

**BENTON COUNTY  
FOLEY, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2008**





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



**BENTON COUNTY  
FOLEY, MINNESOTA  
ORGANIZATION  
DECEMBER 31, 2008**

Office	Name	Term	
		From	To
<b>Commissioners</b>			
1st District	Duane J. Walter	January 2005	January 2009
2nd District	Joe Wollak*	January 2007	January 2011
3rd District	Jim McMahon	January 2007	January 2011
4th District	Richard J. Soyka	January 2005	January 2009
5th District	Earl Bukowski	January 2005	January 2009
<b>Officers</b>			
<b><u>Elected</u></b>			
Attorney	Robert Raupp	January 2007	January 2011
Auditor/Treasurer	Joan Neyssen	January 2007	January 2011
Coroner	Clifford Stiles, M.D.	January 2007	January 2011
County Recorder	Marilyn Novak	January 2007	January 2011
Sheriff	Brad Bennett	January 2007	January 2011
<b><u>Appointed</u></b>			
Administrator	Montgomery Headley	Indefinite	
Assessor	Brian Koester	January 2005	January 2009
Court Administrator	Timothy Roberts	Indefinite	
Development Director	Chelle Benson	Indefinite	
Highway Engineer	Robert H. Kozel, P.E.	May 2005	May 2009
<b>Human Services</b>			
<b><u>Board</u></b>			
Member	Earl Bukowski	January 2005	January 2009
Member	Joe Wollak	January 2007	January 2011
Vice-Chair	Duane J. Walter	January 2005	January 2009
Member	Richard J. Soyka	January 2005	January 2009
Chair	Jim McMahon	January 2007	January 2011
Director	Timothy Martin	Indefinite	

\* Chair

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## FINANCIAL SECTION

## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Benton County  
Foley, Minnesota

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County (County), Minnesota as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of Benton County's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, as of December 31, 2008, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2009, on our consideration of Benton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of the audit.

Board of County Commissioners  
Benton County

The management's discussion and analysis, budgetary comparison information, and schedule of funding progress, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**LarsonAllen LLP**

Brainerd, Minnesota  
June 26, 2009

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## REQUIRED SUPPLEMENTARY INFORMATION



**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2008**

This section of Benton County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on December 31, 2008. The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current year, 2008, and the prior year, 2007, is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2007-2008 fiscal years include the following:

- ◆ County-wide net assets increased 4.8 percent over the prior year, reflecting continued improvement in cash reserves plus new investments in the County road system.
- ◆ Overall fund-level revenues totaled \$36,857,247 and were \$1,548,600 more than expenditures, consistent with County plans to utilize prior year bond proceeds and fund balances for capital projects.
- ◆ The General Fund's fund balance increased \$84,032 from the prior year, due primarily to higher than expected intergovernmental revenues and investment earnings.

**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.

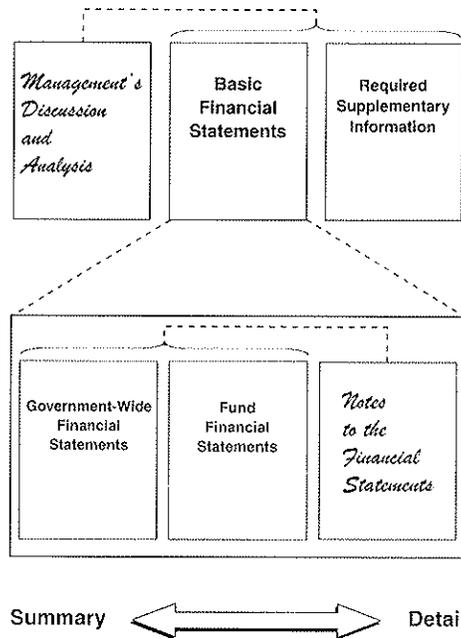
**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2008**

**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, 2008**

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

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

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

**County-Wide Statements**

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

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

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2008**

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

**County-Wide Statements (Continued)**

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

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

**Fund Financial Statements**

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

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

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

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2008**

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

**Net Assets**

The County's net assets were \$71,794,315 on December 31, 2008. (See Table A-1).

The increase in invested in capital assets net of related debt was primarily due to major improvements to the County road system.

Table A-1  
The County's Net Assets

	<u>Governmental Activities</u>		<u>Percent Change</u>
	<u>2008</u>	<u>2007</u>	
Current and Other Assets	\$ 33,645,792	\$ 27,839,248	20.9 %
Capital Assets	63,093,032	62,451,406	1.0
Total Assets	<u>96,738,824</u>	<u>90,290,654</u>	7.1
Current Liabilities	3,656,366	3,391,896	7.8
Long-Term Liabilities	21,288,143	18,382,519	15.8
Total Liabilities	<u>24,944,509</u>	<u>21,774,415</u>	14.6
<b>Net Assets</b>			
Invested in Capital Assets			
Net of Related Debt	48,257,338	47,669,482	1.2
Restricted	9,415,005	3,796,158	148.0
Unrestricted	14,121,972	17,050,599	(17.2)
Total Net Assets	<u>\$ 71,794,315</u>	<u>\$ 68,516,239</u>	4.8

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2008**

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

**Changes in Net Assets**

The County-wide total revenues were \$36,445,803 for the year ended December 31, 2008. Property taxes and intergovernmental revenues accounted for 87.7% of total revenue for the year. This portion of total revenues is an increase of 7.9% from the prior year (See Figure Table A-2.)

Table A-2  
Change in Net Assets

	Governmental Activities		Total % Change
	2008	2007	
<b>REVENUES</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 3,451,863	\$ 3,222,636	7.1 %
Operating Grants and Contributions	8,326,165	7,563,125	10.1
Capital Grants and Contributions	2,576,956	1,802,923	42.9
<u>General Revenues</u>			
Property Taxes	18,052,805	16,950,080	6.5
Unrestricted State Aid	3,005,586	3,316,418	(9.4)
Investment Earnings	728,988	1,028,256	(29.1)
Other	303,440	311,710	(2.7)
Total Revenues	<u>36,445,803</u>	<u>34,195,148</u>	6.6
<b>EXPENSES</b>			
General Government	5,662,199	5,393,761	5.0
Public Safety	7,041,850	6,744,969	4.4
Highways and Streets	7,006,963	6,315,471	10.9
Human Services	9,484,487	9,266,876	2.3
Health	990,610	956,317	3.6
Culture and Recreation	702,273	533,650	31.6
Conservation of Natural Resources	758,446	630,830	20.2
Economic Development	697,846	614,505	13.6
Interest and Fiscal Charges on Long-Term Liabilities	823,053	346,272	137.7
Total Expenses	<u>33,167,727</u>	<u>30,802,651</u>	7.7
<b>INCREASE IN NET ASSETS</b>	3,278,076	3,392,497	(3.4)
Net Assets - Beginning of Year	<u>68,516,239</u>	<u>65,123,742</u>	5.2
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 71,794,315</u>	<u>\$ 68,516,239</u>	4.8

New investments in both the local road and county-state aid road system contributed to improvements in net assets, although a portion of these improvements were bond-funded. The rate of increase in net assets slowed in 2008 as spending pressures rose, particularly in the areas of wages, social services, and fuel.

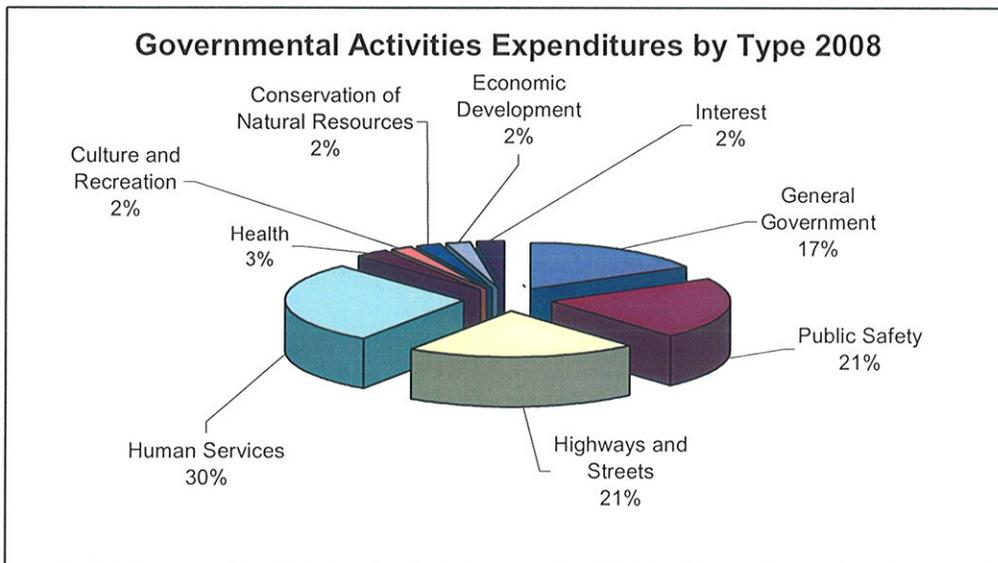
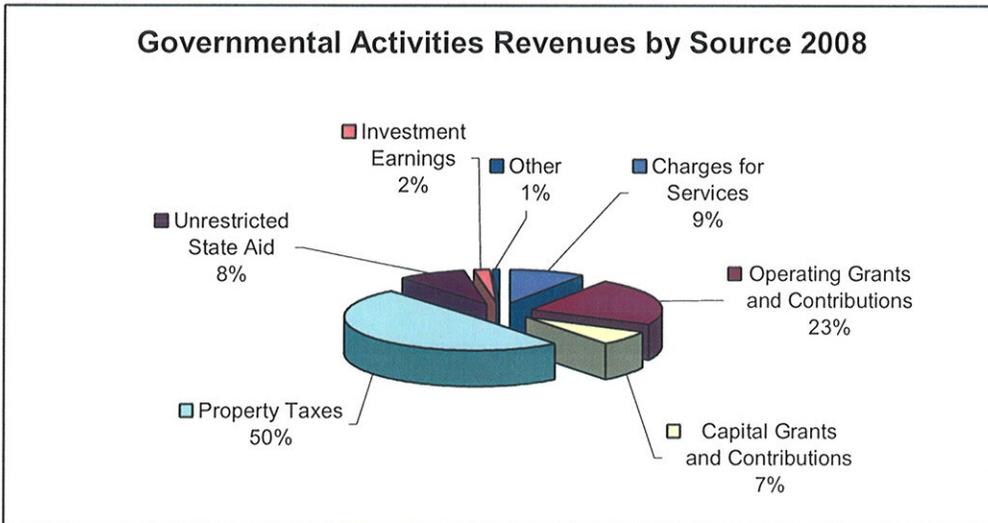
**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2008**

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

**Changes in Net Assets (Continued)**

The County-wide cost of all governmental activities this year was \$33,167,727.

