

**BENTON COUNTY  
FOLEY, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2012**







**BENTON COUNTY  
FOLEY, MINNESOTA  
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FOLEY, MINNESOTA  
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## INTRODUCTORY SECTION



**BENTON COUNTY  
FOLEY, MINNESOTA  
ORGANIZATION  
DECEMBER 31, 2012**

Office	Name	Term	
		From	To
<b>Commissioners</b>			
1st District	Warren Peschl*	January 2009	January 2013
2nd District	Joe Wollak	January 2011	January 2015
3rd District	Jim McMahon	January 2011	January 2015
4th District	Spencer Buerkle	January 2009	January 2013
5th District	Earl Bukowski	January 2009	January 2013
<b>Officers</b>			
<b><u>Elected</u></b>			
Attorney	Robert Raupp	January 2011	January 2015
Auditor/Treasurer	Karri Thorsten	January 2011	January 2015
County Recorder	Marilyn Novak	January 2011	January 2015
Sheriff	Brad Bennett	January 2011	January 2015
<b><u>Appointed</u></b>			
Administrator	Montgomery Headley	Indefinite	
Assessor	Brian Koester	January 2009	January 2013
Court Administrator	Timothy Roberts	Indefinite	
Development Director	Joseph Janish	Indefinite	
Highway Engineer	Christopher Byrd, P.E.	September 2012	May 2016
<b><u>Human Services Board</u></b>			
Chair	Warren Peschl	January 2009	January 2013
Member	Earl Bukowski	January 2009	January 2013
Vice-Chair	Joe Wollak	January 2011	January 2015
Member	Spencer Buerkle	January 2009	January 2013
Member	Jim McMahon	January 2011	January 2015
Director	Timothy Martin	Indefinite	

\* Chair

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## FINANCIAL SECTION





REBECCA OTTO  
STATE AUDITOR

## STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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### INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Benton County

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, Minnesota, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton County's basic financial statements. The supplementary information and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated September 23, 2013, on our consideration of Benton County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benton County's internal control over financial reporting and compliance.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 23, 2013

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**REQUIRED SUPPLEMENTARY INFORMATION**



**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012  
(UNAUDITED)**

This section of Benton County's (County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on December 31, 2012. The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34. Certain comparative information between the current year, 2012, and the prior year, 2011, is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2011-2012 fiscal years include the following:

- ◆ County-wide net position increased 4.8 percent over the prior year; this is primarily due to the reduction of long-term liabilities as bonds are paid down.
- ◆ Overall fund-level revenues totaled \$37,484,281 and were \$796,271 more than expenditures.
- ◆ The General Fund's fund balance increased \$752,946 from the prior year, due to higher than expected revenues, along with the typical pattern of County departments not fully expending their budgets.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – Independent Auditors' 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.

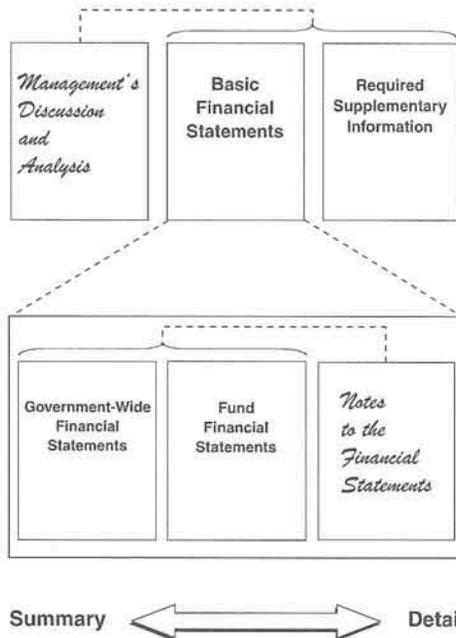
**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

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

**Figure A-1  
Annual Report Format**



**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

**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.

<b>Figure A-2. Major Features of the County's Government-Wide And Fund Financial Statements</b>			
<b>Type of statements</b>	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	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.
<b>Required financial statements</b>	Statement of net position.	Balance sheet.	Statement of fiduciary net position.
	Statement of activities.	Statement of revenues, expenditures, and changes in fund balance.	Statement of changes in fiduciary net position.
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
<b>Type of asset/liability information</b>	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.
<b>Type of inflow/outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.

**Government-Wide Statements**

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the County's assets 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 government-wide statements report the County's net position and how it has changed. Net position – the difference between the County's assets and liabilities – is one way to measure the County's financial health or position.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-Wide Statements (Continued)**

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

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

**Fund Financial Statements**

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

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

**The County has two kinds of funds:**

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

**Net Position**

The County's net position was \$86,392,437 on December 31, 2012. (See Table A-1).

The increase in restricted net position was primarily due to the reduction of long-term liabilities as bonds are paid down.

Table A-1  
The County's Net Position

	Governmental Activities		Percent Change
	2012	2011	
Current and Other Assets	\$ 37,836,925	\$ 37,409,784	1.1 %
Capital Assets	66,871,471	66,003,132	1.3
Total Assets	<u>104,708,396</u>	<u>103,412,916</u>	1.3
Current Liabilities	4,131,823	5,198,566	(20.5)
Long-Term Liabilities	14,184,136	15,804,180	(10.3)
Total Liabilities	<u>18,315,959</u>	<u>21,002,746</u>	(12.8)
Net Position			
Net Investment			
in Capital Assets	55,456,816	52,571,091	5.5
Restricted	11,483,750	14,706,199	(21.9)
Unrestricted	19,451,871	15,132,880	28.5
Total Net Position	<u>\$ 86,392,437</u>	<u>\$ 82,410,170</u>	4.8

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

**Changes in Net Position**

The government-wide total revenues were \$36,575,448 for the year ended December 31, 2012. Property taxes and intergovernmental revenues accounted for 89 percent of total revenue for the year. Total revenues for 2012 increased 2.4 percent from 2011, as taxes and charges for services revenue increased from the prior year. Total expenses increased by 1.2 percent due to increased road construction and human service expenditures (See Table A-2).

Table A-2  
Change in Net Position

	Governmental Activities		Total % Change
	2012	2011	
<b>REVENUES</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 3,443,851	\$ 3,135,171	9.8 %
Operating Grants and Contributions	7,708,235	7,811,154	(1.3)
Capital Grants and Contributions	2,717,369	2,530,335	7.4
<u>General Revenues</u>			
Property Taxes	20,031,377	18,910,547	5.9
Unrestricted State Aid	2,058,802	2,786,520	(26.1)
Investment Earnings	75,187	69,479	8.2
Other	540,627	489,138	10.5
Total Revenues	<u>36,575,448</u>	<u>35,732,344</u>	2.4
<b>EXPENSES</b>			
General Government	5,962,269	6,037,509	(1.2)
Public Safety	7,704,576	7,722,139	(0.2)
Highways and Streets	6,385,594	6,146,311	3.9
Human Services	9,508,959	8,932,795	6.4
Health	987,139	1,159,287	(14.8)
Culture and Recreation	545,329	554,372	(1.6)
Conservation of Natural Resources	658,990	695,294	(5.2)
Economic Development	434,087	421,244	3.0
Interest and Fiscal Charges on Long-Term Liabilities	406,238	526,593	(22.9)
Total Expenses	<u>32,593,181</u>	<u>32,195,544</u>	1.2
<b>INCREASE IN NET POSITION</b>	3,982,267	3,536,800	12.6
Net Position - Beginning of Year	82,410,170	78,484,187	5.0
Prior Period Adjustment	-	389,183	(100.0)
Net Position - Beginning of Year (as Restated)	<u>82,410,170</u>	<u>78,873,370</u>	4.5
<b>NET POSITION - END OF YEAR</b>	<u>\$ 86,392,437</u>	<u>\$ 82,410,170</u>	4.8

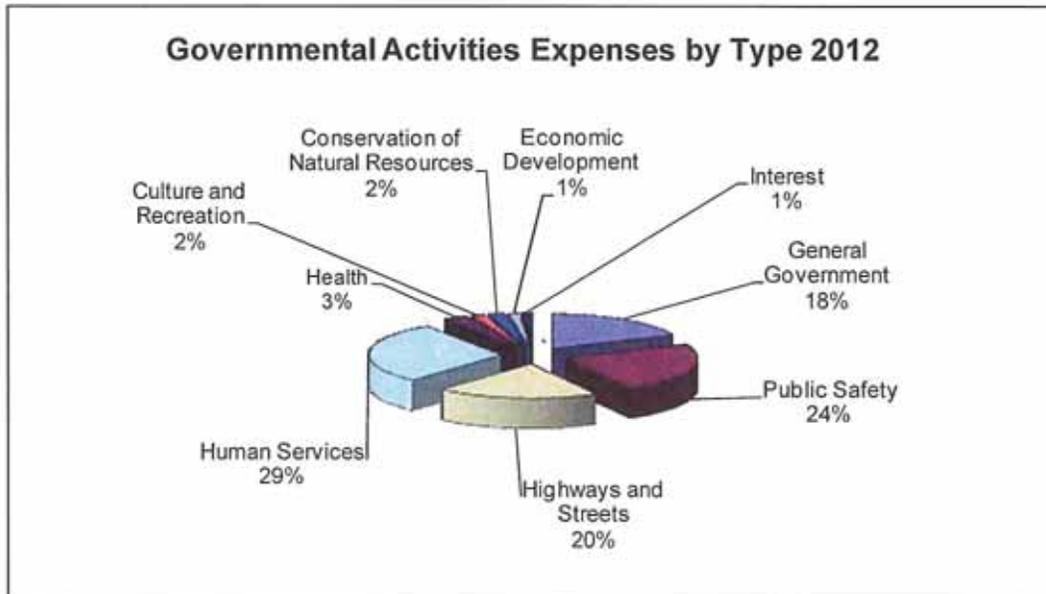
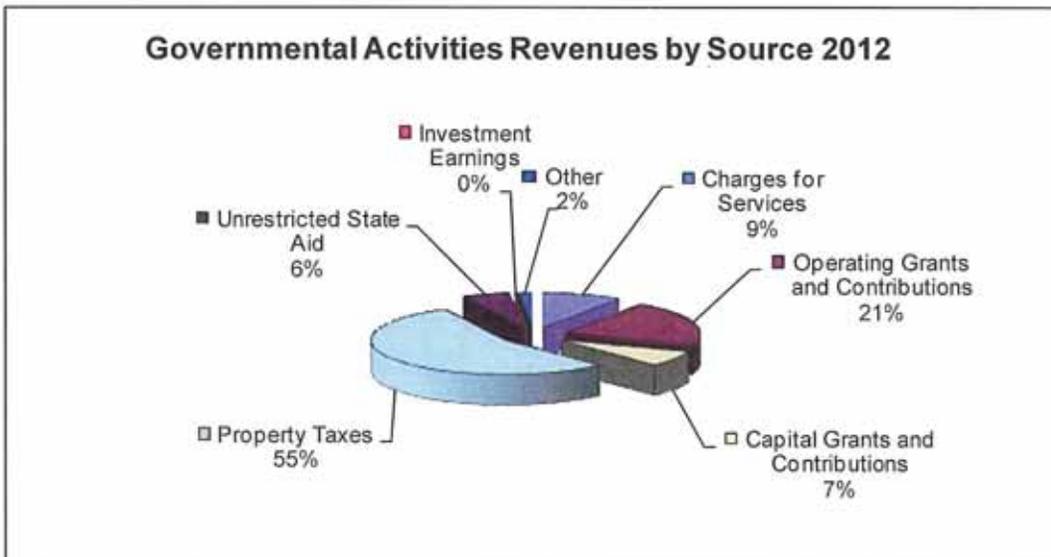
**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

