

# STATE OF MINNESOTA

## Office of the State Auditor



**Patricia Anderson**  
**State Auditor**

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**CASS COUNTY**  
**WALKER, MINNESOTA**

FOR THE YEAR ENDED DECEMBER 31, 2004

## **Description of the Office of the State Auditor**

The Office of the State Auditor serves as a watchdog for Minnesota taxpayers by helping to ensure financial integrity, accountability, and cost-effectiveness in local governments throughout the state.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 250 financial and compliance audits per year and has oversight responsibilities for over 4,300 local units of government throughout the state. The office currently maintains five divisions:

**Audit Practice** - conducts financial and legal compliance audits for local governments;

**Government Information** - collects and analyzes financial information for cities, towns, counties, and special districts;

**Legal/Special Investigations** - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

**Pension** - monitors investment, financial, and actuarial reporting for over 700 public pension funds; and

**Tax Increment Financing, Investment and Finance** - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employee's Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**CASS COUNTY  
WALKER, MINNESOTA**

**For the Year Ended December 31, 2004**



**Audit Practice Division  
Office of the State Auditor  
State of Minnesota**

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**CASS COUNTY  
WALKER, MINNESOTA**

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**CASS COUNTY  
WALKER, MINNESOTA**

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**CASS COUNTY  
WALKER, MINNESOTA**

**ORGANIZATION  
AS OF DECEMBER 31, 2004**

		<u>Term Expires</u>
Elected		
Commissioners		
District I	Jim Demgen	January 2007
District II	Bob Kangas	January 2007
District III	Rusty Lilyquist	January 2005
District IV	James Dowson	January 2007
District V	Dick Downham	January 2005
Attorney	Earl Maus	January 2007
Auditor/Treasurer	Sharon K. Anderson	January 2007
Recorder	Kathryn Norby	January 2007
Sheriff	Randy Fisher	January 2007
Appointed		
Administrator	Robert H. Yochum	November 2005
Assessor	Steven Kuha	December 2004
Building and Grounds Supervisor	Tom Emery	Indefinite
Highway Engineer	Dave Enblom	May 2005
Land Commissioner	Norm Moody	Indefinite
Medical Examiner	Michael B. McGee	January 2005
Environmental Services	Paul Fairbanks	Indefinite
HHVS	Dorothy Opheim	Indefinite
MIS Department	Tim Richardson	Indefinite
Probation Office	Reno Wells	Indefinite

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PATRICIA ANDERSON  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Cass County

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cass County, Minnesota, as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Cass County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cass County Housing and Redevelopment Authority (HRA) or the Pine River Area Sanitary District (District), which comprise the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the HRA and the District, is based on the reports of the other auditors.

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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cass County, as of and for the year ended December 31, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the 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 made for the purpose of forming opinions on the financial statements that collectively comprise Cass County's basic financial statements. The supplementary information and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 8, 2005, on our consideration of Cass County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. It does not include the Cass County HRA and the Pine River Area Sanitary District, which were audited by other auditors.

*/s/Pat Anderson*

PATRICIA ANDERSON  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

End of Fieldwork: July 8, 2005

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**CASS COUNTY  
WALKER, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2004  
(Unaudited)**

As management of Cass County, Minnesota, we offer the readers of the Cass County financial statements this narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the basic financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in whole dollars.

**FINANCIAL HIGHLIGHTS**

The assets of Cass County exceeded its liabilities on December 31, 2004, by \$110,571,606 (net assets). Of this amount, \$22,201,153 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.

As of the close of 2004, Cass County's governmental funds reported combined ending fund balances of \$31,332,793, an increase of \$1,449,578 in comparison with 2003. Of this balance amount, \$3,185,701 was unreserved and undesignated by Cass County, and thus available for spending at the government's discretion.

At the end of 2004, unreserved and undesignated fund balance for the General Fund was \$1,189,119, or 9.4 percent of the total General Fund expenditures for that year.

Cass County's total debt decreased by \$115,658, or 32 percent during 2004. This debt consists of Cass County's share (95 percent) of the Kitchigami Regional Library Note in the amount of \$161,759, Minnesota Finance Energy Loan in the amount of \$19,327, and the Minnesota DHS Title IV-E Loan in the amount of \$60,384 for a total debt of \$241,470.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Cass County basic financial statements. Cass County financial statements are comprised of three components: (1) government-wide financial statements, (2) fund-level financial statements, and (3) notes to the financial statements. This report also contains other supplementary information.

**Government-wide financial statements** are designed to provide readers with a broad overview of Cass County's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of Cass County's assets and liabilities, with the difference being reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Cass County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

Cass County's government-wide financial statements distinguish County operations by function. The governmental activities of Cass County include general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, economic development, and interest.

The government-wide statements include not only the financial data for Cass County itself (known as the primary government), but also the legally separate Cass County Housing and Redevelopment Authority and the Pine River Area Sanitary District component units, for which Cass County is financially accountable. Financial information for these component units is audited and reported separately from the financial information provided herein for the primary government itself.

The government-wide statements can be found on Exhibits 1 and 2 of this report.

**Fund level statements.** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Cass County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of Cass County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term

financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Cass County adopts an annual appropriated budget for its General Fund, Road and Bridge Special Revenue Fund, Health and Human Services Special Revenue Fund, and Forfeited Tax Sale Special Revenue Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits 3 through 6 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside of Cass County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Cass County's own programs or activities. Cass County's fiduciary funds include Taxes and Penalties, State of Minnesota, School Districts, Towns and Cities, Minnesota County Information Systems, and Mississippi Headwaters Board.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the exhibits.

Other information is provided as supplementary information regarding Cass County's investments and intergovernmental revenues.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Over time, net assets serve as a useful indicator of the County's financial position. Cass County's assets exceeded liabilities by \$110,571,606 at the close of 2004. The largest portion of Cass County's net assets (72 percent) reflects the County's investment in capital assets (land, buildings, equipment, and infrastructure such as roads and bridges), less any related debt used to acquire those assets (still outstanding). However, it should be noted that these assets are not available for future spending or for liquidating any remaining debt.

Cass County's net assets increased by seven percent from 2003 to 2004. The following table presents a comparative analysis between the two years that will assist users in gaining a better understanding of the impact of the County's financial activities.

**Net Assets**  
(in thousands)

Governmental Activities	2004	2003
<b>Assets</b>		
Current and other assets	\$ 39,651	\$ 36,450
Capital assets	79,440	73,758
<b>Total assets</b>	<b>\$ 119,091</b>	<b>\$ 110,208</b>
<b>Liabilities</b>		
Long-term liabilities	\$ 6,074	\$ 4,572
Other liabilities	2,445	2,408
<b>Total Liabilities</b>	<b>\$ 8,519</b>	<b>\$ 6,980</b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	\$ 79,311	\$ 73,521
Restricted	9,060	7,206
Unrestricted	22,201	22,501
<b>Total Net Assets</b>	<b>\$ 110,572</b>	<b>\$ 103,228</b>

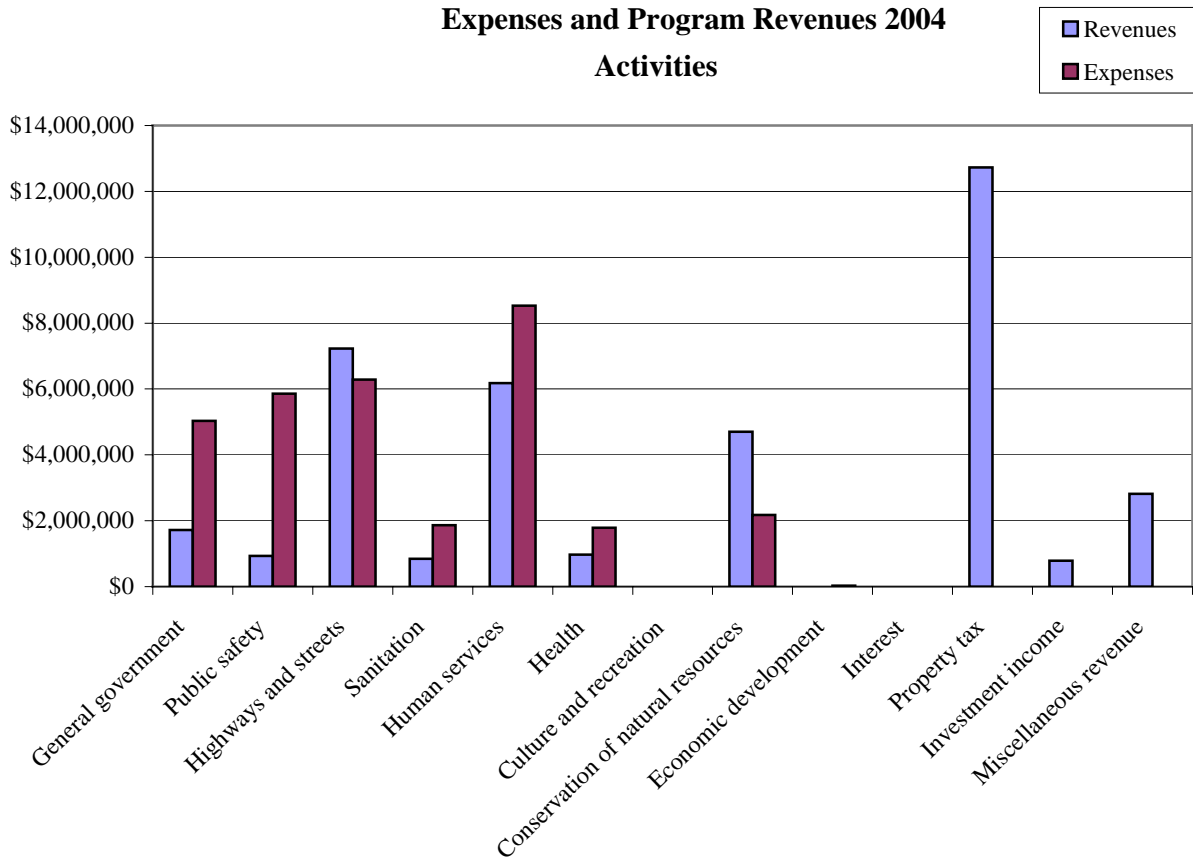
The unrestricted net assets amount of \$22,201,153 as of December 31, 2004, may be used to meet the County's ongoing obligations to citizens and creditors.

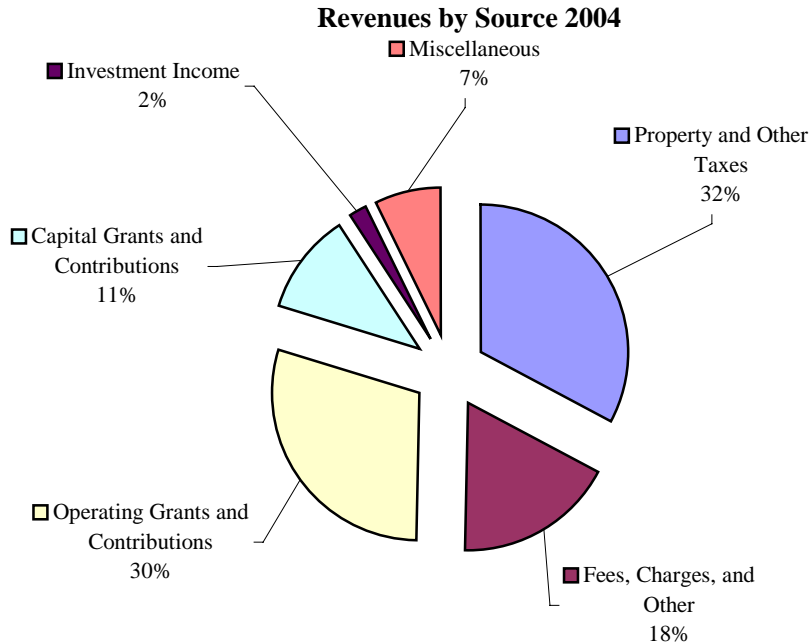
**Changes in Net Assets**  
(in thousands)

Governmental Activities	2004	2003
<b>Revenues</b>		
<b>Program revenues</b>		
Charges for services	\$ 6,825	\$ 7,038
Operating grants and contributions	11,492	10,996
Capital grants and contributions	4,266	4,135
<b>General revenues</b>		
Property taxes	12,220	11,777
Other	4,122	3,847
<b>Total Revenues</b>	<b>\$ 38,925</b>	<b>\$ 37,793</b>

Governmental Activities	2004	2003
Expenses		
General government	\$ 5,029	\$ 4,653
Public safety	5,862	5,041
Highways and streets	6,285	5,322
Sanitation	1,868	1,856
Human services	8,533	9,171
Health	1,792	1,921
Culture and recreation	2	2
Conservation of natural resources	2,175	2,310
Economic development	31	-
Interest	4	15
Total Expenses	<u>\$ 31,581</u>	<u>\$ 30,291</u>
Increase in Net Assets	\$ 7,344	\$ 7,502
Net Assets - January 1	<u>103,228</u>	<u>95,726</u>
Net Assets - December 31	<u>\$ 110,572</u>	<u>\$ 103,228</u>

**Expenses and Program Revenues 2004**  
**Activities**





### Financial Analysis of the Government's Funds

As noted earlier, Cass County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Cass County's governmental funds reported combined ending fund balances of \$31,332,793, an increase of \$1,449,578 in comparison with the prior year. Unreserved and undesignated fund balance, \$3,185,701 of the ending fund balance, may be available for spending at the County's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed for various reasons.