- ◆ Some of the cost was paid by the users of the County's programs (\$3,451,863).
- ◆ The federal and state governments contributed to certain programs with grants and contributions (\$10,903,121).
- ◆ A significant portion of the County's costs (\$18,812,743) were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$18,145,328 in property taxes and other taxes, \$3,005,586 of state aid, and with \$919,477 from investment earnings and other general revenues.



**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2008**

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

**Changes in Net Assets (Continued)**

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

	Total Cost of Services		Percentage Change	Net (Revenue) Cost of Services		Percentage Change
	2008	2007		2008	2007	
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 5,662,199	\$ 5,393,761	5.0 %	\$ 4,368,535	\$ 4,040,331	8.1 %
Public Safety	7,041,850	6,744,969	4.4	5,566,408	5,149,126	8.1
Highways and Streets	7,006,963	6,315,471	10.9	3,428,366	3,677,321	(6.8)
Human Services	9,484,487	9,266,876	2.3	2,670,377	3,483,228	(23.3)
Health	990,610	956,317	3.6	414,984	399,482	3.9
Culture and Recreation	702,273	533,650	31.6	592,894	401,133	47.8
Conservation of Natural Resources	758,446	630,830	20.2	288,530	176,141	63.8
Economic Development	697,846	614,505	13.6	659,596	540,933	21.9
Interest and Fiscal Charges on Long-Term Liabilities	823,053	346,272	137.7	823,053	346,272	137.7
<b>Total</b>	<u>\$ 33,167,727</u>	<u>\$ 30,802,651</u>	<b>7.7</b>	<u>\$ 18,812,743</u>	<u>\$ 18,213,967</u>	<b>3.3</b>

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

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$29,956,330.

Revenues for the County's governmental funds were \$36,857,247, while total expenditures were \$35,308,647. During 2008, the County issued \$4,280,000 in General Obligation Capital Improvement Plan and Street Reconstruction Bonds for various local road improvements.

**GENERAL FUND**

Includes the general governmental functions of the County not otherwise accounted for in another fund. The year-ending fund balance in the General Fund increased by \$84,032 from 2007, due primarily to better than expected interest income. However, this improvement was well below the increase of \$782,682 between 2006 and 2007. The unallotment of County Program Aid by the State of Minnesota in December 2008, combined with falling revenue related to the real estate market downturn, have contributed to the significant reduction in the rate of fund balance growth in the General Fund.

**ROAD AND BRIDGE FUND**

Accounts for financial activity related to the construction and maintenance of the County road system, including County state-aid highways and County roads. The fund balance in the Road and Bridge Fund improved by \$844,581 from 2007, yet the improvement did not add to spendable, undesignated resources. Fund balances in Road and Bridge fluctuate dramatically as resources for major road projects flow in, then out when contractor payments are made. This 2008 increase can be largely attributed to a temporary inflow of State-Aid and other resources for major construction projects.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2008**

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

**HUMAN SERVICES FUND**

Accounts for financial activity related to the provision of social services, medical and financial assistance, and public health. The Human Services Fund balance grew by \$563,115 from 2007, due primarily to better than expected intergovernmental revenues. In 2008, Human Services received unbudgeted state monies to replace expected losses in federal targeted case management funding. Also, the Human Services Department has devoted additional staff time to maximizing state reimbursement. Both factors, when combined with conservative revenue budgeting practices, produced the improved 2008 fund balance.

**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 primary reason for the \$87,807 improvement in fund balance can be attributed to collections in excess of revenue from the Solid Waste assessment. The County has maintained the assessment at prior year levels, even with the full repayment of a landfill liability case, due to expectations that the County may need to participate in the construction of a regional solid waste incinerator.

**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 grew by \$426,429 in 2008. The increase is due primarily to the County's need to levy in 2008 for new bond payments that would occur in early 2009, causing a temporary increase in year-ending fund balance. In 2008, the County issued \$3,000,000 in General Obligation Street Reconstruction Bonds and \$1,280,000 in Capital Improvement Plan Bonds, both for various local road projects. Both did not begin significant repayments until 2009.

**CAPITAL PROJECTS FUND**

Accounts for the financing of multi-year capital projects, including those funded with Capital Improvement Plan bonds. A fund balance increase of \$3,989,108 was due to the County's issuance of \$3,000,000 in General Obligation Street Reconstruction Bonds and \$1,280,000 in Capital Improvement Plan Bonds in 2008. Proceeds from both will be used over the next 2-3 years to complete several major local road projects.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2008**

**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, 2008	December 31, 2007	Increase (Decrease)	Percent
Taxes	\$ 9,578,521	\$ 8,673,074	\$ 905,447	10.4 %
Intergovernmental	1,795,822	1,856,344	(60,522)	(3.3)
Charges for Services	1,642,926	1,680,175	(37,249)	(2.2)
Investment Earnings	627,782	893,534	(265,752)	(29.7)
Miscellaneous and Other	454,543	447,601	6,942	1.6
Total General Fund Revenues	<u>\$ 14,099,594</u>	<u>\$ 13,550,728</u>	<u>\$ 548,866</u>	4.1

Total General Fund revenue increased by \$548,866, or 4.1%, from the previous year. Increased tax levies supported new funding for County road improvements and maintenance, new positions related to workload and population growth, and wage and benefit increases in labor agreements.

The following schedule presents a summary of General Fund expenditures:

Table A-5  
General Fund Expenditures

	Year Ended		Change	
	December 31, 2008	December 31, 2007	Increase (Decrease)	Percent
General Government	\$ 5,293,922	\$ 4,885,097	\$ 408,825	8.4 %
Public Safety	6,468,899	6,163,955	304,944	4.9
Health	25,257	25,310	(53)	(0.2)
Culture and Recreation	518,683	491,731	26,952	5.5
Conservation of Natural Resources	356,065	334,316	21,749	6.5
Economic Development	597,492	581,508	15,984	2.7
Capital Outlay	195,655	233,594	(37,939)	(16.2)
Debt Service	-	7,704	(7,704)	(100.0)
Total Expenditures	<u>\$ 13,455,973</u>	<u>\$ 12,723,215</u>	<u>\$ 732,758</u>	5.8

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2008**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

- ◆ Actual revenues were \$126,711 more than budgeted. This favorable variance is due primarily to improved interest earnings and higher than expected intergovernmental revenue, which was offset by lower property tax collections than expected.
- ◆ Actual expenditures were \$524,177 less than budget. The adopted budget reflects full-funding for all approved positions, including new positions approved for 2008. Vacancy savings, combined with unspent contingencies produced most of this under-budget condition.

**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 2008 was related to major road re-construction projects, building improvements, and parks projects.

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

**CAPITAL ASSETS**

By the end of 2008, the County had invested over \$108 million (before depreciation) in a broad range of capital assets, including buildings, computers, equipment, and infrastructure. (See Table A-6). (More detailed information about capital assets can be found in Note 3A to the financial statements.) Total depreciation expense for the year was \$3,161,080.

Table A-6  
The County's Capital Assets

	Governmental Activities		Percent Change
	2008	2007	
Land	\$ 2,330,072	\$ 2,330,072	-
Right-of-Way	8,339,974	7,895,594	5.6
Construction in Progress	3,219,169	656,430	390.4
Infrastructure	68,112,455	67,871,717	0.4
Land Improvements	247,816	190,492	30.1
Buildings	18,823,056	18,823,056	-
Machinery, Furniture, and Equipment	7,265,747	6,988,316	4.0
Less: Accumulated Depreciation	<u>(45,245,257)</u>	<u>(42,304,271)</u>	7.0
Total	<u>\$63,093,032</u>	<u>\$62,451,406</u>	1.0

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2008**

**LONG-TERM LIABILITIES**

At year-end, the County had \$23,185,353 in long-term liabilities outstanding.

- ◆ The County's total long-term debt increased \$2,983,653, due primarily to the issuance of General Obligation Capital Improvement Plan and Street Reconstruction Bonds.

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

	2008	2007	Percentage Change
<b>GOVERNMENTAL ACTIVITIES</b>			
General Obligation Bonds and Notes	\$14,039,555	\$10,448,717	34.4 %
Loans Payable	-	45,282	(100.0)
Revenue Bonds Payable	4,965,000	5,460,000	(9.1)
Economic Development Loans Payable	529,135	445,044	18.9
Capital Leases Payable	1,621,357	2,009,923	(19.3)
Compensated Absences	1,911,092	1,792,734	6.6
Other Post Employment Benefits	119,214	-	100.0
Total	<u>\$23,185,353</u>	<u>\$20,201,700</u>	14.8

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

Benton County is projected by the Minnesota State Demographer to be the eighth fastest growing Minnesota County in percentage terms over the next decade. State estimates put Benton County's population at nearly 48,000 people by 2015, up from 39,308 in 2007. This growth will most likely translate into increased demand for services from virtually all areas of county government. The County will be challenged to utilize technology and other means to meet these service demands while keeping staffing growth to a minimum.

Maintaining County roads and bridges will continue to be a significant fiscal strain, as the County's infrastructure ages and wears, while resources remain limited. About one-half of the County's 450-mile road system does not qualify for state funding, placing this funding burden on property taxes or other local sources. Road bonding supported by a debt service levy could address a large backlog of projects. County debt is currently rated "A1" by Moody's Investor Service, which noted in its most recent bond rating the County's above average overall debt burden. Thus, while new debt for road projects may be possible, this option, too, has limits.

Strong residential property growth continues to be a feature of the County's tax base. Commercial development has lagged behind residential growth, leaving homeowners and agricultural landowners to fund much of the increased cost of County government. The County is keenly aware that Benton County's property tax rate is higher than many of its neighboring counties, particularly those with more established commercial development. While Benton County must meet the service demands of the citizens, it too recognizes the impact of taxation on property owners. Tax levy growth will most likely reflect restraint, at least in the near term as the County's tax base gradually broadens.

**BENTON COUNTY  
FOLEY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2008**

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

The 2008 year-ending financial results saw the early impacts of the economic recession, with revenues related to the real estate market falling. Building activity was also slowing dramatically, particularly in the residential sector. Both the decline in real estate values and faltering new home and commercial construction will place a significant constraint on the County's ability to address cost increases through higher tax levies. The county has generally worked to avoid tax rate increases, and healthy tax base growth in recent years has allowed for levy increases that did not raise the County tax rate. As the local and national economic recession wears on, the County's flexibility will be diminished greatly, requiring dramatic steps to maintain solid County finances.

