

*Clay County*  
*Moorhead, MN*



*Annual Financial Report*  
*For Year Ending*  
*December 31, 2014*

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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**INTRODUCTORY SECTION**

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**COUNTY AUDITOR**

LORI J. JOHNSON

Office Telephone: (218) 299-5006

Fax: (218) 299-5195

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Honorable Chairman and Commissioners  
Clay County Board of Commissioners  
807 North 11th Street  
Moorhead, MN 56560

Gentlemen,

The Annual Financial Report of Clay County is submitted for the fiscal year ended December 31, 2014. This report was prepared by the County Auditor's Office. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position of the County and results of operation of the County, as measured by the financial activity of its various funds, and all disclosures necessary to enable maximum understanding of the County's financial affairs.

The Annual Financial Report is presented in two sections: Introductory and Financial. The Introductory Section includes this transmittal letter and the County's organizational chart. The Financial Section includes the Management's Discussion and Analysis, the Basic Financial Statements, the Required Supplementary Information, and the Supplementary Information.

This report includes all of the funds and entities, which are considered to be under the direction and control of the County Board. The County provides a full range of services including public safety and law enforcement; courts and probation services; tax assessment and collection; vital statistics and public records; human services; highways, planning, inspection, and environmental health; and recreation and cultural services.

Copies of this report will be sent to elected officials, County management, bond rating agencies, and governmental agencies, which have expressed an interest in Clay County's financial affairs.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements, presented with the basic financial statements, are an integral part of this Annual Financial Report and should be read for a full understanding of the statements and information presented herein.

## INDEPENDENT AUDIT

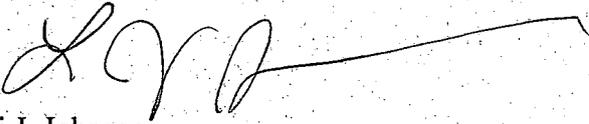
Minnesota State Law requires an audit to be made of the books of accounts, financial records, and transactions of the County by the State Auditor. This requirement has been complied with, and the Auditor's opinion is included in this report.

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

### ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the professional and dedicated services of the entire staff of the Auditor's Office.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lori J. Johnson', with a long horizontal line extending to the right.

Lori J. Johnson  
Clay County Auditor-Treasurer

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

ORGANIZATION  
December 31, 2014

Office	Name	Term Expires
<b>Elected</b>		
Commissioners		
1st District	Wayne Ingersoll	January 2017
2nd District	Frank Gross	January 2017
3rd District	Jon Evert**	January 2015
4th District	Kevin Campbell*	January 2015
5th District	Grant Wayland	January 2017
Attorney	Brian Melton	January 2015
Auditor-Treasurer	Lori J. Johnson****	January 2015
County Recorder	DiAnn Streifel****	January 2015
County Sheriff	Bill Bergquist	January 2015
<b>Appointed</b>		
Assessor	Nancy Gunderson	December 2016
County Administrator	Brian Berg	Indefinite
Highway Engineer	David Overbo	May 2014
Surveyor	Brian Rittenhouse***	December 2014

\* Chair

\*\* Vice Chair, replaced by Jenny Mongeau as Commissioner of the 3<sup>rd</sup> District as of January 2015.

\*\*\* County Surveyor and the office will be discontinued as of January 2015.

\*\*\*\* County Recorder and Auditor-Treasurer will be appointed positions as of January 2015.

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**FINANCIAL SECTION**

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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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

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## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Clay County  
Moorhead, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County, Minnesota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows 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 and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clay County's basic financial statements. The introductory section and the 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2015, on our consideration of Clay 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 Clay County's internal control over financial reporting and compliance.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 1, 2015

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014  
(Unaudited)**

The financial management of Clay County offers readers of Clay County's financial statements this narrative overview and analysis of the financial activities of Clay County for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of Clay County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year (December 31, 2014) by \$121,576,940 (net position). Of this amount, \$18,604,838 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental activities' total net position is \$102,635,989, of which Clay County has invested \$82,902,267 in net investment in capital assets; \$9,189,606 is restricted to specific purposes/uses by Clay County.
- Business-type activities have total net position of \$18,940,951. Net investment in capital assets, represents \$10,783,203 of the total.
- The net cost of Clay County's governmental activities for the year ended December 31, 2014, was \$25,980,155. General property tax revenue and other general revenue sources totaled \$29,388,966.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to Clay County's basic financial statements. Clay County's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements.

## **Government-Wide Financial Statements**

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

The Statement of Net Position presents information on all of Clay County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Clay County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of Clay County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of Clay County include general government, public safety, highways and streets, human services, culture and recreation, conservation of natural resources, and economic development. The business-type activities of Clay County include the Family Service Center, Juvenile Detention, Public Health, and Solid Waste.

The government-wide financial statements may be found in Exhibits 1 and 2 of this report.

## **Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Within the governmental funds, Clay County maintains four fund types: general, special revenue, debt service, and capital projects. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, Road and Bridge Special Revenue Fund, Social Services Special Revenue Fund, and Ditch Debt Service Fund, all of which are considered to be major funds. Data from the other special revenue, debt service, and capital projects nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Clay County adopts an annual budget for three of its major governmental funds, the County Building nonmajor special revenue fund, County Projects nonmajor debt service fund, Courthouse Expansion nonmajor debt service fund, Joint Highway Facility nonmajor debt service fund, and Law Enforcement Expansion nonmajor debt service fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements may be found in Exhibits 3 through 6 of this report.

**General Fund.** The General Fund is used to account for all financial resources not required to be accounted for in another fund.

**Special revenue funds.** Special revenue governmental funds account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The special revenue funds include:

- Road and Bridge,
- Social Services,
- County Building, and
- Gravel Removal Tax Reserve.

**Debt service funds.** The debt service funds account for the payment of principal, interest, and fiscal charges on long-term debt obligations of Clay County. The debt service funds include:

- Americana Estates,
- County Projects,
- Courthouse Expansion,
- Ditch,
- Joint Highway Facility, and
- Law Enforcement Expansion.

**Capital projects fund.** The capital projects fund is used to account for financial resources to be used for improvement of capital facilities.

**Proprietary funds.** Clay County maintains two different types of proprietary funds: enterprise and internal service. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Clay County uses its Family Service Center Enterprise Fund to account for the financing of the Family Service Center, which provides rental space to other departments and agencies. The Juvenile Center Enterprise Fund is used to account for the financial transactions of the fund, which provides housing for juveniles and rental space to departments and agencies. The Public Health Fund provides nursing service care to the elderly and other residents of the County, and the Solid Waste Management Fund is used to account for providing refuse disposal services to the public. The internal service fund is an accounting device used to accumulate and allocate costs internally among Clay County's various functions. Clay County uses its Equipment Replacement Internal Service Fund to account for the financing of equipment provided by one department to other departments of the County on a cost-reimbursement basis. Each year, a transfer is made based upon the amount reflected in the equipment replacement schedule.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all of Clay County's enterprise funds since they are all considered to be major funds of the County. Conversely, the Equipment Replacement Internal Service Fund is reported separately on the proprietary fund financial statements.

The basic proprietary fund financial statements may be found in Exhibits 7 through 9 of this report.

**Fiduciary funds.** Fiduciary funds (trust and agency funds) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Clay County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement may be found as Exhibit 10 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the exhibits.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information the budgetary comparison schedules for Clay County's General Fund and major special revenue funds. Required supplementary information is presented immediately following the notes to the financial statements. After that, the combining statements referred to earlier in connection with nonmajor governmental funds and fiduciary funds are presented.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Clay County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$121,576,940 at the close of the most recent fiscal year, which is an increase of \$4,161,220.

Net capital assets of \$93,685,470 (land, buildings, machinery and equipment, infrastructure, improvements other than buildings, and construction in progress, less any related debt used to acquire assets that is still outstanding) represents the largest portion of net position (77 percent). Clay County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Clay County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

Clay County's combined net position for the year ended December 31, 2014, was \$121,576,940. Clay County's analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of Clay County's governmental and business-type activities.

**Table 1  
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current and other assets	\$ 38,099,806	\$ 39,769,906	\$ 13,258,521	\$ 11,921,826	\$ 51,358,327	\$ 51,691,732
Capital assets	92,775,393	89,479,277	11,427,794	11,740,365	104,203,187	101,219,642
<b>Total Assets</b>	<b>\$ 130,875,199</b>	<b>\$ 129,249,183</b>	<b>\$ 24,686,315</b>	<b>\$ 23,662,191</b>	<b>\$ 155,561,514</b>	<b>\$ 152,911,374</b>
<b>Deferred outflows of resources</b>						
Deferred charge on refunding	\$ -	\$ -	\$ 2,509	\$ 3,714	\$ 2,509	\$ 3,714
<b>Liabilities</b>						
Long-term liabilities outstanding	\$ 22,162,596	\$ 24,745,184	\$ 4,815,529	\$ 4,736,901	\$ 26,978,125	\$ 29,482,085
Other liabilities	4,181,182	3,914,616	932,344	740,462	5,113,526	4,655,078
<b>Total Liabilities</b>	<b>\$ 26,343,778</b>	<b>\$ 28,659,800</b>	<b>\$ 5,747,873</b>	<b>\$ 5,477,363</b>	<b>\$ 32,091,651</b>	<b>\$ 34,137,163</b>
<b>Deferred inflows of resources</b>						
Advance allotment	\$ 1,895,432	\$ 1,362,205	\$ -	\$ -	\$ 1,895,432	\$ 1,362,205
<b>Net Position</b>						
Net investments in capital assets	\$ 82,902,267	\$ 81,247,770	\$ 10,783,203	\$ 10,886,771	\$ 93,685,470	\$ 92,134,541
Restricted	9,189,606	12,986,183	97,026	83,687	9,286,632	13,069,870
Unrestricted	10,544,116	4,993,225	8,060,722	7,218,084	18,604,838	12,211,309
<b>Total Net Position</b>	<b>\$ 102,635,989</b>	<b>\$ 99,227,178</b>	<b>\$ 18,940,951</b>	<b>\$ 18,188,542</b>	<b>\$ 121,576,940</b>	<b>\$ 117,415,720</b>

Clay County's total net position for the year ended December 31, 2014, total \$121,576,940. The governmental activities unrestricted net position totaling \$10,544,116 is available to Clay County to finance day-to-day operations of governmental activities. The remaining unrestricted net position totaling \$8,060,722 is available to finance the day-to-day operations of the business-type activities of the County.

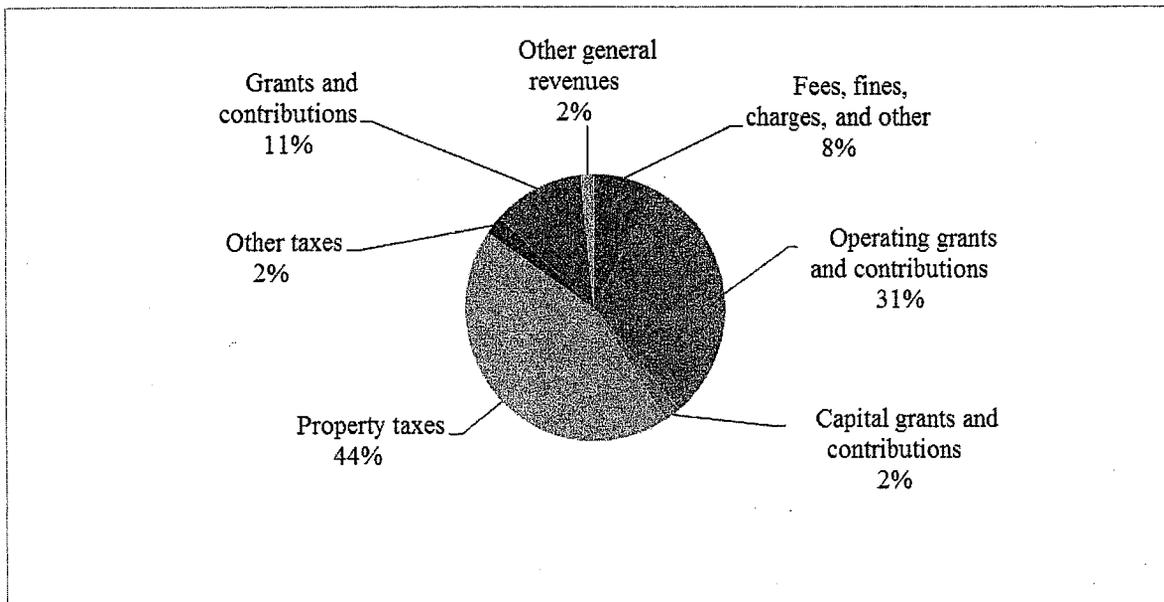
**Table 2  
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
<b>Program revenues</b>						
Fees, fines, charges, and other	\$ 4,012,446	\$ 4,252,248	\$ 8,219,805	\$ 8,138,795	\$ 12,232,251	\$ 12,391,043
Operating grants and contributions	15,888,857	15,873,605	2,291,094	2,340,467	18,179,951	18,214,072
Capital grants and contributions	1,028,139	2,350,932	-	16,901	1,028,139	2,367,833
<b>General revenues</b>						
Property taxes	22,539,739	21,912,239	-	-	22,539,739	21,912,239
Other taxes	1,174,999	615,984	-	-	1,174,999	615,984
Grants and contributions	5,924,281	4,946,306	-	-	5,924,281	4,946,306
Other general revenues	839,869	98,352	8,490	(5,690)	848,359	92,662
<b>Total Revenues</b>	<b>\$ 51,408,330</b>	<b>\$ 50,049,666</b>	<b>\$ 10,519,389</b>	<b>\$ 10,490,473</b>	<b>\$ 61,927,719</b>	<b>\$ 60,540,139</b>

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Expenses</b>						
Program expenses						
General government	\$ 8,735,245	\$ 9,424,316	\$ -	\$ -	\$ 8,735,245	\$ 9,424,316
Public safety	9,277,855	8,981,226	-	-	9,277,855	8,981,226
Highways and streets	10,234,911	9,922,833	-	-	10,234,911	9,922,833
Human services	16,913,839	17,100,410	-	-	16,913,839	17,100,410
Culture and recreation	447,647	421,951	-	-	447,647	421,951
Conservation of natural resources	630,176	2,826,043	-	-	630,176	2,826,043
Economic development	169,540	161,629	-	-	169,540	161,629
Interest	500,384	483,926	-	-	500,384	483,926
Family service	-	-	1,475,056	1,505,938	1,475,056	1,505,938
Public health	-	-	4,615,271	4,930,131	4,615,271	4,930,131
Solid waste	-	-	2,410,961	1,565,456	2,410,961	1,565,456
Juvenile center	-	-	2,355,614	2,168,543	2,355,614	2,168,543
<b>Total Expenses</b>	<b>\$ 46,909,597</b>	<b>\$ 49,322,334</b>	<b>\$ 10,856,902</b>	<b>\$ 10,170,068</b>	<b>\$ 57,766,499</b>	<b>\$ 59,492,402</b>
<b>Excess (Deficiency) Before Transfers</b>	<b>\$ 4,498,733</b>	<b>\$ 727,332</b>	<b>\$ (337,513)</b>	<b>\$ 320,405</b>	<b>\$ 4,161,220</b>	<b>\$ 1,047,737</b>
<b>Transfers</b>	<b>(1,089,922)</b>	<b>(1,096,018)</b>	<b>1,089,922</b>	<b>1,096,018</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>\$ 3,408,811</b>	<b>\$ (368,686)</b>	<b>\$ 752,409</b>	<b>\$ 1,416,423</b>	<b>\$ 4,161,220</b>	<b>\$ 1,047,737</b>

Clay County's total revenues for the year ended December 31, 2014, were \$61,927,719. The total cost of Clay County programs and services for the year ended December 31, 2014, was \$57,766,499. The net position for Clay County's governmental activities increased by \$3,408,811 and increased by \$752,409 for the business-type activities.

#### Revenues by Source - Governmental Activities



**Governmental Activities**

Revenues for Clay County’s governmental activities for the year ended December 31, 2014, were \$51,408,330 (Table 2). Clay County’s costs for all governmental activities for the year ended December 31, 2014, were \$46,909,597 (Table 2). As shown in Clay County’s Statement of Activities, the amount that Clay County taxpayers ultimately financed for these governmental activities through local property taxation was \$22,539,739, because \$4,012,446 of the costs were paid by those who directly benefited from the programs, and \$16,916,996 was paid by other governments and organizations that subsidized certain programs with grants and contributions.

Table 3 presents the cost of each of Clay County’s six largest 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 placed on Clay County’s taxpayers by each of these functions.

**Table 3  
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Program Expenses				
General government	\$ 8,735,245	\$ 9,424,316	\$ 6,339,050	\$ 7,355,966
Public safety	9,277,855	8,981,226	7,949,556	7,034,159
Highways and streets	10,234,911	9,922,833	2,688,107	2,728,407
Human services	16,913,839	17,100,410	7,395,396	7,926,982
Culture and recreation	447,647	421,951	447,647	421,951
Conservation of natural resources	630,176	2,826,043	490,475	732,529
All others	669,924	645,555	669,924	645,555
<b>Total Program Expenses</b>	<b>\$ 46,909,597</b>	<b>\$ 49,322,334</b>	<b>\$ 25,980,155</b>	<b>\$ 26,845,549</b>

**Business-Type Activities**

Revenues of Clay County’s business-type activities (Table 2) for the year ended December 31, 2014, were \$10,519,389. Expenditures of Clay County’s business-type activities (Table 2) for the year ended December 31, 2014, were \$10,856,902.

