

# STATE OF MINNESOTA

## Office of the State Auditor



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

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**STEVENS COUNTY**  
**MORRIS, MINNESOTA**

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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**STEVENS COUNTY  
MORRIS, MINNESOTA**

**Year Ended December 31, 2004**



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

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**STEVENS COUNTY  
MORRIS, MINNESOTA**

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**STEVENS COUNTY  
MORRIS, MINNESOTA**

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**STEVENS COUNTY  
MORRIS, MINNESOTA**

ORGANIZATION  
DECEMBER 31, 2004

			<u>Term Expires</u>
Elected			
Commissioners			
Board Member	Steven Sherstad	District 1	January 2005
Vice Chair	Herb Kloos	District 2	January 2007
Board Member	Neal Hofland	District 3	January 2005
Chair	Larry Sayre	District 4	January 2005
Board Member	Robert Stevenson	District 5	January 2007
Attorney	Charles Glasrud		January 2007
Auditor/Treasurer	Neil Wiese		January 2007
County Recorder	Virginia Mahoney		January 2007
Registrar of Titles	Virginia Mahoney		January 2007
County Sheriff	Randy Willis		January 2007
Appointed			
Assessor	Judy Thorstad		December 2005
County Coordinator	Jim Thoreen		Indefinite
Coroner	Michael Busian, M.D.		January 2005
Highway Engineer	Brian Giese		Indefinite
Veterans Service Officer	Jim Neal		Indefinite
Human Services Director	Joanie Murphy		Indefinite

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# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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PATRICIA ANDERSON  
STATE AUDITOR

### INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Stevens County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Stevens County, Minnesota, as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements. These financial statements are the responsibility of Stevens County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Stevens County, as of and for the year ended December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the financial statements, Stevens County adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, as amended; and Statement No. 38, *Certain Financial Statement Note Disclosures*, as of and for the year ended December 31, 2004. These statements result in a change in format and content of the basic financial statements.

The Management's Discussion and Analysis and required supplementary information 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Stevens 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 our report dated May 6, 2005, on our consideration of Stevens 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.

*/s/Pat Anderson*

PATRICIA ANDERSON  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

End of Fieldwork: May 6, 2005

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

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**STEVENS COUNTY  
MORRIS, MINNESOTA**

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

**Introduction**

Stevens County's Management's Discussion and Analysis (MD&A) presents a summary of Stevens County's financial activities for the fiscal year ended December 31, 2004. Beginning with 2004, the MD&A will precede each year's audited financial statements. It will focus on the current year's activities and changes and should be read in combination with Stevens County's financial statements and the notes to the financial statements. Because fiscal year 2004 is the first year in which Stevens County applied the requirements of Governmental Accounting Standards Board (GASB) Statement 34, this discussion and analysis offers limited comparisons with previous years.

Previously, County financial statements included a Combined Statement of Revenues and Expenditures and Changes in Fund Balance and a Combined Balance Sheet of Fund Types and Account Groups.

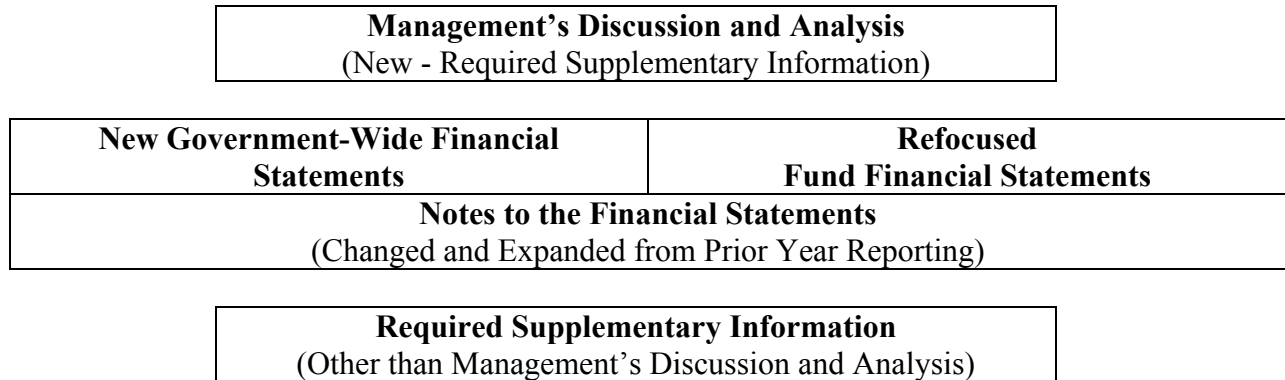
Starting in 2004, Stevens County will present government-wide financial statements consisting of a Statement of Net Assets and a Statement of Activities which use the *full accrual* accounting basis and fund financial statements including a Balance Sheet of Governmental Funds and a Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds, which use the *modified accrual* accounting basis. Also included are a Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets--Governmental Activities; a Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities--Governmental Activities; three statements about the Ambulance Proprietary Fund; and supporting documentation, such as Notes to the Financial Statements.

This new format will move County financial reporting closer to a full accrual basis, which is normally found in private sector accounting. *Full accrual* basis accounting includes the reporting of capital assets such as land, infrastructure (roads and bridges), buildings, machinery and equipment, the depreciation of these items, and long-term debt. This should provide a truer picture of County government spending and help explain variations in the total budget from year to year due to changes in purchases of capital assets and for other miscellaneous reasons. The reconciliation reports presented will also help to tie this new information together.

Stevens County activities are governmental in nature with the exception of a County-owned and run ambulance service.

**Overview of the Financial Statements**

Stevens County’s MD&A serves as an introduction to the basic financial statements. Stevens County’s basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A (this section) and certain budgetary comparison schedules are required to accompany the basic financial statements and, therefore, are included as required supplementary information. The following chart demonstrates how the different pieces are inter-related.



Stevens County presents two government-wide financial statements. They are the Statement of Net Assets and the Statement of Activities. These two government-wide financial statements provide information about the activities of Stevens County as a whole and present a longer-term view of Stevens County’s finances. Stevens County’s fund financial statements follow these two government-wide financial statements. For governmental activities, these statements tell how Stevens County financed these services in the short term as well as what remains for future spending. Fund financial statements also report Stevens County’s operations in more detail than the government-wide statements by providing information about Stevens County’s most significant/major funds. For proprietary activities, these statements provide detailed financial information relating to Stevens County’s ambulance service. The remaining statement provides financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

**Government-Wide Financial Statements--The Statement of Net Assets and the Statement of Activities**

The Statement of Net Assets and the Statement of Activities report information about Stevens County as a whole and about its activities in a way that helps the reader determine whether Stevens County’s financial condition has improved or declined as a result of the current year’s activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

These two statements consider all of Stevens County's current year revenues and expenses regardless of when Stevens County receives the revenue or pays the expense. These two statements report Stevens County's net assets and changes in them. You can think of Stevens County's net assets--the difference between assets and liabilities--as one way to measure Stevens County's financial health or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in Stevens County's property tax base and the general economic conditions of the state and County, to assess the overall health of Stevens County.

## **Fund Financial Statements**

Fund financial statements are prepared for the County's major funds. These fund statements are divided into Governmental and Proprietary Funds. The Governmental Funds are reported on a *modified accrual* basis and the Proprietary Fund on a *full accrual* basis. In Stevens County, a Governmental fund balance sheet is provided for General, Road and Bridge, Human Services, Ditch, and Nonmajor Funds. All but one of Stevens County's basic services are reported in the governmental fund category. Governmental fund statements focus on how money flows into and out of these funds and shows the balances remaining at year-end that are available for expenditures. The *modified accrual* accounting method measures cash and other financial assets such as investments that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of Stevens County's general government operations and the basic services it provides. Stevens County's governmental fund information helps determine whether there are financial resources available that Stevens County can spend in the near future to finance its programs. A reconciliation statement follows the fund statement and depicts the relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds. The proprietary fund on ambulance operations includes a balance sheet of assets and liabilities, a statement showing operating and non-operating revenues and expenses and the change in net assets, and a statement of cash flows for the year.

## **Financial Highlights**

- Governmental activities' total net assets are \$30,692,030, of which Stevens County has invested \$22,026,203 in capital assets, net of related debt and \$133,522 is restricted to specific uses by Stevens County and \$8,532,305 is unrestricted.
- Proprietary (business-type) activity (ambulance service) includes total net assets of \$503,073 of which \$137,139 is invested in capital assets, net of related debt and \$365,934 is unrestricted with \$0 being restricted for specific uses.
- Stevens County's total net assets (governmental activities and business-type activities) total \$31,195,103 of which is \$22,163,342 is invested in capital assets, net of related debt and \$133,522 of the total net assets are restricted for specific uses and \$8,898,239 is unrestricted.

- The expenses of Stevens County’s governmental activities for the year were \$8,234,222. General property tax revenues and other revenue sources totaling \$4,577,347 funded Stevens County’s total net cost of \$2,934,399.
- Stevens County’s governmental funds’ fund balances increased by \$359,456 during 2004.
- During 2004, Stevens County did not issue any new general obligation debt and does not have any outstanding general obligation debt.
- Long-term liabilities due to compensated absences total \$258,904 with \$134,050 due within one year.

### The County as a Whole

Stevens County’s combined net assets for the year ended December 31, 2004, were \$31,195,103. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of Stevens County’s governmental and business-type activities.

**Table 1**  
**Net Assets**  
**December 31, 2004**

	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Assets</b>			
Current and other assets	\$ 9,157,596	\$ 378,867	\$ 9,536,463
Capital assets	22,026,203	137,139	22,163,342
<b>Total Assets</b>	<b>\$ 31,183,799</b>	<b>\$ 516,006</b>	<b>\$ 31,699,805</b>
<b>Liabilities</b>			
Long-term liabilities outstanding	\$ 249,377	\$ 9,527	\$ 258,904
Other liabilities	242,392	3,406	245,798
<b>Total Liabilities</b>	<b>\$ 491,769</b>	<b>\$ 12,933</b>	<b>\$ 504,702</b>
<b>Net Assets</b>			
Invested in capital assets, net of debt	\$ 22,026,203	\$ 137,139	\$ 22,163,342
Restricted	133,522	-	133,522
Unrestricted	8,532,305	365,934	8,898,239
<b>Total Net Assets</b>	<b>\$ 30,692,030</b>	<b>\$ 503,073</b>	<b>\$ 31,195,103</b>

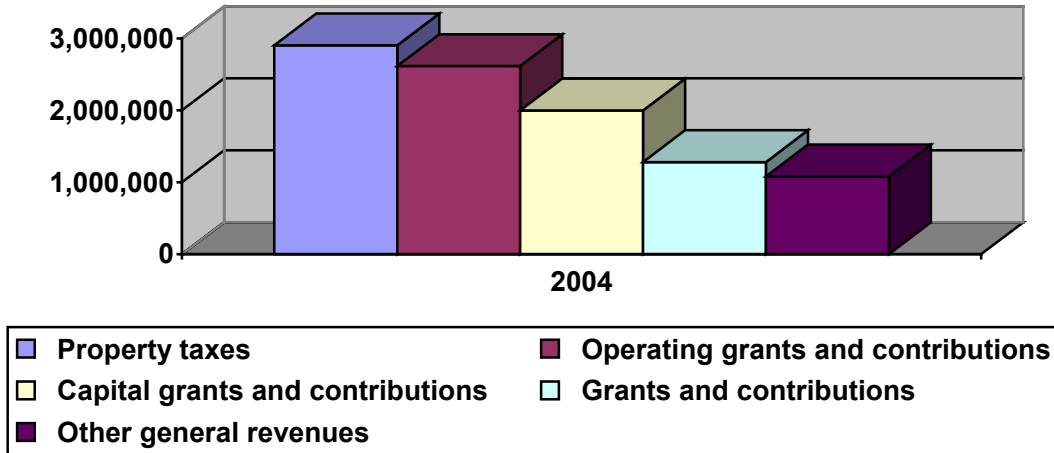
Stevens County's total net assets for the year ended December 31, 2004, total \$31,195,103. Unrestricted net assets totaling \$8,898,239 are available to Stevens County to finance day-to-day operations. Of the unrestricted net assets, \$8,532,305 are available for governmental activities and \$365,934 are available for business-type activities.

