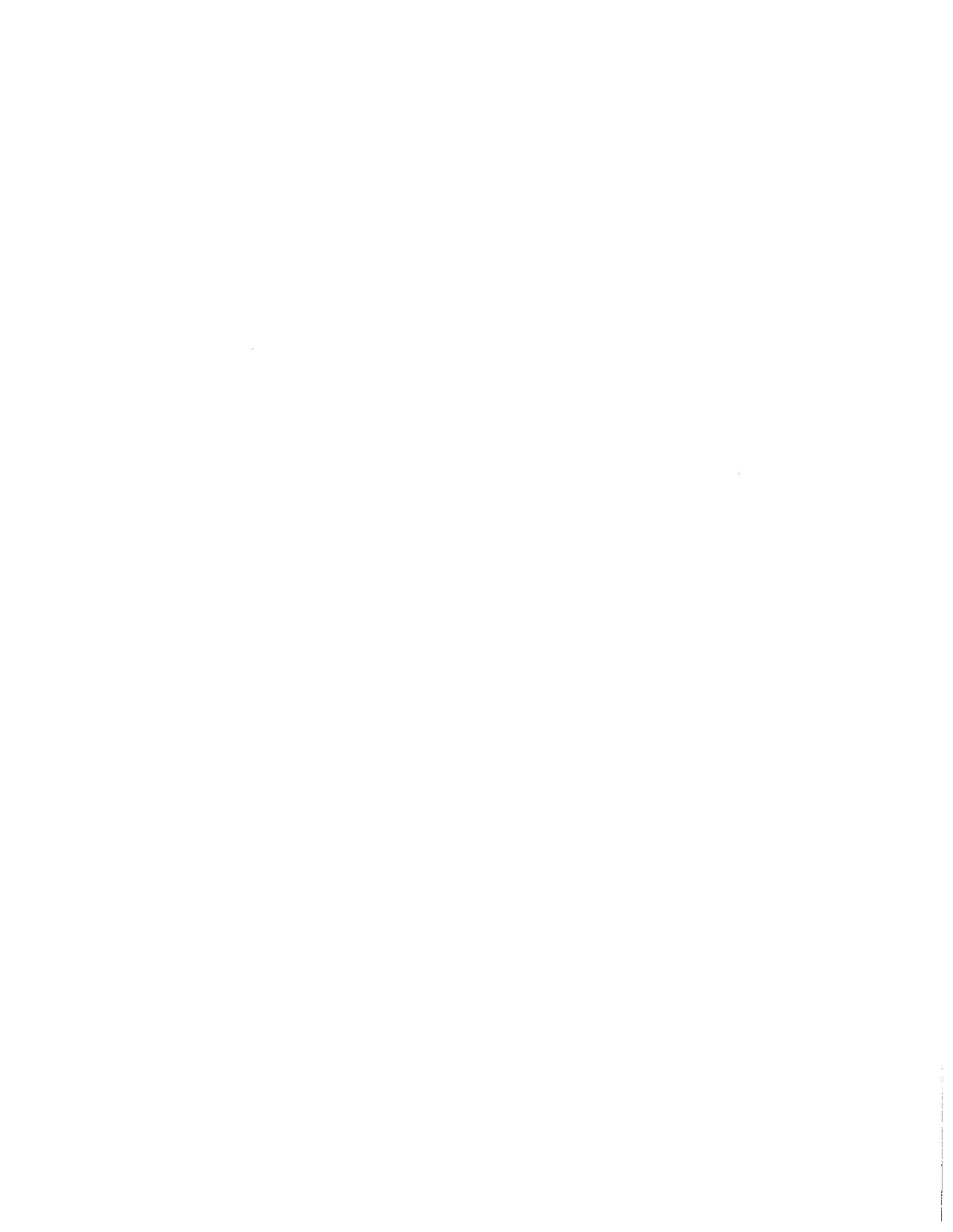


**BENTON COUNTY
FOLEY, MINNESOTA**

**BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005**



**BENTON COUNTY
FOLEY, MINNESOTA
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YEAR ENDED DECEMBER 31, 2005**

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FOLEY, MINNESOTA
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INTRODUCTORY SECTION

**BENTON COUNTY
FOLEY, MINNESOTA
ORGANIZATION
DECEMBER 31, 2005**

Office	Name	Term	
		From	To
Commissioners			
1st District	Duane J. Walter *	January 2005	January 2009
2nd District	Daniel Lieser	January 2003	January 2007
3rd District	Duane Grandy	January 2003	January 2007
4th District	Richard J. Soyka	January 2005	January 2009
5th District	Earl Bukowski	January 2005	January 2009
Officers			
Elected			
Attorney	Robert Raupp	January 2003	January 2007
Auditor/Treasurer	Joan Neyssen	January 2003	January 2007
Coroner	Clifford Stiles, M.D.	January 2003	January 2007
County Recorder	Marilyn Novak	January 2003	January 2007
Sheriff	James McMahon, Sr.	January 2003	January 2007
Appointed			
Administrator	Montgomery Headley	Indefinite	
Assessor	Brian Koester	January 2005	January 2009
Court Administrator	Timothy Roberts	Indefinite	
Development Director	Chelle Benson	Indefinite	
Highway Engineer	Robert H. Kozel, P.E.	May 2005	May 2009
Human Services			
Board			
Member	Earl Bukowski	January 2005	January 2009
Chair	Daniel Lieser	January 2003	January 2007
Member	Duane J. Walter	January 2005	January 2009
Vice Chair	Richard J. Soyka	January 2005	January 2009
Member	Duane Grandy	January 2003	January 2007
Director	Timothy Martin	Indefinite	

* Chair

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FINANCIAL SECTION



STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-Mail)
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PATRICIA ANDERSON
STATE AUDITOR

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Benton County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, Minnesota, as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Benton County's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the other required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the method of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

(2)



Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Benton County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 23, 2006, on our consideration of Benton County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.



PATRICIA ANDERSON
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: August 23, 2006

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REQUIRED SUPPLEMENTARY INFORMATION

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2005**

This section of Benton County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on December 31, 2005. The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current year, 2005, and the prior year, 2004, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2004-2005 fiscal years include the following:

- ◆ County-wide net assets increased 10.4 percent over the prior year.
- ◆ Overall fund-level revenues totaled \$32,786,224 and were \$4,843,734 less than expenditures.
- ◆ The General Fund's fund balance increased \$1,043,464 from the prior year, due primarily to higher than expected revenue collections, most notably in prisoner boarding fees, recorder filing fees, and interest income. While General Fund revenues increased 10.0 percent, General Fund expenditures grew by only 7.5 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, Required Supplementary Information which includes the Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information other than MD&A. The basic financial statements include two kinds of statements that present different views of the county:

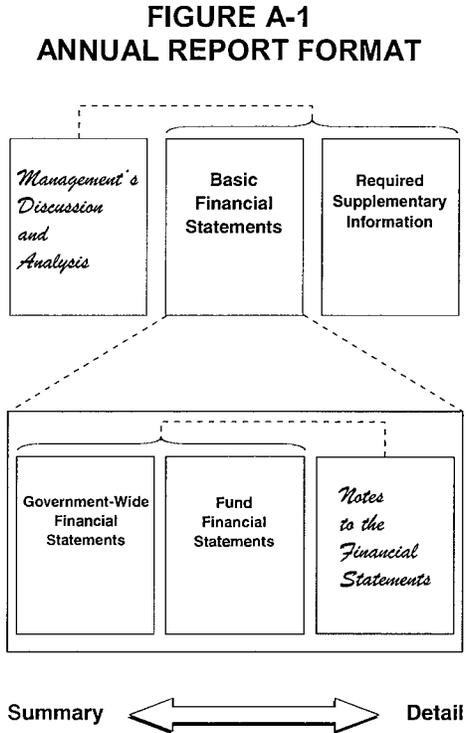
- ◆ The first two statements are County-wide financial statements which provide both short-term and long-term information about the County's overall financial status.
- ◆ The remaining statements are fund financial statements which focus on individual parts of the County, reporting the County's operations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

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2005**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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



**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2005**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

County-wide statements

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

The two County-wide statements report the County's net assets and how they have changed. Net assets – the difference between the County's assets and liabilities – are one way to measure the County's financial health or position.

- ◆ Over time, increases or decreases in the County's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2005**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

County-wide statements (continued)

- ◆ To assess the overall health of the County you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of County buildings and other facilities.

In the County-wide financial statements the County's activities are shown in one category:

- ◆ Governmental activities – the County's basic services are included here. Property taxes and state aids finance most of these activities.

Fund Financial Statements

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

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

The County has two kinds of funds:

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

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2005**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Assets

The County's net assets were \$59,673,900 on December 31, 2005. (See Table A-1.)

**Table A-1
The County's Net Assets**

	Governmental Activities		Percentage Change
	2005	2004	
Current and Other Assets	\$ 23,418,044	\$ 28,218,856	(17.0)%
Capital and Non-Current Assets	56,366,782	54,173,326	4.0
Total Assets	79,784,826	82,392,182	(3.2)
Current Liabilities	3,459,556	3,694,190	(6.4)
Long Term Liabilities	16,651,370	24,659,356	(32.5)
Total Liabilities	20,110,926	28,353,546	(29.1)
Net Assets			
Invested in Capital Assets			
Net of Related Debt	39,958,452	29,734,659	34.4
Restricted	1,609,370	7,945,518	(79.7)
Unrestricted	18,106,078	16,358,459	10.7
Total Net Assets	\$ 59,673,900	\$ 54,038,636	10.4

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2005**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Assets

The County-wide total revenues were \$32,486,362 for the year ended December 31, 2005. Property taxes and intergovernmental revenues accounted for 89.7% of total revenue for the year. This portion of total revenues is an increase of 1.2% from the prior year (See Figure Table A-2.)

