SWIFT COUNTY
BENSON, MINNESOTA

BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2012

SWIFT COUNTY
BENSON, MINNESOTA
TABLE OF CONTENTS
DECEMBER 31, 2012

INTRODUCTORY SECTION	
ORGANIZATION	1
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	2
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE STATEMENTS	
STATEMENT OF NET POSITION	14
STATEMENT OF ACTIVITIES	15
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	17
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES	19
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	20
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES	22
STATEMENT OF FIDUCIARY NET POSITION – AGENCY FUNDS	23
STATEMENT OF NET POSITION – DISCRETELY PRESENTED COMPONENT UNITS	24
STATEMENT OF ACTIVITIES – DISCRETELY PRESENTED COMPONENT UNITS	25
NOTES TO THE FINANCIAL STATEMENTS	27
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	61
BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE SPECIAL REVENUE FUND	63
BUDGETARY COMPARISON SCHEDULE – WELFARE SPECIAL REVENUE FUND	64
BUDGETARY COMPARISON SCHEDULE – SOLID WASTE SPECIAL REVENUE FUND	65
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	66
SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS	67

SWIFT COUNTY
BENSON, MINNESOTA
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2012

FINANCIAL SECTION (CONTINUED)

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS 69

SCHEDULE OF INTERGOVERNMENTAL REVENUE 71

SCHEDULE OF DEPOSITS AND INVESTMENTS 72

SCHEDULE OF LOANS RECEIVABLE 74

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* 75

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 77

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 79

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 83

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE 85

INTRODUCTORY SECTION

SWIFT COUNTY
BENSON, MINNESOTA
ORGANIZATION
DECEMBER 31, 2012

Office	Name	Term Expires
Commissioners		
1st District	Gary Hendrickx*	January 2013
2nd District	Gary Klemm	January 2015
3rd District	Peter Peterson**	January 2013
4th District	Joe Fox	January 2015
5th District	Douglas Anderson	January 2013
Officers		
Elected		
Attorney	Robin Finke	January 2016
Auditor	Byron L. Giese	January 2016
County Sheriff	John Holtz	January 2016
Treasurer	Ronald A. Vadnais	January 2016
County Recorder	Mary Amundson	January 2016
Appointed		
Assessor	Wayne Knutson	December 2012
Coroner	Roger Bauer, M.D.	December 2012
Engineer	Andy Sander	Indefinite
Veterans Services Officer	Dave Barrett	January 2014
Welfare Director	Deanna Steckman	Indefinite

* Chair 2012
** Vice-Chair 2012

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Swift County
Benson, Minnesota

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. The financial statements include the Swift County Housing and Redevelopment Authority's (HRA) activities as and for the year ended June 30, 2012. We did not audit the financial statements of the Swift County HRA, which represent 13.77 percent, 6.21 percent, and 7.84 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Swift County HRA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Swift County as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 5-13, 61-65, and 67, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Swift County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Board of County Commissioners
Swift County

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2013, on our consideration of Swift 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Swift County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
April 26, 2013

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REQUIRED SUPPLEMENTARY INFORMATION

SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012

Swift County's (the County) Management's Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the year ended December 31, 2012. Since this information is designed to focus on the current-year's activities, resulting changes, and currently known facts, it should be read in conjunction with the County's financial statements (beginning on page 14).

FINANCIAL HIGHLIGHTS

Key financial highlights for 2012 include the following:

- Governmental activities' total net position is $63,307,922, of which $53,158,994 is invested in capital assets, net of related debt, and $4,033,050 is restricted for specific purposes.
- Swift County's net position increased by $2,837,310 for the year ended December 31, 2012. Net position of the County's discretely presented component units increased by $649,246.
- The net cost of governmental activities was $6,473,573 for the current fiscal year. The net cost was funded by general revenues and other items totaling $9,310,883.
- Governmental funds' fund balances increased by $1,305,953 (prior to adjustments for change in inventories).

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. Swift 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) is required to accompany the basic financial statements and, therefore, is included as required supplementary information.

There are two government-wide statements. The Statement of Net Position and the Statement of Activities (pages 14-16) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 17. These statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operation in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the government.

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

Our analysis of the County as a whole begins on page 14. The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps the reader to determine whether the County's financial condition has improved or declined as a result of the 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. All of the current-year's revenues and expenses are taken into account regardless of when cash is received or paid.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

These two financial statements report the County's net position and changes in them. You can think of the County's net position (the difference between the assets and liabilities) as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position is 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 the County's property tax base and the condition of the County roads, to assess the overall health of the County.

In the Statement of Net Position and the Statement of Activities, the finances of the County are reported in two kinds of activities:

- Governmental Activities – The County's basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities.
- Component Units – The County includes two legally separate entities in its report, Swift County Housing and Redevelopment Authority and Swift County-Benson Hospital. These entities are presented in a separate column. Although legally separate, these "component units" are important because the County is financially accountable for them. In addition, these component units have separately issued financial statements.

Fund Financial Statements

Our analysis of the County's major funds begins on page 17. The fund financial statements provide detailed information about the significant funds, not the County as a whole. Some funds are required to be established by state law and by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two kinds of funds--governmental and fiduciary--use different accounting methods.

- Governmental Funds—The County's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciling statement following each governmental fund financial statement.

- Fiduciary Funds—The County is the trustee, or fiduciary, over assets which can be used only for the trust beneficiaries based on the trust arrangement. All of the County's fiduciary activities are reported in a separate Combining Statement of Change in Assets and Liabilities (pages 69-70). We excluded these activities from the County's other financial statement because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The County's net position was $63,307,922 on December 31, 2012 (see Table A-1).

Table A-1
The County's Net Position

	Governmental Activities		%
	2012	2011	Change
Current and Other Assets	$ 12,050,914	$ 11,195,297	7.6 %
Capital and Noncurrent Assets	53,161,433	51,205,990	3.8
Total Assets	65,212,347	62,401,287	4.5
Current Liabilities	1,098,188	1,049,694	4.6
Long-Term Liabilities	806,237	880,981	(8.5)
Total Liabilities	1,904,425	1,930,675	(1.4)
Net Position			
Invested in Capital Assets Net of Related Debt	53,158,994	51,205,990	3.8
Restricted	4,033,050	1,129,106	257.2
Unrestricted	6,115,878	8,135,516	(24.8)
Total Net Position	$ 63,307,922	$ 60,470,612	4.7

Changes in Net Position

The County-wide total revenues were $20,350,180 for the year ended December 31, 2012. Property taxes and intergovernmental revenues accounted for 80 percent of total revenues for the year (see Table A-2).

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

Table A-2
Change in Net Position

	Governmental Activities		Total %
	2012	2011	Change
REVENUES			
Program Revenues			
Fees, Charges, Fines, and Other	$ 3,502,206	$ 4,329,799	(19.1)%
Operating Grants and Contributions	4,048,702	3,473,705	16.6
Capital Grants and Contributions	3,488,389	2,949,411	18.3
General Revenues			
Property Taxes	8,066,499	7,545,002	6.9
Unrestricted State Aid	718,943	939,267	(23.5)
Investment Earnings	36,518	98,620	(63.0)
Other	488,923	676,966	(27.8)
Total Revenues	20,350,180	20,012,770	1.7
EXPENSES			
General Government	3,079,983	2,956,878	4.2
Public Safety	2,778,355	2,639,418	5.3
Highways and Streets	4,837,237	4,589,184	5.4
Sanitation	867,015	957,714	(9.5)
Human Services	4,561,211	4,138,244	10.2
Health	179,017	174,480	2.6
Culture and Recreation	32,232	44,188	(27.1)
Conservation of Natural Resources	719,246	730,062	(1.5)
Economic Development	451,374	1,499,911	(69.9)
Interest	7,200	11,901	(39.5)
Total Expenses	17,512,870	17,741,980	(1.3)
CHANGE IN NET POSITION	2,837,310	2,270,790	24.9
Net Position - Beginning of Year	60,470,612	58,199,822	3.9
NET POSTION - END OF YEAR	$ 63,307,922	$ 60,470,612	4.7

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

The County-wide cost of all governmental activities this year was $17,512,870.

- Some of the cost was paid by the users of the County's Programs ($3,502,206).
- The federal and state governments subsidized certain programs with grants and contributions ($7,537,091).
- The remainder of the County's costs, ($6,473,573), however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with the $8,066,499 property taxes, $718,943 of state aid, and with investment earnings and other general revenues.

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

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

	Total Cost of Services		Percentage	Net Revenue (Cost) of Services		Percentage
	2012	2011	Change	2012	2011	Change
GOVERNMENTAL ACTIVITIES						
General Government	$ 3,079,983	$ 2,956,878	4.2 %	$ (2,171,586)	$ (2,205,190)	1.5 %
Public Safety	2,778,355	2,639,418	5.3	(2,192,032)	(1,982,262)	(10.6)
Highways and Streets	4,837,237	4,589,184	5.4	48,681	44,849	(8.5)
Sanitation	867,015	957,714	(9.5)	(77,061)	(175,573)	56.1
Human Services	4,561,211	4,138,244	10.2	(2,254,476)	(2,099,311)	(7.4)
Health	179,017	174,480	2.6	(178,654)	(174,266)	(2.5)
Culture and Recreation	32,232	44,188	(27.1)	389	(12,656)	103.1
Conservation of Natural Resources	719,246	730,062	(1.5)	16,025	(392,480)	104.1
Economic Development	451,374	1,499,911	(69.9)	342,341	19,725	(1635.6)
Interest and Fiscal Charges on Long-Term Liabilities	7,200	11,901	(39.5)	(7,200)	(11,901)	39.5
Total	$ 17,512,870	$ 17,741,980	(1.3)	$ (6,473,573)	$ (6,989,065)	7.4

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of $8,041,264. Revenues for the County's governmental funds were $20,866,016, while total expenditures were $19,561,413. During 2012, the County also sold capital assets and made interfund loans, which are included in other financing sources and uses.

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects. Fund balance decreased by $1,515,625 during 2012. This decrease was primarily due to a transfer out to the Revolving Loan fund.

The Road and Bridge Fund had a total fund balance of $3,446,726, 93 percent of which is committed for road and bridge projects. This fund balance total is a $1,071,603 increase (before impact of change in inventory) from the prior year.

The Welfare Fund's fund balance increased by $7,373, primarily due to increased revenues for 2012.

The Revolving Loan Fund's fund balance increased by $1,774,233, due to a transfer from the General fund.

The Solid Waste Fund's fund balance decreased by $24,618, as a result of 2012 expenditures in excess of revenues.

The Ditch Fund's fund balance decreased by $7,013, due to ditch repair expenditures exceeding special assessment revenues collected.

GENERAL FUND

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects.

Table A-4 presents a summary of General Fund revenues.

Table A-4
General Fund Revenues

	Year Ended		Change	
	December 31, 2012	December 31, 2011	Increase (Decrease)	Percent
Taxes	$ 4,049,192	$3,925,218	$ 123,974	3.2 %
Licenses and Permits	4,395	4,775	(380)	(8.0)
Intergovernmental	870,159	974,725	(104,566)	(10.7)
Charges for Services	663,668	795,734	(132,066)	(16.6)
Investment Earnings	24,522	84,049	(59,527)	(70.8)
Miscellaneous and Other	891,706	905,781	(14,075)	(1.6)
Total General Fund Revenues	$ 6,503,642	$6,690,282	$ (186,640)	(2.8)

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Expenditures:

Table A-5
General Fund Expenditures

	Year Ended		Change	
	December 31, 2012	December 31, 2011	Increase (Decrease)	Percent
General Government	$ 3,151,527	$ 2,903,220	$ 248,307	8.6 %
Public Safety	2,935,610	2,720,438	215,172	7.9
Health	179,017	174,480	4,537	2.6
Culture and Recreation	17,735	23,521	(5,786)	(24.6)
Conservation of Natural Resources	304,482	302,003	2,479	0.8
Total Expenditures	$ 6,588,371	$ 6,123,662	$ 464,709	7.6

General Fund Budgetary Highlights

- Actual revenues were $466,533 more than expected, due primarily to unbudgeted charges for services, additional taxes received, and other miscellaneous revenue in the general government accounts.
- The actual expenditures were $304,888 more than budget. This is due primarily to sheriff and other general government expenditures that were not budgeted for.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

By the end of 2012, the County had invested over $75,800,000 in a broad range of capital assets, including land, buildings, machinery, vehicles, furniture, equipment, and infrastructure (see Table A-6). The majority of current-year capital asset activity was a result of road projects. (More detailed information about capital assets can be found in Note 3.A.2 to the financial statements.) Total depreciation expense for the year was $1,626,287.

