

**BENTON COUNTY
FOLEY, MINNESOTA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2016

**BENTON COUNTY
FOLEY, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2016**

INTRODUCTORY SECTION	
ORGANIZATION	1
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	2
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	18
STATEMENT OF ACTIVITIES	20
BALANCE SHEET – GOVERNMENTAL FUNDS	21
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES	23
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	24
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES	26
STATEMENT OF FIDUCIARY NET POSITION – AGENCY FUNDS	27
NOTES TO THE FINANCIAL STATEMENTS	28
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS	
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	75
SCHEDULE OF COUNTY CONTRIBUTIONS	76
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	77
BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE FUND	79
BUDGETARY COMPARISON SCHEDULE – HUMAN SERVICES FUND	80
SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS	81
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	82

**BENTON COUNTY
FOLEY, MINNESOTA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

FINANCIAL SECTION (CONTINUED)

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS 85

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS 86**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL
AGENCY FUNDS 87**

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF INTERGOVERNMENTAL REVENUE 91

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 93

INTRODUCTORY SECTION

**BENTON COUNTY
FOLEY, MINNESOTA
ORGANIZATION
DECEMBER 31, 2016**

Office	Name	Term	
		From	To
Commissioners			
1 st District	Warren Peschl	January 2013	January 2017
2 nd District	Ed Popp	January 2015	January 2019
3 rd District	Jim McMahon	January 2015	January 2019
4 th District	Spencer Buerkle*	January 2013	January 2017
5 th District	Allen (Jake) Bauerly	January 2013	January 2017
Officers			
<u>Elected</u>			
Attorney	Philip Miller	January 2015	January 2019
Auditor-Treasurer	Karri Thorsten	January 2015	January 2019
County Recorder	Marilyn Novak	January 2015	December 2016
Sheriff	Troy Heck	January 2015	January 2019
<u>Appointed</u>			
Administrator	Montgomery Headley	Indefinite	
Assessor	Brian Koester	January 2013	January 2017
Courts Administrator	Cheri Woehler	Indefinite	
Interim Development Director	Sean Moe	November 2016	Indefinite
Highway Engineer	Christopher Byrd, P.E.	June 2016	May 2020
Human Services Director	Robert Cornelius	Indefinite	
Veterans Service Officer	George Fiedler	June 2016	May 2020
<u>Human Services Board</u>			
Chair	Warren Peschl	January 2013	January 2017
Vice-Chair	Ed Popp	January 2013	January 2019
Member	Spencer Buerkle	January 2013	January 2017
Member	Allen (Jake) Bauerly	January 2015	January 2017
Member	Jim McMahon	January 2015	January 2019

* Chair

This Page Has Been Intentionally Left Blank.

FINANCIAL SECTION



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Benton County
Foley, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, Minnesota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton County's basic financial statements. The supplementary information and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information and the other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2017, on our consideration of Benton County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benton County's internal control over financial reporting and compliance.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 7, 2017

This Page Has Been Intentionally Left Blank.

REQUIRED SUPPLEMENTARY INFORMATION

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

This section of Benton County's (County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on December 31, 2016. The management's discussion and analysis (MD&A) is required supplementary information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34. Certain comparative information between the current year, 2016, and the prior year, 2015, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal years include the following:

- ◆ Government-wide net position increased 4.5 percent from the prior year; this is primarily due to the increase in the net investment in capital assets.
- ◆ Overall fund-level revenues totaled \$43,913,961 and were \$323,430 less than expenditures.
- ◆ The General Fund's fund balance increased \$554,677 from the prior year, due to additional intergovernmental and charges for services revenue collected by the County.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – independent auditor's report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and required supplementary information other than MD&A. The basic financial statements include two kinds of statements that present different views of the County:

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

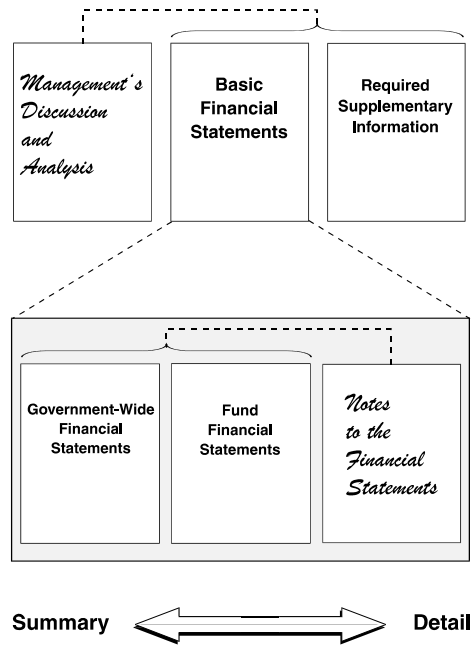
**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

**Figure A-1
Annual Report Format**



**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Government-Wide Statements

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

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

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Statements (Continued)

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

Fund Financial Statements

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

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

The County has two kinds of funds:

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

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The County's net position was \$97,855,832 on December 31, 2016. (See Table A-1).

The increase in total net position was primarily due to the increase in the net investment in capital assets.

Table A-1
The County's Net Position

	Governmental Activities		Percent Change
	2016	2015	
Current and Other Assets	\$ 38,657,915	\$ 38,806,547	(0.4)%
Capital Assets	87,485,938	82,809,559	5.6
Total Assets	126,143,853	121,616,106	3.7
Deferred Outflows of Resources	13,410,340	1,869,969	617.1
Current Liabilities	3,730,200	4,548,819	(18.0)
Long-Term Liabilities	35,605,360	23,832,753	49.4
Total Liabilities	39,335,560	28,381,572	38.6
Deferred Inflows of Resources	2,362,801	1,462,984	61.5
Net Position			
Net investment in Capital Assets	78,654,627	71,564,980	9.9
Restricted	11,984,198	13,780,093	(13.0)
Unrestricted	7,217,007	8,296,446	(13.0)
Total Net Position	\$ 97,855,832	\$ 93,641,519	4.5

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Position

The government-wide total revenues were \$44,256,981 for the year ended December 31, 2016. Property taxes, wheelage taxes, and intergovernmental revenues accounted for 87 percent of total revenue for the year. Total revenues for 2016 increased 13.0 percent from 2015, as charges for services, operating grants and contributions, capital grants and contributions revenue increased from the prior year. Total expenses increased by 13.1 percent due to two USDA loans being paid off during 2016 (See Table A-2).

Table A-2
Change in Net Position

	Governmental Activities		Total % Change
	2016	2015	
REVENUES			
<u>Program Revenues</u>			
Charges for Services	\$ 5,214,732	\$ 4,037,636	29.2 %
Operating Grants and Contributions	13,374,198	11,923,233	12.2
Capital Grants and Contributions	3,017,947	425,602	609.1
<u>General Revenues</u>			
Property and Wheelage Taxes	19,265,784	19,494,564	(1.2)
Unrestricted State Aid	2,651,652	2,459,243	7.8
Investment Earnings	171,096	141,785	20.7
Other	561,572	678,291	(17.2)
Total Revenues	<u>44,256,981</u>	<u>39,160,354</u>	13.0
EXPENSES			
General Government	6,869,449	6,138,545	11.9
Public Safety	10,102,855	8,034,150	25.7
Highways and Streets	7,163,673	7,123,185	0.6
Human Services	12,240,763	11,066,764	10.6
Health	1,047,620	989,963	5.8
Culture and Recreation	580,957	550,733	5.5
Conservation of Natural Resources	826,507	735,113	12.4
Economic Development	887,038	333,458	166.0
Interest and Fiscal Charges on Long-Term Liabilities	323,806	438,593	(26.2)
Total Expenses	<u>40,042,668</u>	<u>35,410,504</u>	13.1
INCREASE IN NET POSITION	4,214,313	3,749,850	12.4
Net Position - Beginning of Year	<u>93,641,519</u>	<u>89,891,669</u>	4.2
NET POSITION - END OF YEAR	<u>\$ 97,855,832</u>	<u>\$ 93,641,519</u>	4.5

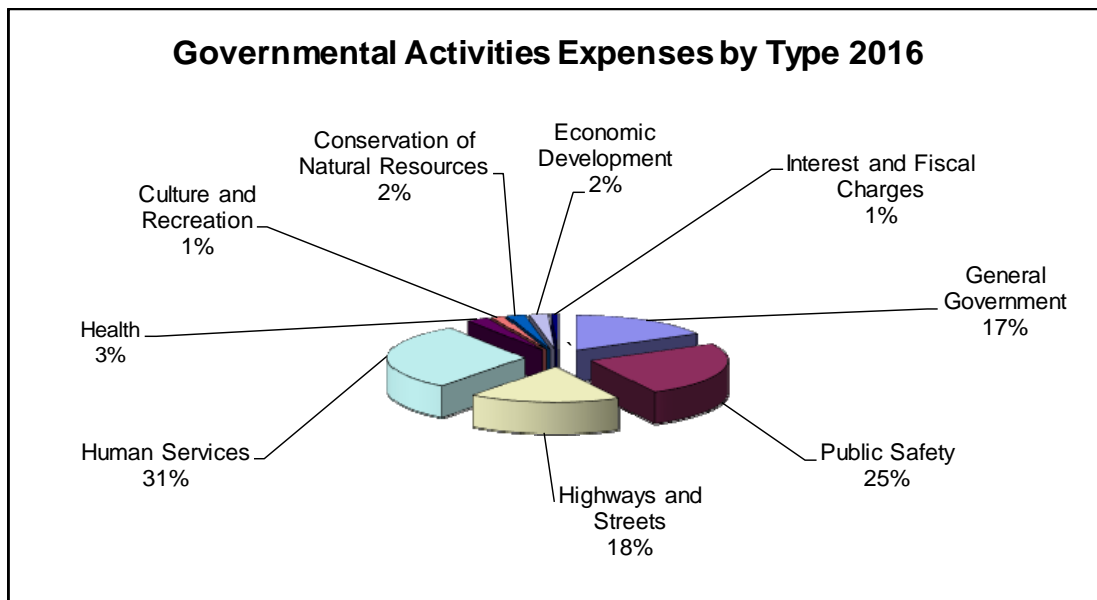
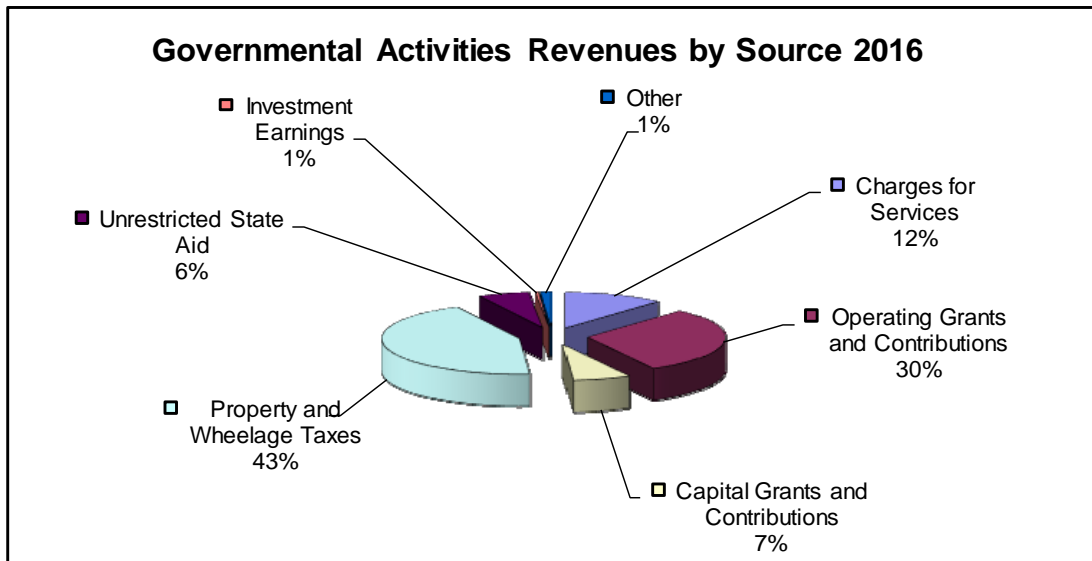
**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

The government-wide cost of all governmental activities this year was \$40,042,668.