**Table 2**  
**Changes in Net Assets**  
**Year Ended December 31, 2004**

	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>			
Program revenues			
Fees, fines, charges, and other	\$ 689,012	\$ 590,859	\$ 1,279,871
Operating grants and contributions	2,614,300	61,655	2,675,955
Capital grants and contributions	1,996,511	-	1,996,511
General revenues			
Property taxes	2,904,168	-	2,904,168
Other taxes	25	-	25
Grants and contributions	1,280,137	-	1,280,137
Other general revenues	393,017	-	393,017
<b>Total Revenues</b>	<b>\$ 9,877,170</b>	<b>\$ 652,514</b>	<b>\$ 10,529,684</b>
<b>Expenses</b>			
General government	\$ 1,734,194	\$ -	\$ 1,734,194
Public safety	897,846	-	897,846
Highways and streets	2,316,829	-	2,316,829
Sanitation	164,086	-	164,086
Human services	2,199,955	-	2,199,955
Health	101,948	-	101,948
Culture and recreation	406,396	-	406,396
Conservation of natural resources	355,968	-	355,968
Economic development	57,000	-	57,000
Ambulance	-	784,037	784,037
<b>Total Expenses</b>	<b>\$ 8,234,222</b>	<b>\$ 784,037</b>	<b>\$ 9,018,259</b>
Excess (Deficiency) Before Special Items and Transfers	\$ 1,642,948	\$ (131,523)	\$ 1,511,425
Transfers	(58,990)	58,990	-
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 1,583,958</b>	<b>\$ (72,533)</b>	<b>\$ 1,511,425</b>

Stevens County’s total revenues for the year ended December 31, 2004, were \$10,529,684. The total cost of Stevens County’s programs and services for the year ended December 31, 2004, was \$9,018,259. The net assets of Stevens County’s governmental and business-type activities increased by \$1,511,425.

### Governmental Activities Revenues



### Governmental Activities

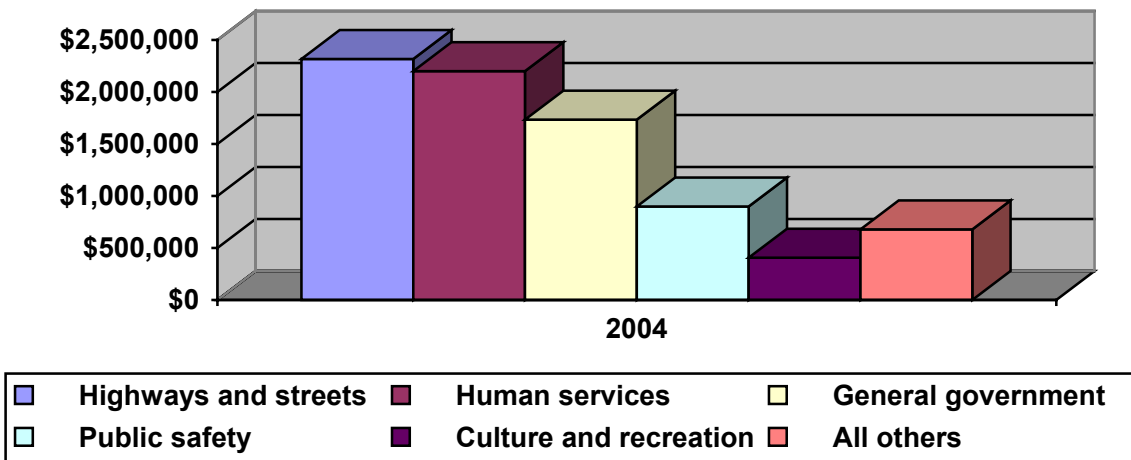
Revenues for Stevens County’s governmental activities for 2004 were \$9,877,170. Stevens County’s costs for all governmental activities for the year 2004 were \$8,234,222. As shown in Stevens County’s Statement of Activities, the amount that Stevens County taxpayers ultimately financed for these governmental activities through local property taxation was \$2,904,168, because \$689,012 of the cost were paid by those who directly benefited from the programs and \$4,610,811 was paid by other governments and organizations that subsidized certain programs with grants and contributions. Stevens County paid for the remaining “public benefit” portion of governmental activities with \$1,280,137 in operating and capital grants and contributions, interest income of \$271,390, and other miscellaneous income of \$121,652.

Table 3 presents the cost of each of Stevens County’s five largest program functions, as well as each function’s net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden placed on Stevens County’s taxpayers by each of these functions.

**Table 3  
Governmental Activities  
Year Ended December 31, 2004**

	Total Cost of Services	Net Cost of Services
Program Expenses		
Highways and streets	\$ 2,316,829	\$ (912,262)
Human services	2,199,955	890,353
General government	1,734,194	1,453,428
Public safety	897,846	742,867
Culture and recreation	406,396	363,987
All others	679,002	396,026
<b>Total Program Expenses</b>	<b>\$ 8,234,222</b>	<b>\$ 2,934,399</b>

**Governmental Activities Expenses**



**Business-Type Activities**

Operating revenues of Stevens County’s business-type activities (see Exhibit 8) for 2004 were \$590,859, and non-operating revenues were \$61,655. Expenses of Stevens County’s business-type activities (see Table 2) for 2004 were \$784,037, leaving a net loss of \$131,523 before transfer in from the County Revenue Fund of \$58,990 resulting in a decrease in net assets of \$72,533.

This compares with total operating revenues of \$682,266 and with total non-operating revenues of \$76,353 for the year ended December 31, 2003. Operating expenses were \$794,676 for the year ended December 31, 2003, resulting in a net loss before operating transfers of \$36,057. In 2003, \$62,124 was transferred in plus amortization of contributed capital resulted in an increase of \$32,989 to retained earnings.

## The County's Funds

At December 31, 2004, the governmental funds (see the balance sheet) showed a combined fund balance of \$8,274,720 that is above last year's total of \$7,915,264 by \$359,456 after adjusting for decrease in inventory for the Road and Bridge Fund of \$41,873.

### General Fund Budgetary Highlights

The Stevens County Board of Commissioners did not make any budgetary amendments/revisions in 2004.

General Fund actual revenues exceeded budget expectations by \$114,397 and actual expenditures exceeded budgeted expenditures by \$633,032. However, taxes collected were \$387,828 less than budgeted, but this was offset by an increase of intergovernmental revenue of \$550,599 over the budgeted amount.

Other variations from the budget occurred when the historical society received \$200,000 more than budgeted due to a request for an advance for a building addition approved by the Board of Commissioners.

Also, the Commissioners approved an unbudgeted request for \$64,953 for snowmobile trails.

Also, an intergovernmental advance of \$194,883 made for highways and streets was not budgeted for.

### Capital Asset and Debt Administration

#### Capital Assets

**Table 4**  
**Capital Assets at Year-End**  
**(Net of Depreciation)**

	Governmental Activities		Business-Type Activities	
	2004	2003	2004	2003
Land	\$ 832,217	\$ 832,217	\$ 6,000	\$ 6,000
Construction in progress	49,381	31,687	-	-
Other improvements	73,753	78,589	-	-
Buildings and improvements	1,208,858	1,262,293	69,920	75,747
Machinery, furniture, and equipment	1,361,045	1,330,750	61,219	91,495
Infrastructure	18,500,949	16,819,897	-	-
Total	<u>\$ 22,026,203</u>	<u>\$ 20,355,433</u>	<u>\$ 137,139</u>	<u>\$ 173,242</u>

The Stevens County's fiscal year 2005 capital outlay budget plans for expenditures of \$329,500. Road and Bridge plans for major equipment purchases of \$218,000, the Sheriff's Office \$23,000 for a new squad car, the Ambulance Service \$70,000 for a new ambulance, and furniture and equipment purchases of \$18,500 for the Recorder's, Auditor/Treasurer's, and Assessor's Offices. Remodeling plans for the courthouse and the building of a new jail facility will be considered in 2005 and, if approved, will require the use of unbudgeted funds from the General Fund reserves.

## **Debt**

Stevens County's long-term liabilities are for compensated absences, and the County has no debt.

## **Economic Factors and Next Year's Budgets and Rates**

- The State of Minnesota finances have been improving but the state continues to project a budget deficit. As of July 1, 2005, the state legislature and governor are undecided on the total state budget and, thus, we do not know how it will affect next year's budget.
- Stevens County's net tax capacity rates have not seen significant change even though the overall net tax levy has continued to increase.
- Stevens County's unemployment rate continues to be one of the lowest in the state.
- County expenditures for 2005 are budgeted to decrease 8.7 percent over 2004 due mostly to the Public Health Nursing budget being taken out of the County Budget, except for an appropriation to Public Health Nursing.
- The net property tax levies are planned to increase 5.9 percent from 2004.
- Planning continues for possible courthouse renovation and a future jail. If both, or either, is proceeded on, it is likely that county reserves will be spent down and, therefore, this will reduce the needed levy for a significant portion of the cost.
- A greater demand for services.
- Settling union contracts and employment-related issues would affect the 2006 budget.

## **Contacting the County's Financial Management**

Stevens County's financial reports provide citizens, taxpayers, customers, investors, and creditors with a general overview of Stevens County's finances, and it shows Stevens County's accountability for the money it receives and spends.

If you have questions about this report or need additional financial information, contact Neil Wiese, Stevens County Auditor/Treasurer by phone at 320-589-7409, by email at [neilwiese@co.stevens.mn.us](mailto:neilwiese@co.stevens.mn.us), or by mail to Stevens County Courthouse, 400 Colorado Avenue, Morris, Minnesota 56267.

