206	\$ 380,846	\$ -	\$ 1,266,857	\$ 1,726,445	\$ 3,418,354
Receivables						
Taxes	575	25,776	-	48,092	-	74,443
Special assessments	-	-	186,505	-	-	186,505
Accounts	-	-	-	114	-	114
Due from other governments	271	-	73,213	-	-	73,484
TOTAL ASSETS	\$ 45,052	\$ 406,622	\$ 259,718	\$ 1,315,063	\$ 1,726,445	\$ 3,752,900
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 22,674	\$ 49,532	\$ -	\$ 50,000	\$ 122,206
Accrued liabilities	3,527	-	-	-	-	3,527
Due to other governments	-	-	1,491	-	-	1,491
Due to other funds	-	-	91,303	-	-	91,303
Total Liabilities	3,527	22,674	142,326	-	50,000	218,527
Deferred Inflows of Resources						
Unavailable revenues	459	-	237,329	39,075	-	276,863
Total Deferred Inflows of Resources	459	-	237,329	39,075	-	276,863
Fund Balances (Deficit)						
Restricted	-	383,948	-	1,275,988	53,518	1,713,454
Assigned	41,066	-	-	-	1,622,927	1,663,993
Unassigned (deficit)	-	-	(119,937)	-	-	(119,937)
Total Fund Balances (Deficit)	41,066	383,948	(119,937)	1,275,988	1,676,445	3,257,510
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 45,052	\$ 406,622	\$ 259,718	\$ 1,315,063	\$ 1,726,445	\$ 3,752,900

LE SUEUR COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Victim Witness	Gravel Tax	County Ditch	Debt Service	Capital Projects	
REVENUES						
Taxes	\$ 18,916	\$ 109,522	\$ -	\$ 1,415,939	\$ 314,220	\$ 1,858,597
Special assessments	-	-	71,050	-	-	71,050
Intergovernmental	47,286	-	22,310	20,600	248,686	338,882
Investment income	-	-	-	2,235	-	2,235
Miscellaneous	4,080	2,080	80	-	40,000	46,240
Total Revenues	<u>70,282</u>	<u>111,602</u>	<u>93,440</u>	<u>1,438,774</u>	<u>602,906</u>	<u>2,317,004</u>
EXPENDITURES						
Current						
Public safety	74,066	-	-	-	-	74,066
Conservation and development	-	83,153	241,975	-	-	325,128
Capital Outlay	-	-	-	-	207,019	207,019
Debt Service						
Principal	-	-	-	1,145,000	-	1,145,000
Interest and fiscal charges	-	-	-	380,348	-	380,348
Total Expenditures	<u>74,066</u>	<u>83,153</u>	<u>241,975</u>	<u>1,525,348</u>	<u>207,019</u>	<u>2,131,561</u>
Net change in fund balances	(3,784)	28,449	(148,535)	(86,574)	395,887	185,443
FUND BALANCES - Beginning of Year	<u>44,850</u>	<u>355,499</u>	<u>28,598</u>	<u>1,362,562</u>	<u>1,280,558</u>	<u>3,072,067</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 41,066</u>	<u>\$ 383,948</u>	<u>\$ (119,937)</u>	<u>\$ 1,275,988</u>	<u>\$ 1,676,445</u>	<u>\$ 3,257,510</u>

LE SUEUR COUNTY

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET - VICTIM WITNESS
For the Year Ended December 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 19,138	\$ 18,916	\$ (222)
Intergovernmental	47,000	47,286	286
Miscellaneous	<u>8,000</u>	<u>4,080</u>	<u>(3,920)</u>
Total Revenues	<u>74,138</u>	<u>70,282</u>	<u>(3,856)</u>
EXPENDITURES			
Current			
Public safety	<u>74,138</u>	<u>74,066</u>	<u>72</u>
Net change in fund balance	-	(3,784)	(3,784)
FUND BALANCE - Beginning of Year	<u>44,850</u>	<u>44,850</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 44,850</u>	<u>\$ 41,066</u>	<u>\$ (3,784)</u>