**Table A-2
Change in Net Assets**

	Governmental Activities for the fiscal year ended December 31,		Total % Change
	2005	2004	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 2,511,682	\$ 2,323,976	8.1 %
Operating Grants and Contributions	9,781,924	7,688,734	27.2
Capital Grants and Contributions	2,020,422	1,867,185	8.2
<u>General Revenues</u>			
Property Taxes	13,960,146	12,307,195	13.4
Unrestricted State Aid	3,366,504	2,015,158	67.1
Investment Earnings	548,604	503,720	8.9
Other	297,080	300,911	(1.3)
Total Revenues	<u>32,486,362</u>	<u>27,006,879</u>	20.3
Expenses			
General Government	4,630,775	3,923,288	18.0
Public Safety	5,837,151	5,903,449	(1.1)
Highways and Streets	6,017,479	5,761,907	4.4
Human Services	7,486,794	7,389,553	1.3
Health	761,666	607,206	25.4
Culture and Recreation	440,622	527,227	(16.4)
Conservation of Natural Resources	516,851	465,495	11.0
Economic Development	408,725	352,441	16.0
Interest and Fiscal Charges on Long-term Liabilities	751,035	1,150,251	(34.7)
Total Expenses	<u>26,851,098</u>	<u>26,080,817</u>	3.0
Increase in Net Assets	5,635,264	926,062	508.5
Net Assets - Beginning of Year	54,038,636	53,112,574	1.7
Net Assets - End of Year	<u>\$ 59,673,900</u>	<u>\$ 54,038,636</u>	10.4

Total revenues surpassed expenses, increasing net assets \$5,635,264 over last year. Of this increase \$1.9 million was due to the receipt of State-Aid "Turn back" funds for a major road project that will be completed in 2006. Also the County's allocation of County Program Aid was increased by \$1.2 million from 2004 to 2005. Given recent cuts in state aid and concerns regarding the possible return of levy limits, the County exercised considerable restraint in spending growth. This approach has improved the County's cash reserves, making the County better prepared to manage the effects of future state actions.

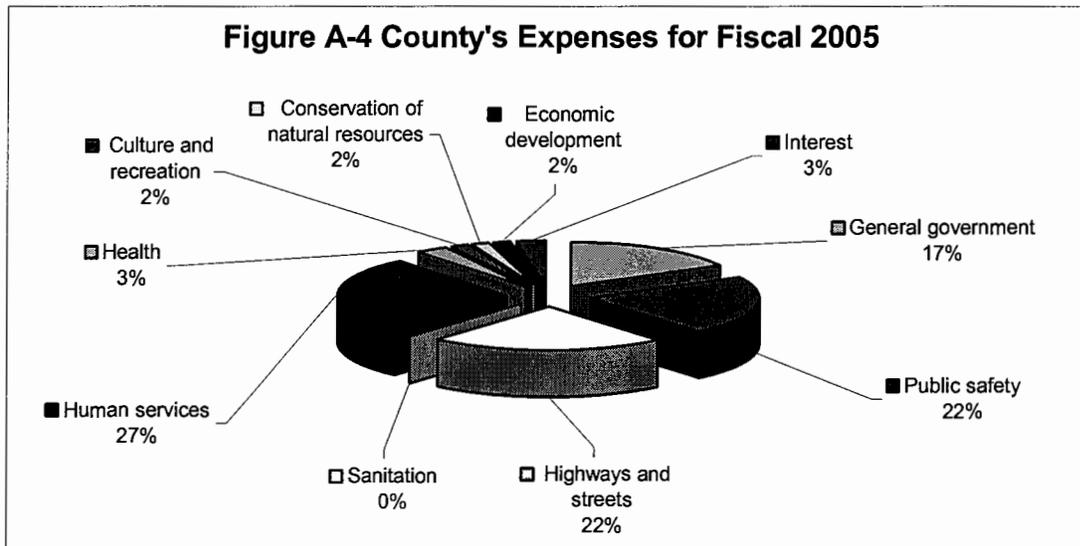
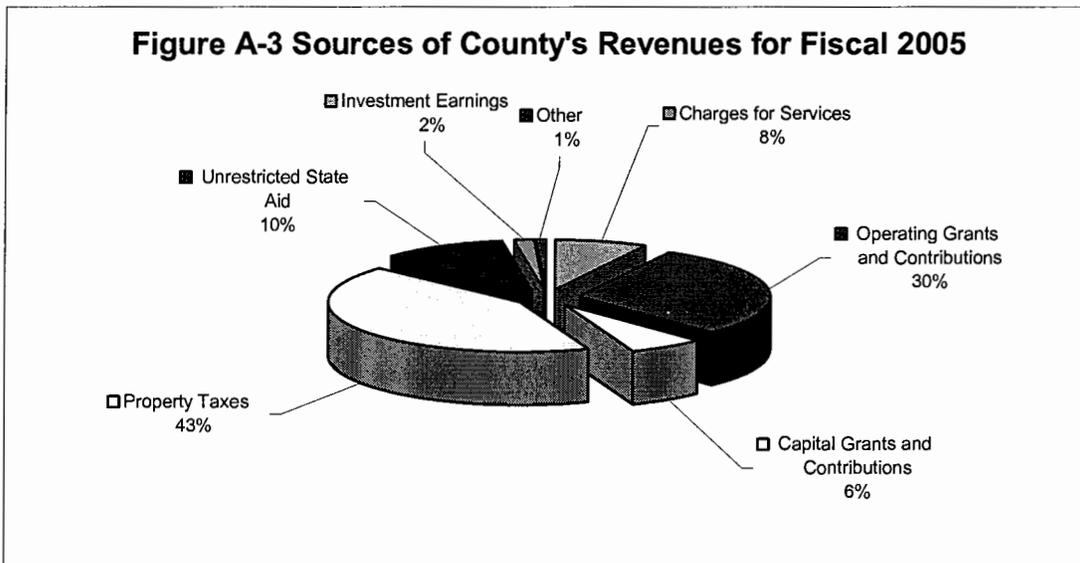
**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2005**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Assets (Continued)

The County-wide cost of all governmental activities this year was \$26,851,098.

- ◆ Some of the cost was paid by the users of the County's programs (\$2,511,682).
- ◆ The federal and state governments contributed to certain programs with grants and contributions (\$11,802,346).
- ◆ A significant portion of the County's costs (\$12,537,070), however, were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$13,960,146 in property taxes, \$3,366,504 of state aid, and with investment earnings and other general revenues.



**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2005**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Assets (Continued)

**Table A-3
Program Expenses and Net Cost of Services**

	<u>Total Cost of Services</u>		<u>Percent Change</u>	<u>Net Cost of Services</u>		<u>Percent Change</u>
	<u>2005</u>	<u>2004</u>		<u>2005</u>	<u>2004</u>	
General Government	\$ 4,630,775	\$ 3,923,288	18.0 %	\$ 3,739,858	\$ 3,209,856	16.5 %
Public Safety	5,837,151	5,903,449	(1.1)	4,265,526	4,305,920	(0.9)
Highways and Streets	6,017,479	5,761,907	4.4	788,794	2,549,050	(69.1)
Human Services	7,486,794	7,389,553	1.3	1,982,463	2,215,251	(10.5)
Health	761,666	607,206	25.4	339,368	167,883	102.1
Culture and Recreation	440,622	527,227	(16.4)	301,396	426,194	(29.3)
Conservation of Natural Resources	516,851	465,495	11.0	89,053	(170,682)	152.2
Economic Development	408,725	352,441	16.0	279,577	347,199	(19.5)
Interest and Fiscal Charges on Long-term Liabilities	751,035	1,150,251	(34.7)	751,035	1,150,251	(34.7)
Total	<u>\$ 26,851,098</u>	<u>\$ 26,080,817</u>	3.0	<u>\$ 12,537,070</u>	<u>\$ 14,200,922</u>	(11.7)

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$20,000,532.

Revenues for the County's governmental funds were \$32,786,224, while total expenditures were \$37,629,958. During 2005, the County did not issue any additional long term debt.

GENERAL FUND

Includes the general governmental functions of the County not otherwise accounted for in another fund.

ROAD AND BRIDGE FUND

Accounts for financial activity related to the construction and maintenance of the County road system, including County state-aid highways and County roads.

HUMAN SERVICES FUND

Accounts for financial activity related to the provision of social services, medical and financial assistance, and public health.

MISCELLANEOUS SPECIAL REVENUE FUND

Accounts for the financial activity related to a number of smaller activities.

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2005**

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

DEBT SERVICE FUND

Accounts for principal, interest, and fiscal agent fees associated with the County's outstanding debt, including general obligation debt and capital leases.

CAPITAL PROJECTS FUND

Accounts for the financing of multi-year capital projects, including those funded with Capital Improvement Plan bonds.

The following schedule presents a summary of General Fund revenues:

**TABLE A-4
GENERAL FUND REVENUES**

Fund	Year Ended		Change	
	December 31, 2005	December 31, 2004	Increase (Decrease)	Percent
Taxes	\$ 7,408,591	\$ 6,940,958	\$ 467,633	6.7 %
Intergovernmental	1,969,316	1,714,425	254,891	14.9
Charges for services	1,675,845	1,549,022	126,823	8.2
Investment earnings	436,588	181,369	255,219	140.7
Miscellaneous and other	425,370	442,165	(16,795)	(3.8)
Total General Fund Revenue	\$ 11,915,710	\$ 10,827,939	\$ 1,087,771	10.0

Total General Fund revenue increased by \$1,087,771, or 10.0%, from the previous year. This revenue increase funded a number of increased costs in County departments, including wage increases in labor agreements, higher employee health insurance premiums, moving the Courts Facility debt service to levy support, and additional staff positions to address higher workload. Charges for services increased due to growth in prisoner boarding, charging inmates for housing costs, and Recorder filing fees bolstered by a strong economy.