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**STEVENS COUNTY  
MORRIS, MINNESOTA**

**EXHIBIT 1**

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

	Governmental Activities	Business-Type Activities	Total
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 7,795,836	\$ 187,084	\$ 7,982,920
Taxes receivable			
Current - net	24,872	-	24,872
Prior - net	2,731	-	2,731
Special assessments receivable			
Deferred - net	407,857	-	407,857
Accounts receivable - net	4,192	193,235	197,427
Accrued interest receivable	48,357	-	48,357
Internal balances	1,452	(1,452)	-
Due from other governments	633,784	-	633,784
Inventories	238,515	-	238,515
Capital assets			
Non-depreciable	881,598	6,000	887,598
Depreciable - net of accumulated depreciation	21,144,605	131,139	21,275,744
<b>Total Assets</b>	<b>\$ 31,183,799</b>	<b>\$ 516,006</b>	<b>\$ 31,699,805</b>
<b><u>Liabilities</u></b>			
Accounts payable	\$ 93,751	\$ 1,930	\$ 95,681
Salaries payable	27,935	1,476	29,411
Contracts payable	55,078	-	55,078
Due to other governments	65,628	-	65,628
Long-term liabilities			
Due within one year	130,855	3,195	134,050
Due in more than one year	118,522	6,332	124,854
<b>Total Liabilities</b>	<b>\$ 491,769</b>	<b>\$ 12,933</b>	<b>\$ 504,702</b>
<b><u>Net Assets</u></b>			
Invested in capital assets	\$ 22,026,203	\$ 137,139	\$ 22,163,342
Restricted for			
General government	107,900	-	107,900
Public safety	11,575	-	11,575
Highways and streets	13,155	-	13,155
Other purposes	892	-	892
Unrestricted	8,532,305	365,934	8,898,239
<b>Total Net Assets</b>	<b>\$ 30,692,030</b>	<b>\$ 503,073</b>	<b>\$ 31,195,103</b>

**STEVENS COUNTY  
MORRIS, 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>Governmental activities</b>		
General government	\$ 1,734,194	\$ 232,971
Public safety	897,846	27,834
Highways and streets	2,316,829	210,433
Sanitation	164,086	90,322
Human services	2,199,955	127,452
Health	101,948	-
Culture and recreation	406,396	-
Conservation of natural resources	355,968	-
Economic development	57,000	-
	<b>\$ 8,234,222</b>	<b>\$ 689,012</b>
<b>Business-type activities</b>		
Ambulance	784,037	590,859
	<b>\$ 9,018,259</b>	<b>\$ 1,279,871</b>

**General revenues and transfers**

Property taxes  
Taxes - other  
Payments in lieu of tax  
Grants and contributions not restricted to specific programs  
Investment income  
Miscellaneous

**Transfers in (out)**

**Total general revenues and transfers**

**Change in Net Assets**

**Net Assets - Beginning**

**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>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ 47,795	\$ -	\$ (1,453,428)	\$ -	\$ (1,453,428)
127,145	-	(742,867)	-	(742,867)
1,022,147	1,996,511	912,262	-	912,262
-	-	(73,764)	-	(73,764)
1,182,150	-	(890,353)	-	(890,353)
2,406	-	(99,542)	-	(99,542)
42,409	-	(363,987)	-	(363,987)
190,248	-	(165,720)	-	(165,720)
-	-	(57,000)	-	(57,000)
<b>\$ 2,614,300</b>	<b>\$ 1,996,511</b>	<b>\$ (2,934,399)</b>	<b>\$ -</b>	<b>\$ (2,934,399)</b>
61,655	-	-	(131,523)	(131,523)
<b>\$ 2,675,955</b>	<b>\$ 1,996,511</b>	<b>\$ (2,934,399)</b>	<b>\$ (131,523)</b>	<b>\$ (3,065,922)</b>
		\$ 2,904,168	\$ -	\$ 2,904,168
		25	-	25
		28,592	-	28,592
		1,280,137	-	1,280,137
		271,390	-	271,390
		93,035	-	93,035
		(58,990)	58,990	-
		<b>\$ 4,518,357</b>	<b>\$ 58,990</b>	<b>\$ 4,577,347</b>
		<b>\$ 1,583,958</b>	<b>\$ (72,533)</b>	<b>\$ 1,511,425</b>
		<b>29,108,072</b>	<b>575,606</b>	<b>29,683,678</b>
		<b>\$ 30,692,030</b>	<b>\$ 503,073</b>	<b>\$ 31,195,103</b>

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**FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUNDS**

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**STEVENS COUNTY  
MORRIS, MINNESOTA**

**EXHIBIT 3**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Ditch</u>	<u>Nonmajor Fund</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>						
Cash and pooled investments	\$ 3,497,087	\$ 1,145,494	\$ 2,643,021	\$ 64,910	\$ 408,189	\$ 7,758,701
Petty cash and change funds	450	50	-	-	-	500
Undistributed cash in agency funds	13,923	4,542	5,880	1,441	849	26,635
Departmental cash	10,000	-	-	-	-	10,000
Taxes receivable						
Current	10,020	4,103	5,313	5,436	-	24,872
Prior	1,426	578	727	-	-	2,731
Special assessments receivable						
Deferred	-	-	-	407,857	-	407,857
Accounts receivable	822	328	1,668	-	1,374	4,192
Accrued interest receivable	48,357	-	-	-	-	48,357
Due from other funds	8,984	30,217	-	-	-	39,201
Due from other governments	58,528	338,826	232,265	-	4,165	633,784
Inventories	-	238,515	-	-	-	238,515
Advance to other funds	384,130	-	-	-	-	384,130
<b>Total Assets</b>	<b><u>\$ 4,033,727</u></b>	<b><u>\$ 1,762,653</u></b>	<b><u>\$ 2,888,874</u></b>	<b><u>\$ 479,644</u></b>	<b><u>\$ 414,577</u></b>	<b><u>\$ 9,579,475</u></b>

**STEVENS COUNTY  
MORRIS, MINNESOTA**

**EXHIBIT 3  
(Continued)**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Ditch</u>	<u>Nonmajor Fund</u>	<u>Total Governmental Funds</u>
<b><u>Liabilities and Fund Balances</u></b>						
<b>Liabilities</b>						
Accounts payable	\$ 31,953	\$ 4,016	\$ 55,443	\$ 200	\$ 2,139	\$ 93,751
Salaries payable	4,682	19,376	3,877	-	-	27,935
Contracts payable	-	55,078	-	-	-	55,078
Due to other funds	16,325	117	8,867	12,440	-	37,749
Due to other governments	45,968	16	19,514	130	-	65,628
Deferred revenue - unavailable	9,009	207,385	9,935	413,275	880	640,484
Advance from other funds	-	-	-	384,130	-	384,130
<b>Total Liabilities</b>	<b>\$ 107,937</b>	<b>\$ 285,988</b>	<b>\$ 97,636</b>	<b>\$ 810,175</b>	<b>\$ 3,019</b>	<b>\$ 1,304,755</b>
<b>Fund Balances</b>						
Reserved for						
Inventories	\$ -	\$ 238,515	\$ -	\$ -	\$ -	\$ 238,515
Boat and water	455	-	-	-	-	455
Advance to other funds	384,130	-	-	-	-	384,130
DARE	5,444	-	-	-	-	5,444
Law library	4,912	-	-	-	-	4,912
Missing heirs	892	-	-	-	-	892
Real estate tax shortfall	84,496	-	-	-	-	84,496
Recorder's equipment purchases	18,492	-	-	-	-	18,492
Sheriff's contingency	5,676	-	-	-	-	5,676
State aid highway projects	-	13,155	-	-	-	13,155
Unreserved						
Designated for						
Future expenditures	1,827,733	986,741	1,086,913	-	-	3,901,387
Cash flows	300,000	150,000	150,000	-	-	600,000
Capital improvements	1,074,879	-	-	-	-	1,074,879
Compensated absences	95,087	88,254	66,036	-	-	249,377
Undesignated	123,594	-	1,488,289	(330,531)	-	1,281,352
Unreserved in nonmajor special revenue fund	-	-	-	-	411,558	411,558
<b>Total Fund Balances</b>	<b>\$ 3,925,790</b>	<b>\$ 1,476,665</b>	<b>\$ 2,791,238</b>	<b>\$ (330,531)</b>	<b>\$ 411,558</b>	<b>\$ 8,274,720</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,033,727</b>	<b>\$ 1,762,653</b>	<b>\$ 2,888,874</b>	<b>\$ 479,644</b>	<b>\$ 414,577</b>	<b>\$ 9,579,475</b>

**STEVENS COUNTY  
MORRIS, 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>\$ 8,274,720</b>
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.	22,026,203
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	640,484
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Compensated absences	<u>(249,377)</u>
<b>Net assets of governmental activities (Exhibit 1)</b>	<b><u>\$ 30,692,030</u></b>

**STEVENS COUNTY  
MORRIS, MINNESOTA**

**EXHIBIT 5**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Ditch</u>	<u>Nonmajor Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Taxes	\$ 1,511,682	\$ 603,414	\$ 781,273	\$ -	\$ -	\$ 2,896,369
Special assessments	-	-	-	161,314	-	161,314
Licenses and permits	19,811	-	-	-	-	19,811
Intergovernmental	1,229,202	3,443,472	1,517,645	-	12,497	6,202,816
Charges for services	206,387	133,411	101,854	-	83,376	525,028
Fines and forfeits	17,438	-	4,300	-	-	21,738
Gifts and contributions	1,605	-	-	-	-	1,605
Investment earnings	271,390	-	-	-	-	271,390
Miscellaneous	110,254	78,571	25,608	-	6,820	221,253
<b>Total Revenues</b>	<b>\$ 3,367,769</b>	<b>\$ 4,258,868</b>	<b>\$ 2,430,680</b>	<b>\$ 161,314</b>	<b>\$ 102,693</b>	<b>\$ 10,321,324</b>
<b>Expenditures</b>						
<b>Current</b>						
General government	\$ 1,647,019	\$ -	\$ -	\$ -	\$ -	\$ 1,647,019
Public safety	890,897	-	-	-	-	890,897
Highways and streets	-	3,869,540	-	-	-	3,869,540
Sanitation	107,353	-	-	-	55,159	162,512
Human services	-	-	2,173,826	-	-	2,173,826
Health	101,948	-	-	-	-	101,948
Culture and recreation	406,396	-	-	-	-	406,396
Conservation	249,970	-	-	107,014	-	356,984
Economic development	57,000	-	-	-	-	57,000
<b>Intergovernmental</b>	<b>194,883</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>194,883</b>
<b>Total Expenditures</b>	<b>\$ 3,655,466</b>	<b>\$ 3,869,540</b>	<b>\$ 2,173,826</b>	<b>\$ 107,014</b>	<b>\$ 55,159</b>	<b>\$ 9,861,005</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (287,697)</b>	<b>\$ 389,328</b>	<b>\$ 256,854</b>	<b>\$ 54,300</b>	<b>\$ 47,534</b>	<b>\$ 460,319</b>
<b>Other Financing Sources (Uses)</b>						
Transfers out	(58,990)	-	-	-	-	(58,990)
<b>Net Change in Fund Balances</b>	<b>\$ (346,687)</b>	<b>\$ 389,328</b>	<b>\$ 256,854</b>	<b>\$ 54,300</b>	<b>\$ 47,534</b>	<b>\$ 401,329</b>
<b>Fund Balance - January 1</b>	<b>4,272,477</b>	<b>1,129,210</b>	<b>2,534,384</b>	<b>(384,831)</b>	<b>364,024</b>	<b>7,915,264</b>
<b>Increase (decrease) in reserved for inventories</b>	<b>-</b>	<b>(41,873)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(41,873)</b>
<b>Fund Balance - December 31</b>	<b>\$ 3,925,790</b>	<b>\$ 1,476,665</b>	<b>\$ 2,791,238</b>	<b>\$ (330,531)</b>	<b>\$ 411,558</b>	<b>\$ 8,274,720</b>