In addition to the effects of the economic recession, Benton County must manage the effects of reductions in aid from the State, plus levy limitations imposed in State law. Levy limits are in place through 2010. The combination of aid cuts and levy limits also act to reduce the County's options when seeking to manage its finances. Given these factors, 2009 and perhaps a few years beyond, will be challenging years for local governments. Expectations for restraint in taxation will grow, yet service demands will most likely not fall.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

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## **BASIC FINANCIAL STATEMENTS**



**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2008**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Pooled Investments	\$ 29,131,731
Petty Cash and Change Funds	3,300
Taxes Receivable	
Delinquent	703,141
Special Assessments Receivable	
Delinquent	11,595
Deferred	364,570
Accounts Receivable	180,016
Accrued Interest Receivable	114,876
Loans Receivable	768,180
Due from Other Governments	1,954,466
Inventory	249,688
Prepaid Expenses	11,500
Deferred Debt Issue Costs	152,729
Non-Depreciable Capital Assets	
Land	2,330,072
Right-of-Way	8,339,974
Construction in Progress	3,219,169
Depreciable Capital Assets	
Building (Net)	13,720,293
Machinery, Vehicles, Furniture, and Equipment (Net)	3,875,208
Land Improvements (Net)	229,060
Infrastructure (Net)	31,379,256
Total Assets	<u>96,738,824</u>
<b>LIABILITIES</b>	
Accounts Payable	591,318
Salaries Payable	461,303
Contracts Payable	156,536
Due to Other Governments	220,949
Accrued Interest Payable	329,050
Compensated Absences Payable - Due in Less than One Year	95,555
General Obligation Bonds and Notes Payable - Due in Less than One Year	989,000
Revenue Bonds Payable - Due in Less than One Year	525,000
Economic Development Loans Payable - Due in Less than One Year	22,696
Capital Leases Payable - Due in Less than One Year	264,959
Compensated Absences Payable - Due in More than One Year	1,815,537
Other Post Employment Benefits Payable - Due in More than One Year	119,214
General Obligation Bonds and Notes Payable - Due in More than One Year	13,050,555
Revenue Bonds Payable - Due in More than One Year	4,440,000
Economic Development Loans Payable - Due in More than One Year	506,439
Capital Leases Payable - Due in More than One Year	1,356,398
Total Liabilities	<u>24,944,509</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	48,257,338
Restricted For:	
Gravel Pit	28,061
Capital Projects	5,790,218
E911	106,181
Solid Waste Contingency	1,313,164
Economic Development Loans	1,232,582
Other Items	944,799
Unrestricted	14,121,972
Total Net Assets	<u>\$ 71,794,315</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

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**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2008**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Fees, Charges, Fines, and Other	Operating Grants and Contributions			
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 5,662,199	\$ 1,233,066	\$ 60,598	\$ -	\$ (4,368,535)	
Public Safety	7,041,850	978,291	497,151	-	(5,566,408)	
Highways and Streets	7,006,963	151,275	1,223,195	2,204,127	(3,428,366)	
Human Services	9,484,487	1,002,086	5,812,024	-	(2,670,377)	
Health	990,610	10,005	565,621	-	(414,984)	
Culture and Recreation	702,273	37,599	71,780	-	(592,894)	
Conservation of Natural Resources	758,446	1,291	95,796	372,829	(288,530)	
Economic Development	697,846	38,250	-	-	(659,596)	
Interest	823,053	-	-	-	(823,053)	
Total Governmental Activities	<u>\$33,167,727</u>	<u>\$ 3,451,863</u>	<u>\$ 8,326,165</u>	<u>\$ 2,576,956</u>	<u>(18,812,743)</u>	
<b>GENERAL REVENUES</b>						
Property Taxes					18,052,805	
Gravel Taxes					32,973	
Mortgage Registry and Deed Tax					30,294	
Forfeited Tax					29,256	
Grants and Contributions not Restricted to Specific Programs					3,005,586	
Unrestricted Investment Earnings					728,988	
Miscellaneous					190,489	
Gain on Sale of Capital Assets					20,428	
Total General Revenues					<u>22,090,819</u>	
<b>CHANGE IN NET ASSETS</b>						
					3,278,076	
Net Assets - Beginning of Year					<u>68,516,239</u>	
<b>NET ASSETS - END OF YEAR</b>					<u><u>\$ 71,794,315</u></u>	

The Notes to the Financial Statements are an Integral Part of this Statement.

**BENTON COUNTY  
FOLEY, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008**

<b>ASSETS</b>	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Miscellaneous</u>
Cash and Pooled Investments	\$ 7,592,100	\$ 2,284,278	\$ 4,575,374	\$ 2,420,971
Petty Cash and Change Funds	3,300	-	-	-
Taxes Receivable				
Delinquent	371,419	96,430	134,585	-
Special Assessments Receivable				
Delinquent	-	-	-	11,595
Deferred	-	-	-	364,570
Accounts Receivable	54,730	7,013	80,226	26,009
Accrued Interest Receivable	104,386	-	-	-
Due from Other Funds	44,334	4,446	-	-
Due from Other Governments	186,554	691,032	1,050,494	23,557
Inventories	-	249,688	-	-
Prepaid Expenses	-	11,500	-	-
Loans Receivable	-	-	-	-
Advances to Other Funds	14,468	-	-	314,896
<b>Total Assets</b>	<b><u>\$ 8,371,291</u></b>	<b><u>\$ 3,344,387</u></b>	<b><u>\$ 5,840,679</u></b>	<b><u>\$ 3,161,598</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 166,984	\$ 47,403	\$ 268,679	\$ 91,121
Salaries Payable	259,406	51,292	148,003	2,602
Contracts Payable	-	142,624	-	-
Due to Other Funds	4,427	1,908	42,426	19
Due to Other Governments	118,702	1,926	90,515	9,806
Deferred Revenue - Unavailable	482,896	787,041	352,484	379,010
Advance from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b><u>1,032,415</u></b>	<b><u>1,032,194</u></b>	<b><u>902,107</u></b>	<b><u>482,558</u></b>
 <b>FUND BALANCES</b>				
Reserved for				
Construction	-	-	-	-
Inventories	-	249,688	-	-
Advance to Other Funds	14,468	-	-	314,896
Gravel Pit Closure	-	-	-	-
E-911	-	-	-	106,181
Solid Waste Contingency	-	-	-	1,313,164
Economic Development Loans	-	-	-	-
Other Items	-	-	-	944,799
Unreserved, Designated for:				
Cash Flow Purposes	5,504,157	2,062,505	2,469,286	-
Debt Service	-	-	-	-
Future Expenditures	-	-	-	-
Unreserved, Undesignated Reported In:				
General Fund	1,820,251	-	-	-
Special Revenue Funds	-	-	2,469,286	-
<b>Total Fund Balances</b>	<b><u>7,338,876</u></b>	<b><u>2,312,193</u></b>	<b><u>4,938,572</u></b>	<b><u>2,679,040</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 8,371,291</u></b>	<b><u>\$ 3,344,387</u></b>	<b><u>\$ 5,840,679</u></b>	<b><u>\$ 3,161,598</u></b>

The Notes to the Financial Statements are an Integral Part of this Statement.

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 2,942,741	\$ 8,750,492	\$ 565,775	\$ 29,131,731
-	-	-	3,300
94,471	6,236	-	703,141
-	-	-	11,595
-	-	-	364,570
-	6,484	5,554	180,016
-	9,793	697	114,876
-	-	-	48,780
-	2,829	-	1,954,466
-	-	-	249,688
-	-	-	11,500
-	-	768,180	768,180
-	-	-	329,364
<u>\$ 3,037,212</u>	<u>\$ 8,775,834</u>	<u>\$ 1,340,206</u>	<u>\$ 33,871,207</u>
\$ -	\$ 17,131	\$ -	\$ 591,318
-	-	-	461,303
-	13,912	-	156,536
-	-	-	48,780
-	-	-	220,949
94,471	6,236	4,489	2,106,627
-	314,896	14,468	329,364
<u>94,471</u>	<u>352,175</u>	<u>18,957</u>	<u>3,914,877</u>
-	5,790,218	-	5,790,218
-	-	-	249,688
-	-	-	329,364
-	-	28,061	28,061
-	-	-	106,181
-	-	-	1,313,164
-	-	1,232,582	1,232,582
-	-	-	944,799
-	-	-	10,035,948
2,942,741	-	-	2,942,741
-	2,633,441	-	2,633,441
-	-	-	1,820,251
-	-	60,606	2,529,892
<u>2,942,741</u>	<u>8,423,659</u>	<u>1,321,249</u>	<u>29,956,330</u>
<u>\$ 3,037,212</u>	<u>\$ 8,775,834</u>	<u>\$ 1,340,206</u>	<u>\$ 33,871,207</u>

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**BENTON COUNTY  
FOLEY, MINNESOTA  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2008**

**TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS** \$ 29,956,330

Total net assets reported for governmental activities in the statement of net assets 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. 63,093,032

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. 2,106,627

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	\$ 14,039,555	
Economic Development Loans	529,135	
Revenue Bonds	4,965,000	
Capital Leases	1,621,357	
Deferred Debt Issue Costs	(152,729)	
Compensated Absences	1,911,092	
Other Post Employment Benefits	119,214	
Accrued Interest Payable	329,050	<u>(23,361,674)</u>

**TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ 71,794,315

**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2008**

	General	Road and Bridge	Human Services	Miscellaneous
<b>REVENUES</b>				
Taxes	\$ 9,578,521	\$ 2,470,618	\$ 3,301,271	\$ -
Special Assessments	-	-	-	354,899
Licenses and Permits	150,819	10,000	-	25,075
Intergovernmental	1,795,822	4,578,370	6,517,074	261,392
Charges for Services	1,642,926	133,148	908,457	180,258
Fines and Forfeits	51,334	-	-	34,700
Gifts and Contributions	2,150	-	65,067	8,679
Interest on Investments	627,782	-	-	7,231
Miscellaneous	250,240	39,145	102,865	62,604
Total Revenues	<u>14,099,594</u>	<u>7,231,281</u>	<u>10,894,734</u>	<u>934,838</u>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
General Government	5,293,922	-	-	83,568
Public Safety	6,468,899	-	-	120,335
Highways and Streets	-	3,778,326	-	-
Human Services	-	-	9,399,964	-
Health	25,257	-	931,655	-
Culture and Recreation	518,683	-	-	170,845
Conservation of Natural Resources	356,065	-	-	389,588
Economic Development	597,492	-	-	-
<b>INTERGOVERNMENTAL</b>	-	109,225	-	-
<b>CAPITAL OUTLAY</b>	195,655	3,510,996	-	-
<b>DEBT SERVICE</b>				
Principal	-	93,282	-	-
Interest	-	5,658	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	<u>13,455,973</u>	<u>7,497,487</u>	<u>10,331,619</u>	<u>764,336</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>643,621</u>	<u>(266,206)</u>	<u>563,115</u>	<u>170,502</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	21,505	1,042,592	-	238,889
Transfers Out	(581,094)	(7,159)	-	(334,094)
Loan Proceeds	-	-	-	-
Proceeds from the Sale of Bonds	-	-	-	-
Premium on Bonds Issued	-	-	-	-
Proceeds from Sale of Assets	-	75,354	-	12,510
Total Other Financing Sources (Uses)	<u>(559,589)</u>	<u>1,110,787</u>	<u>-</u>	<u>(82,695)</u>
<b>NET CHANGE IN FUND BALANCES</b>	84,032	844,581	563,115	87,807
Fund Balances - Beginning of Year	7,254,844	1,480,548	4,375,457	2,591,233
<b>INCREASE (DECREASE) IN RESERVED FOR INVENTORIES</b>	-	(12,936)	-	-
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 7,338,876</u>	<u>\$ 2,312,193</u>	<u>\$ 4,938,572</u>	<u>\$ 2,679,040</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 2,408,401	\$ 163,633	\$ 95,819	\$ 18,018,263
-	-	2,026	356,925
-	-	-	185,894
391,315	491,771	4,959	14,040,703
-	-	-	2,864,789
-	-	-	86,034
-	563	-	76,459
-	83,938	10,037	728,988
-	6,484	37,854	499,192
<u>2,799,716</u>	<u>746,389</u>	<u>150,695</u>	<u>36,857,247</u>
-	42,959	68,692	5,489,141
-	760	-	6,589,994
-	-	-	3,778,326
-	-	-	9,399,964
-	-	-	956,912
-	-	-	689,528
-	-	12,793	758,446
-	-	29,282	626,774
-	-	-	109,225
-	627,195	-	4,333,846
1,613,566	-	22,696	1,729,544
756,748	-	5,181	767,587
2,973	76,387	-	79,360
<u>2,373,287</u>	<u>747,301</u>	<u>138,644</u>	<u>35,308,647</u>
<u>426,429</u>	<u>(912)</u>	<u>12,051</u>	<u>1,548,600</u>
-	815,552	15	2,118,553
-	(1,196,206)	-	(2,118,553)
-	-	35,715	35,715
-	4,280,000	-	4,280,000
-	90,674	-	90,674
-	-	-	87,864
-	<u>3,990,020</u>	<u>35,730</u>	<u>4,494,253</u>
426,429	3,989,108	47,781	6,042,853
2,516,312	4,434,551	1,273,468	23,926,413
-	-	-	(12,936)
<u>\$ 2,942,741</u>	<u>\$ 8,423,659</u>	<u>\$ 1,321,249</u>	<u>\$ 29,956,330</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, 2008**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>		<b>\$ 6,042,853</b>
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	\$ 3,870,142	
Net Book Value of Capital Assets Disposed	(67,436)	
Current Year Depreciation	<u>(3,161,080)</u>	641,626
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(431,872)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. The new proceeds for debt issuance are:	(4,280,000)	
Premiums and bond issuance costs for the new debt issuance are:	<u>(14,288)</u>	(4,294,288)
Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. The new proceeds for debt issuance are \$35,715 for 2008, \$71,072 for 2007.		(106,787)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal Repayments		
General Obligation Bonds and Notes	778,000	
Economic Development Loans	22,696	
Revenue Bonds	495,000	
Loans Payable	45,282	
Capital Leases	<u>388,566</u>	1,729,544
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	(42,510)	
Amortization of Discounts and Deferred Issuance Charges	(9,982)	
Change in Compensated Absences	(118,358)	
Change in Other Post Employment Benefits	(119,214)	
Change in Inventories	<u>(12,936)</u>	(303,000)
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 3,278,076</u></b>

*The Notes to the Financial Statements are an Integral Part of this Statement.*

**BENTON COUNTY  
FOLEY, MINNESOTA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2008**

**ASSETS**

Cash and Pooled Investments	<u>\$ 1,298,109</u>
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**LIABILITIES**

Due to Other Governments	<u>\$ 1,298,109</u>
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**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**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, 2008. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

**A. Financial Reporting Entity**

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

Blended Component Units

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

<u>Component Unit</u>	<u>Component Unit Reporting Entity Because</u>	<u>Separate Financial</u>
Regional Railroad Authority (RRA) Provides for the Preservation or Improvement of Rail Transportation within the County.	County Commissioners are the members of the RRA Board	Separate Financial Statements are not Prepared.
Housing and Redevelopment Authority of Benton County (HRA)	County Commissioners are the members of the HRA Board	Separate Financial Statements are not Prepared.

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, 2008**

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

B. Basic Financial Statements

**1. Government-Wide Statements**

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

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

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

**2. Fund Financial Statements**

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

B. Basic Financial Statements (Continued)

**2. Fund Financial Statements (Continued)**

The County reports the following major governmental funds:

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

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

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

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

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

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

Additionally, the County reports the following fund types:

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**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.

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

D. Assets, Liabilities, and Net Assets or Equity

**1. Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2008, based on market prices. Investment earnings are allocated to the Miscellaneous Special Revenue Fund based on cash balances set aside for specific purposes within that fund. Pursuant to *Minnesota Statutes* §385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants.

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

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

**2. Receivables and Payables**

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

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

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

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

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

Special assessments receivable consist of delinquent special assessments payable in the years 2003 through 2008, and deferred special assessments payable in 2009, 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.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

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

**3. Inventories**

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

**4. Capital Assets**

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

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

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

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

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

**5. Compensated Absences**

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

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

**6. Deferred Revenue**

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

**7. Long-Term Obligations**

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

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

**8. Fund Equity**

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

**9. Use of Estimates**

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

A. Excess of Expenditures over Budget

The following funds had expenditures in excess of budget at the departmental level for the year ended December 31, 2008:

Fund	Function	Expenditures	Budget	Excess
General	Current			
	General Government			
	Public Defender	\$ 58,593	\$ 55,000	\$ 3,593
	Public Safety			
	Coroner	53,533	46,000	7,533
	Prisoner Custodial	2,812,739	2,800,662	12,077
	Health			
	Groundwater Management	25,257	25,000	257
Special Revenue Funds				
Road and Bridge	Current			
	Highways and Streets			
	Maintenance	2,207,700	2,127,081	80,619
	GIS	65,199	60,832	4,367
	Equipment and Maintenance			
	Shops	676,117	661,918	14,199
	Intergovernmental	109,225	-	109,225
Human Services	Current			
	Human Services			
	Income Maintenance	2,942,477	2,847,192	95,285
	Social Services	6,457,487	6,453,084	4,403

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, 2008**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

A. Assets

**1. Deposits and Investments**

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

Government-Wide Statement of Net Assets	
Governmental Activities	
Cash and Pooled Investments	\$ 29,131,731
Petty Cash and Change Funds	3,300
Statement of Fiduciary Net Assets	
Cash and Pooled Investments	1,298,109
Total Cash and Investments	\$ 30,433,140

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 standard letters of credit issued by a Federal Home Loan Bank; and certificates of deposit. *Minnesota Statutes* require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2008, the County's deposits were not exposed to custodial credit risk.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**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.

The repurchase agreement investments as of December 31, 2008 represent ongoing overnight repurchase agreement arrangements at applicable daily quoted rates. The average rate of the repurchase agreements at December 31, 2008 was .28%. Funds are deposited to Benton County's account at 8:00 AM on the ensuing business day and the agreement is collateralized by federal or federal agency securities.

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.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

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

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% by SIPC.

Concentration of Credit Risk

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**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, 2008, 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	
U.S. Government Agency Securities					
Federal Home Loan Mortgage	AAA	S&P	<5.0%	N/A	\$ 113,961
Government National Mortgage Association Note	AAA	S&P	<5.0%	5/20/2009	121
Government National Mortgage Association Note	AAA	S&P	<5.0%	4/15/2026	4,253
Total Government National Mortgage Association Note					<u>4,374</u>
Investment Pools/Mutual Funds					
MAGIC Fund	N/R	N/A		N/A	3,481,045
Franklin Customer Funds	N/R	N/A		N/A	3,500
Total Investment Pools/Mutual Funds					<u>3,484,545</u>
Repurchase Agreements	N/R	N/A		N/A	<u>585,796</u>
Total Investments					<u>4,188,676</u>
Deposits					26,241,164
Petty Cash					3,300
Total Deposits and Investments					<u><u>\$ 30,433,140</u></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, 2008**

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

A. Assets (Continued)

**2. Capital Assets**

Capital asset activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 2,330,072	\$ -	\$ -	\$ 2,330,072
Infrastructure, Right-of-Way	7,895,594	444,380	-	8,339,974
Construction in Progress	656,430	2,987,564	424,825	3,219,169
Total Capital Assets, not being Depreciated	<u>10,882,096</u>	<u>3,431,944</u>	<u>424,825</u>	<u>13,889,215</u>
Capital Assets being Depreciated:				
Buildings	18,823,056	-	-	18,823,056
Land Improvements	190,492	57,324	-	247,816
Machinery, Furniture, and Equipment	6,988,316	564,961	287,530	7,265,747
Infrastructure	67,871,717	240,738	-	68,112,455
Total Capital Assets being Depreciated	<u>93,873,581</u>	<u>863,023</u>	<u>287,530</u>	<u>94,449,074</u>
Less Accumulated Depreciation for:				
Buildings	4,705,335	397,428	-	5,102,763
Land Improvements	8,374	10,382	-	18,756
Machinery, Furniture, and Equipment	3,131,015	479,618	220,094	3,390,539
Infrastructure	34,459,547	2,273,652	-	36,733,199
Total Accumulated Depreciation	<u>42,304,271</u>	<u>3,161,080</u>	<u>220,094</u>	<u>45,245,257</u>
Total Capital Assets, Depreciated, Net	<u>51,569,310</u>	<u>(2,298,057)</u>	<u>67,436</u>	<u>49,203,817</u>
Governmental Activities Capital Assets, Net	<u>\$ 62,451,406</u>	<u>\$ 1,133,887</u>	<u>\$ 492,261</u>	<u>\$ 63,093,032</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

A. Assets (Continued)

**2. Capital Assets (Continued)**

In 2004, Benton County entered into a capital lease agreement for a courts facilities building totaling \$2,649,205. The historical cost of this facility is \$3,293,185 with related accumulated depreciation of \$724,500 as of December 31, 2008.

Depreciation expense was charged to functions/programs of the Primary Government as follows:

Governmental Activities	
General Government	\$ 167,325
Public Safety	380,927
Highway and Streets	2,537,420
Human Services	62,663
Culture and Recreation	12,745
	<u>\$ 3,161,080</u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2008, is as follows:

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

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Fund	\$ 42,426
	Road and Bridge	1,908
Total Due to General Fund		<u>44,334</u>
Road and Bridge Fund	General Fund	4,427
	Miscellaneous Fund	19
Total Due to Road and Bridge Fund		<u>4,446</u>
	Total	<u>\$ 48,780</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) reimbursement of ditch labor in the Road and Bridge Fund; and (3) payment of a fuel charge for the General Fund and Miscellaneous Fund.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**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, 2008, consisted of the following:

Interfund Transfer	Amount	Description
Transfer to General Fund from Miscellaneous Fund	\$ 21,505	Transfer Excess Firearms Permit and Excess Drug/Alcohol Enforcement Contingencies
Transfer to Road and Bridge Fund from General Fund	63,636	Provide Funds for a GIS Employee Salary
Capital Projects Fund	978,956	Provide Funds for Road Improvements
	<u>1,042,592</u>	
Transfer to Miscellaneous Fund from General Fund	14,480	Provide Funds to County Attorney Major Trial Expense
Capital Projects Fund	217,250	Interfund Loan for Capital Improvements
Road and Bridge Fund	7,159	Transfer Funds to County Restricted Fund
	<u>238,889</u>	
Transfer to Capital Projects Fund from General Fund	502,978	Provide Funds for Public Safety Equipment
Miscellaneous Fund	312,574	Provide Funds for Public Safety Equipment
	<u>815,552</u>	
Transfer to Economic Development Fund (Nonmajor) from Miscellaneous Fund	15	Transfer Funds to County Restricted Fund
	<u>15</u>	
Total	<u>\$ 2,118,553</u>	

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**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, 2008, were as follows:

Receivable Fund	Payable Fund	Amount
General	Ditch	\$ 14,468
Miscellaneous	Capital Projects	<u>314,896</u>
Total		<u>\$ 329,364</u>

The advances above relate to a loan from the general fund for ditch deficits, and a loan from the solid waste contingency to the capital projects fund for the jail master control panel project and the 800 Mhz radio system upgrade in the Sheriff's office.