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

As of the end of 2014, Clay County’s governmental funds reported combined ending fund balances of \$27,446,783, which is above last year’s total of \$27,376,507. Included in this year’s total fund balance is Clay County’s General Fund balance of \$9,483,813.

## GENERAL FUND BUDGETARY HIGHLIGHTS

In Clay County's General Fund, the actual revenues exceeded the expected revenues by \$1,854,427. Of this variance, \$744,132 is due to the Clay County receiving revenues for the Flood Hazard Mitigation grant used to purchase flood buyout properties that was budgeted in the prior year. Clay County receives revenue from the Community Development Block Grant that is turned over to the Clay County HRA, this is not budgeted and resulted in a \$299,176 variance. Total actual expenditures in Clay County's General Fund were more than the budget by \$183,024. Most major expenditure categories in the County's General Fund had actual expenditures less than budgeted. This variance is mainly the result of expenditures to the Clay County HRA for the Community Development Block Grant that the County does not budget for, including year-end payables payments to the HRA totaled \$306,323 for 2014.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Clay County's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounted to \$104,203,187 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. The total increase in the Clay County investment in capital assets for the current fiscal year was \$2,983,545, or three percent (see Table 4).

The major capital asset events during the current fiscal year included the completion of road construction projects, resulting in an increase of \$5,828,481 to infrastructure.

More detailed information about Clay County's capital assets can be found in Note 3.A.3. to the Clay County financial statements.

**Table 4**  
**Capital Assets at Year-End**  
**(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 325,752	\$ 328,752	\$ 1,084,851	\$ 1,084,851	\$ 1,410,603	\$ 1,413,603
Construction in progress	-	47,542	478,057	-	478,057	47,542
Land improvements	333,404	267,558	433,027	446,979	766,431	714,537
Buildings	10,100,894	9,788,153	5,902,008	6,383,677	16,002,902	16,171,830
Machinery, furniture, and equipment	5,195,230	4,448,998	251,766	274,964	5,446,996	4,723,962
Infrastructure	76,820,113	74,598,274	1,112,648	1,166,485	77,932,761	75,764,759
Landfill	-	-	2,165,437	2,383,409	2,165,437	2,383,409
<b>Totals</b>	<b>\$ 92,775,393</b>	<b>\$ 89,479,277</b>	<b>\$ 11,427,794</b>	<b>\$ 11,740,365</b>	<b>\$ 104,203,187</b>	<b>\$ 101,219,642</b>

## Long-Term Debt

At the end of 2014, Clay County had total bonded debt outstanding of \$19,220,000. This is a decrease of \$2,650,000 from the start of the year (see Table 5).

**Table 5**  
**Outstanding Debt at Year-End**

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 18,570,578	\$ 21,010,552	\$ 649,422	\$ 859,448	\$ 19,220,000	\$ 21,870,000

Clay County's general obligation bonds are rated an A2. These ratings have been assigned by a national rating agency to Clay County's debt. The state limits the amount of debt that the counties can issue to three percent of the market value of all taxable property in Clay County. Clay County's outstanding net debt is significantly below this \$150,125,940 state-imposed limit.

Other obligations include capital leases, compensated absences, and landfill closure and postclosure costs. Clay County's notes to the financial statements provide detailed information about the County's long-term liabilities.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Clay County's average unemployment rate for 2014 and 2013 is 3.3 percent and 3.7 percent, respectively. The unemployment rate for the first five months of 2015 averaged 3.5 percent. This compares favorably to the state's average unemployment rate for 2014 of 4.1 percent and the national average rate of 6.2 percent. This information was taken from the Minnesota Department of Employment and Economic Development website for Clay County unemployment statistics.
- With limited financial resources and the desire by the Clay County Board of Commissioners to minimize the increase in local property taxation, the prioritization and review of programs and services will be extremely important as future budgets are developed and efforts are made to control expenditures.
- Reviewing revenue sources and considering cost-effective and efficient means for the delivery of Clay County programs and services will influence the development of future budgets.

All of these factors were considered in preparing Clay County's governmental budget for the 2015 fiscal year.

On December 16, 2014, the Clay County Board of Commissioners approved the 2015 budget. The overall budget increase was 7.65 percent, for a total budget of \$69,212,739. It also included a 3.99 percent property tax levy increase for a total levy of \$26,155,639.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Clay County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Lori J. Johnson, Clay County Auditor/Treasurer, Clay County Auditor's Office, P. O. Box 280, Moorhead, Minnesota 56561-0280; or contact us at 218-299-5006 or via email at [auditor@co.clay.mn.us](mailto:auditor@co.clay.mn.us).

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**BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT 1**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 23,135,424	\$ 9,347,757	\$ 32,483,181
Investments	1,218,952	1,444,263	2,663,215
Taxes receivable delinquent	480,852	-	480,852
Special assessments receivable			
Prior - net	2,069	50,540	52,609
Liens - net	675,976	-	675,976
Accounts receivable - net	425,527	275,744	701,271
Accrued interest receivable	68,072	5,180	73,252
Internal balances	2,150,288	(2,150,288)	-
Due from other governments	4,765,140	884,099	5,649,239
Inventories	128,049	-	128,049
Prepaid items	26,868	77,518	104,386
Restricted assets			
Temporarily restricted			
Investments	4,990,710	-	4,990,710
Departmental cash	3,728	-	3,728
Accrued interest receivable	28,151	-	28,151
Permanently restricted			
Investments	-	3,264,822	3,264,822
Departmental cash	-	24,818	24,818
Accrued interest receivable	-	34,068	34,068
Capital assets			
Non-depreciable	325,752	1,562,908	1,888,660
Depreciable - net of accumulated depreciation	92,449,641	9,864,886	102,314,527
<b>Total Assets</b>	<b>\$ 130,875,199</b>	<b>\$ 24,686,315</b>	<b>\$ 155,561,514</b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred charge on refunding	\$ -	\$ 2,509	\$ 2,509
<b><u>Liabilities</u></b>			
Accounts payable	\$ 957,865	\$ 124,341	\$ 1,082,206
Salaries payable	730,872	182,428	913,300
Contracts payable	375,235	6,898	382,133
Due to other governments	1,948,598	344,904	2,293,502
Accrued interest payable	159,153	3,485	162,638
Unearned revenue	9,459	270,288	279,747
Long-term liabilities			
Due within one year	3,439,455	381,202	3,820,657
Due in more than one year	18,723,141	4,434,327	23,157,468
<b>Total Liabilities</b>	<b>\$ 26,343,778</b>	<b>\$ 5,747,873</b>	<b>\$ 32,091,651</b>

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

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT 1  
(Continued)**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2014**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Deferred Inflows of Resources</u></b>			
Advance allotment	\$ 1,895,432	\$ -	\$ 1,895,432
<b><u>Net Position</u></b>			
Net investment in capital assets	\$ 82,902,267	\$ 10,783,203	\$ 93,685,470
Restricted for			
General government	420,201	-	420,201
Public safety	207,496	-	207,496
Highways and streets	6,321,409	-	6,321,409
Health	-	95,914	95,914
Conservation of natural resources	3,121	-	3,121
Debt service	2,160,393	1,112	2,161,505
Other purposes	76,986	-	76,986
Unrestricted	10,544,116	8,060,722	18,604,838
<b>Total Net Position</b>	<b>\$ 102,635,989</b>	<b>\$ 18,940,951</b>	<b>\$ 121,576,940</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>
<b>Governmental activities</b>		
General government	\$ 8,735,245	\$ 1,749,636
Public safety	9,277,855	379,108
Highways and streets	10,234,911	922,139
Human services	16,913,839	960,217
Culture and recreation	447,647	-
Conservation of natural resources	630,176	1,346
Economic development	169,540	-
Interest	500,384	-
<b>Total governmental activities</b>	<b>\$ 46,909,597</b>	<b>\$ 4,012,446</b>
<b>Business-type activities</b>		
Family Service	\$ 1,475,056	\$ 1,335,512
Public Health	4,615,271	2,277,431
Solid Waste	2,410,961	2,416,335
Juvenile Center	2,355,614	2,190,527
<b>Total business-type activities</b>	<b>\$ 10,856,902</b>	<b>\$ 8,219,805</b>
<b>Total</b>	<b>\$ 57,766,499</b>	<b>\$ 12,232,251</b>

**General Revenues**

Property taxes  
Gravel taxes  
Mortgage registry and deed tax  
Taxes - other  
Grants and contributions not restricted to  
specific programs  
Payments in lieu of tax  
Investment income  
Miscellaneous  
Transfers

**Total general revenues and transfers**

**Change in net position**

**Net Position - Beginning**

**Net Position - Ending**

**EXHIBIT 2**

<b>Program Revenues</b>		<b>Net (Expense) Revenue and Change in Net Position</b>		
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ 646,559	\$ -	\$ (6,339,050)	\$ -	\$ (6,339,050)
949,191	-	(7,949,556)	-	(7,949,556)
5,726,730	897,935	(2,688,107)	-	(2,688,107)
8,558,226	-	(7,395,396)	-	(7,395,396)
-	-	(447,647)	-	(447,647)
8,151	130,204	(490,475)	-	(490,475)
-	-	(169,540)	-	(169,540)
-	-	(500,384)	-	(500,384)
<b>\$ 15,888,857</b>	<b>\$ 1,028,139</b>	<b>\$ (25,980,155)</b>	<b>\$ -</b>	<b>\$ (25,980,155)</b>
\$ -	\$ -	\$ -	\$ (139,544)	\$ (139,544)
1,956,053	-	-	(381,787)	(381,787)
289,850	-	-	295,224	295,224
45,191	-	-	(119,896)	(119,896)
<b>\$ 2,291,094</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (346,003)</b>	<b>\$ (346,003)</b>
<b>\$ 18,179,951</b>	<b>\$ 1,028,139</b>	<b>\$ (25,980,155)</b>	<b>\$ (346,003)</b>	<b>\$ (26,326,158)</b>
		\$ 22,539,739	\$ -	\$ 22,539,739
		595,591	-	595,591
		86,065	-	86,065
		493,343	-	493,343
		5,924,281	-	5,924,281
		22,384	-	22,384
		532,167	8,490	540,657
		285,318	-	285,318
		(1,089,922)	1,089,922	-
		<b>\$ 29,388,966</b>	<b>\$ 1,098,412</b>	<b>\$ 30,487,378</b>
		\$ 3,408,811	\$ 752,409	\$ 4,161,220
		99,227,178	18,188,542	117,415,720
		<b>\$ 102,635,989</b>	<b>\$ 18,940,951</b>	<b>\$ 121,576,940</b>

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**FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUNDS**

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 7,734,748	\$ 2,482,372
Petty cash and change funds	7,325	-
Undistributed cash in agency funds	464,475	65,637
Investments	22,033	1,000,000
Taxes receivable delinquent	263,289	58,730
Special assessments		
Prior	-	-
Liens	-	-
Accounts receivable	169,459	232,743
Accrued interest receivable	63,856	30
Due from other funds	318,773	27,618
Due from other governments	354,368	1,891,459
Prepaid items	24,393	2,475
Advance to other funds	1,865,000	-
Inventories	-	128,049
Restricted Assets		
Temporarily restricted		
Investments	-	4,990,710
Departmental cash	-	3,728
Accrued interest receivable	-	28,151
<b>Total Assets</b>	<b>\$ 11,287,719</b>	<b>\$ 10,911,702</b>
 <b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 301,969	\$ 105,325
Salaries payable	437,183	77,624
Compensated absences/vacation/sick payable current	9,292	33,574
Contracts payable	-	375,235
Due to other funds	13,011	89,759
Due to other governments	664,157	837,455
Unearned revenue	1,000	-
Advance from other funds	-	-
<b>Total Liabilities</b>	<b>\$ 1,426,612</b>	<b>\$ 1,518,972</b>

**EXHIBIT 3**

<u>Social Services</u>	<u>Ditch Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 8,156,630	\$ 1,306,765	\$ 1,402,558	\$ 21,083,073
600	-	-	7,925
152,372	7,363	27,164	717,011
-	196,919	-	1,218,952
139,252	-	19,581	480,852
-	2,069	-	2,069
-	675,976	-	675,976
23,260	-	-	425,462
-	4,186	-	68,072
242,964	10,529	89,339	689,223
1,101,124	1,394,690	-	4,741,641
-	-	-	26,868
-	-	-	1,865,000
-	-	-	128,049
-	-	-	4,990,710
-	-	-	3,728
-	-	-	28,151
<u>\$ 9,816,202</u>	<u>\$ 3,598,497</u>	<u>\$ 1,538,642</u>	<u>\$ 37,152,762</u>
\$ 463,735	\$ -	\$ -	\$ 871,029
216,065	-	-	730,872
593	-	-	43,459
-	-	-	375,235
345,026	3,679	-	451,475
358,144	-	-	1,859,756
8,459	-	-	9,459
-	-	20,000	20,000
<u>\$ 1,392,022</u>	<u>\$ 3,679</u>	<u>\$ 20,000</u>	<u>\$ 4,361,285</u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
(Continued)		
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	\$ 377,294	\$ 864,313
Advance allotment	-	1,895,432
<b>Total Deferred Inflows of Resources</b>	<b>\$ 377,294</b>	<b>\$ 2,759,745</b>
<b>Fund Balances</b>		
Nonspendable		
Inventories	\$ -	\$ 128,049
Prepaid items	24,393	2,475
Advances to other funds	1,865,000	-
Restricted for		
Debt service	-	-
Law library	111,984	-
Gravel pit restoration	-	-
County state-aid highway system	-	51,732
Real estate tax shortfall	22,033	-
Pistol permits	65,365	-
Missing heirs	76,986	-
K-9	19,022	-
DARE	16,834	-
Posse	2,192	-
Veteran's affairs	2,546	-
Sheriff's forfeited property	68,071	-
Attorney's forfeited property	219,854	-
Recorder's technology equipment	31,230	-
Recorder's compliance	32,554	-
Correctional fees	36,012	-
Aquatic invasive species	3,121	-
County state-aid road improvements	-	5,022,589
Wheelage tax	-	364,426
Assigned for		
Road and bridge	-	1,063,714
Human services	-	-
Capital outlay	50,000	-
County building projects	-	-
Unassigned	6,836,616	-
<b>Total Fund Balances</b>	<b>\$ 9,483,813</b>	<b>\$ 6,632,985</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 11,287,719</b>	<b>\$ 10,911,702</b>

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

**EXHIBIT 3**  
**(Continued)**

<u>Social Services</u>	<u>Ditch Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 118,008	\$ 2,074,193	\$ 15,454	\$ 3,449,262
-	-	-	1,895,432
<u>\$ 118,008</u>	<u>\$ 2,074,193</u>	<u>\$ 15,454</u>	<u>\$ 5,344,694</u>
\$ -	\$ -	\$ -	\$ 128,049
-	-	-	26,868
-	-	-	1,865,000
-	1,520,625	639,768	2,160,393
-	-	-	111,984
-	-	695,191	695,191
-	-	-	51,732
-	-	-	22,033
-	-	-	65,365
-	-	-	76,986
-	-	-	19,022
-	-	-	16,834
-	-	-	2,192
-	-	-	2,546
-	-	-	68,071
-	-	-	219,854
-	-	-	31,230
-	-	-	32,554
-	-	-	36,012
-	-	-	3,121
-	-	-	5,022,589
-	-	-	364,426
-	-	-	1,063,714
8,306,172	-	-	8,306,172
-	-	-	50,000
-	-	168,229	168,229
-	-	-	6,836,616
<u>\$ 8,306,172</u>	<u>\$ 1,520,625</u>	<u>\$ 1,503,188</u>	<u>\$ 27,446,783</u>
<u>\$ 9,816,202</u>	<u>\$ 3,598,497</u>	<u>\$ 1,538,642</u>	<u>\$ 37,152,762</u>

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

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2014**

<b>Fund balances - total governmental funds (Exhibit 3)</b>		<b>\$ 27,446,783</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		92,775,393
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		3,449,262
Internal service funds are used by management to charge the cost of management of fleet maintenance and self-insurance to individual funds. The assets and liabilities that are included in governmental activities in the statement of net position are:		
Total internal services net position	\$ 5,884,187	
Long-term liabilities of the Internal Service Fund	42,948	
Net position representing capital assets included above	<u>(4,684,294)</u>	1,242,841
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	\$ (19,146,221)	
Capital leases payable	(43,966)	
Compensated absences	(2,431,303)	
Accrued interest payable	(159,153)	
OPEB liability	<u>(497,647)</u>	<u>(22,278,290)</u>
<b>Net Position of Governmental Activities (Exhibit 1)</b>		<b><u>\$ 102,635,989</u></b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>General</b>	<b>Road and Bridge</b>
<b>Revenues</b>		
Taxes	\$ 12,656,917	\$ 3,682,189
Special assessments	-	-
Licenses and permits	92,382	93,872
Intergovernmental	5,712,478	7,300,159
Charges for services	1,706,498	606,962
Fines and forfeits	143,116	-
Investment earnings	595,560	91,693
Miscellaneous	473,412	198,998
	<b>\$ 21,380,363</b>	<b>\$ 11,973,873</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 8,474,104	\$ -
Public safety	9,158,764	-
Highways and streets	-	12,014,408
Human services	-	-
Culture and recreation	447,647	-
Conservation of natural resources	646,141	-
Economic development	169,540	-
<b>Intergovernmental</b>		
Highways and streets	-	494,001
<b>Capital outlay</b>		
General government	-	-
<b>Debt service</b>		
Principal	-	-
Interest	-	-
Administrative (fiscal charges)	-	-
	<b>\$ 18,896,196</b>	<b>\$ 12,508,409</b>
<b>Excess of Revenues Over (Under)</b>		
<b>Expenditures</b>	<b>\$ 2,484,167</b>	<b>\$ (534,536)</b>

