

**SWIFT COUNTY
BENSON, MINNESOTA**

**BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2010

**SWIFT COUNTY
BENSON, MINNESOTA
TABLE OF CONTENTS
DECEMBER 31, 2010**

INTRODUCTORY SECTION	
ORGANIZATION	1
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	2
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE STATEMENTS	
STATEMENT OF NET ASSETS	13
STATEMENT OF ACTIVITIES	14
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	16
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS – GOVERNMENTAL ACTIVITIES	18
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	19
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	21
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS	22
STATEMENT OF NET ASSETS – DISCRETELY PRESENTED COMPONENT UNITS	23
STATEMENT OF ACTIVITIES – DISCRETELY PRESENTED COMPONENT UNITS	24
NOTES TO THE FINANCIAL STATEMENTS	26
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	59
BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE SPECIAL REVENUE FUND	61
BUDGETARY COMPARISON SCHEDULE – WELFARE SPECIAL REVENUE FUND	62
BUDGETARY COMPARISON SCHEDULE – SOLID WASTE SPECIAL REVENUE FUND	63
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	64
SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS	65

SWIFT COUNTY
BENSON, MINNESOTA
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2010

FINANCIAL SECTION (CONTINUED)

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS	67
SCHEDULE OF INTERGOVERNMENTAL REVENUE	69
SCHEDULE OF DEPOSITS AND INVESTMENTS	71
SCHEDULE OF LOANS RECEIVABLE	73

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	74
INDEPENDENT REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	76
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	78
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	84
REPORT ON MINNESOTA LEGAL COMPLIANCE	86

INTRODUCTORY SECTION

**SWIFT COUNTY
BENSON, MINNESOTA
ORGANIZATION
DECEMBER 31, 2010**

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
Commissioners		
1st District	Gary Hendrickx*	January 2013
2nd District	Gary Klemm	January 2011
3rd District	Peter Peterson	January 2013
4th District	Joe Fox	January 2011
5th District	Douglas Anderson**	January 2013
Officers		
Elected		
Attorney	Robin Finke	January 2011
Auditor	Byron L. Giese	January 2011
County Recorder	Donna Lilleberg	January 2011
County Sheriff	John Holtz	January 2011
Treasurer	Ronald A. Vadnais	January 2011
Appointed		
Assessor	Edward Pederson	December 2013
Coroner	Roger Bauer, M.D.	December 2010
Engineer	Andy Sander	Indefinite
Veterans Services Officer	Dave Barrett	January 2014
Welfare Director	Deanna Steckman	Indefinite

* Chair 2010

** Vice-Chair 2010

FINANCIAL SECTION

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CPAs, Consultants & Advisors

www.larsonallen.com

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Swift County
Benson, Minnesota

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, Minnesota as of and for the year ended December 31, 2010, which collectively comprise Swift County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Swift County's management. 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 of and for the year ended June 30, 2010. We did not audit the financial statements of the Swift County Housing and Redevelopment Authority, which represents 16.41%, 7.98%, and 7.62%, respectively, of the assets, revenues, and net assets of the aggregate discretely presented component units. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Swift County Housing and Redevelopment Authority, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the report of the other auditors, provides a reasonable basis for our opinions.

In our opinion, based upon our audit, and the report of the 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, Minnesota, as of December 31, 2010, including the Swift County HRA as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



(2)

An independent member of Nexia International

Board of County Commissioners
Swift County

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2011, 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. Our report does not include the results of the audit of the Swift County HRA, which was audited by other auditors.

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

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

Larson Allen LLP
LarsonAllen LLP

Brainerd, Minnesota
May 12, 2011

REQUIRED SUPPLEMENTARY INFORMATION

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010**

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, 2010. 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 13).

FINANCIAL HIGHLIGHTS

Key financial highlights for 2010 include the following:

- Governmental activities' total net assets are \$58,199,822, of which \$49,103,166 is invested in capital assets, net of related debt, and \$460,938 is restricted for specific purposes.
- Swift County's net assets increased by \$1,924,129 for the year ended December 31, 2010. Net assets of the County's discretely presented component units increased by \$288,954.
- The net cost of governmental activities was \$6,286,659 for the current fiscal year. The net cost was funded by general revenues and other items totaling \$8,210,788.
- Governmental funds' fund balances decreased by \$37,837 (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 Assets and the Statement of Activities (pages 13-15) 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 16. 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 Assets and the Statement of Activities

Our analysis of the County as a whole begins on page 13. The Statement of Net Assets and the Statement of Activities report information about whether 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.

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

These two financial statements report the County's net assets and changes in them. You can think of the County's net assets (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 assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in 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 Assets and the Statement of Activities, we divided the County into 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, the Swift County Housing and Redevelopment Authority and the 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 16. 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 Assets 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 67-68). 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.

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Assets

The County's net assets were \$58,199,822 on December 31, 2010 (see Table A-1).

Table A-1
The County's Net Assets

	Governmental Activities		% Change
	2010	2009	
Current and Other Assets	\$ 10,861,960	\$ 10,444,762	4.0 %
Capital and Noncurrent Assets	49,103,167	47,730,919	2.9
Total Assets	<u>59,965,127</u>	<u>58,175,681</u>	3.1
Current Liabilities	886,505	945,352	(6.2)
Long-Term Liabilities	878,800	954,636	(7.9)
Total Liabilities	<u>1,765,305</u>	<u>1,899,988</u>	(7.1)
Net Assets			
Invested in Capital Assets Net of Related Debt	49,103,166	47,730,919	2.9
Restricted	800,426	380,435	110.4
Unrestricted	8,296,230	8,164,339	1.6
Total Net Assets	<u>\$ 58,199,822</u>	<u>\$ 56,275,693</u>	3.4

Changes in Net Assets

The County-wide total revenues were \$16,691,003 for the year ended December 31, 2010. Property taxes and intergovernmental revenues accounted for 79% of total revenues for the year (see Table A-2).

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Assets (Continued)

Table A-2
Change in Net Assets

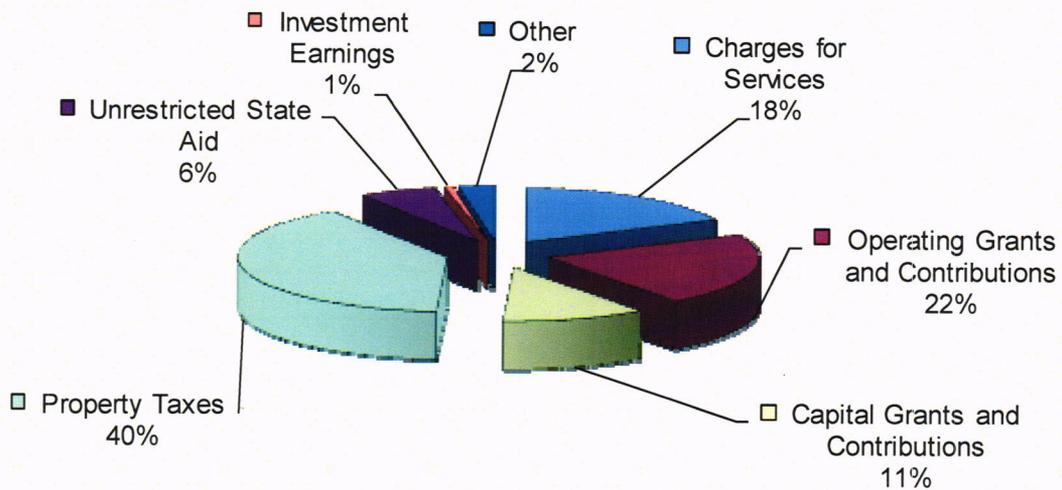
	Governmental Activities		Total % Change
	2010	2009	
REVENUES			
<u>Program Revenues</u>			
Fees, Charges, Fines, and Other	\$ 2,984,409	\$ 2,773,302	7.6 %
Operating Grants and Contributions	3,639,986	3,409,234	6.8
Capital Grants and Contributions	1,855,820	1,680,152	10.5
<u>General Revenues</u>			
Property Taxes	6,658,935	6,348,205	4.9
Unrestricted State Aid	985,995	1,348,451	(26.9)
Investment Earnings	117,901	163,229	(27.8)
Other	447,957	540,119	(17.1)
Total Revenues	<u>16,691,003</u>	<u>16,262,692</u>	2.6
EXPENSES			
General Government	2,991,882	2,980,540	0.4
Public Safety	2,401,664	1,939,225	23.8
Highways and Streets	3,447,243	3,371,556	2.2
Sanitation	863,477	989,129	(12.7)
Human Services	4,087,090	4,065,474	0.5
Health	164,879	210,677	(21.7)
Culture and Recreation	17,907	69,445	(74.2)
Conservation of Natural Resources	715,155	585,067	22.2
Economic Development	67,106	339,150	(80.2)
Interest	10,471	14,485	(27.7)
Total Expenses	<u>14,766,874</u>	<u>14,564,748</u>	1.4
CHANGE IN NET ASSETS	1,924,129	1,697,944	13.3
Net Assets - Beginning of Year	<u>56,275,693</u>	<u>54,577,749</u>	3.1
NET ASSETS - END OF YEAR	<u>\$ 58,199,822</u>	<u>\$ 56,275,693</u>	3.4