The General Fund is the chief operating fund for Cass County. At the end of the current fiscal year, it had an unreserved and undesignated fund balance of \$1,189,119. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total expenditures. General Fund unreserved and undesignated fund balance represents 9.4 percent of total General Fund expenditures. In 2004, ending unreserved and undesignated fund balance in the General Fund decreased by \$1,485,778. The primary reason for this decrease was the lack of undesignated fund balance within the Road and Bridge Fund to meet the County's cash flow

designation policy without assistance from the General Fund. The shortfall in the Road and Bridge Fund required additional funds to be designated for cash flow purposes in the General Fund.

The Road and Bridge unreserved and undesignated fund balance of \$156,737 at year-end represents 1.3 percent of the fund's annual expenditures. Unreserved and undesignated fund balance decreased \$388,802 during 2004, primarily due to expenditures exceeding revenues.

The Health and Human Services unreserved and undesignated fund balance of \$1,759,154 at year-end represents 16.8 percent of the fund's annual expenditures. Unreserved and undesignated fund balance increased \$1,588,074 during 2004, primarily due to revenues exceeding expenditures.

### General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget were relatively minor and were due to the recognition of expenditures that had prior County Board approval.

Actual revenues exceeded budgeted revenues by \$1,682,982, primarily due to increased charges for services and intergovernmental revenues over budget.

Actual expenditures did not exceed budgeted expenditures for the period ending December 31, 2004.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Cass County's capital assets for its governmental activities at December 31, 2004, totaled \$79,440,305 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The County's net capital assets increased \$5,682,686, or 7.7 percent from the previous year. The major capital asset event was:

- \$7.4 million gross investment in infrastructure for 2004.

#### Governmental Capital Assets (Net of Depreciation)

	2004	2003
Land	\$ 1,685,566	\$ 1,537,057
Infrastructure	60,493,611	54,591,672
Buildings	13,095,350	13,276,076
Machinery and equipment	1,618,415	1,638,245
Construction in progress	2,547,363	2,714,569
Total	<u>\$ 79,440,305</u>	<u>\$ 73,757,619</u>

Additional information on the County's capital assets can be found in the notes to the financial statements of this report.

### **Long-Term Debt**

At the end of the current fiscal year, the County had a total outstanding debt of \$241,470, which was backed by the full faith and credit of the government.

#### **Cass County's Outstanding Debt**

	2004	2003
General Obligation Library Note	\$ 161,759	\$ 197,706
Minnesota Finance Energy Loan	19,327	38,654
Minnesota DHS Title IV-E Payable	60,384	120,768
Total	\$ 241,470	\$ 357,128

The County's debt related to general obligation bonds and notes decreased by \$115,658 (32 percent) during the fiscal year due to scheduled principal payments.

Minnesota statutes limit the amount of debt a County may levy to two percent of its total market value. At the end of 2004, Cass County's debt was .0075 percent of its total market value.

Additional information on the County's long-term debt can be found in the notes to the financial statements of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The growth of Cass County's tax base at the end of 2004 was 16.2 percent over 2003. This growth in the tax base allows Cass County to have one of the lowest tax rates among neighboring counties. Demand for lakeshore and recreational land has continued to increase, which aids in the economic growth of the County.

By the end of 2004, Cass County approved its balanced 2005 revenue and expenditure budgets.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Cass County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Cass County Auditor/Treasurer, P. O. Box 3000, Walker, Minnesota 56484.

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CASS COUNTY  
WALKER, MINNESOTA**

**EXHIBIT 1**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2004**

	<b>Primary Government Governmental Activities</b>	<b>Discretely Presented Component Units</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 30,910,283	\$ 165,754
Petty cash and change funds	2,391	-
Investments	4,213,714	-
Taxes receivable		
Prior - net	455,123	-
Special assessments receivable		
Prior - net	182,950	2,664
Accounts receivable - net	2,217,682	62,037
Long-term receivables	-	269,564
Accrued interest receivable	204,279	-
Due from other governments	1,265,128	-
Prepaid items	-	117,679
Inventories	198,797	-
Restricted assets		
Cash and pooled investments	-	103,426
Capital assets		
Non-depreciable	4,232,929	55,217
Depreciable - net of accumulated depreciation	75,207,376	3,212,543
<b>Total Assets</b>	<b>\$ 119,090,652</b>	<b>\$ 3,988,884</b>
<b><u>Liabilities</u></b>		
Accounts payable	794,918	40,703
Salaries payable	481,024	1,085
Contracts payable	547,386	-
Due to other governments	1,560,171	1,331
Accrued interest payable	338	4,853
Unearned revenue	149,433	97,950
Advance from other governments	2,540,815	-
Customer deposits	-	4,125
Long-term liabilities		
Due within one year	282,124	173,066
Due in more than one year	2,162,837	2,503,625
<b>Total Liabilities</b>	<b>\$ 8,519,046</b>	<b>\$ 2,826,738</b>

**CASS COUNTY  
WALKER, MINNESOTA**

**EXHIBIT 1  
(Continued)**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2004**

	<b>Primary Government Governmental Activities</b>	<b>Discretely Presented Component Units</b>
<b><u>Net Assets</u></b>		
Invested in capital assets - net of related debt	\$ 79,311,158	\$ 691,264
Restricted for		
General government	107,314	-
Public safety	1,183,885	-
Highways and streets	519,145	-
Conservation of natural resources	6,946,711	-
Capital projects	-	34,701
Debt service	143,031	-
Other purposes	159,209	-
Unrestricted	22,201,153	436,181
<b>Total Net Assets</b>	<b>\$ 110,571,606</b>	<b>\$ 1,162,146</b>

**CASS COUNTY  
WALKER, MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Expenses</b>	<b>Fees, Charges, Fines, and Other</b>
<b><u>Functions/Programs</u></b>		
<b>Primary Government</b>		
<b>Governmental activities</b>		
General government	\$ 5,028,646	\$ 1,436,616
Public safety	5,861,974	400,958
Highways and streets	6,284,767	489,502
Sanitation	1,867,573	843,373
Human services	8,533,637	257,617
Health	1,792,328	665,201
Culture and recreation	1,812	-
Conservation of natural resources	2,175,257	2,732,013
Economic development	31,387	-
Interest	3,817	-
<b>Total governmental activities</b>	<b>\$ 31,581,198</b>	<b>\$ 6,825,280</b>
<b>Component Units</b>		
Housing and Redevelopment Authority	\$ 511,700	\$ 37,236
Pine River Area Sanitary District	405,775	343,636
<b>Total component units</b>	<b>\$ 917,475</b>	<b>\$ 380,872</b>

**General Revenues**

Property taxes  
Mortgage registry and deed tax  
Other taxes  
Payments in lieu of tax  
Grants and contributions not restricted to specific programs  
Unrestricted investment earnings  
Miscellaneous  
Gain on sale of capital assets

**Total general revenues**

**Change in net assets**

**Net Assets - Beginning - restated**

**Net Assets - Ending**

**EXHIBIT 2**

<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>	
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government Governmental Activities</b>	<b>Discretely Presented Component Units</b>
\$ 283,642	\$ 2,942	\$ (3,305,446)	
505,790	25,907	(4,929,319)	
4,084,561	2,653,560	942,856	
-	-	(1,024,200)	
5,924,497	-	(2,351,523)	
308,043	-	(819,084)	
-	-	(1,812)	
385,566	1,583,224	2,525,546	
-	-	(31,387)	
-	-	(3,817)	
<b>\$ 11,492,099</b>	<b>\$ 4,265,633</b>	<b>\$ (8,998,186)</b>	
\$ 600,207	\$ -		\$ 125,743
-	94,190		32,051
<b>\$ 600,207</b>	<b>\$ 94,190</b>		<b>\$ 157,794</b>
		\$ 12,220,066	\$ -
		60,008	-
		26,538	-
		424,202	-
		2,335,689	-
		788,622	3,305
		451,007	36,630
		35,609	9,297
		<b>\$ 16,341,741</b>	<b>\$ 49,232</b>
		<b>\$ 7,343,555</b>	<b>\$ 207,026</b>
		<b>103,228,051</b>	<b>955,120</b>
		<b>\$ 110,571,606</b>	<b>\$ 1,162,146</b>

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## **FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUNDS**

**CASS COUNTY  
WALKER, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 15,748,633	\$ 3,703,909
Petty cash and change funds	2,051	100
Undistributed cash in agency funds	130,146	26,713
Investments	-	-
Taxes receivable		
Prior	216,574	78,092
Special assessments receivable		
Prior	182,950	-
Accounts receivable	155,733	-
Accrued interest receivable	182,569	-
Due from other funds	439,337	40,863
Due from other governments	28,199	480,108
Inventories	-	198,797
	<b>\$ 17,086,192</b>	<b>\$ 4,528,582</b>
<b><u>Liabilities and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 396,857	\$ 42,768
Salaries payable	248,965	69,483
Compensated absences - current	77,005	33,013
Contracts payable	-	547,386
Due to other funds	4,107	-
Due to other governments	-	5,014
Deferred revenue - unavailable	339,917	453,875
Deferred revenue - unearned	40,000	-
Advance from other governments	-	2,540,815
	<b>\$ 1,106,851</b>	<b>\$ 3,692,354</b>

**EXHIBIT 3**

<b>Health and Human Services</b>	<b>Forfeited Tax Sale</b>	<b>Environmental Trust</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 6,119,528	\$ 3,566,825	\$ 77,263	\$ 1,481,870	\$ 30,698,028
140	100	-	-	2,391
48,319	-	-	7,077	212,255
-	-	4,213,714	-	4,213,714
140,105	-	-	20,352	455,123
-	-	-	-	182,950
72,802	1,989,147	-	-	2,217,682
-	-	21,710	-	204,279
-	-	-	6,401	486,601
756,821	-	-	-	1,265,128
-	-	-	-	198,797
<b>\$ 7,137,715</b>	<b>\$ 5,556,072</b>	<b>\$ 4,312,687</b>	<b>\$ 1,515,700</b>	<b>\$ 40,136,948</b>
\$ 329,536	\$ 25,692	\$ -	\$ 65	\$ 794,918
144,732	17,844	-	-	481,024
46,707	9,741	-	-	166,466
-	-	-	-	547,386
375	454,558	-	27,561	486,601
67,274	652,441	-	-	724,729
113,119	1,989,147	-	16,725	2,912,783
109,433	-	-	-	149,433
-	-	-	-	2,540,815
<b>\$ 811,176</b>	<b>\$ 3,149,423</b>	<b>\$ -</b>	<b>\$ 44,351</b>	<b>\$ 8,804,155</b>

**CASS COUNTY  
WALKER, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Liabilities and Fund Balances</u></b>		
<b>(Continued)</b>		
<b>Fund Balances</b>		
Reserved for		
Inventories	\$ -	\$ 198,797
Missing heirs	10,672	-
Law library	51,416	-
Recorder's equipment	55,898	-
Enhanced 911	63,830	-
Federal projects	148,537	-
Forestry development	-	-
Petty cash	2,051	100
Wetland activity	61,382	-
SSI/DAA fees	-	-
Birth/death certificates	-	-
Unreserved		
Designated for debt service	-	-
Designated for future expenditures	-	10,384
Designated for cash flows	9,832,757	470,210
Designated for capital improvements	750,000	-
Designated for uninsured claims	329,427	-
Designated for law enforcement center	-	-
Designated for Hipaa software	-	-
Designated for PHP grant	-	-
Designated for ASP grant	-	-
Designated for Prenatal alcohol use prevention grant	-	-
Designated for Suicide prevention grant	-	-
Designated for Komen Foundation grant	-	-
Designated for Region V Mental Health grant	-	-
Designated for health insurance	1,447,227	-
Designated for compensated absences	2,037,025	-
Undesignated	1,189,119	156,737
Unreserved, reported in nonmajor special revenue funds	-	-
<b>Total Fund Balances</b>	<b>\$ 15,979,341</b>	<b>\$ 836,228</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 17,086,192</b>	<b>\$ 4,528,582</b>
	-	-

**EXHIBIT 3**  
**(Continued)**

<b>Health and Human Services</b>	<b>Forfeited Tax Sale</b>	<b>Environmental Trust</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 198,797
-	-	-	-	10,672
-	-	-	-	51,416
-	-	-	-	55,898
-	-	-	-	63,830
-	-	-	-	148,537
-	2,056,549	4,232,036	-	6,288,585
-	100	-	-	2,251
-	-	-	-	61,382
7,727	-	-	-	7,727
140	-	-	-	140
-	-	-	143,031	143,031
-	350,000	-	-	360,384
4,450,732	-	-	72,400	14,826,099
-	-	-	-	750,000
-	-	-	-	329,427
-	-	-	1,120,055	1,120,055
10,000	-	-	-	10,000
1,829	-	-	-	1,829
66,076	-	-	-	66,076
7,402	-	-	-	7,402
377	-	-	-	377
1,360	-	-	-	1,360
21,702	-	-	-	21,702
-	-	-	-	1,447,227
-	-	-	-	2,037,025
1,759,194	-	80,651	-	3,185,701
-	-	-	135,863	135,863
<b>\$ 6,326,539</b>	<b>\$ 2,406,649</b>	<b>\$ 4,312,687</b>	<b>\$ 1,471,349</b>	<b>\$ 31,332,793</b>
<b>\$ 7,137,715</b>	<b>\$ 5,556,072</b>	<b>\$ 4,312,687</b>	<b>\$ 1,515,700</b>	<b>\$ 40,136,948</b>

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**CASS COUNTY  
WALKER, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2004**

<b>Fund balances - total governmental funds (Exhibit 3)</b>	<b>\$</b>	<b>31,332,793</b>
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		79,440,305
--	--	------------

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. This adjustment is deferred revenue - unavailable less amounts included in deferred revenue that will be paid to other governments when collected.

