

Pipestone County



SUMMARY FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

THIS AUDIT WAS RELEASED BY THE OFFICE OF STATE AUDITOR ON AUGUST 27, 2015

The Purpose of this report is to provide a summary of financial information concerning Pipestone County for interested citizens. Questions about this report should be directed to:

Tyler Reisch, County Auditor at (507) 825-6740.

A FULL AND COMPLETE COPY OF THE COUNTY FINANCIAL STATEMENT IS AVAILABLE UPON REQUEST BY CALLING (507) 825-6740, OR BY WRITING THE

**COUNTY AUDITOR
416 S HIAWATHA AVE
Pipestone, MN 5164**

*ALSO AVAILABE ONLINE BY VISITING THE AUDITOR'S DEPARTMENT WEBPAGE AT
WWW.PIPESTONE-COUNTY.COM

A USER'S GUIDE TO COUNTY FINANCIAL STATEMENTS

The following definitions will help citizens understand the terminology that is used in the county's financial statement.

Basic Financial Statements

Pipestone County's basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The management's discussion and analysis and certain budgetary comparison schedules are required to accompany the basic financial statements and, therefore, are included as required supplementary information.

Government-wide financial statements display information about the county's financial reporting entity as a whole, except for its fiduciary activities. These statements should present separate information for the governmental and business-type activities of the county, as well as for its component units.

Fund financial statements display separate financial information for the county's governmental and fiduciary funds. Information for governmental funds is presented separately for major funds. Fiduciary fund information is presented in aggregate by fund type.

Notes to the financial statements provides additional information and disclosure for information in the financial statements.

Governmental activities are general activities of the county financed through taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds.

Financial reporting entity consists of the primary government (county), organizations for which the county is financially accountable, and other organizations for which the nature and significance of their relationship with the county are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a county's financial reporting entity is the primary government, the county.

Primary government is a term used in connection with defining the financial reporting entity. The primary government is the focus of the financial reporting entity. For the county, the primary government represents the financial activities, funds or accounts directly under the control of the county board.

Component unit describes a legally separate organization for which the county board is financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the county are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

County Governmental Fund Types

The **General Fund** is the general operating fund of the county. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted for specified purposes.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of general long-term debt.

County Fiduciary Funds

Agency Funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments, and/or other funds; for example, taxes collected and held by a county for a school district.

Character Classification of County Expenditures

The county's governmental expenditures are classified by character or the periods expenditures are presumed to benefit. The county has the following character classifications:

Current operating expenditures are presumed to benefit the current fiscal period.

Debt services are presumed to benefit prior fiscal periods as well as current and future fiscal periods and includes amounts expended for the payment of principal, interest, and other costs associated with debt.

Capital outlays are presumed to benefit current and future fiscal periods and include amounts expended for the construction or acquisition of county capital assets.

Intergovernmental represent resources transferred by the county to other governments.

Classification of County Functions

Functions are a group of related activities aimed at accomplishing a major service or regulatory program for which the county is responsible. The county has the following functions classifications:

The **General Government** functions include expenditures for general county activities such as the county commissioners, county administration, county attorney's office, county auditor's office, county treasurer's office, county recorder's office, county assessor's office and other county general service offices.

Public Safety relates to the objective of protection of persons and property and includes expenditures of the operations of the sheriff's office and ambulance service.

Highways and Streets includes expenditures relating to the construction and maintenance of county highways and streets.

Sanitation involves expenditures for the removal and disposal of waste and includes county solid waste collection and disposal, recycling, and household hazardous waste programs.

Human Services represents activities designed to provide public assistance and institutional care for individuals unable to provide essential needs for themselves. These programs include child support collection, child welfare, chemical dependency, medical assistance, and others.

Health involves all activities involved in the conservation and improvement of public health. This function includes expenditures for the county public health department, home health aid services, other nursing services, maternal and child health, supplemental nutrition programs, and programs to protect public and private water systems.

Culture and Recreation involves cultural and recreational activities maintained for the benefit of county residents and visitors. These activities include county libraries, parks, museums, and other recreation programs.