C. Liabilities

**1. Deferred Revenues**

Deferred revenues consist of taxes, special assessments, grant, and other receivables that are not collected soon enough after year-end to pay liabilities of the current year, and state and federal grants received but not yet earned. Deferred revenue at December 31, 2008, is summarized below by fund:

	Special Assessments	Taxes	Grants	Other	Total
Major Governmental Funds					
General	\$ -	\$ 371,419	\$ -	\$ 111,477	\$ 482,896
Road and Bridge	-	96,430	-	690,611	787,041
Human Services	-	134,585	217,899	-	352,484
Miscellaneous	376,165	-	-	2,845	379,010
Debt Service Fund	-	94,471	-	-	94,471
Capital Projects Fund	-	6,236	-	-	6,236
Total Major Governmental Funds	<u>376,165</u>	<u>703,141</u>	<u>217,899</u>	<u>804,933</u>	<u>2,102,138</u>
Other Governmental Funds	-	-	-	4,489	4,489
Deferred Revenue					
Unavailable	<u>\$ 376,165</u>	<u>\$ 703,141</u>	<u>\$ 217,899</u>	<u>\$ 809,422</u>	<u>\$ 2,106,627</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

C. Liabilities

**2. Long-Term Debt**

Governmental Activities

Types of Indebtedness	Maturity Date	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2008
General Obligation Bonds					
2002 G.O. Capital Improvement Bonds	2018	\$155,000- 275,000	4.00-5.00	\$ 3,065,000	\$ 2,240,000
2003 G.O. Capital Improvement Bonds	2018	\$170,000- 325,000	2.00-3.85	3,500,000	2,555,000
2007A G.O. Street reconstruction Bonds	2022	\$155,000- 255,000	4.05	3,000,000	2,820,000
2007B G.O. State-Aid Road Bonds	2022	\$110,000- 175,000	4.05	2,055,000	1,945,000
2008A G.O. Street Reconstruction Bonds	2022	\$160,000- 255,000	3.75-4.50	3,000,000	3,000,000
2008B G.O. Capital Improvement Plan Bonds	2022	\$70,000- 111,000	3.75-4.50	1,280,000	1,280,000
Total General Obligation Bonds				\$ 15,900,000	\$ 13,840,000
Less: Unamortized Bond Discount					\$ (46,698)
Add: Unamortized Bond Premium					94,253
Total General Obligation Bonds, Net				\$ 15,900,000	\$ 13,887,555
General Obligation Capital Notes					
2002 G.O. Capital Improvement Notes	2011	\$42,000- \$52,000	2.15	\$ 469,000	\$ 152,000
2003 G.O. Capital Notes	2008	\$60,000- \$65,000	1.20-2.65	305,000	-
Total General Obligation Capital Notes				\$ 774,000	\$ 152,000
Revenue Bonds					
2001 Jail Lease Revenue Refunding Bonds	2016	\$450,000- \$730,000	4.00-4.70	\$ 6,385,000	\$ 4,965,000
Capital Leases					
2004 lease purchase with Norwest Investment Services, Inc., to finance a Courts Facilities Building	2014	\$82,500- \$165,026	4.68	\$ 2,649,205	\$ 1,621,357
1998 lease purchase with Norwest Investment Services, Inc., to fund Highway Projects	2008	\$44,134- \$68,674	5.27	1,000,000	-
Total Capital Leases				\$ 3,649,205	\$ 1,621,357
Loans					
City of Foley, County Road 43 Improvement Loan	2008	\$41,440- \$45,283	3.00	\$ 173,369	\$ -
Economic Development Loans U.S. Department of Agriculture	2025	\$27,146	1.00	\$ 660,000	\$ 529,135

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

C. Liabilities (Continued)

**3. Debt Service Requirements**

Debt service requirements at December 31, 2008, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds		Capital Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 940,000	\$ 551,611	\$ 49,000	\$ 3,268	\$ 525,000	\$ 208,291
2010	905,000	495,410	51,000	2,215	550,000	186,050
2011	945,000	460,313	52,000	1,118	570,000	162,668
2012	975,000	423,689	-	-	605,000	137,690
2013	1,015,000	385,528	-	-	635,000	110,554
2014-2018	5,760,000	1,271,311	-	-	2,080,000	148,918
2019-2023	3,300,000	300,661	-	-	-	-
Total	<u>\$ 13,840,000</u>	<u>\$ 3,888,523</u>	<u>\$ 152,000</u>	<u>\$ 6,601</u>	<u>\$ 4,965,000</u>	<u>\$ 954,171</u>

Year Ending December 31	Capital Lease		Economic Development Loans	
	Principal	Interest	Principal	Interest
2009	\$ 264,959	\$ 72,815	\$ 22,923	\$ 5,291
2010	277,504	60,270	26,617	5,062
2011	290,644	47,131	26,883	4,796
2012	304,405	33,370	27,152	4,527
2013	318,818	18,957	27,423	4,256
2014-2018	165,027	3,862	141,284	17,109
2019-2023	-	-	148,491	9,902
2024-2028	-	-	73,682	3,184
2029-2033	-	-	21,352	1,311
2034-2036	-	-	13,328	267
Total	<u>\$ 1,621,357</u>	<u>\$ 236,405</u>	<u>\$ 529,135</u>	<u>\$ 55,705</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

C. Liabilities (Continued)

**4. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2008, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General Obligation Bonds	\$ 10,225,000	\$ 4,280,000	\$ 665,000	\$ 13,840,000	\$ 940,000
G.O. Capital Notes	265,000	-	113,000	152,000	49,000
Jail Lease Revenue Bonds	5,460,000	-	495,000	4,965,000	525,000
Total Bonds Payable	15,950,000	4,280,000	1,273,000	18,957,000	1,514,000
Capital Leases	2,009,923	-	388,566	1,621,357	264,959
Loans Payable	45,282	-	45,282	-	-
Economic Development Loans	516,116	35,715	22,696	529,135	22,696
Compensated Absences, Net	1,792,734	1,273,385	1,155,027	1,911,092	95,555
Other Post Employment Benefits	-	149,601	30,387	119,214	-
Governmental Activity Long-Term Liabilities	<u>\$ 20,314,055</u>	<u>\$ 5,738,701</u>	<u>\$ 2,914,958</u>	<u>\$ 23,137,798</u>	<u>\$ 1,897,210</u>

The beginning balance of Economic Development Loans Payable has been increased by \$71,072 for loans that were previously received.

Compensated absences are typically liquidated in the General Fund and applicable Special Revenue Funds.

**5. Construction Commitments**

The government has active construction projects as of December 31, 2008. The projects include the following:

Project Description	Spent-to-Date	Remaining Commitment
County Road Projects	\$2,655,505	\$2,736,299

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**NOTE 4 FUND BALANCES**

Miscellaneous Special Revenue Fund reserved fund balances are aggregated on the Governmental Funds Balance Sheet. Disaggregated fund balances as of December 31, 2008 were as follows:

<u>Fund Balance Reservation</u>	
Reserved for Solid Waste Contingency	\$ 1,313,164
Reserved for Advance to Other Funds	314,896
Reserved for E-911	106,181
Reserved for other items:	
Law Library	21,826
Election Equipment	15,947
Contingency Funds	14,959
Major Trial Expenditures	21,000
Recorders' Equipment	284,654
Motor Pool	43,691
911 Address Signs	819
SCORE	130,141
Natural Resources Block Grant	50,086
Extended Juvenile Jurisdiction Grant	2,470
Jail Inmate Capital Expenditures	154,000
Park Dedication Fees	106,885
K-9 Program Expenditures	13,107
Emergency Management Firewise Grant	20,000
Section Corner Project	17,290
Other	47,924
Total Reserved for Other Items	<u>944,799</u>
Total Fund Balance	
Miscellaneous Special Revenue Fund	<u>\$ 2,679,040</u>

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

A. Plan Description (Continued)

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

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

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

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

A. Plan Description (Continued)

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 PERF, PEPFF, and PECF. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org), by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

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. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.00%, respectively, of their annual covered salary in 2008. PEPFF members were required to contribute 8.60% of their annual covered salary in 2008. That rate will increase to 9.40% in 2009. PECF members are required to contribute 5.83% of their annual covered salary. Benton County is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.50% for Coordinated Plan PERF members, 12.90% for PEPFF members, and 8.75% for PECF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.75% and 14.10% respectively, effective January 1, 2009. The County's contributions to the Public Employees Retirement Fund for the years ending December 31, 2008, 2007, and 2006 were \$587,223, \$525,410, and \$461,060, respectively. The County's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2008, 2007, and 2006 were \$195,098, \$161,265, and \$144,030, respectively. The County's contributions to the PECF for the years ending December 31, 2008, 2007, and 2006 were \$136,863, \$129,991, and \$123,832, respectively.

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

B. Funding Policy (Continued)

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

**NOTE 6 DEFINED CONTRIBUTION PLAN**

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 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 2008, 2007 and 2006 were:

	Contribution Amount		Percentage of Covered Payroll		Required Rates
	Employee	Employer	Employee	Employer	
2008	\$ 1,797	\$ 1,797	5.0%	5.0%	5.0%
2007	1,746	1,746	5.0%	5.0%	5.0%
2006	1,555	1,555	5.0%	5.0%	5.0%

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**NOTE 6 OPEB DISCLOSURE**

In 2008, the County implemented the requirements of a new accounting statement GASB No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions.

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 Statute §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 January 1, 2008, there were 42 retirees receiving health benefits from the County's health plan.