Deferred revenue - unavailable	\$ 2,912,783	
Due to other governments	(835,442)	2,077,341

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Notes payable	\$ (161,759)	
Loans payable	(19,327)	
Claims and judgments	(60,384)	
Compensated absences	(2,037,025)	
Accrued interest payable	(338)	(2,278,833)

<b>Net assets of governmental activities (Exhibit 1)</b>	<b>\$</b>	<b><u>110,571,606</u></b>
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**CASS COUNTY  
WALKER, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>General</b>	<b>Road and Bridge</b>
<b>Revenues</b>		
Taxes	\$ 5,922,843	\$ 2,054,405
Special assessments	1,584,896	-
Licenses and permits	103,752	-
Intergovernmental	2,555,504	7,333,351
Charges for services	2,421,752	415,429
Fines and forfeits	12,443	-
Gifts and contributions	-	-
Interest on investments	683,785	-
Miscellaneous	440,608	163,073
<b>Total Revenues</b>	<b>\$ 13,725,583</b>	<b>\$ 9,966,258</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 4,821,835	\$ -
Public safety	5,746,627	-
Highways and streets	-	11,895,615
Sanitation	1,882,543	-
Human services	-	-
Health	-	-
Conservation of natural resources	206,098	-
Economic development	31,387	-
<b>Capital outlay</b>	-	-
<b>Debt service</b>		
Principal retirement	-	-
Interest	-	-
Bond issuance costs	-	-
<b>Total Expenditures</b>	<b>\$ 12,688,490</b>	<b>\$ 11,895,615</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 1,037,093</b>	<b>\$ (1,929,357)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$ 565,853	\$ 400,000
Transfers out	(522,600)	(27,691)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 43,253</b>	<b>\$ 372,309</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,080,346</b>	<b>\$ (1,557,048)</b>
<b>Fund Balance - January 1</b>	<b>14,898,995</b>	<b>2,425,895</b>
<b>Increase (decrease) in reserved for inventories</b>	<b>-</b>	<b>(32,619)</b>
<b>Fund Balance - December 31</b>	<b>\$ 15,979,341</b>	<b>\$ 836,228</b>

**EXHIBIT 5**

<b>Health and Human Services</b>	<b>Forfeited Tax Sale</b>	<b>Environmental Trust</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 3,704,336	\$ -	\$ -	\$ 607,974	\$ 12,289,558
-	-	-	-	1,584,896
15,780	-	-	-	119,532
6,657,004	250,801	-	146,312	16,942,972
630,423	-	-	3,354	3,470,958
-	-	-	-	12,443
4,564	-	-	-	4,564
-	-	104,666	171	788,622
216,697	2,473,221	205,500	35,945	3,535,044
<b>\$ 11,228,804</b>	<b>\$ 2,724,022</b>	<b>\$ 310,166</b>	<b>\$ 793,756</b>	<b>\$ 38,748,589</b>
\$ 145,693	\$ -	\$ -	\$ 1,433	\$ 4,968,961
-	-	-	22,358	5,768,985
-	-	-	136,219	12,031,834
-	-	-	2,519	1,885,062
8,545,369	-	-	-	8,545,369
1,809,285	-	-	-	1,809,285
-	1,918,881	-	-	2,124,979
-	-	-	-	31,387
-	-	41,101	-	41,101
-	-	-	55,273	55,273
-	-	-	3,200	3,200
-	-	-	956	956
<b>\$ 10,500,347</b>	<b>\$ 1,918,881</b>	<b>\$ 41,101</b>	<b>\$ 221,958</b>	<b>\$ 37,266,392</b>
<b>\$ 728,457</b>	<b>\$ 805,141</b>	<b>\$ 269,065</b>	<b>\$ 571,798</b>	<b>\$ 1,482,197</b>
\$ 100,000	\$ -	\$ -	\$ 589,001	\$ 1,654,854
(52,543)	(492,020)	-	(560,000)	(1,654,854)
<b>\$ 47,457</b>	<b>\$ (492,020)</b>	<b>\$ -</b>	<b>\$ 29,001</b>	<b>\$ -</b>
<b>\$ 775,914</b>	<b>\$ 313,121</b>	<b>\$ 269,065</b>	<b>\$ 600,799</b>	<b>\$ 1,482,197</b>
5,550,625	2,093,528	4,043,622	870,550	29,883,215
-	-	-	-	(32,619)
<b>\$ 6,326,539</b>	<b>\$ 2,406,649</b>	<b>\$ 4,312,687</b>	<b>\$ 1,471,349</b>	<b>\$ 31,332,793</b>



**FIDUCIARY FUNDS**

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CASS COUNTY  
WALKER, MINNESOTA

EXHIBIT 7

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2004

	<u>Agency</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ 1,226,549
Petty cash and change funds	<u>440</u>
<b>Total Assets</b>	<b><u>\$ 1,226,989</u></b>
<b><u>Liabilities</u></b>	
Accounts payable	\$ 27,543
Salaries payable	26,744
Due to other governments	1,070,196
Prepaid taxes	<u>102,506</u>
<b>Total Liabilities</b>	<b><u>\$ 1,226,989</u></b>

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**DISCRETELY PRESENTED COMPONENT UNITS**

**CASS COUNTY  
WALKER, MINNESOTA**

**EXHIBIT 8**

**COMBINING STATEMENT OF NET ASSETS  
DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2004**

	<b>Housing and Redevelopment Authority</b>	<b>Pine River Area Sanitary District</b>	<b>Total</b>
<b><u>Assets</u></b>			
<b>Current assets</b>			
Cash and pooled investments	\$ 160,541	\$ 5,213	\$ 165,754
Special assessments - prior	-	2,664	2,664
Accounts receivable - net	53,810	8,227	62,037
Prepaid items	97,657	20,022	117,679
<b>Total current assets</b>	<b>\$ 312,008</b>	<b>\$ 36,126</b>	<b>\$ 348,134</b>
<b>Restricted assets</b>			
Cash and pooled investments	\$ -	\$ 103,426	\$ 103,426
<b>Noncurrent assets</b>			
Long-term receivables	\$ 269,564	\$ -	\$ 269,564
Capital assets			
Nondepreciable	45,217	10,000	55,217
Depreciable - net	428,143	2,784,400	3,212,543
<b>Total noncurrent assets</b>	<b>\$ 742,924</b>	<b>\$ 2,794,400</b>	<b>\$ 3,537,324</b>
<b>Total Assets</b>	<b>\$ 1,054,932</b>	<b>\$ 2,933,952</b>	<b>\$ 3,988,884</b>
<b><u>Liabilities</u></b>			
<b>Current liabilities</b>			
Accounts payable	\$ 40,375	\$ 328	\$ 40,703
Salaries payable	1,085	-	1,085
Compensated absences payable - current	205	-	205
Due to other governments	1,331	-	1,331
Accrued interest payable	-	4,853	4,853
Deferred revenue - unearned	97,950	-	97,950
Customer deposits - current	4,125	-	4,125
Notes payable - current	-	165,165	165,165
Loans payable - current	3,776	-	3,776
Other current liabilities	3,920	-	3,920
<b>Total current liabilities</b>	<b>\$ 152,767</b>	<b>\$ 170,346</b>	<b>\$ 323,113</b>
<b>Noncurrent liabilities</b>			
Compensated absences payable - long-term	\$ 1,847	\$ -	\$ 1,847
Loans payable	95,299	-	95,299
General obligation notes payable - long-term	-	2,406,479	2,406,479
<b>Total noncurrent liabilities</b>	<b>\$ 97,146</b>	<b>\$ 2,406,479</b>	<b>\$ 2,503,625</b>
<b>Total Liabilities</b>	<b>\$ 249,913</b>	<b>\$ 2,576,825</b>	<b>\$ 2,826,738</b>

**CASS COUNTY  
WALKER, MINNESOTA**

***EXHIBIT 8  
(Continued)***

**COMBINING STATEMENT OF NET ASSETS  
DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2004**

	<b>Housing and Redevelopment Authority</b>	<b>Pine River Area Sanitary District</b>	<b>Total</b>
<b><u>Net Assets</u></b>			
Invested in capital assets - net of related debt	\$ 473,360	\$ 217,904	\$ 691,264
Restricted for capital projects	-	34,701	34,701
Unrestricted	331,659	104,522	436,181
<b>Total Net Assets</b>	<b>\$ 805,019</b>	<b>\$ 357,127</b>	<b>\$ 1,162,146</b>

**CASS COUNTY  
WALKER, MINNESOTA**

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Expenses</b>	<b>Fees, Charges, Fines, and Other</b>
<b>Component units</b>		
Housing and Redevelopment Authority	\$ 511,700	\$ 37,236
Pine River Area Sanitary District	405,775	343,636
<b>Total component units</b>	<b>\$ 917,475</b>	<b>\$ 380,872</b>
	<b>General Revenues</b>	
	Investment income	
	Miscellaneous	
	Gain on disposal of capital assets	
	<b>Total general revenues</b>	
	<b>Change in net assets</b>	
	<b>Net Assets - Beginning, restated</b>	
	<b>Net Assets - Ending</b>	

**EXHIBIT 9**

<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Housing and Redevelopment Authority</b>	<b>Pine River Area Sanitary District</b>	<b>Total</b>
\$ 600,207	\$ -	\$ 125,743	\$ -	\$ 125,743
-	94,190	-	32,051	32,051
<b>\$ 600,207</b>	<b>\$ 94,190</b>	<b>\$ 125,743</b>	<b>\$ 32,051</b>	<b>\$ 157,794</b>
		\$ 2,192	\$ 1,113	\$ 3,305
		36,630	-	36,630
		9,297	-	9,297
		<b>\$ 48,119</b>	<b>\$ 1,113</b>	<b>\$ 49,232</b>
		<b>\$ 173,862</b>	<b>\$ 33,164</b>	<b>\$ 207,026</b>
		<b>631,157</b>	<b>323,963</b>	<b>955,120</b>
		<b>\$ 805,019</b>	<b>\$ 357,127</b>	<b>\$ 1,162,146</b>

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**CASS COUNTY  
WALKER, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2004. 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

Cass County was established May 7, 1897, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Cass 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 Unit

Blended component units are legally separate organizations 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. Cass County has one blended component unit.

<u>Component Unit</u>	<u>Component Unit Included in Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Shingobee Island Water and Sewer Commission (Commission) provides services pursuant to Minn. Stat. § 116A.24.	The County Board also serves as the Board of the Commission.	Separate financial statements are not prepared.

**CASS COUNTY  
WALKER, MINNESOTA**

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1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Discretely Presented Component Units

While part of the reporting entity, discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. The following component units of Cass County are discretely presented:

<u>Component Unit</u>	<u>Component Unit Included in Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Cass County Housing and Redevelopment Authority (HRA) provides services pursuant to Minn. Stat. §§ 469.001-.047.	County appoints members, and the HRA is a financial burden.	Cass County HRA Backus, Minnesota 56435
Pine River Area Sanitary District (District) provides services pursuant to Minn. Stat. § 116A.24.	County appoints members, and the District is a financial burden.	Pine River Area Sanitary District P. O. Box 354 Pine River, Minnesota 56474

Joint Ventures

The County participates in several joint ventures described in Note 4.D. The County also participates in a jointly governed organization, which is described in Note 4.E.

B. Basic Financial Statements

1. Government-Wide Financial Statements

The government-wide financial statements (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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

**CASS COUNTY  
WALKER, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Financial Statements (Continued)

In the government-wide statement of net assets, the governmental activities columns: (a) are presented on a consolidated basis by column; and (b) 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. 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 displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

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.

**CASS COUNTY  
WALKER, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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

The Forfeited Tax Sale Special Revenue Fund is used to account for proceeds from the sale or rental of lands forfeited to the State of Minnesota pursuant to Minn. Stat. ch. 282. The distribution of the net proceeds, after deducting the expenses of the County for managing the tax-forfeited lands, is governed by Minn. Stat. § 282.08. Title to the tax-forfeited lands remains with the state until sold by the County.

The Environmental Trust Permanent Fund is used to account for sale of land, including interest, under Minn. Laws 1999, ch. 180. The principal from the sale of land may not be expended while any interest earnings may be spent by the County Board only for the purposes related to the improvement of natural resources.

Additionally, the County reports the following fund type:

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 agent capacity.

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. Shared revenues are generally

**CASS COUNTY  
WALKER, MINNESOTA**

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1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

recognized in the period the appropriation goes into effect. 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. Cass County considers all revenues to be available if they are collected within 60 days after the end of the current period, except for reimbursement (expenditure driven) grants for which the period is 90 days. Property and other taxes, shared revenues, 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. Cash and Pooled 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, 2004, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2004 were \$683,785.

2. Deposits and Investments

Cass County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not

**CASS COUNTY  
WALKER, MINNESOTA**

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

2. Deposits and Investments (Continued)

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.

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

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

**CASS COUNTY  
WALKER, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

3. Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the non-current portion of interfund loans).

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

All receivables, including those of the discretely presented component units, are shown net of an allowance for uncollectibles.

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 prior taxes receivable.

4. Inventories and Prepaid Items

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.

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of two years. Such assets are

**CASS COUNTY  
WALKER, MINNESOTA**

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

5. Capital Assets (Continued)

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 primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	10 - 30
Public domain infrastructure	25 - 75
Furniture, equipment, and vehicles	5 - 15

6. Compensated Absences

The liability for compensated absences reported in 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 and fiduciary fund 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.

