

**BENTON COUNTY
FOLEY, MINNESOTA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2013

**BENTON COUNTY
FOLEY, MINNESOTA
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INTRODUCTORY SECTION

**BENTON COUNTY
FOLEY, MINNESOTA
ORGANIZATION
DECEMBER 31, 2013**

Office	Name	Term	
		From	To
Commissioners			
1st District	Warren Peschl	January 2013	January 2017
2nd District	Joe Wollak*	January 2011	January 2015
3rd District	Jim McMahon	January 2011	January 2015
4th District	Spencer Buerkle	January 2013	January 2017
5th District	Allen (Jake) Bauerly	January 2013	January 2017
Officers			
<u>Elected</u>			
Attorney	Philip Miller	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
<u>Appointed</u>			
Administrator	Montgomery Headley	Indefinite	
Assessor	Brian Koester	January 2013	January 2017
Court Administrator	Timothy Roberts	Indefinite	
Development Director	Joseph Janish	Indefinite	
Highway Engineer	Christopher Byrd, P.E.	September 2012	May 2016
Human Services Board			
Chair	Jim McMahon	January 2011	January 2015
Vice-Chair	Allen (Jake) Bauerly	January 2013	January 2017
Member	Joe Wollak	January 2011	January 2015
Member	Spencer Buerkle	January 2013	January 2017
Member	Warren Peschl	January 2013	January 2017
Director	Robert Cornelius	Indefinite	

* Chair

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FINANCIAL SECTION



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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525 PARK STREET
SAINT PAUL, MN 55103-2139

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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, 2013, 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, 2013, 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.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2013 the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which represent changes in accounting principles. Our opinion is not modified with respect to this matter.

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 GASB, 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 26, 2014, 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 26, 2014

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REQUIRED SUPPLEMENTARY INFORMATION

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013
(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, 2013. 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, 2013, and the prior year, 2012, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2012-2013 fiscal years include the following:

- ◆ County-wide net position increased 5.5 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 \$37,810,755 and were \$2,028,689 less than expenditures.
- ◆ The General Fund's fund balance increased \$568,118 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.

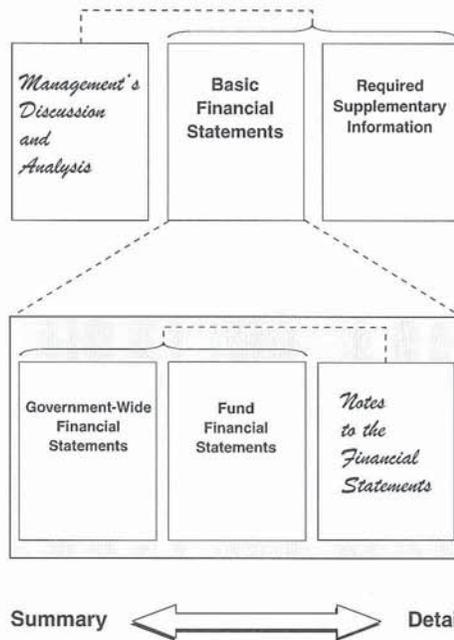
**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

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, 2013**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Government-Wide Statements

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

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

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

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, 2013**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The County's net position was \$91,112,279 on December 31, 2013. (See Table A-1).

The decrease 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
	2013	2012	
Current and Other Assets	\$ 35,346,100	\$ 37,836,925	(6.6)%
Capital Assets	72,383,121	66,871,471	8.2
Total Assets	<u>107,729,221</u>	<u>104,708,396</u>	2.9
Current Liabilities	4,082,279	4,131,823	(1.2)
Long-Term Liabilities	12,534,663	14,184,136	(11.6)
Total Liabilities	<u>16,616,942</u>	<u>18,315,959</u>	(9.3)
Net Position			
Net Investment			
in Capital Assets	62,458,773	55,456,816	12.6
Restricted	10,339,240	11,483,750	(10.0)
Unrestricted	18,314,266	19,451,871	(5.8)
Total Net Position	<u>\$ 91,112,279</u>	<u>\$ 86,392,437</u>	5.5

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Position

The government-wide total revenues were \$37,544,804 for the year ended December 31, 2013. Property taxes and intergovernmental revenues accounted for 88 percent of total revenue for the year. Total revenues for 2013 increased 2.7 percent from 2012, as taxes and charges for services revenue increased from the prior year. Total expenses increased by 0.7 percent due to increased road construction and compensation and benefits increases (See Table A-2).

Table A-2
Change in Net Position

	Governmental Activities		Total % Change
	2013	2012	
REVENUES			
<u>Program Revenues</u>			
Charges for Services	\$ 4,142,849	\$ 3,443,851	20.3 %
Operating Grants and Contributions	8,444,740	7,708,235	9.6
Capital Grants and Contributions	2,391,259	2,717,369	(12.0)
<u>General Revenues</u>			
Property Taxes	20,381,418	20,031,377	1.7
Unrestricted State Aid	1,799,189	2,058,802	(12.6)
Investment Earnings	(53,560)	75,187	(171.2)
Other	438,909	540,627	(18.8)
Total Revenues	<u>37,544,804</u>	<u>36,575,448</u>	2.7
EXPENSES			
General Government	6,094,615	5,962,269	2.2
Public Safety	7,755,926	7,704,576	0.7
Highways and Streets	6,078,022	6,385,594	(4.8)
Human Services	9,763,555	9,508,959	2.7
Health	928,124	987,139	(6.0)
Culture and Recreation	529,817	545,329	(2.8)
Conservation of Natural Resources	769,978	658,990	16.8
Economic Development	385,169	434,087	(11.3)
Interest and Fiscal Charges on Long-Term Liabilities	519,756	406,238	27.9
Total Expenses	<u>32,824,962</u>	<u>32,593,181</u>	0.7
INCREASE IN NET POSITION	4,719,842	3,982,267	18.5
Net Position - Beginning of Year	<u>86,392,437</u>	<u>82,410,170</u>	4.8
NET POSITION - END OF YEAR	<u>\$ 91,112,279</u>	<u>\$ 86,392,437</u>	5.5

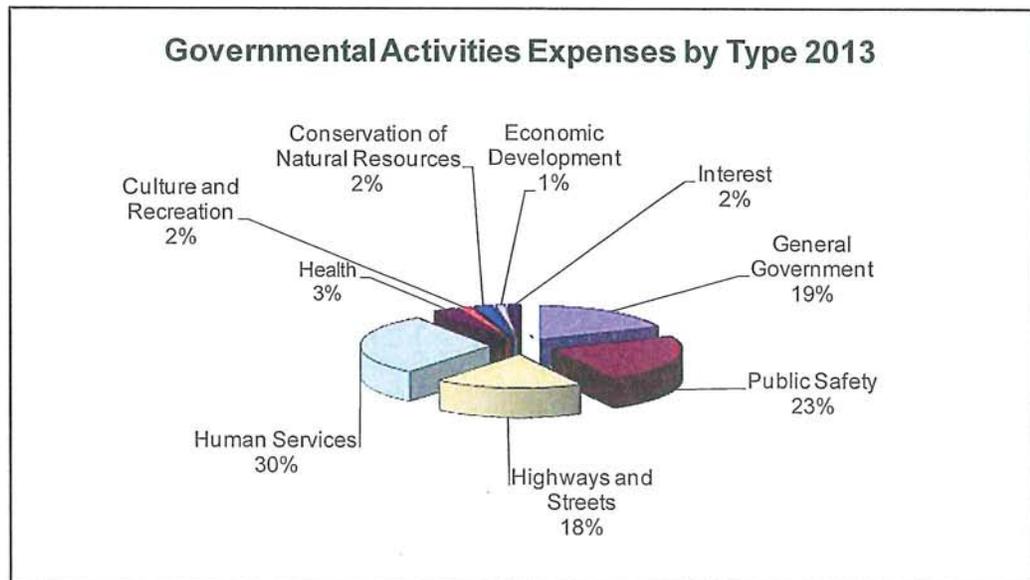
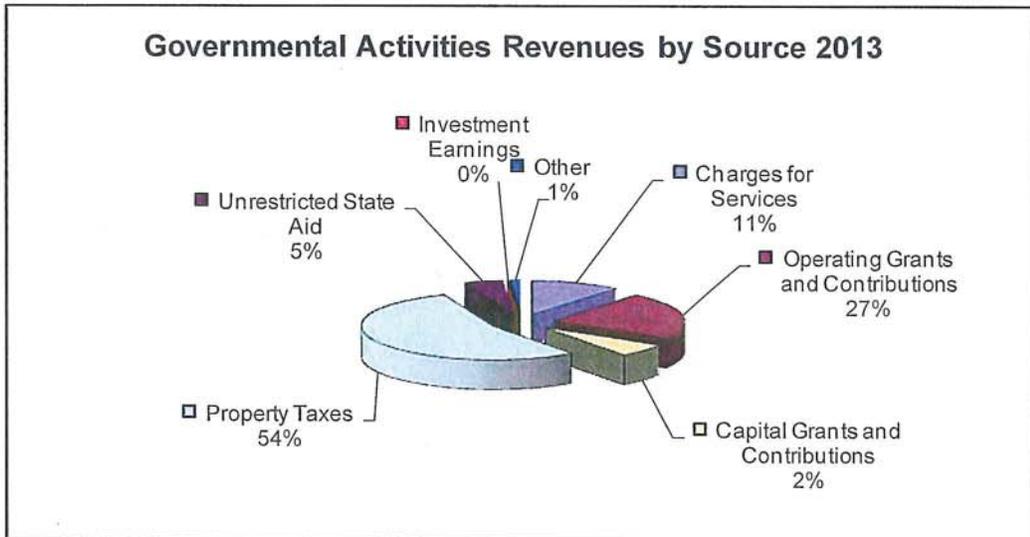
**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

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 \$32,824,962.