The following schedule presents a summary of General Fund expenditures:

**TABLE A-5
GENERAL FUND EXPENDITURES**

	Year Ended		Change	
	December 31, 2005	December 31, 2004	Increase (Decrease)	Percent
General Government	\$ 4,248,778	\$ 3,692,758	\$ 556,020	15.1 %
Public Safety	5,475,673	5,342,179	133,494	2.5
Health	26,953	24,866	2,087	8.4
Culture and Recreation	441,432	514,252	(72,820)	(14.2)
Conservation of Natural Resources	255,018	160,899	94,119	58.5
Economic Development	403,018	350,093	52,925	15.1
Debt Service	-	7,704	(7,704)	(100.0)
Total Expenditures	\$ 10,850,872	\$ 10,092,751	\$ 758,121	7.5

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2005**

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the County revised the annual operating budget to reflect prior year carry-over funds in Capital Projects and for minor reallocations between departments and contingency funds for severance pay outs, unemployment claims, and salary reclassification costs.

- ◆ Actual revenues were \$810,747 more than expected. This favorable variance is due primarily to more jail boarding fees than expected, and improved interest earnings from high cash balances and better investment rates.
- ◆ The actual expenditures were \$412,371 less than budget. The adopted budget reflects full-funding for all approved positions, including new positions approved for 2005. However vacancies occurring during the year create savings that account for a significant portion of this favorable variance.

CONSTRUCTION PROJECTS AND DEBT SERVICE

The Capital Projects Fund is currently being used to track the capital notes and capital improvement bonds approved by the board over the past years. The majority of the construction expenditures are for a new Public Works facility, a Sheriff's radio tower project, road projects, road maintenance equipment and computer equipment.

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

CAPITAL ASSETS

By the end of 2005, the County had invested over \$92.8 million (before depreciation) in a broad range of capital assets, including buildings, computers, equipment, and infrastructure. (See Table A-6). (More detailed information about capital assets can be found in Note 3A to the financial statements.) Total depreciation expense for the year was \$2,772,507.

**Table A-6
The County's Capital Assets**

	<u>2005</u>	<u>2004</u>	Percentage Change
Land	\$ 2,409,215	\$ 2,409,215	-
Right-of-Way	7,895,594	7,740,080	2.0
Construction in Progress	4,432,298	1,035,221	328.1
Infrastructure	56,818,120	55,824,367	1.8
Buildings	15,544,717	15,544,717	-
Machinery, Furniture, and Equipment	5,755,394	5,520,207	4.3
Less: Accumulated Depreciation	(36,488,556)	(33,900,481)	7.6
Total	<u>\$ 56,366,782</u>	<u>\$ 54,173,326</u>	<u>4.0</u>

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2005**

LONG-TERM LIABILITIES

At year-end, the County had \$16,898,093 in long-term liabilities outstanding.

- ◆ The County's total long-term debt decreased \$8,322,840, due primarily to the retirement of the Jail Lease Revenue Bond with cash held in escrow and making the payments on previously issued bonds.

**Table A-7
The County's Long-term Liabilities**

	<u>2005</u>	<u>2004</u>	<u>Percentage Change</u>
General Obligation Bonds and Notes	\$ 7,143,000	\$ 8,128,000	(12.1)%
Loans Payable	147,338	196,481	(25.0)
Revenue Bonds Payable	6,385,000	13,045,000	(51.1)
Economic Development Loans Payable	489,763	782,266	(37.4)
Capital Leases Payable	2,732,992	3,069,186	(11.0)
Total	<u><u>\$ 16,898,093</u></u>	<u><u>\$ 25,220,933</u></u>	<u><u>(33.0)</u></u>

FACTORS BEARING ON THE COUNTY'S FUTURE

A growing population, an aging infrastructure, and the increasing cost of employee compensation and benefits are among the major factors affecting the County's financial condition and spending needs. A reimposition of levy limits or a levy freeze could create significant challenges for the County in meeting these needs. While the County has experienced healthy tax capacity growth in recent years, levy limits have not allowed the County to capture new revenue resulting from that growth.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

**BENTON COUNTY
FOLEY, MINNESOTA**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

		<u>Governmental Activities</u>
	<u>Assets</u>	
Cash and pooled investments	\$	19,589,650
Petty cash and change funds		2,900
Taxes receivable		
Delinquent		330,028
Special assessments receivable		
Delinquent		8,478
Deferred		323,571
Accounts receivable		88,941
Accrued interest receivable		98,247
Loans receivable		683,226
Due from other governments		2,002,192
Inventories		209,526
Deferred debt issue costs		81,285
Non-depreciable capital assets		
Land		2,409,215
Right-of-way		7,895,594
Construction in progress		4,432,298
Depreciable capital assets		
Buildings (net)		11,622,862
Machinery, vehicles, furniture, and equipment (net)		3,114,675
Infrastructure (net)		26,892,138
Total Assets	\$	79,784,826
	<u>Liabilities</u>	
Accounts payable	\$	589,088
Salaries payable		216,312
Contracts payable		440,516
Due to other governments		189,717
Accrued interest payable		235,383
Compensated absences - due in less than one year		77,091
General obligation bonds and notes payable - due in less than one year		836,000
Loans payable - due in less than one year		50,388
Revenue bonds payable - due in less than one year		450,000
Economic development loans payable - due in less than one year		22,248
Capital leases payable - due in less than one year		352,813
Compensated absences - due in more than one year		1,464,726
General obligation bonds and notes payable - due in more than one year		6,307,000
Loans payable - due in more than one year		96,950
Revenue bonds payable - due in more than one year		5,935,000
Economic development loans payable - due in more than one year		467,515
Capital leases payable - due in more than one year		2,380,179
Total Liabilities	\$	20,110,926
	<u>Net Assets</u>	
Invested in capital assets net of related debt	\$	39,958,452
Restricted for		
Economic development		1,060,083
Contingency funds		28,723
Recorders' equipment		62,269
Natural resources block grant		71,360
SCORE		157,303
E911		217,922
Gravel pit		11,710
Unrestricted		18,106,078
Total Net Assets	\$	59,673,900

**BENTON COUNTY
FOLEY, MINNESOTA**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2005**

	Program Revenues			Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets Governmental Activities
	Expenses	Fees, Charges, Fines and Other	Operating Grants and Contributions		
Functions/Programs					
Primary Government					
Governmental activities:					
General government	\$ 4,630,775	\$ 763,599	\$ 127,318	\$ -	\$ (3,739,858)
Public safety	5,837,151	1,159,625	412,000	-	(4,265,526)
Highways and streets	6,017,479	142,034	3,402,202	1,684,449	(788,794)
Human services	7,486,794	357,949	5,146,382	-	(1,982,463)
Health	761,666	19,780	402,518	-	(339,368)
Culture and recreation	440,622	61,439	77,787	-	(301,396)
Conservation of natural resources	516,851	7,256	84,569	335,973	(89,053)
Economic development	408,725	-	129,148	-	(279,577)
Interest	751,035	-	-	-	(751,035)
Total governmental activities	\$ 26,851,098	\$ 2,511,682	\$ 9,781,924	\$ 2,020,422	\$ (12,537,070)
General revenues:					
Property taxes					13,960,146
Gravel taxes					36,448
Mortgage registry and deed tax					51,895
Grants and contributions not restricted to specific programs					3,366,504
Unrestricted investment earnings					548,604
Miscellaneous					208,737
Total general revenues, transfers, and other items					\$ 18,172,334
Change in net assets					5,635,264
Net assets - beginning of year					54,038,636
Net assets - end of year					\$ 59,673,900

**BENTON COUNTY
FOLEY, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Miscellaneous</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets								
Cash and pooled investments	\$ 5,369,436	\$ 3,862,464	\$ 3,742,123	\$ 2,108,269	\$ 2,359,096	\$ 1,686,109	\$ 462,153	\$ 19,589,650
Petty cash and change funds	2,900	-	-	-	-	-	-	2,900
Taxes receivable								
Delinquent	179,183	30,935	68,685	-	51,121	104	-	330,028
Special assessments receivable								
Delinquent	-	-	-	8,406	-	-	72	8,478
Deferred	-	-	-	321,979	-	-	1,592	323,571
Accounts receivable	73,623	-	4,845	10,120	-	-	353	88,941
Accrued interest receivable	92,921	-	-	-	-	4,602	724	98,247
Due from other funds	24,024	47	-	8,655	-	-	-	32,726
Due from other governments	94,055	1,238,574	645,135	24,428	-	-	-	2,002,192
Inventories	-	209,526	-	-	-	-	-	209,526
Loans receivable	-	-	-	-	-	-	683,226	683,226
Advances to other funds	9,230	-	-	-	-	-	-	9,230
Total Assets	\$ 5,845,372	\$ 5,341,546	\$ 4,460,788	\$ 2,481,857	\$ 2,410,217	\$ 1,690,815	\$ 1,148,120	\$ 23,378,715
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 112,019	\$ 97,098	\$ 291,063	\$ 34,181	\$ -	\$ 54,727	\$ -	\$ 589,088
Salaries payable	125,555	23,480	67,277	-	-	-	-	216,312
Contracts payable	-	197,322	-	-	-	243,194	-	440,516
Due to other funds	8,655	495	23,529	47	-	-	-	32,726
Due to other governments	175,468	204	14,045	-	-	-	-	189,717
Deferred revenue-unavailable	179,183	1,269,452	68,685	330,385	51,121	104	1,664	1,900,594
Advances from other funds	-	-	-	-	-	-	9,230	9,230
Total Liabilities	\$ 600,880	\$ 1,588,051	\$ 464,599	\$ 364,613	\$ 51,121	\$ 298,025	\$ 10,894	\$ 3,378,183
Fund Balances								
Reserved for								
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 457,720	\$ -	\$ 457,720
Inventories	-	209,526	-	-	-	-	-	209,526
Advances to other funds	9,230	-	-	-	-	-	-	9,230
Gravel pit closure	-	-	-	-	-	-	11,710	11,710
Recorders' equipment	-	-	-	62,269	-	-	-	62,269
E-911	-	-	-	217,922	-	-	-	217,922
Contingency funds	-	-	-	28,723	-	-	-	28,723
SCORE	-	-	-	157,303	-	-	-	157,303
Natural resources block grant	-	-	-	71,360	-	-	-	71,360
Economic development	-	-	-	-	-	-	1,060,083	1,060,083
Unreserved								
Designated for debt service	-	-	-	-	2,359,096	-	-	2,359,096
Designated for future expenditures	-	-	-	1,579,667	-	935,070	-	2,514,737
Undesignated	5,235,262	3,543,969	3,996,189	-	-	-	65,433	12,840,853
Total Fund Balances	\$ 5,244,492	\$ 3,753,495	\$ 3,996,189	\$ 2,117,244	\$ 2,359,096	\$ 1,392,790	\$ 1,137,226	\$ 20,000,532
Total Liabilities and Fund Balances	\$ 5,845,372	\$ 5,341,546	\$ 4,460,788	\$ 2,481,857	\$ 2,410,217	\$ 1,690,815	\$ 1,148,120	\$ 23,378,715