**STEVENS COUNTY  
MORRIS, MINNESOTA**

**EXHIBIT 6**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**Net change in fund balances - total governmental funds (Exhibit 5) \$ 401,329**

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

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

Expenditures for general capital assets, infrastructure, and other related capital assets adjustment	\$ 2,674,390	
Current year depreciation	(952,746)	1,721,644

In the funds, under the modified accrual basis, revenues not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The increase (decrease) in deferred revenues is the adjustment to revenue between the fund financial statements and the statement of activities.

Deferred revenue current year	\$ 640,484	
Deferred revenue prior year	(1,084,638)	(444,154)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (52,988)	
Change in inventories	(41,873)	(94,861)

**Change in net assets of governmental activities (Exhibit 2) \$ 1,583,958**

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**PROPRIETARY FUND**

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STEVENS COUNTY  
MORRIS, MINNESOTA

EXHIBIT 7

STATEMENT OF NET ASSETS  
AMBULANCE ENTERPRISE FUND  
DECEMBER 31, 2004

Assets

**Current assets**

Cash and pooled investments	\$	186,284
Petty cash and change funds		800
Accounts receivable (net)		<u>193,235</u>

**Total current assets** **\$ 380,319**

**Noncurrent assets**

Capital assets		
Nondepreciable	\$	6,000
Depreciable (net)		<u>131,139</u>

**Total noncurrent assets** **\$ 137,139**

**Total Assets** **\$ 517,458**

Liabilities

**Current liabilities**

Accounts payable	\$	1,930
Salaries payable		1,476
Compensated absences payable - current		3,195
Due to other funds		<u>1,452</u>

**Total current liabilities** **\$ 8,053**

**Noncurrent liabilities**

Compensated absences payable - long-term		<u>6,332</u>
--	--	--------------

**Total Liabilities** **\$ 14,385**

Net Assets

Invested in capital assets	\$	137,139
Unrestricted		<u>365,934</u>

**Total Net Assets** **\$ 503,073**

**STEVENS COUNTY  
MORRIS, MINNESOTA**

**EXHIBIT 8**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AMBULANCE ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>Operating Revenues</b>	
Charges for services	\$ 588,225
Miscellaneous	2,634
	<hr/>
<b>Total Operating Revenues</b>	<b>\$ 590,859</b>
<b>Operating Expenses</b>	
Personal services	\$ 395,459
Ambulance operations	189,388
Emergency medical services training	15,383
Bad debts	136,151
Depreciation	47,656
	<hr/>
<b>Total Operating Expenses</b>	<b>\$ 784,037</b>
<b>Operating Income</b>	<b>\$ (193,178)</b>
<b>Nonoperating Revenues (Expenses)</b>	
Intergovernmental	\$ 59,255
Gifts and contributions	2,400
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 61,655</b>
<b>Income before transfers</b>	<b>\$ (131,523)</b>
Transfers in	58,990
	<hr/>
<b>Change in Net Assets</b>	<b>\$ (72,533)</b>
<b>Net Assets - January 1</b>	<b>575,606</b>
	<hr/>
<b>Net Assets - December 31</b>	<b>\$ 503,073</b>
	<hr/> <hr/>

**STEVENS COUNTY  
MORRIS, MINNESOTA**

**EXHIBIT 9**

**STATEMENT OF CASH FLOWS  
AMBULANCE ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004  
Increase (Decrease) in Cash and Cash Equivalents**

<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 431,949
Payments to suppliers	(204,054)
Payments to employees	(406,605)
	<b>\$ (178,710)</b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Operating transfers in	\$ 58,990
Contributions	2,400
Intergovernmental	59,255
	<b>\$ 120,645</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchases of capital assets	\$ (11,553)
	<b>\$ (69,618)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (69,618)</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>256,702</b>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 187,084</b>
<b>Cash and Cash Equivalents - Exhibit 7</b>	
Cash and pooled investments	\$ 186,284
Petty cash and change funds	800
	<b>\$ 187,084</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ (193,178)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 47,656
Bad debts expense	136,151
(Increase) decrease in accounts receivable	(158,910)
Increase (decrease) in accounts payable	495
Increase (decrease) in salaries payable	1,080
Increase (decrease) in compensated absences payable	(12,226)
Increase (decrease) in due to other funds	222
	<b>\$ 14,468</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (178,710)</b>

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**FIDUCIARY FUNDS**

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STEVENS COUNTY  
MORRIS, MINNESOTA

*EXHIBIT 10*

FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
DECEMBER 31, 2004

	<u>Agency</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ 916,285
Due from other governments	<u>15</u>
<b>Total Assets</b>	<b><u>\$ 916,300</u></b>
<b><u>Liabilities</u></b>	
Due to other governments	\$ 892,808
Advance taxes	<u>23,492</u>
<b>Total Liabilities</b>	<b><u>\$ 916,300</u></b>

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**STEVENS COUNTY  
MORRIS, MINNESOTA**

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

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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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in GAAP and used by the County are discussed below.

In June 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*. The significant changes in the statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the County's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the County's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements). The County has elected to implement all provisions of the statement in the current year.

A. Financial Reporting Entity

Stevens County was established February 20, 1862, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. 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.

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Joint Ventures

The County participates in several joint ventures which are described in Note 6.C. The County also participates in jointly-governed organizations which are described in Note 6.D.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net assets and the statement of activities) display information about the County. 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.

In the government-wide statement of net assets, both the governmental and business-type 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 and different business-type activity 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 restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements (Continued)

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, proprietary, and fiduciary--are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. The remaining governmental fund, the Solid Waste Special Revenue Fund, is reported as a nonmajor fund.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

The County reports the following major governmental funds:

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

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

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

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

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The County reports the following major enterprise fund:

The Ambulance Fund is used to account for the operations of the County ambulance service. Financing is provided by user service charges and a County subsidy.

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, proprietary fund, 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 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. Stevens County considers all revenues to be *available* if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

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 Cash Equivalents

The County has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County 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 \$271,390.

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

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

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

2. Deposits and Investments (Continued)

- (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.

3. Receivables and Payables

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

All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

3. Receivables and Payables (Continued)

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

All receivables 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 delinquent taxes receivable.

4. Inventories

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories in proprietary funds and at the government-wide level are recorded as expenses when consumed.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

5. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the County did not have any capitalized interest.

Property, plant, and equipment of the County, as well as its component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 - 40
Improvements, other than buildings	20 - 35
Public domain infrastructure	15 - 70
Furniture, equipment, and vehicles	3 - 15

6. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide and proprietary 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.

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.

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund type fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

9. Fund Equity

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

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 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. Stewardship, Compliance, and Accountability

A. Deficit Fund Equity

Ditch Fund Deficits

Of 30 drainage systems, 15 have incurred expenditures in excess of revenues and available resources. These deficits will be eliminated with future special assessment levies against benefited properties. The following summary shows the fund balances of the Ditch Special Revenue Fund as of December 31, 2004.

Account balances	\$ 11,990
Account deficits	<u>(342,521)</u>
Fund Balance	<u>\$ (330,531)</u>

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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2. Stewardship, Compliance, and Accountability

A. Deficit Fund Equity

Ditch Fund Deficits (Continued)

For internal purposes, the County accounts for its ditches on the accrual basis. Under the full accrual basis where revenues are recognized when earned, the Ditch Fund reports a positive fund balance of \$82,744 with only four ditches reporting deficits.

3. 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	\$ 7,944,985
Petty cash and change funds	1,300
Undistributed cash in agency funds	26,635
Departmental cash	10,000
Fiduciary funds	
Cash and pooled investments	
Agency funds	<u>916,285</u>
 Total Cash and Investments	 <u>\$ 8,899,205</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 \$2,505,386. The bank balance deposit amount was \$2,151,776. 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.

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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3. 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	\$ 302,942
Collateralized with securities held by the pledging financial institution's agent in the County's name	<u>1,848,834</u>
Total covered deposits	\$ 2,151,776
Uncollateralized	<u>-</u>
Total	<u>\$ 2,151,776</u>

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:

**STEVENS COUNTY  
MORRIS, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

	Category			Fair Value
	1	2	3	
U.S. government securities	\$ 2,166,019	\$ -	\$ 3,415,169	\$ 5,581,188
Negotiable certificates of deposit	326,333	-	419,233	745,566
Total Investments	\$ 2,492,352	\$ -	\$ 3,834,402	\$ 6,326,754
Add				
Cash on hand				1,300
Departmental cash				10,000
Non-interest bearing checking				85,538
Interest bearing checking				280,842
Money market savings				2,054,510
Certificates of deposit				84,496
Minnesota Association of Governments Investing for Counties (MAGIC) Fund				55,765
Total Cash and Investments				\$ 8,899,205

2. Receivables

Receivables as of December 31, 2004, for the County's governmental activities and business-type 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	\$ 27,603	\$ -
Special assessments	407,857	314,599
Due from other governments	633,784	-
Accounts	4,192	-
Interest	48,357	-
Total Governmental Activities	\$ 1,121,793	\$ 314,599
Business-Type Activities		
Accounts (net)	\$ 193,235	\$ -

**STEVENS COUNTY  
MORRIS, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

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

Governmental Activities

	Restated Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 832,217	\$ -	\$ -	\$ 832,217
Construction in progress	31,687	18,514	820	49,381
<b>Total capital assets not depreciated</b>	<b>\$ 863,904</b>	<b>\$ 18,514</b>	<b>\$ 820</b>	<b>\$ 881,598</b>
Capital assets depreciated				
Improvements other than buildings	\$ 96,718	\$ -	\$ -	\$ 96,718
Building improvements	-	5,939	-	5,939
Buildings	2,896,172	-	-	2,896,172
Machinery, furniture, and equipment	3,598,441	289,766	510,369	3,377,838
Infrastructure	25,221,210	2,315,961	-	27,537,171
<b>Total capital assets depreciated</b>	<b>\$ 31,812,541</b>	<b>\$ 2,611,666</b>	<b>\$ 510,369</b>	<b>\$ 33,913,838</b>
Less: accumulated depreciation for				
Improvements other than buildings	\$ 18,129	\$ 4,836	\$ -	\$ 22,965
Building improvements	25	297	-	322
Buildings	1,633,879	59,052	-	1,692,931
Machinery, furniture, and equipment	2,267,666	253,652	504,525	2,016,793
Infrastructure	8,401,313	634,909	-	9,036,222
<b>Total accumulated depreciation</b>	<b>\$ 12,321,012</b>	<b>\$ 952,746</b>	<b>\$ 504,525</b>	<b>\$ 12,769,233</b>
<b>Total capital assets depreciated, net</b>	<b>\$ 19,491,529</b>	<b>\$ 1,658,920</b>	<b>\$ 5,844</b>	<b>\$ 21,144,605</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 20,355,433</b>	<b>\$ 1,677,434</b>	<b>\$ 6,664</b>	<b>\$ 22,026,203</b>

The beginning capital assets from the prior audit of \$6,856,885 were increased by adding infrastructure of \$25,221,210, construction in progress of \$30,867, and right-of-ways of \$567,483.