- ◆ Some of the cost was paid by the users of the County's programs (\$5,214,732).
- ◆ The federal and state governments contributed to certain programs with grants and contributions (\$16,392,145).
- ◆ A significant portion of the County's costs (\$18,435,791) were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$19,595,007 in property and other taxes, \$2,651,652 of state aid, and \$403,445 from investment earnings and other general revenues.



**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

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

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

	Total Cost of Services		Percentage Change	Net (Revenue) Cost of Services		Percentage Change
	2016	2015		2016	2015	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 6,869,449	\$ 6,138,545	11.9 %	\$ 5,149,663	\$ 4,579,361	12.5 %
Public Safety	10,102,855	8,034,150	25.7	8,651,946	6,751,598	28.1
Highways and Streets	7,163,673	7,123,185	0.6	(2,358,183)	1,711,075	(237.8)
Human Services	12,240,763	11,066,764	10.6	5,140,300	4,346,141	18.3
Health	1,047,620	989,963	5.8	264,411	185,915	42.2
Culture and Recreation	580,957	550,733	5.5	431,210	466,536	(7.6)
Conservation of Natural Resources	826,507	735,113	12.4	363,554	219,835	65.4
Economic Development	887,038	333,458	166.0	469,084	324,979	44.3
Interest and Fiscal Charges on Long-Term Liabilities	323,806	438,593	(26.2)	323,806	438,593	(26.2)
Total	<u>\$ 40,042,668</u>	<u>\$ 35,410,504</u>	13.1	<u>\$ 18,435,791</u>	<u>\$ 19,024,033</u>	(3.1)

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$31,264,535.

Revenues for the County's governmental funds were \$43,913,961, while total expenditures were \$44,237,391. The associated shortage \$323,430 resulted primarily from an increase in debt service principal and interest payments.

GENERAL FUND

The General Fund includes the primary operations of the County in providing services to citizens. The year-ending fund balance in the General Fund increased by \$554,677 from 2015, due primarily to an increase in intergovernmental and charges for service revenue.

ROAD AND BRIDGE FUND

The Road and Bridge Fund accounts for financial activity related to the construction and maintenance of the County road system, including County state-aid highways and County roads. The fund balance in the Road and Bridge Fund increased by \$252,501 from 2015, as restated, due primarily to additional intergovernmental revenue received for road projects completed during 2016.

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

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

HUMAN SERVICES FUND

The Human Services Fund accounts for financial activity related to the provision of social services, medical and financial assistance, and public health. The fund balance in the Human Services Fund increased by \$263,639 from 2015. This increase can be attributed primarily to greater than expected intergovernmental revenues.

MISCELLANEOUS SPECIAL REVENUE FUND

The Miscellaneous Special Revenue Fund accounts for the financial activity related to a number of smaller activities, including solid waste management, E-911 surcharge funds, natural resources block grants, and park dedication fees. The fund balance in the Miscellaneous Fund increased by \$201,748 from 2015. This increase can be attributed primarily to collections in excess of expenditures from the solid waste assessment.

DEBT SERVICE FUND

The Debt Service Fund accounts for principal, interest, and fiscal agent fees associated with the County's outstanding debt, including general obligation debt. The fund balance in the Debt Service Fund decreased by \$1,041,401 in 2016 from 2015. This decrease is attributed to spending down reserves for the final years of principal and interest payments.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for the financing of multi-year capital projects, including those funded with Capital Improvement Plan bonds. The fund balance increase of \$357,425 was due to the restatement of beginning fund balance, which moved expenditures out of current year fund balance to prior year fund balance.

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

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

The following schedule presents a summary of General Fund revenues:

Table A-4
General Fund Revenues

	Year Ended		Change	
	December 31, 2016	December 31, 2015	Increase (Decrease)	Percent
Taxes	\$ 11,517,747	\$ 11,564,389	\$ (46,642)	(0.4)%
Intergovernmental	1,970,553	1,798,181	172,372	9.6
Charges for Services	1,781,091	1,601,353	179,738	11.2
Investment Earnings	169,625	134,586	35,039	26.0
Miscellaneous and Other	555,360	514,160	41,200	8.0
Total General Fund Revenues	<u>\$ 15,994,376</u>	<u>\$ 15,612,669</u>	<u>\$ 381,707</u>	2.4

Total General Fund revenue increased by \$381,707, or 2.4 percent, from 2015. This increase was due to increased intergovernmental and charges for services revenue.

The following schedule presents a summary of General Fund expenditures:

Table A-5
General Fund Expenditures

	Year Ended		Change	
	December 31, 2016	December 31, 2015	Increase (Decrease)	Percent
General Government	\$ 5,934,351	\$ 5,740,176	\$ 194,175	3.4 %
Public Safety	7,673,194	7,278,082	395,112	5.4
Health	87,152	20,073	67,079	334.2
Culture and Recreation	556,953	533,034	23,919	4.5
Conservation of Natural Resources	394,373	391,062	3,311	0.8
Economic Development	389,766	318,198	71,568	22.5
Capital Outlay	30,075	28,317	1,758	6.2
Total Expenditures	<u>\$ 15,065,864</u>	<u>\$ 14,308,942</u>	<u>\$ 756,922</u>	5.3

Total General Fund expenditures increased by \$756,922, or 5.3 percent, from 2015 due to increased general government and public safety expenditures.

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

GENERAL FUND BUDGETARY HIGHLIGHTS

- ◆ Actual revenues were \$626,775 more than budgeted. This favorable variance is due primarily to higher than expected charges for services collections and intergovernmental grants received.
- ◆ Actual expenditures were \$143,937 less than budgeted due to general government and economic development unspent budgets.

CONSTRUCTION PROJECTS AND DEBT SERVICE

The Capital Projects Fund accounts for the use of bond proceeds, State County Program Aid, and other resources to finance the purchase or improvement of capital assets. Activity during 2016 was related to road construction projects and minor building projects.

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

CAPITAL ASSETS

By the end of 2016, the County had invested over \$160 million (before depreciation) in a broad range of capital assets, including buildings, computers, equipment, and infrastructure. (See Table A-6). (More detailed information about capital assets can be found in Note 3.A to the financial statements). Total depreciation expense for the year was \$4,339,822.

Table A-6
Capital Assets

	Governmental Activities		Percent Change
	2016	2015	
Land	\$ 2,346,666	\$ 2,346,666	-
Right-of-Way	15,574,283	14,704,394	5.9
Construction-in-Progress	7,052,751	1,073,257	557.1
Infrastructure	106,976,517	105,572,250	1.3
Land Improvements	364,356	364,356	-
Buildings	18,796,056	18,796,056	-
Machinery, Vehicles, Furniture, and Equipment	10,399,463	10,096,225	3.0
Less: Accumulated Depreciation	(74,024,154)	(70,143,645)	5.5
Total	<u>\$ 87,485,938</u>	<u>\$ 82,809,559</u>	5.6

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

LONG-TERM LIABILITIES

At year-end, the County had \$37,212,691 in long-term liabilities outstanding.

- ◆ The County's total long-term liabilities increased \$11,175,711, due to changes in assumptions for the net pension liability.

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

	2016	2015	Percentage Change
GOVERNMENTAL ACTIVITIES			
General Obligation Bonds	\$ 9,923,386	\$ 11,990,039	(17.2)%
Economic Development Loans Payable	-	457,084	(100.0)
Capital Lease	6,545	12,903	(49.3)
Compensated Absences	2,615,728	2,393,626	9.3
Net Pension Liability	23,798,698	10,398,958	128.9
Other Postemployment Health Care Benefits	868,334	784,370	10.7
Total	<u>\$ 37,212,691</u>	<u>\$ 26,036,980</u>	42.9

FACTORS BEARING ON THE COUNTY'S FUTURE

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

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

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

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

FACTORS BEARING ON THE COUNTY'S FUTURE (CONTINUED)

Funding employee health insurance will continue to be one the County's greatest challenges. Between 2007 and 2016, the County cost of employee health insurance increased from \$1.6 million annually to \$2.8 million, a 75 percent increase. These increases far outpaced inflation or the growth in the County's tax base. Over the past decade, the County has implemented various measures to help contain the growth of health insurance costs, such as offering high deductible plans with health savings accounts, plan design changes and competitive bidding from carriers. However, the County's small plan size and claims experience continue to produce large annual increases. To provide some administrative cost relief, the County plans to explore a self-funded insurance arrangement.

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

This Page Has Been Intentionally Left Blank.

BASIC FINANCIAL STATEMENTS

**BENTON COUNTY
FOLEY, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2016**

	Governmental Activities
ASSETS	
Cash and Pooled Investments	\$ 30,678,538
Petty Cash and Change Funds	2,600
Taxes Receivable	
Delinquent	546,097
Special Assessments Receivable	
Delinquent	11,060
Noncurrent	360,196
Accounts Receivable	135,994
Accrued Interest Receivable	22,364
Loans Receivable, Net of Allowance	489,836
Due from Other Governments	6,074,994
Inventories	258,836
Prepaid Items	77,400
Non-Depreciable Capital Assets	
Land	2,346,666
Right-of-Way	15,574,283
Construction-in-Progress	7,052,751
Depreciable Capital Assets	
Building (Net)	10,542,127
Machinery, Vehicles, Furniture, and Equipment (Net)	4,346,415
Land Improvements (Net)	231,337
Infrastructure (Net)	47,392,359
Total Assets	126,143,853
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	13,410,340

See accompanying Notes to Financial Statements.

**BENTON COUNTY
FOLEY, MINNESOTA
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2016**

	Governmental Activities
LIABILITIES	
Accounts Payable	\$ 696,869
Salaries Payable	354,913
Contracts Payable	340,257
Due to Other Governments	199,044
Accrued Interest Payable	130,472
Unearned Revenue	401,314
Compensated Absences Payable - Due in Less than One Year	130,786
General Obligation Bonds Payable - Due in Less than One Year	1,470,000
Capital Leases Payable - Due in Less than One Year	6,545
Compensated Absences Payable - Due in More than One Year	2,484,942
Net Other Postemployment Benefits Payable - Due in More than One Year	868,334
General Obligation Bonds Payable - Due in More than One Year	8,453,386
Net Pension Liability - Due in More than One Year	23,798,698
Total Liabilities	39,335,560
DEFERRED INFLOWS OF RESOURCES	
Pension Related	2,362,801
NET POSITION	
Net Investment in Capital Assets	78,654,627
Restricted For:	
General Government	254,194
Public Safety	364,533
Highways and Streets	3,722,768
Culture and Recreation	73,228
Conservation of Natural Resources	3,687,063
Economic Development	324,418
Debt Service	3,557,994
Unrestricted	7,217,007
Total Net Position	\$ 97,855,832

See accompanying Notes to Financial Statements.

This Page Has Been Intentionally Left Blank.

**BENTON COUNTY
FOLEY, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					Governmental Activities
General Government	\$ 6,869,449	\$ 1,534,524	\$ 185,262	\$ -	\$ (5,149,663)
Public Safety	10,102,855	923,853	527,056	-	(8,651,946)
Highways and Streets	7,163,673	1,734,902	5,129,922	2,657,032	2,358,183
Human Services	12,240,763	538,493	6,561,970	-	(5,140,300)
Health	1,047,620	21,841	761,368	-	(264,411)
Culture and Recreation	580,957	38,580	111,167	-	(431,210)
Conservation of Natural Resources	826,507	4,585	97,453	360,915	(363,554)
Economic Development	887,038	417,954	-	-	(469,084)
Interest	323,806	-	-	-	(323,806)
Total Governmental Activities	\$ 40,042,668	\$ 5,214,732	\$ 13,374,198	\$ 3,017,947	(18,435,791)
GENERAL REVENUES					
					18,891,390
Property Taxes					374,394
Wheelage Taxes					43,168
Gravel Taxes					32,909
Mortgage Registry and Deed Tax					34,546
Payments in Lieu of Taxes					218,600
Tax Abatement Payments Received					2,651,652
Grants and Contributions not Restricted to Specific Programs					171,096
Unrestricted Investment Earnings					232,349
Miscellaneous					
Total General Revenues					<u>22,650,104</u>
CHANGE IN NET POSITION					
					4,214,313
Net Position - Beginning of Year					<u>93,641,519</u>
NET POSITION - END OF YEAR					<u><u>\$ 97,855,832</u></u>

See accompanying Notes to Financial Statements.