**CASS COUNTY  
WALKER, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

7. Deferred Revenue

All County funds and the government-wide financial statements defer revenue for resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period.

8. 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 effective interest 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 an other financing source. 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.

9. Fund Equity

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

10. 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

**CASS COUNTY  
WALKER, MINNESOTA**

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

10. Use of Estimates (Continued)

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.

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

The County's total cash and investments are reported as follows:

Primary government	
Cash and pooled investments	\$ 30,698,028
Undistributed cash	212,255
Investments	4,213,714
Component units	
Cash and pooled investments	165,754
Restricted cash	103,426
Fiduciary funds	
Cash and pooled investments	
Agency funds	<u>1,226,549</u>
Total Cash and Investments	<u>\$ 36,619,726</u>

Minn. Stat. §§ 118A.02 and 118A.04 authorize the County to deposit its cash and to invest in certificates of deposit in financial institutions designated by the County Treasurer. At December 31, 2004, the carrying amount of the County's deposits totaled \$4,048,932. The bank balance deposit amount was \$4,988,737. Minnesota statutes require that all County deposits be covered by insurance, surety bond, or collateral.

Following is a summary of the deposits covered by insurance or collateral at December 31, 2004.

**CASS COUNTY  
WALKER, MINNESOTA**

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2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

	<u>Bank Balance</u>
Covered Deposits	
Insured, or collateralized with securities held by the County or its agent in the County's name	\$ 631,041
Collateralized with securities held by the pledging financial institution's agent in the County's name	4,357,696
Total covered deposits	\$ 4,988,737
Uncollateralized	-
Total	\$ 4,988,737

Three levels of custodial credit risk for securities are defined by generally accepted accounting principles:

- (1) securities that are insured or registered, or for which the securities are held by the County or its agent in the County's name;
- (2) securities that are uninsured and unregistered and are held by the counterparty's trust department or agent in the County's name; and
- (3) securities that are uninsured and unregistered and are held by the counterparty, or by its trust department or agent, but not in the County's name.

Following is a summary of the fair values of the County's investments, categorized into the aforementioned levels of risk, at December 31, 2004:

**CASS COUNTY  
WALKER, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

	Category			Fair Value
	1	2	3	
U.S. government securities	\$ 2,626,810	\$ -	\$ 20,710,418	\$ 23,337,228
Negotiable certificates of deposit	1,173,204	-	2,702,033	3,875,237
Commercial paper	29,335	-	468,875	498,210
Repurchase agreements	500,000	-	1,785,574	2,285,574
<b>Total Investments</b>	<b>\$ 4,329,349</b>	<b>-</b>	<b>\$ 25,666,900</b>	<b>\$ 29,996,249</b>
Add				
Minnesota Association of Governments Investing for Counties (MAGIC) Deposits				2,574,545
				<u>4,048,932</u>
<b>Total Cash and Investments</b>				<b>\$ 36,619,726</b>

2. Receivables

Receivables as of December 31, 2004, year-end for the County's governmental activities including the applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes	\$ 455,123	\$ -
Special assessments	182,950	-
Due from other governments	1,265,128	-
Accounts	2,217,682	-
Interest	204,279	-
<b>Total Governmental Activities</b>	<b>\$ 4,325,162</b>	<b>\$ -</b>

**CASS COUNTY  
WALKER, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2004, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,537,057	\$ 148,509	\$ -	\$ 1,685,566
Construction in progress	2,714,569	-	167,206	2,547,363
 Total capital assets not depreciated	 \$ 4,251,626	 \$ 148,509	 \$ 167,206	 \$ 4,232,929
Capital assets depreciated				
Buildings	\$ 18,316,379	\$ 187,369	\$ -	\$ 18,503,748
Machinery, furniture, and equipment	4,397,591	404,156	363,338	4,438,409
Infrastructure	68,419,524	7,440,738	-	75,860,262
 Total capital assets depreciated	 \$ 91,133,494	 \$ 8,032,263	 \$ 363,338	 \$ 98,802,419
Less: accumulated depreciation for				
Buildings	\$ 5,040,303	\$ 368,095	\$ -	\$ 5,408,398
Machinery, furniture, and equipment	2,759,346	370,595	309,947	2,819,994
Infrastructure	13,827,852	1,538,799	-	15,366,651
 Total accumulated depreciation	 \$ 21,627,501	 \$ 2,277,489	 \$ 309,947	 \$ 23,595,043
 Total capital assets depreciated, net	 \$ 69,505,993	 \$ 5,754,774	 \$ 53,391	 \$ 75,207,376
 Capital Assets, Net	 \$ 73,757,619	 \$ 5,903,283	 \$ 220,597	 \$ 79,440,305

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

**CASS COUNTY  
WALKER, MINNESOTA**

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2. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Governmental Activities		
General government	\$	50,528
Public safety		105,696
Highways and streets, including depreciation of infrastructure assets		1,886,917
Human services		49,430
Sanitation		33,852
Culture and recreation		1,812
Conservation of natural resources		149,254
		149,254
Total Depreciation Expense - Governmental Activities	\$	2,277,489

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2004, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Health and Human Services Forfeited Tax Sale	\$ 108 439,229
Total Due to General Fund		\$ 439,337
Road and Bridge	General Health and Human Services Forfeited Tax Sale Other Governmental	\$ 4,107 267 8,928 27,561
Total Due to Road and Bridge Fund		\$ 40,863
Other Governmental	Forfeited Tax Sale	\$ 6,401
Total Due To/From Other Funds		\$ 486,601

**CASS COUNTY  
WALKER, MINNESOTA**

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2. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers

1. Due To/From Other Funds (Continued)

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

2. Interfund Transfers

Interfund transfers for the year ended December 31, 2004, consisted of the following:

Transfers to General Fund from			
Road and Bridge Fund	\$	27,691	Self-insurance payments
Health and Human Services Fund		52,543	Self-insurance payments
Forfeited Tax Sale Fund			Forfeited tax sale distribution and
		485,619	self-insurance payments
 Total transfers to General Fund	 \$	 565,853	
 Transfers to Road and Bridge Fund from General Fund	 \$	 400,000	 Providing funds for capital outlay
 Transfers to Health and Human Services Fund from General Fund	 \$	 100,000	 Subsidy
 Transfers to nonmajor governmental funds from			
General Fund	\$	22,600	Funding for loan payment
Forfeited Tax Sale Fund		6,401	Forfeited tax sale distribution
Other nonmajor funds		560,000	Funding for capital projects
 Total transfers to nonmajor governmental funds	 \$	 589,001	
 Total Interfund Transfers	 \$	 1,654,854	

**CASS COUNTY  
WALKER, MINNESOTA**

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2. Detailed Notes on All Funds (Continued)

C. Liabilities

1. Other Postemployment Benefits

Retirees

The County pays the health and life insurance for qualified retired employees (employees who were employed by the County over ten years and retired on or after January 1, 1972) for life. The rates are based on the County's group policy rates and are financed on a pay-as-you-go basis.

As of year-end, the County has 98 eligible participants for health insurance and 106 eligible participants for life insurance. During 2004, the County expended \$612,216 for these benefits.

2. Short-Term Debt

The County issued and repaid \$560,000 of general obligation capital notes during the year ended December 31, 2004. The purpose of this short-term debt is to provide funds to pay the cost of certain capital equipment.

3. Advance From Other Agencies

The Minnesota Department of Transportation (MNDOT) has advanced to the County a portion of future years regular and municipal construction allotment funds for the purpose of financing current County State Aid projects. The balance of \$2,540,815 reported in the County's financial statements as advance from other governments represents funds received from MNDOT that will be recognized as revenue in the year the allotments normally would have accrued. As a result, the County anticipates receiving one half of its normal construction and municipal allotments during years 2006 and 2007, respectively.

**CASS COUNTY  
WALKER, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities (Continued)

4. Long-Term Debt

Notes Payable

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2004</u>
1999 G.O. Joint Library Notes	2009	\$35,947	0.00	\$ 305,545	<u>\$ 161,759</u>

Loans Payable

In 1995, the County entered into a loan agreement with the Minnesota Department of Finance for energy conservation projects. The loan is repaid through savings on energy costs.

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2004</u>
1995 Energy Conservation Loans	2005	\$ 19,327	5.60	\$ 193,270	<u>\$ 19,327</u>

Title IV-E Payable

In 2003, the County entered into a three-year interest-free payment schedule for the repayment of \$181,153 in questioned costs regarding the 2001 Title IV-E Foster Care State Audit.

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2004</u>
2003 Repayment for Title IV-E	2005	\$ 60,384	0.00	\$ 181,153	<u>\$ 60,384</u>

**CASS COUNTY  
WALKER, MINNESOTA**

2. Detailed Notes on All Funds

C. Liabilities (Continued)

5. Debt Service Requirements

All County debt is paid from the Debt Service Fund. Debt service requirements at December 31, 2004, were as follows:

Year Ending December 31	General Obligation Notes		Loans		Title IV-E Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 35,947	\$ -	\$ 19,327	\$ 1,082	\$ 60,384	\$ -
2006	35,946	-	-	-	-	-
2007	35,946	-	-	-	-	-
2008	35,947	-	-	-	-	-
2009	17,973	-	-	-	-	-
Total	<u>\$ 161,759</u>	<u>\$ -</u>	<u>\$ 19,327</u>	<u>\$ 1,082</u>	<u>\$ 60,384</u>	<u>\$ -</u>

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2004, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
General obligation notes	\$ 197,706	\$ -	\$ 35,947	\$ 161,759	\$ 35,947
Loans payable	38,654	-	19,327	19,327	19,327
Title IV-E Payable	120,768	-	60,384	60,384	60,384
Compensated absences	2,050,814	1,199,163	1,046,486	2,203,491	166,466
Long-Term Liabilities	<u>\$ 2,407,942</u>	<u>\$ 1,199,163</u>	<u>\$ 1,162,144</u>	<u>\$ 2,444,961</u>	<u>\$ 282,124</u>

3. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plan

Plan Description

All full-time and certain part-time employees of Cass County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). The PERA administers the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund, which are cost sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356.

**CASS COUNTY  
WALKER, MINNESOTA**

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3. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plan

Plan Description (Continued)

Public Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members who are employed in a county correctional institution and have direct contact with inmates are covered by the Public Employees Correctional Fund.

The 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 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 Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive 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 Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For all Public Employee Retirement Fund members whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. A reduced retirement is also available to eligible members seeking early retirement.

**CASS COUNTY  
WALKER, MINNESOTA**

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3. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plan

Plan Description (Continued)

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 yet receiving them are bound by the provisions in effect at the time they last terminated public service.

The PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the web at [mnpera.org](http://mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minn. Stat. ch. 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. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 5.10 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 6.20 percent of their annual covered salary. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll:

Public Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	5.53
Public Employees Police and Fire Fund	9.30
Public Employees Correctional Fund	8.75

**CASS COUNTY  
WALKER, MINNESOTA**

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3. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plan

Funding Policy (Continued)

The County's contributions for the years ending December 31, 2004, 2003, and 2002, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Public Employees Correctional Fund
2004	\$ 517,871	\$ 131,735	\$ 60,441
2003	517,509	117,311	60,225
2002	512,848	115,703	56,381

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

B. Defined Contribution Plan

The Public Employees Defined Contribution Plan is a multiple-employer deferred compensation plan for local government officials, except elected county sheriffs. The plan is established and administered in accordance with Minn. Stat. ch. 353D. The plan 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. Minn. Stat. § 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 employer.

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

**CASS COUNTY  
WALKER, MINNESOTA**

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3. Employee Retirement Systems and Pension Plans

B. Defined Contribution Plan (Continued)

The County's contributions for the years ending December 31, 2004, 2003, and 2002, were \$6,047, \$5,765, and \$3,207, respectively, equal to the contractually required contributions for each year as set by state statute.

4. Summary of Significant Contingencies and Other Items

A. 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) to cover both workers' compensation and property and casualty liabilities. The County self-insures for employee medical and short-term disability coverage. 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 the 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. The MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$720,000 per claim in 2004 and \$760,000 per claim in 2005. Should the MCIT Workers' Compensation Division liabilities exceed assets, the MCIT may assess the County in a method and amount to be determined by the MCIT.

The Property and Casualty Division of the 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, the MCIT may assess the County in a method and amount to be determined by the MCIT.

Employee medical and short-term disability insurance coverage is accounted for in the General Fund of the County. Costs include medical coverage for employees, dependents, and retirees, and short-term disability coverage for employees. Costs also include charges for claims management by a third-party administrator. Premiums are

**CASS COUNTY  
WALKER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

A. Risk Management (Continued)

based on an actuarial study by the third-party administrator and include a provision for expected future catastrophic losses; the premiums also include a provision for administrative costs and stop-loss insurance. The County carries individual specific stop-loss insurance for claims that exceed \$25,000 per year per employee contract or 125 percent of the annual premium base. All County funds with personnel are charged for the County's share of costs for providing insurance coverage. Employees contribute a share of coverage costs through payroll deductions and retirees are paid for, in part, by county funds and by the retirees themselves. The liability at year-end is based on subsequent claims and it includes a reasonable provision for incurred but not reported claims. A claims liability is included in the General Fund accounts payable at year-end.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended December 31	
	2004	2003
Unpaid claims, beginning of fiscal year	\$ 169,436	\$ 245,429
Incurred claims (including IBNRs)	2,954,143	2,618,145
Claims payments	(2,986,999)	(2,694,138)
Unpaid Claims, End of Fiscal Year	\$ 136,580	\$ 169,436

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

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

**CASS COUNTY  
WALKER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items (Continued)

C. Tax-Forfeited Land

The County manages approximately 256,000 acres of state-owned tax-forfeited land. This land generates revenues primarily from recreational land leases and land and timber sales. Land management costs, including forestry costs such as site preparation, seedlings, tree planting, and logging roads, are accounted for as current operating expenditures. Revenues in excess of expenditures are distributed to cities, towns, and school districts within the County according to state statute.