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010**

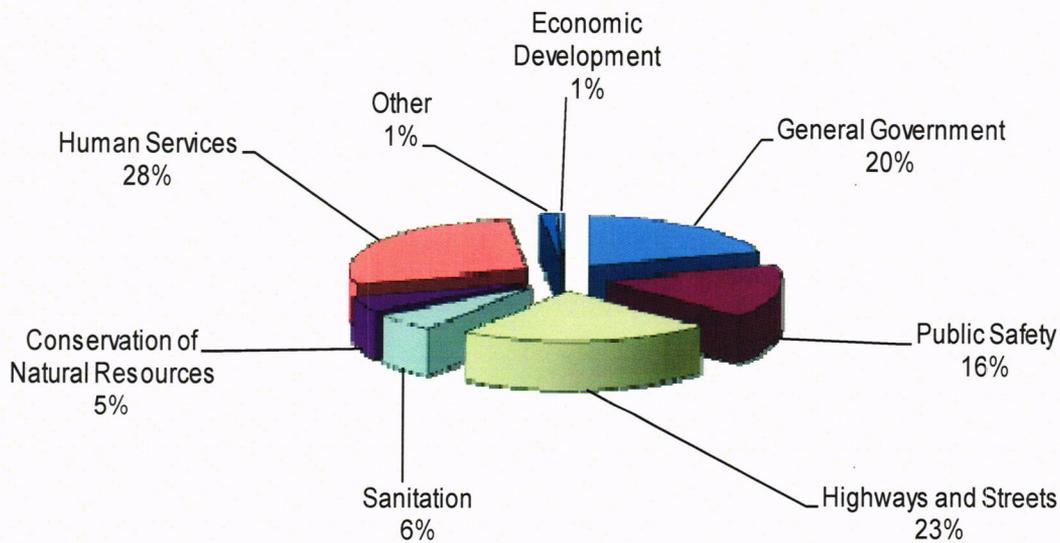
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Assets (Continued)

Governmental Activities Revenues by Source 2010



Governmental Activities Expenses by Type 2010



**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Assets (Continued)

The County-wide cost of all governmental activities this year was \$14,766,874.

- Some of the cost was paid by the users of the County's Programs (\$2,984,409).
- The federal and state governments subsidized certain programs with grants and contributions (\$5,495,806).
- The remainder of the County's costs, (\$6,286,659), however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with the \$6,658,935 in property taxes, \$985,995 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 Change	Net Revenue (Cost) of Services		Percentage Change
	2010	2009		2010	2009	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 2,991,882	\$ 2,980,540	0.4 %	\$ (2,130,157)	\$ (2,204,346)	(3.4)%
Public Safety	2,401,664	1,939,225	23.8	(1,853,413)	(1,652,620)	12.1
Highways and Streets	3,447,243	3,371,556	2.2	471,797	(306,652)	(253.9)
Sanitation	863,477	989,129	(12.7)	(40,467)	(146,709)	(72.4)
Human Services	4,087,090	4,065,474	0.5	(1,973,677)	(2,057,740)	(4.1)
Health	164,879	210,677	(21.7)	(164,637)	(210,172)	(21.7)
Culture and Recreation	17,907	69,445	(74.2)	3,874	(28,039)	(113.8)
Conservation of Natural Resources	715,155	585,067	22.2	(581,635)	(126,345)	360.4
Economic Development	67,106	339,150	(80.2)	(7,873)	45,048	(117.5)
Interest and Fiscal Charges on Long-Term Liabilities	10,471	14,485	(27.7)	(10,471)	(14,485)	(27.7)
Total	\$ 14,766,874	\$ 14,564,748	1.4	\$ (6,286,659)	\$ (6,702,060)	(6.2)

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010**

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 \$7,719,795. Revenues for the County's governmental funds were \$16,248,669, while total expenditures were \$16,305,732. During 2010, the County also sold capital assets and had proceeds from 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 \$12,461 during 2010. This decrease was primarily due to increasing general government expenditures.

The Road and Bridge Fund had a total fund balance of \$2,188,018, 40% of which is designated for cash flows. This fund balance total is a \$256,091 increase from the prior year.

The Welfare Fund's fund balance decreased by \$21,955, this is primarily due to increased expenditures for 2010.

The Revolving Loan Fund's fund balance increased by \$103,504, this is due to repayments of current loans and issuing fewer loans than in the prior year.

The Solid Waste Fund's fund balance decreased by \$10,179, this is primarily due to a decrease in charges for services and miscellaneous revenues.

The Ditch Fund's fund balance decreased by \$310,695, this is due to decreased special assessment revenues and increased ditch repair expenditures.

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, 2010	December 31, 2009	Increase (Decrease)	Percent
Taxes	\$ 3,413,159	\$ 3,259,665	\$ 153,494	4.7 %
Licenses and Permits	4,735	6,004	(1,269)	(21.1)
Intergovernmental	1,028,379	1,127,559	(99,180)	(8.8)
Charges for Services	611,861	455,398	156,463	34.4
Investment Earnings	93,675	130,543	(36,868)	(28.2)
Miscellaneous and Other	774,603	679,370	95,233	14.0
Total General Fund Revenues	<u>\$ 5,926,412</u>	<u>\$ 5,658,539</u>	<u>\$ 267,873</u>	4.7

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010**

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Expenditures:

Table A-5
General Fund Expenditures

	Year Ended		Change	
	December 31, 2010	December 31, 2009	Increase (Decrease)	Percent
General Government	\$ 2,990,923	\$ 2,894,226	\$ 96,697	3.3 %
Public Safety	2,461,096	1,935,147	525,949	27.2
Health	164,879	165,272	(393)	(0.2)
Culture and Recreation	22,961	44,280	(21,319)	(48.1)
Conservation of Natural Resources	304,839	291,148	13,691	4.7
Total Expenditures	<u>\$ 5,944,698</u>	<u>\$ 5,330,073</u>	<u>\$ 614,625</u>	11.5

General Fund Budgetary Highlights

- Actual revenues were \$571,787 more than expected, due primarily to unbudgeted charges for services, additional grants received, and other miscellaneous revenue in the general government accounts.
- The actual expenditures were \$496,068 more than budget. This is due primarily to appropriations and other general government expenditures not budgeted for.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

By the end of 2010, the County had invested over \$69,100,000 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 \$1,479,247.

Table A-6
The County's Capital Assets

	Governmental Activities		Percent Change
	2010	2009	
Land	\$ 1,398,594	\$ 1,192,260	17.3 %
Construction-in-Progress	1,480,294	-	100.0
Buildings	7,888,545	7,839,238	0.6
Machinery, Equipment, and Vehicles	5,336,619	5,071,444	5.2
Infrastructure	53,009,961	52,519,471	0.9
Less: Accumulated Depreciation	<u>(20,010,846)</u>	<u>(18,891,494)</u>	5.9
Total	<u>\$ 49,103,167</u>	<u>\$ 47,730,919</u>	2.9

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2010**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

DEBT ADMINISTRATION

At year-end, the County had outstanding special assessment bonds of \$120,000 versus \$240,000 last year, a decrease of 50% as shown in Table A-7. This decrease is due to the repayment of long-term debt. The County issued more Chippewa River Watershed Loans during 2010. The hospital decrease in debt is a result of the payments on current debt.

	2010	2009	Percent Change
GOVERNMENTAL ACTIVITIES			
General Obligation Special Assessment Bonds	\$ 120,000	\$ 240,000	(50.0)%
Chippewa River Watershed Loans	252,339	258,897	(2.5)
Total	<u>\$ 372,339</u>	<u>\$ 498,897</u>	(25.4)
DISCRETE COMPONENT UNIT			
Swift County Housing and Redevelopment Authority	\$ 2,723,512	\$ 2,852,378	(4.5)
Swift County-Benson Hospital	7,796,888	8,115,894	(3.9)
Total	<u>\$ 10,520,400</u>	<u>\$ 10,968,272</u>	(4.1)

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, Byron Giese, Swift County Courthouse, 310 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 ASSETS
DECEMBER 31, 2010**

	Primary Government	Discretely Presented Component Units	Total Reporting Entity
ASSETS			
Cash and Pooled Investments	\$ 7,870,004	\$ 3,219,950	\$ 11,089,954
Petty Cash and Change Funds	1,775	-	1,775
Taxes Receivable - Delinquent	104,432	-	104,432
Special Assessments Receivable - Delinquent	18,569	-	18,569
Special Assessments Receivable - Deferred	531,241	-	531,241
Accounts Receivable - Net	43,499	2,320,071	2,363,570
Loans Receivable	339,488	-	339,488
Accrued Interest Receivable	16,590	-	16,590
Due from Other Governments	1,807,121	-	1,807,121
Prepaid Items	-	235,881	235,881
Inventories	129,241	285,056	414,297
Restricted Assets			
Cash and Pooled Investments	-	3,196,964	3,196,964
Investment in Joint Venture	-	547,157	547,157
Capital Assets - Non-Depreciable			
Land	1,398,594	249,744	1,648,338
Construction in Progress	1,480,294	157,824	1,638,118
Depreciable Capital Assets - Net of Depreciation			
Buildings	4,873,798	9,968,171	14,841,969
Improvements Other than Buildings	-	133,468	133,468
Machinery, Vehicles, Furniture and Equipment	1,972,080	1,703,196	3,675,276
Infrastructure	39,378,401	-	39,378,401
Total Assets	59,965,127	22,017,482	81,982,609
LIABILITIES			
Accounts Payable	232,888	646,034	878,922
Salaries Payable	256,269	-	256,269
Accrued Payroll Taxes	31,694	-	31,694
Contracts Payable	59,147	-	59,147
Due to Other Governments	57,918	-	57,918
Accrued Interest Payable	2,684	117,409	120,093
Customer Deposits - Current	-	21,915	21,915
Other Current Liabilities	-	365,595	365,595
Compensated Absences Payable - Due Within One Year	186,056	-	186,056
General Obligation Bonds Payable - Due Within One Year	40,000	469,044	509,044
Loans Payable - Due Within One Year	19,849	-	19,849
Compensated Absences Payable - Due in More Than One Year	558,166	-	558,166
General Obligation Bonds Payable - Due in More Than One Year	80,000	10,051,356	10,131,356
Loans Payable - Due in More Than One Year	232,490	-	232,490
Other Postemployment Benefits Payable - Due in More Than One Year	8,144	-	8,144
Capital Leases Payable - Due in More than One Year	-	6,590	6,590
Total Liabilities	1,765,305	11,677,943	13,443,248
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	49,103,166	1,692,003	50,795,169
Restricted for			
Economic Development	505,777	-	505,777
General Government	166,651	-	166,651
Public Safety	127,998	-	127,998
Unrestricted	8,296,230	8,647,536	16,943,766
Total Net Assets	\$ 58,199,822	\$ 10,339,539	\$ 68,539,361

See accompanying Notes to the Financial Statements.