**BENTON COUNTY
FOLEY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

ASSETS	General	Road and Bridge	Human Services	Miscellaneous
Cash and Pooled Investments	\$ 10,071,533	\$ 2,550,542	\$ 5,257,518	\$ 4,765,872
Petty Cash and Change Funds	2,600	-	-	-
Undistributed Cash in Agency Funds	151,936	20,732	41,930	3,382
Taxes Receivable				
Delinquent	322,259	63,554	121,640	-
Special Assessments Receivable				
Delinquent	-	-	-	10,628
Noncurrent	-	-	-	357,000
Accounts Receivable	47,713	95	68,060	20,126
Accrued Interest Receivable	22,364	-	-	-
Due from Other Funds	83,688	5,434	-	-
Due from Other Governments	139,856	4,594,256	1,303,344	12,678
Inventories	-	258,836	-	-
Prepaid Items	74,178	2,561	623	38
Loans Receivable, Net of Allowance	-	-	-	-
Advances to Other Funds	2,603	-	-	20,898
Total Assets	\$ 10,918,730	\$ 7,496,010	\$ 6,793,115	\$ 5,190,622
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 247,446	\$ 42,535	\$ 342,632	\$ 31,805
Salaries Payable	182,363	26,772	128,181	17,597
Contracts Payable	-	340,257	-	-
Due to Other Funds	5,434	-	75,752	-
Due to Other Governments	7,645	38	89,484	101,877
Unearned Revenue	-	-	147,816	253,498
Advance from Other Funds	-	-	-	-
Total Liabilities	442,888	409,602	783,865	404,777
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	334,226	3,816,435	460,169	367,628
FUND BALANCES				
Nonspendable	76,781	261,397	623	20,936
Restricted	-	-	147,816	3,825,942
Committed	-	-	-	571,339
Assigned	-	3,008,576	5,400,642	-
Unassigned	10,064,835	-	-	-
Total Fund Balances	10,141,616	3,269,973	5,549,081	4,418,217
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,918,730	\$ 7,496,010	\$ 6,793,115	\$ 5,190,622

See accompanying Notes to Financial Statements.

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 3,644,719	\$ 3,808,816	\$ 349,916	\$ 30,448,916
-	-	-	2,600
10,595	862	185	229,622
38,052	592	-	546,097
-	-	432	11,060
-	-	3,196	360,196
-	-	-	135,994
-	-	-	22,364
-	-	-	89,122
-	24,860	-	6,074,994
-	-	-	258,836
-	-	-	77,400
-	-	489,836	489,836
-	-	-	23,501
<u>\$ 3,693,366</u>	<u>\$ 3,835,130</u>	<u>\$ 843,565</u>	<u>\$ 38,770,538</u>

\$ 4,900	\$ 27,520	\$ 31	\$ 696,869
-	-	-	354,913
-	-	-	340,257
-	-	7,936	89,122
-	-	-	199,044
-	-	-	401,314
-	20,898	2,603	23,501
<u>4,900</u>	<u>48,418</u>	<u>10,570</u>	<u>2,105,020</u>

<u>38,052</u>	<u>592</u>	<u>383,881</u>	<u>5,400,983</u>
---------------	------------	----------------	------------------

-	-	-	359,737
3,650,414	758,955	485,340	8,868,467
-	3,027,165	-	3,598,504
-	-	-	8,409,218
-	-	(36,226)	10,028,609

<u>3,650,414</u>	<u>3,786,120</u>	<u>449,114</u>	<u>31,264,535</u>
------------------	------------------	----------------	-------------------

<u>\$ 3,693,366</u>	<u>\$ 3,835,130</u>	<u>\$ 843,565</u>	<u>\$ 38,770,538</u>
---------------------	---------------------	-------------------	----------------------

This Page Has Been Intentionally Left Blank.

**BENTON COUNTY
FOLEY, MINNESOTA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 31,264,535

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 87,485,938

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

Net Pension Liability	\$ (23,798,698)	
Deferred Inflows of Resources - Pension Related	(2,362,801)	
Deferred Outflows of Resources - Pension Related	<u>13,410,340</u>	(12,751,159)

Other long-term assets, such as delinquent taxes, delinquent and noncurrent special assessments, and certain state-aid highway allotments, are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. 5,400,983

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

General Obligation Bonds	9,923,386	
Capital Leases	6,545	
Compensated Absences	2,615,728	
Net Other Postemployment Benefits	868,334	
Accrued Interest Payable	<u>130,472</u>	<u>(13,544,465)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 97,855,832

**BENTON COUNTY
FOLEY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016**

	General	Road and Bridge	Human Services	Miscellaneous
REVENUES				
Taxes	\$ 11,517,747	\$ 2,129,952	\$ 4,322,747	\$ -
Special Assessments	-	-	-	361,926
Licenses and Permits	259,117	14,825	-	57,988
Intergovernmental	1,970,553	7,921,483	8,122,327	337,626
Charges for Services	1,781,091	1,320,013	433,333	232,585
Fines and Forfeits	10,972	-	-	33,237
Gifts and Contributions	1,250	-	1,500	15,560
Investment Earnings	169,625	-	1,215	41
Miscellaneous	284,021	68,109	133,642	40,724
Total Revenues	15,994,376	11,454,382	13,014,764	1,079,687
EXPENDITURES				
CURRENT				
General Government	5,934,351	-	-	302,122
Public Safety	7,673,194	-	-	246,214
Highways and Streets	-	11,708,463	-	-
Human Services	-	-	11,641,455	-
Health	87,152	-	962,818	-
Culture and Recreation	556,953	-	-	8,000
Conservation of Natural Resources	394,373	-	-	407,187
Economic Development	389,766	-	-	-
INTERGOVERNMENTAL	-	172,727	-	-
CAPITAL OUTLAY				
General Government	27,638	-	-	-
Public Safety	2,437	-	-	-
Highways and Streets	-	-	-	-
DEBT SERVICE				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	15,065,864	11,881,190	12,604,273	963,523
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	928,512	(426,808)	410,491	116,164
OTHER FINANCING SOURCES (USES)				
Transfers In	51,279	606,604	-	199,975
Transfers Out	(425,114)	(2,522)	(146,852)	(114,391)
Proceeds from Sale of Assets	-	5,450	-	-
Total Other Financing Sources (Uses)	(373,835)	609,532	(146,852)	85,584
NET CHANGE IN FUND BALANCES	554,677	182,724	263,639	201,748
Fund Balances - Beginning of Year, as Restated (Note 1.E)	9,586,939	3,017,472	5,285,442	4,216,469
INCREASE (DECREASE) IN INVENTORIES	-	69,777	-	-
FUND BALANCES - END OF YEAR	<u>\$ 10,141,616</u>	<u>\$ 3,269,973</u>	<u>\$ 5,549,081</u>	<u>\$ 4,418,217</u>

See accompanying Notes to Financial Statements.

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 957,869	\$ 461,414	\$ -	\$ 19,389,729
-	-	1,290	363,216
-	-	-	331,930
414,244	479,122	-	19,245,355
-	-	-	3,767,022
-	-	-	44,209
-	-	-	18,310
-	1,355	75	172,311
-	3,743	51,640	581,879
<u>1,372,113</u>	<u>945,634</u>	<u>53,005</u>	<u>43,913,961</u>
-	139,409	-	6,375,882
-	155,570	-	8,074,978
-	1,906	-	11,710,369
-	-	-	11,641,455
-	-	-	1,049,970
-	-	-	564,953
-	-	25,144	826,704
-	-	405,387	795,153
-	-	-	172,727
-	-	-	27,638
-	120,528	-	122,965
-	1,817	-	1,817
2,045,000	-	457,084	2,502,084
359,364	-	2,182	361,546
9,150	-	-	9,150
<u>2,413,514</u>	<u>419,230</u>	<u>889,797</u>	<u>44,237,391</u>
(1,041,401)	526,404	(836,792)	(323,430)
-	453,113	-	1,310,971
-	(622,092)	-	(1,310,971)
-	-	-	5,450
<u>-</u>	<u>(168,979)</u>	<u>-</u>	<u>5,450</u>
(1,041,401)	357,425	(836,792)	(317,980)
4,691,815	3,428,695	1,285,906	31,512,738
-	-	-	69,777
<u>\$ 3,650,414</u>	<u>\$ 3,786,120</u>	<u>\$ 449,114</u>	<u>\$ 31,264,535</u>

**BENTON COUNTY
FOLEY, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (317,980)

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

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

Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Asset Adjustments	\$ 9,025,969	
Net Book Value of Capital Assets Disposed	(9,768)	
Current Year Depreciation	<u>(4,339,822)</u>	4,676,379

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

Deferred Inflows of Resources - December 31	5,400,983	
Deferred Inflows of Resources - January 1	<u>(5,104,926)</u>	296,057

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

Principal Repayments		
General Obligation Bonds	2,045,000	
Economic Development Loans	<u>457,084</u>	2,502,084

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

Principal Payments for Capital Leases		6,358
---------------------------------------	--	-------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Accrued Interest Payable	25,237	
Amortization of Discounts/Premiums	21,653	
Change in Compensated Absences	(222,102)	
Change in Net Other Postemployment Benefits	(83,964)	
Change in Inventories	69,777	
Change in Deferred Outflows of Resources	11,540,371	
Change in Net Pension Liability	(13,399,740)	
Change in Deferred Inflows of Resources	<u>(899,817)</u>	<u>(2,948,585)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 4,214,313**

See accompanying Notes to Financial Statements.

**BENTON COUNTY
FOLEY, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2016**

ASSETS

Cash and Pooled Investments	\$ 858,619
Due from Other Governments	<u>3,690</u>
Total Assets	<u><u>\$ 862,309</u></u>

LIABILITIES

Due to Other Governments	\$ 789,500
Funds Held in Trust	<u>72,809</u>
Total Liabilities	<u><u>\$ 862,309</u></u>

See accompanying Notes to Financial Statements.

This Page Has Been Intentionally Left Blank.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Benton County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for the year ended December 31, 2016. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

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

Blended Component Units

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

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

Jointly Governed Organizations

The County participates in several jointly governed organizations which are described in Note 9.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the Primary Government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

In the government-wide statement of net position, the governmental activities are presented on a consolidated basis, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

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

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

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

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

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

Additionally, the County reports the following fund type:

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Benton County considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Issuances of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2016, based on market prices. Investment earnings are allocated to the Miscellaneous Special Revenue Fund based on cash balances set aside for specific purposes within that fund. Pursuant to Minnesota Statutes §385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2016 were \$172,311.

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables

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

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

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

Loans receivable in the Economic Development Fund consist of operating loans to businesses and are offset by an allowance for doubtful accounts of \$9,997. The County develops an estimate of this allowance based on specific identification.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due October 15.

Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable. No provision has been made for an estimated uncollectible amount.

Special assessments receivable consist of delinquent special assessments payable in the years 2011 through 2016, and noncurrent special assessments payable in 2016, and after. No provision has been made for an estimated uncollectible amount. Significant portions of special assessments receivable are not expected to be collected within one year due to the nature of the receivable.

3. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Reported inventories are equally offset by nonspendable fund balance to indicate they do not constitute available spendable resources.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Prepaid Items

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. In the case of initial capitalization of infrastructure, the County retroactively implemented the reporting of this item when GASB Statement No. 34 was implemented. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for all capital assets, except for buildings, which use a threshold of \$25,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

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

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

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated paid-time off (PTO) balances or vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The current portion is equal to five percent of the ending compensated absences balance based on historical trends. The noncurrent portion consists of the remaining amount of PTO or vacation and sick leave.

7. Deferred Outflows of Resources

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

8. Deferred Inflows of Resources

The County's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has two types of items. The first type of deferred inflows of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's year) under the modified accrual basis of accounting. The second type relates to pension liabilities as described in Note 5 to the financial statements. These inflows arise only under the full accrual basis of accounting and consist of difference between expected and actual pension plan economic experience and also pension plan changes on proportionate share and, accordingly, are reported only in the statement of net position.