D. Joint Ventures

Northwestern Minnesota Juvenile Center

The Northwestern Minnesota Juvenile Center (Center) was established by Beltrami, Cass, Clearwater, Hubbard, Kittson, Lake of the Woods, Pennington, and Roseau Counties in 1971 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, for the purpose of providing rehabilitation and other services to juveniles under the jurisdiction of the court system. The governing board is composed of not less than 7 or more than 15 members, with at least 1 member appointed by each participating county, as provided in the Center's bylaws. At present, there are 13 directors: Beltrami, Cass, Hubbard, Pennington, and Roseau have 2 directors each; the other member counties have 1 director each.

In the event of dissolution of the Center, the unexpended balance of monies and assets held by the Center will be divided among the member counties in the same proportion as their respective financial responsibilities.

Financing is provided by state and federal grants, charges for services, and appropriations from member counties. No payments were required from Cass County during 2004. Beltrami County, in an agent capacity, reports the cash transactions of the Center as an agency fund on its financial statements.

Complete financial information can be obtained from:

Beltrami County Auditor's Office  
Beltrami County Courthouse  
P. O. Box 247  
Bemidji, Minnesota 56619

**CASS COUNTY  
WALKER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

D. Joint Ventures (Continued)

Minnesota Counties Information System (MCIS)

Aitkin, Carlton, Cass, Chippewa, Cook, Itasca, Koochiching, Lac qui Parle, Lake, Sherburne, and St. Louis Counties entered into a joint powers agreement pursuant to Minn. Stat. § 471.59 for the purpose of operating and maintaining data processing facilities and management information systems for use by its members.

MCIS is governed by an 11-member Board, composed of a member appointed by each of the participating counties' Boards of Commissioners. Financing is obtained through user charges to the member. Cass County is the fiscal agent for MCIS.

A summary of the financial information of MCIS's funds for the fiscal year ended December 31, 2002 (the most recent available) was:

Total Assets	\$ 555,861
Total Liabilities	244,987
Total Fund Equity	310,874
Total Revenues	1,728,440
Total Expenses	1,771,971
Increase (Decrease) in Fund Equity	(43,531)

Separate financial information can be obtained from:

Minnesota Counties Information Systems  
413 Southeast 7th Avenue  
Grand Rapids, Minnesota 55744

Mississippi Headwaters Board

The Mississippi Headwaters Board was established on February 22, 1980, by Aitkin, Beltrami, Cass, Clearwater, Crow Wing, Hubbard, Itasca, and Morrison Counties pursuant to the provisions of Minn. Stat. § 471.59. The purpose of the Board is to prepare, adopt, and implement a comprehensive land use plan designed to protect and enhance the Mississippi River and related shore land areas within the counties.

**CASS COUNTY  
WALKER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

D. Joint Ventures

Mississippi Headwaters Board (Continued)

The Mississippi Headwaters Board consists of eight members, one appointed from each participating county. Cass County maintains the accounting records of the Board. Funding is obtained through federal, state, local, and private sources.

Complete financial information can be obtained from:

Mississippi Headwaters Board  
Cass County Courthouse  
4th Street and Minnesota Avenue  
Walker, Minnesota 56484

Northwest Minnesota Household Hazardous Waste Management Group

Beltrami, Cass, Clearwater, Kittson, Lake of the Woods, Marshall, Pennington, Polk, Red Lake, and Roseau Counties entered into a joint powers agreement pursuant to Minn. Stat. § 471.59 for the purpose of cooperatively managing, handling, and transporting household hazardous waste, providing public education on safe waste management, and providing for the disposition of nonrecyclable household hazardous waste.

The governing body of the Waste Management Group is composed of one County Commissioner from each of the member counties. Responsibility for budgeted expenditures is shared, with 50 percent divided on a population-ratio basis. In the event of dissolution of the Waste Management Group, the net assets shall be divided among the member counties in the same proportion as their respective financial responsibilities.

The Waste Management Group has no long-term debt. Financing is provided by appropriations from the member counties when needed. Cass County paid an assessment of \$8,067 to the Waste Management Group in 2004. Clearwater County, in an agent capacity, reports the cash transactions of the Waste Management Group as an agency fund on its financial statements.

**CASS COUNTY  
WALKER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

D. Joint Ventures

Northwest Minnesota Household Hazardous Waste Management Group (Continued)

Separate financial information can be obtained from:

Waste Management Group  
P. O. Box 186  
Bagley, Minnesota 56621

Paul Bunyan Task Force

The Paul Bunyan Task Force was established July 16, 1992, under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Beltrami, Clearwater, Hubbard, Lake of the Woods, Pennington, and Red Lake Counties; the Leech Lake Band of Ojibwe; and the Cities of Bemidji and Thief River Falls. On August 1, 2000, Cass County joined this organization. The purpose of the Task Force is to assist member organizations in the investigation and prosecution of persons in violation of Minnesota statutes.

Control of the Paul Bunyan Task Force is established by a majority vote represented with one vote from each member organization.

In the event of dissolution of the Paul Bunyan Task Force, the net assets shall be liquidated to the member organizations based upon the percentage of population of all member counties and cities.

The Paul Bunyan Task Force has no long-term debt. Financing is provided by the profits from forfeitures and seizures pursuant to Minn. Stat. § 609.531. Cass County paid the Paul Bunyan Task Force \$34,245 in 2004. The city of Bemidji, in an agent capacity, reports the cash transactions of the Paul Bunyan Task Force on its financial statements. Complete financial information can be obtained from:

City of Bemidji, Administrative Offices  
City Hall  
317 - 4th Street N. W.  
Bemidji, Minnesota 56601

**CASS COUNTY  
WALKER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

D. Joint Ventures (Continued)

Cass-Todd-Wadena-Morrison Community Health Services

The county boards of Cass, Todd, Wadena, and Morrison counties entered into a joint powers agreement for the purpose of maintaining an integrated system of community health services under Minn. Stat. ch. 145. The full Board of Health is composed of five county commissioners in each of the four counties. The Board appoints an executive committee composed of two county commissioners from each of the four counties. An advisory committee composed of three representatives from each of the single county advisory committees makes recommendations to the Board throughout the year. An administrative task force composed of the four public health directors meets on a monthly basis.

The four counties share responsibility to provide secretarial and financial services and to carry out the administrative requirements of the Board of Health. The four public health directors rotate the administrator position each year. The Cass County Auditor serves as the fiscal agent. Separate financial information is not available.

The Cass County Board of Commissioners adopted resolution 72-04 on October 5, 2004, to withdraw from Cass-Todd-Wadena-Morrison Community Health Services effective January 1, 2006.

Central Minnesota Emergency Medical Services Region

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

Complete financial information can be obtained from:

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

**CASS COUNTY  
WALKER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

D. Joint Ventures (Continued)

Rural Fire Association

Cass County, in conjunction with Unorganized Township Five, the Leech Lake Band of Ojibwe, the City of Cass Lake, and the Towns of Pike Bay, Wilkinson, Ottertail Peninsula, Farden, Ten Lakes, and Brook Lake entered into a joint powers agreement November 22, 2004, pursuant to Minn. Stat. § 471.59, for the purpose of providing fire protection services to the residents of the districts. The agreement provides for the joint ownership, operation, and control of fire fighting equipment used in providing protective services.

In the event of the withdrawal by any member, their investment shall be forfeited except by a three-quarters vote of the entire Joint Powers Board. Any such investment may not be withdrawn until the end of the calendar year of withdrawal. No cash payments were made to any member of the Rural Fire Association by Cass County in 2004.

E. Jointly-Governed Organization

Cass County, in conjunction with other governmental entities and various private organizations, have formed the jointly-governed organizations listed below:

Cass County/Leech Lake Reservation Children's Initiative Collaborative

The Collaborative was established to create opportunities to enhance family strengths and support through service coordination and access to informal communication. Cass County has no operational or financial control over the Collaborative.

F. Subsequent Event

In March 2005, Cass County entered into an agreement with Crow Wing County to fund the construction of a Crow Wing jail annex to meet its projected county inmate bed requirements. The annex will be designed to house a maximum of 60 inmates from Cass County. Cass County will be responsible for all costs associated with the design and construction of the annex. The current cost estimate for the annex is \$2,000,000. Upon completion, Crow Wing County will assume ownership. Crow Wing County will provide all related jail services for Cass County inmates. Cass County will reimburse

**CASS COUNTY  
WALKER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

F. Subsequent Event (Continued)

Crow Wing County for the cost of services provided at the daily per diem rate in effect at that time. Any additional costs incurred in the provision of inmate health and welfare services will also be borne by Cass County. The housing portion of the agreement is effective for ten years commencing on the date the facility becomes available. Cass County anticipates they can begin housing inmates in January 2007.

As of December 31, 2004, Cass County's capital projects fund cash balance was \$1,120,055. On February 15, 2005, the County Board authorized the transfer of an additional \$1,060,000 from the General Fund to its capital projects fund to provide for anticipated jail construction costs as required under the terms of the agreement. In the event of early termination of this agreement, Crow Wing County will refund to Cass County a proportionate share of the costs incurred as provided in the agreement's Early Termination Schedule.

G. Other Postemployment Benefits (OPEB)

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes financial reporting for OPEB plans and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which governs employer accounting and financial reporting for OPEB. These standards, like GASB statements 25 and 27 for governmental employee pension benefit plans, provide the accounting and reporting standards for the various other postemployment benefits many local governments offer to their employees. OPEB may include many different benefits offered to retirees such as health, dental, life, and long-term care insurance coverage. Also, if retirees are included in an insurance plan and pay a rate similar to that paid for younger active employees, this implicit subsidy is considered an OPEB. In fact, local governments may be required to continue coverage pursuant to Minn. Stat. § 471.61, subd. 2b. This benefit is common when accumulated sick leave is used to pay for retiree medical insurance. Under the new statements, accounting for OPEB is now similar to the accounting used by governments for pension plans.

**CASS COUNTY  
WALKER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

G. Other Postemployment Benefits (OPEB) (Continued)

Some of the issues that the County Board will need to address in order to comply with the statements are:

- Determine if employees are provided OPEBs.
- If OPEB exists, will the government advance fund the benefits or pay as you go?
- Will a trust be established to hold assets that may be set aside to fund the OPEB?
- Will it be necessary to obtain an actuary to determine the annual costs and liabilities that need to be recognized?

If applicable for Cass County, GASB Statement 43 and Statement 45 would be implemented for years ended December 31, 2006 and 2007, respectively.

5. Component Unit Disclosures

A. Summary of Significant Accounting Policies

In addition to those identified in Note 1, the County's discretely presented component units have the following significant accounting policies.

Reporting Entities

The Cass County Housing and Redevelopment Authority is governed by a five-member Board of Directors appointed by the County Board.

The Pine River Area Sanitary District is governed by a five-member Board of Commissioners appointed by the County Board.

Basis of Accounting

The Cass County Housing and Redevelopment Authority and Pine River Area Sanitary District financial statements are presented under the accrual basis of accounting. Enterprise funds are used to account for activities.

**CASS COUNTY  
WALKER, MINNESOTA**

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5. Component Unit Disclosures (Continued)

B. Detailed Notes on All Funds

1. Assets

Cash and Pooled Investments

The Cass County Housing and Redevelopment Authority investments are stated at fair value, except for non-negotiable certificates of deposit, which are on a cost basis, and short-term money market investments, which are stated at amortized cost.

The Pine River Area Sanitary District's cash balances are combined (pooled) and deposited in depositories authorized by Minnesota statutes. The District's cash balances are classified as either cash or restricted cash. Restricted cash represents funds set aside to be used in the future for plant and equipment replacements and for the accumulation of capital recovery charges to be used to make principal and interest payment on outstanding long-term debt. Interest earned on cash balances is allocated to cash and restricted cash balances.