**EXHIBIT 5**

<u>Social Services</u>	<u>Ditch Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 6,226,092	\$ -	\$ 1,223,818	\$ 23,789,016
-	517,660	-	517,660
-	-	-	186,254
10,602,827	-	162,545	23,778,009
-	-	-	2,313,460
3,001	-	-	146,117
-	10,806	-	698,059
957,216	-	-	1,629,626
<u>\$ 17,789,136</u>	<u>\$ 528,466</u>	<u>\$ 1,386,363</u>	<u>\$ 53,058,201</u>
\$ -	\$ -	\$ 45,243	\$ 8,519,347
-	-	-	9,158,764
-	-	-	12,014,408
16,869,533	-	-	16,869,533
-	-	-	447,647
-	730	-	646,871
-	-	-	169,540
-	-	-	494,001
-	-	601,068	601,068
5,907	605,000	1,834,974	2,445,881
251	111,325	407,422	518,998
-	-	1,181	1,181
<u>\$ 16,875,691</u>	<u>\$ 717,055</u>	<u>\$ 2,889,888</u>	<u>\$ 51,887,239</u>
<u>\$ 913,445</u>	<u>\$ (188,589)</u>	<u>\$ (1,503,525)</u>	<u>\$ 1,170,962</u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>General</b>	<b>Road and Bridge</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$ 100,000	\$ -
Transfers out	(1,189,922)	(1,100,751)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (1,089,922)</b>	<b>\$ (1,100,751)</b>
<b>Change in Fund Balance</b>	<b>\$ 1,394,245</b>	<b>\$ (1,635,287)</b>
<b>Fund Balance - January 1</b>	<b>8,089,568</b>	<b>8,279,036</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>(10,764)</b>
<b>Fund Balance - December 31</b>	<b>\$ 9,483,813</b>	<b>\$ 6,632,985</b>

**EXHIBIT 5**  
**(Continued)**

<u>Social Services</u>	<u>Ditch Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 1,100,751	\$ 1,200,751
-	-	-	(2,290,673)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,100,751</u>	<u>\$ (1,089,922)</u>
\$ 913,445	\$ (188,589)	\$ (402,774)	\$ 81,040
7,392,727	1,709,214	1,905,962	27,376,507
-	-	-	(10,764)
<u><u>\$ 8,306,172</u></u>	<u><u>\$ 1,520,625</u></u>	<u><u>\$ 1,503,188</u></u>	<u><u>\$ 27,446,783</u></u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT 6**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**Net change in fund balances - total governmental funds (Exhibit 5) \$ 81,040**

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

In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.

Deferred inflows of resources - December 31	\$ 3,449,262	
Deferred inflows of resources - January 1	<u>(5,121,787)</u>	(1,672,525)

Governmental funds report capital outlay 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 and infrastructure	\$ 6,580,600	
Current year depreciation	<u>(4,197,106)</u>	2,383,494

Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of net position.

Principal repayments		
General obligation bonds	\$ 2,439,974	
Capital lease	<u>5,907</u>	2,445,881

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT 6  
(Continued)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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	\$	25,531	
Amortization of premiums, discounts, and deferred issuance charges		132,616	
Change in compensated absences		(35,232)	
Change in net OPEB liability		(62,460)	
Change in inventories		(10,764)	49,691

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities.

Governmental activities share of net income before transfers		121,230
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<b>Change in Net Position of Governmental Activities (Exhibit 2)</b>	<b>\$</b>	<b>3,408,811</b>
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**PROPRIETARY FUNDS**

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2014**

	<b>Business-Type</b>	
	<b>Family Service Center</b>	<b>Juvenile Center</b>
<b><u>Assets</u></b>		
<b>Current assets</b>		
Cash and pooled investments	\$ 3,990	\$ 668,300
Undistributed cash in agency funds	-	-
Petty cash and change funds	300	-
Investments	-	164,314
Special assessments		
Prior	-	-
Accounts receivable - net	4,167	-
Accrued interest receivable	-	5,141
Due from other funds	4,480	34,070
Due from other governments	1,478	135,087
Prepaid items	75,000	270
<b>Total current assets</b>	<b>\$ 89,415</b>	<b>\$ 1,007,182</b>
<b>Restricted assets</b>		
Investments	\$ -	\$ -
Departmental cash	-	-
Accrued interest receivable	-	-
<b>Total restricted assets</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Noncurrent assets</b>		
Capital assets		
Nondepreciable	\$ 532,472	\$ -
Depreciable - net	4,440,374	1,813,857
<b>Total noncurrent assets</b>	<b>\$ 4,972,846</b>	<b>\$ 1,813,857</b>
<b>Total Assets</b>	<b>\$ 5,062,261</b>	<b>\$ 2,821,039</b>
<b>Deferred Outflows of Resources</b>		
Deferred charge on refunding	\$ -	\$ 2,509
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 5,062,261</b>	<b>\$ 2,823,548</b>

**EXHIBIT 7**

<b>Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Fund</b>
<b>Public Health</b>	<b>Solid Waste</b>	<b>Totals</b>	
\$ 2,572,127	\$ 6,050,034	\$ 9,294,451	\$ 1,327,415
-	52,836	52,836	-
170	-	470	-
-	1,279,949	1,444,263	-
-	50,540	50,540	-
210,106	61,471	275,744	65
-	39	5,180	-
38,690	-	77,240	-
698,685	48,849	884,099	2,500
2,248	-	77,518	-
<b>\$ 3,522,026</b>	<b>\$ 7,543,718</b>	<b>\$ 12,162,341</b>	<b>\$ 1,329,980</b>
\$ -	\$ 3,264,822	\$ 3,264,822	\$ -
-	24,818	24,818	-
-	34,068	34,068	-
<b>\$ -</b>	<b>\$ 3,323,708</b>	<b>\$ 3,323,708</b>	<b>\$ -</b>
\$ -	\$ 1,030,436	\$ 1,562,908	\$ -
21,146	3,589,509	9,864,886	4,684,294
<b>\$ 21,146</b>	<b>\$ 4,619,945</b>	<b>\$ 11,427,794</b>	<b>\$ 4,684,294</b>
<b>\$ 3,543,172</b>	<b>\$ 15,487,371</b>	<b>\$ 26,913,843</b>	<b>\$ 6,014,274</b>
\$ -	\$ -	\$ 2,509	\$ -
<b>\$ 3,543,172</b>	<b>\$ 15,487,371</b>	<b>\$ 26,916,352</b>	<b>\$ 6,014,274</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2014**

	<b>Family Service Center</b>	<b>Business-Type Juvenile Center</b>
<b><u>Liabilities</u></b>		
<b>Current liabilities</b>		
Accounts payable	\$ 39,235	\$ 18,564
Salaries payable	9,744	60,442
Contracts payable	-	-
Due to other funds	582	30,919
Due to other governments	1,329	-
Accrued interest payable	-	3,485
Unearned revenue	26,033	-
General obligation bonds payable - current	-	210,026
Capital leases payable - current	-	-
Compensated absences payable - current	12,744	43,215
	<b>\$ 89,667</b>	<b>\$ 366,651</b>
<b>Noncurrent liabilities</b>		
Advance from other funds	\$ 1,495,000	\$ 350,000
General obligation bonds payable - long-term	-	439,396
Unamortized discounts on G.O. bonds	-	(2,322)
Capital leases payable - long-term	-	-
Estimated liability for landfill closure/postclosure	-	-
OPEB liability	9,049	27,794
Compensated absences payable - long-term	54,600	132,335
	<b>\$ 1,558,649</b>	<b>\$ 947,203</b>
<b>Total noncurrent liabilities</b>	<b>\$ 1,558,649</b>	<b>\$ 947,203</b>
<b>Total Liabilities</b>	<b>\$ 1,648,316</b>	<b>\$ 1,313,854</b>
<b><u>Net Position</u></b>		
<b>Net Position</b>		
Net investment in capital assets	\$ 4,972,846	\$ 1,169,266
Restricted for		
Debt service	-	1,112
Health	-	-
Unrestricted	(1,558,901)	339,316
	<b>\$ 3,413,945</b>	<b>\$ 1,509,694</b>
<b>Total Net Position</b>	<b>\$ 3,413,945</b>	<b>\$ 1,509,694</b>

**EXHIBIT 7**  
**(Continued)**

<b>Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Fund</b>
<b>Public Health</b>	<b>Solid Waste</b>	<b>Totals</b>	
\$ 48,993	\$ 17,549	\$ 124,341	\$ 86,836
98,443	13,799	182,428	-
-	6,898	6,898	-
331,902	19,125	382,528	-
76,363	267,212	344,904	303
-	-	3,485	-
244,255	-	270,288	-
-	-	210,026	-
-	-	-	9,295
102,994	12,223	171,176	-
<b>\$ 902,950</b>	<b>\$ 336,806</b>	<b>\$ 1,696,074</b>	<b>\$ 96,434</b>
\$ -	\$ -	\$ 1,845,000	\$ -
-	-	439,396	-
-	-	(2,322)	-
-	-	-	33,653
-	3,366,087	3,366,087	-
97,000	421	134,264	-
270,390	39,577	496,902	-
<b>\$ 367,390</b>	<b>\$ 3,406,085</b>	<b>\$ 6,279,327</b>	<b>\$ 33,653</b>
<b>\$ 1,270,340</b>	<b>\$ 3,742,891</b>	<b>\$ 7,975,401</b>	<b>\$ 130,087</b>
\$ 21,146	\$ 4,619,945	\$ 10,783,203	\$ 4,641,346
-	-	1,112	-
95,914	-	95,914	-
2,155,772	7,124,535	8,060,722	1,242,841
<b>\$ 2,272,832</b>	<b>\$ 11,744,480</b>	<b>\$ 18,940,951</b>	<b>\$ 5,884,187</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Family Service Center</u>	<u>Business-Type Juvenile Center</u>
<b>Operating Revenues</b>		
Charges for services	\$ 174,068	\$ 2,078,610
Licenses and permits	-	-
Rents	1,072,341	69,737
Miscellaneous	89,103	42,180
<b>Total Operating Revenues</b>	<u>\$ 1,335,512</u>	<u>\$ 2,190,527</u>
<b>Operating Expenses</b>		
Personal services	\$ 415,270	\$ 1,741,184
Other services and charges	662,393	358,800
Supplies	50,117	86,811
Depreciation	347,261	158,465
Landfill closure and postclosure costs	-	-
<b>Total Operating Expenses</b>	<u>\$ 1,475,041</u>	<u>\$ 2,345,260</u>
<b>Operating Income (Loss)</b>	<u>\$ (139,529)</u>	<u>\$ (154,733)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Special assessments	\$ -	\$ -
Intergovernmental	-	45,191
Interest income	-	7,976
Gain on sale/disposal of capital assets	-	-
Interest expense	(15)	(10,354)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>\$ (15)</u>	<u>\$ 42,813</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>\$ (139,544)</u>	<u>\$ (111,920)</u>
Transfers in	135,000	242,158
Transfers out	-	-
<b>Change in net position</b>	<u>\$ (4,544)</u>	<u>\$ 130,238</u>
<b>Net Position - January 1</b>	<u>3,418,489</u>	<u>1,379,456</u>
<b>Net Position - December 31</b>	<u>\$ 3,413,945</u>	<u>\$ 1,509,694</u>

**EXHIBIT 8**

<b>Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Fund</b>
<b>Public Health</b>	<b>Solid Waste</b>	<b>Totals</b>	
\$ 2,258,505	\$ 1,258,666	\$ 5,769,849	\$ 1,200,770
-	945	945	-
-	-	1,142,078	-
18,926	6,782	156,991	29,244
<b>\$ 2,277,431</b>	<b>\$ 1,266,393</b>	<b>\$ 7,069,863</b>	<b>\$ 1,230,014</b>
\$ 3,649,404	\$ 484,627	\$ 6,290,485	\$ -
828,464	1,240,874	3,090,531	300
135,995	99,003	371,926	136,013
1,408	325,771	832,905	1,031,804
-	260,686	260,686	-
<b>\$ 4,615,271</b>	<b>\$ 2,410,961</b>	<b>\$ 10,846,533</b>	<b>\$ 1,168,117</b>
<b>\$ (2,337,840)</b>	<b>\$ (1,144,568)</b>	<b>\$ (3,776,670)</b>	<b>\$ 61,897</b>
\$ -	\$ 1,149,942	\$ 1,149,942	\$ -
1,956,053	176,968	2,178,212	-
-	113,396	121,372	-
-	-	-	63,317
-	-	(10,369)	(3,984)
<b>\$ 1,956,053</b>	<b>\$ 1,440,306</b>	<b>\$ 3,439,157</b>	<b>\$ 59,333</b>
\$ (381,787)	\$ 295,738	\$ (337,513)	\$ 121,230
812,764	-	1,189,922	-
-	(100,000)	(100,000)	-
<b>\$ 430,977</b>	<b>\$ 195,738</b>	<b>\$ 752,409</b>	<b>\$ 121,230</b>
<b>1,841,855</b>	<b>11,548,742</b>	<b>18,188,542</b>	<b>5,762,957</b>
<b>\$ 2,272,832</b>	<b>\$ 11,744,480</b>	<b>\$ 18,940,951</b>	<b>\$ 5,884,187</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
Increase (Decrease) in Cash and Cash Equivalents**

	<u>Family Service Center</u>	<u>Business-Type Juvenile Center</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 1,350,033	\$ 2,211,862
Payments to suppliers	(816,607)	(348,633)
Payments to employees	(416,430)	(1,703,075)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 116,996</b>	<b>\$ 160,154</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Special assessments	\$ -	\$ -
Intergovernmental	-	45,191
Transfers in	135,000	242,158
Transfers out	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>\$ 135,000</b>	<b>\$ 287,349</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Principal paid on installment purchase	\$ (751)	\$ -
Interest paid on long-term debt	(15)	(9,193)
Proceeds from the sale of capital assets	-	-
Purchases of capital assets	(297,921)	(223,226)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>\$ (298,687)</b>	<b>\$ (232,419)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	\$ -	\$ -
Investment earnings received	-	1,790
<b>Net cash provided by (used in) investing activities</b>	<b>\$ -</b>	<b>\$ 1,790</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (46,691)</b>	<b>\$ 216,874</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>50,981</b>	<b>451,426</b>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 4,290</b>	<b>\$ 668,300</b>

EXHIBIT 9

Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Public Health	Solid Waste	Totals	
\$ 2,469,772	\$ 1,365,002	\$ 7,396,669	\$ 1,229,027
(898,577)	(1,290,708)	(3,354,525)	(141,493)
<u>(3,571,823)</u>	<u>(487,615)</u>	<u>(6,178,943)</u>	<u>-</u>
\$ <u>(2,000,628)</u>	\$ <u>(413,321)</u>	\$ <u>(2,136,799)</u>	\$ <u>1,087,534</u>
\$ -	\$ 1,155,092	\$ 1,155,092	\$ -
1,851,730	176,968	2,073,889	-
812,764	-	1,189,922	-
<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
\$ <u>2,664,494</u>	\$ <u>1,232,060</u>	\$ <u>4,318,903</u>	\$ <u>-</u>
\$ -	\$ -	\$ (751)	\$ (137,060)
-	-	(9,208)	(5,969)
-	-	-	78,732
<u>(18,127)</u>	<u>(165,321)</u>	<u>(704,595)</u>	<u>(1,835,653)</u>
\$ <u>(18,127)</u>	\$ <u>(165,321)</u>	\$ <u>(714,554)</u>	\$ <u>(1,899,950)</u>
\$ -	\$ (277,532)	\$ (277,532)	\$ -
-	116,640	118,430	-
\$ <u>-</u>	\$ <u>(160,892)</u>	\$ <u>(159,102)</u>	\$ <u>-</u>
\$ 645,739	\$ 492,526	\$ 1,308,448	\$ (812,416)
<u>1,926,558</u>	<u>5,610,344</u>	<u>8,039,309</u>	<u>2,139,831</u>
\$ <u>2,572,297</u>	\$ <u>6,102,870</u>	\$ <u>9,347,757</u>	\$ <u>1,327,415</u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
Increase (Decrease) in Cash and Cash Equivalents**

	<u>Family Service Center</u>	<u>Business-Type Juvenile Center</u>
<b>Cash and Cash Equivalents - Exhibit 7</b>		
Cash and pooled investments	\$ 3,990	\$ 668,300
Undistributed cash in agency funds	-	-
Petty cash and change funds	300	-
<b>Total Cash and Cash Equivalents</b>	<u>\$ 4,290</u>	<u>\$ 668,300</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
Operating income (loss)	<u>\$ (139,529)</u>	<u>\$ (154,733)</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>		
Depreciation expense	\$ 347,261	\$ 158,465
(Increase) decrease in accounts receivable	3,781	92
(Increase) decrease in excess OPEB contributions	-	-
(Increase) decrease in due from other governments	696	50,187
(Increase) decrease in due from other funds	2,683	46,536
(Increase) decrease in prepaid items	(68,537)	12,150
Increase (decrease) in accounts payable	(14,839)	9,718
Increase (decrease) in salaries payable	(866)	16,196
Increase (decrease) in compensated absences - current	(2,658)	6,340
Increase (decrease) in compensated absences - long-term	(5,430)	3,761
Increase (decrease) in due to other funds	582	16,532
Increase (decrease) in due to other governments	(13,807)	(4,766)
Increase (decrease) in contracts payable	-	(4,812)
Increase (decrease) in unearned revenue	6,608	-
Increase (decrease) in OPEB liability	1,051	4,488
Increase (decrease) in landfill closure and postclosure payable	-	-
<b>Total adjustments</b>	<u>\$ 256,525</u>	<u>\$ 314,887</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 116,996</u>	<u>\$ 160,154</u>