**BENTON COUNTY
FOLEY, MINNESOTA**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2005**

Fund balance - total governmental funds	\$	20,000,532
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Amounts reported for governmental activities in the statement of net assets 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.		56,366,782
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Delinquent taxes, delinquent and deferred special assessments, and certain state-aid highway allotments are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		1,900,594
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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 and notes	\$ 7,143,000	
Economic development loans	489,763	
Revenue bonds	6,385,000	
Capital leases	2,732,992	
Loans payable	147,338	
Deferred debt issue costs	(81,285)	
Compensated absences	1,541,817	
Accrued interest payable	235,383	(18,594,008)

Net assets of governmental activities	\$	<u>59,673,900</u>
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**BENTON COUNTY
FOLEY, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2005**

	General	Road and Bridge	Human Services	Miscellaneous	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues								
Taxes	\$ 7,408,591	\$ 1,294,014	\$ 2,815,821	\$ -	\$ 2,143,947	\$ 183	\$ 20,763	\$ 13,683,319
Special assessments	154	-	-	330,019	-	-	5,800	335,973
Licenses and permits	115,350	11,655	-	14,760	-	-	-	141,765
Intergovernmental	1,969,316	6,197,623	5,980,549	213,129	221,405	473,969	126,449	15,182,440
Charges for services	1,675,845	124,623	274,214	160,134	-	-	-	2,234,816
Fines and forfeits	94,390	-	-	38,879	-	-	-	133,269
Gifts and contributions	4,861	-	800	-	-	2,500	-	8,161
Investment earnings	436,588	-	1,857	2,363	23,315	87,977	4,872	556,972
Miscellaneous	210,615	51,357	103,515	89,488	-	5,000	49,534	509,509
Total Revenues	\$ 11,915,710	\$ 7,679,272	\$ 9,176,756	\$ 848,772	\$ 2,388,667	\$ 569,629	\$ 207,418	\$ 32,786,224
Expenditures								
Current								
General government	\$ 4,248,778	\$ -	\$ -	\$ 117,700	\$ -	\$ -	\$ 15,000	\$ 4,381,478
Public safety	5,475,673	-	-	243,511	-	-	-	5,719,184
Highways and streets	-	5,654,792	-	-	-	-	-	5,654,792
Human services	-	-	7,688,042	-	-	-	-	7,688,042
Health	26,953	-	734,713	-	-	-	-	761,666
Culture and recreation	441,432	-	-	-	-	-	-	441,432
Conservation of natural resources	255,018	-	-	261,833	-	-	-	516,851
Economic development	403,018	-	-	-	-	-	5,707	408,725
Intergovernmental	-	109,932	-	-	-	-	-	109,932
Capital outlay	-	-	-	-	-	2,723,192	-	2,723,192
Debt service								
Principal retirement	-	176,440	-	-	7,853,897	-	292,503	8,322,840
Interest	-	13,696	-	-	870,193	-	12,635	896,524
Fiscal charges	-	375	-	-	4,925	-	-	5,300
Total Expenditures	\$ 10,850,872	\$ 5,955,235	\$ 8,422,755	\$ 623,044	\$ 8,729,015	\$ 2,723,192	\$ 325,845	\$ 37,629,958
Excess of Revenues Over (Under) Expenditures	\$ 1,064,838	\$ 1,724,037	\$ 754,001	\$ 225,728	\$ (6,340,348)	\$ (2,153,563)	\$ (118,427)	\$ (4,843,734)
Other Financing Sources (Uses)								
Transfers in	\$ 65,806	\$ 19,000	\$ 4,483	\$ 63,696	\$ 81,587	\$ 25,000	\$ -	\$ 259,572
Transfers out	(87,180)	-	-	(134,159)	-	(38,233)	-	(259,572)
Total Other Financing Sources (Uses)	\$ (21,374)	\$ 19,000	\$ 4,483	\$ (70,463)	\$ 81,587	\$ (13,233)	\$ -	\$ -
Net Change in Fund Balances	\$ 1,043,464	\$ 1,743,037	\$ 758,484	\$ 155,265	\$ (6,258,761)	\$ (2,166,796)	\$ (118,427)	\$ (4,843,734)
Fund Balance - Beginning of Year	4,201,028	2,039,020	3,237,705	1,961,979	8,617,857	3,559,586	1,255,653	24,872,828
Increase (decrease) in reserved for inventories	-	(28,562)	-	-	-	-	-	(28,562)
Fund Balance - End of Year	\$ 5,244,492	\$ 3,753,495	\$ 3,996,189	\$ 2,117,244	\$ 2,359,096	\$ 1,392,790	\$ 1,137,226	\$ 20,000,532

**BENTON COUNTY
FOLEY, MINNESOTA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2005**

Net change in fund balances - total governmental funds **\$ (4,843,734)**

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

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, infrastructure, and other related capital assets adjustments	\$ 4,965,963	
Current year depreciation	(2,772,507)	2,193,456

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (922)

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

Principal repayments:		
General obligation bonds and notes	\$ 985,000	
Economic development loans	292,503	
Revenue bonds	6,660,000	
Loans payable	49,143	
Capital lease	336,194	8,322,840

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	\$ 156,472	
Amortization of discounts and deferred issuance charges	(5,683)	
Change in compensated absences	(158,603)	
Change in inventories	(28,562)	(36,376)

Change in net assets of governmental activities **\$ 5,635,264**

**BENTON COUNTY
FOLEY, MINNESOTA**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2005**

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and pooled investments	<u>\$ 1,418,235</u>
<u>Liabilities</u>	
Due to other governments	<u>\$ 1,418,235</u>

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**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2005. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

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

Blended Component Units

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

Component Units	Component Unit Reporting Entity Because	Separate Financial Statements
Regional Railroad Authority (RRA) provides for the preservation or improvement of rail transportation within the County.	County Commissioners are the members of the RRA Board.	Separate financial statements are not prepared.
Housing and Redevelopment Authority of Benton County (HRA)	County Commissioners are the members of the HRA Board.	Separate financial statements are not prepared.

Joint Ventures

The County participates in several joint ventures which are described in Note 7.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

1. Government-Wide Statements

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

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

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

2. Fund Financial Statements

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

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

The Road and Bridge Special Revenue Fund is used to account for revenues and expenditures of the County Highway Department which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

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

The Miscellaneous Special Revenue Fund is used to account for a number of smaller activities that do not have their own fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payments of, principal, interest and related costs of the County's long-term bonds.

The Capital Projects Fund is used to account for financial resources to be used for capital acquisition, construction, or improvement of capital facilities.

Additionally, the County reports the following fund types:

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 agency capacity. Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Benton County considers all revenues to be available if they are collected within 90 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. 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, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2005, based on market prices. Investment earnings are allocated to the Miscellaneous Special Revenue Fund based on cash balances set aside for specific purposes within that fund. Pursuant to 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 2005 were \$436,588.

Benton County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Receivables and Payables

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

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

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

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

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

Special assessments receivable consist of delinquent special assessments payable in the years 2000 through 2005, and deferred special assessments payable in 2006 and after. No provision has been made for an estimated uncollectible amount.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

3. Inventories

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

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for all capital assets, except for buildings, which use a threshold of \$25,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Capital Assets (Continued)

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

Assets	Years
Buildings	50
Building improvements	20
Public domain infrastructure	25-35
Furniture, equipment, and vehicles	5-20

5. Compensated Absences

The liability for compensated absences reported in the 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 financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

7. Long-Term Obligations

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

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.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. 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.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures over Budget

The following funds had expenditures in excess of budget at the departmental level for the year ended December 31, 2005:

Fund	Function	Actual	Budget	Excess
General Fund	Current			
	Public safety			
	Sheriff	\$ 2,601,690	\$ 2,577,194	\$ 24,496
	Coroner	46,944	34,500	12,444
	Civil Defense	77,836	61,639	16,197
	Conservation of Natural Resources			
	Soil and Water Conservation	76,500	75,000	1,500
Special Revenue Funds				
Road and Bridge	Current			
	Highways and Streets			
	Equip. and Maint. Shops	719,324	713,228	6,096
	Intergovernmental			
	Highways and Streets	109,932	-	109,932
	Debt Service			
	Principle Retirement	176,440	171,440	5,000
Human Services	Current			
	Health			
	Nursing Services	734,713	673,564	61,149
Economic Development	Debt Service			
	Principle Retirement	292,503	109,569	182,934

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

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

Government-wide statement of net assets	
Governmental activities	
Cash and pooled investments	\$ 19,589,650
Petty cash and change funds	2,900
Statement of fiduciary net assets	
Cash and pooled investments	1,418,235
Total Cash and Investments	\$ 21,010,785

a. Deposits

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

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

Custodial Credit Risk

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, 2005, the County's deposits were not exposed to custodial credit risk.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments

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

- (1) Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by 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.