Receivables

Receivables as of December 31, 2004, year-end for each discretely presented component unit, including any applicable allowances for uncollectible accounts, are as follows:

	<u>Housing and Redevelopment</u>	<u>Pine River Area Sanitary District</u>	<u>Total</u>	<u>Amounts Not Scheduled for Collection During the Year</u>
Special assessments	\$ -	\$ 2,664	\$ 2,664	\$ -
Accounts	53,810	8,227	62,037	-
Note	<u>269,564</u>	<u>-</u>	<u>269,564</u>	<u>269,564</u>
Total Receivables	<u>\$ 323,374</u>	<u>\$ 10,891</u>	<u>\$ 334,265</u>	<u>\$ 269,564</u>

**CASS COUNTY  
WALKER, MINNESOTA**

5. Component Unit Disclosures

B. Detailed Notes on All Funds

1. Assets (Continued)

Capital Assets

Component unit capital asset activity for the year ended December 31, 2004, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land				
Housing and Redevelopment Authority	\$ 25,753	\$ -	\$ -	\$ 25,753
Pine River Area Sanitary District	10,000	-	-	10,000
Construction in progress				
Housing and Redevelopment Authority	19,464	-	-	19,464
Total capital assets not depreciated	<u>\$ 55,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,217</u>
Capital assets depreciated				
Buildings				
Housing and Redevelopment Authority	\$ 677,778	\$ 525	\$ -	\$ 678,303
Pine River Area Sanitary District	2,276,354	-	-	2,276,354
Total buildings	<u>\$ 2,954,132</u>	<u>\$ 525</u>	<u>\$ -</u>	<u>\$ 2,954,657</u>
Water treatment facilities				
Pine River Area Sanitary District	<u>\$ 4,038,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,038,297</u>
Machinery, furniture, and equipment				
Housing and Redevelopment Authority	\$ 121,921	\$ 742	\$ -	\$ 122,663
Pine River Area Sanitary District	86,316	-	-	86,316
Total machinery, furniture, and equipment	<u>\$ 208,237</u>	<u>\$ 742</u>	<u>\$ -</u>	<u>\$ 208,979</u>
Total capital assets depreciated	<u>\$ 7,200,666</u>	<u>\$ 1,267</u>	<u>\$ -</u>	<u>\$ 7,201,933</u>

**CASS COUNTY  
WALKER, MINNESOTA**

5. Component Unit Disclosures

B. Detailed Notes on All Funds

1. Assets

Capital Assets (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Less: accumulated depreciation for Buildings				
Housing and Redevelopment Authority	\$ 245,810	\$ 17,368	\$ -	\$ 263,178
Pine River Area Sanitary District	2,260,303	2,792	-	2,263,095
Total buildings	\$ 2,506,113	\$ 20,160	\$ -	\$ 2,526,273
Water treatment facilities				
Pine River Area Sanitary District	\$ 1,128,509	\$ 141,517	\$ -	\$ 1,270,026
Machinery, furniture, and equipment				
Housing and Redevelopment Authority	\$ 104,717	\$ 4,928	\$ -	\$ 109,645
Pine River Area Sanitary District	80,361	3,085	-	83,446
Total machinery, furniture, and equipment	\$ 185,078	\$ 8,013	\$ -	\$ 193,091
Total accumulated depreciation	\$ 3,819,700	\$ 169,690	\$ -	\$ 3,989,390
Total capital assets depreciated, net	\$ 3,380,966	\$ (168,423)	\$ -	\$ 3,212,543
Total Capital Assets, Net	\$ 3,436,183	\$ (168,423)	\$ -	\$ 3,267,760

Depreciation expense was charged to functions/programs of the discretely presented component units as follows:

Housing and Redevelopment Authority	\$ 22,296
Pine River Area Sanitary District	147,394
Total Depreciation Expense	\$ 169,690

**CASS COUNTY  
WALKER, MINNESOTA**

5. Component Unit Disclosures

B. Detailed Notes on All Funds (Continued)

2. Liabilities

The Housing and Redevelopment Authority entered into a loan agreement with the Minnesota Housing Finance Agency in connection with the publicly owned transitional housing program. The loans are non-interest bearing and are due upon sale of the development property and other conditions of the program. Upon maturity, the loans are canceled and loan repayments may be used for the revolving loan. There were no current changes to these loans. At December 31, 2004, \$3,776 is expected to be paid in the subsequent year.

Loan Date	Term	Balance December 31, 2004
February 25, 1992	20 years	\$ 34,205
July 30, 1993	20 years	43,128
July 30, 1993	20 years	21,742
Total		\$ 99,075

Long-Term Debt

Long-term debt outstanding at December 31, 2004, for the Pine River Area Sanitary District consists of the following:

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Remaining Commitment
1997A G.O. Sewer Revenue Note	2019	\$ 70,180	1.13	\$ 1,366,190	\$ 1,111,691
1997B G.O. Sewer Revenue Note	2020	94,190	0.00	1,883,810	1,459,953
Total					\$ 2,571,644

Debt Service Requirements

Revenue note debt service requirements to maturity for the Pine River Area Sanitary District are as follows:

**CASS COUNTY  
WALKER, MINNESOTA**

5. Component Unit Disclosures

B. Detailed Notes on All Funds

2. Liabilities

Debt Service Requirements (Continued)

<u>Year Ending December 31</u>	<u>Principal and Interest</u>
2005	\$ 177,527
2006	177,527
2007	177,527
2008	177,527
2009	177,527
2010 - 2014	887,636
2015 - 2019	845,969
2020	<u>47,095</u>
Total	\$ 2,668,335
Less: Interest	<u>(96,691)</u>
Total	<u>\$ 2,571,644</u>

Changes in Long-Term Liabilities

The following is a summary of the long-term debt transactions of the Pine River Area Sanitary District for year ended December 31, 2004.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
G. O Sewer Revenue Notes payable	\$ 2,736,014	\$ -	\$ 164,370	\$ 2,571,644	\$ 165,165

Risk Management

The Cass County Housing and Redevelopment Authority is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; workers' compensation claims; and natural disasters. Property and casualty and workers' compensation liabilities are insured. The Authority retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial.

**CASS COUNTY  
WALKER, MINNESOTA**

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5. Component Unit Disclosures

B. Detailed Notes on All Funds

2. Liabilities

Risk Management (Continued)

The Pine River Area Sanitary District has entered into a joint powers agreement with the League of Minnesota Cities Insurance Trust (LMCIT). The LMCIT is a public entity risk pool currently operating as a common risk management and insurance program for Minnesota cities. The agreement for the formation of the LMCIT provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The District has determined that it is not possible to estimate the amount of such additional assessments; however, it is not expected to be material to the financial statements taken as a whole.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CASS COUNTY  
WALKER, MINNESOTA**

**Schedule 1**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 6,742,097	\$ 6,742,097	\$ 5,922,843	\$ (819,254)
Special assessments	1,550,000	1,550,000	1,584,896	34,896
Licenses and permits	69,400	69,400	103,752	34,352
Intergovernmental	1,630,964	1,630,964	2,555,504	924,540
Charges for services	1,812,440	1,812,440	2,421,752	609,312
Fines and forfeits	-	-	12,443	12,443
Investment earnings	-	-	683,785	683,785
Miscellaneous	237,700	237,700	440,608	202,908
<b>Total Revenues</b>	<b>\$ 12,042,601</b>	<b>\$ 12,042,601</b>	<b>\$ 13,725,583</b>	<b>\$ 1,682,982</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 250,112	\$ 261,112	\$ 250,212	\$ 10,900
Courts	66,842	66,842	52,086	14,756
Law library	40,000	45,000	44,283	717
County administration	170,452	170,452	176,195	(5,743)
County auditor	1,048,788	1,072,288	1,046,085	26,203
County assessor	627,201	627,201	608,494	18,707
Attorney	739,630	739,630	717,146	22,484
Recorder	290,378	290,378	283,611	6,767
Planning and zoning	507,791	683,226	646,869	36,357
Buildings and plant	464,331	541,741	516,671	25,070
MIS	497,967	497,967	480,183	17,784
<b>Total general government</b>	<b>\$ 4,703,492</b>	<b>\$ 4,995,837</b>	<b>\$ 4,821,835</b>	<b>\$ 174,002</b>
<b>Public safety</b>				
Sheriff	\$ 3,234,904	\$ 3,234,904	\$ 3,176,884	\$ 58,020
Boat and water safety	205,828	205,828	222,468	(16,640)
Emergency services	23,306	107,306	87,744	19,562
Coroner	70,000	85,000	84,024	976
Law enforcement center	1,647,697	1,775,697	1,634,420	141,277
Community corrections	-	-	13,497	(13,497)
Sentence to serve	60,518	60,518	55,891	4,627
Probation and parole	494,701	494,701	471,699	23,002
<b>Total public safety</b>	<b>\$ 5,736,954</b>	<b>\$ 5,963,954</b>	<b>\$ 5,746,627</b>	<b>\$ 217,327</b>
<b>Sanitation</b>				
Solid waste	\$ 2,293,678	\$ 2,293,678	\$ 1,882,543	\$ 411,135

**CASS COUNTY  
WALKER, MINNESOTA**

**Schedule 1**  
**(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Conservation of natural resources</b>				
Cooperative extension	\$ 29,058	\$ 29,058	\$ 23,797	\$ 5,261
Soil and water conservation	-	-	-	-
Environmental services	96,302	204,302	182,301	22,001
<b>Total conservation of natural resources</b>	<b>\$ 125,360</b>	<b>\$ 233,360</b>	<b>\$ 206,098</b>	<b>\$ 27,262</b>
<b>Economic development</b>				
Administration	-	30,000	31,387	(1,387)
<b>Total Expenditures</b>	<b>\$ 12,859,484</b>	<b>\$ 13,516,829</b>	<b>\$ 12,688,490</b>	<b>\$ 828,339</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (816,883)</b>	<b>\$ (1,474,228)</b>	<b>\$ 1,037,093</b>	<b>\$ 2,511,321</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 650,000	\$ 650,000	\$ 565,853	\$ (84,147)
Transfers out	(521,500)	(521,500)	(522,600)	(1,100)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 128,500</b>	<b>\$ 128,500</b>	<b>\$ 43,253</b>	<b>\$ (85,247)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (688,383)</b>	<b>\$ (1,345,728)</b>	<b>\$ 1,080,346</b>	<b>\$ 2,426,074</b>
<b>Fund Balance - January 1</b>	<b>14,898,995</b>	<b>14,898,995</b>	<b>14,898,995</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 14,210,612</b>	<b>\$ 13,553,267</b>	<b>\$ 15,979,341</b>	<b>\$ 2,426,074</b>

**CASS COUNTY  
WALKER, MINNESOTA**

*Schedule 2*

**BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,250,665	\$ 2,250,665	\$ 2,054,405	\$ (196,260)
Intergovernmental	7,239,922	7,239,922	7,333,351	93,429
Charges for services	339,000	339,000	415,429	76,429
Miscellaneous	2,000	2,000	163,073	161,073
<b>Total Revenues</b>	<b>\$ 9,831,587</b>	<b>\$ 9,831,587</b>	<b>\$ 9,966,258</b>	<b>\$ 134,671</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 606,010	\$ 623,010	\$ 631,671	\$ (8,661)
Maintenance	2,943,139	2,943,139	2,177,590	765,549
Construction	5,500,000	7,305,000	7,795,750	(490,750)
Equipment maintenance and shop	994,775	1,181,775	1,162,359	19,416
Other	187,663	187,663	128,245	59,418
<b>Total Expenditures</b>	<b>\$ 10,231,587</b>	<b>\$ 12,240,587</b>	<b>\$ 11,895,615</b>	<b>\$ 344,972</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (400,000)</b>	<b>\$ (2,409,000)</b>	<b>\$ (1,929,357)</b>	<b>\$ 479,643</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 400,000	\$ 400,000	\$ 400,000	\$ -
Transfers out	-	-	(27,691)	(27,691)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 400,000</b>	<b>\$ 400,000</b>	<b>\$ 372,309</b>	<b>\$ (27,691)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (2,009,000)</b>	<b>\$ (1,557,048)</b>	<b>\$ 451,952</b>
<b>Fund Balance - January 1</b>	<b>2,425,895</b>	<b>2,425,895</b>	<b>2,425,895</b>	<b>-</b>
<b>Increase (decrease) in reserved for inventories</b>	<b>-</b>	<b>-</b>	<b>(32,619)</b>	<b>(32,619)</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,425,895</b>	<b>\$ 416,895</b>	<b>\$ 836,228</b>	<b>\$ 419,333</b>

**CASS COUNTY  
WALKER, MINNESOTA**

*Schedule 3*

**BUDGETARY COMPARISON SCHEDULE  
HEALTH AND HUMAN SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 4,058,515	\$ 4,058,515	\$ 3,704,336	\$ (354,179)
Licenses and permits	9,000	9,000	15,780	6,780
Intergovernmental	6,097,311	6,097,311	6,657,004	559,693
Charges for services	594,450	594,450	630,423	35,973
Gifts and contributions	2,200	2,200	4,564	2,364
Miscellaneous	270,200	270,200	216,697	(53,503)
<b>Total Revenues</b>	<b>\$ 11,031,676</b>	<b>\$ 11,031,676</b>	<b>\$ 11,228,804</b>	<b>\$ 197,128</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Veterans service officer	\$ 153,298	\$ 153,298	\$ 145,693	\$ 7,605
<b>Human services</b>				
Income maintenance	\$ 2,028,059	\$ 2,028,059	\$ 1,997,970	\$ 30,089
Social services	6,258,587	6,258,587	5,850,274	408,313
Children's initiative	710,693	710,693	697,125	13,568
<b>Total human services</b>	<b>\$ 8,997,339</b>	<b>\$ 8,997,339</b>	<b>\$ 8,545,369</b>	<b>\$ 451,970</b>
<b>Health</b>				
Public health	\$ 1,976,192	\$ 1,976,192	\$ 1,809,285	\$ 166,907
<b>Total Expenditures</b>	<b>\$ 11,126,829</b>	<b>\$ 11,126,829</b>	<b>\$ 10,500,347</b>	<b>\$ 626,482</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (95,153)</b>	<b>\$ (95,153)</b>	<b>\$ 728,457</b>	<b>\$ 823,610</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Transfers out	-	-	(52,543)	(52,543)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 47,457</b>	<b>\$ (52,543)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 4,847</b>	<b>\$ 4,847</b>	<b>\$ 775,914</b>	<b>\$ 771,067</b>
<b>Fund Balance - January 1</b>	<b>5,550,625</b>	<b>5,550,625</b>	<b>5,550,625</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 5,555,472</b>	<b>\$ 5,555,472</b>	<b>\$ 6,326,539</b>	<b>\$ 771,067</b>

**CASS COUNTY  
WALKER, MINNESOTA**

*Schedule 4*

**BUDGETARY COMPARISON SCHEDULE  
FORFEITED TAX SALE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 275,000	\$ 275,000	\$ -	\$ (275,000)
Intergovernmental	239,614	239,614	250,801	11,187
Miscellaneous	1,688,000	1,688,000	2,473,221	785,221
<b>Total Revenues</b>	<b>\$ 2,202,614</b>	<b>\$ 2,202,614</b>	<b>\$ 2,724,022</b>	<b>\$ 521,408</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Conservation of natural resources</b>				
Reforestation	\$ 155,000	\$ 155,000	\$ 211,596	\$ (56,596)
In-lieu	119,614	119,614	45,661	73,953
Roads	30,000	30,000	51,000	(21,000)
Trails	170,000	220,000	131,249	88,751
Land commissioner	835,034	835,034	1,479,375	(644,341)
<b>Total Expenditures</b>	<b>\$ 1,309,648</b>	<b>\$ 1,359,648</b>	<b>\$ 1,918,881</b>	<b>\$ (559,233)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 892,966</b>	<b>\$ 842,966</b>	<b>\$ 805,141</b>	<b>\$ (37,825)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(892,966)	(892,966)	(492,020)	400,946
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (50,000)</b>	<b>\$ 313,121</b>	<b>\$ 363,121</b>
<b>Fund Balance - January 1</b>	<b>2,093,528</b>	<b>2,093,528</b>	<b>2,093,528</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,093,528</b>	<b>\$ 2,043,528</b>	<b>\$ 2,406,649</b>	<b>\$ 363,121</b>

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**CASS COUNTY  
WALKER, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004**

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Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except for the Shingobee Special Revenue Fund and the Environmental Trust Permanent Fund. The Capital Projects Fund adopts project-length budgets. All annual appropriations lapse at fiscal year-end.