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
General Government	\$ 2,991,882	\$ 691,114	\$ 170,611	\$ -
Public Safety	2,401,664	311,109	237,142	-
Highways and Streets	3,447,243	147,756	1,942,685	1,828,599
Sanitation	863,477	767,060	55,950	-
Human Services	4,087,090	886,783	1,226,630	-
Health	164,879	242	-	-
Culture and Recreation	17,907	14,813	6,968	-
Conservation of Natural Resources	715,155	106,299	-	27,221
Economic Development	67,106	59,233	-	-
Interest	10,471	-	-	-
Total Governmental Activities	14,766,874	2,984,409	3,639,986	1,855,820
DISCRETE COMPONENT UNITS				
Swift County - Housing and Redevelopment Authority	1,328,152	827,542	294,016	-
Swift County-Benson Hospital	12,528,042	12,834,221	-	140,589
Total Discretely Presented Component Units	13,856,194	13,661,763	294,016	140,589
Total Reporting Entity	\$ 28,623,068	\$ 16,646,172	\$ 3,934,002	\$ 1,996,409

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 ASSETS

Net Assets - Beginning of Year
NET ASSETS - END OF YEAR

See accompanying Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Discretely Presented Component Units	Total
\$ (2,130,157)	\$ -	\$ (2,130,157)
(1,853,413)	-	(1,853,413)
471,797	-	471,797
(40,467)	-	(40,467)
(1,973,677)	-	(1,973,677)
(164,637)	-	(164,637)
3,874	-	3,874
(581,635)	-	(581,635)
(7,873)	-	(7,873)
(10,471)	-	(10,471)
(6,286,659)	-	(6,286,659)
-	(206,594)	(206,594)
-	446,768	446,768
-	240,174	240,174
(6,286,659)	240,174	(6,046,485)
6,658,935	-	6,658,935
6,840	-	6,840
114,586	-	114,586
86,096	-	86,096
985,995	-	985,995
117,901	42,510	160,411
177,570	6,270	183,840
62,865	-	62,865
8,210,788	48,780	8,259,568
1,924,129	288,954	2,213,083
56,275,693	10,050,585	66,326,278
<u>\$ 58,199,822</u>	<u>\$ 10,339,539</u>	<u>\$ 68,539,361</u>

**SWIFT COUNTY
BENSON, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	General	Road and Bridge	Welfare
ASSETS			
Cash and Pooled Investments	\$ 3,085,361	\$ 2,208,895	\$ 1,304,320
Petty Cash and Change Funds	1,600	100	25
Taxes Receivable - Delinquent	53,207	22,622	27,800
Special Assessments Receivable			
Delinquent	-	-	-
Noncurrent	-	-	-
Accounts Receivable	10,175	1,570	12,235
Accrued Interest Receivable	14,059	1,179	1,352
Loans Receivable	-	-	-
Due from Other Funds	5,481	-	-
Due from Other Governments	39,967	1,474,931	292,223
Inventories	-	129,241	-
Total Assets	<u>\$ 3,209,850</u>	<u>\$ 3,838,538</u>	<u>\$ 1,637,955</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 64,113	\$ 23,392	\$ 120,109
Salaries Payable	105,441	73,618	66,120
Accrued Payroll Taxes	13,990	6,876	9,299
Contracts Payable	-	59,147	-
Due to Other Funds	-	-	5,481
Due to Other Governments	5,122	222	52,574
Deferred Revenue - Unavailable	59,627	1,487,265	67,256
Total Liabilities	248,293	1,650,520	320,839
FUND BALANCES			
Reserved for			
Inventories	-	129,241	-
Future Loans	-	-	-
R Missing Heirs	166,651	-	-
R E-911	127,988	-	-
Unreserved, Designated			
Cash Flows	1,416,918	881,296	1,051,078
Debt Service	-	-	-
Health Care	1,000,000	-	-
Workers' Compensation	100,000	-	-
Soil Survey Update	100,000	-	-
Severance Pay	50,000	50,000	50,000
Unreserved, Undesignated	-	1,127,481	216,038
Total Fund Balances	<u>2,961,557</u>	<u>2,188,018</u>	<u>1,317,116</u>
Total Liabilities and Fund Balances	<u>\$ 3,209,850</u>	<u>\$ 3,838,538</u>	<u>\$ 1,637,955</u>

See accompanying Notes to Financial Statements.

Revolving Loan	Solid Waste	Ditch	Total Governmental Funds
\$ 187,024	\$ 839,769	\$ 244,635	\$ 7,870,004
-	50	-	1,775
-	803	-	104,432
-	16,983	1,586	18,569
-	169,033	362,208	531,241
-	19,519	-	43,499
-	-	-	16,590
339,488	-	-	339,488
-	-	-	5,481
-	-	-	1,807,121
-	-	-	129,241
<u>\$ 526,512</u>	<u>\$ 1,046,157</u>	<u>\$ 608,429</u>	<u>\$ 10,867,441</u>

\$ -	\$ 25,274	\$ -	\$ 232,888
-	11,090	-	256,269
-	1,529	-	31,694
-	-	-	59,147
-	-	-	5,481
-	-	-	57,918
339,488	186,819	363,794	2,504,249
339,488	224,712	363,794	3,147,646
-	-	-	129,241
166,289	-	-	166,289
-	-	-	166,651
-	-	-	127,988
-	30,240	-	3,379,532
-	-	5,100	5,100
-	-	-	1,000,000
-	-	-	100,000
-	-	-	100,000
-	-	-	150,000
20,735	791,205	239,535	2,394,994
187,024	821,445	244,635	7,719,795
<u>\$ 526,512</u>	<u>\$ 1,046,157</u>	<u>\$ 608,429</u>	<u>\$ 10,867,441</u>

**SWIFT COUNTY
BENSON, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2010**

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 7,719,795

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 49,103,167

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Property Taxes	\$ 104,432	
Special Assessments	549,810	
Loans Receivable	339,488	
Grant Related	<u>1,510,519</u>	2,504,249

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	(120,000)	
Loans Payable	(252,339)	
Compensated Absences	(744,222)	
Other Postemployment Benefits	(8,144)	
Accrued Interest Payable	<u>(2,684)</u>	<u>(1,127,389)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 58,199,822**

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2010**

	General	Road and Bridge	Welfare
REVENUES			
Taxes	\$ 3,413,159	\$ 1,457,433	\$ 1,739,159
Special Assessments	-	-	-
Licenses and Permits	4,735	-	-
Intergovernmental	1,028,379	3,367,238	1,952,460
Charges for Services	611,861	7,099	367,530
Gifts and Contributions	10	-	-
Interest on Investments	93,675	12,161	12,065
Miscellaneous	774,593	140,657	17,334
Total Revenues	5,926,412	4,984,588	4,088,548
EXPENDITURES			
CURRENT			
General Government	2,990,923	-	-
Public Safety	2,461,096	-	-
Highways and Streets	-	4,770,640	-
Sanitation	-	-	-
Human Services	-	-	4,110,503
Health	164,879	-	-
Culture and Recreation	22,961	-	-
Conservation of Natural Resources	304,839	-	-
Economic Development	-	-	-
DEBT SERVICE			
Principal	-	-	-
Interest	-	-	-
Administrative (Fiscal) Charges	-	-	-
Total Expenditures	5,944,698	4,770,640	4,110,503
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(18,286)	213,948	(21,955)
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	-	-	-
Proceeds from Sale of Assets	5,825	-	-
Total Other Financing Sources (Uses)	5,825	-	-
NET CHANGE IN FUND BALANCES	(12,461)	213,948	(21,955)
Fund Balance - Beginning of Year	2,974,018	1,931,927	1,339,071
INCREASE IN RESERVED FOR INVENTORIES	-	42,143	-
FUND BALANCE - END OF YEAR	<u>\$ 2,961,557</u>	<u>\$ 2,188,018</u>	<u>\$ 1,317,116</u>

See accompanying Notes to Financial Statements.

Revolving Loan	Solid Waste	Ditch	Total Governmental Funds
\$ -	\$ 50,066	\$ -	\$ 6,659,817
-	185,990	202,850	388,840
-	-	-	4,735
-	63,167	-	6,411,244
-	423,451	-	1,409,941
-	-	-	10
19,233	-	-	137,134
151,377	121,909	31,078	1,236,948
<u>170,610</u>	<u>844,583</u>	<u>233,928</u>	<u>16,248,669</u>
-	-	-	2,990,923
-	-	-	2,461,096
-	-	-	4,770,640
-	845,154	-	845,154
-	-	-	4,110,503
-	-	-	164,879
-	-	-	22,961
-	-	415,600	720,439
67,106	-	-	67,106
-	19,458	120,000	139,458
-	3,550	8,630	12,180
-	-	393	393
<u>67,106</u>	<u>868,162</u>	<u>544,623</u>	<u>16,305,732</u>
103,504	(23,579)	(310,695)	(57,063)
-	12,900	-	12,900
-	500	-	6,325
-	13,400	-	19,225
103,504	(10,179)	(310,695)	(37,838)
83,520	831,624	555,330	7,715,490
-	-	-	42,143
<u>\$ 187,024</u>	<u>\$ 821,445</u>	<u>\$ 244,635</u>	<u>\$ 7,719,795</u>

**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, 2010**

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (37,838)

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. 379,469

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 assets differs from the change in fund balance by the net book value of the assets.