Interest Rate Risk

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

Credit Risk

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

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 does not have a formal policy on 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. The County places no limit on the amount the County may invest in any one issuer.

The following table presents the County's investment balances at December 31, 2005, and information relating to potential investment risks:

	Credit Risk		Concentration	Interest	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Rate Risk Maturity Date	
U.S. Government agency securities					
Federal National Mortgage Association Note	AAA	S&P	<5.0%	11/1/2007	\$ 1,971
Federal Home Loan Bank Note	AAA	S&P		04/21/2006	\$ 99,793
Federal Home Loan Bank Note	AAA	S&P		10/27/2006	99,980
Total Federal Home Loan Bank Note			<5.0%		\$ 199,773
Government National Mortgage Association Note	AAA	S&P		05/20/2009	\$ 4,702
Government National Mortgage Association Note	AAA	S&P		10/15/2015	1,635
Total Governmental National Mortgage Association			<5.0%		\$ 6,337
U.S. Treasury state and local government series	N/A	N/A	8.5%	04/08/2006	\$ 493,459
Investment pools/mutual funds					
MAGIC Fund	N/R	N/A		N/A	\$ 4,396,639
Wachovia Securities - Franklin Customer Funds	N/R	N/A		N/A	303,506
Total investment pools/mutual funds			81.2%		\$ 4,700,145
Negotiable certificates of deposit	N/A	N/A	6.7%	Various	\$ 387,188
Total investments					\$ 5,788,873
Deposits					15,219,012
Petty cash					2,900
Total investments					\$ 21,010,785

N/A - Not Applicable

N/R -Not Rated

<5.0% - Concentration is less than 5% of investments

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,409,215	\$ -	\$ -	\$ 2,409,215
Infrastructure, right-of-way	7,740,080	155,514	-	7,895,594
Construction in progress	1,035,221	4,602,039	(1,204,962)	4,432,298
Total capital assets, not being depreciated	<u>11,184,516</u>	<u>4,757,553</u>	<u>(1,204,962)</u>	<u>14,737,107</u>
Capital assets being depreciated:				
Buildings	15,544,717	-	-	15,544,717
Machinery, furniture, and equipment	5,520,207	500,327	(265,140)	5,755,394
Infrastructure	55,824,367	993,753	-	56,818,120
Total capital assets being depreciated	<u>76,889,291</u>	<u>1,494,080</u>	<u>(265,140)</u>	<u>78,118,231</u>
Less accumulated depreciation for:				
Buildings	(3,582,648)	(339,207)	-	(3,921,855)
Machinery, furniture, and equipment	(2,467,123)	(358,028)	184,432	(2,640,719)
Infrastructure	(27,850,710)	(2,075,272)	-	(29,925,982)
Total accumulated depreciation	<u>(33,900,481)</u>	<u>(2,772,507)</u>	<u>184,432</u>	<u>(36,488,556)</u>
Total capital assets, depreciated, net	<u>42,988,810</u>	<u>(1,278,427)</u>	<u>(80,708)</u>	<u>41,629,675</u>
Governmental Activities Capital Assets, Net	<u>\$ 54,173,326</u>	<u>\$ 3,479,126</u>	<u>\$ (1,285,670)</u>	<u>\$ 56,366,782</u>

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Capital Assets (Continued)

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

Governmental Activities		
General government	\$	134,995
Public safety		351,297
Highways and streets, including depreciation of infrastructure assets		2,206,103
Human services		69,922
Culture and recreation		10,190
Total Depreciation Expense - Governmental Activities	\$	2,772,507

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2005, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Fund	\$ 23,529
	Road and Bridge Fund	495
Total Due to General Fund		24,024
Road and Bridge Fund	Miscellaneous Fund	47
Miscellaneous Fund	General Fund	8,655
		\$ 32,726

The due from other funds above relate to: (1) payment of various legal fees, phone services, and copier charges for the Human Services Fund; (2) payment of various phone charges and copier charges for the Road and Bridge Fund; (3) payment of various commissary, phone card and other fees for the General Fund; and (4) payment of a fuel charge for the Miscellaneous Fund.

2. Advances From/To Other Funds

The General Fund has advanced a total of \$9,230 to the Ditch Special Revenue Fund over the past several years to fund needed ditch repairs. The advance will be paid off with future special assessments on the benefited properties.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2005, consisted of the following:

Transfers to General Fund from		
Capital Projects Fund	\$ 38,232	Provide funds for IS computer purchases
Miscellaneous Fund	<u>27,574</u>	Provide funds for adult supervision fees
Total Transfer to General Fund	65,806	
Transfers to Road and Bridge Fund from		
General Fund	19,000	Provide funds for CSAH 29/8 Cultural Resources Study and County Road 65 dust control pilot project
Transfers to Human Services Fund from		
General Fund	4,483	Provide funds for computers
Transfers to Miscellaneous Fund from		
General Fund	63,696	Provide funds for inmate/criminal booking system and camera control system
Transfers to Debt Service Fund from		
Miscellaneous Fund	81,587	Provide funds for landfill debt service
Transfers to Capital Projects Fund from		
Miscellaneous Fund	<u>25,000</u>	Provide funds for new public works fuel station
	<u>\$ 259,572</u>	

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities

1. Deferred Revenues

Deferred revenues consists of taxes and special assessments receivable that are not collected soon enough after year-end to pay liabilities of the current year, and state and federal grants received but not yet earned. Deferred revenue at December 31, 2005, is summarized below by fund:

	Special Assessments	Taxes	Grants	Total
Major Governmental Funds				
General	\$ -	\$ 179,183	\$ -	\$ 179,183
Road and Bridge	-	30,935	1,238,517	1,269,452
Human Services	-	68,685	-	68,685
Miscellaneous	330,385	-	-	330,385
Debt Service Fund	-	51,121	-	51,121
Capital Projects Fund	-	104	-	104
Total Major Governmental Funds	330,385	330,028	1,238,517	1,898,930
Other Governmental Funds	1,664	-	-	1,664
	<u>\$ 332,049</u>	<u>\$ 330,028</u>	<u>\$ 1,238,517</u>	<u>\$ 1,900,594</u>
Deferred Revenue:				
Unavailable	<u>\$ 332,049</u>	<u>\$ 330,028</u>	<u>\$ 1,238,517</u>	<u>\$ 1,900,594</u>

2. Long-Term Debt

Governmental Activities

Types of Indebtedness	Maturity Date	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2005
General Obligation Bonds					
2002 G.O. Capital Improvement Bonds	2018	\$155,000- 275,000	4.00-5.00	\$ 3,065,000	\$ 2,750,000
2003 G.O. Capital Improvement Bonds	2018	\$170,000- 325,000	2.00-3.85	3,500,000	3,125,000
Total General Obligation Bonds				<u>\$ 6,565,000</u>	<u>\$ 5,875,000</u>

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

2. Long-Term Debt (Continued)

Governmental Activities (Continued)

<u>Types of Indebtedness</u>	<u>Maturity Date</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2005</u>
General Obligation Capital Notes					
2002 G.O. Capital Notes	2007	\$365,000- \$400,000	2.70-3.75	\$ 1,530,000	\$ 790,000
2002 G.O. Capital Improvement Notes	2011	\$42,000- \$52,000	2.15	469,000	293,000
2003 G.O. Capital Notes	2008	\$60,000- \$65,000	1.20-2.65	305,000	185,000
Total general obligation capital notes				<u>\$ 2,304,000</u>	<u>\$ 1,268,000</u>
Revenue Bonds					
2001 Jail Lease Revenue Refunding Bonds	2016	\$450,000- \$730,000	4.00-4.70	<u>\$ 6,385,000</u>	<u>\$ 6,385,000</u>
Capital Leases					
2004 lease purchase with Norwest Investment Services, Inc., to finance a courts facilities building	2014	\$82,500- \$165,026	4.68	\$ 2,649,205	\$ 2,346,506
1998 lease purchase with Norwest Investment Services, Inc., to fund future highway projects	2008	\$44,134- \$68,674	5.27	1,000,000	386,486
Total capital leases				<u>\$ 3,649,205</u>	<u>\$ 2,732,992</u>
Loans					
Minnesota Department of Trade and Economic Development septic system replacement loans	2007	\$3,852	interest-free	\$ 76,725	\$ 15,409
City of Foley, County Road 43 Improvement Loan	2008	\$41,440- \$45,283	3.00	173,369	131,929
Total loans				<u>\$ 250,094</u>	<u>\$ 147,338</u>
Economic Development Loans					
U.S. Department of Agriculture	2025	\$27,146	1.00	<u>\$ 660,000</u>	<u>\$ 489,763</u>

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Debt Service Requirements

Debt service requirements at December 31, 2005, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds		Capital Notes		Revenue Bonds		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 340,000	\$ 222,350	\$ 496,000	\$ 31,730	\$ 450,000	\$ 266,919	\$ 352,813	\$ 125,928
2007	365,000	211,146	507,000	15,223	475,000	248,419	370,257	108,485
2008	375,000	198,911	113,000	5,161	495,000	229,019	388,566	90,176
2009	395,000	185,436	49,000	3,268	525,000	208,291	264,960	72,815
2010	405,000	170,663	51,000	2,215	550,000	186,050	277,504	60,270
2011-2015	2,305,000	599,819	52,000	1,118	3,160,000	542,674	1,078,892	103,318
2016-2020	1,690,000	113,269	-	-	730,000	17,155	-	-
Total	\$ 5,875,000	\$ 1,701,594	\$ 1,268,000	\$ 58,715	\$ 6,385,000	\$ 1,698,527	\$ 2,732,992	\$ 560,992