Cass County utilizes a Budget Committee comprised of one appointed citizen from each commissioner district, two County Commissioners, and the Auditor/Treasurer to review departmental requests and make recommendations to the County Board on budgetary and financial matters. The Budget Committee staff include the County Administrator, County Assessor, Chief Deputy Auditor, and Chief Deputy Treasurer.

By July of each year, all departments submit requests for appropriations to the County Auditor/Treasurer. The Budget Committee reviews and amends the departmental requests in order to develop a proposed budget and preliminary property tax levy. Before September 15, the proposed budget along with a preliminary tax levy is presented to the County Board for review. The County Board must approve a preliminary tax levy on or before September 15. A final tax levy and budget is adopted by the Board and certified to the Auditor/Treasurer on or before five business days after December 20.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level, except for the General Fund, which is at the department level.

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**SUPPLEMENTARY INFORMATION**

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**GOVERNMENTAL FUNDS**

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**CASS COUNTY  
WALKER, MINNESOTA**

*Statement 1*

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 228,544	\$ 133,271	\$ 1,120,055	\$ 1,481,870
Undistributed cash in agency funds	797	6,280	-	7,077
Taxes receivable				
Prior	1,834	18,518	-	20,352
Due from other funds	6,401	-	-	6,401
<b>Total Assets</b>	<b><u>\$ 237,576</u></b>	<b><u>\$ 158,069</u></b>	<b><u>\$ 1,120,055</u></b>	<b><u>\$ 1,515,700</u></b>
<b><u>Liabilities and Fund Balances</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 65	\$ -	\$ -	\$ 65
Due to other funds	27,561	-	-	27,561
Deferred revenue - unavailable	1,687	15,038	-	16,725
<b>Total Liabilities</b>	<b><u>\$ 29,313</u></b>	<b><u>\$ 15,038</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 44,351</u></b>
<b>Fund Balances</b>				
Unreserved				
Designated for debt service	\$ -	\$ 143,031	\$ -	\$ 143,031
Designated for cash flows	72,400	-	-	72,400
Designated for law enforcement center	-	-	1,120,055	1,120,055
Undesignated	135,863	-	-	135,863
<b>Total Fund Balances</b>	<b><u>\$ 208,263</u></b>	<b><u>\$ 143,031</u></b>	<b><u>\$ 1,120,055</u></b>	<b><u>\$ 1,471,349</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 237,576</u></b>	<b><u>\$ 158,069</u></b>	<b><u>\$ 1,120,055</u></b>	<b><u>\$ 1,515,700</u></b>

**CASS COUNTY  
WALKER, MINNESOTA**

*Statement 2*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 133,247	\$ 474,727	\$ -	\$ 607,974
Intergovernmental	59,592	86,720	-	146,312
Charges for services	3,354	-	-	3,354
Investment earnings	171	-	-	171
Miscellaneous	-	35,945	-	35,945
<b>Total Revenues</b>	<b>\$ 196,364</b>	<b>\$ 597,392</b>	<b>\$ -</b>	<b>\$ 793,756</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ 1,433	\$ -	\$ -	\$ 1,433
Public safety	22,358	-	-	22,358
Highways and streets	136,219	-	-	136,219
Sanitation	2,519	-	-	2,519
<b>Debt service</b>				
Principal retirement	-	55,273	-	55,273
Interest	-	3,200	-	3,200
Bond issuance costs	-	956	-	956
<b>Total Expenditures</b>	<b>\$ 162,529</b>	<b>\$ 59,429</b>	<b>\$ -</b>	<b>\$ 221,958</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 33,835</b>	<b>\$ 537,963</b>	<b>\$ -</b>	<b>\$ 571,798</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 6,401	\$ 22,600	\$ 560,000	\$ 589,001
Transfers out	-	(560,000)	-	(560,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 6,401</b>	<b>\$ (537,400)</b>	<b>\$ 560,000</b>	<b>\$ 29,001</b>
<b>Net Change in Fund Balance</b>	<b>\$ 40,236</b>	<b>\$ 563</b>	<b>\$ 560,000</b>	<b>\$ 600,799</b>
<b>Fund Balance - January 1</b>	<b>168,027</b>	<b>142,468</b>	<b>560,055</b>	<b>870,550</b>
<b>Fund Balance - December 31</b>	<b>\$ 208,263</b>	<b>\$ 143,031</b>	<b>\$ 1,120,055</b>	<b>\$ 1,471,349</b>

**CASS COUNTY  
WALKER, MINNESOTA**

*Statement 3*

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
DECEMBER 31, 2004**

	Unorganized Town	Shingobee	Total
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 197,503	\$ 31,041	\$ 228,544
Undistributed cash in agency funds	797	-	797
Taxes receivable			
Prior	1,834	-	1,834
Due from other funds	6,401	-	6,401
<b>Total Assets</b>	<b>\$ 206,535</b>	<b>\$ 31,041</b>	<b>\$ 237,576</b>
 <b><u>Liabilities and Fund Balances</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 65	\$ 65
Due to other funds	27,561	-	27,561
Deferred revenue - unavailable	1,687	-	1,687
<b>Total Liabilities</b>	<b>\$ 29,248</b>	<b>\$ 65</b>	<b>\$ 29,313</b>
<b>Fund Balances</b>			
Unreserved			
Designated for cash flows	\$ 72,400	\$ -	\$ 72,400
Undesignated	104,887	30,976	135,863
<b>Total Fund Balances</b>	<b>\$ 177,287</b>	<b>\$ 30,976</b>	<b>\$ 208,263</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 206,535</b>	<b>\$ 31,041</b>	<b>\$ 237,576</b>

**CASS COUNTY  
WALKER, MINNESOTA**

*Statement 4*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Unorganized Town	Shingobee	Total
<b>Revenues</b>			
Taxes	\$ 133,247	\$ -	\$ 133,247
Intergovernmental	59,592	-	59,592
Charges for services	-	3,354	3,354
Investment earnings	-	171	171
<b>Total Revenues</b>	<b>\$ 192,839</b>	<b>\$ 3,525</b>	<b>\$ 196,364</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ 1,433	\$ -	\$ 1,433
Public safety	22,358	-	22,358
Highways and streets	136,219	-	136,219
Sanitation	-	2,519	2,519
<b>Total Expenditures</b>	<b>\$ 160,010</b>	<b>\$ 2,519</b>	<b>\$ 162,529</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 32,829</b>	<b>\$ 1,006</b>	<b>\$ 33,835</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	6,401	-	6,401
<b>Net Change in Fund Balance</b>	<b>\$ 39,230</b>	<b>\$ 1,006</b>	<b>\$ 40,236</b>
<b>Fund Balance - January 1</b>	<b>138,057</b>	<b>29,970</b>	<b>168,027</b>
<b>Fund Balance - December 31</b>	<b>\$ 177,287</b>	<b>\$ 30,976</b>	<b>\$ 208,263</b>

**CASS COUNTY  
WALKER, MINNESOTA**

*Schedule 5*

**BUDGETARY COMPARISON SCHEDULE  
UNORGANIZED TOWN SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 138,000	\$ 138,000	\$ 133,247	\$ (4,753)
Intergovernmental	43,000	43,000	59,592	16,592
<b>Total Revenues</b>	<b>\$ 181,000</b>	<b>\$ 181,000</b>	<b>\$ 192,839</b>	<b>\$ 11,839</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Elections	\$ -	\$ -	\$ 1,433	\$ (1,433)
<b>Public safety</b>				
Other public safety	30,000	30,000	22,358	7,642
<b>Highways and streets</b>				
Maintenance	151,000	151,000	136,219	14,781
<b>Total Expenditures</b>	<b>\$ 181,000</b>	<b>\$ 181,000</b>	<b>\$ 160,010</b>	<b>\$ 20,990</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32,829</b>	<b>\$ 32,829</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	6,401	6,401
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,230</b>	<b>\$ 39,230</b>
<b>Fund Balance - January 1</b>	<b>138,057</b>	<b>138,057</b>	<b>138,057</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 138,057</b>	<b>\$ 138,057</b>	<b>\$ 177,287</b>	<b>\$ 39,230</b>

**CASS COUNTY  
WALKER, MINNESOTA**

*Schedule 6*

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 519,615	\$ 519,615	\$ 474,727	\$ (44,888)
Intergovernmental	40,385	40,385	86,720	46,335
Miscellaneous	37,840	37,840	35,945	(1,895)
<b>Total Revenues</b>	<b>\$ 597,840</b>	<b>\$ 597,840</b>	<b>\$ 597,392</b>	<b>\$ (448)</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal retirement	\$ 620,440	\$ 620,440	\$ 55,273	\$ 565,167
Interest	-	-	3,200	(3,200)
Bond issue costs	-	-	956	(956)
<b>Total Expenditures</b>	<b>\$ 620,440</b>	<b>\$ 620,440</b>	<b>\$ 59,429</b>	<b>\$ 561,011</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (22,600)</b>	<b>\$ (22,600)</b>	<b>\$ 537,963</b>	<b>\$ 560,563</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 22,600	\$ 22,600	\$ 22,600	\$ -
Transfers out	-	(560,000)	(560,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 22,600</b>	<b>\$ (537,400)</b>	<b>\$ (537,400)</b>	<b>\$ -</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (560,000)</b>	<b>\$ 563</b>	<b>\$ 560,563</b>
<b>Fund Balance - January 1</b>	<b>142,468</b>	<b>142,468</b>	<b>142,468</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 142,468</b>	<b>\$ (417,532)</b>	<b>\$ 143,031</b>	<b>\$ 560,563</b>

**FIDUCIARY FUNDS**

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**CASS COUNTY  
WALKER, MINNESOTA**

*Statement 5*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1	Additions	Deductions	Balance December 31
<b><u>TAXES AND PENALTIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 375,716	\$ 34,625,293	\$ 34,635,197	\$ 365,812
<b><u>Liabilities</u></b>				
Due to other governments	\$ 305,364	\$ 34,441,753	\$ 34,483,811	\$ 263,306
Prepaid taxes	70,352	183,540	151,386	102,506
<b>Total Liabilities</b>	<b>\$ 375,716</b>	<b>\$ 34,625,293</b>	<b>\$ 34,635,197</b>	<b>\$ 365,812</b>
 <b><u>STATE OF MINNESOTA</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 200,465	\$ 9,556,712	\$ 9,550,085	\$ 207,092
<b><u>Liabilities</u></b>				
Due to other governments	\$ 200,465	\$ 9,556,712	\$ 9,550,085	\$ 207,092
 <b><u>SCHOOL DISTRICTS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ -	\$ 6,154,860	\$ 6,154,860	\$ -
<b><u>Liabilities</u></b>				
Due to other governments	\$ -	\$ 6,154,860	\$ 6,154,860	\$ -

**CASS COUNTY  
WALKER, MINNESOTA**

*Statement 5  
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1	Additions	Deductions	Balance December 31
<b><u>TOWNS AND CITIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 9,451	\$ 7,492,243	\$ 7,490,191	\$ 11,503
<b><u>Liabilities</u></b>				
Due to other governments	\$ 9,451	\$ 7,492,243	\$ 7,490,191	\$ 11,503
 <b><u>MINNESOTA COUNTIES INFORMATION SYSTEMS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 448,034	\$ 1,909,365	\$ 1,822,512	\$ 534,887
Petty cash and change funds	400	-	-	400
<b>Total Assets</b>	<b>\$ 448,434</b>	<b>\$ 1,909,365</b>	<b>\$ 1,822,512</b>	<b>\$ 535,287</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 8,893	\$ 25,075	\$ 8,893	\$ 25,075
Salaries payable	49,109	25,812	49,109	25,812
Due to other governments	390,432	1,858,478	1,764,510	484,400
<b>Total Liabilities</b>	<b>\$ 448,434</b>	<b>\$ 1,909,365</b>	<b>\$ 1,822,512</b>	<b>\$ 535,287</b>