9. Unearned Revenue

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Long-Term Obligations

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

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

11. Pension

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

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

12. Classification of Net Position

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Fund Equity

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

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

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

14. Use of Estimates

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Prior Period Adjustment

Beginning fund balances for the Road and Bridge Fund and the Capital Projects Fund were restated to correct contracts payable that was recorded in the incorrect fund in the prior year.

	Road and Bridge Fund	Capital Projects Fund
Fund Balances - January 1, as previously reported	\$ 2,436,431	\$ 4,009,736
Restatement	581,041	(581,041)
Fund Balances - January 1, as restated	\$ 3,017,472	\$ 3,428,695

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

The Ditch Special Revenue Fund had a deficit fund balance of \$10,354 as of December 31, 2016. The Ditch Fund's deficit will be eliminated with future special assessment revenue. The following is a summary of the individual ditch systems:

Two ditches with positive fund balances	\$ 25,872
Three ditches with negative fund balances	(36,226)
	\$ (10,354)

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Excess of Expenditures over Budget

The following funds had expenditures in excess of budget at the departmental level for the year ended December 31, 2016:

Fund	Function	Expenditures	Budget	Excess
General	Current			
	General Government			
	Assessor	\$ 491,772	\$ 485,896	\$ 5,876
	Attorney	1,103,060	1,069,518	33,542
	Recorder	209,198	202,123	7,075
	Public Safety			
	Sheriff	3,793,912	3,768,256	25,656
	Prisoner Custodial	3,216,589	3,162,541	54,048
	Capital Outlay			
	Public Safety	2,437	-	2,437
Special Revenue Funds				
Road and Bridge	Intergovernmental	172,727	166,929	5,798
Human Services	Current			
	Human Services			
	Income Maintenance	4,015,024	4,010,851	4,173
	Social Services	7,626,431	7,326,411	300,020

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

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

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

Government-Wide Statement of Net Position	
Governmental Activities	
Cash and Pooled Investments	\$ 30,678,538
Petty Cash and Change Funds	2,600
Statement of Fiduciary Net Position	
Cash and Pooled Investments	858,619
Total Cash and Investments	<u>\$ 31,539,757</u>

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

a. Deposits

Minnesota Statutes §§ 118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statutes §118A.03 requires that all County deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least 10 percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. It is the County's policy to obtain collateral or bonds for all uninsured amounts on deposit, and to obtain necessary documentation to show compliance with state law and a perfected security interest under federal law. As of December 31, 2016, the County's deposits were exposed to custodial credit risk in the amount of \$305,990.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Deposits and Investments (Continued)

b. Investments

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

- (1) Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minnesota Statutes §118A.04, Subd. 6;
- (2) Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) General obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) Bankers’ acceptances of United States banks;
- (5) Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County does not have a formal policy to manage its exposure to interest rate risk.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a national recognized statistical rating organization. It is the County’s policy to invest only in securities that meet the rating requirements set by state statute.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Custodial Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. It is the County's policy to have all of its investments that are held by brokers covered 100 percent by SIPC.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County places a limit on investing to no more than 25 percent of total County investments in one type of security.

The following table presents the County's deposit and investment balances at December 31, 2016, and information relating to potential investment risks:

	<u>Credit Risk</u>		<u>Concentration Risk</u>	<u>Interest Rate Risk</u>	<u>Carrying (Fair) Value</u>
	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Over 5 Percent of Portfolio</u>	<u>Maturity Date</u>	
Negotiable Certificates of Deposit	N/R	N/A	33.6%*	N/A	\$ 4,227,341
U.S. Government agency securities					
Federal National Mortgage Association	AA+	S&P	<5.0%	1/13/2022	539,387
Federal Home Loan Mortgage Corporation	AA+	S&P	<5.0%	10/28/2021	242,403
Investment Pools/Mutual Funds					
MAGIC Fund	N/R	N/A	60.2%	N/A	<u>7,563,839</u>
Total Investments					12,572,970
Deposits					18,964,187
Petty Cash					<u>2,600</u>
Total Deposits and Investments					<u>\$ 31,539,757</u>

N/A - Not Applicable

N/R - Not Rated

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

* No individual issuer in excess of 5%

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

c. Fair Value Measure

The County uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The County follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the County has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial asset and liabilities are valued using inputs that are adjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

c. Fair Value Measure (Continued)

Assets measured at fair value on a recurring basis:

<u>Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments by Fair Market Value				
Federal Home Loan Mortgage Corporation	\$ -	\$ 242,403	\$ -	\$ 242,403
Federal National Mortgage Association	-	539,387	-	539,387
Negotiable Certificates of Deposit	-	4,227,341	-	4,227,341
Total Investments at Fair Market Value	<u>\$ -</u>	<u>\$ 5,009,131</u>	<u>\$ -</u>	<u>5,009,131</u>
Investments Measured at Amortized Cost				
MAGIC Fund				7,563,839
		Deposits		18,964,187
		Petty Cash		2,600
		Total Deposits and Investments		<u>\$ 31,539,757</u>

The County invests in the MAGIC Fund external local government investment pool which is quoted at a net asset value (NAV). The County invests in this pool for the purpose of the joint investment of the County's money with those other counties to enhance the investment earnings accruing to each member. The MAGIC portfolio is valued using amortized cost. Shares of the MAGIC portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request. The MAGIC Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a portfolio's securities or determination of its net asset value not reasonably practical.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Loans Receivable

Loans receivable is reported at \$489,836; of this amount, \$458,519 is expected to be collected in more than one year.

3. Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 2,346,666	\$ -	\$ -	\$ 2,346,666
Infrastructure, Right-of-Way	14,704,394	869,889	-	15,574,283
Construction-in-Progress	1,073,257	7,383,761	1,404,267	7,052,751
Total Capital Assets, not being Depreciated	18,124,317	8,253,650	1,404,267	24,973,700
Capital Assets being Depreciated:				
Buildings	18,796,056	-	-	18,796,056
Land Improvements	364,356	-	-	364,356
Machinery, Vehicles, Furniture and Equipment	10,096,225	772,319	469,081	10,399,463
Infrastructure	105,572,250	1,404,267	-	106,976,517
Total Capital Assets being Depreciated	134,828,887	2,176,586	469,081	136,536,392
Less Accumulated Depreciation for:				
Buildings	7,860,159	393,770	-	8,253,929
Land Improvements	118,230	14,789	-	133,019
Machinery, Vehicles, Furniture and Equipment	5,922,887	589,474	459,313	6,053,048
Infrastructure	56,242,369	3,341,789	-	59,584,158
Total Accumulated Depreciation	70,143,645	4,339,822	459,313	74,024,154
Total Capital Assets, Depreciated, Net	64,685,242	(2,163,236)	9,768	62,512,238
Governmental Activities Capital Assets, Net	<u>\$ 82,809,559</u>	<u>\$ 6,090,414</u>	<u>\$ 1,414,035</u>	<u>\$ 87,485,938</u>

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

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

Governmental Activities	
General Government	\$ 152,609
Public Safety	422,631
Highway and Streets	3,673,774
Human Services	82,491
Culture and Recreation	8,317
Total	<u><u>\$ 4,339,822</u></u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2016, is as follows:

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Human Services Fund	\$ 75,752
	Ditch	7,936
Total Due to General Fund		<u>83,688</u>
Road and Bridge Fund	General Fund	5,434
	Total	<u><u>\$ 89,122</u></u>

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

2. Interfund Transfers

Interfund transfers for the year ended December 31, 2016, consisted of the following:

Interfund Transfer	Amount	Description
Transfer to General Fund from		
Miscellaneous Fund	\$ 8,700	Transfer to Cover Assessor's Web Costs
Miscellaneous Fund	579	Excess in Sheriff Drug, Alcohol and Contingencies
Miscellaneous Fund	42,000	Transfer for Administration and Expenses for Permit to Carry
	<u>51,279</u>	
Transfer to Road and Bridge Fund from		
General Fund	5,410	Provide Funds for GIS Salary and Expenses
Capital Projects Fund	601,194	Transfer to Road and Bridge Fund for Traffic Signals and Up the Hill Projects
	<u>606,604</u>	
Transfer to Miscellaneous Fund from		
General Fund	25,000	Transfer of Elections Funds to a Restricted Account
General Fund	6,573	Restore Sheriff's Contingency
General Fund	5,000	Transfer for Restore Attorney Contingency and Major Trial Expense
General Fund	94,349	Transfer Suspense Funds to a Restricted Amount
General Fund	23,781	Transfer of Phone Savings
Human Services Fund	21,852	Transfer of Phone Savings
Road and Bridge Fund	2,522	Transfer for Phone Savings and Annual Pictometry Contract
Capital Projects	<u>20,898</u>	Payment of Loan for Jail Master Control Panel
	199,975	
Transfer to Capital Projects Fund from		
General Fund	125,001	Budgeted Projects
General Fund	140,000	Budgeted from Inmate Boarding Revenue
Human Services Fund	125,000	Budgeted Projects
Miscellaneous Fund	5,000	Budgeted from Attorney Contingency for Office Remodel
Miscellaneous Fund	48,112	Transfer for Auditor-Treasurer Remodel
Miscellaneous Fund	<u>10,000</u>	Transfer from Inmate Welfare for Jail Projects
	453,113	
Total	<u>\$ 1,310,971</u>	

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

3. Advances From/To Other Funds

Advances from/to other funds as of December 31, 2016, were as follows:

Receivable Fund	Payable Fund	Amount
General	Ditch	\$ 2,603
Miscellaneous	Capital Projects	20,898
Total		<u>\$ 23,501</u>

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

C. Deferred Inflows of Resources

Deferred inflows of resources in the governmental funds consist of special assessments, taxes, grant, and loan receivables that are not collected soon enough after year-end to pay liabilities of the current year. Deferred inflows at December 31, 2016, are summarized below by fund:

	Special Assessments	Delinquent Taxes	Grants	Loans	Total
Major Governmental Funds					
General	\$ -	\$ 322,259	\$ 11,967	\$ -	\$ 334,226
Road and Bridge	-	63,554	3,752,881	-	3,816,435
Human Services	-	121,640	338,529	-	460,169
Miscellaneous	367,628	-	-	-	367,628
Debt Service Fund	-	38,052	-	-	38,052
Capital Projects Fund	-	592	-	-	592
Total Major Governmental Funds	<u>367,628</u>	<u>546,097</u>	<u>4,103,377</u>	<u>-</u>	<u>5,017,102</u>
Other Governmental Funds	<u>3,628</u>	<u>-</u>	<u>-</u>	<u>380,253</u>	<u>383,881</u>
Deferred Inflows of Resources	<u>\$ 371,256</u>	<u>\$ 546,097</u>	<u>\$ 4,103,377</u>	<u>\$ 380,253</u>	<u>\$ 5,400,983</u>

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Liabilities

1. Long-Term Debt

Governmental Activities

<u>Types of Indebtedness</u>	<u>Maturity Date</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2016</u>
2007A G. O. Reconstruction Bonds	2022	\$180,000- \$255,000	4.00	\$ 3,000,000	\$ 1,395,000
2007B G.O. State-Aid Road Bonds	2022	\$110,000- \$175,000	3.65-4.00	2,055,000	960,000
2008A G. O. Reconstruction Bonds	2023	\$160,000- \$255,000	3.75-4.50	3,000,000	1,575,000
2008A G.O. Capital Improvement Bonds	2023	\$70,000- \$110,000	3.75-4.50	1,280,000	675,000
2010A G.O. CIP Refunding Bonds	2018	\$145,000- \$170,000	1.00-2.40	1,100,000	335,000
2011A G.O. CIP Refunding Bonds	2018	\$265,000- \$315,000	0.50-1.40	1,710,000	615,000
2014A G.O. Tax Abatement Bonds	2030	\$190,000- \$390,000	2.50-3.50	4,500,000	4,200,000
Total General Obligation Bonds				<u>\$ 16,645,000</u>	9,755,000
Add: Unamortized Bond Premium					183,552
Less: Unamortized Bond Discount					(15,166)
Total General Obligation Bonds, Net					<u>\$ 9,923,386</u>
Capital Lease	2017	\$6,738	2.90	\$ 19,594	\$ 6,545