Table A-6
The County's Capital Assets

	Governmental Activities		Percent
	2012	2011	Change
Land	$ 2,011,191	$ 1,550,558	29.7 %
Construction-in-Progress	-	2,302,377	(100.0)
Buildings	7,896,424	7,896,424	-
Machinery, Equipment, and Vehicles	6,355,376	5,571,446	14.1
Infrastructure	59,586,032	55,005,009	8.3
Less: Accumulated Depreciation	(22,690,029)	(21,119,824)	7.4
Total	$ 53,158,994	$ 51,205,990	3.8

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

DEBT ADMINISTRATION

At year-end, the County had outstanding special assessment bonds of $40,000 versus $80,000 last year, a decrease of 50.0 percent as shown in Table A-7. This decrease is due to the repayment of long-term debt. The hospital's decrease in debt is a result of the payments on current debt.

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

	2012	2011	Percent Change
GOVERNMENTAL ACTIVITIES			
General Obligation Special Assessment Bonds	$ 40,000	$ 80,000	(50.0)%
Chippewa River Watershed Loans	208,846	238,292	(12.4)
Total	$ 248,846	$ 318,292	(21.8)
DISCRETE COMPONENT UNIT			
Swift County Housing and Redevelopment Authority	$ 2,515,145	$ 2,585,072	(2.7)
Swift County-Benson Hospital	6,595,000	6,775,000	(2.7)
Total	$ 9,110,145	$ 9,360,072	(2.7)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County is dependent on the State of Minnesota for a significant portion of its revenue. Recent experience demonstrates that the legislature may decrease revenues once more.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor, Swift County Courthouse, 301 14th Street North, Benson, Minnesota 56215 or (320) 843-4069. Separate financial statements of the Swift County HRA can be obtained at P.O. Box 286, Benson, Minnesota 56215 and separate financial statements of the Swift County-Benson Hospital can be obtained at 1815 Wisconsin Avenue, Benson, Minnesota 56215.

BASIC FINANCIAL STATEMENTS

SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Primary Government	Discretely Presented Component Units	Total Reporting Entity
ASSETS			
Cash and Pooled Investments	$ 6,056,421	$ 4,139,374	$ 10,195,795
Petty Cash and Change Funds	1,675	-	1,675
Taxes Receivable - Delinquent	95,082	-	95,082
Special Assessments Receivable - Delinquent	17,101	-	17,101
Special Assessments Receivable - Deferred	760,092	-	760,092
Accounts Receivable - Net	117,946	2,082,157	2,200,103
Loans Receivable	1,802,760	-	1,802,760
Due from Component Unit	2,000,000	-	2,000,000
Accrued Interest Receivable	6,614	-	6,614
Due from Other Governments	1,014,330	-	1,014,330
Advances to Other Governments	16,000	-	16,000
Prepaid Items	-	241,263	241,263
Inventories	162,893	223,488	386,381
Restricted Assets			
Cash and Pooled Investments	-	3,186,632	3,186,632
Investment in Joint Venture	-	761,595	761,595
Other Postemployment Benefits Asset	2,439	-	2,439
Capital Assets - Non-Depreciable			
Land	2,011,191	564,394	2,575,585
Construction-in-Progress	-	2,895,974	2,895,974
Depreciable Capital Assets - Net of Depreciation			
Buildings	4,707,562	8,693,159	13,400,721
Improvements Other than Buildings	-	93,867	93,867
Machinery, Vehicles, Furniture and Equipment	2,526,536	1,266,399	3,792,935
Infrastructure	43,913,705	-	43,913,705
Total Assets	65,212,347	24,148,302	89,360,649
LIABILITIES			
Accounts Payable	298,692	1,012,353	1,311,045
Salaries Payable	217,496	-	217,496
Accrued Payroll Taxes	30,975	-	30,975
Contracts Payable	167,455	-	167,455
Due to Other Funds	-	-	-
Due to Other Governments	38,671	-	38,671
Accrued Interest Payable	1,030	112,559	113,589
Unearned Revenue	64,688	-	64,688
Customer Deposits - Current	-	22,927	22,927
Other Current Liabilities	-	400,131	400,131
Compensated Absences Payable - Due Within One Year	209,143	7,446	216,589
Capital Notes Payable- Due Within One Year	-	90,583	90,583
General Obligation Bonds Payable - Due Within One Year	40,000	185,000	225,000
Due to Primary Government - Due Within One Year		83,995	83,995
Loans Payable - Due Within One Year	30,038	192,200	222,238
Compensated Absences Payable - Due in More Than One Year	627,429	-	627,429
Capital Notes Payable- Due in More Than One Year	-	2,515,145	2,515,145
Due to Primary Government - Due in More Than One Year	-	1,916,005	1,916,005
General Obligation Bonds Payable - Due in More Than One Year	-	6,410,000	6,410,000
Loans Payable - Due in More Than One Year	178,808	128,133	306,941
Total Liabilities	1,904,425	13,076,477	14,980,902
NET POSITION			
Invested in Capital Assets, Net of Related Debt	53,158,994	1,992,732	55,151,726
Restricted for			
Missing Heirs	7,692	-	7,692
Recorder Equipment	160,388	-	160,388
E-911 Program	277,557	-	277,557
State Aid Construction Projects	528,963	-	528,963
Economic Development Loans	2,319,474	-	2,319,474
Ditches	738,976	-	738,976
Hospice	-	19,528	19,528
Unrestricted	6,115,878	9,059,565	15,175,443
Total Net Position	$ 63,307,922	$ 11,071,825	$ 74,379,747

See accompanying Notes to the Financial Statements.

SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012

		Program Revenues		
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
General Government	$ 3,079,983	$ 728,995	$ 179,402	$ -
Public Safety	2,778,355	381,232	205,091	-
Highways and Streets	4,837,237	224,565	1,906,367	2,754,986
Sanitation	867,015	734,004	55,950	-
Human Services	4,561,211	1,022,366	1,284,369	-
Health	179,017	363	-	-
Culture and Recreation	32,232	15,098	17,523	-
Conservation of Natural Resources	719,246	1,868	-	733,403
Economic Development	451,374	393,715	400,000	-
Interest	7,200	-	-	-
Total Governmental Activities	17,512,870	3,502,206	4,048,702	3,488,389
DISCRETE COMPONENT UNITS				
Swift County - Housing and Redevelopment Authority	1,102,362	808,153	288,300	-
Swift County-Benson Hospital	12,650,368	13,213,861	-	-
Total Discretely Presented Component Units	13,752,730	14,022,014	288,300	-
Total Reporting Entity	$ 31,265,600	$ 17,524,220	$ 4,337,002	$ 3,488,389

GENERAL REVENUES

Property Taxes
Mortgage and Registry Deed Taxes
Payments in Lieu of Tax
Rent
Grants and Contributions not Restricted for a Particular Purpose
Investment Earnings
Miscellaneous
Gain on Sale of Capital Assets

Total General Revenues

CHANGE IN NET POSITION

Net Position - Beginning of Year

NET POSITION - END OF YEAR

See accompanying Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Discretely Presented Component Units	Total
$ (2,171,586)	$ -	$ (2,171,586)
(2,192,032)	-	(2,192,032)
48,681	-	48,681
(77,061)	-	(77,061)
(2,254,476)	-	(2,254,476)
(178,654)	-	(178,654)
389	-	389
16,025	-	16,025
342,341	-	342,341
(7,200)	-	(7,200)
(6,473,573)	-	(6,473,573)
-	(5,909)	(5,909)
-	563,493	563,493
-	557,584	557,584
(6,473,573)	557,584	(5,915,989)
8,066,499	-	8,066,499
7,076	-	7,076
161,695	-	161,695
62,207	-	62,207
718,943	-	718,943
36,518	91,562	128,080
256,595	100	256,695
1,350	-	1,350
9,310,883	91,662	9,402,545
2,837,310	649,246	3,486,556
60,470,612	10,422,579	70,893,191
$ 63,307,922	$ 11,071,825	$ 74,379,747

SWIFT COUNTY
BENSON, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General	Road and Bridge	Welfare
ASSETS			
Cash and Pooled Investments	$ 194,349	$ 3,389,064	$ 1,116,850
Petty Cash and Change Funds	1,600	-	25
Taxes Receivable - Delinquent	47,519	22,555	24,274
Special Assessments Receivable			
Delinquent	1,457	-	-
Noncurrent	-	-	-
Accounts Receivable	12,903	42,190	44,400
Accrued Interest Receivable	4,623	1,341	650
Loans Receivable	-	-	-
Due from Component Unit	2,000,000	-	-
Due from Other Funds	1,076	-	-
Due from Other Governments	44,414	631,180	338,736
Advances to Other Governments	16,000	-	-
Inventories	-	162,893	-
Total Assets	$ 2,323,941	$ 4,249,223	$ 1,524,935
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 68,727	$ 61,862	$ 151,102
Salaries Payable	98,803	43,296	64,650
Accrued Payroll Taxes	14,280	6,075	9,145
Contracts Payable	-	167,455	-
Due to Other Funds	-	-	1,076
Due to Other Governments	-	-	38,671
Deferred Revenue - Unavailable	64,891	523,809	25,200
Deferred Revenue - Unearned	64,688	-	-
Total Liabilities	311,389	802,497	289,844
FUND BALANCES			
Nonspendable			
Inventories	-	162,893	-
Advances to Other Governments	16,000	-	-
Loans Receivable	2,000,000	-	-
Restricted			
Missing Heirs	7,692	-	-
Recorder Equipment	160,388	-	-
E-911	277,557	-	-
State Aid Construction Projects	-	27,710	-
Future Loans	-	-	-
Ditches	-	-	-
Committed			
Health Care	1,000,000	-	-
Workers' Compensation	100,000	-	-
Soil Survey Update	200,000	-	-
Severance Pay	100,000	50,000	50,000
Road and Bridge	-	3,206,123	-
Welfare Programs	-	-	1,185,091
Solid Waste	-	-	-
Unassigned	(1,849,085)	-	-
Total Fund Balances	2,012,552	3,446,726	1,235,091
Total Liabilities and Fund Balances	$ 2,323,941	$ 4,249,223	$ 1,524,935

See accompanying Notes to Financial Statements.