**Changes in Net Position (Continued)**

The government-wide cost of all governmental activities this year was \$32,593,181.

- ◆ Some of the cost was paid by the users of the County's programs (\$3,443,851).
- ◆ The federal and state governments contributed to certain programs with grants and contributions (\$10,425,604).
- ◆ A significant portion of the County's costs (\$18,723,726) were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$20,152,965 in property and other taxes, \$2,058,802 of state aid, and with \$494,226 from investment earnings and other general revenues.



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**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

**Changes in Net Position (Continued)**

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

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

	Total Cost of Services		Percentage Change	Net (Revenue) Cost of Services		Percentage Change
	2012	2011		2012	2011	
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 5,962,269	\$ 6,037,509	(1.2)%	\$ 4,461,916	\$ 4,578,786	(2.6)%
Public Safety	7,704,576	7,722,139	(0.2)	6,767,857	6,379,283	6.1
Highways and Streets	6,385,594	6,146,311	3.9	1,683,583	2,313,882	(27.2)
Human Services	9,508,959	8,932,795	6.4	3,849,373	3,448,212	11.6
Health	987,139	1,159,287	(14.8)	437,683	290,069	50.9
Culture and Recreation	545,329	554,372	(1.6)	498,544	495,320	0.7
Conservation of Natural Resources	658,990	695,294	(5.2)	203,961	289,790	(29.6)
Economic Development	434,087	421,244	3.0	414,571	396,949	4.4
Interest and Fiscal Charges on Long-Term Liabilities	406,238	526,593	(22.9)	406,238	526,593	(22.9)
<b>Total</b>	<b>\$ 32,593,181</b>	<b>\$ 32,195,544</b>	<b>1.2</b>	<b>\$ 18,723,726</b>	<b>\$ 18,718,884</b>	<b>0.0</b>

**FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL**

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$31,065,371.

Revenues for the County's governmental funds were \$37,484,281, while total expenditures were \$36,688,010. The associated surplus (\$796,271) resulted from the County's efforts to contain expenditure growth, yet still provide essential County services.

**GENERAL FUND**

The General Fund includes the primary operations of the County in providing services to citizens. The year-ending fund balance in the General Fund increased by \$752,946 from 2011, due primarily to County departments not spending all of their budgets and higher than expected revenues.

**ROAD AND BRIDGE FUND**

The Road and Bridge Fund accounts for financial activity related to the construction and maintenance of the County road system, including County state-aid highways and County roads. The fund balance in the Road and Bridge Fund increased by \$3,834,450 from 2011, due primarily to a transfer-in from the Highway Capital Projects Fund for a locally funded road project that will be completed in 2013.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

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

**HUMAN SERVICES FUND**

The Human Services Fund accounts for financial activity related to the provision of social services, medical and financial assistance, and public health. The fund balance in the Human Services fund increased by \$200,055 from 2011. Revenues tied to caseload exceeded expectations, while health expenditures came in slightly under budget, combining to improve fund balance.

**MISCELLANEOUS SPECIAL REVENUE FUND**

The Miscellaneous Special Revenue Fund accounts for the financial activity related to a number of smaller activities, including solid waste management, E-911 surcharge funds, natural resource block grants, and park dedication fees. The fund balance in the Miscellaneous Fund increased by \$228,347 from 2011. This increase can be attributed primarily to collections in excess of expenditures from the solid waste assessment.

**DEBT SERVICE FUND**

The Debt Service Fund accounts for principal, interest, and fiscal agent fees associated with the County's outstanding debt, including general obligation debt and capital leases. Fund balance in the Debt Service Fund decreased by \$1,224,613 in 2012 from 2011. This decrease is attributed to refunding 2003 GO Capital Improvement Plan bonds.

**CAPITAL PROJECTS FUND**

The Capital Projects Fund accounts for the financing of multi-year capital projects, including those funded with Capital Improvement Plan bonds. A fund balance decrease of \$2,961,233 was due to the planned draw-down of bond proceeds and other cash balances for road projects.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

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

The following schedule presents a summary of General Fund revenues:

Table A-4  
General Fund Revenues

Fund	Year Ended		Change	
	December 31, 2012	December 31, 2011	Increase (Decrease)	Percent
Taxes	\$ 11,454,536	\$ 10,617,999	\$ 836,537	7.9 %
Intergovernmental	1,513,856	1,650,305	(136,449)	(8.3)
Charges for Services	1,263,144	1,608,015	(344,871)	(21.4)
Investment Earnings	72,324	61,628	10,696	17.4
Miscellaneous and Other	619,583	643,091	(23,508)	(3.7)
Total General Fund Revenues	<u>\$ 14,923,443</u>	<u>\$ 14,581,038</u>	<u>\$ 342,405</u>	2.3

Total General Fund revenue increased by \$342,405, or 2.3 percent, from 2011. Property taxes allocated to General Fund activities increased, although the overall County levy for all funds did not increase from 2011. Additional tax dollars were needed for General Fund functions to offset decreased intergovernmental revenues and inmate boarding fees.

The following schedule presents a summary of General Fund expenditures:

Table A-5  
General Fund Expenditures

	Year Ended		Change	
	December 31, 2012	December 31, 2011	Increase (Decrease)	Percent
General Government	\$ 5,612,789	\$ 5,589,857	\$ 22,932	0.4 %
Public Safety	7,224,157	7,094,870	129,287	1.8
Health	20,605	1,830	18,775	1026.0
Culture and Recreation	520,859	540,078	(19,219)	(3.6)
Conservation of Natural Resources	375,839	357,599	18,240	5.1
Economic Development	350,489	376,027	(25,538)	(6.8)
Total Expenditures	<u>\$ 14,104,738</u>	<u>\$ 13,960,261</u>	<u>\$ 144,477</u>	1.0

Total General Fund expenditures increased by \$144,477, or 1.0 percent, from 2011 due to increased public safety expenditures.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the County revised the General Fund operating budget to reflect prior year carry-over funds, new state grants, and for minor reallocations between departments.

- ◆ Actual revenues were \$452,672 more than budgeted. This favorable variance is due primarily to a higher than expected county insurance trust dividend and higher than expected tax revenue.
- ◆ Actual expenditures were \$246,411 less than budget. Unspent budget authority resided mainly in the County's Commissioner budget and in the Other General Government budget.

**CONSTRUCTION PROJECTS AND DEBT SERVICE**

The Capital Projects Fund accounts for the use of bond proceeds, State County Program Aid, and other resources to finance the purchase or improvement of capital assets. Activity during 2012 was related to road construction projects and minor building projects.

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

**CAPITAL ASSETS**

By the end of 2012, the County had invested over \$125 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.2 to the financial statements.) Total depreciation expense for the year was \$3,690,093.

Table A-6  
The County's Capital Assets

	Governmental Activities		Percent Change
	2012	2011	
Land	\$ 2,346,666	\$ 2,346,666	-
Right-of-Way	9,216,539	9,151,633	0.7
Construction-in-Progress	350,742	253,626	38.3
Infrastructure	85,459,151	81,641,164	4.7
Land Improvements	364,356	364,356	-
Buildings	18,796,056	18,823,056	(0.1)
Machinery, Furniture, and Equipment	8,885,405	8,547,070	4.0
Less: Accumulated Depreciation	(58,547,444)	(55,124,439)	6.2
Total	<u>\$66,871,471</u>	<u>\$66,003,132</u>	1.3

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

**LONG-TERM LIABILITIES**

At year-end, the County had \$15,951,486 in long-term liabilities outstanding.

- ◆ The County's total long-term debt decreased \$3,227,521, due to the ongoing repayment of existing debt. No new debt has been issued since 2008.

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

	2012	2011	Percentage Change
<b>GOVERNMENTAL ACTIVITIES</b>			
General Obligation Bonds	\$12,304,126	\$15,530,541	(20.8)%
Economic Development Loans Payable	554,690	586,583	(5.4)
Compensated Absences	2,502,760	2,558,680	(2.2)
Other Postemployment Health Care Benefits	589,910	503,203	17.2
Total	\$15,951,486	\$19,179,007	(16.8)

**FACTORS BEARING ON THE COUNTY'S FUTURE**

The effects of the down real estate market will continue to weigh on the County's tax rate and how it approaches levy decisions. Declining real estate values and state law changes brought the County's tax net tax capacity down just over 15% between 2010 and 2013. The contraction of the County's tax base was felt initially with the 2011 levy year, when tax capacity fell 3.1%. Adding to the reduction was a state law change in 2012 that created a new homestead value exclusion, further shrinking the County' tax capacity by 5% from 2011. For the 2013 levy year, tax capacity fell 3.7% as property values continued their decline.