**CASS COUNTY  
WALKER, MINNESOTA**

*Statement 5  
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1	Additions	Deductions	Balance December 31
<b><u>MISSISSIPPI HEADWATERS BOARD</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 31,816	\$ 164,406	\$ 88,967	\$ 107,255
Petty cash and change funds	40	-	-	40
<b>Total Assets</b>	<b><u>\$ 31,856</u></b>	<b><u>\$ 164,406</u></b>	<b><u>\$ 88,967</u></b>	<b><u>\$ 107,295</u></b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 316	\$ 2,468	\$ 316	\$ 2,468
Salaries payable	2,030	932	2,030	932
Due to other governments	29,510	161,006	86,621	103,895
<b>Total Liabilities</b>	<b><u>\$ 31,856</u></b>	<b><u>\$ 164,406</u></b>	<b><u>\$ 88,967</u></b>	<b><u>\$ 107,295</u></b>
 <b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 1,065,482	\$ 59,902,879	\$ 59,741,812	\$ 1,226,549
Petty cash and change funds	440	-	-	440
<b>Total Assets</b>	<b><u>\$ 1,065,922</u></b>	<b><u>\$ 59,902,879</u></b>	<b><u>\$ 59,741,812</u></b>	<b><u>\$ 1,226,989</u></b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 9,209	\$ 27,543	\$ 9,209	\$ 27,543
Salaries payable	51,139	26,744	51,139	26,744
Due to other governments	935,222	59,665,052	59,530,078	1,070,196
Prepaid taxes	70,352	183,540	151,386	102,506
<b>Total Liabilities</b>	<b><u>\$ 1,065,922</u></b>	<b><u>\$ 59,902,879</u></b>	<b><u>\$ 59,741,812</u></b>	<b><u>\$ 1,226,989</u></b>

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## **OTHER SCHEDULES**

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**CASS COUNTY  
WALKER, MINNESOTA**

*Schedule 7*

**SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2004**

	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Carrying Value</u>
<b>Pooled Investments</b>			
Securities			
Certificates of deposit	1.50 to 6.70	Dates vary	\$ 3,780,152
Repurchase agreements	2.25 to 2.60	Dates vary	1,785,574
Federal National Mortgage Association	3.00	Dates vary	995,780
Commercial paper	2.29	Dates vary	498,210
Federal Home Loan Mortgage Corporation	8.00	Dates vary	964
Federal Home Loan Bank	2.00 to 4.25	Dates vary	<u>18,936,391</u>
<b>Total pooled securities</b>			<b>\$ 25,997,071</b>
Minnesota Association of Governments Investing for Counties (MAGIC) Fund			
			<u>2,360,009</u>
<b>Total pooled investments</b>			<b>\$ 28,357,080</b>
<b>Fund Investments</b>			
Securities			
Certificates of deposit	3.50	Dates vary	\$ 95,085
Federal Home Loan Bank	2.00 to 4.00	Dates vary	2,910,655
Repurchase agreement	2.25	Dates vary	500,000
Federal Home Loan Mortgage Corporation	4.00	Dates vary	493,438
MAGIC Fund	Varies	N/A	<u>214,536</u>
<b>Total fund investments</b>			<b>\$ 4,213,714</b>
<b>Total Investments</b>			<b>\$ 32,570,794</b>

**CASS COUNTY  
WALKER, MINNESOTA**

**Schedule 8**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Governmental Funds</b>	<b>Component Units</b>
<b>Shared Revenue</b>		
<b>State</b>		
Highway users tax	\$ 4,625,632	\$ -
County program aid	1,013,789	-
PERA rate reimbursement	51,886	-
Disparity reduction aid	7,485	-
Police aid	129,487	-
E-911	54,018	-
Market value credit aid	1,158,631	-
	<b>\$ 7,040,928</b>	<b>\$ -</b>
<b>Reimbursement for Services</b>		
<b>State</b>		
Minnesota Department of Human Services	\$ 3,029,506	\$ -
<b>Payments</b>		
<b>Local</b>		
Local contributions	\$ 103,898	\$ -
Payments in lieu of taxes	424,202	-
	<b>\$ 528,100</b>	<b>\$ -</b>
<b>Grants</b>		
<b>State</b>		
Minnesota Department/Board of		
Corrections	\$ 145,661	\$ -
Public Safety	62,953	-
Economic Security	24,020	-
Health	103,187	-
Natural Resources	194,195	-
Human Services	1,937,230	-
Veterans Services	4,200	-
Office of Environmental Assistance	111,496	-
Miscellaneous boards	2,044	-
	<b>\$ 2,584,986</b>	<b>\$ -</b>
<b>Federal</b>		
Department of		
Agriculture	\$ 427,826	\$ -
Interior	242,072	-
Justice	52,163	-
Transportation	2,125,626	-
Health and Human Services	867,428	-
Homeland Security	44,337	-
Housing and Urban Development	-	429,493
	<b>\$ 3,759,452</b>	<b>\$ 429,493</b>
<b>Total Federal</b>	<b>\$ 3,759,452</b>	<b>\$ 429,493</b>
<b>Total State and Federal Grants</b>	<b>\$ 6,344,438</b>	<b>\$ 429,493</b>
<b>Total Intergovernmental Revenue</b>	<b>\$ 16,942,972</b>	<b>\$ 429,493</b>



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**CASS COUNTY  
WALKER, MINNESOTA**

**Schedule 9**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**I. SUMMARY OF AUDITOR'S RESULTS**

- A. Our report expresses an unqualified opinion on the basic financial statements of Cass County.
- B. A reportable condition in internal control was disclosed by the audit of financial statements of Cass County and is reported in the "Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." The reportable condition is not a material weakness.
- C. No instances of noncompliance material to the financial statements of Cass County were disclosed during the audit.
- D. 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 in Accordance with OMB Circular A-133."
- E. The Auditor's Report on Compliance for the major federal award programs for Cass County expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major programs are:
- |   |              |
|---|--------------|
| Highway Construction Grant              | CFDA #20.205 |
| Temporary Assistance For Needy Families | CFDA #93.558 |
- H. The threshold for distinguishing between Types A and B programs was \$300,000.
- I. Cass County was not determined to be a low-risk auditee.

**II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM NOT RESOLVED

96-7 Departmental Internal Accounting Controls

Due to the limited number of office personnel within the various County departments, proper segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. Although this is not unusual in small departmental situations, management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an internal control perspective.

We recommend that County management be aware of the lack of segregation of the accounting functions and, if possible, implement oversight procedures to ensure that the internal control policies and procedures are being implemented by staff.

Client's Response:

*The County will continue to emphasize the need for Department Heads to segregate accounting functions whenever possible and to closely supervise those areas where proper segregation of duties cannot be achieved.*

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS**

None.

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

A. MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEMS RESOLVED

**County Commissioners' Compensation (03-1)**

County Commissioners received per diem payments for serving on the Board of Equalization. Members of the County Board should not receive a per diem for service on the board of auditors, the board of equalization, or the canvassing board.

**Resolution**

The County Board adopted a per diem payment policy in resolution 97-03 on December 13, 2003, authorizing per diem payments in accordance with Minnesota Statutes. The County discontinued payment of per diems to County Commissioners who serve on the Board of Equalization.

**Prompt Payment of Invoices (03-2)**

Cass County did not meet the requirements of Minn. Stat. § 471.425 requiring prompt payment of claims. Payments reviewed were made 42 and 54 days after the invoice dates.

**Resolution**

Cass County reviewed payment policy with Department Heads and staff. Vendor invoices were paid as required under Minn. Stat. § 471.425.

B. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM RESOLVED

**Consolidated General Ledger (00-2)**

We recommended the County Board consider combining the separate Auditor's and Human Services' general ledgers into a consolidated general ledger.

**Resolution**

The County has decided it is in its current best interests to maintain separate general ledgers for Human Services and Auditor funds. Should conditions change in the future, the County will give consideration to the potential benefits of a consolidated general ledger.

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## **OTHER REQUIRED REPORTS**

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PATRICIA ANDERSON  
STATE AUDITOR

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

Board of County Commissioners  
Cass County

We have audited the financial statements of Cass County as of and for the year ended December 31, 2004, and have issued our report thereon dated July 8, 2005. 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. We did not audit the financial statements of the Cass County Housing and Redevelopment Authority (HRA) and the Pine River Area Sanitary District (District), discretely presented component units. The financial statements for the HRA and the District were audited by other auditors. Separate reports on compliance and on internal control over financial reporting based on audits of financial statements performed in accordance with *Government Auditing Standards* issued by other auditors for the HRA and the District are available.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cass County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 96-7.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the

financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition indicated above is not a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cass 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*.

### Minnesota Legal Compliance

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 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 *Minnesota Legal Compliance Audit Guide for Local Government* contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories.

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

This report is intended solely for the information and use of the Board and management and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Pat Anderson

PATRICIA ANDERSON  
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

End of Fieldwork: July 8, 2005



**STATE OF MINNESOTA**  
**OFFICE OF THE STATE AUDITOR**

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PATRICIA ANDERSON  
STATE AUDITOR

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

Board of County Commissioners  
Cass County

Compliance

We have audited the compliance of Cass County 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, 2004. Cass County's major federal programs are identified in the Summary of Auditor's 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.

Cass County's basic financial statements include the operations of the Cass County Housing and Redevelopment Authority (HRA), which expended \$429,493 in federal awards during the year ended December 31, 2004, which are not included in the Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Cass County HRA because it was audited by other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Non-Profit 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 Cass 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 on the County's compliance with those requirements.

In our opinion, Cass 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, 2004.

#### Internal Control Over Compliance

The management of Cass 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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of Cass County as of and for the year ended December 31, 2004, and have issued our report thereon dated July 8, 2005. We did not audit the financial statements of the Cass County HRA and the Pine River Area Sanitary District, discretely presented component units. Those financial statements were audited by other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Cass County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

*/s/Pat Anderson*

PATRICIA ANDERSON  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

End of Fieldwork: July 8, 2005

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**CASS COUNTY  
WALKER, MINNESOTA**

**Schedule 10**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>		
Direct		
U. S. Forest Service Cooperative Agreement	#04-RO-11090320-020	\$ 15,000
U. S. Forest Service Cooperative Agreement	#04-RO-11090320-015	7,000
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	99,638
Passed Through Minnesota Department of Finance National Forest Lands	10.665	306,188
<b>Total U.S. Department of Agriculture</b>		<b>\$ 427,826</b>
<b>U.S. Department of the Interior</b>		
Direct		
Federal PILT	15.226	<b>\$ 242,072</b>
<b>U.S. Department of Justice</b>		
Direct		
Bulletproof Vests	16.607	\$ 1,398
Public Safety Partnership	16.710	1,145
Passed Through Minnesota Department of Public Safety Juvenile Accountability Incentive Block Grant	16.523	11,875
Victims of Crime Grant	16.575	23,355
Community Prosecution and Safe Neighborhoods	16.609	14,390
<b>Total U.S. Department of Justice</b>		<b>\$ 52,163</b>
<b>U.S. Department of Transportation</b>		
Passed Through Minnesota Department of Transportation Highway Planning and Construction Grant	20.205	\$ 2,093,095
Passed Through Minnesota Department of Public Safety Safe and Sober Grant	20.600	29,379
Operation Nitecap	20.604	3,152
<b>Total U.S. Department of Transportation</b>		<b>\$ 2,125,626</b>

**CASS COUNTY  
WALKER, MINNESOTA**

***Schedule 10  
(Continued)***

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Services</b>		
Passed Through Minnesota Department of Health Minnesota Child Oral Health	93.110	\$ 5,800
Immunization Registry	93.268	400
Centers for Disease Control and Prevention - Public Health Preparedness Grant	93.283	39,030
Maternal and Child Health	93.994	45,926
Passed Through Minnesota Department of Human Services		
Title IIIF Special Program for the Aging	93.043	9,718
Temporary Assistance for Needy Families	93.558	261,627
Children's Justice Act Grant	93.643	4,550
IVB1 Alternative Response	93.645	13,261
Foster Care Title IV-E	93.658	159,572
Social Services Block Grant	93.667	267,177
Support for Emancipation and Living Functionally (SELF)	93.674	27,705
Children's Mental Health Grant	93.958	4,344
Passed Through Minnesota Department of Education		
Child Care Mandatory and Matching Funds	93.596	28,318
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 867,428</b>
<b>U.S. Department of Homeland Security</b>		
Passed Through Minnesota Department of Public Safety State Domestic Preparedness Equipment Support	97.004	\$ 25,907
Boating Safety Financial Assistance Grant	97.012	9,668
Emergency Management Performance Grant	97.042	5,820
State and Local All Hazards Emergency Operations	97.051	2,942
<b>Total U.S. Department of Homeland Security</b>		<b>\$ 44,337</b>
<b>Total Federal Awards</b>		<b>\$ 3,759,452</b>

**CASS COUNTY  
WALKER, MINNESOTA**

**Schedule 10**  
**(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
--	------------------------------------	---------------------

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by Cass County. The County's reporting entity is defined in Note 1 to the basic financial statements. The schedule does not include \$429,493 in federal awards expended by the Cass County Housing and Redevelopment Authority component unit, which has a separate audit performed by other auditors.
2. The expenditures on this schedule are on the modified accrual basis of accounting.
3. Pass-through grant numbers were not assigned by the pass-through agencies.
4. Cass County did not pass any federal money to subrecipients in 2004.