Revolving Loan	Solid Waste	Ditch	Total Governmental Funds
$ 516,714	$ 760,002	$ 79,442	$ 6,056,421
-	50	-	1,675
-	734	-	95,082
-	14,567	1,077	17,101
-	100,605	659,487	760,092
-	18,453	-	117,946
-	-	-	6,614
1,802,760	-	-	1,802,760
-	-	-	2,000,000
-	-	-	1,076
-	-	-	1,014,330
-	-	-	16,000
-	-	-	162,893
$ 2,319,474	$ 894,411	$ 740,006	$ 12,051,990
$ -	$ 17,001	$ -	$ 298,692
-	10,747	-	217,496
-	1,475	-	30,975
-	-	-	167,455
-	-	-	1,076
-	-	-	38,671
1,802,760	114,449	660,564	3,191,673
-	-	-	64,688
1,802,760	143,672	660,564	4,010,726
-	-	-	162,893
-	-	-	16,000
-	-	-	2,000,000
-	-	-	7,692
-	-	-	160,388
-	-	-	277,557
-	-	-	27,710
516,714	-	-	516,714
-	-	79,442	79,442
-	-	-	1,000,000
-	-	-	100,000
-	-	-	200,000
-	-	-	200,000
-	-	-	3,206,123
-	-	-	1,185,091
-	750,739	-	750,739
-	-	-	(1,849,085)
516,714	750,739	79,442	8,041,264
$ 2,319,474	$ 894,411	$ 740,006	$ 12,051,990

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

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 8,041,264
Amounts reported for governmental activities in the statement of net position 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.		53,158,994
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property Taxes	$ 95,082	
Special Assessments	777,193	
Loans Receivable	1,802,760	
Grant Related	516,638	3,191,673
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General Obligation Special Assessment Bonds	(40,000)	
Loans Payable	(208,846)	
Compensated Absences	(836,572)	
Other Postemployment Benefits	2,439	
Accrued Interest Payable	(1,030)	(1,084,009)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 63,307,922

See accompanying Notes to Financial Statements.

SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	General	Road and Bridge	Welfare
REVENUES			
Taxes	$ 4,049,192	$ 1,966,067	$ 2,005,459
Special Assessments	-	-	-
Licenses and Permits	4,395	-	-
Intergovernmental	870,159	5,432,830	2,026,601
Charges for Services	663,668	73,092	519,950
Interest on Investments	24,522	9,288	2,708
Miscellaneous	891,706	153,893	16,997
Total Revenues	6,503,642	7,635,170	4,571,715
EXPENDITURES			
CURRENT			
General Government	3,151,527	-	-
Public Safety	2,935,610	-	-
Highways and Streets	-	6,564,917	-
Sanitation	-	-	-
Human Services	-	-	4,564,342
Health	179,017	-	-
Culture and Recreation	17,735	-	-
Conservation of Natural Resources	304,482	-	-
Economic Development	-	-	-
DEBT SERVICE			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	6,588,371	6,564,917	4,564,342
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(84,729)	1,070,253	7,373
OTHER FINANCING SOURCES (USES)			
Transfers In	308,104	-	-
Transfers Out	(1,739,000)	-	-
Proceeds from Sale of Assets	-	1,350	-
Total Other Financing Sources (Uses)	(1,430,896)	1,350	-
NET CHANGE IN FUND BALANCES	(1,515,625)	1,071,603	7,373
Fund Balance - Beginning of Year	3,528,177	2,358,475	1,227,718
INCREASE IN INVENTORIES	-	16,648	-
FUND BALANCE - END OF YEAR	$ 2,012,552	$ 3,446,726	$ 1,235,091

See accompanying Notes to Financial Statements.

Revolving Loan	Solid Waste	Ditch	Total Governmental Funds
$ -	$ 61,765	$ -	$ 8,082,483
-	217,886	408,909	626,795
-	-	-	4,395
400,000	60,112	-	8,789,702
-	427,319	-	1,684,029
27,791	-	-	64,309
366,920	146,553	38,234	1,614,303
794,711	913,635	447,143	20,866,016
-	-	-	3,151,527
-	-	-	2,935,610
-	-	-	6,564,917
-	904,188	-	904,188
-	-	-	4,564,342
-	-	-	179,017
-	-	-	17,735
-	-	410,703	715,185
451,374	-	-	451,374
-	29,446	40,000	69,446
-	4,619	3,453	8,072
451,374	938,253	454,156	19,561,413
343,337	(24,618)	(7,013)	1,304,603
1,739,000	-	-	2,047,104
(308,104)	-	-	(2,047,104)
-	-	-	1,350
1,430,896	-	-	1,350
1,774,233	(24,618)	(7,013)	1,305,953
(1,257,519)	775,357	86,455	6,718,663
-	-	-	16,648
$ 516,714	$ 750,739	$ 79,442	$ 8,041,264

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SWIFT COUNTY
BENSON, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2012

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 1,305,953
Amounts reported for governmental activities in the statement of activities are different because:		
In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustments to revenue between the fund statements and the statement of activities is the increase (decrease) in revenues deferred as unavailable.		(517,186)
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. Also, in the statement of activities, only the gain or loss on the disposal of capital assets is reports; whereas in the governmental funds, the proceeds from the disposal increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets.		
Expenditures for General Capital Assets and Infrastructure	$ 3,579,291	
Current Year Depreciation	(1,626,287)	1,953,004
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal Payment on Loans Payable	29,446	
Principal Payment on Special Assessment Bonds	40,000	69,446
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in Accrued Interest Payable	872	
Change in Compensated Absences	5,713	
Change in Other Postemployment Benefits	2,860	
Change in Inventories	16,648	26,093
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 2,837,310

See accompanying Notes to Financial Statements.

SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2012

ASSETS	
Cash and Pooled Investments	$ 244,093
LIABILITIES	
Funds Held in Trust	$ 13,202
Due to Other Governments	230,891
Total Liabilities	$ 244,093

See accompanying Notes to Financial Statements.

SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2012

	Swift County Housing and Redevelopment Authority	Swift County-Benson Hospital	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 607,782	$ 3,531,592	$ 4,139,374
Accounts Receivable - Net	4,931	2,077,226	2,082,157
Prepaid Items	-	241,263	241,263
Inventories	-	223,488	223,488
Total Current Assets	612,713	6,073,569	6,686,282
RESTRICTED ASSETS			
Cash and Pooled Investments	-	3,186,632	3,186,632
NONCURRENT ASSETS			
Investment in Joint Venture	-	761,595	761,595
Capital Assets			
Land	25,000	539,394	564,394
Construction-in-Progress	-	2,895,974	2,895,974
Buildings	2,673,467	6,019,692	8,693,159
Machinery, Vehicles, Furniture and Equipment	12,941	1,253,458	1,266,399
Land Improvements	-	93,867	93,867
Total Noncurrent Assets	2,711,408	11,563,980	14,275,388
Total Assets	3,324,121	20,824,181	24,148,302
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	210	1,012,143	1,012,353
Accrued Expenses	-	400,131	400,131
Accrued Interest	-	112,559	112,559
Compensated Absences Payable - Current	7,446	-	7,446
Capital Notes Payable - Current	90,583	-	90,583
Revenue Bonds Payable - Current	-	185,000	185,000
Due To Primary Government - Current	-	83,995	83,995
Loans Payable - Current	-	192,200	192,200
Customer Deposits	22,927	-	22,927
Total Current Liabilities	121,166	1,986,028	2,107,194
NONCURRENT LIABILITIES			
Capital Notes Payable - Long-Term	2,515,145	-	2,515,145
Revenue Bonds Payable - Long-Term	-	6,410,000	6,410,000
Due To Primary Government - Long-Term		1,916,005	1,916,005
Loans Payable - Long-Term	-	128,133	128,133
Total Noncurrent Liabilities	2,515,145	8,454,138	10,969,283
Total Liabilities	2,636,311	10,440,166	13,076,477
NET POSITION			
Invested in Capital Assets - Net of Related Debt	105,680	1,887,052	1,992,732
Restricted	19,528	-	19,528
Unrestricted	562,602	8,496,963	9,059,565
Total Net Position	$ 687,810	$ 10,384,015	$ 11,071,825

See accompanying Notes to Financial Statements.

SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2012

		Program Revenues		
	Expenses	Fees, Charges Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
COMPONENT UNITS				
Housing and Redevelopment Authority	$ 1,102,362	$ 808,153	$ 288,300	$ -
Swift County-Benson Hospital	12,650,368	13,213,861	-	-
Total Component Units	$ 13,752,730	$ 14,022,014	$ 288,300	$ -

GENERAL REVENUES
Investment Earnings
Miscellaneous

Total General Revenues

CHANGE IN NET POSITION

Net Position - Beginning of Year

NET POSITION - END OF YEAR

See accompanying Notes to Financial Statements.

Net Expense (Revenue) and Changes in Net Position		
Housing and Redevelopment Authority	Swift County-Benson Hospital	Total
$ (5,909)	$ -	$ (5,909)
-	563,493	563,493
(5,909)	563,493	557,584
32,113	59,449	91,562
-	100	100
32,113	59,549	91,662
26,204	623,042	649,246
661,606	9,760,973	10,422,579
$ 687,810	$ 10,384,015	$ 11,071,825

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

Swift County, Minnesota was established February 15, 1870, and has the powers, duties, and privileges granted counties by *Minnesota Statutes* ch. 373. Swift County is governed by a five-member Board of Commissioners elected from districts within the County and administrative officers elected on a County-wide basis. The Board is organized with a chair and a vice-chair elected at the annual meeting in January of each year. The County Administrator, who is appointed by the Board, serves as the Clerk of the Board of Commissioners but does not vote in its decisions.

For financial reporting purposes, Swift County has included all funds, organizations, agencies, boards, commissions, and authorities and has considered all potential component units for which the County is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause Swift County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial statement accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization; or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

As required by accounting principles generally accepted in the United States of America, these financial statements present Swift County (primary government) and its component units for which the County is financially accountable.

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

Swift County Housing and Redevelopment Authority
Swift County Housing and Redevelopment Authority (HRA) was created to administer the public housing programs authorized by the United States Housing Act of 1937, as amended, and to carry out other housing assistance programs. The HRA is currently governed by a seven-member Board of Directors appointed by the Swift County Board of Commissioners.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

Discretely Presented Component Units (Continued)
Although it is legally separate from the County, the activity of the HRA is included in the Swift County reporting entity, because the County Board appoints a voting majority of the HRA's Board of Directors, and the County is liable in the event that tax increments collected by the HRA are not sufficient to make the required debt service payments. See Note 7 for significant accounting policies and other disclosures. Separate financial statements of the Swift County HRA can be obtained at P.O. Box 286, Benson, Minnesota 56215.

Swift County-Benson Hospital
The Swift County-Benson Hospital was created for the purpose of providing or causing to be provided health and related medical services in the region covered by the district. The Hospital is currently governed by a nine-member Board of Directors, six of whom are appointed by the Swift County Board; the three remaining members are appointed by the Benson City Council. Although it is legally separate from the County, the activity of the Hospital is included in the Swift County reporting entity because the County Board appoints a voting majority of the Hospital's Board of Directors, and the Hospital is financially accountable to the County. See Note 7 for significant accounting policies and other disclosures. Separate financial statements of the Swift County-Benson Hospital can be obtained at 1815 Wisconsin Avenue, Benson, Minnesota 56215.

Other Organizations
The County participates in joint ventures which are described in Note 8. Jointly-governed organizations are identified in Note 8, and a related organization is identified in Note 8.

B. Basic Financial Statements

1. Government-Wide Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

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

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category--governmental and fiduciary--are presented. The emphasis of the governmental fund financial statements is on major individual governmental with each displayed as a separate column in the fund financial statements. The County reports all of its governmental funds as major funds.

2. Fund Financial Statements

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

The Road and Bridge Special Revenue Fund- The road and bridge fund is used to account for revenues and expenditures of the County Highway Department, which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways. Property taxes and intergovernmental revenues are the primary funds committed for these projects.

The Welfare Special Revenue Fund- The welfare special revenue fund is used to account for economic assistance and community social services programs. These programs are funded primarily by property taxes, committed through the Board approved levy, and intergovernmental revenues.

The Revolving Loan Special Revenue Fund- The revolving loan special revenue fund is used to account for the activities of the revolving loan program. Intergovernmental revenues were received for this program and are restricted for future loans.