The County has been sensitive to local economic conditions and concerns about the County tax burden. In an effort to not add to that burden, the County did not increase its levy in 2010, 2011 and 2012. In fact, the 2012 levy was just over \$100,000 lower than the 2009 levy. During these years of no levy increases, the County still experienced cost increases and reductions in revenues. Keeping to no levy increase required staffing reductions, no or very modest wage and benefits adjustments, and operating budget cuts. Financing increases in compensation costs through cuts elsewhere has inherent limitations, though. As a result, the County did increase its levy 1.9% in 2013 to help pay for increased wage and benefits costs contained in its labor agreements.

Through this period of fiscal difficulty since 2009, the County has attempted to maintain investments in capital equipment, its buildings and roads. This has allowed the County to avoid the costs associated with worn and obsolete equipment. The County's five-year capital improvement plan identifies major building maintenance projects, which have been funded instead of being pushed into the future.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012**

**FACTORS BEARING ON THE COUNTY'S FUTURE (CONTINUED)**

The County's approach to maintaining its reserves, capital project planning and funding, and overall financial planning and management has been recognized by Standard and Poor's with an "AA" bond rating on the County's most recent 2011 Capital Improvement Plan Bond refunding.

The County's tax rate compared to our neighboring counties continues to be a concern, particularly when compared to counties that make up the St. Cloud metropolitan area. Pressure will continue to keep the County tax rate to little or any growth, or possibly reduce it as the County attempts to become more attractive in the competitive marketplace for growth and private investment.

The goal of restraint in levy growth will come up against employee demands for wage and benefits increases and rising costs to operate County functions. Volatile oil prices can quickly drive up the cost of road projects, eroding the purchasing power of the County's available resources. County buildings, most notably the County Jail, are reaching a point where major building system upgrades and replacements will be required over the next five years.

Current reserve levels place the County in a good position to fund some of its capital needs over the next 3-5 years. However, it is unlikely the County can sustain a zero-growth levy approach much longer, unless significant service level reductions occur. Given the presence of multiple state mandates, major changes in County services may not be possible. The challenge will remain for the County to meet the service expectations of its residents and state law, while keeping its tax burden at a level that attracts growth and investment.

**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.

## **BASIC FINANCIAL STATEMENTS**



**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Pooled Investments	\$ 31,160,425
Petty Cash and Change Funds	3,300
Taxes Receivable	
Delinquent	710,383
Special Assessments Receivable	
Delinquent	10,794
Deferred	365,807
Accounts Receivable	119,733
Accrued Interest Receivable	12,435
Loans Receivable, Net of Allowance	308,917
Due from Other Governments	4,650,720
Inventories	285,489
Prepaid Items	29,101
Deferred Debt Issue Costs	179,821
Non-Depreciable Capital Assets	
Land	2,346,666
Right-of-Way	9,216,539
Construction-in-Progress	350,742
Depreciable Capital Assets	
Building (Net)	12,118,007
Machinery, Vehicles, Furniture, and Equipment (Net)	4,185,050
Land Improvements (Net)	290,493
Infrastructure (Net)	38,363,974
Total Assets	<u>104,708,396</u>
<b>LIABILITIES</b>	
Accounts Payable	788,846
Salaries Payable	668,181
Contracts Payable	251,208
Due to Other Governments	406,370
Accrued Interest Payable	148,807
Unearned Revenue	101,061
Compensated Absences Payable - Due in Less than One Year	125,138
General Obligation Bonds Payable - Due in Less than One Year	1,610,000
Economic Development Loans Payable - Due in Less than One Year	32,212
Compensated Absences Payable - Due in More than One Year	2,377,622
Other Postemployment Benefits Payable - Due in More than One Year	589,910
General Obligation Bonds Payable - Due in More than One Year	10,694,126
Economic Development Loans Payable - Due in More than One Year	522,478
Total Liabilities	<u>18,315,959</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	55,456,816
Restricted For:	
Debt Service	2,322,925
Gravel Pit Closure	75,569
Capital Projects	889,472
Highway Projects	3,217,117
E-911	404,045
Solid Waste Contingency	2,627,272
Economic Development Loans	1,233,927
Recorders' Equipment	240,686
SCORE Grant	262,355
Ditch Repairs	32,044
Other Items	178,338
Unrestricted	19,451,871
Total Net Position	<u>\$ 86,392,437</u>

See accompanying Notes to Financial Statements.

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**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions		
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 5,962,269	\$ 1,331,555	\$ 168,798	\$ -	\$	(4,461,916)
Public Safety	7,704,576	439,409	497,310	-	-	(6,767,857)
Highways and Streets	6,385,594	677,392	1,666,390	2,358,229	-	(1,683,583)
Human Services	9,508,959	916,947	4,742,639	-	-	(3,849,373)
Health	987,139	24,425	525,031	-	-	(437,683)
Culture and Recreation	545,329	33,514	13,271	-	-	(498,544)
Conservation of Natural Resources	658,990	1,093	94,796	359,140	-	(203,961)
Economic Development	434,087	19,516	-	-	-	(414,571)
Interest	406,238	-	-	-	-	(406,238)
Total Governmental Activities	<u>\$32,593,181</u>	<u>\$ 3,443,851</u>	<u>\$ 7,708,235</u>	<u>\$ 2,717,369</u>		<u>(18,723,726)</u>
<b>GENERAL REVENUES</b>						
Property Taxes						20,031,377
Gravel Taxes						60,623
Mortgage Registry and Deed Tax						33,728
Forfeited Tax						27,237
Grants and Contributions not Restricted to Specific Programs						2,058,802
Unrestricted Investment Earnings						75,187
Miscellaneous						419,039
Total General Revenues						<u>22,705,993</u>
<b>CHANGE IN NET POSITION</b>						
Net Position - Beginning of Year						<u>82,410,170</u>
<b>NET POSITION - END OF YEAR</b>						
						<u>\$ 86,392,437</u>

See accompanying Notes to Financial Statements.

**BENTON COUNTY  
FOLEY, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

<b>ASSETS</b>	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Miscellaneous</u>
Cash and Pooled Investments	\$ 9,586,560	\$ 4,944,076	\$ 5,498,529	\$ 3,301,984
Petty Cash and Change Funds	3,300	-	-	-
Undistributed Cash in Agency Funds	289,727	35,464	60,990	5,128
Taxes Receivable				
Delinquent	392,176	88,020	144,333	-
Special Assessments Receivable				
Delinquent	-	-	-	10,533
Deferred	-	-	-	358,350
Accounts Receivable	50,069	-	46,732	22,916
Accrued Interest Receivable	12,435	-	-	-
Due from Other Funds	30,045	19,793	-	-
Due from Other Governments	69,541	3,218,709	967,866	22,604
Inventories	-	285,489	-	-
Prepaid Items	15,913	13,188	-	-
Loans Receivable, Net of Allowance	-	-	-	-
Advances to Other Funds	6,919	-	-	609,962
<b>Total Assets</b>	<b>\$ 10,456,685</b>	<b>\$ 8,604,739</b>	<b>\$ 6,718,450</b>	<b>\$ 4,331,477</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 137,788	\$ 82,149	\$ 488,605	\$ 13,514
Salaries Payable	385,085	64,118	213,694	5,284
Contracts Payable	-	86,313	-	-
Due to Other Funds	19,747	104	29,941	46
Due to Other Governments	157,872	3,179	17,846	227,473
Deferred Revenue - Unavailable	392,176	3,305,137	216,299	368,883
Deferred Revenue - Unearned	-	-	-	101,061
Advance from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>1,092,668</b>	<b>3,541,000</b>	<b>966,385</b>	<b>716,261</b>
<b>FUND BALANCES</b>				
Nonspendable	22,832	298,677	-	609,962
Restricted	-	-	-	2,641,860
Committed	-	-	-	363,394
Assigned	-	4,765,062	5,752,065	-
Unassigned	9,341,185	-	-	-
<b>Total Fund Balances</b>	<b>9,364,017</b>	<b>5,063,739</b>	<b>5,752,065</b>	<b>3,615,216</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,456,685</b>	<b>\$ 8,604,739</b>	<b>\$ 6,718,450</b>	<b>\$ 4,331,477</b>

See accompanying Notes to Financial Statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,864,411	\$ 3,499,065	\$ 1,039,556	\$ 30,734,181
-	-	-	3,300
33,529	1,406	-	426,244
81,766	4,088	-	710,383
-	-	261	10,794
-	-	7,457	365,807
-	-	16	119,733
-	-	-	12,435
-	-	-	49,838
-	372,000	-	4,650,720
-	-	-	285,489
-	-	-	29,101
-	-	308,917	308,917
-	-	-	616,881
<u>\$ 2,979,706</u>	<u>\$ 3,876,559</u>	<u>\$ 1,356,207</u>	<u>\$ 38,323,823</u>

\$ 2,500	\$ 64,259	\$ 31	\$ 788,846
-	-	-	668,181
-	164,895	-	251,208
-	-	-	49,838
-	-	-	406,370
81,766	4,088	7,718	4,376,067
-	-	-	101,061
<u>505,474</u>	<u>104,489</u>	<u>6,918</u>	<u>616,881</u>
<u>589,740</u>	<u>337,731</u>	<u>14,667</u>	<u>7,258,452</u>
-	-	-	931,471
2,389,966	889,472	1,341,540	7,262,838
-	2,649,356	-	3,012,750
-	-	-	10,517,127
-	-	-	9,341,185
<u>2,389,966</u>	<u>3,538,828</u>	<u>1,341,540</u>	<u>31,065,371</u>
<u>\$ 2,979,706</u>	<u>\$ 3,876,559</u>	<u>\$ 1,356,207</u>	<u>\$ 38,323,823</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2012**

**TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS** \$ 31,065,371

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 66,871,471

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. 4,376,067

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	\$ 12,304,126	
Economic Development Loans	554,690	
Deferred Debt Issue Costs	(179,821)	
Compensated Absences	2,502,760	
Other Postemployment Benefits	589,910	
Accrued Interest Payable	148,807	(15,920,472)

**TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 86,392,437

**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	General	Road and Bridge	Human Services	Miscellaneous
<b>REVENUES</b>				
Taxes	\$ 11,454,536	\$ 2,402,915	\$ 4,067,251	\$ 5,128
Special Assessments	-	-	-	366,697
Licenses and Permits	203,375	16,100	-	41,480
Intergovernmental	1,513,856	4,401,048	5,677,806	212,645
Charges for Services	1,263,144	142,366	844,606	159,181
Fines and Forfeits	14,535	-	-	25,416
Gifts and Contributions	1,753	-	7,000	45,858
Investment Earnings	72,324	-	1,074	-
Miscellaneous	399,920	40,358	96,257	30,189
Total Revenues	14,923,443	7,002,787	10,693,994	886,594
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
General Government	5,612,789	-	-	203,875
Public Safety	7,224,157	-	-	137,216
Highways and Streets	-	5,414,716	-	-
Human Services	-	-	9,568,340	-
Health	20,605	-	925,599	-
Culture and Recreation	520,859	-	-	11,625
Conservation of Natural Resources	375,839	-	-	283,151
Economic Development	350,489	-	-	-
<b>INTERGOVERNMENTAL</b>	-	149,925	-	-
<b>CAPITAL OUTLAY</b>				
Public Safety	-	-	-	-
Highways and Streets	-	-	-	-
<b>DEBT SERVICE</b>				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	14,104,738	5,564,641	10,493,939	635,867
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	818,705	1,438,146	200,055	250,727
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	34,654	2,424,791	-	8,622
Transfers Out	(100,413)	(500)	-	(47,148)
Proceeds from Sale of Assets	-	7,222	-	16,146
Total Other Financing Sources (Uses)	(65,759)	2,431,513	-	(22,380)
<b>NET CHANGE IN FUND BALANCES</b>	752,946	3,869,659	200,055	228,347
Fund Balances - Beginning of Year	8,611,071	1,229,289	5,552,010	3,386,869
<b>INCREASE (DECREASE) IN INVENTORIES</b>	-	(35,209)	-	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 9,364,017</u>	<u>\$ 5,063,739</u>	<u>\$ 5,752,065</u>	<u>\$ 3,615,216</u>

See accompanying Notes to Financial Statements.

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 2,219,364	\$ 88,357	\$ 27,237	\$ 20,264,788
-	-	1,973	368,670
-	-	-	260,955
202,644	847,934	-	12,855,933
-	500,000	-	2,909,297
-	-	-	39,951
-	-	-	54,611
-	2,838	25	76,261
-	46,079	41,012	653,815
<u>2,422,008</u>	<u>1,485,208</u>	<u>70,247</u>	<u>37,484,281</u>
-	21,723	-	5,838,387
-	4,850	-	7,366,223
-	136,184	-	5,550,900
-	-	-	9,568,340
-	-	-	946,204
-	-	-	532,484
-	-	-	658,990
-	-	78,010	428,499
-	-	-	149,925
-	55,889	-	55,889
-	1,907,789	-	1,907,789
3,215,000	-	31,893	3,246,893
426,065	-	5,866	431,931
5,556	-	-	5,556
<u>3,646,621</u>	<u>2,126,435</u>	<u>115,769</u>	<u>36,688,010</u>
(1,224,613)	(641,227)	(45,522)	796,271
-	42,494	-	2,510,561
-	(2,362,500)	-	(2,510,561)
-	-	-	23,368
-	(2,320,006)	-	23,368
(1,224,613)	(2,961,233)	(45,522)	819,639
3,614,579	6,500,061	1,387,062	30,280,941
-	-	-	(35,209)
<u>\$ 2,389,966</u>	<u>\$ 3,538,828</u>	<u>\$ 1,341,540</u>	<u>\$ 31,065,371</u>

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**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, 2012**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 819,639**

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

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

Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Asset Adjustments	\$ 4,624,294	
Net Book Value of Capital Assets Disposed	(65,862)	
Current Year Depreciation	<u>(3,690,093)</u>	868,339

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(909,581)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Repayments		
General Obligation Bonds and Notes	3,215,000	
Economic Development Loans	<u>31,893</u>	3,246,893

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	36,693	
Amortization of Discounts/Premiums and Deferred Issuance Charges	(13,720)	
Change in Compensated Absences	55,920	
Change in Other Postemployment Benefits	(86,707)	
Change in Inventories	<u>(35,209)</u>	<u>(43,023)</u>

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 3,982,267</u></u>
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**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
DECEMBER 31, 2012**

**ASSETS**

Cash and Pooled Investments	\$ 1,680,814
Due from Other Governments	<u>513,880</u>
Total Assets	<u><u>\$ 2,194,694</u></u>

**LIABILITIES**

Due to Other Governments	\$ 2,098,476
Funds Held in Trust	<u>96,218</u>
Total Liabilities	<u><u>\$ 2,194,694</u></u>

*See accompanying Notes to Financial Statements.*

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Benton County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2012. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

**A. Financial Reporting Entity**

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

Blended Component Units

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

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

A. Financial Reporting Entity (Continued)

Jointly Governed Organizations

The County participates in several jointly governed organizations which are described in Note 8.

B. Basic Financial Statements

**1. Government-Wide Statements**

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

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

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

**2. Fund Financial Statements**

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**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. Property taxes and intergovernmental revenues are the primary funds committed for these projects.

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

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

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

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

Additionally, the County reports the following fund type:

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Measurement Focus and Basis of Accounting

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

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

D. Assets, Liabilities, and Net Position or Equity

**1. Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2012, based on market prices. Investment earnings are allocated to the Miscellaneous Special Revenue Fund based on cash balances set aside for specific purposes within that fund. Pursuant to *Minnesota Statutes* §385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants.

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Liabilities, and Net Position 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 is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

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

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

Loans receivable in the Economic Development fund are offset by an allowance for doubtful accounts of \$77,556. The County develops an estimate of this allowance based on specific identification.

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

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

Special assessments receivable consist of delinquent special assessments payable in the years 2007 through 2012, and deferred special assessments payable in 2013, and after. No provision has been made for an estimated uncollectible amount. Significant portions of special assessments receivable are not expected to be collected within one year due to the nature of the receivable.

**3. Inventories**

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**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. In the case of initial capitalization of infrastructure, the County retroactively implemented the reporting of this item when GASB #34 was implemented. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for all capital assets, except for buildings, which use a threshold of \$25,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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.

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

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

**5. Compensated Absences**

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated paid-time off (PTO) balances or vacation and sick leave balances. Employees hired before June 21, 2011 can choose to convert to the PTO plan or continue receiving vacation and sick 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.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**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.

**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 position. 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 nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaids, inventories, and long term receivables, as applicable. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Commissioners. The County Administrator is delegated to assign fund balances and their intended uses. Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in other classifications.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**8. Fund Equity (Continued)**

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

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

**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.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Excess of Expenditures over Budget

The following funds had expenditures in excess of budget at the departmental level for the year ended December 31, 2012:

Fund	Function	Expenditures	Budget	Excess
General	Current			
	General Government			
	Recorder	\$ 221,778	\$ 220,999	\$ 779
	Public Safety			
	Sheriff	3,516,195	3,464,944	51,251
	Prisoner Custodial	3,185,417	3,129,401	56,016
	Economic Development			
	Economic Development	85,449	83,357	2,092
Special Revenue Funds				
Road and Bridge	Intergovernmental	149,925	142,000	7,925
Human Services	Current			
	Human Services			
	Income Maintenance	3,394,119	3,379,692	14,427
	Social Services	6,174,221	6,096,721	77,500

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

A. Assets

**1. Deposits and Investments**

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

Government-Wide Statement of Net Position	
Governmental Activities	
Cash and Pooled Investments	\$ 31,160,425
Petty Cash and Change Funds	3,300
Statement of Fiduciary Net Position	
Cash and Pooled Investments	<u>1,680,814</u>
Total Cash and Investments	<u><u>\$ 32,844,539</u></u>

a. Deposits

*Minnesota Statutes* §§118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. *Minnesota Statutes* §118A.03 requires that all County deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least 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.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

**1. Deposits and Investments (Continued)**

a. Deposits (Continued)

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. It is the County's policy to obtain collateral or bonds for all uninsured amounts on deposit, and to obtain necessary documentation to show compliance with state law and a perfect security interest under federal law. As of December 31, 2012, the County had \$21,572 of uninsured deposits exposed to custodial credit risk.

b. Investments

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

- (1) Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by *Minnesota Statutes* §118A.04, Subd. 6;
- (2) Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) General obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 3      DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

**1. Deposits and Investments (Continued)**

b. Investments (Continued)

- (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.