Conservation involves activities designed to conserve and develop such natural resources as water and soil, and includes such programs as soil and water conservation, county extension, water planning, and other.

Economic Development activities are directed toward economically developing the area encompassed by the county and providing assistance to, and opportunity for, economically disadvantaged persons or businesses.

2014 PIPESTONE COUNTY OFFICIALS

COMMISSIONERS

		TERM EXPIRES	ELECTED		
DISTRICT 1	LUKE JOHNSON	JANUARY 2017	ATTORNEY	JAMES O'NEILL ⁴	JANUARY 2015
DISTRICT 2	HAROLD (BUTCH) MILLER ¹	JANUARY 2015	AUDITOR	TYLER REISCH	JANUARY 2015
DISTRICT 3	BRUCE KOOIMAN ²	JANUARY 2017	CORONER	DR. LARRY CHRISTENSEN	JANUARY 2015
DISTRICT 4	BILL JOHNSON ³	JANUARY 2015	RECORDER	MARY ANN DEGROOT	JANUARY 2015
DISTRICT 5	JERRY REMUND	JANUARY 2017	SHERIFF	DAN DELANEY ⁵	JANUARY 2015

APPOINTED

ADMINISTRATOR	SHARON HANSON
ASSESSOR	JOYCE SCHMIDT
HIGHWAY ENGINEER	DAVID HALBERSMA
VETERANS SERV OFF	MARC HALL

¹Les Nath elected in 2014

²Board Chair 2015

³Board Chair 2014, Dan Wildermuth elected in 2014

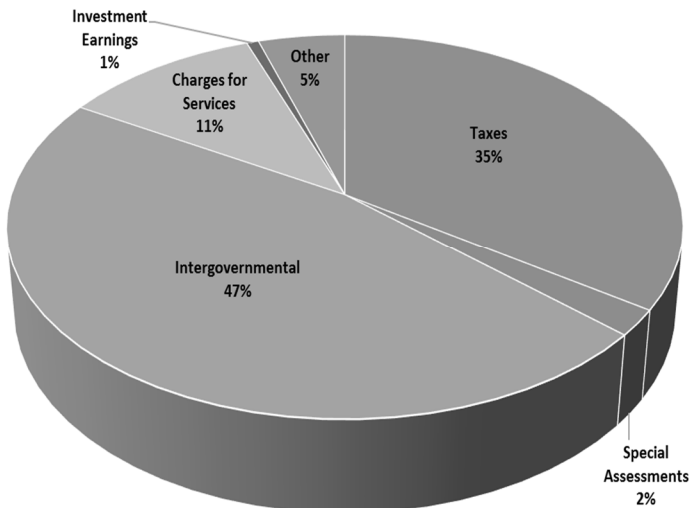
⁴Damain Sandy elected in 2014

⁵Keith Vreeman elected in 2014

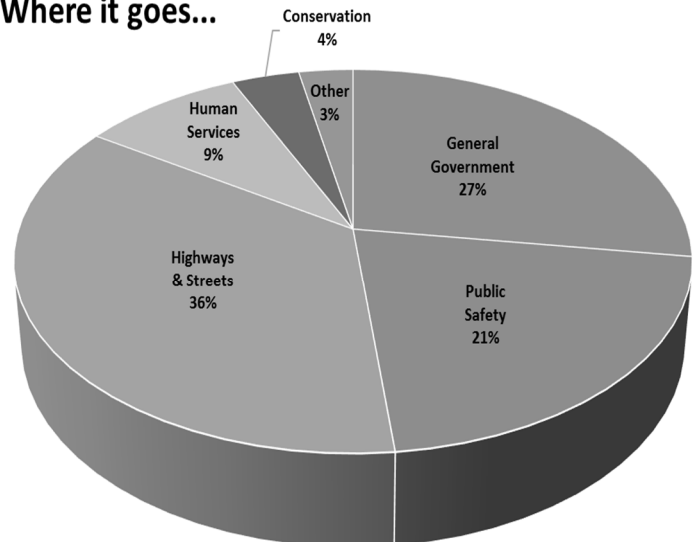
A PROFILE OF PIPESTONE COUNTY

KEY INDICATOR	2014	2013	PERCENT INCREASE (DECREASE)
ESTIMATED POPULATION	9,336	9,270	0.712%
TAX CAPACITY	17,862,939	13,500,568	32.312%
PERCENT OF PROPERTY TAXES COLLECTED	98.42%	98.70%	(0.284%)
GOVERNMENTAL REVENUES			
GENERAL REVENUES	5,876,556	4,984,706	17.892%
PROGRAM REVENUES	9,105,934	7,191,371	26.623%
GOVERNMENTAL EXPENDITURES	12,813,648	12,417,186	3.193%
CAPITAL ASSETS			
GOVERNMENTAL ACTIVITIES	48,955,932	46,978,173	4.210%
BUSINESS-TYPE ACTIVITIES	13,374,666	12,494,632	7.043%
GOVERNMENT-WIDE NET POSITION			