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

The County's annual other post employment 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 2008, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC):	\$ 149,601
Interest on Net OPEB Obligation	-
Adjustment to ARC	-
Annual OPEB Cost	<u>149,601</u>
Contributions during the year	<u>(30,387)</u>
Increase in Net OPEB Obligation	119,214
Net OPEB - Beginning of the Year	-
Net OPEB - End of the Year	<u><u>\$ 119,214</u></u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**NOTE 6 OPEB DISCLOSURE (CONTINUED)**

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

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2008 were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2008	\$ 149,601	\$ 30,387	20.30%	\$ 119,214

B. Funding Status

The County currently has no assets that have been irrevocable deposits in the 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)
1/1/2008	\$ -	\$1,081,796	\$ 1,081,796	0.00%	\$11,499,724	9.40%

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, 2008 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.50% 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%. The annual healthcare cost trend rate is 9.00% initially, reduced incrementally to an ultimate rate of 5.00% after eight 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, 2008**

**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 \$410,000 per claim in 2008, respectively. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS**

A. Jointly Governed Organizations

Stearns-Benton Employment and Training Council

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

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

Complete financial information can be obtained from:

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

Tri-County Solid Waste Commission

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

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

A. Joint Governed Organizations (Continued)

Tri-County Solid Waste Commission (Continued)

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

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

Separate financial information can be obtained from:

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

Central Minnesota Major Crime Investigation Unit

Benton, Morrison, Todd, and Stearns Counties and the City of St. Cloud have entered into a joint powers agreement to organize a group of local law enforcement officers to be available to assist any of the parties in the investigation and solution of major crimes within the four-county area.

Separate financial information can be obtained from Stearns County (fiscal agent).

B. Commitments

On September 19, 2006, the County was awarded \$250,000 in loan funds from USDA Rural Development. As of December 31, 2008, \$106,787 had been received under this loan.

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

**BENTON COUNTY  
FOLEY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 9,559,763	\$ 9,559,763	\$ 9,578,521	\$ 18,758
Licenses and Permits	161,275	161,275	150,819	(10,456)
Intergovernmental	1,887,421	1,891,679	1,795,822	(95,857)
Charges for Services	1,764,266	1,764,266	1,642,926	(121,340)
Fines and Forfeits	25,725	25,725	51,334	25,609
Gifts and Contributions	75	75	2,150	2,075
Investment Earnings	500,000	500,000	627,782	127,782
Miscellaneous	70,100	70,100	250,240	180,140
Total Revenues	13,968,625	13,972,883	14,099,594	126,711
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>GENERAL GOVERNMENT</b>				
Commissioners	480,728	482,800	274,079	208,721
Public Defender	55,000	55,000	58,593	(3,593)
County Administration	488,498	488,498	484,287	4,211
County Auditor/Treasurer	617,941	624,231	612,166	12,065
County Assessor	406,509	406,909	405,834	1,075
Data Processing	656,631	666,631	650,914	15,717
Attorney	815,908	821,025	802,487	18,538
Recorder	208,610	212,035	209,410	2,625
Buildings and Plant	791,288	791,288	756,486	34,802
Veterans Service Officer	84,766	88,966	88,752	214
Other General Government	1,049,543	1,027,033	950,914	76,119
Total General Government	5,655,422	5,664,416	5,293,922	370,494
<b>PUBLIC SAFETY</b>				
Sheriff	3,076,940	3,123,595	3,092,385	31,210
Coroner	46,000	46,000	53,533	(7,533)
Civil Defense	72,625	76,883	74,334	2,549
Prisoner Custodial	2,800,662	2,800,662	2,812,739	(12,077)
Probation and Parole	511,307	511,307	435,908	75,399
Total Public Safety	6,507,534	6,558,447	6,468,899	88,548
<b>HEALTH</b>				
Groundwater Management	25,000	25,000	25,257	(257)

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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>CURRENT (CONTINUED)</b>				
<b>CULTURE AND RECREATION</b>				
Historical Society	\$ 15,070	\$ 15,070	\$ 15,070	\$ -
Regional Library	503,613	503,613	503,613	-
Total Culture and Recreation	518,683	518,683	518,683	-
<b>CONSERVATION OF NATURAL RESOURCES</b>				
County Extension	201,469	201,469	198,565	2,904
Soil and Water Conservation	142,500	142,500	142,500	-
Agricultural Society/County Fair	15,000	15,000	15,000	-
Total Conservation of Natural Resources	358,969	358,969	356,065	2,904
<b>ECONOMIC DEVELOPMENT</b>				
Economic Development	123,938	123,938	117,801	6,137
Solid Waste	513,197	513,197	479,691	33,506
Total Economic Development	637,135	637,135	597,492	39,643
<b>CAPITAL OUTLAY</b>				
Public Safety	217,500	217,500	195,655	21,845
Total Capital Outlay	217,500	217,500	195,655	21,845
Total Expenditures	13,920,243	13,980,150	13,455,973	524,177
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	48,382	(7,267)	643,621	650,888
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	10,000	10,000	21,505	11,505
Transfers Out	-	-	(581,094)	(581,094)
Total Other Financing Sources (Uses)	10,000	10,000	(559,589)	(569,589)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 58,382</b>	<b>\$ 2,733</b>	<b>84,032</b>	<b>\$ 81,299</b>
Fund Balance - Beginning of Year			7,254,844	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 7,338,876</b>	

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

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**BENTON COUNTY  
FOLEY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE FUND  
YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,477,353	\$ 2,476,353	\$ 2,470,618	\$ (5,735)
Licenses and Permits	11,000	11,000	10,000	(1,000)
Intergovernmental	3,714,026	3,714,026	4,578,370	864,344
Charges for Services	97,350	97,350	133,148	35,798
Miscellaneous	15,000	15,000	39,145	24,145
Total Revenues	6,314,729	6,313,729	7,231,281	917,552
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HIGHWAY AND STREETS</b>				
Administration	435,694	435,694	431,131	4,563
Maintenance	2,127,081	2,127,081	2,207,700	(80,619)
Construction	561,751	561,751	398,179	163,572
GIS	60,832	60,832	65,199	(4,367)
Equipment and Maintenance Shops	661,918	661,918	676,117	(14,199)
Total Highways and Streets	3,847,276	3,847,276	3,778,326	68,950
<b>INTERGOVERNMENTAL</b>	-	-	109,225	(109,225)
<b>CAPITAL OUTLAY</b>	6,200,013	6,327,500	3,510,996	2,816,504
<b>DEBT SERVICE</b>				
Principal Retirement	93,282	93,282	93,282	-
Interest	5,658	5,658	5,658	-
Total Debt Service	98,940	98,940	98,940	-
Total Expenditures	10,146,229	10,273,716	7,497,487	2,776,229
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(3,831,500)	(3,959,987)	(266,206)	3,693,781
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	3,946,500	3,946,500	1,042,592	(2,903,908)
Transfers Out	-	-	(7,159)	(7,159)
Proceeds from Sale of Assets	-	-	75,354	75,354
Total Other Financing Sources (Uses)	3,946,500	3,946,500	1,110,787	(2,835,713)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 115,000</u>	<u>\$ (13,487)</u>	844,581	<u>\$ 858,068</u>
Fund Balance - Beginning of Year			1,480,548	
Increase in Reserved for Inventory			(12,936)	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 2,312,193</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  
DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,291,661	\$ 3,291,661	\$ 3,301,271	\$ 9,610
Intergovernmental	6,321,242	6,321,242	6,517,074	195,832
Charges for Services	547,400	547,400	908,457	361,057
Gifts and Contributions	6,000	6,000	65,067	59,067
Miscellaneous	79,700	79,700	102,865	23,165
Total Revenues	10,246,003	10,246,003	10,894,734	648,731
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HUMAN SERVICES</b>				
Income Maintenance	2,847,192	2,847,192	2,942,477	(95,285)
Social Services	6,453,084	6,453,084	6,457,487	(4,403)
Total Human Services	9,300,276	9,300,276	9,399,964	(99,688)
<b>HEALTH</b>				
Nursing Service	945,727	945,727	931,655	14,072
Total Expenditures	10,246,003	10,246,003	10,331,619	(85,616)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	563,115	<u>\$ 563,115</u>
Fund Balance - Beginning of Year			4,375,457	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 4,938,572</u>	

*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, 2008**

**BUDGETARY INFORMATION**

The County Board adopts annual budgets for the General Fund, certain special revenue funds (Road and Bridge, Human Services, and Regional Railroad Authority), 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 no legally exceed appropriations – is the department level. 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, 2008:

Fund	Function	Expenditures	Budget	Excess
General	Current			
	General Government			
	Public Defender	\$ 58,593	\$ 55,000	\$ 3,593
	Public Safety			
	Coroner	53,533	46,000	7,533
	Prisoner Custodial	2,812,739	2,800,662	12,077
	Health			
	Groundwater Management	25,257	25,000	257
Special Revenue Funds				
Road and Bridge	Current			
	Highways and Streets			
	Maintenance	2,207,700	2,127,081	80,619
	GIS	65,199	60,832	4,367
	Equipment and Maintenance			
	Shops	676,117	661,918	14,199
	Intergovernmental	109,225	-	109,225
Human Services	Current			
	Human Services			
	Income Maintenance	2,942,477	2,847,192	95,285
	Social Services	6,457,487	6,453,084	4,403

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

**BENTON COUNTY**  
**FOLEY, MINNESOTA**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST EMPLOYMENT HEALTH CARE BENEFITS**  
**DECEMBER 31, 2008**

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)
1/1/2008	\$ -	\$1,081,796	\$ 1,081,796	0.00%	\$11,499,724	9.40%

## **SUPPLEMENTARY INFORMATION**



BENTON COUNTY  
FOLEY, MINNESOTA  
YEAR ENDED DECEMBER 31, 2007

**NONMAJOR GOVERNMENTAL FUNDS**

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

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

The Regional Railroad Authority Special Revenue Fund is used to account for the activities of the Regional Railroad Authority 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, 2008**

	Nonmajor Special Revenue Funds				Total Nonmajor Funds
	Ditch	Economic Development	Regional Railroad Authority	Gravel Pit Restoration	
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 70,870	\$ 463,705	\$ 4,204	\$ 26,996	\$ 565,775
Accounts Receivable	-	4,489	-	1,065	5,554
Accrued Interest Receivable	-	697	-	-	697
Loans Receivable	-	768,180	-	-	768,180
Total Assets	<u>\$ 70,870</u>	<u>\$ 1,237,071</u>	<u>\$ 4,204</u>	<u>\$ 28,061</u>	<u>\$ 1,340,206</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Deferred Revenue - Unavailable	\$ -	\$ 4,489	\$ -	\$ -	\$ 4,489
Advances from Other Funds	14,468	-	-	-	14,468
Total Liabilities	14,468	4,489	-	-	18,957
<b>FUND BALANCES</b>					
Reserved for Gravel Pit Closure	-	-	-	28,061	28,061
Reserved for Economic Development					
Revolving Loans	-	1,232,582	-	-	1,232,582
Unreserved					
Undesignated	56,402	-	4,204	-	60,606
Total Fund Balances	<u>56,402</u>	<u>1,232,582</u>	<u>4,204</u>	<u>28,061</u>	<u>1,321,249</u>
Total Liabilities and Fund Balances	<u>\$ 70,870</u>	<u>\$ 1,237,071</u>	<u>\$ 4,204</u>	<u>\$ 28,061</u>	<u>\$ 1,340,206</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2008**