Year Ending December 31	Loans Payable		Economic Development Loans	
	Principal	Interest	Principal	Interest
2006	\$ 50,388	\$ 3,958	\$ 22,248	\$ 4,898
2007	51,668	2,677	22,471	4,675
2008	45,282	1,359	22,696	4,451
2009	-	-	22,923	4,223
2010	-	-	23,152	3,994
2011-2015	-	-	119,278	16,452
2016-2020	-	-	125,362	10,367
2021-2025	-	-	131,633	3,973
Total	\$ 147,338	\$ 7,994	\$ 489,763	\$ 53,033

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2005, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General Obligation Bonds	\$ 6,380,000	\$ -	\$ 505,000	\$ 5,875,000	\$ 340,000
G.O. Capital Notes	1,748,000	-	480,000	1,268,000	496,000
Jail Lease Revenue Bonds	13,045,000	-	6,660,000	6,385,000	450,000
Total Bonds Payable	21,173,000	-	7,645,000	13,528,000	1,286,000
Capital Leases	3,069,186	-	336,194	2,732,992	352,813
Loans Payable	196,481	-	49,143	147,338	50,388
Economic Development Loans	782,266	-	292,503	489,763	22,248
Compensated Absences, Net	1,383,214	158,603	-	1,541,817	77,091
Governmental Activity Long-Term Liabilities	<u>\$ 26,604,147</u>	<u>\$ 158,603</u>	<u>\$ 8,322,840</u>	<u>\$ 18,439,910</u>	<u>\$ 1,788,540</u>

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 4 DEFINED BENEFIT PENSION PLANS

A. Plan Description

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

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

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent of average salary for each year of service. The annuity accrual rate is 1.9 percent of average salary for each year of service for PECF members. For all PEPFF members, PECF members, and PERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 5.10%, respectively, of their annual covered salary in 2005. Contribution rates in the Coordinated Plan will increase in 2006 to 5.5%. PEPFF members were required to contribute 6.20 percent of their annual covered salary in 2005. That rate will increase to 7.0% in 2006. PECF members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 5.53% for Coordinated Plan PERF members, 9.30% for PEPFF members, and 8.75% for PECF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.0% and 10.5% respectively, effective January 1, 2006. The County's contributions to the Public Employees Retirement Fund for the years ending December 31, 2005, 2004, and 2003 were \$418,105, \$408,183, and \$374,811 respectively. The County's contributions to the Public Employees Police and Fire Fund for the years ending December 31, 2005, 2004, and 2003 were \$121,123, \$116,605, and \$99,082 respectively. The County's contributions to the Public Employees Correctional Fund for the years ending December 31, 2005, 2004, and 2003 were \$113,008, \$109,700, and \$108,048, respectively. These contribution amounts were equal to the contractually required contributions for each year as set by state statute.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 5 DEFINED CONTRIBUTION PLAN

One county commissioner of Benton County is covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and four-tenths of one percent of the assets in each member's account annually.

No vesting period is required to receive benefits in the Defined Contribution Plan. At the time of retirement or termination, the market value of the member's accounts is distributed to the member or another qualified plan.

Total contributions made by the County during the fiscal year 2005 were:

Contribution Amount		Percentage of Covered Payroll		Required Rates
Employee	Employer	Employee	Employer	
\$ 1,532	\$ 1,532	5.0%	5.0%	5.0%

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 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. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance 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 \$760,000 and \$390,000 per claim in 2005 and 2006, respectively. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

Joint Ventures

Stearns-Benton Employment and Training Council

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

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

Complete financial information can be obtained from:

Stearns - Benton Employment and Training Council
3333 West Division Street, Suite 210
St. Cloud, Minnesota 56301-3783

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

Joint Ventures (Continued)

Tri-County Solid Waste Commission

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

Each county's proportionate share of the net operating costs is based on the usage of the household hazardous waste facility and the solid waste picked up in each county. Benton County's contribution for its share of the operating costs was \$56,588 in 2005.

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

Separate financial information can be obtained from:

Tri-County Solid Waste Commission
601 North 20th Avenue
St. Cloud, Minnesota 56303

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A**

**BENTON COUNTY
FOLEY, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,361,495	\$ 7,361,495	\$ 7,408,591	\$ 47,096
Special assessments	-	-	154	154
Licenses and permits	124,743	124,743	115,350	(9,393)
Intergovernmental	1,933,385	1,933,385	1,969,316	35,931
Charges for services	1,415,430	1,415,430	1,675,845	260,415
Fines and forfeits	24,160	24,160	94,390	70,230
Gifts and contributions	-	-	4,861	4,861
Investment earnings	190,000	190,000	436,588	246,588
Miscellaneous	55,750	55,750	210,615	154,865
Total Revenues	\$ 11,104,963	\$ 11,104,963	\$ 11,915,710	\$ 810,747
Expenditures				
Current				
General government				
Commissioners	\$ 347,022	\$ 332,217	\$ 254,268	\$ 77,949
Public defender	45,000	45,000	44,046	954
County administration	399,058	408,778	391,078	17,700
County auditor/treasurer	421,710	426,740	416,160	10,580
County assessor	318,883	318,883	314,832	4,051
Data processing	462,745	472,694	392,499	80,195
Attorney	674,968	680,061	664,282	15,779
Recorder	170,560	176,786	173,647	3,139
Buildings and plant	749,402	752,694	697,559	55,135
Veterans service officer	71,535	71,535	71,367	168
Other general government	1,045,043	888,643	829,040	59,603
Total general government	\$ 4,705,926	\$ 4,574,031	\$ 4,248,778	\$ 325,253
Public safety				
Sheriff	\$ 2,553,828	\$ 2,577,194	\$ 2,601,690	\$ (24,496)
Boat and water safety	11,307	11,307	9,466	1,841
Coroner	34,500	34,500	46,944	(12,444)
Civil defense	61,639	61,639	77,836	(16,197)
Prisoner custodial	2,389,478	2,393,833	2,315,881	77,952
Probation and parole	434,245	434,245	423,856	10,389
Total public safety	\$ 5,484,997	\$ 5,512,718	\$ 5,475,673	\$ 37,045
Health				
Groundwater management	\$ 37,500	\$ 37,500	\$ 26,953	\$ 10,547

**BENTON COUNTY
FOLEY, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current (Continued)				
Culture and recreation				
Historical society	\$ 11,500	\$ 11,500	\$ 11,500	\$ -
Regional library	429,971	429,971	429,932	39
Total culture and recreation	\$ 441,471	\$ 441,471	\$ 441,432	\$ 39
Conservation of natural resources				
Cooperative extension	\$ 173,006	\$ 173,006	\$ 166,560	\$ 6,446
Soil and water conservation	1,500	75,000	76,500	(1,500)
Agricultural society/county fair	12,219	12,219	11,958	261
Total conservation of natural resources	\$ 186,725	\$ 260,225	\$ 255,018	\$ 5,207
Economic development				
Department of development	\$ 437,298	\$ 437,298	\$ 403,018	\$ 34,280
Total Expenditures	\$ 11,293,917	\$ 11,263,243	\$ 10,850,872	\$ 412,371
Excess of Revenues Over (Under) Expenditures	\$ (188,954)	\$ (158,280)	\$ 1,064,838	\$ 1,223,118
Other Financing Sources (Uses)				
Transfers in	\$ 37,000	\$ 37,000	\$ 65,806	\$ 28,806
Transfers out	-	-	(87,180)	(87,180)
Total Other Financing Sources (Uses)	\$ 37,000	\$ 37,000	\$ (21,374)	\$ (58,374)
Net Change in Fund Balance	\$ (151,954)	\$ (121,280)	\$ 1,043,464	\$ 1,164,744
Fund Balance - Beginning of Year	4,201,028	4,201,028	4,201,028	-
Fund Balance - End of Year	\$ 4,049,074	\$ 4,079,748	\$ 5,244,492	\$ 1,164,744

**BENTON COUNTY
FOLEY, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,266,335	\$ 1,266,335	\$ 1,294,014	\$ 27,679
Licenses and permits	6,000	6,000	11,655	5,655
Intergovernmental	5,416,573	5,416,573	6,197,623	781,050
Charges for services	61,700	61,700	124,623	62,923
Miscellaneous	20,000	20,000	51,357	31,357
Total Revenues	\$ 6,770,608	\$ 6,770,608	\$ 7,679,272	\$ 908,664
Expenditures				
Current				
Highways and streets				
Administration	\$ 438,246	\$ 457,246	\$ 370,669	\$ 86,577
Maintenance	1,421,268	1,421,268	1,176,939	244,329
Construction	4,005,475	4,005,475	3,387,860	617,615
Equipment maintenance and shop	713,228	713,228	719,324	(6,096)
Total highways and streets	\$ 6,578,217	\$ 6,597,217	\$ 5,654,792	\$ 942,425
Intergovernmental				
Highways and streets	\$ -	\$ -	\$ 109,932	\$ (109,932)
Debt service				
Principal retirement	\$ 171,440	\$ 171,440	\$ 176,440	\$ (5,000)
Interest	\$ 20,201	\$ 20,201	\$ 13,696	\$ 6,505
Fiscal charges	\$ 750	\$ 750	\$ 375	\$ 375
Total Expenditures	\$ 6,770,608	\$ 6,789,608	\$ 5,955,235	\$ 834,373
Excess of Revenues Over (Under) Expenditures	\$ -	\$ (19,000)	\$ 1,724,037	\$ 1,743,037
Other Financing Sources (Uses)				
Transfers in	-	-	19,000	19,000
Net Change in Fund Balance	\$ -	\$ (19,000)	\$ 1,743,037	\$ 1,762,037
Fund Balance - Beginning of Year	2,039,020	2,039,020	2,039,020	-
Increase (decrease) in reserved for inventories	-	-	(28,562)	(28,562)
Fund Balance - End of Year	\$ 2,039,020	\$ 2,020,020	\$ 3,753,495	\$ 1,733,475