**EXHIBIT 9**  
**(Continued)**

<b>Activities - Enterprise Funds</b>			<b>Governmental</b>
<b>Public</b>	<b>Solid</b>	<b>Totals</b>	<b>Activities</b>
<b>Health</b>	<b>Waste</b>		<b>Internal</b>
			<b>Service Fund</b>
\$ 2,572,127	\$ 6,050,034	\$ 9,294,451	\$ 1,327,415
-	52,836	52,836	-
170	-	470	-
<u>\$ 2,572,297</u>	<u>\$ 6,102,870</u>	<u>\$ 9,347,757</u>	<u>\$ 1,327,415</u>
\$ (2,337,840)	\$ (1,144,568)	\$ (3,776,670)	\$ 61,897
\$ 1,408	\$ 325,771	\$ 832,905	\$ 1,031,804
(37,197)	13,778	(19,546)	(65)
-	1,397	1,397	-
(80,321)	84,019	54,581	(2,500)
86,706	-	135,925	1,513
35,644	3,485	(17,258)	-
13,726	213	8,818	(4,441)
10,657	3,557	29,544	-
2,714	(1,148)	5,248	-
16,089	(10,923)	3,497	-
158,205	258	175,577	-
286	49,733	31,446	(674)
-	-	(4,812)	-
115,850	-	122,458	-
13,445	421	19,405	-
-	260,686	260,686	-
<u>\$ 337,212</u>	<u>\$ 731,247</u>	<u>\$ 1,639,871</u>	<u>\$ 1,025,637</u>
<u>\$ (2,000,628)</u>	<u>\$ (413,321)</u>	<u>\$ (2,136,799)</u>	<u>\$ 1,087,534</u>

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**FIDUCIARY FUNDS**

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CLAY COUNTY  
MOORHEAD, MINNESOTA

EXHIBIT 10

STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
DECEMBER 31, 2014

	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ 1,977,806
Accounts receivable	15,743
Due from other funds	<u>258,763</u>
<b>Total Assets</b>	<b><u>\$ 2,252,312</u></b>
<b><u>Liabilities</u></b>	
Accounts payable	\$ 25,435
Due to other funds	191,223
Due to other governments	<u>2,035,654</u>
<b>Total Liabilities</b>	<b><u>\$ 2,252,312</u></b>

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014

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1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2014. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Clay County was established March 8, 1862, and organized April 14, 1872; it has the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator, appointed by the Board, serves as the clerk of the Board of Commissioners but has no vote.

Joint Ventures

The County participates in several joint ventures which are described in Note 8.B. The County also participates in jointly-governed organizations and related organizations described in Notes 8.C. and 8.D., respectively.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government. 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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

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In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) 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 County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and different business-type 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 not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

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.

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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.

The Social Services Special Revenue Fund is used to account for economic assistance and community social services programs.

The Ditch Debt Service Fund is used to account for the accumulation of resources and the payment of principal and interest of ditch bond issues.

The County reports the following major enterprise funds:

The Family Service Center Fund is used to account for the financing of the Family Service Center, which provides rental space to other departments and agencies.

The Juvenile Center Fund is used to account for the financial transactions of the Juvenile Center, which provides housing for juveniles and rental space to other departments and agencies.

The Public Health Fund is used to account for providing nursing service care to the elderly and other residents of the County. All activities necessary to provide such services are accounted for in this fund. Financing is provided by a health service grant and user service charges.

The Solid Waste Management Fund is used to account for the operation, maintenance, and development of the County solid waste landfill.

Additionally, the County reports the following fund types:

The Internal Service Fund is used to account for the financing of equipment provided by one department to other departments of the County on a cost-reimbursement basis.

Debt service funds account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The County Projects Capital Projects Fund is used to account for financial resources to be used for improvement of capital facilities.

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Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agent capacity.

C. Measurement Focus and Basis of Accounting

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

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

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

1. Cash and Cash Equivalents

The County has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

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2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2014, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2014 were \$241,293.

Clay County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission (SEC), but does operate in a manner consistent with Rule 2a-7 prescribed by the SEC pursuant to the Investment Company Act of 1940 (17 C.F.R. § 270.2a-7). The investment in the pool is measured at the net asset value per share provided by the pool.

3. Receivables and Payables

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

All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

No allowance has been made for uncollectible receivables.

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

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December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

4. Special Assessments Receivable

Special assessments receivable consist of delinquent special assessments and deferred special assessments. All special assessments receivable are shown net of an allowance for uncollectibles.

5. Inventories and Prepaid Items

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

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

6. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, applicable laws and regulations limit their use.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Computer software has a threshold of \$50,000 and is included in the category of Machinery and Equipment.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the County did not have any capitalized interest.

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

Assets	Years
Buildings	15 - 75
Land improvements	5 - 30
Public domain infrastructure	20 - 50
Furniture, equipment, and vehicles	3 - 15

The County landfill is depreciated based on capacity.

8. Compensated Absences

The liability for compensated absences reported in financial statements consists of unpaid, accumulated annual 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 and proprietary fund 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.

9. Deferred Outflows/Inflows of Resources and Unearned Revenue

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The County has one item that qualifies for reporting in this category: deferred charge on refunding reported in the proprietary statement of net position and the government-wide statement of net

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position. A deferred charge on refunding results from the remaining discount of refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two such items. Unavailable revenue arises only under the modified accrual basis of accounting. Unavailable revenue and advance allotments are reported in the governmental funds balance sheet, while advance allotments are also reported in the government-wide statement of net position. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

10. Long-Term Obligations

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

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

11. Classification of Net Position

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

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Net investment in capital assets - the 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 - the net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - the net position that does not meet the definition of restricted or net investment in capital assets.

12. Classification of Fund Balances

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

Nonspendable - amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted - amounts for which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or by laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts.

Assigned - amounts the County intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Auditor-Treasurer, who has been delegated that authority by Board

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resolution.

Unassigned - the residual classification for the General Fund, it includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

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

13. Minimum Fund Balance

Clay County has adopted a minimum fund balance policy to address cash flow or working capital needs for the General Fund, which is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined the County needs to maintain a minimum unrestricted fund balance in the General Fund and has set the year-end minimum fund balance amount for the General Fund equal to 16 percent of the total General Fund annual expenditures.

14. Use of Estimates

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

E. Future Change in Accounting Standards

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, replaces Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to employer governments that provide pensions through

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pension plans administered as trusts or similar arrangement that meet certain criteria. GASB Statement 68 requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement will be effective for the County's calendar year 2015. The County has not yet determined the financial statement impact of adopting this new standard.

2. Stewardship, Compliance, and Accountability

A. Ditch Fund Deficit

Of 33 drainage system projects, one has incurred expenditures in excess of revenue and available resources. This deficit will be eliminated with future special assessment levies against benefited properties. The following summary shows the fund balance of the Ditch Debt Service Fund as of December 31, 2014.

Account balances	\$	1,522,274
Account deficits		(1,649)
Fund Balance	\$	1,520,625

B. Excess of Expenditures Over Budget

The following is a table of the individual funds with expenditures in excess of budget for the year ended December 31, 2014.

	Expenditures	Final Budget	Excess
General Fund	\$ 18,896,196	\$ 18,713,172	\$ 183,024
Road and Bridge Special Revenue Fund	12,508,409	12,260,482	247,927
Joint Highway Facility Debt Service Fund	1,265,564	164,650	1,100,914

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliation of the County's total cash and investments are reported as follows:

Primary government	
Cash and pooled investments	\$ 32,483,181
Investments	2,663,215
Temporarily restricted assets	
Investments	4,990,710
Departmental cash	3,728
Permanently restricted assets	
Investments	3,264,822
Departmental cash	24,818
Fiduciary funds	
Cash and pooled investments	
Agency funds	<u>1,977,806</u>
 Total Cash and Investments	 <u>\$ 45,408,280</u>

a. Deposits

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

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

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Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2014, the County's deposits were not exposed to custodial credit risk.

b. Investments

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

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

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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 minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk

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

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County has a policy to minimize investment custodial credit risk. At year-end, \$1,103,000 of the County's investments were subject to custodial credit risk.

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. It is the County's policy that U.S. Treasury securities, U.S. agency securities, and obligations backed by U.S. Treasury and/or U.S. agency securities, may be held without limit.

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

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
U.S. government agency securities					
Federal National Mortgage Association	Aaa	Moody's		09/18/19	\$ 50,092
Federal National Mortgage Association	Aaa	Moody's		09/17/24	701,155
Federal National Mortgage Association	N/R	N/A		10/25/25	121,758
Federal National Mortgage Association	N/R	N/A		12/01/41	60,020
Total Federal National Mortgage Association			<5%		\$ 933,025
Federal Home Loan Mortgage Corp.					
Federal Home Loan Mortgage Corp.	Aaa	Moody's		01/13/22	\$ 101,029
Federal Home Loan Mortgage Corp.	Aaa	Moody's		01/13/22	10,103
Federal Home Loan Mortgage Corp.	Aaa	Moody's		01/13/22	40,412
Federal Home Loan Mortgage Corp.	Aaa	Moody's		06/26/24	499,735
Federal Home Loan Mortgage Corp.	Aaa	Moody's		08/15/27	27,389
Federal Home Loan Mortgage Corp.	N/R	N/A		04/01/42	74,642
Total Federal Home Loan Mortgage Corp.			<5%		\$ 753,310
Federal Home Loan Bank					
Federal Home Loan Bank	Aaa	Moody's		01/06/17	\$ 498,890
Federal Home Loan Bank	Aaa	Moody's		03/27/23	348,250
Federal Home Loan Bank	Aaa	Moody's		04/25/23	494,725
Federal Home Loan Bank	Aaa	Moody's		05/08/23	989,178
Federal Home Loan Bank	Aaa	Moody's		07/10/24	270,054
Federal Home Loan Bank	Aaa	Moody's		10/09/24	1,119,888
Federal Home Loan Bank	Aaa	Moody's		10/04/32	80,972
Total Federal Home Loan Bank			9.2%		\$ 3,801,957
Federal Farm Credit Bank					
Federal Farm Credit Bank	Aaa	Moody's		01/29/20	\$ 1,001,060
Federal Farm Credit Bank	Aaa	Moody's		10/04/27	97,198
Total Federal Farm Credit Bank			<5%		\$ 1,098,258
U.S. Treasury Notes	Aaa	Moody's	N/A	09/13/19	\$ 29,175

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Investment Type	Credit Risk		Concentration	Interest	Carrying (Fair) Value
	Credit Rating	Rating Agency	Risk Over 5 Percent of Portfolio	Rate Risk Maturity Date	
<b>Local securities</b>					
Alexandria MN School General Obligation Bond	Aa2	Moody's		02/01/15	\$ 75,343
Mankato MN School General Obligation Bond	Aa2	Moody's		02/01/15	50,132
Scott County MN General Obligation Bond	AA+	S&P		02/01/15	140,323
Daniel Boone PA School General Obligation Bond	A1	Moody's		04/01/15	115,414
New London WS School General Obligation Bond	A2	Moody's		04/01/15	115,051
Etowah TN General Obligation Bond	Aa2	Moody's		06/01/15	215,168
Oregon State School Boards Association GO Bond	Aa2	Moody's		06/30/15	126,674
Rhode Island State and Providence Plant GO Bond	Aa2	Moody's		08/01/15	256,840
Jersey City NJ General Obligation Bond	A2	Moody's		09/01/15	1,774,893
Ewing TWP NJ School General Obligation Bond	AA	Moody's		10/01/15	150,166
South Carolina State Single Family Housing Re	AA+	S&P		01/01/17	50,419
Newport News Virginia Development Bond	AA+	S&P		07/01/18	49,417
Dist. of Columbia Income Tax Secured Revenue	Aa1	Moody's		12/01/19	49,515
Frederick County Maryland General Obligation	Aa1	Moody's		08/01/20	48,828
Easton Massachusetts General Obligation Bond	Aa3	Moody's		08/15/21	20,377
Greendale Wisconsin General Obligation Bond	Aa2	Moody's		03/01/23	24,939
Myrtle Beach S. Carolina General Obligation Bond	Aa2	Moody's		03/01/24	49,959
Newport News Virginia Development Bond	AA+	S&P		07/01/24	99,766
Anoka County MN General Obligation Bond	Aa1	Moody's		02/01/33	30,082
Total local securities			8.4%		\$ 3,443,306
<b>Investment pools</b>					
MAGIC Fund - General Revenue					\$ 20,904,533
MAGIC Fund - Solid Waste Long-Term					1,688,379
MAGIC Fund - Solid Waste Management					1,279,949
MAGIC Fund - Road and Bridge					1,000,000
Total investment pools	N/R		N/A	N/A	\$ 24,872,861
Negotiable certificates of deposit	N/R				\$ 5,698,731
Money market	N/R				\$ 517,300
Total investments					\$ 41,147,923
Deposits					4,251,962
Change funds					8,395
Total Cash and Investments					\$ 45,408,280

N/A - Not Applicable  
N/R - Not Rated

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2. Receivables

Receivables as of December 31, 2014, for the County's governmental activities and business-type activities are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
<b>Governmental Activities</b>		
Taxes	\$ 480,852	\$ -
Special assessments	678,045	390,232
Accounts	425,527	-
Accrued interest receivable	68,072	-
Due from other governments	4,765,140	1,266,995
Total Governmental Activities	\$ 6,417,636	\$ 1,657,227
 <b>Business-Type Activities</b>		
Special assessments	\$ 50,540	\$ -
Accounts	275,744	-
Accrued interest receivable	5,180	-
Due from other governments	884,099	-
Total Business-Type Activities	\$ 1,215,563	\$ -

3. Capital Assets

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

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
<b>Capital assets not depreciated</b>				
Land	\$ 328,752	\$ -	\$ 3,000	\$ 325,752
Construction in progress	47,542	504,865	552,407	-
Total capital assets not depreciated	\$ 376,294	\$ 504,865	\$ 555,407	\$ 325,752

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	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Land improvements	\$ 353,534	\$ 79,860	\$ -	\$ 433,394
Buildings	15,572,436	651,414	-	16,223,850
Machinery, furniture, and equipment	12,307,035	2,199,068	2,444,548	12,061,555
Infrastructure	119,451,744	5,828,481	-	125,280,225
<b>Total capital assets depreciated</b>	<b>\$ 147,684,749</b>	<b>\$ 8,758,823</b>	<b>\$ 2,444,548</b>	<b>\$ 153,999,024</b>
Less: accumulated depreciation for				
Land improvements	\$ 85,976	\$ 14,014	\$ -	\$ 99,990
Buildings	5,784,283	338,673	-	6,122,956
Machinery, furniture, and equipment	7,858,037	1,269,581	2,261,293	6,866,325
Infrastructure	44,853,470	3,606,642	-	48,460,112
<b>Total accumulated depreciation</b>	<b>\$ 58,581,766</b>	<b>\$ 5,228,910</b>	<b>\$ 2,261,293</b>	<b>\$ 61,549,383</b>
<b>Total capital assets depreciated, net</b>	<b>\$ 89,102,983</b>	<b>\$ 3,529,913</b>	<b>\$ 183,255</b>	<b>\$ 92,449,641</b>
Governmental Activities				
Capital Assets, Net	<b>\$ 89,479,277</b>	<b>\$ 4,034,778</b>	<b>\$ 738,662</b>	<b>\$ 92,775,393</b>

**Business-Type Activities**

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,084,851	\$ -	\$ -	\$ 1,084,851
Construction in progress	-	478,057	-	478,057
<b>Total capital assets not depreciated</b>	<b>\$ 1,084,851</b>	<b>\$ 478,057</b>	<b>\$ -</b>	<b>\$ 1,562,908</b>
Capital assets depreciated				
Buildings	\$ 14,007,653	\$ 13,200	\$ -	\$ 14,020,853
Landfill	9,801,522	-	-	9,801,522
Improvements other than building	685,606	-	26,616	658,990
Machinery, furniture, and equipment	1,624,062	29,076	-	1,653,138
Infrastructure	1,345,911	-	-	1,345,911
<b>Total capital assets depreciated</b>	<b>\$ 27,464,754</b>	<b>\$ 42,276</b>	<b>\$ 26,616</b>	<b>\$ 27,480,414</b>
Less: accumulated depreciation for				
Buildings	\$ 7,623,976	\$ 494,869	\$ -	\$ 8,118,845
Landfill	7,418,113	217,972	-	7,636,085
Improvements other than building	238,627	13,953	26,617	225,963
Machinery, furniture, and equipment	1,349,098	52,274	-	1,401,372
Infrastructure	179,426	53,837	-	233,263
<b>Total accumulated depreciation</b>	<b>\$ 16,809,240</b>	<b>\$ 832,905</b>	<b>\$ 26,617</b>	<b>\$ 17,615,528</b>
<b>Total capital assets depreciated, net</b>	<b>\$ 10,655,514</b>	<b>\$ (790,629)</b>	<b>\$ (1)</b>	<b>\$ 9,864,886</b>
Business-Type Activities				
Capital Assets, Net	<b>\$ 11,740,365</b>	<b>\$ (312,572)</b>	<b>\$ (1)</b>	<b>\$ 11,427,794</b>

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

Governmental Activities		
General government	\$	273,768
Public safety		177,838
Highways and streets, including depreciation of infrastructure assets		3,706,776
Human services		38,724
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets		1,031,804
Total Depreciation Expense - Governmental Activities	\$	5,228,910
Business-Type Activities		
Family Service Center	\$	347,261
Juvenile Center		158,465
Public Health		1,408
Solid Waste		325,771
Total Depreciation Expense - Business-Type Activities	\$	832,905

**B. Interfund Receivables, Payables, and Transfers**

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

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

Receivable Fund	Payable Fund	Amount
General	Road and Bridge Social Services Public Health Solid Waste Family Service Center Juvenile Center Agency Funds	\$ 420 217,705 88,938 258 582 400 <u>10,470</u>
Total due to General Fund		\$ 318,773
Road and Bridge	General Solid Waste	\$ 8,751 <u>18,867</u>
Total due to Road and Bridge Fund		\$ 27,618
Social Services	Public Health	\$ 242,964

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Receivable Fund	Payable Fund	Amount
Ditch Debt Service	Agency	\$ 10,529
Gravel Removal	Road and Bridge	\$ 89,339
Family Service Center	Social Services	\$ 4,480
Juvenile Center	Social Services	\$ 34,070
Public Health	General	\$ 4,260
	Social Services	3,911
	Juvenile Center	30,519
Total due to Public Health Fund		\$ 38,690
Agency	Agency	\$ 170,224
	Social Services	84,860
	Ditch Debt Service	3,679
Total due to Agency		\$ 258,763
Total Due To/From Other Funds		\$ 1,025,226

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

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

Receivable Fund	Payable Fund	Amount
General	Other governmental	\$ 20,000
	Family Service Center	1,495,000
	Juvenile Center	350,000
Total General Fund		\$ 1,865,000

The purpose of the advances from the General Fund was to cover negative cash balances. The advances will be repaid when cash is available.