- ◆ Some of the cost was paid by the users of the County's programs (\$4,142,849).
- ◆ The federal and state governments contributed to certain programs with grants and contributions (\$10,835,999).
- ◆ A significant portion of the County's costs (\$17,846,114) were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$20,475,934 in property and other taxes, \$1,799,189 of state aid, and with \$290,833 from investment earnings and other general revenues.



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**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

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
	2013	2012		2013	2012	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 6,094,615	\$ 5,962,269	2.2 %	\$ 4,460,860	\$ 4,461,916	(0.0)%
Public Safety	7,755,926	7,704,576	0.7	6,603,861	6,767,857	(2.4)
Highways and Streets	6,078,022	6,385,594	(4.8)	927,458	1,683,583	(44.9)
Human Services	9,763,555	9,508,959	2.7	3,830,268	3,849,373	(0.5)
Health	928,124	987,139	(6.0)	370,935	437,683	(15.3)
Culture and Recreation	529,817	545,329	(2.8)	435,848	498,544	(12.6)
Conservation of Natural Resources	769,978	658,990	16.8	319,770	203,961	56.8
Economic Development	385,169	434,087	(11.3)	377,358	414,571	(9.0)
Interest and Fiscal Charges on Long-Term Liabilities	519,756	406,238	27.9	519,756	406,238	27.9
Total	\$ 32,824,962	\$ 32,593,181	0.7	\$ 17,846,114	\$ 18,723,726	(4.7)

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$29,098,561.

Revenues for the County's governmental funds were \$37,810,755, while total expenditures were \$39,839,444. The associated deficit (\$2,028,689) resulted primarily from the planned usage of fund balances for major road construction projects.

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 \$568,118 from 2012, 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 decreased by \$1,089,424 (excluding the change in inventory) from 2012, due primarily to expenditures for a locally funded road project that started in 2013.

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

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 decreased by \$537,954 from 2012. This decrease can be attributed primarily to the planned usage of fund balances to purchase an electronic document management system.

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 \$253,785 from 2012. 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 increased by \$401,586 in 2013 from 2012. This increase is attributed to higher tax revenue than the scheduled principal and interest payments on outstanding debt. Most bond issuances require the County to levy 105 percent of the annual principal and interest payments.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for the financing of multi-year capital projects, including those funded with Capital Improvement Plan bonds. A fund balance decrease of \$1,575,237 was due to the planned draw-down for road projects.

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

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, 2013	December 31, 2012	Increase (Decrease)	Percent
Taxes	\$ 11,669,783	\$ 11,454,536	\$ 215,247	1.9 %
Intergovernmental	1,328,986	1,513,856	(184,870)	(12.2)
Charges for Services	1,452,489	1,263,144	189,345	15.0
Investment Earnings	(56,313)	72,324	(128,637)	(177.9)
Miscellaneous and Other	534,080	619,583	(85,503)	(13.8)
Total General Fund Revenues	<u>\$ 14,929,025</u>	<u>\$ 14,923,443</u>	<u>\$ 5,582</u>	0.0

Total General Fund revenue increased by \$5,582, or 0.0 percent, from 2012. An increased property tax levy was needed in 2013 to fund higher compensation and benefits costs, and to offset reduced state aid and jail boarding revenue.

The following schedule presents a summary of General Fund expenditures:

Table A-5
General Fund Expenditures

	Year Ended		Change	
	December 31, 2013	December 31, 2012	Increase (Decrease)	Percent
General Government	\$ 5,535,407	\$ 5,612,789	\$ (77,382)	(1.4)%
Public Safety	7,313,997	7,224,157	89,840	1.2
Health	20,457	20,605	(148)	(0.7)
Culture and Recreation	518,203	520,859	(2,656)	(0.5)
Conservation of Natural Resources	376,200	375,839	361	0.1
Economic Development	350,187	350,489	(302)	(0.1)
Capital Outlay	29,923	-	29,923	100.0
Total Expenditures	<u>\$ 14,144,374</u>	<u>\$ 14,104,738</u>	<u>\$ 39,636</u>	0.3

Total General Fund expenditures increased by \$39,636, or 0.3 percent, from 2012 due to increased public safety expenditures.

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

GENERAL FUND BUDGETARY HIGHLIGHTS

- ◆ Actual revenues were \$353,169 more than budgeted. This favorable variance is due primarily to higher than expected intergovernmental revenue collections and jail inmate boarding revenue.
- ◆ Actual expenditures were \$418,682 less than budget. Unspent budget authority resided mainly in the County's Commissioner contingency budget and in the Other General utilities 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 2013 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 2013, the County had invested over \$134 million (before depreciation) in a broad range of capital assets, including buildings, computers, equipment, and infrastructure. (See Table A-6). (More detailed information about capital assets can be found in Note 3.A.2 to the financial statements.) Total depreciation expense for the year was \$3,662,315.

Table A-6
The County's Capital Assets

	Governmental Activities		Percent Change
	2013	2012	
Land	\$ 2,346,666	\$ 2,346,666	-
Right-of-Way	10,200,955	9,216,539	10.7
Construction-in-Progress	7,834,327	350,742	2133.6
Infrastructure	85,482,560	85,459,151	-
Land Improvements	364,356	364,356	-
Buildings	18,796,056	18,796,056	-
Machinery, Furniture, and Equipment	9,362,008	8,885,405	5.4
Less: Accumulated Depreciation	<u>(62,003,807)</u>	<u>(58,547,444)</u>	5.9
Total	<u>\$72,383,121</u>	<u>\$66,871,471</u>	8.2

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

LONG-TERM LIABILITIES

At year-end, the County had \$14,335,603 in long-term liabilities outstanding.

- ◆ The County's total long-term debt decreased \$1,615,883, 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

	2013	2012	Percentage Change
GOVERNMENTAL ACTIVITIES			
General Obligation Bonds	\$10,682,711	\$12,304,126	(13.2)%
Economic Development Loans Payable	522,478	554,690	(5.8)
Compensated Absences	2,468,122	2,502,760	(1.4)
Other Postemployment Health Care Benefits	662,292	589,910	12.3
Total	\$14,335,603	\$15,951,486	(10.1)

FACTORS BEARING ON THE COUNTY'S FUTURE

Benton County experienced declines in its tax capacity every year from 2011 through 2014. Tax capacity peaked at \$30.7 million in 2010, and stands at \$25.7 million in 2014. Heading into 2015, it appears the fall in market values has ceased and new construction has resumed. The County expects that tax capacity growth will return in 2015, but at a much slower pace than we experienced in the mid to late 2000s. Unemployment in the County is well below the national average. The County did lose one of its largest employers with the closure of the VERSO paper mill in 2013, but new companies have located in the County, creating higher wage, skilled jobs.

Against this backdrop of an improving tax base and stable economy is the reality that Benton County taxes are still among the highest in the State. This situation creates ongoing challenges for the County in attracting new businesses or business expansions. Benton County's neighboring counties to the West that make up the St. Cloud metropolitan area can offer substantially lower County taxes. To improve the County's standing and competitive position, the County Board will strive to keep levy increases to the smallest possible level. Ideally, it will find ways to reduce the property tax levy. The County's strategies will include promoting economic development, while working to contain expenditure growth in all areas of County operations.

Employee compensation and benefits costs will continue to be the top cost drivers in the future. Personnel costs make up the largest share of the County's operating budget. Health insurance costs in particular will be an ongoing challenge as the County's small group size and claims experience has contributed to large annual premium increases. The County expects continued investment in capital projects, primarily major road construction. A variety of funding mechanisms are available to the County to support such projects, including general obligation bonding, healthy reserve levels, cash set aside for pay-as-you-go financing and a new wheelage tax imposed at the County level.