**STEVENS COUNTY  
MORRIS, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Business-Type Activities

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Capital assets depreciated				
Land improvements	\$ 10,042	\$ -	\$ -	\$ 10,042
Buildings	145,660	-	-	145,660
Machinery, furniture, and equipment	<u>393,647</u>	<u>11,553</u>	<u>25,672</u>	<u>379,528</u>
Total capital assets depreciated	<u>\$ 549,349</u>	<u>\$ 11,553</u>	<u>\$ 25,672</u>	<u>\$ 535,230</u>
Less: accumulated depreciation for				
Land improvements	\$ 10,042	\$ -	\$ -	\$ 10,042
Buildings	69,913	5,827	-	75,740
Machinery, furniture, and equipment	<u>302,152</u>	<u>41,829</u>	<u>25,672</u>	<u>318,309</u>
Total accumulated depreciation	<u>\$ 382,107</u>	<u>\$ 47,656</u>	<u>\$ 25,672</u>	<u>\$ 404,091</u>
Total capital assets depreciated, net	<u>\$ 167,242</u>	<u>\$ (36,103)</u>	<u>\$ -</u>	<u>\$ 131,139</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 173,242</u></u>	<u><u>\$ (36,103)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 137,139</u></u>

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

Governmental Activities	
General government	\$ 75,600
Public safety	36,154
Highways and streets, including depreciation of infrastructure assets	828,678
Human services	11,858
Sanitation	<u>456</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 952,746</u></u>
Business-Type Activities	
Ambulance	<u>\$ 47,656</u>

**STEVENS COUNTY  
MORRIS, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

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	Human Services Road and Bridge	\$ 8,867 117
Total Due to General Fund		\$ 8,984
Road and Bridge	General Ditch Ambulance	\$ 16,325 12,440 1,452
Total Due to Road and Bridge Fund		\$ 30,217
Total Due To/From Other Funds		\$ 39,201

2. Advance From/To Other Funds

Receivable Fund	Payable Fund	Amount
General	Ditch	\$ 384,130

3. Interfund Transfers

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

Transfers to Ambulance Enterprise Fund from General Fund	\$ 58,990	Budget allocation
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**STEVENS COUNTY  
MORRIS, MINNESOTA**

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3. Detailed Notes on All Funds (Continued)

C. Liabilities

1. Payables

Payables at December 31, 2004, were as follows:

	Governmental Activities	Business-Type Activities
Accounts	\$ 93,751	\$ 1,930
Salaries	27,935	1,476
Contracts	55,078	-
Due to other governments	65,628	-
Total Payables	\$ 242,392	\$ 3,406

2. Deferred Revenue

Deferred revenue as of December 31, 2004, year-end for the County's governmental funds are as follows:

	Deferred Revenue Unavailable
Taxes and special assessments	\$ 428,718
State aid highway allotments	160,241
Charges for services	5,964
Grants	45,561
Total Governmental Activities	\$ 640,484

3. Changes in Long-Term Liabilities

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

**STEVENS COUNTY  
MORRIS, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

3. Changes in Long-Term Liabilities (Continued)

Governmental Activities

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 196,389	\$ 241,809	\$ 188,821	\$ 249,377	\$ 130,855

Business Activities

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 19,836	\$ 9,612	\$ 19,921	\$ 9,527	\$ 3,195

4. Pension Plans

A. Plan Description

All full-time and certain part-time employees of Stevens 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 and the Public Employees Police and Fire Fund, which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356.

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.

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.

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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4. Pension Plans

A. Plan Description (Continued)

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. Using 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 the Public Employees Police and Fire Fund members, the annuity accrual rate is three percent of average salary for each year of service.

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

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 and the Public Employees Police and Fire 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.

B. 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

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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4. Pension Plans

B. Funding Policy (Continued)

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.

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

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

	<u>Public Employees Retirement Fund</u>	<u>Public Employees Police and Fire Fund</u>
2004	\$ 180,462	\$ 22,549
2003	172,981	23,370
2002	162,437	25,331

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

5. 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 for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County self-insures for employee health and dental 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.

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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5. Risk Management (Continued)

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$720,000 per claim in 2004 and \$760,000 in 2005. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

6. Summary of Significant Contingencies and Other Items

A. 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.

B. Claims and Litigation

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 County.

C. Joint Ventures

Area Agency on Aging

The Area Agency on Aging was established June 2, 1982, by a joint powers agreement among Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, and Wilkin Counties. The agreement was established to administer all aspects of the Older

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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6. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Area Agency on Aging (Continued)

Americans Act by providing programs to meet the needs of the elderly in the nine-county area. Each county may be assessed a proportional share of the 25 percent of the administrative costs incurred in carrying out this agreement. Each county's proportional share of this 25 percent of the administrative costs will be based upon the number of persons age 60 or older living within that county.

Any county may withdraw by providing notice to the chair of the Board 90 days prior to the beginning of the fiscal year. The chair shall forward a copy to each of the counties. Withdrawal shall not act to discharge any liability incurred or chargeable to any county before the effective date of withdrawal.

Control is vested in the West Central Board on Aging. The Board consists of one Commissioner from each of the counties. Each member of the Board is appointed by the County Commissioners of the County he or she represents.

Complete financial information can be obtained from:

Area Agency on Aging  
P. O. Box 726  
Fergus Falls, Minnesota 56537

Mid-State Community Health Services

Grant, Pope, Stevens, and Traverse Counties entered into a joint powers agreement creating and operating the Mid-State Community Health Services pursuant to Minn. Stat. § 471.59. During 1994, Stevens Traverse Grant Public Health Nursing Service began receiving and administering the grant money.

Complete financial information can be obtained from:

Mid-State Community Health Services  
621 Pacific Avenue  
Morris, Minnesota 56267

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MORRIS, MINNESOTA**

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6. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Stevens Traverse Grant Public Health Nursing Service

Stevens County entered into a joint powers agreement creating and operating the Stevens Traverse Grant Public Health Nursing Service, pursuant to Minn. Stat. § 471.59. The Nursing Service is headquartered in Morris, Minnesota, and has other offices in Wheaton, Minnesota and Elbow Lake, Minnesota.

The management of the Nursing Service is vested in the Joint Public Health Nursing Board, which consists of nine members, three Commissioners from Stevens County, Traverse County, and Grant County.

Financing is provided by state grants, appropriations from Stevens, Traverse, and Grant Counties, and charges for services. Stevens County's contribution for 2004 was \$101,948 (42.24%) based on a Cost Allocation Plan developed by Fiscal Officer Karen Folkens.

Complete financial statements for the Stevens Traverse Grant Public Health Nursing Service can be obtained from:

Stevens Traverse Grant Public Health Nursing Service  
621 Pacific Avenue  
Morris, Minnesota 56267

Rainbow Rider Transit Board

Douglas, Pope, Stevens, and Traverse Counties entered into a joint powers agreement to establish a West Central Multi-County Joint Powers Transit Board (Rainbow Rider) effective December 1, 1994, and empowered under Minn. Stat. § 471.59. Effective January 13, 2000, the Board changed its name from West Central Multi-County Joint Powers Transit Board to Rainbow Rider Transit Board. The purpose of the Board is to provide coordinated service delivery and a funding source for public transportation. The Board consists of two members appointed by each member County from its County Board for terms of one year each.

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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6. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Rainbow Rider Transit Board (Continued)

Complete financial information can be obtained from:

Rainbow Rider  
P. O. Box 136  
Lowry, Minnesota 56349

Minnesota River Basin

The Minnesota River Basin Joint Powers Board was established July 12, 1995, by an agreement between Stevens County and 30 other counties. The agreement was made to promote orderly water quality improvement and management of the Minnesota River Watershed. Each county is responsible for its proportionate share of the administrative budget and for its share of benefits from any special project.

In the event of termination of the agreement, all property, real and personal, held by the Joint Powers Board shall be distributed by resolution of the policy committee to best accomplish the continuing purpose of the project.

Control is vested in an executive board of five officers elected from the membership of the Joint Powers Board, consisting of one representative and alternate from each County Board of Commissioners included in this agreement.

During 2004, Stevens County did not contribute any funds to the Joint Powers Board. Complete financial information can be obtained from:

Minnesota River Basin Joint Powers Board  
Administration Building No. 14  
600 East 4th Street  
Chaska, Minnesota 55318

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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6. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Prime West Central County-Based Purchasing Initiative

The Prime West Central County-Based Purchasing Initiative was established December 1998 by a joint powers agreement among Stevens County and nine other counties under the authority of Minn. Stat. § 471.59. The purpose of this agreement is to plan and administer a multi-county, county-based purchasing program for medical assistance and general assistance medical care services and other health care programs as authorized by Minn. Stat. § 256B.692.

Control of the Prime West Central County-Based Purchasing Initiative is vested in a Joint Powers Board, comprised of one commissioner from each member county. Each member of the Board is appointed by the County Commissioners of the County he or she represents.

In the event of termination of the joint powers agreement, all property purchased or owned pursuant to this agreement shall be sold and the proceeds, together with monies on hand, will be distributed to the current members based on their proportional share of each member's county-based purchasing eligible population.

Financing is provided by medical assistance and general assistance medical care payments from the Minnesota Department of Human Services, initial start-up loans from the member counties, and by proportional contributions from member counties, if necessary, to cover operational costs.