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3. Interfund Transfers

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

Transfers to General Fund from Solid Waste Management Enterprise Fund	\$ 100,000	To transfer funds as a reimbursement of services
Transfers to Joint Highway Debt Service Fund from Road and Bridge Fund	1,100,751	To transfer funds for principal and interest payments on 2013 State-Aid Road Bonds
Transfers to Family Service Center Enterprise Fund from General Fund	135,000	To transfer funds for cash flow purposes
Transfers to Juvenile Center Enterprise Fund from General Fund	242,158	To transfer funds to cover shelter care deficit
Transfers to Public Health Enterprise Fund from General Fund	<u>812,764</u>	Budgeted transfer
Total Interfund Transfers	<u>\$ 2,390,673</u>	

C. Liabilities

1. Payables

Payables at December 31, 2014, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts	\$ 957,865	\$ 124,341
Salaries	730,872	182,428
Contracts	375,235	6,898
Due to other governments	<u>1,948,598</u>	<u>344,904</u>
Total Payables	<u>\$ 4,012,570</u>	<u>\$ 658,571</u>

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2. Unearned Revenue

Unearned revenue as of December 31, 2014, was as follows:

	Governmental Activities	Business-Type Activities
Charges for services	\$ -	\$ 210,352
Grants	-	8,903
Rent	1,000	26,033
Miscellaneous	8,459	25,000
<b>Total Unearned Revenue</b>	<b>\$ 9,459</b>	<b>\$ 270,288</b>

3. Leases

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. These capital leases consist of the following at December 31, 2014:

Lease	Maturity	Installment	Payment Amount	Original	Balance
<b>Governmental Activities</b>					
2007 motor grader	2015	Annual	\$ 16,553	\$ 190,228	\$ 1
2007 motor grader	2015	Annual	16,553	190,228	1
2007 motor grader	2015	Annual	16,681	190,984	1
2007 motor grader	2015	Annual	15,525	190,228	1
2007 motor grader	2015	Annual	15,524	190,228	1
2007 motor grader	2015	Annual	15,652	190,984	1
2007 motor grader	2015	Annual	16,264	190,984	1
2007 motor grader	2015	Annual	24,253	238,232	1
2010 copier	2015	Monthly	1,957	8,458	324
2010 copier	2015	Monthly	1,407	6,080	233
2010 copier	2015	Monthly	1,407	6,080	233
2010 copier	2015	Monthly	1,386	5,987	229
2011 copier	2016	Monthly	1,200	5,138	1,530
2015 Ford Fusion	2019	Monthly	3,891	18,940	18,841
2015 Ford Taurus	2019	Monthly	4,658	22,686	22,568
<b>Total Governmental Activities</b>					<b>\$ 43,966</b>

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The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014, were as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>
2015	\$ 10,783
2016	8,949
2017	8,549
2018	8,549
2019	8,319
Total minimum lease payments	\$ 45,149
Less: amount representing interest	<u>(1,183)</u>
Present Value of Minimum Lease Payments	<u>\$ 43,966</u>

4. Long-Term Debt

Governmental Activities

The payments on the 2005 G.O. Watershed Improvement Bonds, 2007 & 2009 G.O. Watershed and Ditch Bonds and 2013 G.O. Watershed Improvement Bonds are being made from the Ditch Debt Service Fund. The payments on the 2008 G.O. Capital Improvement Plan Bonds are being paid out of the Joint Highway Facility and Courthouse Expansion Debt Service Funds. The payments on the 2011 G.O. Capital Improvement Plan Bonds are being paid out of the County Projects and Law Enforcement Expansion Debt Services Funds. The payments for the 2013 G.O. State Aid Road Bonds are being paid out the Joint Highway Facility Debt Service Fund.

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rate (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2014</u>
General obligation bonds					
2005 G.O. Watershed Improvement Bonds	2016	\$60,000 - \$100,000	3.7950	\$ 830,000	\$ 195,000
2007 G.O. Watershed and Ditch Bonds	2018	\$40,000 - \$55,000	4.1853	475,000	215,000
2009 G.O. Watershed and Ditch Bonds	2017	\$205,000 - \$415,000	2.3798	2,620,000	840,000

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Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2014
2008 G.O. Capital Improvement Plan Bonds	2022	\$110,000 - \$305,000	3.5350	5,135,000	3,165,000
2011 G.O. Capital Improvement Plan Bonds	2018	\$138,663 - \$653,920	1.4282	3,174,215	2,405,578
2013 G.O. Watershed Improvement Bonds	2021	\$265,000 - \$310,000	2.0680	2,000,000	2,000,000
2013 G.O. State-Aid Road Bonds	2019	\$850,000 - \$2,050,000	0.9295	10,600,000	9,750,000
Total general obligation bonds				<u>\$ 24,834,215</u>	<u>\$ 18,570,578</u>
Add: unamortized premiums					582,794
Less: unamortized discounts					<u>(7,151)</u>
Total General Obligation Bonds, Net					<u>\$ 19,146,221</u>

Business-Type Activities

The payments on the 2011 G.O. Capital Improvement Plan Bonds are being paid out of the Juvenile Center Enterprise Fund.

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2014
General obligation bonds 2011 G.O. Capital Improvement Plan Bonds	2018	\$171,337 - \$221,080	1.4282	<u>\$ 1,030,785</u>	\$ 649,422
Less: unamortized discounts					(2,322)
Less: deferred amount on refunding					<u>(2,509)</u>
Total General Obligation Bonds, Net					<u>\$ 644,591</u>

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5. Debt Service Requirements

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

Governmental Activities

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2015	\$ 2,784,974	\$ 455,580
2016	3,891,684	381,103
2017	3,838,920	294,071
2018	3,475,000	200,189
2019	2,765,000	106,537
2020 - 2022	1,815,000	81,169
Total	<u>\$ 18,570,578</u>	<u>\$ 1,518,649</u>

Business-Type Activities

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2015	\$ 210,026	\$ 7,315
2016	218,316	4,846
2017	221,080	1,713
Total	<u>\$ 649,422</u>	<u>\$ 13,874</u>

6. Changes in Long-Term Liabilities

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

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 21,010,552	\$ -	\$ 2,439,974	\$ 18,570,578	\$ 2,784,974
Add: deferred amounts for issuance premiums	717,162	-	134,368	582,794	-
Less: deferred amounts for issuance discounts	(8,903)	-	(1,752)	(7,151)	-
Total bonds payable	\$ 21,718,811	\$ -	\$ 2,572,590	\$ 19,146,221	\$ 2,784,974
Capital leases	145,307	41,626	142,967	43,966	10,314

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Other postemployment benefits (OPEB)	435,187	62,460	-	497,647	-
Compensated absences	2,445,879	1,483,119	1,454,236	2,474,762	644,167
<b>Governmental Activities Long-Term Liabilities</b>	<b>\$ 24,745,184</b>	<b>\$ 1,587,205</b>	<b>\$ 4,169,793</b>	<b>\$ 22,162,596</b>	<b>\$ 3,439,455</b>

**Business-Type Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 859,448	\$ -	\$ 210,026	\$ 649,422	\$ 210,026
Less: deferred amounts on refunding	(3,714)	-	(1,205)	(2,509)	-
Less: deferred amounts for issuance discounts	(2,891)	-	(569)	(2,322)	-
<b>Total bonds payable</b>	<b>\$ 852,843</b>	<b>\$ -</b>	<b>\$ 208,252</b>	<b>\$ 644,591</b>	<b>\$ 210,026</b>
Capital lease	751	-	751	-	-
Estimated liability for landfill closure/postclosure	3,105,401	260,686	-	3,366,087	-
Other postemployment benefits (OPEB)	114,859	19,405	-	134,264	-
Compensated absences	659,333	390,997	382,252	668,078	171,176
<b>Business-Type Activities Long-Term Liabilities</b>	<b>\$ 4,733,187</b>	<b>\$ 671,088</b>	<b>\$ 591,255</b>	<b>\$ 4,813,020</b>	<b>\$ 381,202</b>

Long-term liabilities for internal service funds are included as part of the above totals based upon their activity. For internal service funds, \$42,948 of lease purchases payable are included in the amounts for the governmental activities at year-end.

**D. Unearned Revenues/Deferred Inflows/Outflows of Resources**

**1. Deferred Outflows of Resources**

The County reports a \$2,509 deferred outflow in the business-type activities and the Juvenile Center Enterprise Fund statement of net position. A deferred charge on refunding results from the remaining discount on refunded debt.

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**2. Unearned Revenues/Deferred Inflows of Resources**

Unearned revenues consist of state and/or federal grants received but not earned. Deferred inflows of resources - Unavailable revenue consists of taxes, special assessments, state and/or federal grants and state highway users tax allotments, and other receivables not collected soon enough after year-end to pay liabilities of the current period.

	<u>Taxes</u>	<u>Special Assessments</u>	<u>Grants and Allotments</u>	<u>Other</u>	<u>Total</u>
<b>Major governmental funds</b>					
General	\$ 215,389	\$ -	\$ 11,423	\$ 151,482	\$ 378,294
Road and Bridge	48,498	-	2,319,745	391,502	2,759,745
Social Services	115,485	-	2,523	8,459	126,467
Ditch	-	2,070,007	-	4,186	2,074,193
<b>Nonmajor governmental funds</b>					
County Building	1,018	-	-	-	1,018
Joint Highway Debt Service	2,827	-	-	-	2,827
Law Enforcement Debt Service	2,908	-	-	-	2,908
Capital Projects Debt Service	3,436	-	-	-	3,436
Courthouse Expansion Debt Service	5,265	-	-	-	5,265
<b>Total</b>	<u>\$ 394,826</u>	<u>\$ 2,070,007</u>	<u>\$ 2,333,691</u>	<u>\$ 555,629</u>	<u>\$ 5,354,153</u>
<b>Liability</b>					
Unearned revenue	\$ -	\$ -	\$ -	\$ 9,459	\$ 9,459
<b>Deferred inflows of resources</b>					
Unavailable revenue	394,826	2,070,007	438,259	546,170	3,449,262
Advance allotment	-	-	1,895,432	-	1,895,432
<b>Total</b>	<u>\$ 394,826</u>	<u>\$ 2,070,007</u>	<u>\$ 2,333,691</u>	<u>\$ 555,629</u>	<u>\$ 5,354,153</u>

**4. Employee Retirement Systems and Pension Plans**

**A. Defined Benefit Plan**

**Plan Description**

All full-time and certain part-time employees of Clay County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Local Government Correctional Service Retirement Fund (the Public Employees Correctional Fund), which are

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cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356.

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

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailer/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the Public Employees Correctional Fund. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years.

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

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

For General Employees Retirement Fund members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available

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when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and Public Employees Correctional Fund members, and either 65 or 66 (depending on date hired) for General Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

Funding Policy

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. The County makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary in 2014. Public Employees Police and Fire Fund members were required to contribute 10.20 percent of their annual covered salary in 2014. Public Employees Correctional Fund members were required to contribute 5.83 percent of their annual covered salary.

In 2014, the County was required to contribute the following percentages of annual covered payroll:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.25
Public Employees Police and Fire Fund	15.30
Public Employees Correctional Fund	8.75

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The County's contributions for the years ending December 31, 2014, 2013, and 2012, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	2014	2013	2012
General Employees Retirement Fund	\$ 1,135,029	\$ 1,098,572	\$ 1,039,060
Public Employees Police and Fire Fund	340,580	314,721	306,272
Public Employees Correctional Fund	176,316	165,883	156,802

These contribution amounts are equal to the contractually required contributions for each year as set by state statute. Contribution rates increased on January 1, 2015, in the General Employees Retirement Fund Coordinated Plan (6.50 percent for members and 7.50 percent for employers) and the Public Employees Police and Fire Fund (10.80 percent for member and 16.20 percent for employers).

**B. Defined Contribution Plan**

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

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Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2014, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 8,518	\$ 8,518
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

C. Other Postemployment Benefits (OPEB)

Plan Description

Clay County provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical insurance benefits. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b.

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the Clay County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements. Retirees and their spouses contribute to the health care plan at the same rate as County employees. This results in the retirees receiving an implicit rate subsidy. There were approximately 376 participants in the plan, including 12 retirees.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed 30 years.

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The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the plan.

ARC	\$	192,005
Interest on net OPEB obligation		21,946
Adjustment to ARC		(32,631)
Annual OPEB cost (expense)	\$	181,320
Contributions made		(98,059)
Increase in net OPEB obligation	\$	83,261
Net OPEB Obligation - Beginning of Year		548,649
Net OPEB Obligation - End of Year	\$	631,910

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2012, 2013, and 2014, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2012	\$ 155,998	\$ 48,183	30.9%	\$ 472,082
December 31, 2013	153,981	77,414	50.3	548,649
December 31, 2014	181,320	98,059	54.1	631,910

**Funded Status and Funding Progress**

As of January 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,635,873, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,635,873. The covered payroll (annual payroll of active employees covered by the plan) was \$18,866,449, and the ratio of the UAAL to the covered payroll was 8.7 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress - Other Postemployment Benefits, presented as required supplementary information following the notes to the financial

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statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

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

5. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Board reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,366,087 landfill closure and postclosure care liability at December 31, 2014, represents the cumulative amount reported to date based on the use of 46 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,570,780 as the remaining estimated capacity is filled and the date the landfill is expected to be filled to capacity (2082) due to a change in accounting estimates. The estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, maintain, and adopt a contingency action plan at the landfill were acquired as of December 31, 2014. Actual cost may be higher due to inflation, changes in technology, or changes in state or federal laws and regulations affecting landfills.

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The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements and, at December 31, 2014, investments of \$3,264,822 are held for these purposes. These are reported as restricted assets on the balance sheet. Clay County expects that future inflation costs will be paid from investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

6. 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 for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$480,000 per claim in 2014 and \$490,000 per claim in 2015. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

7. Conduit Debt

The County has issued revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of educational facilities deemed to be in the public interest. The bonds are secured by the property financed through a series of loan

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agreements and are payable solely from the revenue of the entity. The County is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. Bonds issued and outstanding as of December 31, 2014, are as follows:

<u>Entity</u>	<u>Series</u>	<u>Principal Issued</u>	<u>Outstanding</u>
Concordia College Corporation	2001	\$ 3,300,000	\$ 2,100,000
Minnesota State University Moorhead	2001	3,940,000	2,960,243
Concordia College Corporation	2003	2,300,000	1,700,000
Concordia College Corporation	2004	7,000,000	6,900,000
Eventide	2006	2,000,000	1,443,918

8. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

Amounts received or receivable from grant 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.

The County, in connection with the normal conduct of its affairs, is involved in various judgments, claims, and litigations; it is expected that the final settlement of these matters will not materially affect the financial statements of the County.

B. Joint Ventures

Prairie Lakes Municipal Solid Waste Authority

The Prairie Lakes Municipal Solid Waste Authority Joint Powers Board was established in 2014, under the authority conferred upon the member parties by Minn. Stat. § 471.59 and chs. 115A and 400, and includes the Counties of Clay, Becker, Otter Tail, Todd and Wadena.

The purpose of the Prairie Lakes Municipal Solid Waste Authority Joint Powers Board is to jointly exercise powers common to each participating party dealing with the ownership and operation of the Perham Resource Recovery Facility, as well as cooperation with efforts in other solid waste management activities that affect the

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operations of the Perham Resource Recovery Facility. The Prairie Lakes Municipal Solid Waste Authority Joint Powers Board is composed of one Commissioner each from Clay, Becker, Todd and Wadena Counties and two members from Otter Tail County. Each party may appoint alternate Board members and shall represent one vote on the Board.

In the event of dissolution of the Prairie Lakes Municipal Solid Waste Authority Joint Powers Board, all assets and liabilities of the Board shall be distributed and/or retired based on the contracted debt obligation of each of the parties of the agreement providing such entity is a party to the agreement at the time of the discharge of assets and liabilities.