**BENTON COUNTY
FOLEY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

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, 2013**

	<u>Governmental Activities</u>
ASSETS	
Cash and Pooled Investments	\$ 28,047,662
Petty Cash and Change Funds	3,300
Taxes Receivable	
Delinquent	748,226
Special Assessments Receivable	
Delinquent	10,999
Deferred	364,741
Accounts Receivable	206,690
Accrued Interest Receivable	9,435
Loans Receivable, Net of Allowance	242,106
Due from Other Governments	5,170,033
Inventories	315,055
Prepaid Items	227,853
Non-Depreciable Capital Assets	
Land	2,346,666
Right-of-Way	10,200,955
Construction-in-Progress	7,834,327
Depreciable Capital Assets	
Building (Net)	11,724,012
Machinery, Vehicles, Furniture, and Equipment (Net)	4,332,258
Land Improvements (Net)	275,704
Infrastructure (Net)	<u>35,669,199</u>
Total Assets	107,729,221
LIABILITIES	
Accounts Payable	904,673
Salaries Payable	722,334
Contracts Payable	206,121
Due to Other Governments	212,978
Accrued Interest Payable	134,188
Unearned Revenue	101,045
Compensated Absences Payable - Due in Less than One Year	123,406
General Obligation Bonds Payable - Due in Less than One Year	1,645,000
Economic Development Loans Payable - Due in Less than One Year	32,534
Compensated Absences Payable - Due in More than One Year	2,344,716
Other Postemployment Benefits Payable - Due in More than One Year	662,292
General Obligation Bonds Payable - Due in More than One Year	9,037,711
Economic Development Loans Payable - Due in More than One Year	<u>489,944</u>
Total Liabilities	16,616,942
NET POSITION	
Net Investment in Capital Assets	62,458,773
Restricted For:	
Debt Service	2,741,252
Gravel Pit Closure	88,456
Capital Projects	758,363
Highway Projects	1,780,383
E-911	478,035
Solid Waste Contingency	2,590,033
Economic Development Loans	1,202,432
Recorders' Equipment	187,155
SCORE Grant	275,602
Ditch Repairs	33,402
Other Items	204,127
Unrestricted	<u>18,314,266</u>
Total Net Position	<u>\$ 91,112,279</u>

See accompanying Notes to Financial Statements.

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**BENTON COUNTY
FOLEY, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					Governmental Activities
General Government	\$ 6,094,615	\$ 1,393,191	\$ 120,496	\$ 120,068	\$ (4,460,860)
Public Safety	7,755,926	631,834	520,231	-	(6,603,861)
Highways and Streets	6,078,022	1,174,975	2,065,841	1,909,748	(927,458)
Human Services	9,763,555	875,600	5,057,687	-	(3,830,268)
Health	928,124	31,521	525,668	-	(370,935)
Culture and Recreation	529,817	26,872	67,097	-	(435,848)
Conservation of Natural Resources	769,978	1,045	87,720	361,443	(319,770)
Economic Development	385,169	7,811	-	-	(377,358)
Interest	519,756	-	-	-	(519,756)
Total Governmental Activities	\$32,824,962	\$ 4,142,849	\$ 8,444,740	\$ 2,391,259	(17,846,114)
GENERAL REVENUES					
					20,381,418
Property Taxes					36,514
Gravel Taxes					30,930
Mortgage Registry and Deed Tax					27,072
Forfeited Tax					1,799,189
Grants and Contributions not Restricted to Specific Programs					(53,560)
Unrestricted Investment Earnings					334,663
Miscellaneous					9,730
Gain on Sale of Capital Assets					
Total General Revenues					22,565,956
CHANGE IN NET POSITION					
					4,719,842
Net Position - Beginning of Year					86,392,437
NET POSITION - END OF YEAR					\$ 91,112,279

See accompanying Notes to Financial Statements.

**BENTON COUNTY
FOLEY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

ASSETS	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Miscellaneous</u>
Cash and Pooled Investments	\$ 10,235,977	\$ 2,487,774	\$ 5,182,797	\$ 3,783,645
Petty Cash and Change Funds	3,300	-	-	-
Undistributed Cash in Agency Funds	173,848	27,555	51,839	3,920
Taxes Receivable				
Delinquent	418,435	90,850	153,694	-
Special Assessments Receivable				
Delinquent	-	-	-	10,746
Noncurrent	-	-	-	358,350
Accounts Receivable	79,351	507	104,770	22,062
Accrued Interest Receivable	9,435	-	-	-
Due from Other Funds	47,552	16,723	-	-
Due from Other Governments	67,539	3,636,974	1,300,378	22,981
Inventories	-	315,055	-	-
Prepaid Items	136,903	13,943	70,632	6,375
Loans Receivable, Net of Allowance	-	-	-	-
Advances to Other Funds	5,560	-	-	298,419
Total Assets	<u>\$ 11,177,900</u>	<u>\$ 6,589,381</u>	<u>\$ 6,864,110</u>	<u>\$ 4,506,498</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 199,795	\$ 207,040	\$ 355,333	\$ 121,154
Salaries Payable	416,593	64,298	234,495	6,948
Contracts Payable	-	206,121	-	-
Due to Other Funds	16,677	69	47,484	45
Due to Other Governments	144,658	2,609	26,502	39,209
Unearned Revenue	-	-	-	101,045
Advance from Other Funds	-	-	-	-
Total Liabilities	<u>777,723</u>	<u>480,137</u>	<u>663,814</u>	<u>268,401</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Resources	468,042	2,105,363	986,185	369,096
FUND BALANCES				
Nonspendable	142,463	328,998	70,632	304,794
Restricted	-	-	-	3,067,437
Committed	-	-	-	497,425
Assigned	-	3,674,883	5,143,479	-
Unassigned (Deficit)	9,789,672	-	-	(655)
Total Fund Balances	<u>9,932,135</u>	<u>4,003,881</u>	<u>5,214,111</u>	<u>3,869,001</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,177,900</u>	<u>\$ 6,589,381</u>	<u>\$ 6,864,110</u>	<u>\$ 4,506,498</u>

See accompanying Notes to Financial Statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,979,416	\$ 2,005,056	\$ 1,087,775	\$ 27,762,440
-	-	-	3,300
26,966	1,094	-	285,222
83,888	1,359	-	748,226
-	-	253	10,999
-	-	6,391	364,741
-	-	-	206,690
-	-	-	9,435
-	-	-	64,275
-	142,161	-	5,170,033
-	-	-	315,055
-	-	-	227,853
-	-	242,106	242,106
-	-	-	303,979
<u>\$ 3,090,270</u>	<u>\$ 2,149,670</u>	<u>\$ 1,336,525</u>	<u>\$ 35,714,354</u>

\$ -	\$ 21,320	\$ 31	\$ 904,673
-	-	-	722,334
-	-	-	206,121
-	-	-	64,275
-	-	-	212,978
-	-	-	101,045
214,830	83,589	5,560	303,979
<u>214,830</u>	<u>104,909</u>	<u>5,591</u>	<u>2,515,405</u>
83,888	81,170	6,644	4,100,388
-	-	-	846,887
2,791,552	758,363	1,324,290	7,941,642
-	1,205,228	-	1,702,653
-	-	-	8,818,362
-	-	-	9,789,017
<u>2,791,552</u>	<u>1,963,591</u>	<u>1,324,290</u>	<u>29,098,561</u>
<u>\$ 3,090,270</u>	<u>\$ 2,149,670</u>	<u>\$ 1,336,525</u>	<u>\$ 35,714,354</u>

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**BENTON COUNTY
FOLEY, MINNESOTA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 29,098,561

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. 72,383,121

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. 4,100,388

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	\$ 10,682,711	
Economic Development Loans	522,478	
Compensated Absences	2,468,122	
Other Postemployment Benefits	662,292	
Accrued Interest Payable	134,188	(14,469,791)

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 91,112,279

**BENTON COUNTY
FOLEY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013**

	General	Road and Bridge	Human Services	Miscellaneous
REVENUES				
Taxes	\$ 11,669,783	\$ 2,260,990	\$ 4,192,037	\$ -
Special Assessments	-	-	-	361,186
Licenses and Permits	209,533	13,625	-	69,324
Intergovernmental	1,328,986	5,044,188	5,140,514	271,895
Charges for Services	1,452,489	126,989	846,845	153,783
Fines and Forfeits	31,117	-	-	34,989
Gifts and Contributions	1,500	-	-	3,219
Investment Earnings	(56,313)	-	2,152	140
Miscellaneous	291,930	66,090	58,169	39,288
Total Revenues	14,929,025	7,511,882	10,239,717	933,824
EXPENDITURES				
CURRENT				
General Government	5,535,407	-	-	297,149
Public Safety	7,313,997	-	-	221,829
Highways and Streets	-	8,334,069	-	-
Human Services	-	-	9,688,731	-
Health	20,457	-	905,427	-
Culture and Recreation	518,203	-	-	-
Conservation of Natural Resources	376,200	-	-	393,832
Economic Development	350,187	-	-	-
INTERGOVERNMENTAL	-	154,572	-	-
CAPITAL OUTLAY				
General Government	29,923	-	-	-
Public Safety	-	-	-	-
Highways and Streets	-	-	-	-
DEBT SERVICE				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	14,144,374	8,488,641	10,594,158	912,810
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	784,651	(976,759)	(354,441)	21,014
OTHER FINANCING SOURCES (USES)				
Transfers In	62,620	385,102	-	305,478
Transfers Out	(279,153)	(515,267)	(183,513)	(87,520)
Proceeds from Sale of Assets	-	17,500	-	14,813
Total Other Financing Sources (Uses)	(216,533)	(112,665)	(183,513)	232,771
NET CHANGE IN FUND BALANCES	568,118	(1,089,424)	(537,954)	253,785
Fund Balances - Beginning of Year	9,364,017	5,063,739	5,752,065	3,615,216
INCREASE (DECREASE) IN INVENTORIES	-	29,566	-	-
FUND BALANCES - END OF YEAR	\$ 9,932,135	\$ 4,003,881	\$ 5,214,111	\$ 3,869,001

See accompanying Notes to Financial Statements.