Complete financial information can be obtained from:

Prime West Health Systems  
Douglas County Courthouse  
305 - 8th Avenue West  
Alexandria, Minnesota 56308

Regional Fitness Center

Stevens County, along with the University of Minnesota, the City of Morris, and Independent School District Number 769, entered into a joint powers agreement under the authority of Minn. Stat. § 471.59 to establish and construct a Regional Fitness Center.

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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6. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Regional Fitness Center (Continued)

Control of the Regional Fitness Center is vested in a Joint Powers Board, composed of one member of the Stevens County Board of Commissioners, four members from the University of Minnesota, one member of the Morris City Council, one member of the School Board, and one member from the community at large.

In the event of termination of the joint powers agreement, any surplus monies generated by the operation of the Regional Fitness Center and any movable equipment shall be returned to the parties in proportion to their original contribution. The building, property, and all non-movable equipment and fixtures shall belong to the University of Minnesota.

Financing is provided by the 1998 Minnesota legislative appropriation of \$2,500,000 to the University of Minnesota and contribution in the amount of \$2,500,000 from the other parties to this agreement. Stevens County's share is \$200,000 to be paid over a period of five years. Operational and maintenance expenses will be covered by membership fees and other income generated by the Regional Fitness Center. During 2004, Stevens County did not contribute any funds to the Regional Fitness Center.

Complete financial information can be obtained from:

Morris Area Schools  
201 South Columbia Avenue  
Morris, Minnesota 56267

Pomme de Terre River Association

The Pomme de Terre River Association Joint Powers Board was established August 11, 1981, by an agreement between Stevens County and five other counties and their respective soil and water conservation districts. The agreement was made to develop and implement plans to protect property from damage of flooding, control erosion of land, protect streams and lakes from sedimentation and pollution, and maintain or improve the quality of water in the streams, lakes, and ground water lying within the boundaries of the watershed of the Pomme de Terre River. Administrative costs are apportioned equally to the soil and water conservation districts based on actual costs.

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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6. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Pomme de Terre River Association (Continued)

Control is vested in a Joint Powers Board, comprised of one representative of each County Board of Commissioners and one representative from each soil and water conservation district board of supervisors included within the agreement.

During 2004, Stevens County did not contribute any funds to the Joint Powers Board. Complete financial information can be obtained from:

Pomme de Terre Association Joint Powers Board  
900 Roberts Street, Suite 104  
Alexandria, Minnesota 56308

D. Jointly-Governed Organizations

Stevens County, in conjunction with other governmental entities and various private organizations, formed the jointly-governed organizations listed below.

Western Area City/County Co-op

Stevens County and 24 other cities and counties entered into a joint powers agreement to establish the Western Area City/County Co-op (WACCO) Joint Powers Board, effective September 5, 1995, and empowered under Minn. Stat. § 471.59. The purpose of the Board is to establish a resource network that identifies common needs of the individual governmental units and reduce the financial burden on each of its members through the cooperative sharing of existing resources. The management and control of WACCO is vested in a Board of Directors composed of a representative appointed by each member city and county.

District IV Transportation Planning

Stevens County and 13 other cities and counties entered into a joint powers agreement to establish the District IV Transportation Planning Joint Powers Board, effective December 11, 1996, and empowered under Minn. Stat. § 471.59. The purpose of the Board is to develop a multi-modal transportation plan for the geographical jurisdiction of the member cities and counties. The Board is composed of 14 members, with one member appointed by each member city and county.

**STEVENS COUNTY  
MORRIS, MINNESOTA**

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6. Summary of Significant Contingencies and Other Items

D. Jointly-Governed Organizations (Continued)

Stevens County Family Services Collaborative

The Stevens County Family Services Collaborative was established in 1997 under the authority of Minn. Stat. § 124D.23. The Collaborative includes Stevens County, Independent School District No. 771, the Stevens Traverse Grant Joint Powers Public Health Nursing Board, the Stevens Community Medical Center, and Rural Minnesota CEP, Inc. The purpose of the Collaborative is to provide coordinated family services and to commit resources to an integrated fund.

Control of the Stevens County Family Services Collaborative is vested in a Board of Directors, which is composed of one member appointed by each member party. The persons so appointed shall appoint two consumer representatives by the majority vote of the Board.

In the event of withdrawal from the Stevens County Family Services Collaborative, the withdrawing party shall give a 90-day notice. The withdrawing party shall not be entitled to a refund of monies contributed to the Collaborative prior to the effective date of withdrawal. The Board shall continue to exist if the Collaborative is terminated for the limited purpose of discharging the Board's debts and liabilities, settling its affairs, and disposing of its property, if any.

Financing is provided by state and federal grants and contributions from its member parties. Stevens County, in an agent capacity, reports the cash transactions of the Stevens County Family Services Collaborative as an agency fund on its financial statements. During 2004, the County did not contribute any funds to the Collaborative.

E. Related Organization

Stevens County Housing and Redevelopment Authority

The County Board chair appoints a voting majority on the Stevens County Housing and Redevelopment Authority (HRA). In 2004, Stevens County did not appropriate any funds to the HRA. The County's accountability for the organization does not extend beyond making the appointments.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**STEVENS COUNTY  
MORRIS, 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	\$ 1,899,510	\$ 1,899,510	\$ 1,511,682	\$ (387,828)
Licenses and permits	14,000	14,000	19,811	5,811
Intergovernmental	678,603	678,603	1,229,202	550,599
Charges for services	269,000	269,000	206,387	(62,613)
Fines and forfeits	-	-	17,438	17,438
Gifts and contributions	-	-	1,605	1,605
Investment earnings	300,000	300,000	271,390	(28,610)
Miscellaneous	92,259	92,259	110,254	17,995
<b>Total Revenues</b>	<b>\$ 3,253,372</b>	<b>\$ 3,253,372</b>	<b>\$ 3,367,769</b>	<b>\$ 114,397</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 192,560	\$ 192,560	\$ 190,027	\$ 2,533
Law library	15,000	15,000	16,291	(1,291)
County coordinator	84,338	84,338	86,577	(2,239)
County auditor/treasurer	262,702	262,702	270,737	(8,035)
County assessor	173,754	173,754	142,957	30,797
Elections	16,500	16,500	17,976	(1,476)
Accounting and auditing	25,000	25,000	26,269	(1,269)
Data processing	146,180	146,180	149,397	(3,217)
Attorney	145,696	145,696	152,991	(7,295)
Recorder	188,350	188,350	161,844	26,506
Planning and zoning	36,955	36,955	12,952	24,003
Buildings and plant	266,122	266,122	288,052	(21,930)
Veterans service officer	27,359	27,359	45,887	(18,528)
Unallocated	70,500	70,500	85,062	(14,562)
<b>Total general government</b>	<b>\$ 1,651,016</b>	<b>\$ 1,651,016</b>	<b>\$ 1,647,019</b>	<b>\$ 3,997</b>
<b>Public safety</b>				
Sheriff	\$ 722,152	\$ 722,152	\$ 746,655	\$ (24,503)
Coroner	6,000	6,000	15,679	(9,679)
Safety coordinator	7,430	7,430	12,193	(4,763)
E-911 system	9,750	9,750	10,547	(797)
Probation and parole	61,500	61,500	63,489	(1,989)
Civil defense	11,609	11,609	42,334	(30,725)
<b>Total public safety</b>	<b>\$ 818,441</b>	<b>\$ 818,441</b>	<b>\$ 890,897</b>	<b>\$ (72,456)</b>
<b>Sanitation</b>				
Solid waste	\$ 3,700	\$ 3,700	\$ -	\$ 3,700
Recycling	83,916	83,916	57,542	26,374
Hazardous waste	48,616	48,616	49,811	(1,195)
<b>Total sanitation</b>	<b>\$ 136,232</b>	<b>\$ 136,232</b>	<b>\$ 107,353</b>	<b>\$ 28,879</b>

**STEVENS COUNTY  
MORRIS, MINNESOTA**

*Schedule 1*

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Health</b>				
Nursing service	\$ -	\$ -	\$ 101,948	\$ (101,948)
<b>Culture and recreation</b>				
Historical society	\$ 93,860	\$ 93,860	\$ 293,860	\$ (200,000)
Regional library	47,583	47,583	47,583	-
Snowmobile trails	-	-	64,953	(64,953)
<b>Total culture and recreation</b>	<b>\$ 141,443</b>	<b>\$ 141,443</b>	<b>\$ 406,396</b>	<b>\$ (264,953)</b>
<b>Conservation of natural resources</b>				
County extension	\$ 95,562	\$ 95,562	\$ 80,686	\$ 14,876
Soil and water conservation	89,000	89,000	89,000	-
Agricultural inspections	9,240	9,240	8,727	513
Agricultural society/county fair	22,000	22,000	53,864	(31,864)
Predator control	2,500	2,500	3,767	(1,267)
Other	-	-	13,926	(13,926)
<b>Total conservation of natural resources</b>	<b>\$ 218,302</b>	<b>\$ 218,302</b>	<b>\$ 249,970</b>	<b>\$ (31,668)</b>
<b>Economic development</b>				
Industrial development	\$ 57,000	\$ 57,000	\$ 57,000	\$ -
<b>Intergovernmental</b>				
Highways and streets	\$ -	\$ -	\$ 194,883	\$ (194,883)
<b>Total Expenditures</b>	<b>\$ 3,022,434</b>	<b>\$ 3,022,434</b>	<b>\$ 3,655,466</b>	<b>\$ (633,032)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>				
	\$ 230,938	\$ 230,938	\$ (287,697)	\$ (518,635)
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	(58,990)	(58,990)
<b>Net Change in Fund Balance</b>	<b>\$ 230,938</b>	<b>\$ 230,938</b>	<b>\$ (346,687)</b>	<b>\$ (577,625)</b>
<b>Fund Balance - January 1</b>	<b>4,272,477</b>	<b>4,272,477</b>	<b>4,272,477</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 4,503,415</b>	<b>\$ 4,503,415</b>	<b>\$ 3,925,790</b>	<b>\$ (577,625)</b>