Clay County's percentage of debt obligation is 15%, requiring a payment in 2014 of \$195,000 as Clay County's contribution towards the percentage of expenses incurred by the Charter Members as out of pocket expenses related to the expansion project.

Financial information can be obtained from:

Otter Tail County Solid Waste  
1115 Tower Road N.  
Fergus Falls, Minnesota 56537

West Central Area Agency on Aging

The West Central Area Agency on Aging was established June 2, 1982, by a joint powers agreement among Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, and Wilkin Counties. The agreement was established to administer all aspects of the Older Americans Act by providing programs to meet the needs of the elderly in the nine-county area. Each county may be assessed a proportional share of the 25 percent of the administrative costs incurred in carrying out this agreement. Each county's proportional share of this 25 percent of the administrative costs will be based upon the number of persons age 60 or older living within that county.

Any county may withdraw by providing notice to the chair of the Board 90 days prior to the beginning of the fiscal year. The chair shall forward a copy to each of the counties. Withdrawal shall not result in the discharging of any liability incurred or chargeable to any county before the effective date of withdrawal.

Control is vested in the West Central Board on Aging. The Board consists of one Commissioner from each of the counties. Each member of the Board is appointed by the County Commissioners of the county he or she represents. Complete financial

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statements for the West Central Area Agency on Aging can be obtained from its administrative office at P. O. Box 726, Fergus Falls, Minnesota 56538-0726.

Fargo-Moorhead Metropolitan Council of Governments

The Fargo-Moorhead Metropolitan Council of Governments was established in 1967 by a joint powers agreement between the Cities of Fargo and West Fargo, North Dakota; Moorhead and Dilworth, Minnesota; Cass County, North Dakota; and Clay County. The primary purpose of the Council is metropolitan area planning for the two-county area. The Council also serves as a coordinating agency for investigations and studies for improvement of government and services in the area.

The primary source of revenues is federal grants administered by the North Dakota and Minnesota Departments of Transportation, the Federal Transit Administration, and member support on a per capita basis. During 2014, Clay County contributed \$9,661 to the Fargo-Moorhead Metropolitan Council of Governments.

Control of the Council is vested in a 13-member Board of Directors, of which one member is an elected County Commissioner. The Council representatives to the Board are appointed by their respective governing bodies for a term determined by their governing bodies.

As of December 31, 2014, the total net position of the Fargo-Moorhead Metropolitan Council of Governments are \$262,723. Complete financial statements for the Council may be obtained from its administrative office at Case Plaza, One 2nd Street North, Suite 232, Fargo, North Dakota 58102.

Northwestern Counties Data Processing Security Association

The Northwestern Counties Data Processing Security Association (NCDPSA) was formed in 1994 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomon, Marshall, Pennington, Polk, Roseau, and Wadena Counties. The purpose of the NCDPSA is to provide a mechanism whereby the counties may cooperatively provide for a data processing disaster recovery plan and back-up system.

Control of the NCDPSA is vested in the NCDPSA Joint Powers Board, which comprises one County Commissioner from each member county. In the event of dissolution, the net assets of the NCDPSA at that time shall be distributed to the respective member counties in proportion to their contributions.

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The NCDPSA has no long-term debt. Financing is provided by grants from the State of Minnesota and appropriations from member counties. Complete financial information can be obtained from the Clearwater County Auditor, 213 North Main Avenue, Bagley, Minnesota 56621.

Clay County Joint Powers Collaborative

The Clay County Joint Powers Collaborative was established March 4, 1997, under the authority of the Joint Powers Act, pursuant to Minn. Stat. §§ 471.59 and 124D.23. The Collaborative includes Clay County; Independent School Districts 152 (Moorhead), 146 (Barnesville), 2164 (Dilworth-Glyndon-Felton), 150 (Hawley), and 914 (Ulen-Hitterdal); the Clay-Wilkin Opportunity Council; Lakeland Mental Health; and Clay County Court Services. The purpose of the Collaborative is to provide services designed to enhance opportunities for children or youth to improve child health and development, reduce barriers to adequate school performance, improve family functioning, provide community service, enhance self-esteem, and develop general employment skills.

Control of the Clay County Joint Powers Collaborative is vested in a 20-member Board of Directors appointed by the member parties.

In the event of a withdrawal from the Clay County Joint Powers Collaborative, the withdrawing party shall give a 90-day notice. The Board shall continue to exist if the Collaborative is terminated for the limited purpose of discharging the Collaborative's debts and liabilities, settling its affairs, and disposing of its property.

Financing is provided by state and federal grants and contributions from its member parties. Clay County, in an agent capacity, reports the cash transactions of the Clay County Joint Powers Collaborative as an agency fund on its financial statements. During 2014, the County did not contribute any funds to the Collaborative.

West Central Minnesota Drug Task Force

The West Central Minnesota Drug Task Force was established in 1996 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Becker, Clay, Douglas, Grant, Otter Tail, and Todd Counties, and the Cities of Alexandria, Breckenridge, Detroit Lakes, Fargo, Fergus Falls, Moorhead, Pelican Rapids, Perham, and Wahpeton. The Task Force's objectives are to detect, investigate, and apprehend controlled substance offenders in the six-county area.

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Control of the West Central Minnesota Drug Task Force is vested in a Board of Directors. The Board of Directors consists of department heads or a designee from each participating full-time member agency.

In the event of dissolution of the West Central Minnesota Drug Task Force, the equipment will be divided and returned to the appropriate agencies. However, if only one agency terminates its agreement and the unit continues, all equipment will remain with the Task Force.

Douglas County, in an agent capacity, reports the cash transactions of the West Central Minnesota Drug Task Force as an agency fund on its financial statements. Financing and equipment will be provided by the full-time and associated member agencies. During 2014, the County contributed \$3,000 to the Task Force.

Clay County/MnDOT/City of Moorhead Jointly-Operated Public Works Facility

In 2002, Clay County entered into a Partnership Agreement with the City of Moorhead and the Minnesota Department of Transportation for the construction, ownership, and operation of a Public Works Facility. Ownership of the facility is in the following proportions: State - 33 percent, County - 45 percent, City - 22 percent. Ownership of the land is in equal shares. A Management Committee, comprised of one member from each entity, is responsible for the operation and resolution of issues pertaining to the complex.

Northwest Minnesota Regional Radio Board

The Northwest Minnesota Regional Radio Board's convening meeting was held February 6, 2008, pursuant to the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39, and includes the City of Moorhead and the Counties of Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau.

The purpose of the Northwest Regional Radio 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.

Control of the Northwest Minnesota Regional Radio Board is vested in the Northwest Minnesota Regional Radio Board, which 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 Northwest Minnesota Regional Radio Board's by-laws.

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In the event of dissolution of the Northwest Minnesota Regional Radio 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 Northwest Minnesota Regional Radio Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. Complete financial information can be obtained from Northwest Minnesota Regional Radio Board, c/o Greater Northwest EMS, 2301 Johanneson Avenue N.W., Suite 103, Bemidji, Minnesota 56601.

Rural Minnesota Concentrated Employment Programs, Inc. (WIA - Rural Minnesota Workforce Service Area 2)

Rural Minnesota Concentrated Employment Programs, Inc., was established to create job training and employment opportunities for economically disadvantaged, underemployed and unemployed persons, and youthful persons in both the private and the public sector.

During 2014, the County did not contribute any funds to this organization.

C. Jointly-Governed Organizations

Clay County, in conjunction with other governmental entities and various private organizations, has formed the jointly-governed organizations listed below:

Minnesota Rural Counties Caucus

The Minnesota Rural Counties Caucus was established in 1997 and includes Becker, Beltrami, Clay, Clearwater, Itasca, Kittson, Lake, Lake of the Woods, Mahnommen, Marshall, McLeod, Morrison, Norman, Pennington, Polk, Red Lake, and Roseau Counties.

Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee which is composed of ten directors, each with an alternate, who are appointed annually by each respective County Board. Clay County's responsibility does not extend beyond making this appointment.

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Western Area City/County Co-op

Clay County and 24 other cities and counties entered into a joint powers agreement to establish the Western Area City/County Co-op (WACCO) Joint Powers Board, effective September 5, 1995, and empowered under Minn. Stat. § 471.59. The purpose of the Board is to establish a resource network that identifies common needs of the individual governmental units and reduces the financial burden on each of its members through the cooperative sharing of existing resources.

The management and control of WACCO is vested in a Board of Directors composed of a representative appointed by each member city and county.

District IV Transportation Planning

Clay County and 13 other cities and counties entered into a joint powers agreement to establish the District IV Transportation Planning Joint Powers Board, effective December 11, 1996, and empowered under Minn. Stat. § 471.59. The purpose of the Board is to develop a multi-modal transportation plan for the geographical jurisdiction of the member cities and counties. The Board is composed of 14 members, with one member appointed by each member city and county.

Minnesota Red River Basin of the North Joint Powers Agreement

The Minnesota Red River Basin of the North Joint Powers Board was established November 29, 1999, by an agreement between Clay County and 14 other counties. The agreement was made to serve as a focal point for land and water concerns for those counties surrounding the Minnesota Red River Basin. Each county is responsible for its proportionate share of the administrative budget. Control is vested in a Joint Powers Board comprised of one Commissioner from each member county. Each member of the Board is appointed by the County Commissioners of the county he or she represents. In the event of termination of the agreement, any unexpended funds and surplus property shall be disposed of equally among the member counties.

During 2014, the County contributed \$1,281 to the Joint Powers Board. Complete financial statements can be obtained from the offices of the International Coalition.

Oakport Joint Powers Agreement

Clay County, the City of Moorhead, and Oakport Township entered into a joint powers agreement, effective February 15, 1990, and empowered under Minn. Stat. §§ 414.0325, subd. 5; 462.3585; 471.59; and 471.591. The purpose of the Board is to

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address land development concerns in the Oakport Township area that is scheduled for orderly annexation in 2015. The Oakport Joint Powers Board is comprised of six members, two appointed by each entity.

Agassiz Regional Library

The Agassiz Regional Library was formed pursuant to Minn. Stat. §§ 134.20 and 471.59, effective January 1, 1981, and includes Becker, Clay, Clearwater, Mahnomen, Norman, Polk, and Wilkin Counties.

Control of the Library is vested in the Agassiz Regional Library Board, which is composed of 23 members with staggered terms made up of the following: one member appointed by each Board of County Commissioners who may be a member of the Board of Commissioners; one member appointed by each participating city; and one additional member appointed by each county and city for each 6,000 of population or major percentage (85 percent) thereof. Clay County contributed \$262,610 to the Agassiz Regional Library during 2014.

Red River Regional Dispatch Center

In 2001, a Joint Powers Agreement was entered into by the cities of Moorhead, Minnesota; Fargo, North Dakota; and the Counties of Cass, North Dakota; and Clay, Minnesota, for the joint operation of 911/Dispatch functions to reduce and/or eliminate duplication of equipment and staff time. The agreement was amended in 2008 to include the City of West Fargo, North Dakota. A joint board, comprised of members appointed by the governing bodies, is responsible for administering the joint dispatch center.

Minnesota Counties Computer Cooperative (MCCC)

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created MCCC to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. Clay County is a member of this organization.

Homeland Security and Emergency Management (HSEM) Region 3 Emergency Managers

The HSEM Region 3 Emergency Managers Joint Powers Board was formed pursuant to Minn. Stat. § 471.59, and includes Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Norman, Pennington, Polk, Red

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Lake, and Roseau Counties. The Board was established to engage in planning, training, and/or the purchase and use of equipment in order to better respond to emergencies and other disasters within the HSEM Region 3; specifically, within the jurisdictional boundaries of the 14 member counties.

Control is vested in the HSEM Region 3 Emergency Managers Board, which is composed of 14 representatives appointed by each Board of County Commissioners. Clay County's responsibility does not extend beyond making this appointment.

Minnesota Criminal Justice Data Communications Network

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

Sentence to Service

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

Southwest Minnesota Immunization Information Connection

The Southwest Minnesota Immunization Information Connection (SW-MIIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. The County did not contribute to the SW-MIIC during 2014.

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C. Related Organizations

Clay County Housing and Redevelopment Authority

The Clay County Housing and Redevelopment Authority (HRA) has its own governing board which is appointed by the Clay County Board of Commissioners. Clay County has no other financial, operational, or managerial control over this organization.

Buffalo-Red River Watershed District

The Buffalo-Red River Watershed District was formed pursuant to Minn. Stat. § 103D.201, effective June 17, 1963, and includes land within Becker, Clay, and Wilkin Counties. The purpose of the District is to conserve the natural resources of the state by land-use planning, flood control, and other conservation projects by using sound scientific principles for the protection of the public health and welfare and the provident use of natural resources. Control of the District is vested in the Buffalo-Red River Watershed District Board of Managers, which is composed of five members having staggered terms of three years each, with three appointed by the Clay County Board, one appointed by the Becker County Board, and one appointed by the Wilkin County Board.

Wild Rice Watershed District

The Wild Rice Watershed District was established in 1969, pursuant to Minn. Stat. ch. 103D, and includes Becker, Clay, Clearwater, Mahnomen, Norman, and Polk Counties. The purpose of the Wild Rice Watershed District is to oversee watershed projects, conduct studies for future project planning, administration of legal drainage systems, issuance of applications and permits, public education on conservation issues, and dispute resolution.

Control of the Watershed District is vested in the Board of Managers, which is composed of seven members appointed by the County Commissioners of Becker, Clay, Mahnomen, and Norman Counties. Norman County appoints three members, Clay County appoints two members, and Mahnomen and Becker Counties each appoint one member.

Lakeland Mental Health Center

Lakeland Mental Health Center was formed pursuant to Minn. Stat. ch. 317A as a 501-C3 nonprofit corporation on February 10, 1961, and includes Becker, Clay, Grant,

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Otter Tail, and Pope Counties. The purpose of Lakeland Mental Health Center is to promote healthy individuals, families, and communities by providing high quality accessible mental health services.

The management of Lakeland Mental Health Center is vested in a Board of Directors consisting of one Commissioner and one community-at-large representative from each member county, plus one human service director, or equivalent position, rotated between the member counties.

Services are provided to the member counties through purchase of service agreements. A member county may lose its membership, by action of the Board of Directors, if it fails to have a signed contract with Lakeland Mental Health Center. Clay County paid \$1,214,855 in 2014 for services purchased through Lakeland Mental Health Center.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**EXHIBIT A-1**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 12,587,988	\$ 12,587,988	\$ 12,656,917	\$ 68,929
Licenses and permits	57,470	57,470	92,382	34,912
Intergovernmental	4,280,955	4,280,955	5,712,478	1,431,523
Charges for services	1,892,451	1,892,451	1,706,498	(185,953)
Fines and forfeits	44,000	44,000	143,116	99,116
Investment earnings	125,050	125,050	595,560	470,510
Miscellaneous	538,022	538,022	473,412	(64,610)
<b>Total Revenues</b>	<b>\$ 19,525,936</b>	<b>\$ 19,525,936</b>	<b>\$ 21,380,363</b>	<b>\$ 1,854,427</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 283,739	\$ 283,739	\$ 277,463	\$ 6,276
Courts	85,000	85,000	88,025	(3,025)
Personnel coordinator	80,000	80,000	104,502	(24,502)
Law library	101,395	101,395	98,502	2,893
County administration	229,401	229,401	227,351	2,050
County auditor	713,193	713,193	617,574	95,619
License bureau	450,081	450,081	464,645	(14,564)
County treasurer	205,335	205,335	163,907	41,428
County assessor	399,987	399,987	400,529	(542)
Elections	100,563	100,563	177,428	(76,865)
Internal audit	77,000	77,000	73,366	3,634
Technology services	1,045,481	1,045,481	1,045,134	347
Personnel	249,868	249,868	246,942	2,926
Information services	446,220	446,220	406,606	39,614
Attorney	1,212,723	1,212,723	1,156,317	56,406
Victim witness	104,770	104,770	103,784	986
Unanticipated trial costs	20,000	20,000	20,000	-
Recorder	479,672	479,672	420,799	58,873
Surveyor	40,000	40,000	39,606	394
Planning and zoning	410,375	410,375	331,490	78,885
Maintenance	755,615	755,615	890,841	(135,226)
Veterans service officer	187,217	187,217	207,481	(20,264)
Unallocated	368,521	368,521	911,812	(543,291)
<b>Total general government</b>	<b>\$ 8,046,156</b>	<b>\$ 8,046,156</b>	<b>\$ 8,474,104</b>	<b>\$ (427,948)</b>