GOVERNMENTAL ACTIVITIES	60,668,352	58,499,510	3.707%
BUSINESS-TYPE ACTIVITIES	33,760,765	30,559,150	10.477%
OUTSTANDING LONG-TERM DEBT			
GENERAL OBLIGATION	1,562,639	1,690,000	(7.536%)
LOANS PAYABLE	221,754	223,886	(0.952%)
STANDARD & POORS BOND RATING	AA	AA	

Where it comes from...



Where it goes...



STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2014

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and pooled investments	\$ 8,144,817	\$ 7,720,359	\$ 15,865,176
Investments	1,219,000	-	1,219,000
Receivables - net	3,311,280	3,637,582	6,948,862
Loans receivable	189,043	-	189,043
Inventories	107,822	661,577	769,399
Prepaid Items	48,202	485,005	533,207
Assets restricted as to use for			
Capital acquisition and deb redemption	-	12,133,193	12,133,193
Insurance	-	500,000	500,000
Investment in joint venture	-	342,295	342,295
Capital assets			
Nondepreciable capital assets	2,330,530	3,488,054	5,818,584
Depreciable capital assets - net of accumulated depreciation	46,625,402	9,886,612	56,512,014
	\$ 61,976,096	\$ 38,854,677	\$ 100,830,773
<u>Liabilities</u>			
Current liabilities			
Accounts payable and other current liabilities	\$ 614,616	\$ 2,255,956	\$ 2,870,572
Accrued interest payable	-	25,413	25,413
Unearned revenue	-	150,921	150,921
Internal balances	247,735	(25,413)	222,322
Long-term liabilities			
Due within one year	47,978	409,530	457,508
Due in more than one year	397,415	2,277,505	2,674,920
	\$ 1,307,744	\$ 5,093,912	\$ 6,401,656
<u>Net Position</u>			
Net investment in capital assets	\$ 48,955,932	\$ 10,687,632	\$ 59,643,564
Restricted for			
Other purposes	204,080	-	204,080
Public safety	55,238	-	55,238
Highways and streets	2,625,553	-	2,625,553
Ditches	18,259	-	18,259
Unrestricted	8,809,290	23,073,133	31,882,423
	\$ 60,668,352	\$ 33,760,765	\$ 94,429,117