Expenditures for General Capital Assets and Infrastructure	\$ 2,955,215	
Net Book Value of Assets Disposed of	(103,720)	
Current Year Depreciation	<u>(1,479,247)</u>	1,372,248

Loan proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the statement of net assets. (12,900)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Principal Payment on Loans Payable	19,458	
Principal Payment on Special Assessment Bonds	<u>120,000</u>	139,458

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	2,101	
Change in Compensated Absences	42,242	
Change in Other Postemployment Benefits	(2,795)	
Change in Inventories	<u>42,143</u>	<u>83,691</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,924,128

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2010**

ASSETS

Cash and Pooled Investments	<u>\$ 203,011</u>
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LIABILITIES

Funds Held in Trust	\$ 15,419
Due to Other Governments	<u>187,592</u>

Total Liabilities	<u>\$ 203,011</u>
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See accompanying Notes to Financial Statements.

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2010**

	Swift County Housing and Redevelopment Authority	Swift County-Benson Hospital	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 693,049	\$ 2,526,901	\$ 3,219,950
Accounts Receivable - Net	3,680	2,316,391	2,320,071
Prepaid Items	-	235,881	235,881
Inventories	-	285,056	285,056
Total Current Assets	696,729	5,364,229	6,060,958
RESTRICTED ASSETS			
Cash and Pooled Investments	-	3,196,964	3,196,964
NONCURRENT ASSETS			
Investment in Joint Venture	-	547,157	547,157
Capital Assets			
Land	25,000	224,744	249,744
Construction-in-Progress	-	157,824	157,824
Buildings	2,877,630	7,090,541	9,968,171
Machinery, Vehicles, Furniture and Equipment	13,896	1,689,300	1,703,196
Land Improvements	-	133,468	133,468
Total Noncurrent Assets	2,916,526	9,843,034	12,759,560
Total Assets	3,613,255	18,404,227	22,017,482
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	73,224	572,810	646,034
Accrued Expenses	-	365,595	365,595
Accrued Interest	-	117,409	117,409
Capital Notes Payable - Current	45,684	423,360	469,044
Customer Deposits	21,915	-	21,915
Total Current Liabilities	140,823	1,479,174	1,619,997
NONCURRENT LIABILITIES			
Capital Notes Payable - Long-Term	2,677,828	7,373,528	10,051,356
Compensated Absences - Long-Term	6,590	-	6,590
Total Noncurrent Liabilities	2,684,418	7,373,528	10,057,946
Total Liabilities	2,825,241	8,852,702	11,677,943
NET ASSETS			
Invested in Capital Assets - Net of Related Debt	193,014	1,498,989	1,692,003
Unrestricted Net Assets	595,000	8,052,536	8,647,536
Total Net Assets	\$ 788,014	\$ 9,551,525	\$ 10,339,539

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
 BENSON, MINNESOTA
 STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNITS
 YEAR ENDED DECEMBER 31, 2010**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Charges Fines, and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
COMPONENT UNITS				
Housing and Redevelopment Authority	\$ 1,328,152	\$ 827,542	\$ 294,016	\$ -
Swift County-Benson Hospital	12,528,042	12,834,221	-	140,589
Total Component Units	<u>\$ 13,856,194</u>	<u>\$ 13,661,763</u>	<u>\$ 294,016</u>	<u>\$ 140,589</u>

GENERAL REVENUES

Investment Earnings
 Miscellaneous

Total General Revenues

CHANGE IN NET ASSETS

Net Assets - Beginning of Year

NET ASSETS - END OF YEAR

See accompanying Notes to Financial Statements.

Net Expense (Revenue) and
Changes in Net Assets

Housing and Redevelopment Authority	Swift County-Benson Hospital	Total
\$ (206,594)	\$ -	\$ (206,594)
<u>-</u>	<u>446,768</u>	<u>446,768</u>
(206,594)	446,768	240,174
7,302	35,208	42,510
<u>-</u>	<u>6,270</u>	<u>6,270</u>
<u>7,302</u>	<u>41,478</u>	<u>48,780</u>
<u>(199,292)</u>	<u>488,246</u>	<u>288,954</u>
<u>987,306</u>	<u>9,063,279</u>	<u>10,050,585</u>
<u>\$ 788,014</u>	<u>\$ 9,551,525</u>	<u>\$ 10,339,539</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2010. 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 Auditor, who is elected on a County-wide basis, 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 (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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

1. Government-Wide Statements

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

In the government-wide statement of net assets, the governmental activities 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 assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

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

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements

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

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

The Welfare Special Revenue Fund is used to account for economic assistance and community social services program.

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

The Solid Waste Special Revenue Fund is used account for funds used in solid waste management. Financing is provided by special assessments against all parcels of property in the County.

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.

Additionally, the County reports the following fiduciary fund type:

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds in an agency capacity.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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 Assets or Fund Balance

1. Cash

The County maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the balance sheet as "Cash and Pooled Investments." In accordance with *Minnesota Statutes*, the County maintains deposits at financial institutions which are authorized by the County Board. Additionally, each fund's equity in the County's investment pool is treated as cash because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. 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.

3. Loans Receivable

Loans receivable represents the unpaid principal portions of loans made by the County through its revolving loan 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.

4. Inventories

All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the 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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

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

6. Compensated Absences

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

7. Deferred Revenue

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

8. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Long-Term Obligations (Continued)

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

9. Fund Balance and Net Assets

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

In the government wide statement of net assets equity is presented as three components. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitation imposed on their use through external restrictions imposed by creditors, grants, or laws or regulations of other governments. All other net assets are presented as unrestricted.

10. Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The following fund had expenditures in excess of budget at the fund level for the year ended December 31, 2010: General Fund had expenditures of \$5,944,697 which exceeded the final budget of \$5,448,630 resulting in an excess of expenditures over final budget of \$496,067. The excess expenditures were funded with existing fund balance and greater than anticipated revenues.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2010, 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% 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 be 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.

The County's deposits in banks at December 31, 2010 were undercollateralized by \$150,079.

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

- (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, 2010, the County had the following investments:

Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years
Mutual Funds	\$ 1,167,781	\$ 1,008,822	\$ -	\$ 158,959
U.S. Agency Securities	788	-	788	-
Negotiable CDs	2,373,743	1,172,497	1,201,246	-
Total	<u>\$4,010,486</u>	<u>\$1,641,631</u>	<u>\$1,101,526</u>	<u>\$1,267,329</u>

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, 2010, the County's investment in U.S. agency securities were rated AAA by Moody's and Standard and Poor's. The mutual funds through Delaware Investments and Franklin Templeton Investments were rated AA and AAA, respectively, through inquiry of customer service representatives. The negotiable certificates of deposit were not rated.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2010, 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.

2. Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

Government-Type Activities – Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Land and Right-of-Way	\$ 1,398,594	\$ -	\$ -	\$ 1,398,594
Construction-in-Progress	-	1,480,294	-	1,480,294
Total Capital Assets, Not Being Depreciated:	1,398,594	1,480,294	-	2,878,888
Capital Assets, Being Depreciated				
Buildings	7,839,238	49,307	-	7,888,545
Machinery, Furniture, and Equipment	5,071,444	728,790	463,615	5,336,619
Infrastructure	52,313,137	696,824	-	53,009,961
Total Capital Assets, Being Depreciated	65,223,819	1,474,921	463,615	66,235,125
Less Accumulated Depreciation for				
Buildings	2,926,781	87,966	-	3,014,747
Machinery, Furniture, and Equipment	3,315,331	409,103	359,895	3,364,539
Infrastructure	12,649,382	982,178	-	13,631,560
Total Accumulated Depreciation	18,891,494	1,479,247	359,895	20,010,846
Total Capital Assets, Being Depreciated, Net	46,332,325	(4,326)	103,720	46,224,279
Governmental Activities Capital Assets, Net	<u>\$ 47,730,919</u>	<u>\$ 1,475,968</u>	<u>\$ 103,720</u>	<u>\$ 49,103,167</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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	\$	60,639
Public Safety		30,737
Highways and Streets, Including Depreciation of Infrastructure Assets		1,308,020
Human Services		15,619
Sanitation		30,018
Conservation of Natural Resources		1,255
Culture and Recreation		<u>32,959</u>
Total Depreciation Expense - Governmental Activities	\$	<u>1,479,247</u>

B. Interfund Receivables and Payables

The composition of Due To/From Other Fund balances as of December 31, 2010, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Welfare Fund	<u>\$ 5,481</u>	Utility Service, Legal Services, & Computer Services

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2010
General Obligation Bonds					
Assessment Bonds					
1997 Drainage Bonds	2013	\$35,000 - \$40,000	4.00 - 5.10	\$ 580,000	\$ 120,000
Loans Payable					
Chippewa River Watershed/ Continuation Clean Water Project	2023	\$3,743 - \$7,760	2.00	\$ 284,174	\$ 252,339

2. Debt Service Requirements

Debt service requirements at December 31, 2010, were as follows:

Year Ending December 31	General Obligation Special Assessment		Loans Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 40,000	\$ 5,100	\$ 19,849	\$ 3,159	\$ 59,849	\$ 8,259
2012	40,000	3,060	20,248	2,760	60,248	5,820
2013	40,000	1,020	28,823	4,102	68,823	5,122
2014	-	-	29,402	3,523	29,402	3,523
2015	-	-	29,993	2,932	29,993	2,932
2016-2020	-	-	104,725	6,674	104,725	6,674
2021-2023	-	-	19,299	486	19,299	486
Total	\$ 120,000	\$ 9,180	\$ 252,339	\$ 23,636	\$ 372,339	\$ 32,816

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2010, was as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Special Assessment Bonds	\$ 240,000	\$ -	\$ 120,000	\$ 120,000	\$ 40,000
Loans Payable	258,897	12,900	19,458	252,339	19,849
Compensated Absences	786,464	473,083	515,325	744,222	186,056
Governmental Activity Long-Term Liabilities	<u>\$ 1,285,361</u>	<u>\$ 485,983</u>	<u>\$ 654,783</u>	<u>\$ 1,116,561</u>	<u>\$ 245,905</u>

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.