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 2,177,988	\$ 87,888	\$ 27,072	\$ 20,415,758
-	-	1,358	362,544
-	-	-	292,482
202,380	594,839	-	12,582,802
-	1,000,000	-	3,580,106
-	-	-	66,106
-	-	-	4,719
-	2,442	171	(51,408)
-	81,300	20,869	557,646
<u>2,380,368</u>	<u>1,766,469</u>	<u>49,470</u>	<u>37,810,755</u>
-	107,270	-	5,939,826
-	14,831	-	7,550,657
-	2,457,788	-	10,791,857
-	-	-	9,688,731
-	-	-	925,884
-	-	-	518,203
-	-	-	770,032
-	-	28,961	379,148
-	-	-	154,572
-	-	-	29,923
-	161,761	-	161,761
-	912,309	-	912,309
1,610,000	-	32,212	1,642,212
361,451	-	5,547	366,998
7,331	-	-	7,331
<u>1,978,782</u>	<u>3,653,959</u>	<u>66,720</u>	<u>39,839,444</u>
401,586	(1,887,490)	(17,250)	(2,028,689)
-	631,892	-	1,385,092
-	(319,639)	-	(1,385,092)
-	-	-	32,313
<u>-</u>	<u>312,253</u>	<u>-</u>	<u>32,313</u>
401,586	(1,575,237)	(17,250)	(1,996,376)
2,389,966	3,538,828	1,341,540	31,065,371
-	-	-	29,566
<u>\$ 2,791,552</u>	<u>\$ 1,963,591</u>	<u>\$ 1,324,290</u>	<u>\$ 29,098,561</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, 2013**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ (1,996,376)**

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

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

Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Asset Adjustments	\$ 9,196,548	
Net Book Value of Capital Assets Disposed	(22,583)	
Current Year Depreciation	<u>(3,662,315)</u>	5,511,650

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (275,679)

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	1,610,000	
Economic Development Loans	<u>32,212</u>	1,642,212

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	14,619	
Amortization of Discounts/Premiums	11,415	
Elimination of Deferred Charges under GASB 65	(179,821)	
Change in Compensated Absences	34,638	
Change in Other Postemployment Benefits	(72,382)	
Change in Inventories	<u>29,566</u>	<u>(161,965)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 4,719,842**

**BENTON COUNTY
FOLEY, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2013**

ASSETS

Cash and Pooled Investments	\$ 1,336,763
Due from Other Governments	<u>382,979</u>
Total Assets	<u><u>\$ 1,719,742</u></u>

LIABILITIES

Due to Other Governments	\$ 1,616,760
Funds Held in Trust	<u>102,982</u>
Total Liabilities	<u><u>\$ 1,719,742</u></u>

See accompanying Notes to Financial Statements.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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, 2013. 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.

Changes in Accounting Principles

During 2013, the County adopted new accounting guidance by implementing the provisions of GASB Statements 61 and 65. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, and amendment of GASB Statements No. 14 and No. 34*, modifies and clarifies the requirements for inclusion of component units and their presentation in the primary government's financial statements. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items previously reported as assets and liabilities. See Note 1.D.7 and 8 in the notes to the financial statements for additional information regarding the County's deferred outflows/inflows of resources.

Restatements of December 31, 2012, net position or fund balance were not required as a result of adopting these changes in accounting principles.

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.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

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.

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

Jointly Governed Organizations

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

1. Government-Wide Statements

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

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

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

2. Fund Financial Statements

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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, 2013**

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

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2013, 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 prescribed by the SEC pursuant to the Investment Company Act of 1940 (17 C.F.R. §270.2A-7). The investment in the pool is measured by the net asset value per share provided by the pool.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables

Activity between funds 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 \$79,445. The County develops an estimate of this allowance based on specific identification. Loans receivable is reported at \$242,106; of this amount, \$126,322 is expected to be collected in more than one year.

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 2008 through 2013, and deferred special assessments payable in 2014, 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, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Prepaids

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. In the case of initial capitalization of infrastructure, the County retroactively implemented the reporting of this item when GASB #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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated paid-time off (PTO) balances or vacation and sick leave balances. 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.

7. Deferred Outflows of Resources

The County reports decreases in net position or fund balance, that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position or governmental fund balance sheet. The County will not recognize the related outflow until a future event occurs. The County does not have deferred outflows of resources to report in its governmental funds in the current year.

8. Deferred Inflows of Resources

The County's governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has one type of item which occurs relating to revenue recognition: The deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's year) under the modified accrual basis of accounting.

9. 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 amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of bond issuance.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Long-Term Obligations (Continued)

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.

10. 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. Unassigned also includes deficit balances in other governmental funds.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, it is the County's policy to use restricted first, 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.

11. Use of Estimates

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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, 2013:

Fund	Function	Expenditures	Budget	Excess
General	Current			
	General Government			
	Public Defender	\$ 90,773	\$ 75,000	\$ 15,773
	Public Safety			
	Sheriff	3,746,932	3,697,411	49,521
	Emergency Management	98,956	94,088	4,868
	Culture and Recreation			
	Regional Library	506,133	504,792	1,341
	Capital Outlay			
	General Government	29,923	28,000	1,923
Special Revenue Funds				
Road and Bridge	Current			
	Highways and Streets			
	Equipment and Maintenance Shop	1,101,971	995,286	106,685
	Intergovernmental	154,572	142,000	12,572
Human Services	Current			
	Human Services			
	Income Maintenance	3,480,848	3,143,831	337,017
	Social Services	6,207,883	6,087,141	120,742

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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	\$ 28,047,662
Petty Cash and Change Funds	3,300
Statement of Fiduciary Net Position	
Cash and Pooled Investments	1,336,763
Total Cash and Investments	\$ 29,387,725

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.

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, 2013, all of the County's deposits were insured and collateralized.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments

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

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. 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, 2013**

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, 2013, and information relating to potential investment risks:

	Credit Risk		Concentration	Interest	Carrying (Fair) Value
	Credit Rating	Rating Agency	Risk Over 5 Percent of Portfolio	Rate Risk Maturity Date	
Negotiable Certificates of Deposit	N/R	N/A	7.1%	N/A	\$ 695,579
U.S. Government agency securities					
Federal Home Loan Bank	AA+	S&P	<5.0%	10/30/2018	296,805
Federal Home Loan Bank	AA+	S&P	<5.0%	9/28/2022	288,912
Federal Home Loan Bank	AA+	S&P	<5.0%	10/25/2022	481,870
Federal Home Loan Bank	AA+	S&P	<5.0%	11/28/2022	240,365
Federal Home Loan Bank	AA+	S&P	<5.0%	12/21/2022	548,700
Federal Home Loan Bank	AA+	S&P	<5.0%	12/28/2022	369,778
Federal Home Loan Bank	AA+	S&P	<5.0%	1/30/2023	94,660
Federal Home Loan Bank	AA+	S&P	<5.0%	2/22/2023	191,828
Federal Home Loan Bank	AA+	S&P	<5.0%	3/14/2023	193,072
Federal Home Loan Bank	AA+	S&P	<5.0%	5/23/2023	466,755
Total Federal Home Loan Bank					<u>3,172,745</u>
Investment Pools/Mutual Funds					
MAGIC Fund	N/R	N/A		N/A	<u>5,417,891</u>
Total Investments					9,286,215
Deposits					20,098,210
Petty Cash					<u>3,300</u>
Total Deposits and Investments					<u>\$ 29,387,725</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, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 2,346,666	\$ -	\$ -	\$ 2,346,666
Infrastructure, Right-of-Way	9,216,539	984,416	-	10,200,955
Construction-in-Progress	350,742	7,506,994	23,409	7,834,327
Total Capital Assets, not being Depreciated	11,913,947	8,491,410	23,409	20,381,948
Capital Assets being Depreciated:				
Buildings	18,796,056	-	-	18,796,056
Land Improvements	364,356	-	-	364,356
Machinery, Furniture, and Equipment	8,885,405	705,138	228,535	9,362,008
Infrastructure	85,459,151	23,409	-	85,482,560
Total Capital Assets being Depreciated	113,504,968	728,547	228,535	114,004,980
Less Accumulated Depreciation for:				
Buildings	6,678,049	393,995	-	7,072,044
Land Improvements	73,863	14,789	-	88,652
Machinery, Furniture, and Equipment	4,700,355	535,347	205,952	5,029,750
Infrastructure	47,095,177	2,718,184	-	49,813,361
Total Accumulated Depreciation	58,547,444	3,662,315	205,952	62,003,807
Total Capital Assets, Depreciated, Net	54,957,524	(2,933,768)	22,583	52,001,173
Governmental Activities Capital Assets, Net	<u>\$ 66,871,471</u>	<u>\$ 5,557,642</u>	<u>\$ 45,992</u>	<u>\$ 72,383,121</u>