LE SUEUR COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - DEBT SERVICE For the Year Ended December 31, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 1,427,903	\$ 1,415,939	\$ (11,964)
Intergovernmental	-	20,600	20,600
Investment income	-	2,235	2,235
Total Revenues	<u>1,427,903</u>	<u>1,438,774</u>	<u>10,871</u>
EXPENDITURES			
Debt Service			
Principal	1,062,895	1,145,000	(82,105)
Interest and fiscal charges	<u>365,008</u>	<u>380,348</u>	<u>(15,340)</u>
Total Expenditures	<u>1,427,903</u>	<u>1,525,348</u>	<u>(97,445)</u>
Net change in fund balance	-	(86,574)	(86,574)
FUND BALANCE - Beginning of Year	<u>1,362,562</u>	<u>1,362,562</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,362,562</u>	<u>\$ 1,275,988</u>	<u>\$ (86,574)</u>

LE SUEUR COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET - CAPITAL PROJECTS For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 323,419	\$ 314,220	\$ (9,199)
Intergovernmental	243,025	248,686	5,661
Miscellaneous	-	40,000	40,000
Total Revenues	<u>566,444</u>	<u>602,906</u>	<u>36,462</u>
EXPENDITURES			
Current			
General government	566,444	-	566,444
Capital Outlay	<u>120,000</u>	<u>207,019</u>	<u>(87,019)</u>
Total Expenditures	<u>686,444</u>	<u>207,019</u>	<u>479,425</u>
Net change in fund balance	(120,000)	395,887	515,887
FUND BALANCE - Beginning of Year	<u>1,280,558</u>	<u>1,280,558</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 1,160,558</u>	<u>\$ 1,676,445</u>	<u>\$ 515,887</u>

LE SUEUR COUNTY

FIDUCIARY FUNDS

For the Year Ended December 31, 2014

Private Purpose Trust Funds

Cemetery Perpetual Care Fund – Used to account for and report funds held for cemetery associations.

U.S. Fish and Wildlife Funds – Used to account for and report funds from the U.S. Fish and Wildlife Service that will, through interest earning, offset the shortfall between the annual Fish and Wildlife Service shared revenue payment and the actual taxes on property purchased by the U.S. Fish and Wildlife Service.

Agency Funds

Agency – Used to account for and report all county collections and disbursements, other than taxes and penalties, on behalf of individuals, private organizations, or other governmental units.

Family Services Collaborative – Used to account for and report state funds disbursed through the Minnesota Department of Education and discretionary funds contributed by the Collaborative participants.

Taxes and Penalties – To account for and report property taxes and penalties collected and distributed to other governmental units and county funds.

Sheriff – Used to account for and report cash held by the Sheriff for inmates of the county jail and for cash collected by the sheriff and remitted to the county.

Social Welfare – Used to account for and report funds held by the county for clients in a representative payee capacity.

LE SUEUR COUNTY

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
As of December 31, 2014

	<u>Cemetery Perpetual Care</u>	<u>U.S. Fish and Wildlife</u>	<u>Total</u>
ASSETS			
Cash and investments	<u>\$ 13,348</u>	<u>\$ 47,345</u>	<u>\$ 60,693</u>
NET POSITION HELD IN TRUST	<u>\$ 13,348</u>	<u>\$ 47,345</u>	<u>\$ 60,693</u>

LE SUEUR COUNTY

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
For the Year Ended December 31, 2014

	Cemetery Perpetual Care	U.S. Fish and Wildlife	Total
ADDITIONS			
Interest	\$ 12	\$ -	\$ 12
DEDUCTIONS			
Payments in accordance with trust agreements	<u>11</u>	<u>-</u>	<u>11</u>
Change in Net Position	1	-	1
NET POSITION HELD IN TRUST - Beginning of Year	<u>13,347</u>	<u>47,345</u>	<u>60,692</u>
NET POSITION HELD IN TRUST - END OF YEAR	<u>\$ 13,348</u>	<u>\$ 47,345</u>	<u>\$ 60,693</u>