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

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% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. The annuity accrual rate is 1.9% for each year of service for PECF members. For all PEPFF members, PECF members, and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.00%, respectively, of their annual covered salary in 2010. PEPFF members were required to contribute 9.40% of their annual covered salary in 2010. PECF members are required to contribute 5.83% of their annual covered salary.

Swift County is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERF members, 7% for Coordinated Plan GERF members, 14.10% for PEPFF members, and 8.75% for PECF members.

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% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2010, 2009, and 2008 were:

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Public Employees Correctional Fund	Public Employees Defined Contribution Plan
2010	\$ 262,480	\$ 71,586	\$ 32,905	\$ 5,840
2009	249,759	59,735	3,184	5,842
2008	229,744	48,059	34,814	5,773

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

C. OPEB Disclosure

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

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by *Minnesota 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, 2010, there was one retiree receiving health benefits from the County's health plan.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

C. OPEB Disclosure (Continued)

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 2010, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 7,510
Interest on Net OPEB Obligation	160
Adjustment to ARC	-
Annual OPEB Cost	<u>7,670</u>
Contributions During the Year	<u>(4,875)</u>
Increase in Net OPEB Obligation	2,795
Net OPEB - Beginning of Year	<u>5,349</u>
Net OPEB - End of Year	<u><u>\$ 8,144</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2010, 2009 and 2008 were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31,2010	\$ 7,670	\$ 4,875	63.6 %	\$ 8,144
December 31,2009	7,589	4,875	64.2	5,349
December 31,2008	7,510	4,875	64.9	2,714

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 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%

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

C. OPEB Disclosure (Continued)

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.

In the January 1, 2008 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.00% 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%. The annual healthcare cost trend rate is 9.00% initially, reduced incrementally to an ultimate rate of 5.00% 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 \$450,000 per claim in 2010. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 5 RISK MANAGEMENT (CONTINUED)

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 as of December 31, 2010. The projects include the following:

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Road Construction	\$ 1,182,934	\$ 221,677

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, 2010.

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2010:

	<u>Bank Balance</u>
Insured or Collateralized with Securities Held by the HRA or Its Agent in the HRA's Name	\$ 625,673
Collateralized with Securities Held by the Pledging Financial Institution's Trust Department or Agent in the HRA's Name	-
Total Deposits	<u>\$ 625,673</u>

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, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Capital Assets, not being Depreciated				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Capital Assets being Depreciated				
Buildings	3,622,364	4,175	-	3,626,539
Machinery, Furniture, and Equipment	18,278	-	-	18,278
Total Capital Assets being Depreciated	3,640,642	4,175	-	3,644,817
Less: Accumulated Depreciation for				
Buildings	644,366	104,543	-	748,909
Machinery, Furniture, and Equipment	4,175	207	-	4,382
Total Accumulated Depreciation	648,541	104,750	-	753,291
Total Capital Assets, Depreciated, Net	2,992,101	(100,575)	-	2,891,526
Governmental Activities Capital Assets, Net	<u>\$ 3,017,101</u>	<u>\$ (100,575)</u>	<u>\$ -</u>	<u>\$ 2,916,526</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>June 30, 2010</u>
Essential Function Housing Redevelopment Revenues Bonds	2033	5.00%	\$ 1,999,191
Essential Function Housing Revenue Bond Series 2005	2025	4.25%	<u>724,321</u>
Total Outstanding Bonds			<u><u>\$ 2,723,512</u></u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 64,987	\$ 135,147	\$ 200,134
2012	67,586	132,548	200,134
2013	70,290	129,844	200,134
2014	76,974	123,160	200,134
2015	80,768	119,365	200,133
2016-2020	467,673	532,994	1,000,667
2021-2025	957,517	405,598	1,363,115
2026-2030	590,938	173,599	764,537
2031-2033	<u>346,779</u>	<u>1,099,094</u>	<u>1,445,873</u>
Total	<u><u>\$ 2,723,512</u></u>	<u><u>\$ 2,851,349</u></u>	<u><u>\$ 5,574,861</u></u>

Compensated Absences Payable

Changes in compensated absences payable for the period ended June 30, 2010 is summarized below:

Balance - June 30, 2009	\$ 7,119
Net Changes	<u>(529)</u>
Balance - June 30, 2010	<u><u>\$ 6,590</u></u>

**SWIFT COUNTY
 BENSON, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2010**

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% and 4.00%, respectively. Current amounts are as follows:

	2010
Total Wages	\$ 59,510
Total Eligible Wages	48,612
Employer Contribution	2,917
Employee Contribution	1,944

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

**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. In accordance with Governmental Accounting Standards Board (GASB) Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Hospital has elected not to apply the Financial Accounting Standards Board statements and interpretations issued after November 30, 1989.

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 \$207,000, 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 included 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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

B. Swift County-Benson Hospital (Continued)

Net Assets

Net assets of the Hospital are classified in three components. Net assets 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 assets are non-capital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Hospital. Unrestricted net assets are the remaining net assets that do not meet the definition of invested capital assets, net of related debt or restricted net assets.

Net Patient Services Revenues

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. 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, 2010 is as follows:

Gross Patient Service Revenues	\$ 17,256,190
Less: Provisions for Revenue Adjustments	
Under Third-Party Reimbursement Program	(4,768,774)
Net Patient Service Revenues	\$ 12,487,416

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

**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 \$124,341 in 2010.

Deposits and Investments

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

Minnesota Statutes require that all Hospital deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110% 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 Statutes* 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, 2010, 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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2010, follows:

	Balance	Additions	Deletions	Balance
Capital Assets, not being				
Depreciated				
Land	\$ 224,744	\$ -	\$ -	\$ 224,744
Construction-in-Progress	9,218	148,606	-	157,824
Total Capital Assets Not Being				
Depreciated	233,962	148,606	-	382,568
Capital Assets Depreciated				
Buildings and Fixed Equipment	11,063,923	-	30,798	11,033,125
Movable Equipment and				
Ambulances	4,483,929	221,996	580,093	4,125,832
Land Improvements	263,255	-	-	263,255
Total Capital Assets being				
Depreciated	15,811,107	221,996	610,891	15,422,212
Less: Accumulated				
Depreciation for				
Buildings and Fixed Equipment	3,417,155	553,111	27,682	3,942,584
Movable Equipment and				
Ambulances	2,520,078	492,988	576,534	2,436,532
Land Improvements	108,971	20,816	-	129,787
Total Accumulated Depreciation	6,046,204	1,066,915	604,216	6,508,903
Total Capital Assets,				
Depreciated, Net	9,764,903	(844,919)	6,675	8,913,309
Governmental Activities Capital				
Assets, Net	<u>\$ 9,998,865</u>	<u>\$ (696,313)</u>	<u>\$ 6,675</u>	<u>\$ 9,295,877</u>

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 .79%.

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 \$237,900 for the use for the equipment for the year ended December 31, 2010. Accounts payable to CMDI for these services at December 31, 2010 amounted to \$22,500. Earnings of \$139,077 are included in other operating revenues.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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% 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 \$97,214. The Hospital provides management services, leases space and pays expenses on behalf of BMS and has a receivable from BMS for \$16,875. Earnings of \$50,818 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, 2010:

	Balance January 1, 2010	Additions	Payments	Balance December 31, 2010	Amounts Due Within One Year
USDA Hospital Refunding					
2007 Revenue Bonds	\$ 7,120,000	\$ -	\$ 170,000	\$ 6,950,000	\$ 175,000
MN Dept of Health Loan	835,894	-	111,422	724,472	167,133
Swift County RDA Loan	200,609	-	78,193	122,416	81,227
Total Noncurrent Liabilities	\$ 8,156,503	\$ -	\$ 359,615	\$ 7,796,888	\$ 423,360

The terms and due dates of the Hospital's long-term debt, including lease obligations, at December 31, 2010, 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% to 4.15%.
- Minnesota Department of Health Loan, principal payments start September 1, 2010 and are due quarterly on March 1, June 1, September 1, and December 1, through 2014. The loan is a zero percent interest loan.
- Swift County RDA Loan, principal payments start July 1, 2009 and are due monthly through June 1, 2010. The loan is a 4% interest loan.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

B. Swift County-Benson Hospital (Continued)

Revenue Bonds and Notes Payable (Continued)

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

Year Ending December 31	Long-Term Debt		MN Dept of Health Loan		Swift County RDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 175,000	\$ 278,281	\$ 167,133	\$ -	\$ 81,227	\$ 3,445
2012	180,000	271,181	222,844	-	41,332	490
2013	185,000	263,881	222,844	-	-	-
2014	195,000	256,281	111,508	-	-	-
2015	205,000	248,281	-	-	-	-
2016-2020	1,155,000	1,109,206	-	-	-	-
2021-2025	1,425,000	852,206	-	-	-	-
2026-2030	1,755,000	532,991	-	-	-	-
2031-2034	1,675,000	140,946	-	-	-	-
Total	<u>\$ 6,950,000</u>	<u>\$ 3,953,254</u>	<u>\$ 724,329</u>	<u>\$ -</u>	<u>\$ 122,559</u>	<u>\$ 3,935</u>

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, 2010, 2009, and 2008, were \$296,198, \$268,296, and \$265,078, 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, 2010, the Hospital paid \$91,000 for management services provided under the purchase agreement and approximately \$1,184,460 for services and equipment purchased through Rice Memorial Hospital. The Hospital had accounts payable of approximately \$80,381 at December 31, 2010.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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 2010 was \$81,686. 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. The County Boards of the participating counties have direct authority over and responsibility for Region 6W Community Corrections' activities.