Custodial Credit Risk – Investments

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

Concentration Risk

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 3      DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

The following table presents the County's investment balances at December 31, 2012, and information relating to potential investment risks:

	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
Negotiable Certificates of Deposit	N/R	N/A	<5.0%	N/A	\$ 503,188
U.S. Government agency securities					
Federal Home Loan Mortgage	AA+	S&P	<5.0%	2/22/2022	400,800
Federal Home Loan Bank	AA+	S&P	<5.0%	8/15/2022	450,194
Federal Home Loan Bank	AA+	S&P	<5.0%	9/28/2022	298,968
Federal Home Loan Bank	AA+	S&P	<5.0%	10/4/2022	100,015
Federal Home Loan Bank	AA+	S&P	<5.0%	10/25/2022	500,100
Federal Home Loan Bank	AA+	S&P	<5.0%	11/28/2022	249,373
Federal Home Loan Bank	AA+	S&P	<5.0%	12/21/2022	571,199
Federal Home Loan Bank	AA+	S&P	<5.0%	12/28/2022	380,540
Total Federal Home Loan Bank					<u>2,550,389</u>
Repurchase Agreements	N/R	N/A			101,878
Investment Pools/Mutual Funds					
MAGIC Fund	N/R	N/A		N/A	<u>9,812,718</u>
Total Investments					13,368,973
Deposits					19,472,266
Petty Cash					<u>3,300</u>
Total Deposits and Investments					<u>\$ 32,844,539</u>

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, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

**2. Capital Assets**

Capital asset activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 2,346,666	\$ -	\$ -	\$ 2,346,666
Infrastructure, Right-of-Way	9,151,633	64,906	-	9,216,539
Construction-in-Progress	253,626	3,927,852	3,830,736	350,742
Total Capital Assets, not being Depreciated	11,751,925	3,992,758	3,830,736	11,913,947
Capital Assets being Depreciated:				
Buildings	18,823,056	-	27,000	18,796,056
Land Improvements	364,356	-	-	364,356
Machinery, Furniture, and Equipment	8,547,070	644,285	305,950	8,885,405
Infrastructure	81,641,164	3,817,987	-	85,459,151
Total Capital Assets being Depreciated	109,375,646	4,462,272	332,950	113,504,968
Less Accumulated Depreciation for:				
Buildings	6,292,154	394,535	8,640	6,678,049
Land Improvements	59,074	14,789	-	73,863
Machinery, Furniture, and Equipment	4,437,045	521,758	258,448	4,700,355
Infrastructure	44,336,166	2,759,011	-	47,095,177
Total Accumulated Depreciation	55,124,439	3,690,093	267,088	58,547,444
Total Capital Assets, Depreciated, Net	54,251,207	772,179	65,862	54,957,524
Governmental Activities Capital Assets, Net	\$ 66,003,132	\$ 4,764,937	\$ 3,896,598	\$ 66,871,471

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**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	\$ 163,133
Public Safety	393,179
Highway and Streets	3,051,956
Human Services	71,668
Culture and Recreation	10,157
Total	<u>\$ 3,690,093</u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2012, is as follows:

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

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Fund	\$ 29,941
	Road and Bridge	104
Total Due to General Fund		<u>30,045</u>
Road and Bridge Fund	General Fund	19,747
	Miscellaneous	46
Total Due to Road and Bridge Fund		<u>19,793</u>
	Total	<u>\$ 49,838</u>

The due from other funds above relate to: (1) payment of various legal fees, phone services, and copier charges for the Human Service Fund; (2) payment for phone services for the Road and Bridge Fund and; (3) payment for professional services for Road and Bridge.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

**2. Interfund Transfers**

Interfund transfers for the year ended December 31, 2012, consisted of the following:

Interfund Transfer	Amount	Description
Transfer to General Fund from		
Miscellaneous Fund	\$ 6,998	Transfer to Cover Assessor's Web Costs
Miscellaneous Fund	431	Excess in Sheriff Drug, Alcohol and Contingencies
Miscellaneous Fund	27,225	Transfer for Administration and Expenses for Permit to Carry
	<u>34,654</u>	
Transfer to Road and Bridge Fund from		
General Fund	62,291	Provide Funds for GIS Salary and Expenses
Capital Projects Fund	2,362,500	Transfer for County Road 78 project
	<u>2,424,791</u>	
Transfer to Miscellaneous Fund from		
General Fund	622	Restore Attorney Contingency
General Fund	7,500	Restore Sheriff's Contingency
Road and Bridge Fund	500	Pictometry Contract
	<u>8,622</u>	
Transfer to Capital Projects Fund from		
General Fund	30,000	800 MHz Radios Tower Upgrade
Miscellaneous Fund	12,494	Transfer for Jail Carpet Project
	<u>42,494</u>	
Total	<u>\$ 2,510,561</u>	

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

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

Advances from/to other funds as of December 31, 2012, were as follows:

Receivable Fund	Payable Fund	Amount
General	Ditch	\$ 6,918
Miscellaneous	Capital Projects	104,489
Miscellaneous	Debt Service	505,474
Total		<u>\$ 616,881</u>

The advances above relate to a loan from the General Fund for ditch deficits, a loan from the Miscellaneous Fund (solid waste contingency) to the Capital Projects Fund for the jail master control panel project, and a loan from the Miscellaneous Fund (solid waste contingency) to the Debt Service Fund for the early pay-off of the Courts Facility lease-purchase arrangement.

**C. Liabilities**

**1. Deferred Revenues**

Deferred revenues consist of taxes, special assessments, grant, and other receivables 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, 2012, is summarized below by fund:

	Special Assessments	Taxes	Grants	Other	Total
Major Governmental Funds					
General	\$ -	\$ 392,176	\$ -	\$ -	\$ 392,176
Road and Bridge	-	88,020	-	3,217,117	3,305,137
Human Services	-	144,333	27,788	44,178	216,299
Miscellaneous	368,883	-	-	-	368,883
Debt Service Fund	-	81,766	-	-	81,766
Capital Projects Fund	-	4,088	-	-	4,088
Total Major Governmental Funds	<u>368,883</u>	<u>710,383</u>	<u>27,788</u>	<u>3,261,295</u>	<u>4,368,349</u>
Other Governmental Funds	7,718	-	-	-	7,718
Deferred Revenue Unavailable	<u>\$ 376,601</u>	<u>\$ 710,383</u>	<u>\$ 27,788</u>	<u>\$ 3,261,295</u>	<u>\$ 4,376,067</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

C. Liabilities

**2. Long-Term Debt**

Governmental Activities

Types of Indebtedness	Maturity Date	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2012
2007A G. O. Reconstruction Bonds	2022	\$180,000- \$255,000	4.00	\$ 3,000,000	\$ 2,160,000
2007B G.O. State-Aid Road Bonds	2022	\$110,000- \$175,000	3.65-4.00	2,055,000	1,490,000
2008A G. O. Reconstruction Bonds	2023	\$160,000- \$255,000	3.75-4.50	3,000,000	2,310,000
2008A G.O. Capital Improvement Bonds	2023	\$70,000- \$110,000	3.75-4.50	1,280,000	985,000
2009A G.O. Jail Refunding Bonds	2016	\$595,000- \$690,000	2.00-3.25	3,845,000	2,620,000
2010A G.O. CIP Refunding Bonds	2018	\$145,000- \$170,000	1.00-2.40	1,100,000	955,000
2011A G.O. CIP Refunding Bonds	2018	\$265,000- \$315,000	0.50-1.40	1,710,000	1,710,000
Total General Obligation Bonds				<u>\$ 15,990,000</u>	12,230,000
Less: Unamortized Bond Discount					(41,935)
Add: Unamortized Bond Premium					116,061
Total General Obligation Bonds, Net					<u>\$ 12,304,126</u>
Economic Development Loans U.S. Department of Agriculture	2036	\$7,525- \$34,204	1.00	\$ 805,195	\$ 554,690

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

C. Liabilities (Continued)

**3. Debt Service Requirements**

Debt service requirements at December 31, 2012, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds		Economic Development Loans	
	Principal	Interest	Principal	Interest
2013	\$ 1,610,000	\$ 361,449	\$ 32,212	\$ 5,547
2014	1,645,000	321,314	32,534	5,225
2015	1,675,000	276,222	32,860	4,899
2016	1,745,000	225,975	33,188	4,571
2017	1,105,000	182,199	33,520	4,239
2018-2022	4,085,000	440,540	172,696	16,099
2023-2027	365,000	7,209	126,815	7,564
2028-2032	-	-	49,502	3,563
2033-2036	-	-	41,363	1,038
Total	<u>\$ 12,230,000</u>	<u>\$ 1,814,908</u>	<u>\$ 554,690</u>	<u>\$ 52,745</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**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, 2012, was as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable					
General Obligation Bonds	\$ 15,445,000	\$ -	\$ 3,215,000	\$ 12,230,000	\$ 1,610,000
Bond Premium	134,168	-	18,107	116,061	-
Bond Discount	(48,627)	-	(6,692)	(41,935)	-
Total Bonds Payable	15,530,541	-	3,226,415	12,304,126	1,610,000
Economic Development Loans	586,583	-	31,893	554,690	32,212
Compensated Absences	2,558,680	1,417,115	1,473,035	2,502,760	125,138
Other Postemployment Benefits	503,203	128,774	42,067	589,910	-
Governmental Activity Long-Term Liabilities	<u>\$ 19,179,007</u>	<u>\$ 1,545,889</u>	<u>\$ 4,773,410</u>	<u>\$ 15,951,486</u>	<u>\$ 1,767,350</u>

Compensated absences and Other Postemployment Benefits are typically liquidated in the General Fund and applicable Special Revenue Funds. Economic Development Loans are liquidated in the Economic Development Special Revenue Fund.

**5. Construction Commitments**

The County has active construction projects as of December 31, 2012. The projects include the following:

<u>Project Description</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
County Road Projects	<u>\$3,500,791</u>	<u>\$ 251,208</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 4 FUND BALANCES**