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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	\$	162,523
Public Safety		395,300
Highway and Streets		2,378,668
Human Services		80,388
Culture and Recreation		9,267
Total		<u><u>\$ 3,026,146</u></u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2013, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Fund	\$ 47,483
	Road and Bridge Fund	69
Total Due to General Fund		<u>47,552</u>
Road and Bridge Fund	General Fund	16,677
	Miscellaneous Fund	46
Total Due to Road and Bridge Fund		<u>16,723</u>
	Total	<u><u>\$ 64,275</u></u>

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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, 2013, consisted of the following:

Interfund Transfer	Amount	Description
Transfer to General Fund from		
Miscellaneous Fund	\$ 4,575	Transfer to Cover Assessor's Web Costs
Miscellaneous Fund	581	Excess in Sheriff Drug, Alcohol and Contingencies
Miscellaneous Fund	260	Transfer Remaining Sign Fund Balance
Miscellaneous Fund	57,204	Transfer for Administration and Expenses for Permit to Carry
	<u>62,620</u>	
Transfer to Road and Bridge Fund from		
General Fund	65,463	Provide Funds for GIS Salary and Expenses
Capital Projects Fund	172,225	Transfer Excess Funds
Capital Projects Fund	147,414	Transfer for County Road 80 project
	<u>385,102</u>	
Transfer to Miscellaneous Fund from		
General Fund	133,820	Transfer for Tax and CAMA Contracts
General Fund	8,603	Restore Sheriff's Contingency
General Fund	150	Transfer for Attorney Major Trial
General Fund	23,667	Transfer of Phone Savings
Human Services Fund	133,820	Transfer for Tax and CAMA Contracts
Human Services Fund	4,693	Transfer of Phone Savings
Road and Bridge Fund	725	Transfer of Phone Savings
	<u>305,478</u>	
Transfer to Capital Projects Fund from		
General Fund	2,450	Transfer Metal Detector
General Fund	45,000	Budgeted Projects
Human Services Fund	45,000	Budgeted Projects
Road and Bridge Fund	354,653	Reclassify Receipt
Road and Bridge Fund	159,889	Transfer for Street Reconstruction
Miscellaneous Fund	24,900	Replace Jail Water Softener
	<u>631,892</u>	
Total	<u>\$ 1,385,092</u>	

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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, 2013, were as follows:

Receivable Fund	Payable Fund	Amount
General	Ditch	\$ 5,560
Miscellaneous	Capital Projects	83,589
Miscellaneous	Debt Service	214,830
Total		<u>\$ 303,979</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. Deferred Inflows of Resources

Deferred inflows of resources consist of special assessments, taxes, and grant receivables that are not collected soon enough after year-end to pay liabilities of the current year. Deferred inflows at December 31, 2013, is summarized below by fund:

	Special Assessments	Delinquent Taxes	Grants	Total
Major Governmental Funds				
General	\$ -	\$ 418,435	\$ 49,607	\$ 468,042
Road and Bridge	-	90,850	2,014,513	2,105,363
Human Services	-	153,694	832,491	986,185
Miscellaneous	369,096	-	-	369,096
Debt Service Fund	-	83,888	-	83,888
Capital Projects Fund	-	1,359	79,811	81,170
Total Major Governmental Funds	<u>369,096</u>	<u>748,226</u>	<u>2,976,422</u>	<u>4,093,744</u>
Other Governmental Funds	6,644	-	-	6,644
Deferred Inflows of Resources	<u>\$ 375,740</u>	<u>\$ 748,226</u>	<u>\$ 2,976,422</u>	<u>\$ 4,100,388</u>

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Liabilities

1. Long-Term Debt

Governmental Activities

<u>Types of Indebtedness</u>	<u>Maturity Date</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2013</u>
2007A G. O. Reconstruction Bonds	2022	\$180,000- \$255,000	4.00	\$ 3,000,000	\$ 1,980,000
2007B G.O. State-Aid Road Bonds	2022	\$110,000- \$175,000	3.65-4.00	2,055,000	1,365,000
2008A G. O. Reconstruction Bonds	2023	\$160,000- \$255,000	3.75-4.50	3,000,000	2,135,000
2008A G.O. Capital Improvement Bonds	2023	\$70,000- \$110,000	3.75-4.50	1,280,000	910,000
2009A G.O. Jail Refunding Bonds	2016	\$595,000- \$690,000	2.00-3.25	3,845,000	1,980,000
2010A G.O. CIP Refunding Bonds	2018	\$145,000- \$170,000	1.00-2.40	1,100,000	805,000
2011A G.O. CIP Refunding Bonds	2018	\$265,000- \$315,000	0.50-1.40	1,710,000	1,445,000
Total General Obligation Bonds				<u>\$ 15,990,000</u>	10,620,000
Less: Unamortized Bond Discount					(35,242)
Add: Unamortized Bond Premium					97,953
Total General Obligation Bonds, Net					<u>\$ 10,682,711</u>
Economic Development Loans U.S. Department of Agriculture	2036	\$7,525- \$34,204	1.00	\$ 805,195	\$ 522,478

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Liabilities (Continued)

2. Debt Service Requirements

Debt service requirements at December 31, 2013, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds		Economic Development Loans	
	Principal	Interest	Principal	Interest
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	1,150,000	147,088	33,855	3,904
2019-2023	3,300,000	300,661	174,423	14,372
2024-2028	-	-	100,937	6,296
2029-2033	-	-	49,997	3,068
2034-2036	-	-	31,164	625
Total	<u>\$ 10,620,000</u>	<u>\$ 1,453,459</u>	<u>\$ 522,478</u>	<u>\$ 47,199</u>

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Liabilities (Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General Obligation Bonds	\$ 12,230,000	\$ -	\$ 1,610,000	\$ 10,620,000	\$ 1,645,000
Bond Premium	116,061	-	18,108	97,953	-
Bond Discount	(41,935)	-	(6,693)	(35,242)	-
Total Bonds Payable	12,304,126	-	1,621,415	10,682,711	1,645,000
Economic Development Loans	554,690	-	32,212	522,478	32,534
Compensated Absences	2,502,760	2,760,241	2,794,879	2,468,122	123,406
Other Postemployment Benefits	589,910	126,927	54,545	662,292	-
Governmental Activity Long-Term Liabilities	<u>\$ 15,951,486</u>	<u>\$ 2,887,168</u>	<u>\$ 4,503,051</u>	<u>\$ 14,335,603</u>	<u>\$ 1,800,940</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.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Liabilities (Continued)

4. Construction Commitments

The County has active construction projects as of December 31, 2013. The projects include the following:

<u>Project Description</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
County Road Projects	<u>\$4,253,183</u>	<u>\$3,296,381</u>

5. Operating Lease

The County leases office equipment under a noncancelable operating lease. Total costs for the lease were \$25,476 for the year ended December 31, 2013. The future minimum lease payments for the lease are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2014	\$ 27,792
2015	27,792
2016	27,792
2017	27,792
2018	2,316
Total	<u>\$ 113,484</u>