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Liabilities (Continued)

2. Debt Service Requirements

Debt service requirements at December 31, 2016, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2017	\$ 1,470,000	\$ 305,611
2018	1,530,000	259,325
2019	1,080,000	216,303
2020	910,000	180,344
2021	955,000	145,799
2022-2026	2,410,000	368,610
2027-2030	1,400,000	100,725
Total	<u>\$ 9,755,000</u>	<u>\$ 1,576,717</u>

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

Year Ending December 31	Capital Lease	
	Principal	Interest
2017	\$ 6,545	\$ 192

The assets acquired through the capital lease are as follows:

Equipment	\$ 14,696
Less: Accumulated Depreciation	(6,531)
	<u>\$ 8,165</u>

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Liabilities (Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2016, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General Obligation Bonds	\$ 11,800,000	\$ -	\$ 2,045,000	\$ 9,755,000	\$ 1,470,000
Bond Premium	211,897	-	28,345	183,552	-
Bond Discount	(21,858)	-	(6,692)	(15,166)	-
Total Bonds Payable	11,990,039	-	2,066,653	9,923,386	1,470,000
Capital Lease	12,903	-	6,358	6,545	6,545
Economic Development Loans	457,084	-	457,084	-	-
Compensated Absences	2,393,626	2,862,118	2,640,016	2,615,728	130,786
Net Other Postemployment Benefits	784,370	103,671	19,707	868,334	-
Governmental Activity Long-Term Liabilities	<u>\$ 15,638,022</u>	<u>\$ 2,965,789</u>	<u>\$ 5,189,818</u>	<u>\$ 13,413,993</u>	<u>\$ 1,607,331</u>

Compensated absences and Net Other Postemployment Benefits are typically liquidated in the General Fund and applicable Special Revenue Funds. Economic Development Loans are liquidated in the Economic Development Special Revenue Fund. Bonds payable is liquidated in the Debt Service Fund. The capital lease is liquidated in the General Fund.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Liabilities (Continued)

4. Construction Commitments

The County has active construction projects as of December 31, 2016. The projects include the following:

<u>Project Description</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
County Road Projects	<u>\$ 6,375,264</u>	<u>\$ 1,804,831</u>

5. Operating Lease

The County leases office equipment under a noncancelable operating lease. Total costs for the lease were \$27,792 for the year ended December 31, 2016. The future minimum lease payments for the lease are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2017	\$ 27,792
2018	<u>2,316</u>
Total	<u>\$ 30,108</u>

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 FUND BALANCES

At December 31, 2016, portions of the County's fund balance are not available for appropriation due to legal restrictions (Restricted), County Board action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General Fund	Road and Bridge Fund	Human Services Fund	Miscellaneous Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Funds
Nonspendable:								
Advances to Other Funds	\$ 2,603	\$ -	\$ -	\$ 20,898	\$ -	\$ -	\$ -	\$ 23,501
Prepaid Items	74,178	2,561	623	38	-	-	-	77,400
Inventories	-	258,836	-	-	-	-	-	258,836
Total Nonspendable	76,781	261,397	623	20,936	-	-	-	359,737
Restricted:								
Law Library	-	-	-	9,337	-	-	-	9,337
E-911	-	-	-	325,969	-	-	-	325,969
SCORE Grant	-	-	-	306,016	-	-	-	306,016
Outreach Grant	-	-	-	8,214	-	-	-	8,214
Aquatic Invasive Species Grant	-	-	-	90,967	-	-	-	90,967
Recorders' Equipment	-	-	-	244,857	-	-	-	244,857
Natural Resources Block Grant	-	-	-	100,062	-	-	-	100,062
Solid Waste Contingency	-	-	-	2,628,728	-	-	-	2,628,728
Forfeitures	-	-	-	32,654	-	-	-	32,654
Law Enforcement Programs	-	-	-	4,910	-	-	-	4,910
Future Park Expenditures	-	-	-	73,228	-	-	-	73,228
Permit to Carry Guns	-	-	-	1,000	-	-	-	1,000
Child Protection Grant	-	-	147,816	-	-	-	-	147,816
Gravel Pit Closure Costs	-	-	-	-	-	-	135,050	135,050
Economic Development Loan Program	-	-	-	-	-	-	324,418	324,418
Debt Service	-	-	-	-	3,650,414	-	-	3,650,414
Bonded Construction Projects	-	-	-	-	-	758,955	-	758,955
Ditch Repairs	-	-	-	-	-	-	25,872	25,872
Total Restricted	-	-	147,816	3,825,942	3,650,414	758,955	485,340	8,868,467
Committed:								
Motor Pool	-	-	-	21,655	-	-	-	21,655
Jail Inmate Capital Expenditures	-	-	-	33,452	-	-	-	33,452
Contingency Funds	-	-	-	17,519	-	-	-	17,519
Juvenile Diversion Program	-	-	-	18,842	-	-	-	18,842
County Board Contingency	-	-	-	75,000	-	-	-	75,000
Elections Equipment	-	-	-	8,196	-	-	-	8,196
Other Items	-	-	-	396,675	-	-	-	396,675
Future Construction Projects	-	-	-	-	-	3,027,165	-	3,027,165
Total Committed	-	-	-	571,339	-	3,027,165	-	3,598,504
Assigned:								
Road and Bridge Operations	-	3,008,576	-	-	-	-	-	3,008,576
Health and Human Services Programs	-	-	5,400,642	-	-	-	-	5,400,642
Total Assigned	-	3,008,576	5,400,642	-	-	-	-	8,409,218
Unassigned	10,064,835	-	-	-	-	-	(36,226)	10,028,609
Total Fund Balances	\$ 10,141,616	\$ 3,269,973	\$ 5,549,081	\$ 4,418,217	\$ 3,650,414	\$ 3,786,120	\$ 449,114	\$ 31,264,535

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Description

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

1. General Employees Retirement Plan

General Employees Retirement Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

2. Public Employees Police and Fire Plan

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

3. Public Employees Correctional Plan

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

B. Benefits Provided

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

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

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Plan Coordinated and Basic Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Public Employees Police and Fire Plan members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Plan members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

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

C. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Retirement Plan Basic members and Coordinated members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2016. Public Employees Police and Fire Plan members were required to contribute 10.80 percent of their annual covered salary in 2016. Public Employees Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2016.

In 2016, the County was required to contribute the following percentages of annual covered salary:

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

The employee and employer contribution rates did not change from the previous year.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

C. Contributions (Continued)

The County's contributions for the year ended December 31, 2016, to the pension plans were:

General Employees Retirement Plan	\$	737,219
Public Employees Police and Fire Plan		267,195
Public Employees Correctional Plan		166,326

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

D. Pension Costs

1. General Employees Retirement Plan

At December 31, 2016, the County reported a liability of \$13,169,836 for its proportionate share of the General Employees Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 0.1604 percent. It was 0.1622 percent measured as of June 30, 2015. The County recognized pension expense of \$1,765,472 for its proportionate share of the General Employees Retirement Plan's pension expense. The County also recognized \$51,281 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Retirement Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$6 million to the General Employees Retirement Plan each year, starting September 15, 2015, through September 15, 2031.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Retirement Plan (Continued)

County's Proportionate Share of the Net Pension Liability	\$ 13,169,836
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>171,984</u>
Total	<u>\$ 13,341,820</u>

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 1,069,854
Changes in Actuarial Assumptions	2,578,666	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,499,691	-
Changes in Proportion and Differences Between Agency Contributions and Proportionate Share of Contributions	66,868	380,497
Agency Contributions Subsequent to the Measurement Date	<u>368,865</u>	<u>-</u>
Total	<u>\$ 5,514,090</u>	<u>\$ 1,450,351</u>

The \$368,865 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2017	\$ 962,546
2018	962,546
2019	1,294,064
2020	475,718

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Public Employees Police and Fire Plan

At December 31, 2016, the County reported a liability of \$6,902,659 for its proportionate share of the Public Employees Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 0.1720 percent. It was 0.1700 percent measured as of June 30, 2015. The County recognized pension expense of \$1,178,956 for its proportionate share of the Public Employees Police and Fire Plan's pension expense.

The County also recognized \$15,480 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Plan. Legislation requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 791,866
Changes in Actuarial Assumptions	3,798,835	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,053,393	-
Changes in Proportion and Differences Between Agency Contributions and Proportionate Share of Contributions	18,709	79,203
Agency Contributions Subsequent to the Measurement Date	141,327	-
Total	<u>\$ 5,012,264</u>	<u>\$ 871,069</u>

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Public Employees Police and Fire Plan (Continued)

The \$141,327 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2017	\$ 857,288
2018	857,288
2019	857,288
2020	772,161
2021	655,843

4. Public Employees Correctional Plan

At December 31, 2016, the County reported a liability of \$3,726,203 for its proportionate share of the Public Employees Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 1.0200 percent. It was 1.0000 percent measured as of June 30, 2015. The County recognized pension expense of \$1,085,259 for its proportionate share of the Public Employees Correctional Plan's pension expense.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Public Employees Correction Plan (Continued)

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 2,922	\$ 40,249
Changes in Actuarial Assumptions	2,374,040	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	418,655	-
Changes in Proportion and Differences Between Agency Contributions and Proportionate Share of Contributions	1,274	1,132
Agency Contributions Subsequent to the Measurement Date	87,095	-
Total	<u>\$ 2,883,986</u>	<u>\$ 41,381</u>

The \$87,095 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2017	\$ 884,934
2018	884,934
2019	905,625
2020	80,017

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

5. Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2016, was \$4,029,687.

E. Actuarial Assumptions

The total pension liability in the June 30, 2016, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50% per Year
Active Member Payroll Growth	3.25% per Year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants in the General Employees Retirement Plan were based on RP-2014 tables, while mortality rates for Public Employees Police and Fire Plan and Public Employees Correctional Plan were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Plan and the Public Employees Police and Fire Plan, cost of living benefit increases for retirees are assumed to be 1.0 percent. Cost of living benefit increases for retirees are assumed to be 2.5 percent for the Public Employees Correctional Plan.

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Plan was for the period 2008 through 2015. The experience study for the Public Employees Police and Fire Plan was for the period 2004 through 2009. The experience study for the Public Employees Correctional Plan was for the period 2006 through 2011.

On August 16, 2016, an updated experience study was done for PERA's Public Employees Police and Fire Plan for the period 2011 through 2015, which would result in a larger pension liability. However, PERA will implement the changes in assumptions for its June 30, 2017, estimate of pension liability.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments is 7.5 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45 %	5.50 %
International Equity	15	6.00
Bonds	18	1.45
Alternative Assets	20	6.40
Cash	2	0.50
Totals	<u>100 %</u>	

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

F. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2016, a reduction of the 7.90 percent used in 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Retirement Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In the Public Employees Police and Fire Plan and the Public Employees Correctional Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056, and June 30, 2058, respectively. Beginning in fiscal years ended June 30, 2057, for the Police and Fire Plan and June 30, 2059, for the Public Employees Correctional Plan, when projected benefit payments exceed the Plans' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85 percent based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60 percent for the Public Employees Police and Fire Plan and 5.31 percent for the Public Employees Correctional Plan was determined that produced approximately the same present value of the projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50 percent applied to all years of projected benefits through the point of asset depletion and 2.85 percent thereafter.

G. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2016:

1. General Employees Retirement Plan

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

G. Changes in Actuarial Assumptions (Continued)

2. Public Employees Police and Fire Plan

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

3. Public Employees Correctional Plan

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

H. Pension Liability Sensitivity

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

	Proportionate Share of the Net Pension Liability					
	General Employees Retirement Plan		Police and Fire Retirement Plan		Correctional Retirement Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50 %	\$ 18,705,069	4.60 %	\$ 9,662,807	4.31 %	\$ 5,610,510
Current	7.50	13,169,836	5.60	6,902,659	5.31	3,726,203
1% Increase	8.50	8,610,309	6.60	4,647,409	6.31	2,255,138

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

I. Pension Plan Fiduciary Net Position

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

NOTE 6 DEFINED CONTRIBUTION PLAN

Four board members are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, § 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and 0.25 percent of the assets in each member's account annually.