**CLAY COUNTY  
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**EXHIBIT A-1  
(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public safety</b>				
Sheriff	\$ 3,743,477	\$ 3,743,477	\$ 3,834,157	\$ (90,680)
Safe and sober	9,970	9,970	16,786	(6,816)
Snowmobile	4,738	4,738	1,738	3,000
Law enforcement grant	35,794	35,794	41,988	(6,194)
ATV	5,636	5,636	-	5,636
Heat	-	-	179	(179)
Coroner	97,915	97,915	113,790	(15,875)
E-911 system	72,160	72,160	72,159	1
Community corrections	3,443,139	3,443,139	3,242,405	200,734
Dispatchers	390,709	390,709	330,083	60,626
Probation and parole	596,401	596,401	760,616	(164,215)
Juvenile detention	781,158	781,158	541,590	239,568
Electronic monitoring	90,000	90,000	70,980	19,020
Civil defense	105,160	105,160	132,293	(27,133)
<b>Total public safety</b>	<b>\$ 9,376,257</b>	<b>\$ 9,376,257</b>	<b>\$ 9,158,764</b>	<b>\$ 217,493</b>
<b>Culture and recreation</b>				
Historical society	\$ 183,517	\$ 183,517	\$ 183,537	\$ (20)
Humane society	1,500	1,500	1,500	-
Viking library	262,610	262,610	262,610	-
<b>Total culture and recreation</b>	<b>\$ 447,627</b>	<b>\$ 447,627</b>	<b>\$ 447,647</b>	<b>\$ (20)</b>
<b>Conservation of natural resources</b>				
County extension	\$ 243,121	\$ 243,121	\$ 257,993	\$ (14,872)
FM feasibility study	95,000	95,000	95,016	(16)
Soil and water conservation	307,700	307,700	268,656	39,044
International coalition	1,300	1,300	1,281	19
Agricultural society/County fair	23,000	23,000	23,195	(195)
<b>Total conservation of natural resources</b>	<b>\$ 670,121</b>	<b>\$ 670,121</b>	<b>\$ 646,141</b>	<b>\$ 23,980</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT A-1  
(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Economic development</b>				
Metropolitan Council	\$ 9,333	\$ 9,333	\$ 9,661	\$ (328)
Red River winter shows	800	800	800	-
West Central Council on Aging	7,088	7,088	6,664	424
Chamber of Commerce	1,500	1,500	1,425	75
County-wide incentive program	87,500	87,500	87,500	-
West Central MN Initiative	15,000	15,000	15,000	-
Pew Partnership	4,840	4,840	4,840	-
Riverkeepers	1,000	1,000	800	200
Rural Minnesota Counties Caucus	2,100	2,100	2,100	-
Minnesota Housing Partnership	600	600	-	600
Senior coordination program	40,750	40,750	40,750	-
Group workcamp	2,500	2,500	-	2,500
<b>Total economic development</b>	<u>\$ 173,011</u>	<u>\$ 173,011</u>	<u>\$ 169,540</u>	<u>\$ 3,471</u>
<b>Total Expenditures</b>	<u>\$ 18,713,172</u>	<u>\$ 18,713,172</u>	<u>\$ 18,896,196</u>	<u>\$ (183,024)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>\$ 812,764</u>	<u>\$ 812,764</u>	<u>\$ 2,484,167</u>	<u>\$ 1,671,403</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Transfers out	<u>(912,764)</u>	<u>(912,764)</u>	<u>(1,189,922)</u>	<u>(277,158)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (812,764)</u>	<u>\$ (812,764)</u>	<u>\$ (1,089,922)</u>	<u>\$ (277,158)</u>
<b>Net Change in Fund Balance</b>	\$ -	\$ -	\$ 1,394,245	\$ 1,394,245
<b>Fund Balance - January 1</b>	<u>8,089,568</u>	<u>8,089,568</u>	<u>8,089,568</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 8,089,568</u>	<u>\$ 8,089,568</u>	<u>\$ 9,483,813</u>	<u>\$ 1,394,245</u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT A-2**

**BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 3,055,852	\$ 3,055,852	\$ 3,682,189	\$ 626,337
Licenses and permits	73,300	73,300	93,872	20,572
Intergovernmental	6,147,330	6,147,330	7,300,159	1,152,829
Charges for services	539,000	539,000	606,962	67,962
Investment earnings	-	-	91,693	91,693
Miscellaneous	595,000	595,000	198,998	(396,002)
<b>Total Revenues</b>	<b>\$ 10,410,482</b>	<b>\$ 10,410,482</b>	<b>\$ 11,973,873</b>	<b>\$ 1,563,391</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 564,854	\$ 564,854	\$ 558,215	\$ 6,639
Maintenance	3,233,164	3,233,164	2,874,507	358,657
Construction	6,386,106	6,386,106	7,107,193	(721,087)
Equipment, maintenance, and shop	1,604,616	1,604,616	1,474,493	130,123
<b>Total highways and streets</b>	<b>\$ 11,788,740</b>	<b>\$ 11,788,740</b>	<b>\$ 12,014,408</b>	<b>\$ (225,668)</b>
<b>Intergovernmental</b>				
Highways and streets	\$ 471,742	\$ 471,742	\$ 494,001	\$ (22,259)
<b>Total Expenditures</b>	<b>\$ 12,260,482</b>	<b>\$ 12,260,482</b>	<b>\$ 12,508,409</b>	<b>\$ (247,927)</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (1,850,000)</b>	<b>\$ (1,850,000)</b>	<b>\$ (534,536)</b>	<b>\$ 1,315,464</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	\$ -	\$ -	\$ (1,100,751)	\$ (1,100,751)
Proceeds from sale of bonds	1,850,000	1,850,000	-	(1,850,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 1,850,000</b>	<b>\$ 1,850,000</b>	<b>\$ (1,100,751)</b>	<b>\$ (2,950,751)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,635,287)</b>	<b>\$ (1,635,287)</b>
<b>Fund Balance - January 1</b>	<b>8,279,036</b>	<b>8,279,036</b>	<b>8,279,036</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>(10,764)</b>	<b>(10,764)</b>
<b>Fund Balance - December 31</b>	<b>\$ 8,279,036</b>	<b>\$ 8,279,036</b>	<b>\$ 6,632,985</b>	<b>\$ (1,646,051)</b>

The notes to the required supplementary information are an integral part of this schedule.

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT A-3**

**BUDGETARY COMPARISON SCHEDULE  
SOCIAL SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 6,321,545	\$ 6,321,545	\$ 6,226,092	\$ (95,453)
Intergovernmental	10,426,277	10,426,277	10,602,827	176,550
Fines and forfeits	-	-	3,001	3,001
Miscellaneous	551,459	551,459	957,216	405,757
<b>Total Revenues</b>	<b>\$ 17,299,281</b>	<b>\$ 17,299,281</b>	<b>\$ 17,789,136</b>	<b>\$ 489,855</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 5,330,869	\$ 5,330,869	\$ 4,831,180	\$ 499,689
Social services	11,968,412	11,968,412	12,038,353	(69,941)
<b>Total human services</b>	<b>\$ 17,299,281</b>	<b>\$ 17,299,281</b>	<b>\$ 16,869,533</b>	<b>\$ 429,748</b>
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 5,907	\$ (5,907)
Interest	-	-	251	(251)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,158</b>	<b>\$ (6,158)</b>
<b>Total Expenditures</b>	<b>\$ 17,299,281</b>	<b>\$ 17,299,281</b>	<b>\$ 16,875,691</b>	<b>\$ 423,590</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 913,445</b>	<b>\$ 913,445</b>
<b>Fund Balance - January 1</b>	<b>7,392,727</b>	<b>7,392,727</b>	<b>7,392,727</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 7,392,727</b>	<b>\$ 7,392,727</b>	<b>\$ 8,306,172</b>	<b>\$ 913,445</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT A-4**

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
January 1, 2010	\$ -	\$ 1,110,782	\$ 1,110,782	0.0%	\$ 17,357,192	6.4%
January 1, 2012	-	1,289,065	1,289,065	0.0	17,503,426	7.4
January 1, 2014	-	1,635,873	1,635,873	0.0	18,866,449	8.7

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2014**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Gravel Removal Tax Special Revenue Fund, County Projects Capital Projects Fund, Americana Estates Debt Service Fund, and Ditch Debt Service Fund. All annual appropriations lapse at fiscal year-end.

On or before mid-June of each year, all departments and agencies submit requests for appropriations to the County Auditor so that a budget can be prepared. Before October 31, the proposed budget is presented to the County Board for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level. During the year, the Board made no budgetary amendments.

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The following is a table of the individual fund which had expenditures in excess of budget for the year ended December 31, 2014.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 18,896,196	\$ 18,713,172	\$ 183,024
Special Revenue Funds			
Road and Bridge	12,508,409	12,260,482	247,927

3. Other Postemployment Benefits

Clay County implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year ended December 31, 2008. See Note 4.C. to the financial statements for more information.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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GASB Statement 45 requires a Schedule of Funding Progress - Other Postemployment Benefits for the three most recent valuations and accompanying notes to describe factors that significantly affect the trends in the amounts reported.

**SUPPLEMENTARY INFORMATION**

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

County Building - to account for the acquisition or repair of buildings used in County administration.

Gravel Removal Tax Reserve - to account for ten percent of gravel removal tax collections used for the rehabilitation of exhausted gravel pits.

**DEBT SERVICE FUNDS**

Americana Estates - to account for the financial transactions of the Americana Estates project for the City of Moorhead sewer and water hook-up. Financing is provided by issuing bonds and will be paid back through special assessments levied against the Americana Estates' residents.

County Projects - to account for the retirement of bonds issued for the capital projects.

Courthouse Expansion - to account for the retirement of bonds issued for the courthouse expansion.

Joint Highway Facility - to account for the retirement of bonds issued for the Joint Highway Facility and the State-Aid Road bonds.

Law Enforcement Expansion - to account for the retirement of bonds issued for the Law Enforcement expansion.

**CAPITAL PROJECTS FUND**

County Projects Capital Projects – to account for financial resources to be used for improvement of capital facilities.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT B-1**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2014**

	<b>Special Revenue (Exhibit B-3)</b>	<b>Debt Service (Exhibit B-5)</b>	<b>Total (Exhibit 3)</b>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 771,821	\$ 630,737	\$ 1,402,558
Undistributed cash in agency funds	1,976	25,188	27,164
Taxes receivable delinquent	1,302	18,279	19,581
Due from other funds	89,339	-	89,339
<b>Total Assets</b>	<b>\$ 864,438</b>	<b>\$ 674,204</b>	<b>\$ 1,538,642</b>
 <b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>			
<b>Liabilities</b>			
Advance from other funds	\$ -	\$ 20,000	\$ 20,000
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ 1,018	\$ 14,436	\$ 15,454
<b>Fund Balances</b>			
Restricted for			
Debt service	\$ -	\$ 639,768	\$ 639,768
Gravel pit restoration	695,191	-	695,191
Assigned to			
County building projects	168,229	-	168,229
<b>Total Fund Balances</b>	<b>\$ 863,420</b>	<b>\$ 639,768</b>	<b>\$ 1,503,188</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 864,438</b>	<b>\$ 674,204</b>	<b>\$ 1,538,642</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT B-2**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Special Revenue (Exhibit B-4)</u>	<u>Debt Service (Exhibit B-6)</u>	<u>Capital Projects</u>	<u>Total (Exhibit 5)</u>
<b>Revenues</b>				
Taxes	\$ 168,182	\$ 1,055,636	\$ -	\$ 1,223,818
Intergovernmental	21,312	141,233	-	162,545
<b>Total Revenues</b>	<u>\$ 189,494</u>	<u>\$ 1,196,869</u>	<u>\$ -</u>	<u>\$ 1,386,363</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ 45,243	\$ -	\$ -	\$ 45,243
<b>Capital outlay</b>				
General government	-	-	601,068	601,068
<b>Debt service</b>				
Principal	-	1,834,974	-	1,834,974
Interest	-	407,422	-	407,422
Administrative (fiscal) charges	-	1,181	-	1,181
<b>Total Expenditures</b>	<u>\$ 45,243</u>	<u>\$ 2,243,577</u>	<u>\$ 601,068</u>	<u>\$ 2,889,888</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>\$ 144,251</u>	<u>\$ (1,046,708)</u>	<u>\$ (601,068)</u>	<u>\$ (1,503,525)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	1,100,751	-	1,100,751
<b>Net Change in Fund Balance</b>	<u>\$ 144,251</u>	<u>\$ 54,043</u>	<u>\$ (601,068)</u>	<u>\$ (402,774)</u>
<b>Fund Balance - January 1</b>	<u>719,169</u>	<u>585,725</u>	<u>601,068</u>	<u>1,905,962</u>
<b>Fund Balance - December 31</b>	<u>\$ 863,420</u>	<u>\$ 639,768</u>	<u>\$ -</u>	<u>\$ 1,503,188</u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT B-3**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2014**

	<b>County Building</b>	<b>Gravel Removal Tax Reserve</b>	<b>Total (Exhibit B-1)</b>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 165,969	\$ 605,852	\$ 771,821
Undistributed cash in agency funds	1,976	-	1,976
Taxes receivable delinquent	1,302	-	1,302
Due from other funds	-	89,339	89,339
	<b>\$ 169,247</b>	<b>\$ 695,191</b>	<b>\$ 864,438</b>
<b><u>Deferred Inflows of Resources, and Fund Balances</u></b>			
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ 1,018	\$ -	\$ 1,018
<b>Fund Balances</b>			
Restricted for			
Gravel pit restoration	\$ -	\$ 695,191	\$ 695,191
Assigned to			
County building projects	168,229	-	168,229
	<b>\$ 168,229</b>	<b>\$ 695,191</b>	<b>\$ 863,420</b>
<b>Total Fund Balances</b>	<b>\$ 168,229</b>	<b>\$ 695,191</b>	<b>\$ 863,420</b>
<b>Total Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 169,247</b>	<b>\$ 695,191</b>	<b>\$ 864,438</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT B-4*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	County Building	Gravel Removal Tax Reserve	Total (Exhibit B-2)
<b>Revenues</b>			
Taxes	\$ 78,843	\$ 89,339	\$ 168,182
Intergovernmental	21,312	-	21,312
<b>Total Revenues</b>	<b>\$ 100,155</b>	<b>\$ 89,339</b>	<b>\$ 189,494</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	45,243	-	45,243
<b>Net Change in Fund Balance</b>	<b>\$ 54,912</b>	<b>\$ 89,339</b>	<b>\$ 144,251</b>
<b>Fund Balance - January 1</b>	<b>113,317</b>	<b>605,852</b>	<b>719,169</b>
<b>Fund Balance - December 31</b>	<b>\$ 168,229</b>	<b>\$ 695,191</b>	<b>\$ 863,420</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
DECEMBER 31, 2014**

	<u>Americana Estates</u>	<u>County Projects</u>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 41,785	\$ 11,396
Undistributed cash in agency funds	-	10,467
Taxes receivable delinquent	-	4,967
<b>Total Assets</b>	<b>\$ 41,785</b>	<b>\$ 26,830</b>
 <b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Liabilities</b>		
Advance from other funds	\$ -	\$ -
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	\$ -	\$ 3,436
<b>Fund Balances</b>		
Restricted		
Restricted for debt service	\$ 41,785	\$ 23,394
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 41,785</b>	<b>\$ 26,830</b>

**EXHIBIT B-5**

<u>Courthouse Expansion</u>	<u>Joint Highway Facility</u>	<u>Law Enforcement Expansion</u>	<u>Total (Exhibit B-1)</u>
\$ 228,684	\$ 158,864	\$ 190,008	\$ 630,737
6,972	3,742	4,007	25,188
<u>6,371</u>	<u>3,412</u>	<u>3,529</u>	<u>18,279</u>
<u>\$ 242,027</u>	<u>\$ 166,018</u>	<u>\$ 197,544</u>	<u>\$ 674,204</u>
\$ 10,000	\$ 10,000	\$ -	\$ 20,000
\$ 5,265	\$ 2,827	\$ 2,908	\$ 14,436
\$ 226,762	\$ 153,191	\$ 194,636	\$ 639,768
<u>\$ 242,027</u>	<u>\$ 166,018</u>	<u>\$ 197,544</u>	<u>\$ 674,204</u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Americana Estates	County Projects
<b>Revenues</b>		
Taxes	\$ -	\$ 449,005
Intergovernmental	-	60,402
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ 509,407</b>
<b>Expenditures</b>		
<b>Debt service</b>		
Principal	\$ -	\$ 460,000
Interest	-	28,257
Administrative (fiscal) charges	-	255
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ 488,512</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ 20,895</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	-	-
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ 20,895</b>
<b>Fund Balance - January 1</b>	<b>41,785</b>	<b>2,499</b>
<b>Fund Balance - December 31</b>	<b>\$ 41,785</b>	<b>\$ 23,394</b>

**EXHIBIT B-6**

<u>Courthouse Expansion</u>	<u>Joint Highway Facility</u>	<u>Law Enforcement Expansion</u>	<u>Total (Exhibit B-2)</u>
\$ 289,482	\$ 152,608	\$ 164,541	\$ 1,055,636
38,573	20,319	21,939	141,233
<u>\$ 328,055</u>	<u>\$ 172,927</u>	<u>\$ 186,480</u>	<u>\$ 1,196,869</u>
\$ 230,000	\$ 975,000	\$ 169,974	\$ 1,834,974
81,800	290,000	7,365	407,422
286	564	76	1,181
<u>\$ 312,086</u>	<u>\$ 1,265,564</u>	<u>\$ 177,415</u>	<u>\$ 2,243,577</u>
\$ 15,969	\$ (1,092,637)	\$ 9,065	\$ (1,046,708)
-	1,100,751	-	1,100,751
\$ 15,969	\$ 8,114	\$ 9,065	\$ 54,043
<u>210,793</u>	<u>145,077</u>	<u>185,571</u>	<u>585,725</u>
<u>\$ 226,762</u>	<u>\$ 153,191</u>	<u>\$ 194,636</u>	<u>\$ 639,768</u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT B-7**

**BUDGETARY COMPARISON SCHEDULE  
COUNTY BUILDING SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 79,091	\$ 79,091	\$ 78,843	\$ (248)
Intergovernmental	20,909	20,909	21,312	403
<b>Total Revenues</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,155</b>	<b>\$ 155</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Other general government	100,000	100,000	45,243	54,757
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 54,912</b>	<b>\$ 54,912</b>
<b>Fund Balance - January 1</b>	<b>113,317</b>	<b>113,317</b>	<b>113,317</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 113,317</b>	<b>\$ 113,317</b>	<b>\$ 168,229</b>	<b>\$ 54,912</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT B-8*