**BENTON COUNTY
FOLEY, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES FUND
YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,802,988	\$ 2,802,988	\$ 2,815,821	\$ 12,833
Intergovernmental	6,099,675	6,099,675	5,980,549	(119,126)
Charges for services	266,308	266,308	274,214	7,906
Gifts and contributions	-	-	800	800
Interest on investments	-	-	1,857	1,857
Miscellaneous	78,306	78,306	103,515	25,209
Total Revenues	\$ 9,247,277	\$ 9,247,277	\$ 9,176,756	\$ (70,521)
Expenditures				
Current				
Human services				
Income maintenance	\$ 2,336,698	\$ 2,336,698	\$ 2,082,012	\$ 254,686
Social services	6,237,015	6,237,015	5,606,030	630,985
Total human services	\$ 8,573,713	\$ 8,573,713	\$ 7,688,042	\$ 885,671
Health				
Nursing service	673,564	673,564	734,713	(61,149)
Total Expenditures	\$ 9,247,277	\$ 9,247,277	\$ 8,422,755	\$ 824,522
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 754,001	\$ 754,001
Other Financing Sources (Uses)				
Transfers in	-	-	4,483	4,483
Net Change in Fund Balance	\$ -	\$ -	\$ 758,484	\$ 758,484
Fund Balance - Beginning of Year	3,237,705	3,237,705	3,237,705	-
Fund Balance - End of Year	\$ 3,237,705	\$ 3,237,705	\$ 3,996,189	\$ 758,484

**BENTON COUNTY
FOLEY, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2005**

A. Budgetary Information

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

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

The overall budget is prepared by fund, function, and department. The legal level of budgetary control – the level at which expenditures may not legally exceed appropriations – is the department level. Budgets may be amended during the year with proper approval.

B. Excess of Expenditures Over Budget

The following major funds had expenditures in excess of budget at the department level for the year ended December 31, 2005:

Fund	Function	Actual	Final Budget	Excess
General Fund	Current			
	Public safety			
	Sheriff	\$ 2,601,690	\$ 2,577,194	\$ 24,496
	Coroner	46,944	34,500	12,444
	Civil defense	77,836	61,639	16,197
	Conservation of natural resources			
	Soil and water conservation	76,500	75,000	1,500
Special Revenue Funds				
Road and Bridge	Current			
	Highways and streets			
	Equipment maintenance and shops	719,324	713,228	6,096
	Intergovernmental			
	Highways and streets	109,932	-	109,932
	Debt service			
	Principle retirement	176,440	171,440	5,000
Human Services	Current			
	Health			
	Nursing service	734,713	673,564	61,149
Economic Development	Debt service			
	Principle retirement	292,503	109,569	182,934

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

SUPPLEMENTARY INFORMATION



**BENTON COUNTY
FOLEY, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

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

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

The Regional Railroad Authority Special Revenue Fund is used to account for the activities of the Regional Railroad Authority transit program.

The Gravel Pit Restoration Special Revenue Fund is used to account for the 10 percent of aggregate production taxes collected and retained by the County to restore abandoned pits on public or tax-forfeited land.

**BENTON COUNTY
FOLEY, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	Special Revenue Funds				Total
	Ditch	Economic Development	Regional Railroad Authority	Gravel Pit Restoration	
Assets					
Cash and pooled investments	\$ 73,784	\$ 376,133	\$ 879	\$ 11,357	\$ 462,153
Special assessments receivable					
Delinquent	72	-	-	-	72
Deferred	1,592	-	-	-	1,592
Accounts receivable	-	-	-	353	353
Accrued interest receivable	-	724	-	-	724
Loans receivable	-	683,226	-	-	683,226
Total Assets	\$ 75,448	\$ 1,060,083	\$ 879	\$ 11,710	\$ 1,148,120
Liabilities and Fund Balances					
Liabilities					
Deferred revenue-unavailable	\$ 1,664	\$ -	\$ -	\$ -	\$ 1,664
Advance from other funds	9,230	-	-	-	9,230
Total Liabilities	\$ 10,894	\$ -	\$ -	\$ -	\$ 10,894
Fund Balances					
Reserved for gravel pit closure	\$ -	\$ -	\$ -	\$ 11,710	\$ 11,710
Reserved for economic development	-	1,060,083	-	-	1,060,083
Unreserved					
Undesignated	64,554	-	879	-	65,433
Total Fund Balances	\$ 64,554	\$ 1,060,083	\$ 879	\$ 11,710	\$ 1,137,226
Total Liabilities and Fund Balances	\$ 75,448	\$ 1,060,083	\$ 879	\$ 11,710	\$ 1,148,120

**BENTON COUNTY
FOLEY, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2005**

	Special Revenue Funds				Total
	Ditch	Economic Development	Regional Railroad Authority	Gravel Pit Restoration	
Revenues					
Taxes	\$ -	\$ -	\$ 15,556	\$ 5,207	\$ 20,763
Special assessments	5,800	-	-	-	5,800
Intergovernmental	-	125,000	1,449	-	126,449
Investment earnings	-	4,872	-	-	4,872
Miscellaneous	-	49,534	-	-	49,534
Total Revenues	\$ 5,800	\$ 179,406	\$ 17,005	\$ 5,207	\$ 207,418
Expenditures					
Current					
General government	\$ -	\$ -	\$ 15,000	\$ -	\$ 15,000
Economic development	-	5,707	-	-	5,707
Debt service					
Principal retirement	-	292,503	-	-	292,503
Interest	-	12,635	-	-	12,635
Total Expenditures	\$ -	\$ 310,845	\$ 15,000	\$ -	\$ 325,845
Net Change in Fund Balance	\$ 5,800	\$ (131,439)	\$ 2,005	\$ 5,207	\$ (118,427)
Fund Balance - Beginning of Year	58,754	1,191,522	(1,126)	6,503	1,255,653
Fund Balance - End of Year	\$ 64,554	\$ 1,060,083	\$ 879	\$ 11,710	\$ 1,137,226

**BENTON COUNTY
FOLEY, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 9,000	\$ 9,000	\$ -	\$ (9,000)
Intergovernmental	-	-	125,000	125,000
Investment earnings	5,000	5,000	4,872	(128)
Miscellaneous	145,741	145,741	49,534	(96,207)
Total Revenues	\$ 159,741	\$ 159,741	\$ 179,406	\$ 19,665
Expenditures				
Current				
Economic development				
Administration	\$ 10,500	\$ 10,500	\$ 5,707	\$ 4,793
Debt service				
Principal retirement	109,569	109,569	292,503	(182,934)
Interest	13,811	13,811	12,635	1,176
Total Expenditures	\$ 133,880	\$ 133,880	\$ 310,845	\$ (176,965)
Net Change in Fund Balance	\$ 25,861	\$ 25,861	\$ (131,439)	\$ (157,300)
Fund Balance - Beginning of Year	1,191,522	1,191,522	1,191,522	-
Fund Balance - End of Year	\$ 1,217,383	\$ 1,217,383	\$ 1,060,083	\$ (157,300)

**BENTON COUNTY
FOLEY, MINNESOTA**

**BUDGETARY COMPARISON SCHEDULE
REGIONAL RAILROAD AUTHORITY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 14,301	\$ 14,301	\$ 15,556	\$ 1,255
Intergovernmental	1,449	1,449	1,449	-
Total Revenues	\$ 15,750	\$ 15,750	\$ 17,005	\$ 1,255
Expenditures				
Current				
General government				
Other general government	15,000	15,000	15,000	-
Net Change in Fund Balance	\$ 750	\$ 750	\$ 2,005	\$ 1,255
Fund Balance - Beginning of Year	(1,126)	(1,126)	(1,126)	-
Fund Balance - End of Year	\$ (376)	\$ (376)	\$ 879	\$ 1,255

**BENTON COUNTY
FOLEY, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2005**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>HOUSING AND REDEVELOPMENT AUTHORITY</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 1,869,164	\$ 1,869,164	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 1,869,164	\$ 1,869,164	\$ -
<u>METROPOLITAN TRANSIT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 117,059	\$ 117,059	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 117,059	\$ 117,059	\$ -
<u>MUNICIPAL DEVELOPMENT DISTRICT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 179,499	\$ 179,499	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 179,499	\$ 179,499	\$ -
<u>SCHOOL DISTRICTS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 30,666	\$ 7,614,270	\$ 7,613,701	\$ 31,235
<u>Liabilities</u>				
Due to other governments	\$ 30,666	\$ 7,614,270	\$ 7,613,701	\$ 31,235

**BENTON COUNTY
FOLEY, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2005**

	Balance January 1	Additions	Deductions	Balance December 31
<u>CENTRAL MINNESOTA TRAINING ASSOCIATION</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 51,256	\$ 13,334	\$ 40,118	\$ 24,472
<u>Liabilities</u>				
Due to other governments	\$ 51,256	\$ 13,334	\$ 40,118	\$ 24,472
<u>STATE FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 160,215	\$ 4,813,129	\$ 4,836,198	\$ 137,146
<u>Liabilities</u>				
Due to other governments	\$ 160,215	\$ 4,813,129	\$ 4,836,198	\$ 137,146
<u>CMH COLLABORATIVE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 581,123	\$ 349,749	\$ 415,899	\$ 514,973
<u>Liabilities</u>				
Due to other governments	\$ 581,123	\$ 349,749	\$ 415,899	\$ 514,973
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 600,533	\$ 35,471,530	\$ 35,506,302	\$ 565,761
<u>Liabilities</u>				
Due to other governments	\$ 600,533	\$ 35,471,530	\$ 35,506,302	\$ 565,761