Swift County's contribution to Region 6W Community Corrections for the year ended December 31, 2010, was \$141,734. Complete financial statements of Region 6W Community Corrections can be obtained at 1215 Black Oak Avenue, P.O. Box 551, Montevideo, Minnesota 56265.

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 8 OTHER ORGANIZATIONS (CONTINUED)

Joint Ventures (Continued)

Minnesota River Board (Continued)

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 2010, 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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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, 2010, was \$13,584. Separate financial information can be obtained at Western Minnesota Prairie Waters Convention and Visitors Bureau at 323 Schlieman Avenue, Appleton, MN 56208.

Sentencing to Serve Program

Swift County entered into a joint powers agreement with Big Stone County to establish joint community service projects utilizing Sentencing to Serve personnel pursuant to *Minnesota Statutes* §471.59.

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.

Financing is provided by a contribution from each member county. The amount of the contribution varies based on the number of cities who agree to participate. Swift County's contribution for the year ended December 31, 2010, was \$12,538. Current financial statements are not available.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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 \$43,639 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 \$107,040 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 \$70,574. Financial information can be obtained from the Swift County RDFA, 310 14th Street North, Benson, Minnesota 56215.

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

**SWIFT COUNTY
BENSON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,590,595	\$ 3,590,595	\$ 3,413,159	\$ (177,436)
Licenses and Permits	3,000	3,000	4,735	1,735
Intergovernmental	802,675	802,675	1,028,379	225,704
Charges for Services	259,875	259,875	611,861	351,986
Gifts and Contributions	-	-	10	10
Investment Earnings	190,000	190,000	93,675	(96,325)
Miscellaneous	508,480	508,480	774,593	266,113
Total Revenues	5,354,625	5,354,625	5,926,412	571,787
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	242,993	242,993	207,592	35,401
Law Library	-	-	27,716	(27,716)
County Administration	13,800	13,800	13,800	-
County Auditor	312,695	312,695	303,190	9,505
County Treasurer	165,004	165,004	159,687	5,317
County Assessor	240,409	240,409	225,589	14,820
Elections	24,500	24,500	62,411	(37,911)
Data Processing	72,500	72,500	52,924	19,576
Attorney	336,285	336,285	331,679	4,606
Recorder	249,934	249,934	237,817	12,117
Planning and Zoning	81,286	81,286	67,612	13,674
Buildings and Plant	284,895	284,895	230,819	54,076
Technology	159,657	159,657	152,048	7,609
Veterans Service Officer	128,017	128,017	180,716	(52,699)
Appropriations - General Government	377,917	377,917	615,551	(237,634)
Other General Government	-	-	121,772	(121,772)
Total General Government	2,689,892	2,689,892	2,990,923	(301,031)

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

**SWIFT COUNTY
BENSON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (CONTINUED)				
CURRENT (CONTINUED)				
PUBLIC SAFETY				
Sheriff	\$ 1,170,547	\$ 1,170,547	\$ 1,299,986	\$ (129,439)
Coroner	14,000	14,000	916	13,084
E-911 System	-	-	41,016	(41,016)
Restorative Justice Coordinator	33,490	33,490	50,957	(17,467)
Emergency Management	46,360	46,360	53,600	(7,240)
County Jail	782,208	782,208	872,887	(90,679)
Community Corrections	154,888	154,888	141,734	13,154
Total Public Safety	<u>2,201,493</u>	<u>2,201,493</u>	<u>2,461,096</u>	<u>(259,603)</u>
HEALTH				
Countryside Health Service	81,686	81,686	81,686	-
Youth Programs	98,633	98,633	83,193	15,440
Total Health	<u>180,319</u>	<u>180,319</u>	<u>164,879</u>	<u>15,440</u>
CULTURE AND RECREATION				
Parks	39,200	39,200	22,961	16,239
CONSERVATION OF NATURAL RESOURCES				
County Extension	142,330	142,330	131,868	10,462
Parks and Drainage	173,896	173,896	155,776	18,120
Agricultural Inspection	13,500	13,500	13,500	-
Predator Control	8,000	8,000	3,695	4,305
Total Conservation of Natural Resources	<u>337,726</u>	<u>337,726</u>	<u>304,839</u>	<u>32,887</u>
Total Expenditures	<u>5,448,630</u>	<u>5,448,630</u>	<u>5,944,698</u>	<u>(496,068)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(94,005)	(94,005)	(18,286)	75,719
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	-	-	5,825	5,825
NET CHANGE IN FUND BALANCE	<u>\$ (94,005)</u>	<u>\$ (94,005)</u>	<u>(12,461)</u>	<u>\$ 81,544</u>
Fund Balance - Beginning of Year			<u>2,974,018</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,961,557</u>	

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, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,302,956	\$ 1,302,956	\$ 1,457,433	\$ 154,477
Intergovernmental	3,942,990	3,942,990	3,367,238	(575,752)
Charges for Services	81,271	81,271	7,099	(74,172)
Investment Earnings	15,000	15,000	12,161	(2,839)
Miscellaneous	36,850	36,850	140,657	103,807
Total Revenues	5,379,067	5,379,067	4,984,588	(394,479)
EXPENDITURES				
CURRENT				
HIGHWAYS AND STREETS				
Administration	211,992	211,992	190,497	21,495
Engineering	171,764	171,764	64,025	107,739
Shared County Engineer	156,575	156,575	140,771	15,804
Maintenance	1,428,651	1,428,651	1,514,657	(86,006)
Construction	2,476,503	2,476,503	2,143,671	332,832
Equipment and Maintenance Shops	673,582	673,582	707,088	(33,506)
Other - Highways and Streets	260,000	260,000	9,931	250,069
Total Expenditures	5,379,067	5,379,067	4,770,640	608,427
NET CHANGE IN FUND BALANCE	\$ -	\$ -	213,948	\$ 213,948
Fund Balance - Beginning of Year			1,931,927	
Increase in Reserved for Inventory			42,143	
FUND BALANCE - END OF YEAR			\$ 2,188,018	

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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,858,058	\$ 1,858,058	\$ 1,739,159	\$ (118,899)
Intergovernmental	1,961,548	1,961,548	1,952,460	(9,088)
Charges for Services	272,800	272,800	367,530	94,730
Investment Earnings	30,000	30,000	12,065	(17,935)
Miscellaneous	5,000	5,000	17,334	12,334
Total Revenues	4,127,406	4,127,406	4,088,548	(38,858)
EXPENDITURES				
CURRENT				
HUMAN SERVICES				
Income Maintenance	1,041,900	1,041,900	1,074,527	(32,627)
Social Services	3,166,775	3,166,775	3,035,976	130,799
Total Expenditures	4,208,675	4,208,675	4,110,503	98,172
NET CHANGE IN FUND BALANCE	\$ (81,269)	\$ (81,269)	(21,955)	\$ 59,314
Fund Balance - Beginning of Year			1,339,071	
FUND BALANCE - END OF YEAR			\$ 1,317,116	

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, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 53,440	\$ 53,440	\$ 50,066	\$ (3,374)
Special Assessments	204,220	204,220	185,990	(18,230)
Intergovernmental	55,000	55,000	63,167	8,167
Charges for Services	421,500	421,500	423,451	1,951
Miscellaneous	108,000	108,000	121,909	13,909
Total Revenues	842,160	842,160	844,583	2,423
EXPENDITURES				
CURRENT				
SANITATION				
Solid Waste	925,922	925,922	845,154	80,768
DEBT SERVICE				
Principal	-	-	19,458	(19,458)
Interest	-	-	3,550	(3,550)
Total Debt Service	-	-	23,008	(23,008)
Total Expenditures	925,922	925,922	868,162	57,760
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(83,762)	(83,762)	(23,579)	(55,337)
OTHER FINANCING SOURCES				
Loan Proceeds	-	-	12,900	12,900
Proceeds from Sale of Assets	-	-	500	500
NET CHANGE IN FUND BALANCE	\$ (83,762)	\$ (83,762)	(10,179)	\$ (41,937)
Fund Balance - Beginning of Year			831,624	
FUND BALANCE - END OF YEAR			\$ 821,445	

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

**SWIFT COUNTY
 BENSON, MINNESOTA
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 DECEMBER 31, 2010**

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.

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, 2010:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 5,944,698	\$ 5,448,630	\$ 496,068

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, 2010

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%

SUPPLEMENTARY INFORMATION

**SWIFT COUNTY
BENSON, MINNESOTA
DECEMBER 31, 2010**

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.

Southwest Minnesota Mental Health Consortium Fund – to account for local program reimbursements and payments related to the consortium, of which the County is a member.