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 FUND BALANCES

At December 31, 2013, 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
Nonspendable:								
Advances to Other Funds	\$ 5,560	\$ -	\$ -	\$ 298,419	\$ -	\$ -	\$ -	\$ 303,979
Prepays	136,903	13,943	70,632	6,375	-	-	-	227,853
Inventories	-	315,055	-	-	-	-	-	315,055
Total Nonspendable	142,463	328,998	70,632	304,794	-	-	-	846,887
Restricted:								
Law Library	-	-	-	20,514	-	-	-	20,514
E911	-	-	-	478,035	-	-	-	478,035
SCORE Grant	-	-	-	275,602	-	-	-	275,602
Outreach Grant	-	-	-	11,176	-	-	-	11,176
Recorders' Equipment	-	-	-	187,155	-	-	-	187,155
Natural Resource Block Grant	-	-	-	48,309	-	-	-	48,309
Solid Waste Contingency	-	-	-	1,922,518	-	-	-	1,922,518
Forfeitures	-	-	-	28,194	-	-	-	28,194
Law Enforcement Programs	-	-	-	2,470	-	-	-	2,470
Future Park Expenditures	-	-	-	90,693	-	-	-	90,693
Broadband Grant	-	-	-	771	-	-	-	771
Economic TIF Expenditures	-	-	-	1,000	-	-	-	1,000
Permit to Carry Guns	-	-	-	1,000	-	-	-	1,000
Gravel Pit Closure Costs	-	-	-	-	-	-	88,456	88,456
Economic Development Loan Program	-	-	-	-	-	-	1,202,432	1,202,432
Debt Service	-	-	-	-	2,791,552	-	-	2,791,552
Bonded Construction Projects	-	-	-	-	-	758,363	-	758,363
Ditch Repairs	-	-	-	-	-	-	33,402	33,402
Total Restricted	-	-	-	3,067,437	2,791,552	758,363	1,324,290	7,941,642
Committed:								
Motor Pool	-	-	-	50,707	-	-	-	50,707
Jail Inmate Capital Expenditures	-	-	-	86,511	-	-	-	86,511
Rail-Served Industrial Park	-	-	-	19,388	-	-	-	19,388
Contingency Funds	-	-	-	17,519	-	-	-	17,519
Juvenile Diversion Program	-	-	-	14,512	-	-	-	14,512
Other Items	-	-	-	308,788	-	-	-	308,788
Future Construction Projects	-	-	-	-	-	1,205,228	-	1,205,228
Total Committed	-	-	-	497,425	-	1,205,228	-	1,702,653
Assigned:								
Road and Bridge Operations	-	3,674,883	-	-	-	-	-	3,674,883
Health and Human Services Programs	-	-	5,143,479	-	-	-	-	5,143,479
Total Assigned	-	3,674,883	5,143,479	-	-	-	-	8,818,362
Unassigned								
	9,789,672	-	-	(655)	-	-	-	9,789,017
Total Fund Balances	\$ 9,932,135	\$ 4,003,881	\$ 5,214,111	\$ 3,869,001	\$ 2,791,552	\$ 1,963,591	\$ 1,324,290	\$ 29,098,561

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 GERF'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
DECEMBER 31, 2013**

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, 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, 2013**

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 2013. PEPFF members were required to contribute 9.60 percent of their annual covered salary in 2013. 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, 2013, 2012, and 2011 were \$674,670, \$660,316, and \$672,937, respectively. The County's contributions to the Public Employees Police and Fire Fund for the years ending December 31, 2013, 2012, and 2011 were \$232,215, \$224,264, and \$243,249, respectively. The County's contributions to the PECF for the years ending December 31, 2013, 2012, and 2011 were \$152,626, \$153,772, and \$147,401, 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
DECEMBER 31, 2013**

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 2013 and the preceding two years were:

	Contribution Amount		Percentage of Covered Payroll		Required Rates
	Employee	Employer	Employee	Employer	
2013	\$ 6,254	\$ 6,254	5.0 %	5.0 %	5.0 %
2012	4,820	4,820	5.0	5.0	5.0
2011	4,913	4,913	5.0	5.0	5.0

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, 2013, there were 34 retirees receiving health benefits from the County's health plan.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 6 OPEB DISCLOSURE (CONTINUED)

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 2013, 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		26,546
Adjustment to ARC		<u>(36,707)</u>
Annual OPEB Cost		126,927
Contributions during the year		<u>(54,545)</u>
Increase in Net OPEB Obligation		72,382
Net OPEB - Beginning of the Year		<u>589,910</u>
Net OPEB - End of the Year	\$	<u><u>662,292</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013 and the preceding two years were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/2013	\$ 126,927	\$ 54,545	43.0 %	\$ 662,292
12/31/2012	128,774	42,067	32.7	589,910
12/31/2011	190,937	65,888	34.5	503,203

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 6 OPEB DISCLOSURE (CONTINUED)

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.

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.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 \$470,000 per claim in 2013. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

NOTE 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
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

A. Joint Governed Organizations (Continued)

Stearns-Benton Employment and Training Council (Continued)

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.

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

A. Joint Governed Organizations (Continued)

Central Minnesota Violent Offender Task Force

Benton, Morrison, Todd, Sherburne, and Stearns Counties and the Cities of Sartell, Sauk Rapids, Waite Park, St. Joseph, St. Cloud, and Little Falls have entered into a joint powers agreement to investigate, identify, and disrupt illegal drug and gang activity through multi-jurisdictional investigations in Central Minnesota. The County had no contributions during 2013.

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 2013 contribution to the Great River Regional Library of \$506,133 is included in the expenditures of the General Fund.

Separate financial information can be obtained from:

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

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.

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

A. Joint Governed Organizations (Continued)

Central Minnesota Emergency Medical Services (Continued)

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 2013, the County contributed \$8,140 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

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

**BENTON COUNTY
FOLEY, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

A. Joint Governed Organizations (Continued)

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

D. Contingent Liabilities

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

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

NOTE 9 SUBSEQUENT EVENTS

On August 7, 2014 the County issued \$4,500,000 General Obligation Tax Abatement Bonds (Series 2014A) for the purpose of the CSAH 3 Roundabout Corridor. The interest rate on the bond is 2.5% to 3.5% and is set to mature in 2030.

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

**BENTON COUNTY
FOLEY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 11,714,281	\$ 11,714,281	\$ 11,669,783	\$ (44,498)
Licenses and Permits	173,280	173,280	209,533	36,253
Intergovernmental	1,184,852	1,184,852	1,328,986	144,134
Charges for Services	1,163,218	1,163,218	1,452,489	289,271
Fines and Forfeits	14,325	14,325	31,117	16,792
Gifts and Contributions	-	-	1,500	1,500
Investment Earnings	45,000	45,000	(56,313)	(101,313)
Miscellaneous	280,900	280,900	291,930	11,030
Total Revenues	14,575,856	14,575,856	14,929,025	353,169
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	364,611	364,611	270,769	93,842
Public Defender	75,000	75,000	90,773	(15,773)
Administration	656,180	656,180	627,071	29,109
Auditor/Treasurer	567,520	576,520	572,472	4,048
Assessor	457,664	457,664	455,481	2,183
Information Technology	691,175	691,175	680,800	10,375
Attorney	1,027,556	1,027,556	998,730	28,826
Recorder	224,794	224,794	214,655	10,139
Property Management	725,764	725,764	718,533	7,231
Veterans Service Officer	62,952	62,952	62,242	710
Other General Government	1,104,425	1,002,841	843,881	158,960
Total General Government	5,957,641	5,865,057	5,535,407	329,650
PUBLIC SAFETY				
Sheriff	3,634,827	3,697,411	3,746,932	(49,521)
Emergency Management	94,088	94,088	98,956	(4,868)
Prisoner Custodial	3,169,235	3,169,235	3,082,298	86,937
Probation	390,254	420,254	385,811	34,443
Total Public Safety	7,288,404	7,380,988	7,313,997	66,991
HEALTH				
Groundwater Management	20,605	20,605	20,457	148