	Nonmajor Special Revenue Funds				Total Nonmajor Funds
	Ditch	Economic Development	Regional Railroad Authority	Gravel Pit Restoration	
<b>REVENUES</b>					
Taxes	\$ -	\$ 29,256	\$ 66,563	\$ -	\$ 95,819
Special Assessments	2,026	-	-	-	2,026
Intergovernmental	-	-	4,959	-	4,959
Investment Earnings	-	10,037	-	-	10,037
Miscellaneous	-	34,673	-	3,181	37,854
Total Revenues	<u>2,026</u>	<u>73,966</u>	<u>71,522</u>	<u>3,181</u>	<u>150,695</u>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
General Government	-	-	68,692	-	68,692
Conservation of Natural Resources	12,793	-	-	-	12,793
Economic Development	-	29,282	-	-	29,282
<b>DEBT SERVICE</b>					
Principal	-	22,696	-	-	22,696
Interest	-	5,181	-	-	5,181
Total Expenditures	<u>12,793</u>	<u>57,159</u>	<u>68,692</u>	<u>-</u>	<u>138,644</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(10,767)	16,807	2,830	3,181	12,051
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	15	-	-	15
Loan Proceeds	-	35,715	-	-	35,715
<b>NET CHANGE IN FUND BALANCES</b>	(10,767)	52,537	2,830	3,181	47,781
Fund Balance - Beginning of Year	67,169	1,180,045	1,374	24,880	1,273,468
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 56,402</u>	<u>\$ 1,232,582</u>	<u>\$ 4,204</u>	<u>\$ 28,061</u>	<u>\$ 1,321,249</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
REGIONAL RAILROAD AUTHORITY SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 66,134	\$ 66,134	\$ 66,563	\$ 429
Intergovernmental	4,959	4,959	4,959	-
Total Revenues	71,093	71,093	71,522	429
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>GENERAL GOVERNMENT</b>				
Buildings and Plant	68,693	68,693	68,692	1
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 2,400</u>	<u>\$ 2,400</u>	2,830	<u>\$ (430)</u>
Fund Balance - Beginning of Year			1,374	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 4,204</u>	

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2008**

	Balance January 1	Additions	Deductions	Balance December 31
<b>HOUSING AND REDEVELOPMENT AUTHORITY</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ -	\$ 3,292,457	\$ 3,292,457	\$ -
<b>LIABILITIES</b>				
Due to Other Governments	\$ -	\$ 3,292,457	\$ 3,292,457	\$ -
<b>METROPOLITAN TRANSIT</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ -	\$ 308,826	\$ 308,826	\$ -
<b>LIABILITIES</b>				
Due to Other Governments	\$ -	\$ 308,826	\$ 308,826	\$ -
<b>MUNICIPAL DEVELOPMENT DISTRICT</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ -	\$ 140,301	\$ 140,301	\$ -
<b>LIABILITIES</b>				
Due to Other Governments	\$ -	\$ 140,301	\$ 140,301	\$ -
<b>SCHOOL DISTRICTS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 38,744	\$ 10,533,686	\$ 10,527,789	\$ 44,641
<b>LIABILITIES</b>				
Due to Other Governments	\$ 38,744	\$ 10,533,686	\$ 10,527,789	\$ 44,641

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>STATE FUNDS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	<u>\$ 94,849</u>	<u>\$ 4,509,594</u>	<u>\$ 4,523,092</u>	<u>\$ 81,351</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 94,849</u>	<u>\$ 4,509,594</u>	<u>\$ 4,523,092</u>	<u>\$ 81,351</u>
<b>CHM COLLABORATIVE</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	<u>\$ 316,914</u>	<u>\$ 276,135</u>	<u>\$ 342,002</u>	<u>\$ 251,047</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 316,914</u>	<u>\$ 276,135</u>	<u>\$ 342,002</u>	<u>\$ 251,047</u>
<b>TAXES AND PENALTIES</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	<u>\$ 689,181</u>	<u>\$ 44,263,274</u>	<u>\$ 44,442,155</u>	<u>\$ 510,300</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 689,181</u>	<u>\$ 44,263,274</u>	<u>\$ 44,442,155</u>	<u>\$ 510,300</u>
<b>TOWNS AND CITIES</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	<u>\$ 1,376</u>	<u>\$ 9,842,000</u>	<u>\$ 9,843,148</u>	<u>\$ 228</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 1,376</u>	<u>\$ 9,842,000</u>	<u>\$ 9,843,148</u>	<u>\$ 228</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>MENTAL HEALTH INITIATIVE COMMUNITY PROJECT</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	<u>\$ 536,553</u>	<u>\$ 1,671,575</u>	<u>\$ 1,947,491</u>	<u>\$ 260,637</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 536,553</u>	<u>\$ 1,671,575</u>	<u>\$ 1,947,491</u>	<u>\$ 260,637</u>
<b>SOCIAL WELFARE</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	<u>\$ 137,735</u>	<u>\$ 539,194</u>	<u>\$ 613,940</u>	<u>\$ 62,989</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 137,735</u>	<u>\$ 539,194</u>	<u>\$ 613,940</u>	<u>\$ 62,989</u>
<b>JAIL INMATE</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	<u>\$ 51,299</u>	<u>\$ 217,052</u>	<u>\$ 266,248</u>	<u>\$ 2,103</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 51,299</u>	<u>\$ 217,052</u>	<u>\$ 266,248</u>	<u>\$ 2,103</u>
<b>MISSING HEIRS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	<u>\$ 13,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,038</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 13,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>13,038</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
ALL AGENCY FUNDS  
YEAR ENDED DECEMBER 31, 2008**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b>HENKEMEYER LANDFILL TRUST</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	<u>\$ 66,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,300</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 66,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>66,300</u>
<b>OTHER AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	<u>\$ -</u>	<u>\$ 54,909</u>	<u>\$ 49,434</u>	<u>\$ 5,475</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ -</u>	<u>\$ 54,909</u>	<u>\$ 49,434</u>	<u>5,475</u>
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Pooled Investments	<u>\$ 1,945,989</u>	<u>\$ 75,649,003</u>	<u>\$ 76,296,883</u>	<u>\$ 1,298,109</u>
<b>LIABILITIES</b>				
Due to Other Governments	<u>\$ 1,945,989</u>	<u>\$ 75,649,003</u>	<u>\$ 76,296,883</u>	<u>\$ 1,298,109</u>

**BENTON COUNTY  
FOLEY, MINNESOTA  
TAX CAPACITY, TAX CAPACITY RATES, LEVIES, AND PERCENTAGE OF COLLECTIONS  
YEARS ENDED DECEMBER 31**

	2007	
	Amount	Net Tax Capacity Rate (%)
Tax Capacity		
Real Estate	\$ 27,808,223	
Personal Property	622,146	
Less:		
Tax Increment	(1,111,309)	
Power Line	(4,873)	
Job Z	(76,528)	
Net Tax Capacity	\$ 27,237,659	
Taxes Levied for County Purposes		
General (including Library)	\$ 9,842,223	33.78%
Road and Bridge	3,115,979	9.61%
Human Service	3,765,504	13.38%
Debt Service	2,278,638	8.55%
Capital Projects	783,500	0.64%
Tax Abatement	-	0.00%
Total Levy for County Purposes	19,785,844	65.96%
Less: County Program Aid	1,817,148	
Net Levy Certified to State	17,968,696	
Less: Market Value Credits Payable by State	1,327,641	
Net Levy for County Purposes	\$ 16,641,055	
Total Tax Capacity - Light and Power		
Assessed at 43%	\$ 44,690	
Assessed at 5%	4,048	
Total Light and Power Tax Levies	\$ 48,738	
Light and Power Tax Levies (distributed in accordance with Minn. Stat. 273.42)		
Assessed at 43%	\$ 59,141	130.15%
Assessed at 5%	5,357	130.15%
Total Light and Power Tax Levies	\$ 64,498	
Special Assessments		
Ditch Liens and Assessments	\$ 1,070	
Glendorado Septic Systems	-	
Solid Waste	330,850	
Total Special Assessments	\$ 331,920	
Percentage of Tax Collections for All Purposes	97.5%	

2008		2009	
Amount	Net Tax Capacity Rate (%)	Amount	Net Tax Capacity Rate (%)
\$ 30,097,384		\$ 30,885,814	
595,804		571,972	
(1,198,753)		(1,221,718)	
(4,883)		(4,750)	
(126,846)		(105,580)	
<u>\$ 29,362,706</u>		<u>\$ 30,125,738</u>	
\$ 10,813,910	34.29%	\$ 11,903,161	35.61%
3,085,878	8.93%	2,798,954	8.37%
3,633,251	11.99%	4,517,171	13.51%
2,583,251	8.78%	2,679,950	8.02%
762,859	0.60%	252,050	0.75%
-	0.00%	3,677	0.01%
<u>20,879,149</u>	<u>64.59%</u>	<u>22,154,963</u>	<u>66.27%</u>
1,909,475		2,181,198	
18,969,674		19,973,765	
1,301,838		1,304,501	
<u>\$ 17,667,836</u>		<u>\$ 18,669,264</u>	
\$ 41,500		\$ 40,496	
3,918		9,814	
<u>\$ 45,418</u>		<u>\$ 50,310</u>	
\$ 54,695	129.53%	\$ 53,652	80.49%
5,164	129.53%	13,002	19.51%
<u>\$ 59,859</u>		<u>\$ 66,654</u>	
\$ -		\$ 1,491	
-		-	
354,710		364,570	
<u>\$ 354,710</u>		<u>\$ 366,061</u>	
97.3%		N/A	

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF INTERGOVERNMENTAL REVENUE  
YEAR ENDED DECEMBER 31, 2008**

	Special Revenue Funds		
	General	Road and Bridge	Human Services
<b>SHARED REVENUE</b>			
State			
County Program Aid	\$ 608,644	\$ 378,880	\$ 91,300
PERA Rate Reimbursement	19,781	5,043	13,080
Disparity Reduction Aid	7,441	-	-
Police Aid	150,878	-	-
Highway Users Tax	-	3,153,800	-
Market Value Credit	702,526	182,577	246,082
Enhanced 911	-	-	-
	1,489,270	3,720,300	350,462
<b>REIMBURSEMENT FOR SERVICES</b>			
State			
Minnesota Department of Human Services	-	-	88,353
<b>PAYMENTS</b>			
Local			
Local Contributions	-	73,570	-
<b>GRANTS</b>			
State			
Minnesota Department/Board of			
Corrections	113,062	-	-
Public Safety	45,642	-	-
Health	-	-	131,621
Natural Resources	5,053	-	-
Human Services	-	-	1,969,283
Soil and Water Resources	17,473	-	-
Pollution Control Agency	-	-	-
Peace Officer's Board	10,764	-	-
	191,994	-	2,100,904
Federal			
Department of			
Agriculture	12,003	-	370,483
Justice	12,868	-	-
Transportation	5,669	784,500	-
Health and Human Services	48,595	-	3,606,872
Homeland Security	35,423	-	-
	114,558	784,500	3,977,355
Total Federal Grants	114,558	784,500	3,977,355
Total State and Federal Grants	306,552	784,500	6,078,259
Total Intergovernmental Revenue	\$ 1,795,822	\$ 4,578,370	\$ 6,517,074