	Contribution Amount		Percentage of Covered Payroll		Required Rates
	Employee	Employer	Employee	Employer	
2016	\$ 6,398	\$ 6,398	5.0 %	5.0 %	5.0 %

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 7 OPEB DISCLOSURE

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by Minnesota Statutes §471.61 subdivision 2b. Active employees who retire from the County when eligible to receive a retirement benefit from PERA (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay 100 percent of the total premium cost. As of December 31, 2016, there were 21 retirees receiving health benefits from the County's health plan.

A. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost of 2016, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC)	\$	118,138
Interest on Net OPEB Obligation		27,453
Adjustment to ARC		(41,920)
Annual OPEB Cost		103,671
Contributions during the year		(19,707)
Increase in Net OPEB Obligation		83,964
Net OPEB - Beginning of the Year		784,370
Net OPEB - End of the Year	\$	868,334

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2016 and the preceding two years were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/2016	\$ 103,671	\$ 19,707	19.0 %	\$ 868,334
12/31/2015	104,883	44,762	42.7	784,370
12/31/2014	106,587	44,630	41.9	724,249

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 7 OPEB DISCLOSURE (CONTINUED)

B. Funded Status

The County currently has no assets that have been irrevocably deposited in a trust for future health benefits. Therefore, the actuarial value of assets is zero.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2016	\$ -	\$ 808,279	\$ 808,279	- %	\$ 12,768,160	6.3 %

C. Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the January 1, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.50 percent discount rate, which is based on the estimated long-term investment yield on the general assets of the County using an underlying long-term inflation assumption of 2.50 percent. The annual healthcare cost trend rate is 6.75 percent initially, reduced incrementally to an ultimate rate of 5.00 percent after seven years. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open thirty-year period.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 8 RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2016. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Jointly Governed Organizations

Stearns-Benton Employment and Training Council

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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

A. Jointly Governed Organizations (Continued)

Stearns-Benton Employment and Training Council (Continued)

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

Complete financial information can be obtained from:

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

Tri-County Solid Waste Commission

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

Each county's proportionate share of the net operating costs is based on the usage of the household hazardous waste facility and the solid waste picked up in each county. The County contributed \$27,111 during 2016.

The Commission will remain in existence so long as two or more counties remain as parties to the agreement. Upon dissolution of the Commission, there will be an accounting to determine assets and liabilities. The assets of the Commission will be liquidated and, after payment of liabilities, the proceeds will be distributed to the member counties in the ratio that the total contributions made by each of them bears to the sum total of contributions made by all.

Separate financial information can be obtained from:

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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

A. Jointly Governed Organizations (Continued)

Central Minnesota Violent Offender Task Force

Benton, Morrison, Todd, Sherburne, and Stearns Counties and the Cities of Sartell, Sauk Rapids, Waite Park, St. Joseph, St. Cloud, and Little Falls have entered into a joint powers agreement to investigate, identify, and disrupt illegal drug and gang activity through multi-jurisdictional investigations in Central Minnesota. The Stearns County Sheriff's Office is the fiscal agent for the Central Minnesota Violent Offender Task Force. Members provide officers to the Task Force in lieu of appropriations. Benton County provided no cash funding to this organization in 2016.

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

Separate financial information can be obtained from:

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

Great River Regional Library

The Great River Regional Library operates under a joint powers agreement and according to the authority granted by Minnesota Statutes. The specific operating framework is set forth in a service agreement which has been entered into by each of the seven members. The membership consists of Benton, Morrison, Stearns, Wright, Sherburne, and Todd Counties. The board of directors consists of 15 people. The Benton County Board of Commissioners has one representative on the Library board. The County's 2016 contribution to the Great River Regional Library of \$544,833 is included in the expenditures of the General Fund.

Separate financial information can be obtained from:

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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

A. Jointly Governed Organizations (Continued)

Central Minnesota Emergency Medical Services

The Central Minnesota Emergency Medical Services Region was established in 2001, under Minnesota Statutes §471.59, to improve access, delivery, and effectiveness of the emergency medical services system; promote systematic and cost-effective delivery of services; and identify and address system needs within the member counties. The member counties are Benton, Cass, Chisago, Crow Wing, Kanabec, Mille Lacs, Morrison, Pine, Sherburne, Stearns, Todd, Wadena, and Wright. The Region established a board comprising one commissioner from each county. The Region's board has financial responsibility, and Stearns County is the fiscal agent. The County had no contributions during 2016.

Complete financial information can be obtained from:

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

St. Cloud Area Planning Organization

The St. Cloud Area Planning Organization was created to keep governmental units and the general public informed and advised on all matters relative to the transportation planning, programming, and funding. The Council is an organized joint venture having the duties, powers, and privileges granted joint powers by Minnesota Statutes §471.59. The joint venture is governed by a Policy board, which is comprised of 11 local government member jurisdictions, as well as representatives from the Central Minnesota Transportation Alliance and St. Cloud Metro Bus. The Policy board is responsible for adopting regional transportation plans, projects, and policies. The Policy board consists of 43 voting members, 36 of which are elected officials from cities, counties, and townships. During 2016, the County contributed \$7,063 to the St. Cloud Area Planning Organization. Complete financial statements can be obtained from:

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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

A. Jointly Governed Organizations (Continued)

Elk River Watershed Association

The Elk River Watershed Association was created to coordinate actions related to common activities in Sherburne and Benton Counties comprehensive local water management plans within the Elk River Watershed. The Association is comprised of Benton and Sherburne Counties and Benton and Sherburne Soil and Water Conservation Districts, with each having one representative on the board of directors. During 2016, the County contributed \$2,000 to the Elk River Watershed Association.

Separate financial information can be obtained from:

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

Central Minnesota Emergency Services Board

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

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

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

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

The Central Minnesota Emergency Services board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. During 2016, Benton County contributed \$4,687 to the board.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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

A. Jointly Governed Organizations (Continued)

Central Minnesota Emergency Services Board (Continued)

Separate financial information can be obtained from:

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

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

NOTE 10 TAX ABATEMENTS

On October 17th, 2006, the County Board approved an economic development tax abatement pursuant to Minnesota Statutes §§ 469.1812 – 469.1815 to reimburse a portion of the costs to construct a research facility in the City of Rice by Swine Services Unlimited, Inc. The abatement from the City of Rice along with the County is to be no more than \$65,000 or no longer than 10 years, whichever is less. The approximate amount of taxes requested from the County is \$41,000. Abatement reimbursement began in 2009 and will continue through 2018. For the year ending December 31, 2016, Benton County abated property taxes totaling \$4,100.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 10 TAX ABATEMENTS (CONTINUED)

The County has multiple pay-as-you-go tax increment financing districts with local businesses pursuant to Minn. Stat. §§ 469.174-.1794; two to promote economic development, two to promote housing districts for low to moderate income, and four to promote economic development. The County is currently collecting tax increments that are paid through the property tax collection processes. The requirement for businesses to receive the excess tax increments from the County is to perform improvements on the owned property. The increment taxes are based on the increase of the property value after the improvements are made.

<u>Purpose</u>	<u>Name</u>	<u>City</u>	<u>Percentage of Increment Collected to Be Returned</u>	<u>Decertification Date</u>	<u>Excess Tax Increment Paid During 2016</u>
Economic Development	TIF District 20	Sauk Rapids	95 %	12/31/21	\$ 184,927
Economic Development	TIF District 21	Sauk Rapids	96	12/31/22	64,213
Housing District for Low to Moderate Income	TIF District 1-8	Rice	10	12/31/38	26,948
Housing District for Low to Moderate Income	TIF District 1-8	Foley	27	12/31/39	2,470
Redevelopment	TIF District 82	St. Cloud	80	12/31/19	-
Redevelopment	TIF District 18	Sauk Rapids	45	12/31/33	5,958
Redevelopment	TIF District 19	Sauk Rapids	75	12/31/36	43,354
Redevelopment	TIF District 23	Sauk Rapids	15	12/31/41	10,656

For the year ended December 31, 2016, the County paid excess tax increment in the amount of \$338,526. No other commitments were made by the County as part of these agreements.

NOTE 11 SUBSEQUENT EVENTS

On February 7, 2017, the County approved the refunding of G.O. Road Reconstruction Bonds, Series 2007A, G.O. State-Aid Road Bonds, Series 2007B, and G.O. Reconstruction Bonds, Series 2008A with the issuance of General Obligation Refunding Bonds, Series 2017A, in the amount of \$3,590,000. The bonds will mature in 2023 and have an average interest rate of 3.00 percent. The first payment will be made on February 1, 2018.

This Page Has Been Intentionally Left Blank.

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

**BENTON COUNTY
FOLEY, MINNESOTA
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
YEAR ENDED DECEMBER 31, 2016**

PERA GENERAL EMPLOYEES RETIREMENT PLAN

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with Benton County	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.160 %	\$ 13,169,836	\$ 171,984	\$ 13,341,820	\$ 10,791,851	122.04 %	68.91 %
2015	0.162	8,312,760	N/A	8,312,760	9,915,678	83.83	78.19

PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.172 %	\$ 6,902,659	\$ 1,654,186	417.28 %	63.90 %
2015	0.170	1,931,598	1,598,587	120.83	86.61

PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	1.020 %	\$ 3,726,203	\$ 1,922,086	193.86 %	58.20 %
2015	1.000	154,600	1,861,093	8.31	96.95

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

This Page Has Been Intentionally Left Blank.

**BENTON COUNTY
FOLEY, MINNESOTA
SCHEDULE OF COUNTY CONTRIBUTIONS
DECEMBER 31, 2016**

PERA GENERAL EMPLOYEES RETIREMENT PLAN

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual Contributions in Relation to Statutorily Required Contributions</u>	<u>Contribution (Deficiency) Excess</u>	<u>Covered Payroll</u>	<u>Actual Contributions as a Percentage of Covered Payroll</u>
2016	\$ 737,219	\$ 737,219	\$ -	\$ 9,829,853	7.50 %
2015	743,589	743,589	-	9,914,920	7.50

PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual Contributions in Relation to Statutorily Required Contributions</u>	<u>Contribution (Deficiency) Excess</u>	<u>Covered Payroll</u>	<u>Actual Contributions as a Percentage of Covered Payroll</u>
2016	\$ 267,195	\$ 267,195	\$ -	\$ 1,649,353	16.20 %
2015	258,971	258,971	-	1,598,587	16.20

PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN

<u>Year Ending</u>	<u>Statutorily Required Contributions</u>	<u>Actual Contributions in Relation to Statutorily Required Contributions</u>	<u>Contribution (Deficiency) Excess</u>	<u>Covered Payroll</u>	<u>Actual Contributions as a Percentage of Covered Payroll</u>
2016	\$ 166,326	\$ 166,326	\$ -	\$ 1,900,861	8.75 %
2015	163,494	163,494	-	1,868,503	8.75

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

**BENTON COUNTY
FOLEY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 11,515,685	\$ 11,515,685	\$ 11,517,747	\$ 2,062
Licenses and Permits	221,800	221,800	259,117	37,317
Intergovernmental	1,799,653	1,799,653	1,970,553	170,900
Charges for Services	1,551,958	1,551,958	1,781,091	229,133
Fines and Forfeits	10,825	10,825	10,972	147
Gifts and Contributions	-	-	1,250	1,250
Investment Earnings	70,000	70,000	169,625	99,625
Miscellaneous	197,680	197,680	284,021	86,341
Total Revenues	15,367,601	15,367,601	15,994,376	626,775
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	293,764	293,764	271,622	22,142
Public Defender	140,000	140,000	136,449	3,551
Administration	582,329	582,329	552,942	29,387
Auditor-Treasurer	594,962	594,962	556,281	38,681
Assessor	485,896	485,896	491,772	(5,876)
Information Technology	784,251	784,251	732,133	52,118
Attorney	1,069,518	1,069,518	1,103,060	(33,542)
Recorder	202,123	202,123	209,198	(7,075)
Property Management	785,944	785,944	750,421	35,523
Veterans Service Officer	71,020	71,020	65,690	5,330
Other Outside Agencies	50,506	50,506	49,578	928
Other General Government	1,050,965	1,050,965	1,015,205	35,760
Total General Government	6,111,278	6,111,278	5,934,351	176,927
PUBLIC SAFETY				
Sheriff	3,768,256	3,768,256	3,793,912	(25,656)
Emergency Management	89,411	89,411	89,199	212
Prisoner Custodial	3,162,541	3,162,541	3,216,589	(54,048)
Probation	592,355	592,355	573,494	18,861
Total Public Safety	7,612,563	7,612,563	7,673,194	(60,631)
HEALTH				
Groundwater Management	90,448	90,448	87,152	3,296