The Solid Waste Special Revenue Fund- The solid waste special revenue fund is used account for funds used in solid waste management. Financing is provided by special assessments, committed through Board action, against all parcels of property in the County.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The Ditch Special Revenue Fund- 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 through Board approval.

Additionally, the County reports the following fiduciary fund type:

Agency Funds- The 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 in an agency capacity.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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. Swift County considers all revenues to be available if they are collected within 60 days after the end of the current-period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources or uses.

D. Assets, Liabilities, and Net Position or Fund Balance

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2012, based on market prices. Pursuant to *Minnesota Statutes* §385.07, investment earnings on cash and pooled investment earnings based on other state statutes, grant agreements, contracts, and bond covenants.

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" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent maturities of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All receivables, including those of the discretely reported component units, are shown net of an allowance for uncollectible accounts.

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. Loans Receivable

Loans receivable represents the unpaid principal portions of loans made by the County through its revolving loan fund and its general fund. Principal and interest received by the County on these loans are recognized, at the fund level, in the period in which they are collected; accordingly, the unpaid principal portions are also reflected in deferred revenue.

5. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the County government-wide financial statements. In the case of initial capitalization of infrastructure, the County retroactively implemented the reporting of this item when GASB #34 was implemented. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Assets	Years
Buildings	40-100
Infrastructure	40-75
Machinery, Vehicles, Furniture, and Equipment	5-20

7. Compensated Absences

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. 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.

9. Long-Term Obligations

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

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

10. Fund Balance and Net Position

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Fund Balance and Net Position (Continued)

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

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire capital assets. Net position are reported restricted in government-wide financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

11. Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

	Expenditures	Final Budget	Excess
General Fund	$ 6,588,371	$ 6,283,483	$ 304,888
Special Revenue Fund			
Road and Bridge	6,564,917	5,233,849	1,331,068
Welfare	4,564,342	4,277,350	286,992
Total Special Revenue Funds	$ 11,129,259	$ 9,511,199	$ 1,618,060

The excess expenditures were funded with existing fund balance and greater than anticipated revenues.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. 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, 2012, based on market prices. Pursuant to *Minnesota Statutes* §385.07, investment earnings on cash and pooled investments are credited to the general fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants.

Custodial Credit Risk - Deposits
In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk and follows *Minnesota Statutes* for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110 percent of the deposits not covered by insurance or corporate surety bonds. Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letters of credit issue by a Federal Home Loan Bank; and time deposits insured by a federal agency. *Minnesota Statutes* require securities pledged as collateral he held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

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

(a) Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by *Minnesota Statutes* §118a.04, Subd. 6;

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

(b) Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

(c) 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;

(d) Bankers' acceptances of United States banks;

(e) 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

(f) With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

As of December 31, 2012, the County had the following investments:

Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years
Mutual Funds	$ 473,458	$ -	$ -	$ 473,458
U.S. Agency Securities	102	-	102	-
Negotiable CDs	800,185	500,025	300,160	-
Total	$1,273,745	$ 500,025	$ 300,262	$ 473,458

Interest Rate Risk

The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The table above shows the maturities of the County's various fixed rate securities.

Credit Risk

Minnesota Statutes restrict the types of investments that the County may invest in. The County's investment policy does not further limit its investment choices. As of December 31, 2012, the County's investment in U.S. agency securities were rated AAA by Moody's and Standard and Poor's. The mutual funds through Franklin Templeton Investments were rated AAA, through inquiry of customer service representatives. The negotiable certificates of deposit were not rated.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Concentration Credit Risk
The County's investment policy places no limit on the amount the County may invest in any one issuer. As of December 31, 2012, the County did not have investments in any one issuer that exceeded five percent of the County's investments.

Custodial Credit Risk – Investments
For an investment, this is the risk that, in the event of failure by the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy further limits its investments by limiting the amount of investments with any one broker to the amount SPIC and excess SPIC coverage available.

As of December 31, 2012, all County deposits were covered by insurance or collateral. All collateral pledged for the Swift County is held by the pledging financial institutions.

2. Capital Assets

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

Government-Type Activities – Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Land and Right-of-Way	$ 1,550,558	$ 460,633	$ -	$ 2,011,191
Construction-in-Progress	2,302,377	2,629,265	4,931,642	-
Total Capital Assets, Not Being Depreciated:	3,852,935	3,089,898	4,931,642	2,011,191
Capital Assets, Being Depreciated				
Buildings	7,896,424	-	-	7,896,424
Machinery, Furniture, and Equipment	5,571,446	840,012	56,082	6,355,376
Infrastructure	55,005,009	4,581,023	-	59,586,032
Total Capital Assets, Being Depreciated	68,472,879	5,421,035	56,082	73,837,832
Less Accumulated Depreciation for				
Buildings	3,103,127	85,735	-	3,188,862
Machinery, Furniture, and Equipment	3,386,858	498,064	56,082	3,828,840
Infrastructure	14,629,839	1,042,488	-	15,672,327
Total Accumulated Depreciation	21,119,824	1,626,287	56,082	22,690,029
Total Capital Assets, Being Depreciated, Net	47,353,055	3,794,748	-	51,147,803
Governmental Activities Capital Assets, Net	$ 51,205,990	$ 6,884,646	$ 4,931,642	$ 53,158,994

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Capital Assets (Continued)

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

Government-Type Activities

General Government	$	68,666
Public Safety		94,335
Highways and Streets, Including Depreciation of Infrastructure Assets		1,377,894
Human Services		31,568
Sanitation		38,072
Conservation of Natural Resources		1,255
Culture and Recreation		14,497
Total Depreciation Expense - Governmental Activities	$	1,626,287

B. Interfund Receivables and Payables

The composition of Due To/From Other Funds balances as of December 31, 2012, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Welfare Fund	$ 1,076	Legal and Computer Services

The Due From Component Unit/Due To Primary Government as of December 31, 2012 between Swift County and the Swift County Benson Hospital is $2,000,000. The County Board approved a twenty year loan for $2,000,000 with a 2 percent interest rate with repayment to begin in January 2013.

The composition of Transfers In/Out as of December 31, 2012, is as follows:

Transfer In	Transfer Out	Amount	Purpose
General Fund	Revolving Loan	$ 308,104	Current Year CNH Payments
Revolving Loan	General Fund	1,500,000	Transfer for CNH Loan
Revolving Loan	General Fund	239,000	Reimbursement for 2009 Loan Made

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities

1. Long-Term Debt

Governmental Activities

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issued Amount	Outstanding Balance December 31, 2012
General Obligation Bonds					
Assessment Bonds					
1997 Drainage Bonds	2013	$35,000 - $40,000	4.00 - 5.10	$ 580,000	$ 40,000
Loans Payable					
Chippewa River Watershed/ Continuation Clean Water Project	2021	$3,743 - $7,760	2.00	$ 304,374	$ 208,846

2. Debt Service Requirements

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

Year Ending December 31	General Obligation Special Assessment		Loans Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	$ 40,000	$ 1,020	$ 30,038	$ 4,027	$ 70,038	$ 5,047
2014	-	-	30,642	3,424	30,642	3,424
2015	-	-	31,258	2,808	31,258	2,808
2016	-	-	31,886	2,180	31,886	2,180
2017	-	-	25,002	1,576	25,002	1,576
2018-2021	-	-	60,020	1,962	60,020	1,962
Total	$ 40,000	$ 1,020	$ 208,846	$ 15,977	$ 248,846	$ 16,997

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Special Assessment Bonds	$ 80,000	$ -	$ 40,000	$ 40,000	$ 40,000
Loans Payable	238,292	-	29,446	208,846	30,038
Compensated Absences	842,285	493,210	498,923	836,572	209,143
Governmental Activity Long-Term Liabilities	$ 1,160,577	$ 493,210	$ 568,369	$ 1,085,418	$ 279,181

The assessment bonds are liquidated by the ditch fund, the loans payable are liquidated by the solid waste fund, and compensated absences are liquidated by the general fund.

4. Operating Leases

The County has a lease agreement for a copier in Human Services for 60 months. 2012 expenditures under this lease agreement totaled $42,993 including maintenance and supplies. Minimum lease payments over the remaining term of this lease are as follows:

Year	Amount
2013	$ 35,158

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Description

All full-time and certain part-time employees of the Swift County are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF), and the Local Government Correctional Service Retirement Fund, called the Public Employees Correctional Fund (PECF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

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

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members. For all PEPFF members, PECF members, and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

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

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF, PEPFF, and PECF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

B. Funding Policy

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

Swift County is required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members, 7.25 percent for Coordinated Plan GERF members, 14.10 percent for PEPFF members, and 8.75 percent for PECF members.

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

B. Funding Policy (Continued)

The County's contributions to the Public Employees Retirement Fund, Public Employees Police and Fire Fund, Public Employees Correctional Fund, and Defined Contribution Plan for the years ending December 31, 2012, 2011, and 2010 were:

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Public Employees Correctional Fund	Public Employees Defined Contribution Plan
2012	$ 282,903	$ 75,258	$ 35,315	$ 7,543
2011	277,229	70,550	35,010	7,264
2010	262,480	71,586	32,905	5,840

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

Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes* Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

C. OPEB Disclosure

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by *Minnesota Statutes* §471.61 subdivision 2b. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay varying percentages of the total premium cost. As of January 1, 2011, there was one retiree receiving health benefits from the County's health plan.

1. Annual OPEB Cost and Net OPEB Obligation

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

Annual Required Contribution (ARC)	$	3,586
Interest on Net OPEB Obligation		8
Adjustment to ARC		(19)
Annual OPEB Cost		3,575
Contributions During the Year		(6,435)
Increase in Net OPEB Obligation		(2,860)
Net OPEB - Beginning of Year		421
Net OPEB - End of Year	$	(2,439)

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

C. OPEB Disclosure (Continued)

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

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012, 2011 and 2010 were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2012	$ 3,575	$ 6,435	180.0 %	$ (2,439)
December 31, 2011	3,534	11,257	318.5	421
December 31, 2010	7,670	4,875	63.6	8,144

2. Funding Status

The County's OPEB plan is financed on a pay-as-you-go basis and currently has no assets that have been deposited into an irrevocable trust for future health benefits. Therefore, the actuarial value of assets is zero. No separate stand-alone financial statements are issued for the plan.

Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2008	$ -	$ 71,556	$ 71,556	- %	$ 4,635,160	1.5 %
1/1/2011	-	41,198	41,198	-	5,054,070	0.8

3. Actuarial Methods and Assumptions

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

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

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

C. OPEB Disclosure (Continued)

3. Actuarial Methods and Assumptions (Continued)

In the January 1, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 2.00 percent discount rate, which is based on the estimated long-term investment yield on the general assets of the County using an underlying long-term inflation assumption of 3.50 percent. The annual healthcare cost trend rate is 9.00 percent initially, reduced incrementally to an ultimate rate of 5.00 percent after five years. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open thirty-year period.

NOTE 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. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at $460,000 per claim in 2012. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

NOTE 6 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

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.

Construction Commitments
The County has active construction projects and outstanding contracts for machinery and equipment purchase as of December 31, 2012. The projects and purchases include the following:

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Road Construction	$ 3,092,932	$ 195,982

NOTE 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR DISCRETE COMPONENT UNITS

A. Swift County Housing and Redevelopment Authority (HRA)

Summary of Significant Accounting Policies
The following is a summary of significant accounting policies followed by the Swift County HRA. The HRA's fiscal year ended on June 30, 2012.

Basis of Accounting
The HRA component unit is accounted for using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when incurred.

Deposits
Swift County HRA's Department of Housing and Urban Development (HUD) program deposits can be invested only in the following HUD-approved investments: direct obligations of the federal government backed by the full faith and credit of the United States, obligations of governmental agencies, securities of government-sponsored agencies, demand and savings deposits, time deposits, and repurchase agreements.

Minnesota Statutes and HUD regulations require that all deposits with financial institutions be covered by insurance, surety bond, or collateral.