At December 31, 2012, portions of the County's fund balance are not available for appropriation due to legal restrictions (Restricted), County Board action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General Fund	Road and Bridge Fund	Human Services Fund	Miscellaneous Fund	Debt Service Fund	Capital Project Funds	Other Governmental Funds	Total Funds
<b>Nonspendable:</b>								
Advances to Other Funds	\$ 6,919	\$ -	\$ -	\$ 609,962	\$ -	\$ -	\$ -	\$ 616,881
Prepays	15,913	13,188	-	-	-	-	-	29,101
Inventories	-	285,489	-	-	-	-	-	285,489
<b>Total Nonspendable</b>	<b>22,832</b>	<b>298,677</b>	<b>-</b>	<b>609,962</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>931,471</b>
<b>Restricted:</b>								
Law Library	-	-	-	18,884	-	-	-	18,884
E911	-	-	-	404,045	-	-	-	404,045
SCORE Grant	-	-	-	262,355	-	-	-	262,355
Recorders' Equipment	-	-	-	240,686	-	-	-	240,686
Natural Resource Block Grant	-	-	-	40,653	-	-	-	40,653
Solid Waste Contingency	-	-	-	1,556,436	-	-	-	1,556,436
Forfeitures	-	-	-	26,011	-	-	-	26,011
Law Enforcement Programs	-	-	-	2,470	-	-	-	2,470
Future Park Expenditures	-	-	-	87,693	-	-	-	87,693
Broadband Grant	-	-	-	627	-	-	-	627
Economic TIF Expenditures	-	-	-	1,000	-	-	-	1,000
Permit to Carry Guns	-	-	-	1,000	-	-	-	1,000
Gravel Pit Closure Costs	-	-	-	-	-	-	75,569	75,569
Economic Development Loan Program	-	-	-	-	-	-	1,233,927	1,233,927
Debt Service	-	-	-	-	2,389,966	-	-	2,389,966
Bonded Construction Projects	-	-	-	-	-	889,472	-	889,472
Ditch Repairs	-	-	-	-	-	-	32,044	32,044
<b>Total Restricted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,641,860</b>	<b>2,389,966</b>	<b>889,472</b>	<b>1,341,540</b>	<b>7,262,838</b>
<b>Committed:</b>								
Motor Pool	-	-	-	39,182	-	-	-	39,182
Jail Inmate Capital Expenditures	-	-	-	137,570	-	-	-	137,570
Rail-Served Industrial Park	-	-	-	77,000	-	-	-	77,000
Contingency Funds	-	-	-	17,500	-	-	-	17,500
Juvenile Diversion Program	-	-	-	13,214	-	-	-	13,214
Other Items	-	-	-	78,928	-	-	-	78,928
Rice Interchange Project	-	-	-	-	-	2,000,000	-	2,000,000
Future Construction Projects	-	-	-	-	-	649,356	-	649,356
<b>Total Committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>363,394</b>	<b>-</b>	<b>2,649,356</b>	<b>-</b>	<b>3,012,750</b>
<b>Assigned:</b>								
Road and Bridge Operations	-	4,765,062	-	-	-	-	-	4,765,062
Health and Human Services Programs	-	-	5,752,065	-	-	-	-	5,752,065
<b>Total Assigned</b>	<b>-</b>	<b>4,765,062</b>	<b>5,752,065</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,517,127</b>
<b>Unassigned</b>								
	9,341,185	-	-	-	-	-	-	9,341,185
<b>Total Fund Balances</b>	<b>\$9,364,017</b>	<b>\$5,063,739</b>	<b>\$5,752,065</b>	<b>\$ 3,615,216</b>	<b>\$2,389,966</b>	<b>\$3,538,828</b>	<b>\$ 1,341,540</b>	<b>\$31,065,371</b>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 5 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 General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF), and the Local Government Correctional Service Retirement Fund, called the Public Employees Correctional Fund (PECF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes* Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, 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 ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 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 for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members.

For all PEPFF members, PECF members, and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. 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 GERF, PEPFF, and PECF. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org), by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**B. Funding Policy**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. GERS Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.25 percent, respectively, of their annual covered salary in 2012. PEPFF members were required to contribute 9.60 percent of their annual covered salary in 2012. PECF members are required to contribute 5.83 percent of their annual covered salary. Benton County is required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan PERF members, 7.25 percent for Coordinated Plan PERF members, 14.40 percent for PEPFF members, and 8.75 percent for PECF members.

The County's contributions to the General Employees Retirement Fund for the years ending December 31, 2012, 2011, and 2010 were \$660,316, \$672,937, and \$664,554, respectively. The County's contributions to the Public Employees Police and Fire Fund for the years ending December 31, 2012, 2011, and 2010 were \$224,264, \$243,249, and \$237,033, respectively. The County's contributions to the PECF for the years ending December 31, 2012, 2011, and 2010 were \$153,772, \$147,401, and \$140,109, respectively.

The County's contributions were equal to the contractually required contributions for each year as set by state statute.

**C. Defined Contribution Plan**

Three county commissioners of Benton County are 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.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

C. Defined Contribution Plan (Continued)

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 five percent of salary which is matched by the elected official's employer. 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 two percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

Total contributions made by Benton County during fiscal years 2012 and the preceding two years were:

	Contribution Amount		Percentage of Covered Payroll		Required Rates
	Employee	Employer	Employee	Employer	
2012	\$ 4,820	\$ 4,820	5.0 %	5.0 %	5.0 %
2011	4,913	4,913	5.0	5.0	5.0
2010	4,834	4,834	5.0	5.0	5.0

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 6 OPEB DISCLOSURE**

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by *Minnesota Statutes* §471.61 subdivision 2b. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay varying percentages of the total premium cost. As of December 31, 2012, there were 34 retirees receiving health benefits from the County's health plan.

**A. Annual OPEB Cost and Net OPEB Obligation**

The County's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost of 2012, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC):	\$ 137,088
Interest on Net OPEB Obligation	22,644
Adjustment to ARC	<u>(30,958)</u>
Annual OPEB Cost	128,774
Contributions during the year	<u>(42,067)</u>
Increase in Net OPEB Obligation	86,707
Net OPEB - Beginning of the Year	<u>503,203</u>
Net OPEB - End of the Year	<u><u>\$ 589,910</u></u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6 OPEB DISCLOSURE (CONTINUED)**

**A. Annual OPEB Cost and Net OPEB Obligation (Continued)**

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012 and the preceding two years were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/2012	\$ 128,774	\$ 42,067	32.7 %	\$ 589,910
12/31/2011	190,937	65,888	34.5	503,203
12/31/2010	193,479	39,760	20.6	378,154

**B. Funding Status**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2012	\$ -	\$ 1,008,948	\$ 1,008,948	- %	\$12,005,271	8.4 %

**C. Actuarial Methods and Assumptions**

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

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6 OPEB DISCLOSURE (CONTINUED)**

C. Actuarial Methods and Assumptions (Continued)

In the January 1, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.50 percent discount rate, which is based on the estimated long-term investment yield on the general assets of the County using an underlying long-term inflation assumption of 3.00 percent. The annual healthcare cost trend rate is 8.00 percent initially, reduced incrementally to an ultimate rate of 5.00 percent after six years. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open thirty-year period.

**NOTE 7 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 \$460,000 per claim in 2012. 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.

The County is the defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS**

A. Jointly Governed Organizations

Stearns-Benton Employment and Training Council

The Stearns-Benton Employment Training Council was created for the purpose of undertaking, implementing, and maintaining the programs established under the Job Training Partnership Act of 1982 and other federal and state laws and regulations governing the establishment and implementation of programs within the areas governed by Stearns and Benton Counties. The council is an organized joint venture having the duties, powers, and privileges granted joint powers by *Minnesota Statutes* §471.59. The Council is governed by 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:

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

Tri-County Solid Waste Commission

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

A. Joint Governed Organizations (Continued)

Tri-County Solid Waste Commission (Continued)

Each county's proportionate share of the net operating costs is based on the usage of the household hazardous waste facility and the solid waste picked up in each county.

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

Separate financial information can be obtained from:

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

Central Minnesota Violent Offender Task Force

Benton, Morrison, Todd, Sherburne, and Stearns Counties and the Cities of Sartell, Sauk Rapids, Waite Park, St. Joseph, St. Cloud, and Little Falls have entered into a joint powers agreement to investigate, identify, and disrupt illegal drug and gang activity through multi-jurisdictional investigations in Central Minnesota. The County had no contributions during 2012.

Separate financial information can be obtained from:

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

Great River Regional Library

The Great River Regional Library operates under a joint powers agreement and according to the authority granted by *Minnesota Statutes*. The specific operating framework is set forth in a service agreement which has been entered into by each of the seven members. The membership consists of six counties including Benton County and the City of St. Cloud. The Board of Directors consists of 15 people. The Benton County Board of Commissioners has one representative on the Library Board. The County's 2012 contribution to the Great River Regional Library of \$508,789 is included in the expenditures of the General Fund.

**BENTON COUNTY  
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**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

A. Joint Governed Organizations (Continued)

Great River Regional Library (Continued)

Separate financial information can be obtained from:

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

Central Minnesota Emergency Medical Services

The Central Minnesota Emergency Medical Services Region was established in 2001, under *Minnesota Statutes* §471.59, to improve access, delivery, and effectiveness of the emergency medical services system; promote systematic and cost-effective delivery of services; and identify and address system needs within the member counties. The member counties are Benton, Cass, Chisago, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, Pine, Sherburne, Stearns, Todd, Wadena, and Wright. The Region established a Board comprising one Commissioner from each county. The Region's Board has financial responsibility, and Stearns County is the fiscal agent.

Complete financial information can be obtained from:

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

St. Cloud Area Planning Organization

The St. Cloud Area Planning Organization was created to keep governmental units and the general public informed and advised on all matters relative to the transportation planning, programming, and funding. The council is an organized joint venture having the duties, powers, and privileges granted joint powers by *Minnesota Statutes* §471.59. During 2012, the County contributed \$8,095 to the St. Cloud Area Planning Organization. Complete financial statements can be obtained from:

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

A. Joint Governed Organizations (Continued)

Elk River Watershed Association

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

Separate financial information can be obtained from:  
Sherburne County Soil and Water Conservation District  
14855 Highway 10  
Elk River, MN 55330

Central Minnesota Emergency Services Board

Benton, Big Stone, Douglas, Grant, Kandiyohi, Meeker, Mille Lacs, Morrison, Pope, Sherburne, Stearns, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Wright Counties and the City of St. Cloud entered into the Central Minnesota Regional Radio Board joint powers agreement. As of June 1, 2011, the Central Minnesota Regional Radio Board changed its name to Central Minnesota Emergency Services Board. The Board is comprised of one City Council member from each city party and one County Commissioner from each county party to the agreement. The purpose of this agreement is to provide regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota.