**SWIFT COUNTY
BENSON, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2010**

	Balance January 1	Additions	Deductions	Balance December 31
<u>STATE DEED</u>				
ASSETS				
Cash and Pooled Investments	\$ 16,671	\$ 1,707,335	\$ 1,685,264	\$ 38,742
LIABILITIES				
Due to Other Governments	\$ 16,671	\$ 1,707,335	\$ 1,685,264	\$ 38,742
<u>TAXES AND PENALTIES</u>				
ASSETS				
Cash and Investments	\$ 36,613	\$ 150,088,255	\$ 150,088,290	\$ 36,578
LIABILITIES				
Due to Other Governments	\$ 36,613	\$ 150,088,255	\$ 150,088,290	\$ 36,578
<u>REGION 6W</u>				
ASSETS				
Cash and Pooled Investments	\$ 748	\$ 57,484	\$ 57,403	\$ 829
LIABILITIES				
Due to Other Governments	\$ 748	\$ 57,484	\$ 57,403	\$ 829
<u>SCHOOL DISTRICTS</u>				
ASSETS				
Cash and Pooled Investments	\$ 40,343	\$ 2,308,776	\$ 2,311,573	\$ 37,546
LIABILITIES				
Due to Other Governments	\$ 40,343	\$ 2,308,776	\$ 2,311,573	\$ 37,546
<u>TOWNS AND CITIES</u>				
ASSETS				
Cash and Pooled Investments	\$ 68,752	\$ 2,390,455	\$ 2,385,390	\$ 73,817
LIABILITIES				
Due to Other Governments	\$ 68,752	\$ 2,390,455	\$ 2,385,390	\$ 73,817

**SWIFT COUNTY
BENSON, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2010**

	Balance January 1	Additions	Deductions	Balance December 31
<u>MINNESOTA RIVER WATERSHED</u>				
ASSETS				
Cash and Pooled Investments	\$ 124	\$ 13,540	\$ 13,584	\$ 80
LIABILITIES				
Due to Other Governments	\$ 124	\$ 13,540	\$ 13,584	\$ 80
<u>SOCIAL WELFARE FUND</u>				
ASSETS				
Cash and Pooled Investments	\$ 18,993	\$ 153,843	\$ 162,161	\$ 10,675
LIABILITIES				
Funds Held in Trust	\$ 18,993	\$ 153,843	\$ 162,161	\$ 10,675
<u>SW MN ADULT MENTAL HEALTH CONSORTIUM</u>				
ASSETS				
Cash and Pooled Investments	\$ 4,326	\$ 17,375	\$ 16,957	\$ 4,744
LIABILITIES				
Funds Held in Trust	\$ 4,326	\$ 17,375	\$ 16,957	\$ 4,744
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Pooled Investments	\$ 186,570	\$ 156,737,063	\$ 156,720,622	\$ 203,011
LIABILITIES				
Funds Held in Trust	\$ 23,319	\$ 171,218	\$ 179,118	\$ 15,419
Due to Other Governments	163,251	156,565,845	156,541,504	187,592
Total Liabilities	\$ 186,570	\$ 156,737,063	\$ 156,720,622	\$ 203,011

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2010**

	General Fund	Special Revenue Funds	
		Road and Bridge	Welfare Fund
SHARED REVENUES			
STATE			
Disparity Reduction Aid	\$ 11,816	\$ 5,138	\$ 6,129
Highway Users Tax	-	3,157,465	-
County Program Aid	285,227	124,029	147,947
Market Value Credits	185,368	80,606	96,151
PERA Rate Increase Aid	36,367	-	-
State Police Aid	59,565	-	-
Enhanced 911	84,924	-	-
Total Shared Revenues	<u>663,267</u>	<u>3,367,238</u>	<u>250,227</u>
REIMBURSEMENT FOR SERVICES			
STATE			
Minnesota Department of Human Services	-	-	414,890
STATE GRANTS			
MINNESOTA DEPARTMENT OF			
Human Services	-	-	522,352
Natural Resources	52,483	-	-
Pollution Control Agency	-	-	-
Veteran's Affairs	62,800	-	-
Water and Soil Resources	9,931	-	-
Total State Grants	<u>125,214</u>	<u>-</u>	<u>522,352</u>
FEDERAL GRANTS			
FEDERAL DEPARTMENT OF			
Agriculture	7,594	-	97,274
Commerce	42,141	-	-
Justice	29,986	-	-
Health and Human Services	33,431	-	667,717
Homeland Security	12,160	-	-
Total Federal Grants	<u>125,312</u>	<u>-</u>	<u>764,991</u>
Total Local, State, and Federal Grants	250,526	-	1,287,343
PAYMENTS IN LIEU OF TAXES	<u>114,586</u>	<u>-</u>	<u>-</u>
Total Intergovernmental Revenues	<u>\$ 1,028,379</u>	<u>\$ 3,367,238</u>	<u>\$ 1,952,460</u>

Solid Waste Fund	Total All Funds
\$ 177	\$ 23,260
-	3,157,465
4,267	561,470
2,773	364,898
-	36,367
-	59,565
-	84,924
7,217	4,287,949
-	414,890
-	522,352
-	52,483
55,950	55,950
-	62,800
-	9,931
55,950	703,516
-	104,868
-	42,141
-	29,986
-	701,148
-	12,160
-	890,303
55,950	1,593,819
-	114,586
\$ 63,167	\$ 6,411,244

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF DEPOSITS AND INVESTMENTS
DECEMBER 31, 2010**

	Interest Rate (%)	Maturity Date	Amount
Pooled Deposits and Investments			
Checking Accounts			
State Bank of Danvers	-	-	\$ 751,840
Savings Accounts			
Co-op Credit Union	0.80%	-	5
Money Market Savings			
First State Bank-Murdock	0.25%	-	39,929
First Security Bank Benson	0.85%	-	906,860
Prairie Sun Bank-Appleton	0.35%	-	16,777
Financial Security Bank-Kerkhoven	0.25%	-	18,473
Total Money Market Savings			<u>982,039</u>
Mutual Funds			
Voyageur Fund	Variable Rate		539,688
Voyageur Fund	Variable Rate	-	158,959
Total Mutual Funds			<u>698,647</u>
Negotiable Certificates of Deposit			
Wells Fargo	2.65%	January 14, 2011	94,853
Wells Fargo	2.50%	February 11, 2011	95,252
Wells Fargo	2.50%	March 18, 2011	95,706
Wells Fargo	2.30%	April 21, 2011	96,079
Wells Fargo	2.50%	May 28, 2011	96,552
Wells Fargo	2.00%	June 29, 2011	96,677
Wells Fargo	2.00%	July 15, 2011	95,874
Wells Fargo	1.80%	August 12, 2011	100,079
Wells Fargo	1.75%	September 16, 2011	100,338
Wells Fargo	1.70%	October 21, 2011	100,547
Wells Fargo	1.65%	November 25, 2011	100,726
Wells Fargo	0.50%	December 21, 2011	99,814
Wells Fargo	2.00%	January 20, 2012	101,254
Wells Fargo	1.25%	February 10, 2012	100,254
Wells Fargo	1.15%	March 19, 2012	100,317
Wells Fargo	1.30%	April 16, 2012	100,424
Wells Fargo	1.25%	May 14, 2012	100,485
Wells Fargo	0.01%	June 6, 2012	100,561
Wells Fargo	1.00%	July 16, 2012	99,905
Wells Fargo	1.00%	August 13, 2012	99,821
Wells Fargo	0.90%	September 24, 2012	99,720
Wells Fargo	0.80%	October 22, 2012	99,548
Wells Fargo	0.80%	November 19, 2012	99,480
Wells Fargo	8.00%	December 24, 2012	99,477
Total Negotiable Certificates of Deposit			<u>2,373,743</u>
U.S. Government Securities			
Wells Fargo	6.00%	August 1, 2013	788
Total Pooled Deposits and Investments			<u><u>\$ 4,807,062</u></u>

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF DEPOSITS AND INVESTMENTS (CONTINUED)
DECEMBER 31, 2010**

	Interest Rate (%)	Maturity Date	Amount
Fund Investments			
General Fund			
Departmental Checking Accounts			
First Security Bank - Benson	-	-	\$ 744
Mutual Fund			
Franklin U.S. Government Securities Fund	2.21%	-	469,134
Certificate of Deposit			
Riverwood Bank	2.10%	March 2, 2010	<u>100,000</u>
Total General Fund			569,878
Special Revenue Funds			
Road and Bridge Fund			
Certificate of Deposit			
Riverwood Bank	2.10%	March 2, 2011	50,000
Money Market Savings			
Riverwood Bank	0.80%	-	1,108,381
Co-op Credit Union	1.49%	-	201,106
Community Development Bank	1.00%	-	<u>501,248</u>
Total Road and Bridge Fund			1,860,735
Welfare Fund			
Departmental Checking Accounts			
First Security Bank Benson	0.80%	-	4,744
Bank of the West	-	-	<u>10,675</u>
			15,419
Certificates of Deposit			
Riverwood Bank	2.10%	March 2, 2011	50,000
Money market savings			
Community Development Bank	1.00%	-	501,412
First Security Bank Benson	0.80%	-	<u>251,697</u>
			753,109
Total Welfare Fund			<u>818,528</u>
Solid Waste Fund			
Departmental Checking Accounts			
First Security State-Benson	0.20%	-	<u>16,812</u>
Total Special Revenue Funds			<u>2,696,075</u>
Total Fund Investments			<u>3,265,953</u>
Total Deposits and Investments			<u><u>\$ 8,073,015</u></u>

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF LOANS RECEIVABLE
DECEMBER 31, 2010**