NOTE 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCRETE COMPONENT UNITS (CONTINUED)

A. Swift County Housing and Redevelopment Authority (Continued)

Following is a summary of deposits covered by insurance or collateral at June 30, 2012:

	Bank Balance
Insured or Collateralized with Securities Held by the HRA or Its Agent in the HRA's Name	$ 611,550

Land, Structures, and Equipment

Buildings and equipment are recorded at cost or at fair market value on the date received, if donated. Repairs and maintenance are reported as expenses. Depreciation is provided on a straight-line basis over the estimated useful lives of the property, which range from 3 to 40 years.

Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
Capital Assets, not being Depreciated				
Land	$ 25,000	$ -	$ -	$ 25,000
Capital Assets being Depreciated				
Buildings	3,626,539	-	-	3,626,539
Machinery, Furniture, and Equipment	18,278	-	-	18,278
Total Capital Assets being Depreciated	3,644,817	-	-	3,644,817
Less: Accumulated Depreciation for				
Buildings	848,903	104,169	-	953,072
Machinery, Furniture, and Equipment	4,756	581	-	5,337
Total Accumulated Depreciation	853,659	104,750	-	958,409
Total Capital Assets, Depreciated, Net	2,791,158	(104,750)	-	2,686,408
Governmental Activities Capital Assets, Net	$ 2,816,158	$ (104,750)	$ -	$ 2,711,408

NOTE 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR DISCRETE COMPONENT UNITS (CONTINUED)

A. Swift County Housing and Redevelopment Authority (Continued)

Long-Term Debt

The long-term debt obligations outstanding at year-end are summarized as follows:

	Maturity	Interest Rate	June 30, 2012
Essential Function Housing Redevelopment Revenues Bonds	2033	5.00%	$ 1,993,652
Essential Function Housing Revenue Bond Series 2005	2025	4.25%	612,076
Total Outstanding Bonds			$ 2,605,728

Annual debt service requirements to maturity, including interest payments, are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	$ 90,583	$ 126,420	$ 217,003
2014	94,207	122,790	216,997
2015	97,975	118,982	216,957
2016	105,970	114,985	220,955
2017	89,302	110,790	200,092
2018-2022	865,929	430,749	1,296,678
2023-2027	508,784	255,543	764,327
2028-3032	652,952	111,375	764,327
2033	100,026	1,885	101,911
Total	$ 2,605,728	$ 1,393,519	$ 3,999,247

Compensated Absences Payable

Changes in compensated absences payable for the period ended June 30, 2012 is summarized below:

Balance - June 30, 2011	$ 7,436
Net Changes	10
Balance - June 30, 2012	$ 7,446

NOTE 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR DISCRETE COMPONENT UNITS (CONTINUED)

A. Swift County Housing and Redevelopment Authority (Continued)

Economic Dependency
The programs of the HRA are economically dependent on annual contributions and grants from HUD. Without those contributions and grants, the programs would operate at a loss.

Risk Management
The HRA is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; workers' compensation claims; and natural disasters. Property, casualty, and workers' compensation liabilities are insured. The HRA retains risk for the deductible portions of the insurance.

Retirement Plan
The HRA has established a defined contribution pension plan through the Principal Mutual Insurance Company. The plan is funded by employer and employee contributions of 6.00 percent and 4.00 percent, respectively. Current amounts are as follows:

	2012
Total Wages	$ 65,554
Total Eligible Wages	52,250
Employer Contribution	3,135
Employee Contribution	2,090

NOTE 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital

Summary of Significant Accounting Policies
The following is a summary of significant accounting policies followed by the Swift County-Benson Hospital (Hospital):

Basis of Accounting
The Hospital component unit is accounted for using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when incurred.

Cash and Cash Equivalents
Cash and cash equivalents consist of cash on hand, demand deposit accounts, unexpended construction funds and saving accounts.

Accounts Receivable
Accounts Receivable for the Hospital are shown net of an allowance of $320,000, for uncollectible accounts and contractual adjustments.

Inventories
Inventories are stated at lower of cost or market using latest invoice cost, which approximates the first-in, first-out method.

Noncurrent Cash and Investments
Noncurrent cash and investments include assets set aside by the board of directors for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes. Noncurrent cash and investments also include amounts that are restricted by donor for the hospice program. Unexpended bond proceeds restricted by trustee are also included in noncurrent cash and investments.

Capital Assets
Capital assets are reported at cost, if purchased; or at fair market value on the date received, if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the property. It is the Hospital's policy to include amortization expense on assets acquired under capital leases with depreciation on owned assets. Capital expenditures, greater than $5,000, are capitalized and depreciated over the useful life of the asset. Capital expenditures of less than $5,000 are expensed when incurred.

NOTE 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Net Position

Net position of the Hospital are classified in three components. Net position invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted expendable net position are non-capital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Hospital. Unrestricted net position are the remaining net assets that do not meet the definition of invested capital assets, net of related debt or restricted net position.

Net Patient Services Revenues

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlement are determined.

A summary of gross and net patient service revenues for the year ended December 31, 2012 is as follows:

Gross Patient Service Revenues	$ 17,041,233
Less: Provisions for Revenue Adjustments Under Third-Party Reimbursement Program	(4,148,890)
Net Patient Service Revenues	$ 12,892,343

Contributions

From time to time, the Hospital receives contributions from individuals and private organizations. Revenue contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met.

Contributions may be restricted for either specific operating purposes or for capital purposes. Amounts unrestricted or restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

NOTE 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collections of amounts determined to qualify as charity care, they are not reported as revenue.

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. The amount of such charges foregone based on established rates was $49,997 in 2012.

Deposits and Investments

In accordance with *Minnesota Statutes*, the Hospital maintains deposits at depository banks, which are authorized by the board of directors.

Minnesota Statues require that all Hospital deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral includes: U.S. government treasury bills, notes, and or bonds; issued of the U.S. government agency; general obligation of local government related "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letters of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. *Minnesota Statues* require that securities pledged as collateral be held in safekeeping by the Hospital or in a financial institution other than that furnishing the collateral.

As of December 31, 2012, the Hospital's bank balances were covered by federal depository insurance or by collateral held by the pledging bank's agent in the Hospital's name.

NOTE 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Capital Assets

A summary of capital assets at December 31, 2012, follows:

	Balance	Additions	Deletions	Balance
Capital Assets, not being Depreciated				
Land	$ 539,394	$ -	$ -	$ 539,394
Construction-in-Progress	348,332	2,547,642	-	2,895,974
Total Capital Assets Not Being Depreciated	887,726	2,547,642	-	3,435,368
Capital Assets Depreciated				
Buildings and Fixed Equipment	11,044,806	-	-	11,044,806
Movable Equipment and Ambulances	4,282,903	420,892	155,095	4,548,700
Land Improvements	263,255	-	-	263,255
Total Capital Assets being Depreciated	15,590,964	420,892	155,095	15,856,761
Less: Accumulated Depreciation for				
Buildings and Fixed Equipment	4,477,040	548,074	-	5,025,114
Movable Equipment and Ambulances	2,888,981	512,416	106,155	3,295,242
Land Improvements	150,602	18,786	-	169,388
Total Accumulated Depreciation	7,516,623	1,079,276	106,155	8,489,744
Total Capital Assets, Depreciated, Net	8,074,341	(658,384)	48,940	7,367,017
Governmental Activities Capital Assets, Net	$ 8,962,067	$ 1,889,258	$ 48,940	$ 10,802,385

Investment in Joint Venture

Central Minnesota Diagnostic, Inc. (CMDI), a nonprofit corporation, was organized to provide certain agreed-upon shared services to those hospitals which are members of the corporation (all of which are unrelated parties of the Hospital). The Hospital's equity interest in CMDI is .75 percent.

CMDI provides the equipment and technicians for Ultrasound and Echocardiogram services for Hospital patients. The Hospital billed and collected the revenues for these services to patients and reimbursed CMDI approximately $217,000 for the use for the equipment for the year ended December 31, 2012. Accounts payable to CMDI for these services at December 31, 2012 amounted to $18,900. Earnings of $98,269 are included in other operating revenues.

NOTE 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Investment in Joint Venture (Continued)
Benson Medical Services, LLC (BMS), was organized to provide certain agreed upon radiology services to the Hospital. The Hospital and a local clinic (which is unrelated party of the Hospital) each have a 50 percent interest in this joint venture.

BMS provides the equipment and technicians for Ultrasound and Echocardiogram services for Hospital patients. The Hospital billed and collected revenues for these services and has a liability to BMS for $94,156. The Hospital provides management services, leases space and pays expenses on behalf of BMS and has a receivable from BMS for $16,341. Earnings of $46,524 are included in other operating revenue.

Long-Term Debt
The following is a summary of transactions related to lease obligations, revenue bonds, and notes payable for the year ended December 31, 2012:

	Balance January 1, 2012	Additions	Payments	Balance December 31, 2012	Amounts Due Within One Year
USDA Hospital Refunding 2007 Revenue Bonds	$ 6,775,000	$ -	$ 180,000	$ 6,595,000	$ 185,000
Loan from Swift County	-	2,000,000	-	2,000,000	83,995
MN Dept of Health Loan	576,600	-	256,267	320,333	192,200
Swift County RDA Loan	41,416	-	41,416	-	-
Total Noncurrent Liabilities	$ 7,393,016	$ 2,000,000	$ 477,683	$ 8,915,333	$ 461,195

The terms and due dates of the Hospital's long-term debt, including lease obligations, at December 31, 2012, are as follows:

- 2007 Revenue Bonds, principal is due annually on February 1, interest payments are due semi-annually on February 1 and August 1, through February 2034. The interest rate ranges from 4.0 percent to 4.15 percent.

- Loan from Swift County (Due To Primary Government), principal and interest payments of $10,118 due monthly starting January 1, 2013 through November 2033. The interest rate is initially set at 2% for a period of five years, the rate is then variable and adjusts at each five year interval based on various conditions including prevailing interest rates in the community at the time.

NOTE 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Long-Term Debt (Continued)

- Minnesota Department of Health Loan, principal payments started July 1, 2010 and are due quarterly on January 1, April 1, July 1, and October 1, through April 2014. The loan is a zero percent interest loan.

Schedule principal and interest payments on long-term debt and capital lease obligations are as follows:

Year Ending	Long-Term Debt		MN Dept of Health Loan		Loan from Swift County	
December 31	Principal	Interest	Principal	Interest	Principal	Interest
2013	$ 185,000	$ 263,881	$ 192,200	$ -	$ 83,995	$ 37,417
2014	195,000	256,281	128,133	-	83,858	37,554
2015	205,000	248,281	-	-	85,550	35,862
2016	210,000	239,981	-	-	87,277	34,135
2017	225,000	231,281	-	-	89,039	32,373
2018-2022	1,255,000	1,012,806	-	-	472,889	134,171
2023-2027	1,550,000	733,106	-	-	522,580	84,481
2028-2032	1,910,000	382,692	-	-	574,812	29,556
2033-2034	860,000	35,483	-	-	-	-
Total	$ 6,595,000	$ 3,403,792	$ 320,333	$ -	$ 2,000,000	$ 425,549

Pensions

The Hospital contributes to the Public Employment Retirement Fund (PERF), a cost-sharing multiple-employer defined benefit pension plan administered by PERA. The Hospital's contributions to the Public Employees Retirement Fund for the years ending December 31, 2012, 2011, and 2010, were $307,140, $302,545, and $296,198, respectively, equal to the contractual required contributions for each year as set by state statute.