STATEMENT OF ACTIVITIES

AS OF DECEMBER 31, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
	Expenses					
Governmental activities						
General Government	\$ 3,190,964	\$ 506,096	\$ 391,116	\$ 109,678	\$ (2,184,074)	\$ (2,184,074)
Public safety	2,879,916	1,376,580	259,781	-	(1,243,555)	(1,243,555)
Highways and streets	4,796,603	287,802	3,642,384	1,906,085	1,039,668	1,039,668
Sanitation	225,968	258,940	63,803	-	96,775	96,775
Human services	1,054,742	-	-	-	(1,054,742)	(1,054,742)
Health	57,576	-	-	-	(57,576)	(57,576)
Culture and recreation	130,296	-	32,285	-	(98,011)	(98,011)
Conservation of natural resources	470,317	131,344	140,040	-	(198,933)	(198,933)
Economic development	6,775	-	-	-	(6,775)	(6,775)
Interest	491	-	-	-	(491)	(491)
Total governmental activities	\$ 12,813,648	\$ 2,560,762	\$ 4,529,409	\$ 2,015,763	\$ (3,707,714)	\$ (3,707,714)
Business-type activities						
Medical Center	23,583,641	25,301,369	-	-	1,717,728	1,717,728
Total	\$ 36,397,289	\$ 27,862,131	\$ 4,529,409	\$ 2,015,763	\$ (3,707,714)	\$ (1,989,986)
General Revenues						
Property taxes		\$ 4,779,429			\$ -	\$ 4,779,429
Mortgage registry and deed tax			7,144		-	7,144
Wind production tax			409,274		-	409,274
Payments in lieu of tax			70,380		-	70,380
Grants and contributions not restricted to specific programs				662,769	593,768	1,256,537
Interest income				101,197	115,288	216,485
Miscellaneous				143,626	-	143,626
Minority interest				-	528,325	528,325
Transfers				(297,263)	246,506	(50,757)
Total general revenues, transfers, and special item		\$ 5,876,556		\$ 1,483,887	\$ 7,360,443	\$ 7,360,443
Change in net position				\$ 2,168,842	\$ 3,201,615	\$ 5,370,457
Net Position - Beginning				58,499,510	30,559,150	89,058,660
Net Position - Ending				\$ 60,668,352	\$ 33,760,765	\$ 94,429,117

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

	General	Road and Bridge	Family Services	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and pooled investments	\$ 5,484,382	\$ 1,548,682	\$ 698,941	\$ 254,661	\$ 7,986,666
Undistributed cash in agency funds	92,243	24,525	32,746	5,512	155,026
Petty cash and change funds	3,025	100	-	-	3,125
Investments	44,000	1,175,000	-	-	1,219,000
Taxes receivable					
Delinquent	30,496	9,897	13,370	10,005	63,768
Special assessments receivable					
Delinquent	17,280	-	-	1,195	18,475
Noncurrent	307,040	-	-	-	307,040
Accounts receivable	87,686	10,307	-	-	97,993
Loans receivable	-	-	189,043	-	189,043
Accrued interest receivable	28,869	3,468	-	-	32,337
Due from other funds	-	19,145	-	-	19,145
Due from other governments	59,934	2,731,733	-	-	2,791,667
Inventories	-	107,822	-	-	107,822
Prepaid items	48,202	-	-	-	48,202
Total Assets	\$ 6,203,157	\$ 5,630,679	\$ 934,100	\$ 271,373	\$ 13,039,309
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 138,616	\$ 29,662	\$ -	\$ 400	\$ 168,678
Salaries payable	173,151	50,379	-	-	223,530
Contracts payable	-	169,481	-	-	169,481
Due to proprietary fund	-	-	-	247,735	247,735
Due to other funds	19,145	-	-	-	19,145
Due to other governments	43,020	9,907	-	-	52,927
Total Liabilities	\$ 373,932	\$ 259,429	\$ -	\$ 248,135	\$ 881,496
Deferred Inflows of Resources					
Unavailable revenue	\$ 361,671	\$ 2,697,969	\$ 13,370	\$ 11,200	\$ 3,084,210
Fund Balances					
Nonspendable					
Inventories	\$ -	\$ 107,822	\$ -	\$ -	\$ 107,822
Missing hiers	6,998	-	-	-	6,998
Prepaid items	48,202	-	-	-	48,202
Noncurrent loans receivable	-	-	189,043	-	189,043
Restricted for					
Uncompleted county projects	-	116,480	-	-	116,480
Fairgrounds food stand	3,151	-	-	-	3,151
Health cost management program	750	-	-	-	750
Law library	18,833	-	-	-	18,833
Recorder's technology fund	56,104	-	-	-	56,104
Recorder's compliance fund	125,242	-	-	-	125,242
Sheriff's contingency	3,894	-	-	-	3,894
Probation supervision	10,783	-	-	-	10,783
DUI fees	6,723	-	-	-	6,723
Drug forfeitures	8,432	-	-	-	8,432
Jail canteen fund	3,472	-	-	-	3,472
Permit to carry	21,934	-	-	-	21,934
Highway allotments	-	81,464	-	-	81,464
Septic/sewer loans	12,759	-	-	-	12,759
Ditches	-	-	-	18,259	18,259
Assigned for					
Elections	114,239	-	-	-	114,239
Buildings	107,657	-	-	-	107,657
Capital improvements	212,878	-	-	-	212,878
Capital equipment	-	308,000	-	-	308,000
Ambulance	90,000	-	-	-	90,000
Solid waste/recycling	534,808	-	-	-	534,808
Fairgrounds food stand	45,000	-	-	-	45,000
County septic loan program	106,637	-	-	-	106,637
Radio communications system	45,000	-	-	-	45,000
Computer software	200,212	-	-	-	200,212
Rock River septic loans	17,148	-	-	-	17,148
AgBMP septic loan	13,525	-	-	-	13,525
Rock River septic loan	1,549	-	-	-	1,549
Road and bridge	-	2,059,515	-	-	2,059,515
Family services	-	-	731,687	-	731,687
Unassigned	3,651,624	-	-	(6,221)	3,645,403
Total Fund Balances	\$ 5,467,554	\$ 2,673,281	\$ 920,730	\$ 12,038	\$ 9,073,603
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,203,157	\$ 5,630,679	\$ 934,100	\$ 271,373	\$ 13,039,309