**BENTON COUNTY
FOLEY, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2005**

	Balance January 1	Additions	Deductions	Balance December 31
<u>TOWNS AND CITIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 136	\$ 7,461,687	\$ 7,461,293	\$ 530
<u>Liabilities</u>				
Due to other governments	\$ 136	\$ 7,461,687	\$ 7,461,293	\$ 530
 <u>MENTAL HEALTH INITIATIVE COMMUNITY PROJECT</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 879,062	\$ 734,944	\$ 144,118
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 879,062	\$ 734,944	\$ 144,118
 <u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 1,423,929	\$ 58,768,483	\$ 58,774,177	\$ 1,418,235
<u>Liabilities</u>				
Due to other governments	\$ 1,423,929	\$ 58,768,483	\$ 58,774,177	\$ 1,418,235

**BENTON COUNTY
FOLEY, MINNESOTA**

**TAX CAPACITY, TAX CAPACITY RATES, LEVIES, AND PERCENTAGE OF COLLECTION
THREE YEARS ENDED DECEMBER 31, 2006, 2005, AND 2004**

	2004		2005		2006	
	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate (%)
Tax Capacity						
Real Estate	\$ 19,954,061		\$ 22,689,843		\$ 25,099,305	
Personal Property	531,897		542,779		605,276	
Less:						
Tax Increment	(1,312,811)		(1,387,985)		(1,346,170)	
Power Line	(4,139)		(4,119)		(4,106)	
Net Tax Capacity	\$ 19,169,008		\$ 21,840,518		\$ 24,354,305	
Taxes Levied for County Purposes						
General (including Library)	\$ 7,823,705	39.027	\$ 8,602,252	33.003	\$ 9,431,274	36.049
Road and Bridge	1,103,737	5.506	1,749,660	4.627	2,297,661	7.601
Human Services	2,829,781	14.116	3,210,216	13.443	3,462,861	13.713
Debt Service	2,045,690	10.672	2,343,852	10.732	2,361,501	9.696
Capital Projects	-	-	470,200	-	728,900	0.719
Total Levy for County Purposes	\$ 13,802,913	69.321	\$ 16,376,180	61.805	\$ 18,282,197	67.778
Less: County Program Aid	514,906		1,673,790		1,775,324	
Net Levy Certified to State	\$ 13,288,007		\$ 14,702,390		\$ 16,506,873	
Less: Market Value Credits Payable by State	1,312,434		1,331,599		1,365,627	
Net Levy for County Purposes	\$ 11,975,573		\$ 13,370,791		\$ 15,141,246	
Tax Capacity - Light and Power						
Assessed at 43%	\$ 40,100		\$ 41,348		\$ 42,238	
Assessed at 5%	3,580		3,728		3,822	
Total Tax Capacity - Light and Power	\$ 43,680		\$ 45,076		\$ 46,060	
Light and Power Tax Levies (distributed in accordance with Minn. Stat. 273.42)						
Assessed at 43%	\$ 55,499	138.406	\$ 54,956	132.911	\$ 55,470	131.327
Assessed at 5%	4,955	138.406	4,955	132.911	5,019	131.327
Total Light and Power Tax Levies	\$ 60,454		\$ 59,911		\$ 60,489	
Special Assessments						
Ditch Liens and Assessments	\$ 543		\$ 1,667		\$ 1,592	
Glendorado Septic Systems	327		308		289	
Solid Waste	308,594		320,441		321,690	
911 Signs	154,910		-		-	
Total Special Assessments	\$ 464,374		\$ 322,416		\$ 323,571	
Percentage of Tax Collections for All Purposes	98.6%		98.5%		N/A	

**BENTON COUNTY
FOLEY, MINNESOTA**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2005**

	General Fund	Road and Bridge	Special Revenue Funds			Regional Railroad Authority	Total	Debt Service	Capital Projects	Total All Funds
			Human Services	Economic Development	Miscellaneous					
Shared Revenue										
State										
County program aid	\$ 702,632	\$ 372,464	\$ 138,139	\$ -	\$ -	\$ -	\$ 510,603	\$ -	\$ 473,969	\$ 1,687,204
PERA rate reimbursement	19,781	5,043	13,080	-	-	-	18,123	-	-	37,904
Disparity reduction aid	7,452	-	-	-	-	-	-	-	-	7,452
Police aid	120,990	-	-	-	-	-	-	-	-	120,990
Highway users tax	-	5,280,318	-	-	-	-	5,280,318	-	-	5,280,318
Market value credit	716,401	125,171	278,305	-	-	1,425	404,901	211,682	-	1,332,984
Market value credit-MH	12,310	2,151	4,782	-	-	24	6,957	3,638	-	22,905
Enhanced 911	-	-	-	-	78,221	-	78,221	-	-	78,221
Total Shared Revenue	\$ 1,579,566	\$ 5,785,147	\$ 434,306	\$ -	\$ 78,221	\$ 1,449	\$ 6,299,123	\$ 215,320	\$ 473,969	\$ 8,567,978
Reimbursement for Services										
State										
Minnesota Department of Human Services	\$ 94,124	\$ -	\$ 2,138,817	\$ -	\$ -	\$ -	\$ 2,138,817	\$ -	\$ -	\$ 2,232,941
Payments										
Local										
Local contributions	\$ 26,494	\$ 245,476	\$ -	\$ -	\$ -	\$ -	\$ 245,476	\$ 6,085	\$ -	\$ 278,055
Grants										
State										
Minnesota Department/Board of Administration	\$ -	\$ -	\$ -	\$ -	\$ 9,095	\$ -	\$ 9,095	\$ -	\$ -	\$ 9,095
Corrections	113,593	-	-	-	-	-	-	-	-	113,593
Public Safety	8,543	-	-	-	-	-	-	-	-	8,543
Transportation	-	100,000	-	-	-	-	100,000	-	-	100,000
Health	-	-	172,227	-	-	-	172,227	-	-	172,227
Natural Resources	19,660	-	-	-	-	-	-	-	-	19,660
Human Services	-	-	1,729,293	-	-	-	1,729,293	-	-	1,729,293
Soil and Water Resources	17,473	-	-	-	41,244	-	41,244	-	-	58,717
Environmental Assistance	-	-	-	-	84,569	-	84,569	-	-	84,569
Peace Officer's Board	7,755	-	-	-	-	-	-	-	-	7,755
Total State	\$ 167,024	\$ 100,000	\$ 1,901,520	\$ -	\$ 134,908	\$ -	\$ 2,136,428	\$ -	\$ -	\$ 2,303,452
Federal										
Department of Agriculture	\$ -	\$ -	\$ 146,840	\$ -	\$ -	\$ -	\$ 146,840	\$ -	\$ -	\$ 146,840
Housing and Urban Development	-	-	-	125,000	-	-	125,000	-	-	125,000
Justice	40,536	-	-	-	-	-	-	-	-	40,536
Transportation	5,425	67,000	-	-	-	-	67,000	-	-	72,425
Health and Human Services	-	-	1,359,066	-	-	-	1,359,066	-	-	1,359,066
Homeland Security	56,147	-	-	-	-	-	-	-	-	56,147
Total Federal	\$ 102,108	\$ 67,000	\$ 1,505,906	\$ 125,000	\$ -	\$ -	\$ 1,697,906	\$ -	\$ -	\$ 1,800,014
Total State and Federal	\$ 269,132	\$ 167,000	\$ 3,407,426	\$ 125,000	\$ 134,908	\$ -	\$ 3,834,334	\$ -	\$ -	\$ 4,103,466
Total Intergovernmental	\$ 1,969,316	\$ 6,197,623	\$ 5,980,549	\$ 125,000	\$ 213,129	\$ 1,449	\$ 12,517,750	\$ 221,405	\$ 473,969	\$ 15,182,440

**BENTON COUNTY
FOLEY, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2005**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 135,864
Passed Through Minnesota Department of Human Services Matching Grants for Food Stamp Program	10.561	10,976
Total U.S. Department of Agriculture		\$ 146,840
U.S. Department of Housing and Urban Development		
Passed Through Minnesota Department of Employment and Economic Development Community Development Block Grants	14.228	\$ 125,000
U.S. Department of Justice		
Passed Through Minnesota Department of Public Safety Juvenile Accountability Incentive Block Grant	16.523	\$ 11,801
Crime Victim Assistance Grant	16.575	28,495
Enforcing Underage Drinking Laws Program	16.727	240
Total U.S. Department of Justice		\$ 40,536
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	\$ 67,000
Passed Through Minnesota Department of Public Safety State and Community Highway Safety	20.600	1,847
Interagency Hazardous Material Public Sector Training	20.703	3,578
Total U.S. Department of Transportation		\$ 72,425

**BENTON COUNTY
FOLEY, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2005**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Health Immunization Grants	93.268	\$ 910
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	40,316
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	11,211
Temporary Assistance for Needy Families	93.558	267,038
Child Care Mandatory and Matching Funds	93.596	649,488
Child Welfare Services - State Grants	93.645	10,427
Foster Care Title IV-E	93.658	109,259
Social Services Block Grant Title XX	93.667	208,607
Chafee Foster Care Independence Program	93.674	6,145
State Children's Insurance Program	93.767	218
Passed Through Minnesota Department of Health Community Mental Health Block Grant	93.958	14,240
Maternal and Child Health Services Block Grant	93.994	41,207
Total U.S. Department of Health and Human Services		\$ 1,359,066
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety State Domestic Preparedness Equipment Support Program	97.004	\$ 10,935
Emergency Management Performance Grants	97.042	14,518
Homeland Security Grant Program	97.067	30,694
Total U.S. Department of Homeland Security		\$ 56,147
Total Federal Awards		\$ 1,800,014

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by Benton County. The County's reporting entity is defined in Note 1 to the basic financial statements.
2. The expenditures on this schedule are on the basis of accounting used by the individual funds of the County. Governmental funds use the modified accrual basis of accounting.
3. During 2005, the County did not pass any federal money to subrecipients.
4. Pass-through grant numbers were not assigned by the pass-through agencies.

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