Management Agreement

The Hospital entered into a management agreement with Rice Memorial Hospital effective November 1, 1999. Under the agreement, Rice Memorial Hospital provides an administrator, management consultant, and other services to the Hospital. The agreement does not alter the authority or responsibility of the board of directors of the Hospital. For the year ended December 31, 2012, the Hospital paid $93,000 for management services provided under the purchase agreement and approximately $474,681 for services and equipment purchased through Rice Memorial Hospital. The Hospital had accounts payable of approximately $14,000 at December 31, 2012.

NOTE 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Medical Malpractice Insurance
The Hospital purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Should this policy lapse and not be replaced with equivalent coverage, claims based upon occurrence during its term, but reported subsequent thereto, will be uninsured.

NOTE 8 OTHER ORGANIZATIONS

Joint Ventures

Countryside Public Health Service
Swift County entered into a joint powers agreement with Big Stone, Chippewa, Lac qui Parle, and Yellow Medicine Counties creating and operating the Countryside Public Health Service pursuant to *Minnesota Statutes* §471.59. The Public Health Service is headquartered in Benson, Minnesota, and has offices at the county seats of the member counties.

Financing is provided by state grants, appropriations from member counties, and charges for services. Swift County's contribution for 2012 was $84,487. Complete financial statements of Countryside Public Health Service can be obtained at 201-13th Street South, Benson, Minnesota 56215.

Region 6W Community Corrections
Swift County participates with Chippewa, Lac qui Parle, and Yellow Medicine Counties to provide community corrections services. Region 6W Community Corrections develops and implements humane and effective methods of prevention, control, and rehabilitation of offenders and also offers a Sentencing to Serve service pursuant to *Minnesota Statutes* §471.59. The County Boards of the participating counties have direct authority over and responsibility for Region 6W Community Corrections' activities.

The Department of Corrections is responsible for recordkeeping and financial accounting responsibilities with respect to contract administration, work performance, and financial participation verification of the parties involved. Swift County has no operational or financial control over the joint venture.

Swift County's contribution to Region 6W Community Corrections for the year ended December 31, 2012, was $159,196. Complete financial statements of Region 6W Community Corrections can be obtained at 1215 Black Oak Avenue, P.O. Box 551, Montevideo, Minnesota 56265.

NOTE 8 OTHER ORGANIZATIONS (CONTINUED)

Joint Ventures (Continued)

Minnesota River Board
Swift County entered into a joint powers agreement with other counties to promote the orderly water quality improvement and management of the Minnesota River watershed through information sharing, education, coordination, and related support to the member counties by assisting in the implementation and goal achievement of comprehensive water plans which counties may develop and implement pursuant to *Minnesota Statutes* §§103B.311 and 103B.315.

The 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 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 board, consisting of one representative and alternate from each County Board of commissioners included in this agreement. According to the latest information available, 37 counties are members under this agreement.

During 2012, Swift County did not contribute any funds to the Board. Complete financial statements of the Minnesota River Board can be obtained from its administrative office at 184 Trafton Science Center South, Minnesota State University - Mankato, Mankato, Minnesota, 56001.

Kandiyohi-Region 6W Community Corrections Agencies Detention Center (Prairie Lakes Youth Programs)
Swift County entered into a joint powers agreement to create and operate the Kandiyohi-Region 6W Community Corrections Agencies Detention Center (commonly referred to as the Prairie Lakes Youth Programs) pursuant to *Minnesota Statutes* §471.59. Prairie Lakes Youth Programs provide corrections, detention, and non-secure alternative programs to juveniles under the jurisdiction of the counties which are parties to the agreement.

Control of the Prairie Lakes Youth Programs is vested in a Joint Board, which is composed of one commissioner from each participating county. An Advisory Board has also been established, which is composed of the directors of the Kandiyohi County Community Corrections Agency and the Region 6W Community Corrections Agency and the directors of the family services or human services departments of the counties participating in the agreement. The Prairie Lakes Youth Programs is located at the Willmar Regional Treatment Center in space rented from the State of Minnesota.

Complete financial statements of the Prairie Lakes Youth Programs can be obtained at P.O. Box 894, Willmar, Minnesota 56201.

NOTE 8 OTHER ORGANIZATIONS (CONTINUED)

Joint Ventures (Continued)

Southwest Minnesota Adult Mental Health Consortium Board
In November 1997, the County entered into a joint powers agreement with Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, McLeod, Meeker, Nobles, Pipestone, Redwood, Renville, Rock, and Yellow Medicine Counties; and Lincoln, Lyon, and Murray Counties, represented by the Lincoln, Lyon & Murray Human Services Board, creating and operating the Southwestern Minnesota Adult Mental Health Consortium Board under the authority of *Minnesota Statutes* §471.59. The board is headquartered in Windom, Minnesota, where Cottonwood County acts as fiscal host. The board shall take actions and enter into such agreements as may be necessary to plan and develop within the board's geographic jurisdiction a system of care that will serve the needs of adults with serious and persistent mental illness. The governing board is composed of one board member from each of the participating counties. Financing is provided by state proceeds or appropriations for the development of the system of care.

A complete financial report of the Southwestern Minnesota Adult Mental Health Consortium Board can be obtained at the Cottonwood County Family Services Agency, Windom, Minnesota, 56101.

Western Minnesota Prairie Waters Regional Tourism Board
Swift County entered into a joint powers agreement with other counties to promote the area as a great place to visit, work, and live. Five counties and ten cities are part of this coalition that began in the early 1980's.

Swift County's contribution to Prairie Waters for the year ended December 31, 2012, was $13,584. Separate financial information can be obtained at Western Minnesota Prairie Waters Convention and Visitors Bureau at 323 Schlieman Avenue, Appleton, Minnesota 56208.

Southwest Minnesota Chief Elected Officials Board
Swift County entered into a joint powers agreement with 13 other counties to establish a joint community to carry out the purpose of the Workforce Investment Act (WIA), which includes programming to prepare youth and adults facing serious barriers to employment for participation in the labor force and by providing job training and other such services that will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency.

The joint powers board is comprised of one elected official appointed by each member of the County Board. Each representative of the joint powers board shall be appointed for one-year terms. Annually, the joint powers board reviews the financial contribution made by each county. The contribution level is determined by the percent of WIA eligible individuals in each county. In 2012, Swift County did not contribute to the board. Financial information can be obtained from the Southwestern Minnesota Private Industry Council, Inc office, 607 West Main Street, Marshall, MN 56258.

NOTE 8 OTHER ORGANIZATIONS (CONTINUED)

Jointly-Governed Organizations

Coordinated Enforcement Effort (CEE) VI Task Force
Swift County, in conjunction with other local governments, appoints one member to the Board of Directors for the CEE VI Task Force. The Task Force was established to receive and expend federal, state, and local grants and other related funds for the purpose of investigation of burglary, theft, narcotics, stolen property, and crimes of violence. Swift County has no operational or financial control over the CEE VI Task Force. During the year, Swift County paid $39,621 to the Task Force. Separate financial information for the CEE VI Task Force is not available.

Western Plains Regional Library
Swift County, along with several cities and other counties, participate in the Western Plains Library System in order to provide efficient and improved regional public library service.

The financial activities of the Western Plains Library System are reported as part of the Pioneerland Regional Library System. During the year, Swift County paid $110,250 to the Library System. Separate financial information for the Western Plains Library System is not available.

Related Organization

Swift County Rural Development Finance Authority
The Board members of the Swift County Rural Development Finance Authority (RDFA) are appointed by the Swift County Board of Commissioners. During the year, Swift County approved a levy for the RDFA in the amount of $77,000. Financial information can be obtained from the Swift County RDFA, 1228 Atlantic Avenue, Benson, Minnesota 56215.

SWIFT COUNTY
BENSON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 4,001,899	$ 4,001,899	$ 4,049,192	$ 47,293
Licenses and Permits	3,500	3,500	4,395	895
Intergovernmental	1,018,303	1,018,303	870,159	(148,144)
Charges for Services	230,875	230,875	663,668	432,793
Investment Earnings	130,000	130,000	24,522	(105,478)
Miscellaneous	652,532	652,532	891,706	239,174
Total Revenues	6,037,109	6,037,109	6,503,642	466,533
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	241,920	241,920	218,275	23,645
Law Library	-	-	19,430	(19,430)
County Administration	14,000	14,000	14,000	-
County Auditor	330,164	330,164	316,029	14,135
County Treasurer	180,687	180,687	171,445	9,242
County Assessor	241,592	241,592	239,305	2,287
Elections	48,000	48,000	56,541	(8,541)
Data Processing	73,500	73,500	61,547	11,953
Attorney	362,491	362,491	373,637	(11,146)
Recorder	263,545	263,545	236,849	26,696
Planning and Zoning	66,130	66,130	58,102	8,028
Buildings and Plant	356,297	356,297	287,316	68,981
Technology	175,637	175,637	174,929	708
Veterans Service Officer	156,928	156,928	129,261	27,667
Appropriations - General Government	360,515	360,515	473,361	(112,846)
Other General Government	-	-	321,500	(321,500)
Total General Government	2,871,406	2,871,406	3,151,527	(280,121)

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

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

SWIFT COUNTY
BENSON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
EXPENDITURES (CONTINUED)				
CURRENT (CONTINUED)				
PUBLIC SAFETY				
Sheriff	$ 1,274,765	$ 1,274,765	$ 1,693,481	$ (418,716)
Coroner	14,000	14,000	15,073	(1,073)
E-911 System	-	-	111,783	(111,783)
Restorative Justice Coordinator	67,800	67,800	49,841	17,959
Emergency Management	58,599	58,599	67,946	(9,347)
County Jail	793,190	793,190	838,290	(45,100)
Community Corrections	159,196	159,196	159,196	-
Total Public Safety	2,367,550	2,367,550	2,935,610	(568,060)
HEALTH				
Countryside Health Service	85,000	85,000	84,487	513
Youth Programs	100,939	100,939	94,530	6,409
Total Health	185,939	185,939	179,017	6,922
CULTURE AND RECREATION				
Parks	515,000	515,000	17,735	497,265
CONSERVATION OF NATURAL RESOURCES				
County Extension	134,054	134,054	125,881	8,173
Parks and Drainage	184,034	184,034	161,849	22,185
Agricultural Inspection	13,500	13,500	13,500	-
Predator Control	12,000	12,000	3,252	8,748
Total Conservation of Natural Resources	343,588	343,588	304,482	39,106
Total Expenditures	6,283,483	6,283,483	6,588,371	(304,888)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(246,374)	(246,374)	(84,729)	161,645
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	308,104	308,104
Transfers Out	-	-	(1,739,000)	(1,739,000)
Total Other Financing Sources (Uses)	-	-	(1,430,896)	(1,430,896)
NET CHANGE IN FUND BALANCE	$ (246,374)	$ (246,374)	(1,515,625)	$ (1,269,251)
Fund Balance - Beginning of Year			3,528,177	
FUND BALANCE - END OF YEAR			$ 2,012,552	

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

SWIFT COUNTY
BENSON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 1,973,871	$ 1,973,871	$ 1,966,067	$ (7,804)
Intergovernmental	3,133,086	3,133,086	5,432,830	2,299,744
Charges for Services	82,304	82,304	73,092	(9,212)
Investment Earnings	10,000	10,000	9,288	(712)
Miscellaneous	33,700	33,700	153,893	120,193
Total Revenues	5,232,961	5,232,961	7,635,170	2,402,209
EXPENDITURES				
CURRENT				
HIGHWAYS AND STREETS				
Administration	197,187	197,187	171,362	25,825
Engineering	73,520	73,520	54,964	18,556
Shared County Engineer	189,609	189,609	175,248	14,361
Maintenance	1,755,462	1,755,462	1,584,531	170,931
Construction	1,942,952	1,942,952	3,444,839	(1,501,887)
Equipment and Maintenance Shops	728,331	728,331	764,534	(36,203)
Other - Highways and Streets	346,788	346,788	369,439	(22,651)
Total Expenditures	5,233,849	5,233,849	6,564,917	(1,331,068)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(888)	(888)	1,070,253	1,071,141
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	-	-	1,350	1,350
NET CHANGE IN FUND BALANCE	$ (888)	$ (888)	1,071,603	$ 1,072,491
Fund Balance - Beginning of Year			2,358,475	
Increase in Inventory			16,648	
FUND BALANCE - END OF YEAR			$ 3,446,726	