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

**BENTON COUNTY
FOLEY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
CURRENT (CONTINUED)				
CULTURE AND RECREATION				
Historical Society	\$ 12,070	\$ 12,070	\$ 12,070	\$ -
Regional Library	544,883	544,883	544,883	-
Total Culture and Recreation	556,953	556,953	556,953	-
CONSERVATION OF NATURAL RESOURCES				
University of Minnesota Extension	214,939	214,939	214,373	566
Soil and Water Conservation	170,000	170,000	170,000	-
Agricultural Society/County Fair	10,000	10,000	10,000	-
Total Conservation of Natural Resources	394,939	394,939	394,373	566
ECONOMIC DEVELOPMENT				
Economic Development	87,767	87,767	81,251	6,516
Department of Development	327,853	327,853	308,515	19,338
Total Economic Development	415,620	415,620	389,766	25,854
CAPITAL OUTLAY				
General Government	28,000	28,000	27,638	362
Public Safety	-	-	2,437	(2,437)
Total Capital Outlay	28,000	28,000	30,075	(2,075)
Total Expenditures	15,209,801	15,209,801	15,065,864	143,937
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	157,800	157,800	928,512	770,712
OTHER FINANCING SOURCES (USES)				
Transfers In	71,200	71,200	51,279	(19,921)
Transfers Out	(837,000)	(837,000)	(425,114)	411,886
Total Other Financing Sources (Uses)	(765,800)	(765,800)	(373,835)	391,965
NET CHANGE IN FUND BALANCE	<u>\$ (608,000)</u>	<u>\$ (608,000)</u>	554,677	<u>\$ 1,162,677</u>
Fund Balance - Beginning of Year			9,586,939	
FUND BALANCE - END OF YEAR			<u>\$ 10,141,616</u>	

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

**BENTON COUNTY
FOLEY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,124,165	\$ 2,124,165	\$ 2,129,952	\$ 5,787
Licenses and Permits	1,500	1,500	14,825	13,325
Intergovernmental	8,645,146	8,645,146	7,921,483	(723,663)
Charges for Services	1,667,471	1,667,471	1,320,013	(347,458)
Miscellaneous	30,000	30,000	68,109	38,109
Total Revenues	12,468,282	12,468,282	11,454,382	(1,013,900)
EXPENDITURES				
CURRENT				
HIGHWAYS AND STREETS				
Administration	413,968	413,968	349,077	64,891
Maintenance	2,376,759	2,376,759	2,299,019	77,740
Construction	9,229,646	9,229,646	8,200,560	1,029,086
GIS	7,892	7,892	4,297	3,595
Equipment and Maintenance Shop	952,397	952,397	855,510	96,887
Total Highways and Streets	12,980,662	12,980,662	11,708,463	1,272,199
INTERGOVERNMENTAL	166,929	166,929	172,727	(5,798)
Total Expenditures	13,147,591	13,147,591	11,881,190	1,266,401
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(679,309)	(679,309)	(426,808)	252,501
OTHER FINANCING SOURCES (USES)				
Transfers In	666,809	666,809	606,604	(60,205)
Transfers Out	-	-	(2,522)	(2,522)
Proceeds from Sale of Assets	18,500	18,500	5,450	(13,050)
Total Other Financing Sources (Uses)	685,309	685,309	609,532	(75,777)
NET CHANGE IN FUND BALANCE	<u>\$ 6,000</u>	<u>\$ 6,000</u>	182,724	<u>\$ 176,724</u>
Fund Balance - Beginning of Year, as Restated (Note 1. E)			3,017,472	
Increase in Inventory			69,777	
FUND BALANCE - END OF YEAR			<u>\$ 3,269,973</u>	

**BENTON COUNTY
FOLEY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES FUND
YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,307,730	\$ 4,307,730	\$ 4,322,747	\$ 15,017
Intergovernmental	7,319,005	7,319,005	8,122,327	803,322
Charges for Services	772,956	772,956	433,333	(339,623)
Gifts and Contributions	-	-	1,500	1,500
Investment Earnings	1,300	1,300	1,215	(85)
Miscellaneous	60,950	60,950	133,642	72,692
Total Revenues	12,461,941	12,461,941	13,014,764	552,823
EXPENDITURES				
CURRENT				
HUMAN SERVICES				
Income Maintenance	4,010,851	4,010,851	4,015,024	(4,173)
Social Services	7,326,411	7,326,411	7,626,431	(300,020)
Total Human Services	11,337,262	11,337,262	11,641,455	(304,193)
HEALTH				
Nursing Service	1,124,679	1,124,679	962,818	161,861
Total Expenditures	12,461,941	12,461,941	12,604,273	(142,332)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	410,491	410,491
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(125,000)	(146,852)	(21,852)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (125,000)</u>	263,639	<u>\$ 388,639</u>
Fund Balance - Beginning of Year			5,285,442	
FUND BALANCE - END OF YEAR			<u>\$ 5,549,081</u>	

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

This Page Has Been Intentionally Left Blank.

**BENTON COUNTY
FOLEY, MINNESOTA
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS
DECEMBER 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2012	\$ -	\$ 1,008,948	\$ 1,008,948	- %	\$ 12,005,271	8.4 %
January 1, 2014	-	845,658	845,658	-	11,992,953	7.1
January 1, 2016	-	808,279	808,279	-	12,768,160	6.3

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2016**

I. BUDGETARY INFORMATION

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

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

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

II. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following major funds had expenditures in excess of budget at the department level for the year ended December 31, 2016:

Fund	Function	Expenditures	Budget	Excess
General	Current			
	General Government			
	Assessor	\$ 491,772	\$ 485,896	\$ 5,876
	Attorney	1,103,060	1,069,518	33,542
	Recorder	209,198	202,123	7,075
	Public Safety			
	Sheriff	3,793,912	3,768,256	25,656
	Prisoner Custodial	3,216,589	3,162,541	54,048
	Capital Outlay			
	Public Safety	2,437	-	2,437
Special Revenue Funds				
Road and Bridge	Intergovernmental	172,727	166,929	5,798
Human Services	Current			
	Human Services			
	Income Maintenance	4,015,024	4,010,851	4,173
	Social Services	7,626,431	7,326,411	300,020

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2016**

III. DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30, 2016:

General Employees Retirement Plan

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Correctional Plan

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

This Page Has Been Intentionally Left Blank.

SUPPLEMENTARY INFORMATION

**BENTON COUNTY
FOLEY, MINNESOTA
YEAR ENDED DECEMBER 31, 2016**

NONMAJOR GOVERNMENTAL FUNDS

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

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

The Gravel Pit Restoration Special Revenue Fund is used to account for the 5 percent of aggregate production taxes collected and retained by the County to restore abandoned pits on public or tax-forfeited land.

**BENTON COUNTY
FOLEY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	Nonmajor Special Revenue Funds			Total Nonmajor Funds
	Ditch	Economic Development	Gravel Pit Restoration	
ASSETS				
Cash and Pooled Investments	\$ -	\$ 214,866	\$ 135,050	\$ 349,916
Undistributed Cash in Agency Funds	185	-	-	185
Special Assessments Receivable				
Delinquent	432	-	-	432
Noncurrent	3,196	-	-	3,196
Loans Receivable, Net of Allowance	-	489,836	-	489,836
Total Assets	<u>\$ 3,813</u>	<u>\$ 704,702</u>	<u>\$ 135,050</u>	<u>\$ 843,565</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 31	\$ -	\$ 31
Due to Other Funds	7,936	-	-	7,936
Advances from Other Funds	2,603	-	-	2,603
Total Liabilities	10,539	31	-	10,570
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	3,628	380,253	-	383,881
FUND BALANCES				
Restricted	25,872	324,418	135,050	485,340
Unassigned	(36,226)	-	-	(36,226)
Total Fund Balances	<u>(10,354)</u>	<u>324,418</u>	<u>135,050</u>	<u>449,114</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,813</u>	<u>\$ 704,702</u>	<u>\$ 135,050</u>	<u>\$ 843,565</u>

**BENTON COUNTY
FOLEY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016**

	Nonmajor Special Revenue Funds			Total Nonmajor Funds
	Ditch	Economic Development	Gravel Pit Restoration	
REVENUES				
Special Assessments	\$ 1,290	\$ -	\$ -	\$ 1,290
Investment Earnings	-	75	-	75
Miscellaneous	-	36,404	15,236	51,640
Total Revenues	1,290	36,479	15,236	53,005
EXPENDITURES				
CURRENT				
Conservation of Natural Resources	25,144	-	-	25,144
Economic Development	-	405,387	-	405,387
DEBT SERVICE				
Principal	-	457,084	-	457,084
Interest	-	2,182	-	2,182
Total Expenditures	25,144	864,653	-	889,797
NET CHANGE IN FUND BALANCES	(23,854)	(828,174)	15,236	(836,792)
Fund Balances - Beginning of Year	13,500	1,152,592	119,814	1,285,906
FUND BALANCES - END OF YEAR	<u>\$ (10,354)</u>	<u>\$ 324,418</u>	<u>\$ 135,050</u>	<u>\$ 449,114</u>

**BENTON COUNTY
FOLEY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2016**

	Balance January 1	Additions	Deductions	Balance December 31
HOUSING AND REDEVELOPMENT AUTHORITY				
ASSETS				
Cash and Pooled Investments	\$ -	\$ 607,077	\$ 607,077	\$ -
Due from Other Governments	396	-	396	-
Total Assets	<u>\$ 396</u>	<u>\$ 607,077</u>	<u>\$ 607,473</u>	<u>\$ -</u>
LIABILITIES				
Due to Other Governments	<u>\$ 396</u>	<u>\$ 607,077</u>	<u>\$ 607,473</u>	<u>\$ -</u>
METROPOLITAN TRANSIT				
ASSETS				
Cash and Pooled Investments	\$ -	\$ 423,941	\$ 423,941	\$ -
Due from Other Governments	1,693	-	1,693	-
Total Assets	<u>\$ 1,693</u>	<u>\$ 423,941</u>	<u>\$ 425,634</u>	<u>\$ -</u>
LIABILITIES				
Due to Other Governments	<u>\$ 1,693</u>	<u>\$ 423,941</u>	<u>\$ 425,634</u>	<u>\$ -</u>
SCHOOL DISTRICTS				
ASSETS				
Cash and Pooled Investments	\$ 49,062	\$ 14,278,792	\$ 14,284,190	\$ 43,664
Due from Other Governments	174,607	-	174,607	-
Total Assets	<u>\$ 223,669</u>	<u>\$ 14,278,792</u>	<u>\$ 14,458,797</u>	<u>\$ 43,664</u>
LIABILITIES				
Due to Other Governments	<u>\$ 223,669</u>	<u>\$ 14,278,792</u>	<u>\$ 14,458,797</u>	<u>\$ 43,664</u>
STATE FUNDS				
ASSETS				
Cash and Pooled Investments	\$ 75,072	\$ 4,964,722	\$ 4,947,325	\$ 92,469
Due from Other Governments	19,936	-	19,936	-
Total Assets	<u>\$ 95,008</u>	<u>\$ 4,964,722</u>	<u>\$ 4,967,261</u>	<u>\$ 92,469</u>
LIABILITIES				
Due to Other Governments	<u>\$ 95,008</u>	<u>\$ 4,964,722</u>	<u>\$ 4,967,261</u>	<u>\$ 92,469</u>