LE SUEUR COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS For the Year Ended December 31, 2014

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>AGENCY</u>				
ASSETS				
Cash and investments	\$ 418,035	\$ 2,654,661	\$ 2,645,651	\$ 427,045
LIABILITIES				
Due to other governments	\$ 418,035	\$ 2,654,661	\$ 2,645,651	\$ 427,045
<u>FAMILY SERVICES COLLABORATIVE</u>				
ASSETS				
Cash and investments	\$ 27,938	\$ 64,681	\$ 61,205	\$ 31,414
LIABILITIES				
Due to other governments	\$ 27,938	\$ 64,681	\$ 61,205	\$ 31,414
<u>TAXES AND PENALTIES</u>				
ASSETS				
Cash and investments	\$ 914,999	\$ 33,398,416	\$ 33,424,569	\$ 888,846
LIABILITIES				
Due to other funds	\$ -	\$ 15,977,119	\$ 15,977,119	\$ -
Due to other governments	914,999	17,421,297	17,447,450	888,846
Total Liabilities	<u>\$ 914,999</u>	<u>\$ 33,398,416</u>	<u>\$ 33,424,569</u>	<u>\$ 888,846</u>
<u>SHERIFF</u>				
ASSETS				
Cash and investments	\$ 11,027	\$ 209,903	\$ 214,846	\$ 6,084
LIABILITIES				
Accounts payable	\$ 5,209	\$ 72,293	\$ 72,150	\$ 5,352
Deposits	5,818	24,766	29,852	732
Total Liabilities	<u>\$ 11,027</u>	<u>\$ 97,059</u>	<u>\$ 102,002</u>	<u>\$ 6,084</u>
<u>SOCIAL WELFARE</u>				
ASSETS				
Cash and investments	\$ 17,463	\$ 162,954	\$ 160,677	\$ 19,740
LIABILITIES				
Deposits	\$ 17,463	\$ 162,954	\$ 160,677	\$ 19,740

LE SUEUR COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS For the Year Ended December 31, 2014

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	<u>\$ 1,389,462</u>	<u>\$ 36,490,615</u>	<u>\$ 36,506,948</u>	<u>\$ 1,373,129</u>
LIABILITIES				
Accounts payable	\$ 5,209	\$ 72,293	\$ 72,150	\$ 5,352
Deposits	23,281	187,720	190,529	20,472
Due to other funds	-	15,977,119	15,977,119	-
Due to other governments	<u>1,360,972</u>	<u>20,140,639</u>	<u>20,154,306</u>	<u>1,347,305</u>
Total Liabilities	<u>\$ 1,389,462</u>	<u>\$ 36,377,771</u>	<u>\$ 36,394,104</u>	<u>\$ 1,373,129</u>

LE SUEUR COUNTY

SCHEDULE OF INTERGOVERNMENTAL REVENUES For the Year Ended December 31, 2014

SHARED REVENUE

State

Highway users tax	\$ 5,318,012
Market value credit	145,053
County program aid	972,103
PERA rate reimbursement	28,707
Disparity reduction aid	79,446
Police aid	138,088
Enhanced 911	106,787
Total Shared Revenue	<u>6,788,196</u>

REIMBURSEMENT FOR SERVICES

Minnesota Department of Corrections	72,052
Minnesota Department of Human Services	2,393,837
Total Reimbursements for Services	<u>2,465,889</u>

GRANTS

Minnesota Department/Board of

Revenue	3,529
Water and Soil Resources	236,709
Health	144,450
Pollution Control	67,251
Transportation	301,303
Public Safety	47,000
Natural Resources	11,944
Veterans Affairs	10,000
Total State Grants	<u>822,186</u>

United States Department of

Agriculture	343,711
Transportation	229,856
Health and Human Services	1,652,687
Homeland Security	78,453
Total Federal Grants	<u>2,304,707</u>

TOTAL GRANTS

3,126,893

PAYMENTS IN LIEU OF TAXES

96,229

TOTAL INTERGOVERNMENTAL REVENUE

\$ 12,477,207