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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
CURRENT (CONTINUED)				
CULTURE AND RECREATION				
Historical Society	\$ 12,070	\$ 12,070	\$ 12,070	\$ -
Regional Library	504,792	504,792	506,133	(1,341)
Total Culture and Recreation	516,862	516,862	518,203	(1,341)
CONSERVATION OF NATURAL RESOURCES				
University of Minnesota Extension	210,208	210,208	201,200	9,008
Soil and Water Conservation	165,000	165,000	165,000	-
Agricultural Society/County Fair	10,000	10,000	10,000	-
Total Conservation of Natural Resources	385,208	385,208	376,200	9,008
ECONOMIC DEVELOPMENT				
Economic Development	59,702	59,702	58,707	995
Department of Development	306,634	306,634	291,480	15,154
Total Economic Development	366,336	366,336	350,187	16,149
CAPITAL OUTLAY				
General Government	28,000	28,000	29,923	(1,923)
Total Expenditures	14,563,056	14,563,056	14,144,374	418,682
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,800	12,800	784,651	771,851
OTHER FINANCING SOURCES (USES)				
Transfers In	7,200	7,200	62,620	55,420
Transfers Out	(115,000)	(115,000)	(279,153)	(164,153)
Total Other Financing Sources (Uses)	(107,800)	(107,800)	(216,533)	(108,733)
NET CHANGE IN FUND BALANCE	<u>\$ (95,000)</u>	<u>\$ (95,000)</u>	568,118	<u>\$ 663,118</u>
Fund Balance - Beginning of Year			9,364,017	
FUND BALANCE - END OF YEAR			<u>\$ 9,932,135</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, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,235,873	\$ 2,235,873	\$ 2,260,990	\$ 25,117
Licenses and Permits	5,000	5,000	13,625	8,625
Intergovernmental	4,124,016	4,124,016	5,044,188	920,172
Charges for Services	124,000	124,000	126,989	2,989
Miscellaneous	740,000	740,000	66,090	(673,910)
Total Revenues	7,228,889	7,228,889	7,511,882	282,993
EXPENDITURES				
CURRENT				
HIGHWAY AND STREETS				
Administration	389,023	389,023	358,960	30,063
Maintenance	2,160,617	2,160,617	2,135,201	25,416
Construction	7,255,876	7,255,876	4,671,916	2,583,960
GIS	68,970	68,970	66,021	2,949
Equipment and Maintenance Shop	995,286	995,286	1,101,971	(106,685)
Total Highways and Streets	10,869,772	10,869,772	8,334,069	2,535,703
INTERGOVERNMENTAL				
Total Expenditures	142,000	142,000	154,572	(12,572)
Total Expenditures	11,011,772	11,011,772	8,488,641	2,523,131
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(3,782,883)	(3,782,883)	(976,759)	2,806,124
OTHER FINANCING SOURCES (USES)				
Transfers In	2,054,883	2,054,883	385,102	(1,669,781)
Transfers Out	-	-	(515,267)	(515,267)
Proceeds from Sale of Assets	-	-	17,500	17,500
Total Other Financing Sources (Uses)	2,054,883	2,054,883	(112,665)	(2,167,548)
NET CHANGE IN FUND BALANCE	<u>\$ (1,728,000)</u>	<u>\$ (1,728,000)</u>	(1,089,424)	<u>\$ 638,576</u>
Fund Balance - Beginning of Year			5,063,739	
Decrease in Inventory			29,566	
FUND BALANCE - END OF YEAR			<u>\$ 4,003,881</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, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,214,869	\$ 4,214,869	\$ 4,192,037	\$ (22,832)
Intergovernmental	5,152,760	5,152,760	5,140,514	(12,246)
Charges for Services	796,256	796,256	846,845	50,589
Investment Earnings	700	700	2,152	1,452
Miscellaneous	60,950	60,950	58,169	(2,781)
Total Revenues	10,225,535	10,225,535	10,239,717	14,182
EXPENDITURES				
CURRENT				
HUMAN SERVICES				
Income Maintenance	3,143,831	3,143,831	3,480,848	(337,017)
Social Services	6,087,141	6,087,141	6,207,883	(120,742)
Total Human Services	9,230,972	9,230,972	9,688,731	(457,759)
HEALTH				
Nursing Service	994,563	994,563	905,427	89,136
Total Expenditures	10,225,535	10,225,535	10,594,158	(368,623)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(354,441)	(354,441)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(45,000)	(183,513)	(138,513)
NET CHANGE IN FUND BALANCE	\$ -	\$ (45,000)	(537,954)	\$ (492,954)
Fund Balance - Beginning of Year			5,752,065	
FUND BALANCE - END OF YEAR			<u>\$ 5,214,111</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, 2013**

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, 2013**

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, 2013:

Fund	Function	Expenditures	Budget	Excess
General	Current			
	General Government			
	Public Defender	\$ 90,773	\$ 75,000	\$ 15,773
	Public Safety			
	Sheriff	3,746,932	3,697,411	49,521
	Emergency Management	98,956	94,088	4,868
	Culture and Recreation			
	Regional Library	506,133	504,792	1,341
	Capital Outlay			
	General Government	29,923	28,000	1,923
Special Revenue Funds				
Road and Bridge	Current			
	Highways and Streets			
	Equipment and Maintenance Shop	1,101,971	995,286	106,685
	Intergovernmental	154,572	142,000	12,572
Human Services	Current			
	Human Services			
	Income Maintenance	3,480,848	3,143,831	337,017
	Social Services	6,207,883	6,087,141	120,742

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, 2013**

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, 2013**

	Nonmajor Special Revenue Funds			Total Nonmajor Funds
	Ditch	Economic Development	Gravel Pit Restoration	
ASSETS				
Cash and Pooled Investments	\$ 38,962	\$ 960,357	\$ 88,456	\$ 1,087,775
Special Assessments Receivable				
Delinquent	253	-	-	253
Deferred	6,391	-	-	6,391
Loans Receivable, Net of Allowance	-	242,106	-	242,106
Total Assets	<u>\$ 45,606</u>	<u>\$ 1,202,463</u>	<u>\$ 88,456</u>	<u>\$ 1,336,525</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 31	\$ -	\$ 31
Advances from Other Funds	5,560	-	-	5,560
Total Liabilities	5,560	31	-	5,591
DEFERRED INFLOWS OF RESOURCES				
Unavailable Resources	6,644	-	-	6,644
FUND BALANCES				
Restricted	33,402	1,202,432	88,456	1,324,290
Total Fund Balances	<u>33,402</u>	<u>1,202,432</u>	<u>88,456</u>	<u>1,324,290</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 45,606</u>	<u>\$ 1,202,463</u>	<u>\$ 88,456</u>	<u>\$ 1,336,525</u>

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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, 2013**

	Nonmajor Special Revenue Funds			Total Nonmajor Funds
	Ditch	Economic Development	Gravel Pit Restoration	
REVENUES				
Taxes	\$ -	\$ 27,072	\$ -	\$ 27,072
Special Assessments	1,358	-	-	1,358
Investment Earnings	-	171	-	171
Miscellaneous	-	7,982	12,887	20,869
Total Revenues	1,358	35,225	12,887	49,470
EXPENDITURES				
CURRENT				
Economic Development	-	28,961	-	28,961
DEBT SERVICE				
Principal	-	32,212	-	32,212
Interest	-	5,547	-	5,547
Total Expenditures	-	66,720	-	66,720
NET CHANGE IN FUND BALANCES	1,358	(31,495)	12,887	(17,250)
Fund Balance - Beginning of Year	32,044	1,233,927	75,569	1,341,540
FUND BALANCE - END OF YEAR	<u>\$ 33,402</u>	<u>\$ 1,202,432</u>	<u>\$ 88,456</u>	<u>\$ 1,324,290</u>

**BENTON COUNTY
FOLEY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Balance January 1	Additions	Deductions	Balance December 31
HOUSING AND REDEVELOPMENT AUTHORITY				
ASSETS				
Cash and Pooled Investments	\$ -	\$ 1,566,153	\$ 1,566,153	\$ -
Due From Other Governments	704	1,363	704	1,363
Total Assets	<u>\$ 704</u>	<u>\$ 1,567,516</u>	<u>\$ 1,566,857</u>	<u>\$ 1,363</u>
LIABILITIES				
Due to Other Governments	<u>\$ 704</u>	<u>\$ 1,567,516</u>	<u>\$ 1,566,857</u>	<u>\$ 1,363</u>
METROPOLITAN TRANSIT				
ASSETS				
Cash and Pooled Investments	\$ -	\$ 181,969	\$ 181,969	\$ -
Due From Other Governments	1,457	1,824	1,457	1,824
Total Assets	<u>\$ 1,457</u>	<u>\$ 183,793</u>	<u>\$ 183,426</u>	<u>\$ 1,824</u>
LIABILITIES				
Due to Other Governments	<u>\$ 1,457</u>	<u>\$ 183,793</u>	<u>\$ 183,426</u>	<u>\$ 1,824</u>
SCHOOL DISTRICTS				
ASSETS				
Cash and Pooled Investments	\$ 63,573	\$ 13,355,677	\$ 13,349,181	\$ 70,069
Due From Other Governments	300,717	191,715	300,717	191,715
Total Assets	<u>\$ 364,290</u>	<u>\$ 13,547,392</u>	<u>\$ 13,649,898</u>	<u>\$ 261,784</u>
LIABILITIES				
Due to Other Governments	<u>\$ 364,290</u>	<u>\$ 13,547,392</u>	<u>\$ 13,649,898</u>	<u>\$ 261,784</u>
STATE FUNDS				
ASSETS				
Cash and Pooled Investments	\$ 103,286	\$ 5,214,880	\$ 5,260,425	\$ 57,741
Due From Other Governments	19,923	51,376	19,923	51,376
Total Assets	<u>\$ 123,209</u>	<u>\$ 5,266,256</u>	<u>\$ 5,280,348</u>	<u>\$ 109,117</u>
LIABILITIES				
Due to Other Governments	<u>\$ 123,209</u>	<u>\$ 5,266,256</u>	<u>\$ 5,280,348</u>	<u>\$ 109,117</u>