**BENTON COUNTY
FOLEY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2016**

	Balance January 1	Additions	Deductions	Balance December 31
CHM COLLABORATIVE				
ASSETS				
Cash and Pooled Investments	\$ 149,153	\$ 93,233	\$ 91,602	\$ 150,784
Due from Other Governments	17,668	-	17,668	-
Total Assets	<u>\$ 166,821</u>	<u>\$ 93,233</u>	<u>\$ 109,270</u>	<u>\$ 150,784</u>
LIABILITIES				
Due to Other Governments	<u>\$ 166,821</u>	<u>\$ 93,233</u>	<u>\$ 109,270</u>	<u>\$ 150,784</u>
TAXES AND PENALTIES				
ASSETS				
Cash and Pooled Investments	\$ 310,695	\$ 48,499,790	\$ 48,502,615	\$ 307,870
Due from Other Governments	3,690	-	-	3,690
Total Assets	<u>\$ 314,385</u>	<u>\$ 48,499,790</u>	<u>\$ 48,502,615</u>	<u>\$ 311,560</u>
LIABILITIES				
Due to Other Governments	<u>\$ 314,385</u>	<u>\$ 48,499,790</u>	<u>\$ 48,502,615</u>	<u>\$ 311,560</u>
TOWNS AND CITIES				
ASSETS				
Cash and Pooled Investments	\$ -	\$ 10,260,704	\$ 10,260,325	\$ 379
Due from Other Governments	99,050	-	99,050	-
Total Assets	<u>\$ 99,050</u>	<u>\$ 10,260,704</u>	<u>\$ 10,359,375</u>	<u>\$ 379</u>
LIABILITIES				
Due to Other Governments	<u>\$ 99,050</u>	<u>\$ 10,260,704</u>	<u>\$ 10,359,375</u>	<u>\$ 379</u>
MENTAL HEALTH INITIATIVE COMMUNITY PROJECT				
ASSETS				
Cash and Pooled Investments	<u>\$ 721,332</u>	<u>\$ 2,075,319</u>	<u>\$ 2,725,203</u>	<u>\$ 71,448</u>
LIABILITIES				
Due to Other Governments	<u>\$ 721,332</u>	<u>\$ 2,075,319</u>	<u>\$ 2,725,203</u>	<u>\$ 71,448</u>

**BENTON COUNTY
FOLEY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2016**

	Balance January 1	Additions	Deductions	Balance December 31
SOCIAL WELFARE				
ASSETS				
Cash and Pooled Investments	\$ 43,351	\$ 740,225	\$ 726,754	\$ 56,822
LIABILITIES				
Funds Held in Trust	\$ 43,351	\$ 740,225	\$ 726,754	\$ 56,822
JAIL INMATE				
ASSETS				
Cash and Pooled Investments	\$ 2,471	\$ 234,211	\$ 231,623	\$ 5,059
LIABILITIES				
Funds Held in Trust	\$ 2,471	\$ 234,211	\$ 231,623	\$ 5,059
MISSING HEIRS				
ASSETS				
Cash and Pooled Investments	\$ 10,892	\$ 36	\$ -	\$ 10,928
LIABILITIES				
Funds Held in Trust	\$ 10,892	\$ 36	\$ -	\$ 10,928
HENKEMEYER LANDFILL TRUST				
ASSETS				
Cash and Pooled Investments	\$ 108,014	\$ 7,580	\$ -	\$ 115,594
LIABILITIES				
Due to Other Governments	\$ 108,014	\$ 7,580	\$ -	\$ 115,594
BUILDING OFFICIAL				
ASSETS				
Cash and Pooled Investments	\$ 6,278	\$ 94,268	\$ 98,231	\$ 2,315
LIABILITIES				
Due to Other Governments	\$ 6,278	\$ 94,268	\$ 98,231	\$ 2,315

**BENTON COUNTY
FOLEY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2016**

	Balance January 1	Additions	Deductions	Balance December 31
HUMAN SERVICES AGENCY FUND				
ASSETS				
Cash and Pooled Investments	\$ 1,108	\$ 1,835	\$ 1,656	\$ 1,287
LIABILITIES				
Due to Other Governments	\$ 1,108	\$ 1,835	\$ 1,656	\$ 1,287
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and Pooled Investments	\$ 1,477,428	\$ 82,281,733	\$ 82,900,542	\$ 858,619
Due from Other Governments	317,040	-	313,350	3,690
Total Assets	<u>\$ 1,794,468</u>	<u>\$ 82,281,733</u>	<u>\$ 83,213,892</u>	<u>\$ 862,309</u>
LIABILITIES				
Due to Other Governments	\$ 1,737,754	\$ 81,307,261	\$ 82,255,515	\$ 789,500
Funds Held in Trust	56,714	974,472	958,377	72,809
Total Liabilities	<u>\$ 1,794,468</u>	<u>\$ 82,281,733</u>	<u>\$ 83,213,892</u>	<u>\$ 862,309</u>

This Page Has Been Intentionally Left Blank.

OTHER SUPPLEMENTARY INFORMATION

**BENTON COUNTY
FOLEY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2016**

	Special Revenue Funds			
	General	Road and Bridge	Human Services	Miscellaneous
SHARED REVENUE AND APPROPRIATIONS				
State				
County Program Aid	\$ 1,136,099	\$ 209,212	\$ 433,917	\$ -
PERA Rate Reimbursement	35,261	5,043	13,080	-
Disparity Reduction Aid	7,441	-	-	-
Police Aid	191,561	-	-	-
Highway Users Tax	-	5,007,168	-	-
Market Value Credit	172,106	31,693	65,734	-
Aquatic Invasive Species Aid	-	-	-	37,040
Enhanced 911	-	-	-	117,848
SCORE	-	8,438	-	60,413
	<hr/>	<hr/>	<hr/>	<hr/>
Total Shared Revenue and Appropriations	1,542,468	5,261,554	512,731	215,301
REIMBURSEMENT FOR SERVICES				
State				
Minnesota Department of Human Services	-	-	2,101,238	-
	<hr/>	<hr/>	<hr/>	<hr/>
LOCAL				
Payments in Lieu of Tax	24,200	2,897	6,008	-
Local Contributions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Local	24,200	2,897	6,008	-
GRANTS				
State				
Minnesota Department/Board of				
Corrections	83,474	-	-	-
Public Safety	48,165	-	-	25,200
Health	-	-	289,279	-
Natural Resources	7,450	-	-	-
Human Services	-	-	1,353,526	-
Water and Soil Resources	26,542	-	-	84,625
Veterans Affairs	-	-	-	12,500
Peace Officer's Board	8,755	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total State Grants	174,386	-	1,642,805	122,325
Federal				
Department of				
Agriculture	47,057	-	560,172	-
Justice	3,300	-	-	-
Transportation	20,149	2,657,032	-	-
Education	-	-	1,450	-
Health and Human Services	134,806	-	3,297,923	-
Homeland Security	24,187	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Federal Grants	229,499	2,657,032	3,859,545	-
Total State and Federal Grants	<hr/>	<hr/>	<hr/>	<hr/>
	403,885	2,657,032	5,502,350	122,325
Total Intergovernmental Revenue	<hr/> <u>\$ 1,970,553</u>	<hr/> <u>\$ 7,921,483</u>	<hr/> <u>\$ 8,122,327</u>	<hr/> <u>\$ 337,626</u>

Debt Service	Capital Projects	Total All Funds
\$ -	\$ 475,000	\$ 2,254,228
-	-	53,384
-	-	7,441
-	-	191,561
179,860	-	5,187,028
14,464	1,321	285,318
-	-	37,040
-	-	117,848
-	-	68,851
194,324	476,321	8,202,699
-	-	2,101,238
1,320	121	34,546
218,600	-	218,600
219,920	121	253,146
-	-	83,474
-	-	73,365
-	-	289,279
-	-	7,450
-	-	1,353,526
-	-	111,167
-	-	12,500
-	-	8,755
-	-	1,939,516
-	-	607,229
-	-	3,300
-	2,680	2,679,861
-	-	1,450
-	-	3,432,729
-	-	24,187
-	2,680	6,748,756
-	2,680	8,688,272
<u>\$ 414,244</u>	<u>\$ 479,122</u>	<u>\$ 19,245,355</u>

**BENTON COUNTY
FOLEY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016**

Federal Grantor Pass - Through Agency Grant Program Title (Program or Cluster Title)	Federal CFDA Number	Pass - Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	16162MN004W1003	\$ 253,902	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16162MN101S2514	291,138	-
Total Department of Agriculture			545,040	-
U.S. Department of Justice				
Direct				
Bulletproof Vest Partnership Program	16.607	N/A	3,300	-
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	00005 1000300	\$ 66,408 2,590,624	- -
Passed Through Minnesota Department of Public Safety				
National Priority Safety Programs (Part of Highway Safety Cluster)	20.616	F-CMPTR16-2016- BENTONSD-1765	9,529	-
Passed Through City of St. Cloud				
State and Community Highway Safety (Part of Highway Safety Cluster)	20.600	F-ENFRC16-2016- STCLOUDPD-052	4,125	-
National Priority Safety Programs (Part of Highway Safety Cluster)	20.616	F-ENFRC16-2016- STCLOUDPD-052 F-ENFRC17-2017- STCLOUDPD-052	1,301 1,646	- -
(Total Expenditures for Highway Safety Cluster \$16,601)			2,947	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC16-2016- STCLOUDPD-052 F-ENFRC17-2017- STCLOUDPD-052	3,157 3,071	- -
Total Department of Transportation			2,679,861	-
U.S. Department of Education				
Passed Through Minnesota Department of Health Special Education-Grants for Infants and Families	84.181	12-700-00103	1,933	-
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	NU90TP000529-05-03	34,770	-
Universal Newborn Hearing Screening	93.251	61MC00035	875	-
Immunization Cooperative Agreements	93.268	NH231P000737	300	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$556,392)	93.558	1601MFTANF	43,822	-
Maternal and Child Health Services Block Grant to the States	93.994	B04MC29349	40,842	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	G-1601MNFPS	8,140	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$556,392)	93.558	1601MFTANF 1601MNTANF	438,232 74,338	390,219 -
Child Support Enforcement	93.563	1604MNCSES 1604MNCEST	43,900 822,476	- -
Refugee and Entrant Assistance-State Administered Programs	93.566	1601MNRCA	273	-
Child Care and Development Block Grant	93.575	G1601MNCCDF	27,733	-
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFRPG	6,259	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	4,780	-
Foster Care - Title IV-E	93.658	1601MNFOST	283,188	-
Social Services Block Grant	93.667	16-01MNSOSR	249,823	-
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	2,462	-

**BENTON COUNTY
FOLEY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

Federal Grantor Pass - Through Agency Grant Program Title (Program or Cluster Title)	Federal CFDA Number	Pass - Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Passed Through Minnesota Department of Human Services (Continued)				
Medical Assistance Program	93.778	05-1605MN5ADM 05-1605MN5MAP	\$ 1,125,351 <u>10,241</u> \$ 1,135,592	\$ - -
Block Grants for Prevention and Treatment of Substance Abuse	93.959	T1010027-15	<u>640</u>	-
Total Department of Health and Human Services			3,218,445	390,219
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	F-EMPG-2016- BENTONCO	<u>24,187</u>	-
Total Cash Type Federal Awards			<u>\$ 6,472,766</u>	<u>\$ 390,219</u>

Notes to the Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Benton County. The County's reporting entity is defined in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Benton County, it is not intended to and does not present the financial position or changes in net position of Benton County.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Benton County has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation to the Schedule of Intergovernmental Revenue

Federal Grant Revenue per Schedule of Intergovernmental Revenue:	\$ 6,748,756
Grants Received More than 60 Days After Year-End, Unavailable in 2016	
Special Education-Grants for Infants and Families	483
Promoting Safe and Stable Families	873
Temporary Assistance for Needy Families	142,072
Child Care and Development Block Grant	1,925
Community-Based Child Abuse Prevention Grants	2,937
Stephanie Tubbs Jones Child Welfare Services Program	920
Chafee Foster Care Independence Program	1,432
Grants Unavailable in 2015, Recognized as Revenue in 2016	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	(62,189)
Temporary Assistance for Needy Families	(40,021)
Child Support Enforcement	(117,357)
Refugee and Entrant Assistance-State Administered Programs	(430)
Foster Care - Title IV-E	(5,419)
Medical Assistance Program	<u>(201,216)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 6,472,766</u>