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

SWIFT COUNTY
BENSON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
WELFARE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 2,010,109	$ 2,010,109	$ 2,005,459	$ (4,650)
Intergovernmental	1,847,941	1,847,941	2,026,601	178,660
Charges for Services	395,300	395,300	519,950	124,650
Investment Earnings	14,000	14,000	2,708	(11,292)
Miscellaneous	10,000	10,000	16,997	6,997
Total Revenues	4,277,350	4,277,350	4,571,715	294,365
EXPENDITURES				
CURRENT				
HUMAN SERVICES				
Income Maintenance	1,121,300	1,121,300	1,129,682	(8,382)
Social Services	3,156,050	3,156,050	3,434,660	(278,610)
Total Expenditures	4,277,350	4,277,350	4,564,342	(286,992)
NET CHANGE IN FUND BALANCE	$ -	$ -	7,373	$ 7,373
Fund Balance - Beginning of Year			1,227,718	
FUND BALANCE - END OF YEAR			$ 1,235,091	

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

SWIFT COUNTY
BENSON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SOLID WASTE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 61,819	$ 61,819	$ 61,765	$ (54)
Special Assessments	201,163	201,163	217,886	16,723
Intergovernmental	55,950	55,950	60,112	4,162
Charges for Services	397,000	397,000	427,319	30,319
Miscellaneous	138,000	138,000	146,553	8,553
Total Revenues	853,932	853,932	913,635	59,703
EXPENDITURES				
CURRENT				
SANITATION				
Solid Waste	951,817	951,817	904,188	47,629
DEBT SERVICE				
Principal	-	-	29,446	(29,446)
Interest	-	-	4,619	(4,619)
Total Debt Service	-	-	34,065	(34,065)
Total Expenditures	951,817	951,817	938,253	13,564
NET CHANGE IN FUND BALANCE	$ (97,885)	$ (97,885)	(24,618)	$ 73,267
Fund Balance - Beginning of Year			775,357	
FUND BALANCE - END OF YEAR			$ 750,739	

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

I. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except for the Ditch and Revolving Loan Special Revenue Funds. All annual appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within the department. Transfers of appropriations between departments require approval of the board of commissioners. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the fund level. The Board of Commissioners made several supplemental budget appropriations at the fund, function, and department level throughout the year. Budgets may be amended during the year with proper approval.

Encumbrance accounting, under which commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the governmental funds. Encumbrances outstanding at year-end are reported as reserved fund balances since they do not constitute expenditures or liabilities. Encumbrances lapse at year-end and are re-budgeted the following year.

II. Excess of Expenditures over Appropriations

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

	Expenditures	Final Budget	Excess
General Fund	$ 6,588,371	$ 6,283,483	$ 304,888
Special Revenue Fund			
Road and Bridge	6,564,917	5,233,849	1,331,068
Welfare	4,564,342	4,277,350	286,992
Total Special Revenue Funds	$ 11,129,259	$ 9,511,199	$ 1,618,060

The excess expenditures were funded with existing fund balance and greater than anticipated revenues.

SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS
YEAR ENDED DECEMBER 31, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2008	$ -	$ 71,556	$ 71,556	- %	$ 4,635,160	1.5 %
1/1/2011	-	41,198	41,198	-	5,054,070	0.8

SUPPLEMENTARY INFORMATION

SWIFT COUNTY
BENSON, MINNESOTA
DESCRIPTION OF FUNDS
DECEMBER 31, 2012

AGENCY FUNDS

Agency funds account for assets held in a custodial capacity for others.

State Deed Fund – to account for the collection and payment of funds due to the State of Minnesota.

Taxes and Penalties Fund – to account for the collection of taxes and penalties and their payment to the various taxing districts.

Region 6W Fund – to account for the collection and payment of funds due to the Regional Development Commission.

School Districts Fund – to account for the collection of taxes and penalties and their distribution to the various school districts.

Towns and Cities Fund – to account for the collection of taxes and penalties and their distribution to the various towns and cities.

Minnesota River Watershed Fund – to account for the collection and payment of funds due the Minnesota River Watershed District.

Social Welfare Fund – to account for collection and payment of funds for the County's Social Welfare Fund clients.

SWIFT COUNTY
BENSON, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2012

	Balance January 1	Additions	Deductions	Balance December 31
STATE DEED				
ASSETS				
Cash and Pooled Investments	$ 51,913	$ 1,838,544	$ 1,822,308	$ 68,149
LIABILITIES				
Due to Other Governments	$ 51,913	$ 1,838,544	$ 1,822,308	$ 68,149
TAXES AND PENALTIES				
ASSETS				
Cash and Investments	$ 7,730	$ 18,380,943	$ 18,330,635	$ 58,038
LIABILITIES				
Due to Other Governments	$ 7,730	$ 18,380,943	$ 18,330,635	$ 58,038
REGION 6W				
ASSETS				
Cash and Pooled Investments	$ 915	$ 61,557	$ 61,795	$ 677
LIABILITIES				
Due to Other Governments	$ 915	$ 61,557	$ 61,795	$ 677
SCHOOL DISTRICTS				
ASSETS				
Cash and Pooled Investments	$ 49,784	$ 2,709,467	$ 2,722,200	$ 37,051
LIABILITIES				
Due to Other Governments	$ 49,784	$ 2,709,467	$ 2,722,200	$ 37,051
TOWNS AND CITIES				
ASSETS				
Cash and Pooled Investments	$ 87,115	$ 6,328,977	$ 6,349,266	$ 66,826
LIABILITIES				
Due to Other Governments	$ 87,115	$ 6,328,977	$ 6,349,266	$ 66,826

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

	Balance January 1	Additions	Deductions	Balance December 31
MINNESOTA RIVER WATERSHED				
ASSETS				
Cash and Pooled Investments	$ 263	$ 13,159	$ 13,272	$ 150
LIABILITIES				
Due to Other Governments	$ 263	$ 13,159	$ 13,272	$ 150
SOCIAL WELFARE FUND				
ASSETS				
Cash and Pooled Investments	$ 12,235	$ 227,665	$ 226,698	$ 13,202
LIABILITIES				
Funds Held in Trust	$ 12,235	$ 227,665	$ 226,698	$ 13,202
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and Pooled Investments	$ 209,955	$ 29,560,312	$ 29,526,174	$ 244,093
LIABILITIES				
Funds Held in Trust	$ 12,235	$ 227,665	$ 226,698	$ 13,202
Due to Other Governments	197,720	29,332,647	29,299,476	230,891
Total Liabilities	$ 209,955	$ 29,560,312	$ 29,526,174	$ 244,093

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SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2012

		Special Revenue Funds				
	General Fund	Road and Bridge	Welfare Fund	Revolving Loan Fund	Solid Waste Fund	Total All Funds
SHARED REVENUES						
INTERGOVERNMENTAL						
STATE						
Disparity Reduction Aid	$ 11,549	$ 5,710	$ 5,821	$ -	$ 179	$ 23,259
Highway Users Tax	-	5,253,860	-	-	-	5,253,860
County Program Aid	191,360	94,372	96,181	-	2,964	384,877
Market Value Credits	66,539	31,297	33,535	-	1,019	132,390
PERA Rate Increase Aid	36,367	-	-	-	-	36,367
State Police Aid	45,308	-	-	-	-	45,308
Enhanced 911	80,922	-	-	-	-	80,922
Total Shared Revenues	432,045	5,385,239	135,537	-	4,162	5,956,983
REIMBURSEMENT FOR SERVICES						
STATE						
Minnesota Department of Human Services	-	-	682,544	-	-	682,544
LOCAL						
West Central Emergency Management Services	675	-	-	-	-	675
STATE GRANTS						
MINNESOTA DEPARTMENT OF						
Human Services	-	-	375,351	-	-	375,351
Natural Resources	83,948	-	-	-	-	83,948
Public Safety	4,452	10,983	-	-	-	15,435
Pollution Control Agency	-	-	-	-	55,950	55,950
Water and Soil Resources	65,012	-	-	-	-	65,012
Total State Grants	153,412	10,983	375,351	-	55,950	595,696
FEDERAL GRANTS						
FEDERAL DEPARTMENT OF						
Agriculture	6,189	-	77,758	-	-	83,947
Commerce	7,980	-	-	-	-	7,980
Justice	20,296	-	-	-	-	20,296
Transportation	5,919	-	-	-	-	5,919
Housing and Urban Development	-	-	-	400,000	-	400,000
Health and Human Services	36,847	-	755,411	-	-	792,258
Homeland Security	45,101	36,608	-	-	-	81,709
Total Federal Grants	122,332	36,608	833,169	400,000	-	1,392,109
Total State and Federal Grants	275,744	47,591	1,208,520	400,000	55,950	1,987,805
PAYMENTS IN LIEU OF TAXES	161,695	-	-	-	-	161,695
Total Intergovernmental Revenues	$ 870,159	$ 5,432,830	$ 2,026,601	$ 400,000	$ 60,112	$ 8,789,702

SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF DEPOSITS AND INVESTMENTS
DECEMBER 31, 2012

	Interest Rate (%)	Maturity Date	Amount
Pooled Deposits and Investments			
Checking Accounts			
State Bank of Danvers	0.10 %	-	$ 370,048
Money Market Savings			
First State Bank - Murdock	0.20	-	88,343
First Security Bank - Benson	0.40		1,105,434
Prairie Sun Bank - Appleton	0.32	-	28,584
Financial Security Bank - Kerkhoven	0.25	-	28,759
Wells Fargo	-	-	47,331
Total Money Market Savings			1,298,451
Negotiable Certificates of Deposit			
Wright Express Financial Services	0.75	January 22, 2013	99,694
First Priority Bank	0.85	February 19, 2013	99,746
Ally Bank	0.95	May 6, 2013	100,034
GE Capital Financial	1.15	September 11, 2013	100,107
GE Capital Financial	1.10	December 17, 2013	100,444
Goldman Sachs	0.75	April 21, 2014	100,245
Compass Bank	0.80	June 9, 2014	99,811
Discover Bank	1.05	May 26, 2015	100,104
Total Negotiable Certificates of Deposit			800,185
U.S. Government Securities			
Wells Fargo	6.00	August 1, 2013	102
Total Pooled Deposits and Investments			$ 2,468,786
Fund Investments			
General Fund			
Departmental Checking Accounts			
First Security Bank - Benson	-	-	$ 1,212
Mutual Fund			
Franklin U.S. Government Securities Fund	-	-	473,458
Certificate of Deposit			
Riverwood Bank	0.75	March 8, 2014	100,000
Total General Fund			574,670

SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF DEPOSITS AND INVESTMENTS (CONTINUED)
DECEMBER 31, 2012

	Interest Rate (%)	Maturity Date	Amount
Special Revenue Funds			
Road and Bridge Fund			
Checking accounts			
Community Development Bank	0.20 %	-	$ 752,152
Certificate of Deposit			
Riverwood Bank	0.75	March 8, 2014	50,000
Money Market Savings			
First Security Bank Benson	0.40	-	1,912,131
Total Road and Bridge Fund			2,714,283
Welfare Fund			
Departmental Checking Accounts			
Bank of the West	-	-	12,235
Savings			
Co-op Credit Union	0.80	-	204,791
Certificates of Deposit			
Riverwood Bank	0.75	March 8, 2014	50,000
Money market savings			
First Security Bank Benson	0.40	-	251,648
Total Welfare Fund			518,674
Solid Waste Fund			
Departmental Checking Accounts			
First Security State - Benson	0.20	-	24,101
Total Special Revenue Funds			3,257,058
Total Fund Investments			3,831,728
Total Deposits and Investments			$ 6,300,514

SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF LOANS RECEIVABLE
DECEMBER 31, 2012

Loan Recipient	Date of Loan	Loan Issue Amount	Principal Balance	Repayment Terms
Revolving Loan Special Revenue Fund				
Chuck and Jean Rustad	November 2001	$ 25,000	$ 6,525	Principal Payments Monthly, No Interest, Fifteen-Year Term.
Appleton Building Center	March 31, 2004	40,000	8,155	Principal Payments Monthly, 5.5% Interest, Ten-Year Term.
McDonald Heavy Industries, Inc.	July 20, 2004	24,000	4,643	Principal Payments Monthly, 5.0% Interest, Ten-Year Term.
SpecSys, Inc	October 31, 2008	50,000	36,448	Principal Payments Monthly, 4.0% Interest, Five-Year Term.
Appleton Meat Center	June 30, 2009	30,000	23,131	Principal Payments Monthly, 4.0% Interest, Five-Year Term.
Appleton Hardware Hank	September 1, 2009	50,000	35,883	Principal Payments Monthly, 4% Interest, Five-Year Term.
Honebrink, LLC	October, 2009	20,000	14,506	Principal Payments Monthly, 4% Interest, Five-Year Term.
H&H Veterinary Clinic	July, 2010	15,000	8,208	Principal Payments Monthly, 4% Interest, Five-Year Term.
Appleton Power Equipment	July, 2010	25,000	19,839	Principal Payments Monthly, 4% Interest, Five-Year Term.
Case Farm Equipment	October 28, 2011	1,500,000	1,209,104	Principal Payments Monthly, 1.75% Interest, Ten-Year Term.
Clark/McDonald Heavy Industries, Inc.	December 6, 2012	25,000	25,000	Principal Payments Monthly, 4.0% Interest, Ten-Year Term.
K-Bid JAX	December 6, 2012	26,100	26,100	Principal Payments Monthly, 4.0% Interest, Ten-Year Term.
Case Farm Equipment	September 17, 2012	400,000	385,218	Principal Payments Monthly, 1.75% Interest, Seven-Year Term.
Total Loans Receivable		$ 2,230,100	$ 1,802,760	

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

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

Board of County Commissioners
Swift County
Benson, Minnesota

We have audited, in accordance with the 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Swift County, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Swift County's basic financial statements, and have issued our report thereon dated April 26, 2013. Our report includes a reference to other auditors who audited the financial statements of Swift County Housing and Redevelopment Authority (HRA), as described in our report on Swift County's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Swift County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Swift County's internal control. Accordingly, we do not express an opinion on the effectiveness of Swift County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

Internal Control Over Financial Reporting (Continued)
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course or performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiencies 2006-01 through 2006-03 described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency 2012-01 described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Swift County's financial statements are free from 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*.

Swift County's Response to Findings
Swift County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Recommendations. Swift County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Swift County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
April 26, 2013

CliftonLarsonAllen

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of County Commissioners
Swift County
Benson, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Swift County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Swift County's major federal programs for the year ended December 31, 2012. Swift County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Swift County's financial statements include the activities of the Swift County Housing and Redevelopment Authority (HRA), a component unit, which expended $288,300 in federal awards during the year ended June 30, 2012. The federal awards for the HRA are not included in the Schedule of Expenditures of Federal Awards for Swift County. Our audit, described below, did not include these activities because other auditors were engaged to perform a separate audit.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Swift County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Swift 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Swift County's compliance.

Board of County Commissioners
Swift County

Opinion on Each Major Federal Program

In our opinion, Swift County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of Swift County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Swift County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Swift County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
April 26, 2013

SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2012

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Swift County, Minnesota.

2. Deficiencies in internal control over financial reporting were disclosed by the audit of the basic financial statements of Swift County and they are reported in the "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*" Significant deficiencies 2006-01 to 2006-03 are considered material weaknesses.

3. No instances of noncompliance material to the financial statements of Swift County were disclosed during the audit.

4. No matters involving internal control over compliance relating to the audit of the major federal award program is reported in the "Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect On Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133."

5. The auditors' report on compliance for the major federal award programs for Swift County expresses an unqualified opinion.

6. No audit findings relative to the major federal award programs for the County were disclosed during the audit that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7. The programs tested as major were:

Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	CFDA #14.228
Medicaid Cluster	CFDA #93.778

8. The threshold for distinguishing between Types A and B programs was $300,000.

9. The County did not qualify, under federal guidelines, as a low-risk auditee.

MATERIAL WEAKNESSES (FINANCIAL REPORTING):

SEGREGATION OF DUTIES (2006-01)

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

Condition: Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control is not in place in a number of departments/offices in the County.

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

Effect: The lack of adequate segregation of duties can result in incorrect financial information, failure to detect misstatements or misappropriations, and the lack of adherence to the County's procedures.

Recommendation: We recommend County management be aware of the lack of segregation of duties within the accounting functions and provide oversight to ensure the internal control policies and procedures are being implemented by County staff.

CLIENT RESPONSE:

The County will review the accounting functions and segregate them if it is cost beneficial.

AUDIT ADJUSTMENTS (2006-02)

Criteria: County management is responsible for establishing and maintaining internal controls for the proper recording of all the County's receipts and disbursements, including reclassifications between funds and activity of all investing and savings accounts.

Condition: As part of the audit, we proposed account reclassification entries relating to the coding of receipts and disbursements, accruals, capital asset adjustments, and other reclassifications. We also proposed entries to reclassify investment and savings account activity. These entries indicate a lack of controls over the year-end financial reporting process. The absence of this control procedure is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the County's internal control.

Cause: The County has a limited number of personnel.

Effect: The design of the internal controls over recording receipts and disbursement, including reclassifications, could affect the County's ability to detect or prevent a misappropriation of assets or fraudulent activity.

Recommendation: We recommend County management be consistently aware of all procedures and processes involved in recording receipts, disbursements, and reclassifications, and develop internal control policies to ensure proper recording of these items.

CLIENT RESPONSE:

The County will continue to work at eliminating the need for audit adjustments.

MATERIAL WEAKNESSES (CONTINUED):

FINANCIAL REPORTING PROCESS (2006-03)

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

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

Cause: The County has a limited number of personnel.

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

Recommendation: We recommend County management be aware of the responsibilities regarding financial reporting and continue to evaluate the cost/benefit of outsourcing this function. If management chooses to undertake these financial reporting responsibilities, a number of policies, procedures, and reviews will need to be developed and implemented.

CLIENT RESPONSE:

The County understands that this is required communications for the preparation of the financial statements and will continue to work at this area to achieve the overall goal.

SIGNIFICANT DEFICIENCY (FINANCIAL REPORTING):

APPROVAL AND AGREEMENT TO SUPPORTING DOCUMENTATION OF DISBURSEMENTS (2012-01)

Criteria: Standard internal control procedures recommend that all disbursements should be approved by supervisory personnel prior to payment and all disbursements should tie to supporting documentation.

Condition: We were not presented with supporting documentation to demonstrate supervisory approval for 1 of 40 disbursements tested and 1 out of 40 disbursements did not agree to the supporting documentation.

Cause: Unknown.

Effect: Without proper approval and supporting documentation of disbursements, the County is at an increased risk of funds being disbursed that are not in accordance with the County's programs, policies, and goals.

Recommendation: We recommend County management development and implement a process to ensure all disbursements are properly reviewed and agree to supporting documentation.

CLIENT RESPONSE:

The County will work on ensuring all disbursements are properly approved and agree to supporting documentation prior to being paid.

OTHER ITEMS FOR CONSIDERATION – MINNESOTA LEGAL COMPLIANCE

DITCH SPECIAL REVENUE FUND – CASH DEFICITS (2006-17)

Criteria: In accordance with state statutes, active ditch systems must maintain sufficient funds to pay for project costs.

Condition: The County reported 21 of the 39 active ditch systems as having deficit cash balances as of December 31, 2012, totaling $403,294.

Cause: Past practice.

Effect: The County is not in compliance with *Minnesota Statutes* §103E.655 subd. 2.

Recommendation: We recommend the County continue to try to eliminate the deficit cash balances in the active ditch systems by borrowing from an eligible ditch system or fund with a surplus cash balance.

CLIENT RESPONSE:
The County will continue to monitor the individual ditch deficits and eliminate them when feasible.

SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2012

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for Food Stamp Program	10.561	$ 83,947
U.S. Department of Commerce		
Passed Through the City of St. Cloud		
Public Safety Interoperable Communications Grant Program	11.555	7,980
U.S. Department of Housing and Urban Development		
Passed Through Minnesota Department of Employment and Economic Development		
Community Development Block Grants/State's Programs and Non-Entitlement Grants in Hawaii	14.228	400,000
U.S. Department of Justice		
Direct Award		
Bulletproof Vest Partnership Program	16.607	3,300
Passed Through Minnesota Department of Public Safety		
Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	16.004	155
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16,841
Total Department of Justice		20,296
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation		
State Traffic Safety Information System Improvement Grants (Part of Highway Safety Cluster)	20.610	5,000
Passed Through Kandiyohi County		
State and Community Highway Safety (Part of Highway Safety Cluster)	20.600	919
Total Department of Transportation		5,919
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families	93.556	4,646
Temporary Assistance for Needy Families (Part of TANF Cluster)	93.558	86,095
Title IV-D Child Support	93.563	195,489
Refugee and Energy Assistance Grant	93.566	198
Child Care and Development Block Grant (Part of Child Care Cluster)	93.575	2,562
Child Welfare Services State Grants	93.645	2,599
Foster Care Title IV-E	93.658	50,893

SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2012

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services (Continued)		
Passed Through Minnesota Department of Human Services (Continued)		
Chafee Foster Care Independent Living	93.674	$ 601
ARRA- Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program (Part of TANF Cluster)	93.714	7,943
State Children's Insurance Program	93.767	26
Medical Assistance	93.778	355,881
Total Department of Health and Human Services		789,254
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	36,608
Emergency Management Performance Grants	97.042	31,930
Passed Through West Central Emergency Management Services		
Homeland Security Grant Program	97.067	29,087
Total Department of Homeland Security		97,625
Total Cash Type Federal Awards		$ 1,405,021

Notes:

1. The Schedule of Expenditures of Federal Awards presents the federal award programs expended by Swift County. The County's reporting entity is defined in Note 1 to the financial statements. The schedule does not include $288,300 in federal awards expended by the Swift County Housing and Redevelopment Authority, which had a separate audit performed by other auditors.

2. The expenditures on this schedule are on the basis of accounting used by the individual funds of the County as described in Section 205 of OMB Circular A-133. Governmental funds use the modified accrual basis of accounting.

3. During 2012, Swift County did not pass any federal money to subrecipients.

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

Reconciliation to the Schedule of Intergovernmental Revenue:

Federal Grant Revenue per Schedule of Intergovernmental Revenue	$ 1,392,109
Grants received more than 60 days after year-end deferred in 2012	12,912
Expenditures per Schedule of Expenditures of Federal Awards	$ 1,405,021

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CliftonLarsonAllen

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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Swift County
Benson, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Swift County, Minnesota, as of December 31, 2012 and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents and have issued our report thereon dated April 26, 2013.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* covers seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing.

In connection with our audit, nothing came to our attention that caused us to believe that Swift County, Minnesota failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions* except for the item described in detail in the attached Schedule of Findings and Questioned Costs as finding 2006-17. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Swift County, Minnesota's noncompliance with the above-referenced provisions.

Swift County's responses to the finding identified in our audit are described in the accompanying Schedule of Findings and Recommendations. Swift County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
April 26, 2013

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