Special Revenue Funds				
Miscellaneous	Capital Projects	Regional Railroad Authority	Debt Service	Total All Funds
\$ -	\$ 479,864	\$ -	\$ -	\$ 1,558,688
-	-	-	-	37,904
-	-	-	-	7,441
-	-	-	-	150,878
-	-	-	211,383	3,365,183
-	11,907	4,959	179,932	1,327,983
115,852	-	-	-	115,852
<u>115,852</u>	<u>491,771</u>	<u>4,959</u>	<u>391,315</u>	<u>6,563,929</u>
-	-	-	-	88,353
-	-	-	-	73,570
-	-	-	-	113,062
-	-	-	-	45,642
-	-	-	-	131,621
-	-	-	-	5,053
-	-	-	-	1,969,283
49,744	-	-	-	67,217
95,796	-	-	-	95,796
-	-	-	-	10,764
<u>145,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,438,438</u>
-	-	-	-	382,486
-	-	-	-	12,868
-	-	-	-	790,169
-	-	-	-	3,655,467
-	-	-	-	35,423
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,876,413</u>
145,540	-	-	-	7,314,851
<u>\$ 261,392</u>	<u>\$ 491,771</u>	<u>\$ 4,959</u>	<u>\$ 391,315</u>	<u>\$ 14,040,703</u>

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**REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS* AND  
SINGLE AUDIT (A-133)**

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of County Commissioners  
Benton County  
Foley, Minnesota

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, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 26, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Benton County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Benton County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider deficiencies 96-4, 06-1, 06-2, and 08-1 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Internal Control Over Financial Reporting (Continued)

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the deficiencies described in the accompanying schedule of findings and questioned costs as items 96-4, 06-1, and 06-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of County Commissioners, others within the organization, and federal awarding agencies and pass-through entities; and is not intended to be, and should not be, used by anyone other than these specified parties.



**LarsonAllen LLP**

Brainerd, Minnesota  
June 26, 2009

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of County Commissioners  
Benton County  
Foley, Minnesota

### Compliance

We have audited the compliance of Benton County, Minnesota, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards, and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a major program that is more than inconsequential will not be prevented or detected.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a major program, will not be prevented or detected by the County's internal control.

This report is intended solely for the information and use of the Board of County Commissioners, others within the organization, federal awarding agencies and pass through entities; and is not intended to be used by anyone other than these specified parties.



**LarsonAllen LLP**

Brainerd, Minnesota  
June 26, 2009

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2008**

**SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Benton County, Minnesota.
2. Significant deficiencies in internal control were over financial reporting disclosed during the audit of the basic financial statements for the County and are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*". Significant deficiencies 96-4, 06-1, and 06-2 are considered to be material weaknesses.
3. No instances of noncompliance material to the basic financial statements of the County were disclosed during the audit.
4. No matters involving internal control over compliance relating to the audit of the major federal award programs were reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance with OMB Circular A-133".
5. The auditors' report on compliance for the major federal award programs for Benton County expresses an unqualified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for the County were disclosed during the audit that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as a major program were:

Highway Planning and Construction Grant Cluster	CFDA No. 20.205
Child Support Title IV-D	CFDA No. 93.563
Child Care and Development Block Grant Cluster	CFDA No. 93.596 and 93.575
Medical Assistance Grant Cluster	CFDA No. 93.778
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The County did not qualify, under federal guidelines, as a low-risk auditee.

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2008**

**MATERIAL WEAKNESSES - FINANCIAL REPORTING:**

96-4 DEPARTMENTAL INTERNAL ACCOUNTING – SEGREGATION OF DUTIES

**Criteria:** County management should constantly be aware of the need to have adequate segregation of duties regarding the processing of transactions for the County. In addition, County management should be aware that the concentration of duties and responsibilities in one or a very few individuals is not desirable from an internal control perspective.

**Condition:** Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place for various County departments.

**Cause:** The County has a limited number of personnel within several County departments.

**Effect:** The design of the internal controls over financial reporting could affect the ability of the County to record, process, summarize and report financial data consistently with the assertions of management in the financial statements. In addition, this lack of segregation of duties may result in the County's inability to prevent/detect material misappropriation of County assets.

**Recommendation:** We recommend County management be aware of the lack of segregation of duties within the accounting functions and assess whether additional segregation of duties is cost beneficial. If additional segregation is not possible, we recommend County management implement some oversight procedures to ensure the internal control policies and procedures are being implemented by County staff.

06-1 FINANCIAL REPORTING PROCESS

**Criteria:** County management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance applicable accounting and reporting standards.

**Condition:** As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements.

**Cause:** Benton County has a limited number of personnel.

**Effect:** The design of the controls over the financial reporting process would affect the ability of County to report their financial data consistently with the assertions of management in the financial statements.

**Recommendation:** We recommend that County management be aware of the responsibilities regarding financial reporting. If management chooses to undertake these financial reporting responsibilities, a number of policies, procedures, and reviews will need to be developed and implemented.

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2008**

**MATERIAL WEAKNESSES - FINANCIAL REPORTING (Continued):**

06-2 AUDIT ADJUSTMENTS

**Criteria:** County management is responsible for establishing and maintaining internal controls for the proper recording of all County's accounting transactions, including account coding and reporting of accruals and net assets.

**Condition:** As part of the audit we proposed material audit adjustments for capital assets, receivables and payables, reclassifications to the proper accounts, and note disclosure preparation.

**Cause:** Benton County has a limited number of personnel.

**Effect:** The design of the internal controls over recording transactions and year-end accruals limits the ability of the County to provide accurate accrual basis financial information.

**Recommendation:** We recommend County management and financial personnel continue to increase their awareness and knowledge of all procedures and processes involved in recording transactions, accruals, and reclassifications and develop internal control policies to ensure proper recording of these items.

**SIGNIFICANT DEFICIENCY:**

08-1 CASH HANDLING PROCEDURES – JAIL DEPARTMENT

**Criteria:** Procedures should be in place to deposit collections on a timely basis. Having large amounts of undeposited cash increases the risk of misplacement or misappropriation of the cash.

**Condition:** During our audit, we noted the Jail Department handled, over \$200,000 in cash transactions for 2008 which were not deposited into a bank account. Instead, these inmate collections are stored in envelopes in the office safe.

**Cause:** Past practice.

**Effect:** Not depositing cash on a regular basis provides a greater opportunity for fraudulent activity occurring and not being detected in a timely manner.

**Recommendation:** We recommend County management adopt policies and implement procedures to reconcile and deposit inmate cash collections intact and on a timely basis.

BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2008

**CONTROL DEFICIENCY:**

08-2 SUPERVISOR APPROVAL OF TIMESHEETS

**Criteria:** According to standard internal control practices, timesheets should be reviewed by appropriate supervisory personnel.

**Condition:** During internal control testing performed, we were not provided with documentation of supervisor approvals on 2 out of 40 timesheets tested.

**Cause:** Unknown

**Effect:** The County is at increased risk that errors or misstatements relating to payroll will not be detected.

**Recommendation:** We recommend review of timesheets be documented for all employee timesheets.

**PREVIOUSLY REPORTED ITEMS RESOLVED:**

07-1 SOCIAL WELFARE BANK RECONCILIATIONS

We were not provided with evidence of review of bank reconciliations for the Social Welfare account.

RESOLUTION

In 2008, all bank reconciliations had sufficient documentation of review.

07-2 VOIDED CHECKS – SOCIAL WELFARE

Voided checks for the Social Welfare account were not being retained.

RESOLUTION

No similar issues noted in 2008.

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health Supplemental Food Program for Women, Infants, and Children (WIC)	10.557	\$ 137,389
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for Food Stamp Program	10.561	<u>245,097</u>
Total Department of Agriculture		382,486
U.S. Department of Justice		
Direct		
State Criminal Alien Assistance Program	16.606	8,980
Bulletproof Vest Partnership Program	16.607	2,988
Passed Through Minnesota Department of Public Safety Enforcing Underage Drinking Laws Program	16.727	<u>900</u>
Total Department of Justice		12,868
U.S. Department of Transportation		
Passed Through Minnesota Department of Natural Resources Highway Planning and Construction (grant cluster)	20.205	784,500
Passed Through Minnesota Department of Public Safety and Mille Lacs County State and Community Highway Safety	20.600	<u>5,669</u>
Total Department of Transportation		790,169

**BENTON COUNTY  
FOLEY, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Health		
Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	\$ 58,324
Maternal and Child Health Services Block Grant	93.994	38,308
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families	93.556	23,495
Temporary Assistance for Needy Families	93.558	483,260
Child Care Development Block Grant (grant cluster)	93.575	391,214
Child Support	93.563	650,130
Refugee and Energy Assistance Grant	93.566	554
Child Care Mandatory and Matching Funds (grant cluster)	93.596	161,405
Foster Care Title IV-E	93.658	58,322
Social Services Block Grant Title XX	93.667	206,640
Chafee Foster Care Independence Program	93.674	4,660
State Children's Insurance Program	93.767	794
Medical Assistance (grant cluster)	93.778	1,572,315
Block Grants for Community Mental Health Services	93.958	<u>6,046</u>
Total Department of Health and Human Services		3,655,467
U.S Department of Homeland Security		
Pass Through Minnesota Department of Natural Resources		
Boating Safety Financial Assistance	97.012	6,984
Pass Through Minnesota Department of Public Safety		
Emergency Management Performance Grant	97.042	24,181
Homeland Security Grant Program	97.067	<u>4,258</u>
Total Department of Homeland Security		<u>35,423</u>
Total Cash Type Federal Awards		<u><u>\$ 4,876,413</u></u>

1. The Schedule of Expenditures of Federal Awards presents the activity of Federal award programs expended by Benton County. The County's reporting entity is defined in Note 1 to the Financial Statements.
2. The expenditures on this schedule are on the basis of accounting used by the individual funds of the County. Governmental funds use the modified accrual basis of accounting.
3. During 2008, the County did not pass on any Federal money to subrecipients.
4. Pass-through grant numbers were not assigned by the pass-through agencies.

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## REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners  
Benton County  
Foley, Minnesota

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, 2008, and have issued our report thereon dated June 26, 2009.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the provisions of the *Audit Guide for Local Government*, promulgated by the State Auditor pursuant to *Minnesota Statute* §6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Audit Guide for Local Government* covers seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, tax increment financing districts, and county and city miscellaneous provisions. Our study included all of the listed categories, except tax increment financing districts, because the County does not have any tax increment financing districts.

The results of our tests indicate that for the items tested, the County complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of management, Board of County Commissioners, others within the County, federal awarding agencies, pass-through entities, and the Office of the State Auditor of Minnesota and is not intended to be and should not be used by anyone other than those specified parties.



**LarsonAllen LLP**

Brainerd, Minnesota  
June 26, 2009

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