Separate financial information can be obtained from:  
City of St. Cloud  
400 Second Street South  
St. Cloud, MN 56301

B. Contingent Liabilities

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

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

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



**BENTON COUNTY  
FOLEY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$11,187,949	\$ 11,187,949	\$ 11,454,536	\$ 266,587
Licenses and Permits	164,370	164,370	203,375	39,005
Intergovernmental	1,391,410	1,429,766	1,513,856	84,090
Charges for Services	1,360,186	1,360,186	1,263,144	(97,042)
Fines and Forfeits	13,425	13,425	14,535	1,110
Gifts and Contributions	75	75	1,753	1,678
Investment Earnings	80,000	80,000	72,324	(7,676)
Miscellaneous	235,000	235,000	399,920	164,920
Total Revenues	14,432,415	14,470,771	14,923,443	452,672
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>GENERAL GOVERNMENT</b>				
Commissioners	377,215	377,215	265,155	112,060
Public Defender	90,000	90,000	76,650	13,350
Administration	680,022	680,022	672,137	7,885
Auditor/Treasurer	601,550	601,550	588,908	12,642
Assessor	447,672	447,672	443,820	3,852
Information Technology	676,087	676,087	674,396	1,691
Attorney	996,059	996,059	979,526	16,533
Recorder	220,999	220,999	221,778	(779)
Property Management	709,134	764,134	745,660	18,474
Veterans Service Officer	97,563	97,563	84,872	12,691
Other General Government	1,103,264	950,546	859,887	90,659
Total General Government	5,999,565	5,901,847	5,612,789	289,058
<b>PUBLIC SAFETY</b>				
Sheriff	3,464,944	3,464,944	3,516,195	(51,251)
Emergency Management	88,708	127,064	120,703	6,361
Prisoner Custodial	3,031,683	3,129,401	3,185,417	(56,016)
Probation	403,116	403,116	401,842	1,274
Total Public Safety	6,988,451	7,124,525	7,224,157	(99,632)
<b>HEALTH</b>				
Groundwater Management	25,310	25,310	20,605	4,705

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>CURRENT (CONTINUED)</b>				
<b>CULTURE AND RECREATION</b>				
Historical Society	\$ 12,070	\$ 12,070	\$ 12,070	\$ -
Regional Library	508,789	508,789	508,789	-
Total Culture and Recreation	520,859	520,859	520,859	-
<b>CONSERVATION OF NATURAL RESOURCES</b>				
University of Minnesota Extension	208,636	208,636	203,339	5,297
Soil and Water Conservation	162,500	162,500	162,500	-
Agricultural Society/County Fair	10,000	10,000	10,000	-
Total Conservation of Natural Resources	381,136	381,136	375,839	5,297
<b>ECONOMIC DEVELOPMENT</b>				
Economic Development	83,357	83,357	85,449	(2,092)
Department of Development	314,115	314,115	265,040	49,075
Total Economic Development	397,472	397,472	350,489	46,983
Total Expenditures	14,312,793	14,351,149	14,104,738	246,411
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	119,622	119,622	818,705	699,083
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	7,200	7,200	34,654	27,454
Transfers Out	(70,000)	(70,000)	(100,413)	(30,413)
Total Other Financing Sources (Uses)	(62,800)	(62,800)	(65,759)	(2,959)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 56,822</u>	<u>\$ 56,822</u>	752,946	<u>\$ 696,124</u>
Fund Balance - Beginning of Year			8,611,071	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 9,364,017</u>	

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE FUND  
YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,345,271	\$ 2,345,271	\$ 2,402,915	\$ 57,644
Licenses and Permits	9,000	9,000	16,100	7,100
Intergovernmental	1,696,108	1,696,108	4,401,048	2,704,940
Charges for Services	94,500	94,500	142,366	47,866
Miscellaneous	34,000	34,000	40,358	6,358
Total Revenues	4,178,879	4,178,879	7,002,787	2,823,908
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HIGHWAY AND STREETS</b>				
Administration	437,839	437,839	256,213	181,626
Maintenance	2,144,893	2,144,893	2,131,299	13,594
Construction	2,804,578	2,804,578	2,006,411	798,167
GIS	79,920	79,920	62,614	17,306
Equipment and Maintenance Shop	1,010,149	1,010,149	958,179	51,970
Total Highways and Streets	6,477,379	6,477,379	5,414,716	1,062,663
<b>INTERGOVERNMENTAL</b>	142,000	142,000	149,925	(7,925)
Total Expenditures	6,619,379	6,619,379	5,564,641	1,054,738
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(2,440,500)	(2,440,500)	1,438,146	3,878,646
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,432,500	2,432,500	2,424,791	(7,709)
Transfers Out	-	-	(500)	(500)
Proceeds from Sale of Assets	8,000	8,000	7,222	(778)
Total Other Financing Sources (Uses)	2,440,500	2,440,500	2,431,513	(8,987)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	3,869,659	<u>\$ 3,869,659</u>
Fund Balance - Beginning of Year			1,229,289	
Decrease in Inventory			(35,209)	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 5,063,739</u>	

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
HUMAN SERVICES FUND  
YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 4,029,293	\$ 4,029,293	\$ 4,067,251	\$ 37,958
Intergovernmental	5,267,569	5,440,328	5,677,806	237,478
Charges for Services	800,519	800,519	844,606	44,087
Gifts and Contributions	6,700	6,700	7,000	300
Investment Earnings	400	400	1,074	674
Miscellaneous	53,450	53,450	96,257	42,807
Total Revenues	10,157,931	10,330,690	10,693,994	363,304
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HUMAN SERVICES</b>				
Income Maintenance	3,012,120	3,379,692	3,394,119	(14,427)
Social Services	6,096,721	6,096,721	6,174,221	(77,500)
Total Human Services	9,108,841	9,476,413	9,568,340	(91,927)
<b>HEALTH</b>				
Nursing Service	1,011,209	1,011,209	925,599	85,610
Total Expenditures	10,120,050	10,487,622	10,493,939	(6,317)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ 37,881</u>	<u>\$ (156,932)</u>	200,055	<u>\$ 356,987</u>
Fund Balance - Beginning of Year			5,552,010	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 5,752,065</u>	

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS  
DECEMBER 31, 2012**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2008	\$ -	\$1,081,796	\$ 1,081,796	- %	\$11,499,724	9.4 %
1/1/2010	-	1,373,132	1,373,132	-	12,377,041	11.1
1/1/2012	-	1,008,948	1,008,948	-	12,005,271	8.4

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2012**

**BUDGETARY INFORMATION**

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

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

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

The following major funds had expenditures in excess of budget at the department level for the year ended December 31, 2012:

Fund	Function	Expenditures	Budget	Excess
General	Current			
	General Government			
	Recorder	\$ 221,778	\$ 220,999	\$ 779
	Public Safety			
	Sheriff	3,516,195	3,464,944	51,251
	Prisoner Custodial	3,185,417	3,129,401	56,016
	Economic Development			
	Economic Development	85,449	83,357	2,092
Special Revenue Funds				
Road and Bridge	Intergovernmental	149,925	142,000	7,925
Human Services	Current			
	Human Services			
	Income Maintenance	3,394,119	3,379,692	14,427
	Social Services	6,174,221	6,096,721	77,500

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

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## **SUPPLEMENTARY INFORMATION**



BENTON COUNTY  
FOLEY, MINNESOTA  
YEAR ENDED DECEMBER 31, 2012

**NONMAJOR GOVERNMENTAL FUNDS**

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

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

The Gravel Pit Restoration Special Revenue Fund is used to account for the ten 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, 2012**

<b>ASSETS</b>	<u>Nonmajor Special Revenue Funds</u>			<u>Total Nonmajor Funds</u>
	<u>Ditch</u>	<u>Economic Development</u>	<u>Gravel Pit Restoration</u>	
Cash and Pooled Investments	\$ 38,962	\$ 925,025	\$ 75,569	\$ 1,039,556
Special Assessments Receivable				
Delinquent	261	-	-	261
Deferred	7,457	-	-	7,457
Accounts Receivable	-	16	-	16
Loans Receivable, Net of Allowance	-	308,917	-	308,917
<b>Total Assets</b>	<b><u>\$ 46,680</u></b>	<b><u>\$ 1,233,958</u></b>	<b><u>\$ 75,569</u></b>	<b><u>\$ 1,356,207</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 31	\$ -	\$ 31
Deferred Revenue - Unavailable	7,718	-	-	7,718
Advances from Other Funds	6,918	-	-	6,918
<b>Total Liabilities</b>	<b>14,636</b>	<b>31</b>	<b>-</b>	<b>14,667</b>
<b>FUND BALANCES</b>				
Restricted	<u>32,044</u>	<u>1,233,927</u>	<u>75,569</u>	<u>1,341,540</u>
<b>Total Fund Balances</b>	<b><u>32,044</u></b>	<b><u>1,233,927</u></b>	<b><u>75,569</u></b>	<b><u>1,341,540</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 46,680</u></b>	<b><u>\$ 1,233,958</u></b>	<b><u>\$ 75,569</u></b>	<b><u>\$ 1,356,207</u></b>