**STEVENS COUNTY  
MORRIS, MINNESOTA**

*Schedule 2*

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

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 686,256	\$ 686,256	\$ 603,414	\$ (82,842)
Intergovernmental	3,279,344	3,279,344	3,443,472	164,128
Charges for services	120,000	120,000	133,411	13,411
Miscellaneous	60,000	60,000	78,571	18,571
<b>Total Revenues</b>	<b>\$ 4,145,600</b>	<b>\$ 4,145,600</b>	<b>\$ 4,258,868</b>	<b>\$ 113,268</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 234,044	\$ 234,044	\$ 246,357	\$ (12,313)
Maintenance	896,655	896,655	893,574	3,081
Construction	2,621,384	2,621,384	2,336,578	284,806
Equipment maintenance and shop	397,936	397,936	385,593	12,343
Materials and services for resale	6,481	6,481	7,438	(957)
<b>Total Expenditures</b>	<b>\$ 4,156,500</b>	<b>\$ 4,156,500</b>	<b>\$ 3,869,540</b>	<b>\$ 286,960</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (10,900)</b>	<b>\$ (10,900)</b>	<b>\$ 389,328</b>	<b>\$ 400,228</b>
<b>Fund Balance - January 1</b>	<b>1,129,210</b>	<b>1,129,210</b>	<b>1,129,210</b>	<b>-</b>
<b>Increase (decrease) in reserved for inventories</b>	<b>-</b>	<b>-</b>	<b>(41,873)</b>	<b>(41,873)</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,118,310</b>	<b>\$ 1,118,310</b>	<b>\$ 1,476,665</b>	<b>\$ 358,355</b>

**STEVENS COUNTY  
MORRIS, MINNESOTA**

*Schedule 3*

**BUDGETARY COMPARISON SCHEDULE  
HUMAN SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 888,583	\$ 888,583	\$ 781,273	\$ (107,310)
Intergovernmental	1,381,709	1,381,709	1,517,645	135,936
Charges for services	52,251	52,251	101,854	49,603
Fines and forfeits	-	-	4,300	4,300
Miscellaneous	11,000	11,000	25,608	14,608
<b>Total Revenues</b>	<b>\$ 2,333,543</b>	<b>\$ 2,333,543</b>	<b>\$ 2,430,680</b>	<b>\$ 97,137</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 413,298	\$ 413,298	\$ 379,930	\$ 33,368
Social services	1,996,335	1,996,335	1,793,896	202,439
<b>Total Expenditures</b>	<b>\$ 2,409,633</b>	<b>\$ 2,409,633</b>	<b>\$ 2,173,826</b>	<b>\$ 235,807</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (76,090)</b>	<b>\$ (76,090)</b>	<b>\$ 256,854</b>	<b>\$ 332,944</b>
<b>Fund Balance - January 1</b>	<b>2,534,384</b>	<b>2,534,384</b>	<b>2,534,384</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,458,294</b>	<b>\$ 2,458,294</b>	<b>\$ 2,791,238</b>	<b>\$ 332,944</b>

**STEVENS COUNTY  
MORRIS, MINNESOTA**

*Schedule 4*

**BUDGETARY COMPARISON SCHEDULE  
DITCH 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>				
Special assessments	\$ 390,500	\$ 390,500	\$ 161,314	\$ (229,186)
<b>Expenditures</b>				
<b>Current</b>				
Conservation of natural resources				
Drainage ditches	390,500	390,500	107,014	283,486
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ -	\$ -	\$ 54,300	\$ 54,300
<b>Fund Balance - January 1</b>	<u>(384,831)</u>	<u>(384,831)</u>	<u>(384,831)</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ (384,831)</u>	<u>\$ (384,831)</u>	<u>\$ (330,531)</u>	<u>\$ 54,300</u>

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**STEVENS COUNTY  
MORRIS, MINNESOTA**

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

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1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

On or before mid-June of each year, all departments and agencies submit requests for appropriations to the County Auditor/Treasurer so that a budget can be prepared. Before October 31, the proposed budget is presented to the County Board for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a 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. During the year, the Board made no budgetary amendments.

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The following is a summary of individual funds that had expenditures in excess of budget for the year ended December 31, 2004.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 3,655,466	\$ 3,022,434	\$ (633,032)

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**SUPPLEMENTARY INFORMATION**

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**STEVENS COUNTY  
MORRIS, MINNESOTA**

*Schedule 5*

**BUDGETARY COMPARISON SCHEDULE  
SOLID WASTE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 12,497	\$ 12,497
Charges for services	82,445	82,445	83,376	931
Miscellaneous	-	-	6,820	6,820
<b>Total Revenues</b>	<b>\$ 82,445</b>	<b>\$ 82,445</b>	<b>\$ 102,693</b>	<b>\$ 20,248</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Sanitation</b>				
Solid waste	82,445	82,445	55,159	27,286
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 47,534</b>	<b>\$ 47,534</b>
<b>Fund Balance - January 1</b>	<b>364,024</b>	<b>364,024</b>	<b>364,024</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 364,024</b>	<b>\$ 364,024</b>	<b>\$ 411,558</b>	<b>\$ 47,534</b>

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**FIDUCIARY FUNDS**

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**STEVENS COUNTY  
MORRIS, MINNESOTA**

*Statement 1*

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

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b><u>MID-STATE COMMUNITY HEALTH SERVICE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 136,258	\$ 725,905	\$ 736,460	\$ 125,703
<b><u>Liabilities</u></b>				
Due to other governments	\$ 136,258	\$ 725,905	\$ 736,460	\$ 125,703
 <b><u>SCHOOL DISTRICTS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 12,987	\$ 1,862,346	\$ 1,875,333	\$ -
<b><u>Liabilities</u></b>				
Due to other governments	\$ 12,987	\$ 1,862,346	\$ 1,875,333	\$ -
 <b><u>STATE REVENUE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 20,659	\$ 223,930	\$ 227,919	\$ 16,670
Due from other governments	15	-	-	15
<b>Total Assets</b>	<b>\$ 20,674</b>	<b>\$ 223,930</b>	<b>\$ 227,919</b>	<b>\$ 16,685</b>
<b><u>Liabilities</u></b>				
Due to other governments	\$ 20,674	\$ 223,930	\$ 227,919	\$ 16,685

**STEVENS COUNTY  
MORRIS, MINNESOTA**

*Statement 1  
(Continued)*

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

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>STEVENS COUNTY FAMILY SERVICES COLLABORATIVE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 178,067	\$ 168,875	\$ 110,153	\$ 236,789
<b><u>Liabilities</u></b>				
Due to other governments	\$ 178,067	\$ 168,875	\$ 110,153	\$ 236,789
 <b><u>STEVENS TRAVERSE GRANT PUBLIC HEALTH NURSING SERVICE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 373,298	\$ 1,156,629	\$ 1,046,855	\$ 483,072
<b><u>Liabilities</u></b>				
Due to other governments	\$ 373,298	\$ 1,156,629	\$ 1,046,855	\$ 483,072
 <b><u>TAXES AND PENALTIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 19,857	\$ 4,678,397	\$ 4,644,203	\$ 54,051
<b><u>Liabilities</u></b>				
Due to other governments	\$ -	\$ 4,674,762	\$ 4,644,203	\$ 30,559
Advance taxes	19,857	3,635	-	23,492
<b>Total Liabilities</b>	<b>\$ 19,857</b>	<b>\$ 4,678,397</b>	<b>\$ 4,644,203</b>	<b>\$ 54,051</b>

**STEVENS COUNTY  
MORRIS, MINNESOTA**

*Statement 1  
(Continued)*

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

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>TOWNS AND CITIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 9,586	\$ 1,874,189	\$ 1,883,775	\$ -
<b><u>Liabilities</u></b>				
Due to other governments	\$ 9,586	\$ 1,874,189	\$ 1,883,775	\$ -
 <b><u>WATERSHED</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 641	\$ 55,285	\$ 55,926	\$ -
<b><u>Liabilities</u></b>				
Due to other governments	\$ 641	\$ 55,285	\$ 55,926	\$ -
 <b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 751,353	\$ 10,745,556	\$ 10,580,624	\$ 916,285
Due from other governments	15	-	-	15
<b>Total Assets</b>	<b>\$ 751,368</b>	<b>\$ 10,745,556</b>	<b>\$ 10,580,624</b>	<b>\$ 916,300</b>
<b><u>Liabilities</u></b>				
Due to other governments	\$ 731,511	\$ 10,741,921	\$ 10,580,624	\$ 892,808
Advance taxes	19,857	3,635	-	23,492
<b>Total Liabilities</b>	<b>\$ 751,368</b>	<b>\$ 10,745,556</b>	<b>\$ 10,580,624</b>	<b>\$ 916,300</b>

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## **OTHER SCHEDULES**

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**STEVENS COUNTY  
MORRIS, MINNESOTA**

**Schedule 6**

**SCHEDULE OF DEPOSITS AND INVESTMENTS  
DECEMBER 31, 2004**

	<u>Interest Rates (%)</u>	<u>Maturity Dates</u>	<u>Fair Value</u>
<b>Cash and Pooled Investments</b>			
Non-interest bearing checking	-	Continuous	\$ 85,538
Interest bearing checking (2)	0.15	Continuous	280,842
Money market savings (2)	1.73 - 1.94	Continuous	2,054,510
Certificate of deposit	2.80	December 3, 2005	84,496
Brokered certificates of deposit (11)	2.15 - 6.00	March 7, 2005 to May 30, 2007	745,566
Minnesota Association of Governments Investing for Counties (MAGIC) Fund	Variable	Continuous	55,765
Federal Home Loan Mortgage Corporation (3)	3.10 - 4.00	April 27, 2007 to September 1, 2018	572,276
Federal Home Loan Bank (12)	2.00 - 4.00	November 28, 2006 to May 22, 2018	2,089,803
Federal National Mortgage Association Medium-Term Note (3)	2.375 - 4.50	February 15, 2007 to October 30, 2018	735,203
Small Business Administration (12)	Variable	September 25, 2012 to November 25, 2025	1,386,604
Farm Service Agency (3)	5.75 - 6.50	December 8, 2005 to June 15, 2019	797,302
<b>Total Cash and Pooled Investments</b>			<b><u>\$ 8,887,905</u></b>

**STEVENS COUNTY  
MORRIS, MINNESOTA**

**BALANCE SHEET - BY DITCH  
DITCH SPECIAL REVENUE FUND  
DECEMBER 31, 2004**

	Assets				
	Cash	Undistributed Cash	Special Assessments Receivable		Total
			Current	Deferred	
<b>County Ditches</b>					
1	\$ 2,595	\$ 47	\$ -	\$ 5,006	\$ 7,648
2	157	-	-	3,001	3,158
3	188	-	-	3,175	3,363
4	257	-	-	16,113	16,370
5	2,406	-	14	2,337	4,757
6	489	-	-	4,001	4,490
7	377	-	2	-	379
8	33	-	-	500	533
10	3,753	-	-	14,967	18,720
11	3,256	81	-	31,267	34,604
12	652	-	-	-	652
13	1,025	-	-	-	1,025
14	452	-	-	-	452
15	862	957	-	47,091	48,910
16	248	-	-	900	1,148
17	15	-	-	800	815
18	112	-	-	6,001	6,113
20	187	-	-	300	487
21	2,483	113	5,416	133,409	141,421
22	270	-	-	500	770
25	3,362	65	-	-	3,427
27	367	-	-	-	367
29	28	-	-	700	728
30	44	-	-	3,000	3,044
31	1,144	-	-	1,201	2,345
38	534	-	-	8,452	8,986
43	1,132	-	-	-	1,132
<b>Judicial Ditches</b>					
2	2,090	-	-	-	2,090
9	36,262	178	4	124,657	161,101
10/11	130	-	-	479	609
<b>Total</b>	<b>\$ 64,910</b>	<b>\$ 1,441</b>	<b>\$ 5,436</b>	<b>\$ 407,857</b>	<b>\$ 479,644</b>