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2014

	General	Road and Bridge	Family Services	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 3,051,692	\$ 820,355	\$ 1,095,315	217,136	\$ 5,184,498
Special assessments	282,892	-	-	39,665	322,557
Licenses and permits	14,050	-	-	-	14,050
Intergovernmental	1,623,962	5,344,349	55,936	-	7,024,247
Charges for services	1,529,598	121,899	-	-	1,651,497
Fines and forfeitures	8,160	-	-	-	8,160
Gifts and contributions	6,686	-	-	-	6,686
Investment earnings	86,843	9,649	4,720	-	101,212
Miscellaneous	502,647	199,091	-	-	701,738
Total Revenues	\$ 7,106,530	\$ 6,495,343	\$ 1,155,971	\$ 256,801	\$ 15,014,645
Expenditures					
Current					
General government	\$ 3,105,175	\$ -	\$ -	\$ -	\$ 3,105,175
Public safety	2,884,863	-	-	-	2,884,863
Highways and streets	-	6,411,204	-	-	6,411,204
Sanitation	219,413	-	-	-	219,413
Culture and recreation	78,645	-	-	-	78,645
Conservation of natural resources	447,314	-	-	630	447,944
Economic development	6,775	-	-	-	6,775
Intergovernmental	109,227	299,825	1,054,742	-	1,463,794
Debt service					
Principal	22,494	-	-	-	22,494
Interest	2,502	-	-	-	2,502
Total Expenditures	\$ 6,876,408	\$ 6,711,029	\$ 1,054,742	\$ 630	\$ 14,642,809
Excess of Revenues Over (Under) Expenditures	\$ 230,122	\$ (215,686)	\$ 101,229	\$ 256,171	\$ 371,836
Other Financing Sources (Uses)					
Transfers out	\$ -	\$ -	\$ -	\$ (1,838,576)	\$ (1,838,576)
Loans issued	20,363	-	-	-	20,363
Bond issuance costs	-	-	-	-	-
Proceeds from sale of capital assets	13,650	-	-	(8,635)	5,015
Total Other Financing Sources (Uses)	\$ 34,013	\$ -	\$ -	\$ (1,847,211)	\$ (1,813,198)
Net Change in Fund Balance	\$ 264,135	\$ (215,686)	\$ 101,229	\$ (1,591,040)	\$ (1,441,362)
Fund Balance - January 1	5,203,419	3,021,648	819,501	1,603,078	10,647,646
Increase (decrease) in inventories	-	(132,681)	-	-	(132,681)
Fund Balance - December 31	\$ 5,467,554	\$ 2,673,281	\$ 920,730	\$ 12,038	\$ 9,073,603