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**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	Nonmajor Special Revenue Funds			Total Nonmajor Funds
	Ditch	Economic Development	Gravel Pit Restoration	
<b>REVENUES</b>				
Taxes	\$ -	\$ 27,237	\$ -	\$ 27,237
Special Assessments	1,973	-	-	1,973
Investment Earnings	-	25	-	25
Miscellaneous	-	19,615	21,397	41,012
Total Revenues	1,973	46,877	21,397	70,247
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
Economic Development	-	78,010	-	78,010
<b>DEBT SERVICE</b>				
Principal	-	31,893	-	31,893
Interest	-	5,866	-	5,866
Total Expenditures	-	115,769	-	115,769
<b>NET CHANGE IN FUND BALANCES</b>	1,973	(68,892)	21,397	(45,522)
Fund Balance - Beginning of Year	30,071	1,302,819	54,172	1,387,062
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 32,044</u>	<u>\$ 1,233,927</u>	<u>\$ 75,569</u>	<u>\$ 1,341,540</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	Balance January 1	Additions	Deductions	Balance December 31
<b>HOUSING AND REDEVELOPMENT AUTHORITY</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ -	\$ 1,680,203	\$ 1,680,203	\$ -
Due From Other Governments	-	704	-	704
Total Assets	<u>\$ -</u>	<u>\$ 1,680,907</u>	<u>\$ 1,680,203</u>	<u>\$ 704</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ -</u>	<u>\$ 1,680,907</u>	<u>\$ 1,680,203</u>	<u>\$ 704</u>
<b>METROPOLITAN TRANSIT</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ -	\$ 188,105	\$ 188,105	\$ -
Due From Other Governments	-	1,457	-	1,457
Total Assets	<u>\$ -</u>	<u>\$ 189,562</u>	<u>\$ 188,105</u>	<u>\$ 1,457</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ -</u>	<u>\$ 189,562</u>	<u>\$ 188,105</u>	<u>\$ 1,457</u>
<b>SCHOOL DISTRICTS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 54,204	\$ 12,098,139	\$ 12,088,770	\$ 63,573
Due From Other Governments	-	300,717	-	300,717
Total Assets	<u>\$ 54,204</u>	<u>\$ 12,398,856</u>	<u>\$ 12,088,770</u>	<u>\$ 364,290</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 54,204</u>	<u>\$ 12,398,856</u>	<u>\$ 12,088,770</u>	<u>\$ 364,290</u>
<b>STATE FUNDS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 72,534	\$ 5,443,828	\$ 5,413,076	\$ 103,286
Due From Other Governments	-	19,923	-	19,923
Total Assets	<u>\$ 72,534</u>	<u>\$ 5,463,751</u>	<u>\$ 5,413,076</u>	<u>\$ 123,209</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 72,534</u>	<u>\$ 5,463,751</u>	<u>\$ 5,413,076</u>	<u>\$ 123,209</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	Balance January 1	Additions	Deductions	Balance December 31
<b>CHM COLLABORATIVE</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 163,025	\$ 104,282	\$ 91,051	\$ 176,256
<b>LIABILITIES</b>				
Due to Other Governments	\$ 163,025	\$ 104,282	\$ 91,051	\$ 176,256
<b>TAXES AND PENALTIES</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 426,715	\$ 49,189,010	\$ 49,039,838	\$ 575,887
<b>LIABILITIES</b>				
Due to Other Governments	\$ 426,715	\$ 49,189,010	\$ 49,039,838	\$ 575,887
<b>TOWNS AND CITIES</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 3,340	\$ 10,339,230	\$ 10,331,915	\$ 10,655
Due From Other Governments	-	191,079	-	191,079
Total Assets	\$ 3,340	\$ 10,530,309	\$ 10,331,915	\$ 201,734
<b>LIABILITIES</b>				
Due to Other Governments	\$ 3,340	\$ 10,530,309	\$ 10,331,915	\$ 201,734
<b>MENTAL HEALTH INITIATIVE COMMUNITY PROJECT</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 542,663	\$ 2,462,471	\$ 2,446,119	\$ 559,015
<b>LIABILITIES</b>				
Due to Other Governments	\$ 542,663	\$ 2,462,471	\$ 2,446,119	\$ 559,015
<b>SOCIAL WELFARE</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 83,891	\$ 584,934	\$ 586,997	\$ 81,828
<b>LIABILITIES</b>				
Funds Held in Trust	\$ 83,891	\$ 584,934	\$ 586,997	\$ 81,828

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>JAIL INMATE</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 1,637	\$ 130,537	\$ 130,949	\$ 1,225
<b>LIABILITIES</b>				
Funds Held in Trust	\$ 1,637	\$ 130,537	\$ 130,949	\$ 1,225
<b>MISSING HEIRS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 13,153	\$ 12	\$ -	\$ 13,165
<b>LIABILITIES</b>				
Funds Held in Trust	\$ 13,153	\$ 12	\$ -	13,165
<b>HENKEMEYER LANDFILL TRUST</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 79,162	\$ 7,557	\$ -	\$ 86,719
<b>LIABILITIES</b>				
Due to Other Governments	\$ 79,162	\$ 7,557	\$ -	86,719
<b>BUILDING OFFICIAL</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ -	\$ 60,638	\$ 60,638	\$ -
<b>LIABILITIES</b>				
Due to Other Governments	\$ -	\$ 60,638	\$ 60,638	\$ -
<b>HUMAN SERVICES AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 513	\$ 2,435	\$ 1,295	\$ 1,653
<b>LIABILITIES</b>				
Due to Other Governments	\$ 513	\$ 2,435	\$ 1,295	\$ 1,653

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>WORKFORCE CENTER AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	<u>\$ 2,847</u>	<u>\$ 11,035</u>	<u>\$ 6,330</u>	<u>\$ 7,552</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 2,847</u>	<u>\$ 11,035</u>	<u>\$ 6,330</u>	<u>\$ 7,552</u>
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 1,443,684	\$ 82,302,416	\$ 82,065,286	\$ 1,680,814
Due from Other Governments	<u>-</u>	<u>513,880</u>	<u>-</u>	<u>513,880</u>
Total Assets	<u>\$ 1,443,684</u>	<u>\$ 82,816,296</u>	<u>\$ 82,065,286</u>	<u>\$ 2,194,694</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 1,345,003	\$ 82,100,813	\$ 81,347,340	\$ 2,098,476
Funds Held in Trust	<u>98,681</u>	<u>715,483</u>	<u>717,946</u>	<u>96,218</u>
Total Liabilities	<u>\$ 1,443,684</u>	<u>\$ 82,816,296</u>	<u>\$ 82,065,286</u>	<u>\$ 2,194,694</u>

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## OTHER SUPPLEMENTARY INFORMATION



**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF INTERGOVERNMENTAL REVENUE  
YEAR ENDED DECEMBER 31, 2012**

	Special Revenue Funds			
	General	Road and Bridge	Human Services	Miscellaneous
<b>SHARED REVENUE</b>				
State				
County Program Aid	\$ 842,223	\$ 177,138	\$ 308,170	\$ -
PERA Rate Reimbursement	19,781	5,043	13,080	-
Disparity Reduction Aid	7,441	-	-	-
Police Aid	174,758	-	-	-
Highway Users Tax	-	4,193,993	-	-
Market Value Credit	118,311	24,874	43,273	-
Enhanced 911	-	-	-	117,849
Total Shared Revenue	1,162,514	4,401,048	364,523	117,849
<b>REIMBURSEMENT FOR SERVICES</b>				
State				
Minnesota Department of Human Services	-	-	925,017	-
<b>GRANTS</b>				
State				
Minnesota Department/Board of Corrections	85,342	-	-	-
Public Safety	47,716	-	-	-
Health	-	-	130,422	-
Natural Resources	3,289	-	-	-
Human Services	-	-	1,269,485	-
Soil and Water Resources	13,271	-	-	-
Pollution Control Agency	-	-	-	94,796
Peace Officer's Board	8,634	-	-	-
Total State Grants	158,252	-	1,399,907	94,796
Federal				
Department of Agriculture	16,451	-	371,390	-
Justice	7,799	-	-	-
Transportation	-	-	-	-
Health and Human Services	103,728	-	2,616,969	-
Homeland Security	65,112	-	-	-
Total Federal Grants	193,090	-	2,988,359	-
Total State and Federal Grants	351,342	-	4,388,266	94,796
Total Intergovernmental Revenue	\$ 1,513,856	\$ 4,401,048	\$ 5,677,806	\$ 212,645

Debt Service	Capital Projects	Total All Funds
\$ -	\$ 475,000	\$ 1,802,531
-	-	37,904
-	-	7,441
-	-	174,758
179,110	-	4,373,103
23,534	934	210,926
-	-	117,849
202,644	475,934	6,724,512
-	-	925,017
-	-	85,342
-	-	47,716
-	-	130,422
-	-	3,289
-	-	1,269,485
-	-	13,271
-	-	94,796
-	-	8,634
-	-	1,652,955
-	-	387,841
-	-	7,799
-	372,000	372,000
-	-	2,720,697
-	-	65,112
-	372,000	3,553,449
-	372,000	5,206,404
\$ 202,644	\$ 847,934	\$ 12,855,933

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2012**

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	\$ 137,364
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	<u>250,477</u>
Total Department of Agriculture		387,841
U.S. Department of Justice		
Direct		
State Criminal Alien Assistance Program	16.606	3,001
Bulletproof Vest Partnership Program	16.607	<u>4,798</u>
Total Department of Justice		7,799
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	372,000
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness (PHER)	93.069	25,837
Temporary Assistance for Needy Families (TANF Cluster)	93.558	43,821
(Total Temporary Assistance for Needy Families CFDA 93.558 \$502,759)		
Maternal and Child Health Services Block Grant to the States	93.994	37,280
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families	93.556	4,025
Temporary Assistance for Needy Families (TANF Cluster)	93.558	458,938
(Total Temporary Assistance for Needy Families CFDA 93.558 \$502,759)		
Child Support Enforcement	93.563	732,585
Refugee and Entrant Assistance State Administrative Programs	93.566	631
Child Care and Development Block Grant	93.575	31,801
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1,610
Foster Care Title IV-E	93.658	186,105
Social Services Block Grant	93.667	204,239
Chafee Foster Care Independence Program	93.674	949
ARRA - Emergency Contingency Fund for TANF	93.714	26,576
State Program (TANF Cluster)		
Children's Health Insurance Program	93.767	76
Medical Assistance Program (Medicaid Cluster)	93.778	<u>972,026</u>
Total Department of Health and Human Services		2,726,499

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security		
Pass Through Minnesota Department of Public Safety		
Hazard Mitigation Grant	97.039	\$ 1,619
Emergency Management Performance Grants	97.042	23,958
Homeland Security Grant Program	97.067	9,644
(Total Homeland Security Grant Program CFDA 97.067 \$39,535)		
Emergency Management Performance Grant	97.042	-
Pass Through West Central Minnesota Emergency Management Services Corporation		
Homeland Security Grant Program	97.067	29,891
(Total Homeland Security Grant Program CFDA 97.067 \$39,535)		
Total Department of Homeland Security		<u>65,112</u>
Total Cash Type Federal Awards		<u>\$ 3,559,251</u>

1. The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Benton County. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Benton County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Benton County.

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. Pass-through grant numbers were not assigned by the pass-through entities.

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

Temporary Assistance for Need Families (TANF) Cluster:	\$ 529,335
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4. During 2012, the County did not pass on any Federal money to subrecipients.

5. American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non ARRA funding. In this schedule, ARRA funds are denoted by the addition of ARRA to the program name.

Reconciliation to the Schedule of Intergovernmental Revenue

Federal Grant Revenue per Schedule of Intergovernmental Revenue:	\$ 3,553,449
Grants received more than 60 days after year-end, deferred in 2012	
Temporary Assistance for Needy Families	1,664
Child Care and Development Block Grant	2,724
Foster Care Title IV-E	<u>1,414</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 3,559,251</u>

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