**BUDGETARY COMPARISON SCHEDULE  
COUNTY PROJECTS DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 454,583	\$ 454,583	\$ 449,005	\$ (5,578)
Intergovernmental	58,088	58,088	60,402	2,314
<b>Total Revenues</b>	<b>\$ 512,671</b>	<b>\$ 512,671</b>	<b>\$ 509,407</b>	<b>\$ (3,264)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Debt service</b>				
Principal	\$ 460,000	\$ 460,000	\$ 460,000	\$ -
Interest	28,258	28,258	28,257	1
Administrative (fiscal) charges	500	500	255	245
<b>Total Expenditures</b>	<b>\$ 488,758</b>	<b>\$ 488,758</b>	<b>\$ 488,512</b>	<b>\$ 246</b>
<b>Net Change in Fund Balance</b>	<b>\$ 23,913</b>	<b>\$ 23,913</b>	<b>\$ 20,895</b>	<b>\$ (3,018)</b>
<b>Fund Balance - January 1</b>	<b>2,499</b>	<b>2,499</b>	<b>2,499</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 26,412</b>	<b>\$ 26,412</b>	<b>\$ 23,394</b>	<b>\$ (3,018)</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT B-9*

**BUDGETARY COMPARISON SCHEDULE  
COURTHOUSE EXPANSION DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 290,294	\$ 290,294	\$ 289,482	\$ (812)
Intergovernmental	37,096	37,096	38,573	1,477
<b>Total Revenues</b>	<u>\$ 327,390</u>	<u>\$ 327,390</u>	<u>\$ 328,055</u>	<u>\$ 665</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>Debt service</b>				
Principal	\$ 230,000	\$ 230,000	\$ 230,000	\$ -
Interest	81,800	81,800	81,800	-
Administrative (fiscal) charges	600	600	286	314
<b>Total Expenditures</b>	<u>\$ 312,400</u>	<u>\$ 312,400</u>	<u>\$ 312,086</u>	<u>\$ 314</u>
<b>Net Change in Fund Balance</b>	<u>\$ 14,990</u>	<u>\$ 14,990</u>	<u>\$ 15,969</u>	<u>\$ 979</u>
<b>Fund Balance - January 1</b>	<u>210,793</u>	<u>210,793</u>	<u>210,793</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 225,783</u>	<u>\$ 225,783</u>	<u>\$ 226,762</u>	<u>\$ 979</u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT B-10**

**BUDGETARY COMPARISON SCHEDULE  
JOINT HIGHWAY FACILITY DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 152,922	\$ 152,922	\$ 152,608	\$ (314)
Intergovernmental	19,541	19,541	20,319	778
<b>Total Revenues</b>	<u>\$ 172,463</u>	<u>\$ 172,463</u>	<u>\$ 172,927</u>	<u>\$ 464</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>Debt service</b>				
Principal	\$ 125,000	\$ 125,000	\$ 975,000	\$ (850,000)
Interest	39,250	39,250	290,000	(250,750)
Administrative (fiscal) charges	400	400	564	(164)
<b>Total Expenditures</b>	<u>\$ 164,650</u>	<u>\$ 164,650</u>	<u>\$ 1,265,564</u>	<u>\$ (1,100,914)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>\$ 7,813</u>	<u>\$ 7,813</u>	<u>\$ (1,092,637)</u>	<u>\$ (1,100,450)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	1,100,751	1,100,751
<b>Net Change in Fund Balance</b>	<u>\$ 7,813</u>	<u>\$ 7,813</u>	<u>\$ 8,114</u>	<u>\$ 301</u>
<b>Fund Balance - January 1</b>	<u>145,077</u>	<u>145,077</u>	<u>145,077</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u><u>\$ 152,890</u></u>	<u><u>\$ 152,890</u></u>	<u><u>\$ 153,191</u></u>	<u><u>\$ 301</u></u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT B-11*

**BUDGETARY COMPARISON SCHEDULE  
LAW ENFORCEMENT EXPANSION DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 165,108	\$ 165,108	\$ 164,541	\$ (567)
Intergovernmental	21,098	21,098	21,939	841
<b>Total Revenues</b>	<b>\$ 186,206</b>	<b>\$ 186,206</b>	<b>\$ 186,480</b>	<b>\$ 274</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Debt service</b>				
Principal	\$ 169,974	\$ 169,974	\$ 169,974	\$ -
Interest	7,365	7,365	7,365	-
Administrative (fiscal) charges	1,000	1,000	76	924
<b>Total Expenditures</b>	<b>\$ 178,339</b>	<b>\$ 178,339</b>	<b>\$ 177,415</b>	<b>\$ 924</b>
<b>Net Change in Fund Balance</b>	<b>\$ 7,867</b>	<b>\$ 7,867</b>	<b>\$ 9,065</b>	<b>\$ 1,198</b>
<b>Fund Balance - January 1</b>	<b>185,571</b>	<b>185,571</b>	<b>185,571</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 193,438</b>	<b>\$ 193,438</b>	<b>\$ 194,636</b>	<b>\$ 1,198</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**FIDUCIARY FUNDS**

**AGENCY FUNDS**

Forfeited Tax - is used to account for proceeds from the sale or rental of lands forfeited to the State of Minnesota pursuant to Minn. Stat. ch. 282. The distribution of the net proceeds, after deducting the expenses of the County for managing the tax-forfeited lands, is governed by Minn. Stat. § 282.08. Title to the tax-forfeited lands remains with the state until sold by the County

Joint Powers Collaborative - to account for the collection and disbursement of funds for the local collaborative.

State Revenue - to account for the collection and disbursement of the state's share of fees, fines, and mortgage registry and state deed taxes collected by the County.

Taxes and Penalties - to account for the collection of taxes and penalties and their distribution to the various funds and governmental units.

Watershed Districts - to account for the collection and disbursement of funds for the maintenance of ditches.

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT C-1*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Balance January 1	Additions	Deductions	Balance December 31
<b><u>FORFEITED TAX</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 104,611	\$ 185,719	\$ 104,611	\$ 185,719
<b><u>Liabilities</u></b>				
Accounts payable	\$ 1	\$ 1	\$ 1	\$ 1
Due to other funds	93,968	170,224	93,968	170,224
Due to other governments	10,642	15,494	10,642	15,494
<b>Total Liabilities</b>	<b>\$ 104,611</b>	<b>\$ 185,719</b>	<b>\$ 104,611</b>	<b>\$ 185,719</b>
 <b><u>JOINT POWERS COLLABORATIVE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 238,530	\$ 269,516	\$ 246,734	\$ 261,312
Due from other funds	-	84,860	-	84,860
Due from other governments	67,577	-	67,577	-
<b>Total Assets</b>	<b>\$ 306,107</b>	<b>\$ 354,376</b>	<b>\$ 314,311</b>	<b>\$ 346,172</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 19,461	\$ 193,361	\$ 187,388	\$ 25,434
Due to other funds	22,645	41,575	53,750	10,470
Due to other governments	264,001	119,440	73,173	310,268
<b>Total Liabilities</b>	<b>\$ 306,107</b>	<b>\$ 354,376</b>	<b>\$ 314,311</b>	<b>\$ 346,172</b>
 <b><u>STATE REVENUE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ -	\$ 186,709	\$ 186,709	\$ -
Accounts receivable	14,421	15,743	14,421	15,743
<b>Total Assets</b>	<b>\$ 14,421</b>	<b>\$ 202,452</b>	<b>\$ 201,130</b>	<b>\$ 15,743</b>
<b><u>Liabilities</u></b>				
Due to other governments	\$ 14,421	\$ 202,452	\$ 201,130	\$ 15,743

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT C-1  
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>TAXES AND PENALTIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 1,525,986	\$ 71,399,075	\$ 71,406,616	\$ 1,518,445
Due from other funds	93,968	173,903	93,968	173,903
<b>Total Assets</b>	<b>\$ 1,619,954</b>	<b>\$ 71,572,978</b>	<b>\$ 71,500,584</b>	<b>\$ 1,692,348</b>
<b><u>Liabilities</u></b>				
Due to other funds	\$ 383	\$ 10,529	\$ 383	\$ 10,529
Due to other governments	1,619,571	71,562,449	71,500,201	1,681,819
<b>Total Liabilities</b>	<b>\$ 1,619,954</b>	<b>\$ 71,572,978</b>	<b>\$ 71,500,584</b>	<b>\$ 1,692,348</b>
 <b><u>WATERSHED DISTRICTS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 11,435	\$ 794,144	\$ 793,249	\$ 12,330
<b><u>Liabilities</u></b>				
Due to other governments	\$ 11,435	\$ 794,144	\$ 793,249	\$ 12,330
 <b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 1,880,562	\$ 72,835,163	\$ 72,737,919	\$ 1,977,806
Accounts receivable	14,421	15,743	14,421	15,743
Due from other funds	93,968	258,763	93,968	258,763
Due from other governments	67,577	-	67,577	-
<b>Total Assets</b>	<b>\$ 2,056,528</b>	<b>\$ 73,109,669</b>	<b>\$ 72,913,885</b>	<b>\$ 2,252,312</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 19,462	\$ 193,362	\$ 187,389	\$ 25,435
Due to other funds	116,996	222,328	148,101	191,223
Due to other governments	1,920,070	72,693,979	72,578,395	2,035,654
<b>Total Liabilities</b>	<b>\$ 2,056,528</b>	<b>\$ 73,109,669</b>	<b>\$ 72,913,885</b>	<b>\$ 2,252,312</b>

**OTHER SCHEDULES**

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT D-1**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total All Funds</u>
<b>Shared Revenue</b>			
<b>State</b>			
Highway users tax	\$ 6,052,837	\$ -	\$ 6,052,837
County program aid	2,891,447	-	2,891,447
PERA rate reimbursement	61,294	-	61,294
Disparity reduction credit	2,718,278	-	2,718,278
Disaster credits	77,353	-	77,353
Police aid	232,922	-	232,922
Aquatic invasive species aid	8,151	-	8,151
Local government aid	8,460	-	8,460
Market value credit	153,703	-	153,703
Disparity reduction aid	13,746	-	13,746
<b>Total shared revenue</b>	<b>\$ 12,218,191</b>	<b>\$ -</b>	<b>\$ 12,218,191</b>
<b>Reimbursement for Services</b>			
<b>State</b>			
Minnesota Department of Human Services	\$ 1,150,958	\$ 163,743	\$ 1,314,701
<b>Payments</b>			
<b>Local</b>			
Local	\$ -	\$ 9,066	\$ 9,066
Payments in lieu of taxes	22,384	-	22,384
<b>Total payments</b>	<b>\$ 22,384</b>	<b>\$ 9,066</b>	<b>\$ 31,450</b>
<b>Grants</b>			
<b>State</b>			
Minnesota Department/Board of			
Agriculture	\$ -	\$ 263	\$ 263
Corrections	118,630	-	118,630
Trial Courts	492	-	492
Public Safety	259,518	-	259,518
Transportation	229,153	1,510	230,663
Education	-	993	993
Health	-	443,610	443,610
Natural Resources	773,003	-	773,003
Human Services	3,016,273	352,528	3,368,801
Revenue	3,529	-	3,529
Veterans Services	25,000	-	25,000
Water and Soil Resources	69,320	-	69,320
Pollution Control Agency	-	166,129	166,129
Peace Officer Standards and Training Board	12,551	-	12,551
<b>Total state</b>	<b>\$ 4,507,469</b>	<b>\$ 965,033</b>	<b>\$ 5,472,502</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT D-1  
(Continued)**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Governmental Funds	Enterprise Funds	Total All Funds
<b>Grants (Continued)</b>			
<b>Federal</b>			
Department of			
Agriculture	\$ 558,698	\$ 284,261	\$ 842,959
Commerce	481	-	481
Housing and Urban Development	299,176	-	299,176
Justice	198,984	-	198,984
Transportation	303,240	-	303,240
Education	-	2,289	2,289
Health and Human Services	4,425,264	753,820	5,179,084
Homeland Security	93,164	-	93,164
	<b>\$ 5,879,007</b>	<b>\$ 1,040,370</b>	<b>\$ 6,919,377</b>
<b>Total federal</b>	<b>\$ 5,879,007</b>	<b>\$ 1,040,370</b>	<b>\$ 6,919,377</b>
<b>Total state and federal grants</b>	<b>\$ 10,386,476</b>	<b>\$ 2,005,403</b>	<b>\$ 12,391,879</b>
<b>Total Intergovernmental Revenue</b>	<b>\$ 23,778,009</b>	<b>\$ 2,178,212</b>	<b>\$ 25,956,221</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT D-2**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>		
Passed Through Minnesota Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	\$ 16,364
National School Lunch Program	10.555	27,834
Passed Through Minnesota Department of Health		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	240,063
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	<u>470,015</u>
<b>Total U.S. Department of Agriculture</b>		<b>\$ 754,276</b>
<b>U.S. Department of Commerce</b>		
Passed Through the Headwaters Regional Development Commission		
Public Safety Interoperable Communications Grant Program	11.555	<u>\$ 481</u>
<b>U.S. Department of Housing and Urban Development</b>		
Passed Through Minnesota Department of Employment and Economic Development		
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	<u>\$ 299,176</u>
<b>U.S. Department of Justice</b>		
Direct		
Edward Byrne Memorial Formula Grant Program	16.579	\$ 35,243
(Total Edward Byrne Memorial Formula Grant Program 16.579 \$71,043)		
Passed City of Moorhead Edward Byrne Memorial Formula Grant Program	16.579	35,800
(Total Edward Byrne Memorial Formula Grant Program 16.579 \$71,043)		
Passed Through Minnesota Department of Public Safety		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>127,941</u>
<b>Total U.S. Department of Justice</b>		<b>\$ 198,984</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT D-2  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Transportation</b>		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	\$ 286,928
Passed Through City of Moorhead		
State and Community Highway Safety	20.600	\$ 5,865
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	4,198
National Priority Safety Programs	20.616	<u>6,249</u>
<b>Total U.S. Department of Transportation</b>		<b><u>\$ 303,240</u></b>
<b>U.S. Department of Education</b>		
Passed Through Minnesota Department of Health		
Special Education Grants for Infants and Families with Disabilities	84.181	<u>\$ 2,289</u>
<b>U.S. Election Assistance Commission</b>		
Passed Through Minnesota Secretary of State		
Help America Vote Act Requirements Payments	90.401	<u>\$ 65</u>
<b>U.S. Department of Health and Human Services</b>		
Passed Through National Association of County and City Health Officials		
Medical Reserve Corps Small Grant Program	93.008	\$ 3,964
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	64,170
Universal Newborn Hearing Screening	93.251	1,500
Immunization Cooperative Agreements	93.268	4,150
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5,402
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	21,374
PPHF 2012: National Public Health Improvement Initiative	93.507	7,735
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - Financed Solely by 2012 Prevention and Public Health Funds	93.531	173,186
Temporary Assistance for Needy Families	93.558	95,762
(Total Temporary Assistance for Needy Families 93.558 \$957,204)		
Maternal and Child Health Services Block Grant to the States	93.994	61,103

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT D-2  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Services (Continued)</b>		
Passed Through Minnesota Department of Human Services		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	51,769
Promoting Safe and Stable Families	93.556	15,032
Temporary Assistance for Needy Families	93.558	861,442
(Total Temporary Assistance for Needy Families 93.558 \$957,204)		
Child Support Enforcement	93.563	1,001,519
Refugee and Entrance Assistance - State-Administered Programs	93.566	2,234
Child Care Development Block Grant	93.575	36,882
Stephanie Tubbs Jones Child Welfare Services Program	93.645	9,908
Foster Care - Title IV-E	93.658	355,828
Social Services Block Grant	93.667	440,198
Chafee Foster Care Independence Program	93.674	9,782
Children's Health Insurance Program	93.767	310
Medical Assistance Program	93.778	1,558,678
Block Grants for Community Mental Health Services	93.958	13,558
Block Grants for Prevention and Treatment of Substance Abuse	93.959	106,638
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 4,902,124</b>
<b>U.S. Department of Homeland Security</b>		
Passed Through Minnesota Department of Public Safety		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	\$ 8,607
Hazard Mitigation Grant	97.039	51,961
Emergency Management Performance Grants	97.042	32,362
<b>Total U.S. Department of Homeland Security</b>		<b>\$ 92,930</b>
<b>Total Federal Awards</b>		<b>\$ 6,553,565</b>

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Clay County under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Clay County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Clay County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

4. Clusters

Clusters of programs are groupings of closely related programs that share common compliance requirements. Total expenditures by cluster are:

Child Nutrition Cluster	\$ 44,198
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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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5. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 6,919,377
Grants received in 2006, recognized in 2014	
Help America Vote Act Requirements Payments (CFDA #90.401)	65
Grants received more than 60 days after year-end, deferred in 2014	
Temporary Assistance for Needy Families (CFDA #93.558)	2,523
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)	81,124
Deferred in 2013, recognized as revenue in 2014	
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (CFDA #10.561)	(88,683)
Temporary Assistance for Needy Families (CFDA #93.558)	(21,726)
Child Support Enforcement (CFDA #93.563)	(107,644)
Medical Assistance Program (CFDA #93.778)	(150,113)
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)	(81,358)
Expenditures Per Schedule of Expenditures of Federal Awards	\$ 6,553,565

6. Subrecipients

Of the expenditures presented in the schedule, Clay County provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	\$ 299,176