<u>Loan Recipient</u>	<u>Date of Loan</u>	<u>Loan Issue Amount</u>	<u>Principal Balance</u>	<u>Repayment Terms</u>
Revolving Loan Special Revenue Fund				
Huston & Sons	December 1999	\$ 31,919	\$ 7	Principal Payments Monthly, 5.0% Interest, Ten-Year Term.
Chuck and Jean Rustad	November 2001	25,000	9,859	Principal Payments Monthly, No Interest, Fifteen-Year Term.
Appleton Building Center	March 31, 2004	40,000	17,178	Principal Payments Monthly, 5.5% Interest, Ten-Year Term.
McDonald Heavy Industries, Inc.	July 20, 2004	24,000	10,005	Principal Payments Monthly, No Interest, Fifteen-Year Term.
Custom Roto Mold	June 1, 2007	75,000	42,262	Principal Payments Monthly, 6.0% Interest, Seven-Year Term.
SpecSys, Inc	October 31, 2008	50,000	45,262	Principal Payments Monthly, 4.0% Interest, Five-Year Term.
Swift County Rural Development Authority	May 29, 2009	239,000	85,206	Principal Payments Annually, 3.0% Interest, Until Repaid.
Appleton Meat Center	June 30, 2009	30,000	27,721	Principal Payments Monthly, 4.0% Interest, Five-Year Term.
Appleton Hardware Hank	September 1, 2009	50,000	44,786	Principal Payments Monthly, 4% Interest, Five-Year Term.
Honebrink, LLC	October, 2009	20,000	18,057	Principal Payments Monthly, 4% Interest, Five-Year Term.
H&H Veterinary Clinic	July, 2010	15,000	15,000	Principal Payments Monthly, 4% Interest, Five-Year Term.
Appleton Power Equipment	July, 2010	25,000	24,145	Principal Payments Monthly, 4% Interest, Five-Year Term.
Total Loans Receivable		<u>\$ 624,919</u>	<u>\$ 339,488</u>	

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

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

Board of County Commissioners
Swift County
Benson, Minnesota

We have audited 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, Minnesota, as of and for the year ended December 31, 2010, which collectively comprise Swift County's basic financial statements and have issued our report thereon dated May 12, 2011. We did not audit the financial statements of Swift County Housing and Redevelopment Authority (HRA), a discrete component unit, for the year ended June 30, 2010. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the HRA, is based solely on the report of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. A separate report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards* issued by other auditors is available from the HRA.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be 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 of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a 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 the deficiencies 2006-01 to 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 deficiencies 2008-01 and 2010-01, as described in the accompany schedule of findings and questioned costs, to be significant deficiencies.

Compliance and Other Matters

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

Swift County's written responses to the significant deficiencies, material weaknesses, and legal compliance findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

Larson Allen LLP
LarsonAllen LLP

Brainerd, Minnesota
May 12, 2011

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

Board of County Commissioners
Swift County
Benson, Minnesota

Compliance

We have audited the compliance of Swift County (the County), Minnesota with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2010. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

Swift County's financial statements include the activities of the Swift County Housing and Redevelopment Authority (HRA), a component unit, which expended \$294,016 in federal awards during the year ended June 30, 2010. 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.

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

In our opinion, Swift County complied, in all material respects, with the requirements referred to above that are applicable that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures for the purchase of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

LarsonAllen LLP
LarsonAllen LLP

Brainerd, Minnesota
May 12, 2011

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2010**

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 "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 "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
5. The auditors' report on compliance for the major federal award program 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:

Child Support Enforcement – Title IV-D	CFDA #93.563
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.

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2010**

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 organization 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.

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2010**

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 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 DEFICIENCIES:

REVIEW OF BUDGET ENTRY IN THE GENERAL LEDGER (2008-01)

Criteria: The budget amounts entered into the County's general ledger system should agree with the County approved budget amounts in order for reports to provide accurate information to management.

Condition: During the audit, we noted that the budget amounts in the IFS system did not tie to the board approved budget for the general and road and bridge funds.

Cause: Unknown.

Effect: Budget to actual reports generated out of the general ledger may not provide accurate information to management and the board.

Recommendation: We recommend the County implement policies and procedures to ensure the budget entered into the County's general ledger matches the board approved budget amounts.

CLIENT RESPONSE:

The County has established procedures for determining that the board approved budget is entered into the IFS system.

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2010**

SIGNIFICANT DEFICIENCIES (CONTINUED):

HUMAN SERVICES INCIDENTAL FUND (2010-01)

Criteria: All County checking and savings account should be approved by the County Board prior to opening any new accounts.

Condition: The Human Services Department has a checking account named the Incidental Fund that is used to process client's disbursements. We were not provided with documentation that the County Board approved this account.

Cause: Past Practice.

Effect: The County Board may not be aware of the disbursements flowing through this account and this increases the risk of error or fraud relating to these expenditures.

Recommendation: We recommend the County Board review the purpose of this bank account and determine if it is in the County's interest to continue. If County management determines this account is needed, we recommend board approval be obtained.

CLIENT RESPONSE:

The County Board will review this account and determine their intent for future expenditures.

PREVIOUSLY REPORTED ITEMS RESOLVED

TIMELY DEPOSITS OF CASH (2006-05)

During the prior year audit, various departments in the County did not deposit their collections on a timely basis.

RESOLUTION

No similar instances were noted in the current year.

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2010**

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 26 of the 56 active ditch systems as having deficit cash balances as of December 31, 2010, totaling \$403,353.

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.

COLLATERALIZATION OF DEPOSITS (2010-02)

Criteria: If the County desires to deposit an amount in excess of FDIC insurance, it must obtain a bond or collateral which, when computed at its market value, shall be at least ten percent more than the amount of the excess deposit at the close of the banking day.

Condition: The County was under collateralized at one bank at December 31, 2010 by \$105,079.

Cause: Not known.

Effect: The County is not in compliance with *Minnesota Statutes* §118A.03.

Recommendation: We recommend the County review their deposit levels on a continuous basis and communicate their collateral needs to their banks.

CLIENT RESPONSE:

The County Treasurer will monitor this on an ongoing basis and follow-up with the bank.

PREVIOUSLY REPORTED ITEMS RESOLVED

BROKER CERTIFICATION (2006-14)

During the prior year audit, the County did not have a broker certification signed for all brokers relating to 2009.

RESOLUTION

Broker certifications were signed for all brokers.

CREDIT CARD APPROVAL (2006-15)

During the prior year audit, we noted that several departments had credit cards and gas credit cards for which the County was not able to provide evidence of Board approval.

RESOLUTION

The Board approved use of all open credit cards during 2010.

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2010**

OTHER ITEMS FOR CONSIDERATION – MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEMS RESOLVED (CONTINUED)

PUBLISHING OF CLAIMS (2009-01)

During the prior year audit, the County did not publish individual claims along with the official proceedings of the board meeting in the newspaper.

RESOLUTION

We were presented with the support that the County began the publishing of claims over \$2,000 in the newspaper starting April 2010.

PUBLISHING OF VENDORS OF CREDIT CARD PURCHASES (2009-02)

During the prior year audit, the County did not break out individual vendors of credit card purchases when publishing the expenditure summary in the newspaper.

RESOLUTION

The County did not have any credit card vendor purchases that exceed the \$5,000 threshold for publishing.

UNCLAIMED FUNDS (2009-03)

During the prior year audit, the County's record showed uncashed checks held for more than three years, they are to be reported and delivered to the Commissioner of Commerce

RESOLUTION

The board approved a resolution to write off all old uncashed checks.

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2010**

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	\$ 103,009
ARRA - State Administrative Matching Grants for Food Stamp Program	10.561	1,859
Total Department of Agriculture		104,868
U.S. Department of Commerce		
Passed Through the City of St. Cloud		
Public Safety Interoperable Communications Grant Program	11.555	42,141
U.S. Department of Justice		
Passed Through Minnesota Department of Public Safety		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	29,986
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families	93.556	11,380
Temporary Assistance for Needy Families	93.558	66,305
Title IV-D Child Support	93.563	185,458
ARRA - Title IV-D Child Support	93.563	12,362
Refugee and Energy Assistance Grant	93.566	119
Child Care Mandatory & Matching Funds of Child Care and Development Fund (Part of Child Care Cluster)	93.596	2,535
Foster Care Title IV-E	93.658	50,182
Social Services Block Grant Title XX	93.667	82,628
Chafee Foster Care Independent Living	93.674	890
State Children's Insurance Program	93.767	170
Medical Assistance (Grant Cluster)	93.778	289,119
Total Department of Health and Human Services		701,148

**SWIFT COUNTY
 BENSON, MINNESOTA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2010**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security Passed Through Minnesota Department of Public Safety Emergency Management Performance Grants	97.042	\$ 12,160
Total Cash Type Federal Awards		<u>\$ 890,303</u>

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 \$294,016 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 2010, Swift County did not pass any federal money to subrecipients.
4. Pass-through grant numbers were not assigned by the pass-through agencies.

LarsonAllen^{LLP}

CPAs, Consultants & Advisors

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REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Swift County
Benson, Minnesota

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, Minnesota, as of and for the year ended December 31, 2010, and have issued our report thereon dated May 12, 2011. We did not audit the basic financial statements of the Swift County Housing and Redevelopment Authority. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Swift County Housing and Redevelopment Authority, is based solely on the report of the other auditors.

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

The *Audit Guide for Political Subdivisions* covers seven main 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. Our study included all of the listed categories, except we did not test for tax increment financing because the County does not have any tax increment financing districts.

The results of our tests indicate that for the items tested, the County complied with the material terms and conditions of applicable legal provisions except for the items described in detail in the attached Schedule of Findings and Questioned Costs.

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

LarsonAllen LLP
LarsonAllen LLP

Brainerd, Minnesota
May 12, 2011



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