**Schedule 7**

Accounts Payable	Liabilities					Total	Fund Balance Unreserved Undesignated	Total Liabilities and Fund Balances
	Due to Other Funds	Due to Other Governments	Deferred Revenue	Advances From Other Funds				
\$ 30	\$ 250	\$ -	\$ 5,006	\$ -	\$ 5,286	\$ 2,362	\$ 7,648	
18	877	-	3,001	-	3,896	(738)	3,158	
6	-	-	3,175	1,000	4,181	(818)	3,363	
8	-	-	16,113	42,000	58,121	(41,751)	16,370	
3	5,757	-	2,337	-	8,097	(3,340)	4,757	
3	-	-	4,001	-	4,004	486	4,490	
2	-	-	2	-	4	375	379	
2	-	-	500	-	502	31	533	
8	-	-	14,967	15,000	29,975	(11,255)	18,720	
7	-	-	31,267	32,000	63,274	(28,670)	34,604	
1	-	-	-	-	1	651	652	
2	-	-	-	-	2	1,023	1,025	
1	-	-	-	-	1	451	452	
28	-	-	47,091	41,000	88,119	(39,209)	48,910	
3	-	-	900	500	1,403	(255)	1,148	
3	51	-	800	-	854	(39)	815	
22	953	-	6,001	-	6,976	(863)	6,113	
2	-	-	300	-	302	185	487	
14	-	-	138,826	140,000	278,840	(137,419)	141,421	
2	-	-	500	-	502	268	770	
16	766	-	-	-	782	2,645	3,427	
1	-	-	-	-	1	366	367	
2	-	-	700	-	702	26	728	
8	-	-	3,000	1,000	4,008	(964)	3,044	
6	3,686	-	1,200	-	4,892	(2,547)	2,345	
1	-	-	8,452	10,000	18,453	(9,467)	8,986	
1	100	-	96	-	197	935	1,132	
-	-	-	-	-	-	2,090	2,090	
-	-	-	124,657	101,630	226,287	(65,186)	161,101	
-	-	130	383	-	513	96	609	
<b>\$ 200</b>	<b>\$ 12,440</b>	<b>\$ 130</b>	<b>\$ 413,275</b>	<b>\$ 384,130</b>	<b>\$ 810,175</b>	<b>\$ (330,531)</b>	<b>\$ 479,644</b>	

**STEVENS COUNTY  
MORRIS, MINNESOTA**

**Schedule 8**

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

	<b>Total Governmental Funds</b>	<b>Ambulance Enterprise Fund</b>	<b>Total All Funds</b>
<b>Shared Revenue</b>			
<b>State</b>			
Highway users tax	\$ 2,682,982	\$ -	\$ 2,682,982
HACA	869,228	-	869,228
Mobile home HACA	392	-	392
Market value credit	341,515	-	341,515
PERA rate reimbursement	18,442	-	18,442
Disparity reduction aid	50,560	-	50,560
Police aid	23,587	-	23,587
<b>Total Shared Revenue</b>	<b>\$ 3,986,706</b>	<b>\$ -</b>	<b>\$ 3,986,706</b>
<b>Reimbursement for Services</b>			
<b>State</b>			
Minnesota Department of Human Services	\$ 654,196	\$ -	\$ 654,196
<b>Payments</b>			
<b>Local</b>			
Local grants	\$ -	\$ 44,755	\$ 44,755
Payments in lieu of taxes	28,592	-	28,592
<b>Total Payments</b>	<b>\$ 28,592</b>	<b>\$ 44,755</b>	<b>\$ 73,347</b>
<b>Grants</b>			
<b>State</b>			
Minnesota Department/Board of			
Public Safety	\$ 45,583	\$ -	\$ 45,583
Natural Resources	66,255	-	66,255
Trial Courts	608	-	608
Human Services	332,417	-	332,417
Corrections	16,720	-	16,720
Soil and Water Resources	42,409	-	42,409
Office of Environmental Assistance	61,596	-	61,596
Peace Officer's Board	2,865	-	2,865
<b>Total State</b>	<b>\$ 568,453</b>	<b>\$ -</b>	<b>\$ 568,453</b>
<b>Federal</b>			
Department of			
Agriculture	\$ 2,406	\$ -	\$ 2,406
Transportation	690,417	-	690,417
Health and Human Services	230,791	14,500	245,291
Homeland Security	41,255	-	41,255
<b>Total Federal</b>	<b>\$ 964,869</b>	<b>\$ 14,500</b>	<b>\$ 979,369</b>
<b>Total State and Federal Grants</b>	<b>\$ 1,533,322</b>	<b>\$ 14,500</b>	<b>\$ 1,547,822</b>
<b>Total Intergovernmental Revenue</b>	<b>\$ 6,202,816</b>	<b>\$ 59,255</b>	<b>\$ 6,262,071</b>

**MANAGEMENT AND COMPLIANCE SECTION**

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**STEVENS COUNTY  
MORRIS, 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 Stevens County.
- B. A reportable condition in internal control was disclosed by the audit of financial statements of Stevens 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 Stevens 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 program for Stevens 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 program is:
  - Highway Planning and Construction
  - CFDA #20.205
- H. The threshold for distinguishing between Types A and B programs was \$300,000.
- I. Stevens 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

96-4 Segregation of Duties

Due to the limited number of office personnel within Stevens County, segregation of accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Stevens County; however, the County's 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 point of view.

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

Client's Response:

*The County's management is aware of the situation and continues to monitor it to ensure that internal control policies and procedures are being followed.*

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

None.

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

A. MINNESOTA LEGAL COMPLIANCE

ITEM ARISING THIS YEAR

04-1 Publishing Board Minutes and Claims Paid

Minn. Stat. § 375.12 requires County Board minutes to be published within 30 days of the meeting, and that this publication is to include an individualized itemized list of County Board-approved payments over \$300. A statement showing the total number of claims that do not exceed the threshold amount and their dollar amounts must be stated. Minn. Stat. § 331A.01 discusses how the County can publish summaries. This section does not change the requirement that payments be published monthly as discussed in Minn. Stat. § 375.12. Also, this section requires that the full data be available at a specified County location or, beginning in 2004, by standard or electronic mail.

When the County published the Board minutes, only a summary of fund payments was published.

The County Board should comply with the above noted statutes and publish the County Board minutes with vendor payments. During the 2005 legislative session, attempts were made through the Association of Minnesota Counties, the Metropolitan Inter-County Association, and the Office of the State Auditor toward changing and updating the law in a way that benefits counties, but they were unsuccessful.

Client's Response:

*In response to Minn. Stat. § 375.12 regarding the monthly publication of vendor payments, the County Board will take this under advisement in order to correct this, encourage AMC to pursue the change of this statute due to the significant cost of publication, and put in process steps to make the information available through the County internet website and by having the information physically available at the County Courthouse.*

B. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEMS RESOLVED

**Ditch Special Revenue Fund Deficit (96-8)**

During the floods of 1997 and 2001, several ditch systems sustained significant damage. Special assessments levied to cover the costs will not be collected for a number of years. As a result, the Ditch Fund has been reporting fund deficits. As of December 31, 2003, the deficit was \$384,831.

**Resolution**

The County has levied sufficiently to recover the costs and, as the assessments become available to be recognized as revenue, the fund deficit will be eliminated.

**Capital Asset Accounting System (02-3)**

To comply with GASB 34, the County must establish accounting policies for capital assets and evaluate its capital asset system to determine if it is capable of providing the information needed to comply with the reporting requirements of GASB Statement 34.

**Resolution**

The County established the capital asset policies necessary for the implementation of GASB 34. The County has a centralized capital asset accounting system which provides the information needed for GASB 34 reporting.



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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  
Stevens County

We have audited the financial statements of Stevens County as of and for the year ended December 31, 2004, and have issued our report thereon dated May 6, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Stevens 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. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 96-4.

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 do not believe the reportable condition indicated above is a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stevens 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, except that we did not test for compliance in public indebtedness because Stevens County has no debt.

The results of our tests indicate that, for the items tested, Stevens County complied with the material terms and conditions of applicable legal provisions, except as described in the Schedule of Findings and Questioned Costs as item 04-1.

This report is intended solely for the information and use of the Board of County Commissioners 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: May 6, 2005



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**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  
Stevens County

Compliance

We have audited the compliance of Stevens 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 its major federal program for the year ended December 31, 2004. The County's major federal program is 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 its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 Stevens 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, Stevens County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2004.

### Internal Control Over Compliance

The management of Stevens 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 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 Stevens County as of and for the year ended December 31, 2004, and have issued our report thereon dated May 6, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the 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 of County Commissioners, 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: May 6, 2005

**STEVENS COUNTY  
MORRIS, 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>		
Passed Through Minnesota Department of Human Services Matching Grants for Food Stamp Program	10.561	<u>\$ 2,406</u>
<b>U.S. Department of Transportation</b>		
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	<u>\$ 734,479</u>
<b>U.S. Department of Health and Human Services</b>		
Passed Through Minnesota Emergency Medical Services Board Rural Access to Emergency Devices Grant	93.259	\$ 14,500
Passed Through Minnesota Department of Human Services Temporary Assistance for Needy Families	93.558	33,016
Child Care Mandatory and Matching Funds	93.596	72,934
Child Welfare Services - State Grants	93.645	1,488
Foster Care Title IV-E	93.658	26,632
Social Services Block Grant Title XX	93.667	89,656
Chafee Foster Care Independent Living	93.674	3,135
Community Mental Health Services Block Grant	93.958	<u>3,930</u>
<b>Total U.S. Department of Health and Human Services</b>		<u>\$ 245,291</u>
<b>U.S. Department of Homeland Security</b>		
Passed Through Minnesota Department of Public Safety State Domestic Preparedness Equipment Support Grant	97.004	\$ 28,064
Emergency Management Performance Grant	97.042	8,274
State and Local All Hazards Emergency Operations Planning	97.051	<u>4,917</u>
<b>Total U.S. Department of Homeland Security</b>		<u>\$ 41,255</u>
<b>Total Federal Awards</b>		<u>\$ 1,023,431</u>

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 Stevens County. The County's reporting entity is defined in Note 1 to the financial statements.
2. The expenditures on this schedule are on the modified accrual basis of accounting. Expenditures on this schedule differ from federal revenues reported due to certain expenditures reported when the revenues are not available for recognition using the modified accrual basis of accounting.
3. Pass-through grant numbers were not assigned by the pass-through agencies.