**BENTON COUNTY
FOLEY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Balance January 1	Additions	Deductions	Balance December 31
CHM COLLABORATIVE				
ASSETS				
Cash and Pooled Investments	\$ 176,256	\$ 130,727	\$ 95,719	\$ 211,264
LIABILITIES				
Due to Other Governments	\$ 176,256	\$ 130,727	\$ 95,719	\$ 211,264
TAXES AND PENALTIES				
ASSETS				
Cash and Pooled Investments	\$ 575,887	\$ 50,222,272	\$ 50,393,826	\$ 404,333
LIABILITIES				
Due to Other Governments	\$ 575,887	\$ 50,222,272	\$ 50,393,826	\$ 404,333
TOWNS AND CITIES				
ASSETS				
Cash and Pooled Investments	\$ 10,655	\$ 10,175,201	\$ 10,185,869	\$ (13)
Due From Other Governments	191,079	136,701	191,079	136,701
Total Assets	\$ 201,734	\$ 10,311,902	\$ 10,376,948	\$ 136,688
LIABILITIES				
Due to Other Governments	\$ 201,734	\$ 10,311,902	\$ 10,376,948	\$ 136,688
MENTAL HEALTH INITIATIVE COMMUNITY PROJECT				
ASSETS				
Cash and Pooled Investments	\$ 559,015	\$ 2,041,469	\$ 2,204,673	\$ 395,811
LIABILITIES				
Due to Other Governments	\$ 559,015	\$ 2,041,469	\$ 2,204,673	\$ 395,811
SOCIAL WELFARE				
ASSETS				
Cash and Pooled Investments	\$ 81,828	\$ 656,667	\$ 650,655	\$ 87,840
LIABILITIES				
Funds Held in Trust	\$ 81,828	\$ 656,667	\$ 650,655	\$ 87,840

**BENTON COUNTY
FOLEY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Balance January 1	Additions	Deductions	Balance December 31
JAIL INMATE				
ASSETS				
Cash and Pooled Investments	\$ 1,225	\$ 146,369	\$ 145,623	\$ 1,971
LIABILITIES				
Funds Held in Trust	\$ 1,225	\$ 146,369	\$ 145,623	\$ 1,971
MISSING HEIRS				
ASSETS				
Cash and Pooled Investments	\$ 13,165	\$ 6	\$ -	\$ 13,171
LIABILITIES				
Funds Held in Trust	\$ 13,165	\$ 6	\$ -	\$ 13,171
HENKEMEYER LANDFILL TRUST				
ASSETS				
Cash and Pooled Investments	\$ 86,719	\$ 6,000	\$ -	\$ 92,719
LIABILITIES				
Due to Other Governments	\$ 86,719	\$ 6,000	\$ -	\$ 92,719
BUILDING OFFICIAL				
ASSETS				
Cash and Pooled Investments	\$ -	\$ 75,507	\$ 75,507	\$ -
LIABILITIES				
Due to Other Governments	\$ -	\$ 75,507	\$ 75,507	\$ -
HUMAN SERVICES AGENCY FUND				
ASSETS				
Cash and Pooled Investments	\$ 1,653	\$ 1,565	\$ 1,361	\$ 1,857
LIABILITIES				
Due to Other Governments	\$ 1,653	\$ 1,565	\$ 1,361	\$ 1,857

**BENTON COUNTY
FOLEY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2013**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
WORKFORCE CENTER AGENCY FUND				
ASSETS				
Cash and Pooled Investments	\$ 7,552	\$ -	\$ 7,552	\$ -
LIABILITIES				
Due to Other Governments	\$ 7,552	\$ -	\$ 7,552	\$ -
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and Pooled Investments	\$ 1,680,814	\$ 83,774,462	\$ 84,118,513	\$ 1,336,763
Due from Other Governments	513,880	382,979	513,880	382,979
Total Assets	<u>\$ 2,194,694</u>	<u>\$ 84,157,441</u>	<u>\$ 84,632,393</u>	<u>\$ 1,719,742</u>
LIABILITIES				
Due to Other Governments	\$ 2,098,476	\$ 83,354,399	\$ 83,836,115	\$ 1,616,760
Funds Held in Trust	96,218	803,042	796,278	102,982
Total Liabilities	<u>\$ 2,194,694</u>	<u>\$ 84,157,441</u>	<u>\$ 84,632,393</u>	<u>\$ 1,719,742</u>

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OTHER SUPPLEMENTARY INFORMATION

**BENTON COUNTY
FOLEY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2013**

	Special Revenue Funds			
	General	Road and Bridge	Human Services	Miscellaneous
SHARED REVENUE				
State				
County Program Aid	\$ 711,696	\$ 138,053	\$ 260,770	\$ -
PERA Rate Reimbursement	19,781	5,043	13,080	-
Disparity Reduction Aid	7,441	-	-	-
Police Aid	173,120	-	-	-
Highway Users Tax	-	2,961,388	-	-
Market Value Credit	119,632	23,206	43,834	-
Enhanced 911	-	-	-	117,849
Total Shared Revenue	1,031,670	3,127,690	317,684	117,849
REIMBURSEMENT FOR SERVICES				
State				
Minnesota Department of Human Services	-	-	1,435,947	-
GRANTS				
State				
Minnesota Department/Board of Corrections	84,373	-	-	-
Public Safety	65,553	-	-	-
Health	-	-	135,473	-
Human Services	-	-	604,896	-
Soil and Water Resources	13,271	-	-	53,826
Veterans Affairs	2,298	-	-	12,500
Pollution Control Agency	-	6,750	-	87,720
Peace Officer's Board	8,544	-	-	-
Total State Grants	174,039	6,750	740,369	154,046
Federal				
Department of Agriculture	11,569	-	394,634	-
Justice	4,490	-	-	-
Transportation	-	1,909,748	-	-
Health and Human Services	72,433	-	2,251,880	-
Homeland Security	34,785	-	-	-
Total Federal Grants	123,277	1,909,748	2,646,514	-
Total State and Federal Grants	297,316	1,916,498	3,386,883	154,046
Total Intergovernmental Revenue	\$ 1,328,986	\$ 5,044,188	\$ 5,140,514	\$ 271,895

Debt Service	Capital Projects	Total All Funds
\$ -	\$ 433,000	\$ 1,543,519
-	-	37,904
-	-	7,441
-	-	173,120
179,639	-	3,141,027
22,741	914	210,327
-	-	117,849
202,380	433,914	5,231,187
-	-	1,435,947
-	-	84,373
-	9,290	74,843
-	-	135,473
-	-	604,896
-	-	67,097
-	-	14,798
-	-	94,470
-	-	8,544
-	9,290	1,084,494
-	-	406,203
-	-	4,490
-	-	1,909,748
-	-	2,324,313
-	151,635	186,420
-	151,635	4,831,174
-	160,925	5,915,668
\$ 202,380	\$ 594,839	\$ 12,582,802

**BENTON COUNTY
FOLEY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013**

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	\$ 192,881
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	<u>266,410</u>
Total Department of Agriculture		459,291
U.S. Department of Justice		
Direct		
State Criminal Alien Assistance Program	16.606	2,390
Bulletproof Vest Partnership Program	16.607	<u>2,100</u>
Total Department of Justice		4,490
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	1,909,748
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness (PHER)	93.069	30,619
Immunization Cooperative Agreements	93.268	2,250
Temporary Assistance for Needy Families	93.558	43,821
(Total Temporary Assistance for Needy Families CFDA 93.558 \$482,553)		
Maternal and Child Health Services Block Grant to the States	93.994	37,344
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families	93.556	10,250
Temporary Assistance for Needy Families	93.558	438,732
(Total Temporary Assistance for Needy Families CFDA 93.558 \$482,553)		
Child Support Enforcement	93.563	755,442
Refugee and Entrant Assistance-State Administered Programs	93.566	682
Child Care and Development Block Grant	93.575	28,249
Stephanie Tubbs Jones Child Welfare Services Program	93.645	3,917
Foster Care Title IV-E	93.658	143,774
Social Services Block Grant	93.667	178,821
Chafee Foster Care Independence Program	93.674	1,962
Children's Health Insurance Program	93.767	117
Medical Assistance Program	93.778	<u>1,020,310</u>
Total Department of Health and Human Services		2,696,290

**BENTON COUNTY
FOLEY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Natural Resources		
Boating Safety Financial Assistance	97.012	\$ 3,142
Passed Through Minnesota Department of Public Safety		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	92,767
Emergency Management Performance Grants	97.042	48,907
Homeland Security Grant Program	97.067	9,534
(Total Homeland Security Grant Program CFDA 97.067 \$130,202)		
Passed Through Minnesota Department of Public Safety and the City of St. Cloud		
Homeland Security Grant Program	97.067	120,668
(Total Homeland Security Grant Program CFDA 97.067 \$130,202)		
Total Department of Homeland Security		275,018
Total Cash Type Federal Awards		<u>\$ 5,344,837</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. During 2013, the County did not pass on any Federal money to sub recipients.

Reconciliation to the Schedule of Intergovernmental Revenue

Federal Grant Revenue per Schedule of Intergovernmental Revenue:	\$ 4,831,174
Grants received more than 60 days after year-end, deferred in 2013	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	53,088
Temporary Assistance for Needy Families	138,269
Child Care and Development Block Grant	1,245
Child Support Enforcement	79,263
Medical Assistance Program (Medicaid Cluster)	159,002
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	61,800
Emergency Management Performance Grants	25,276
Homeland Security Grant Program	1,522
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	(1,414)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 5,344,837</u>

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