

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

YEAR ENDED DECEMBER 31, 2008

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

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## **INTRODUCTORY SECTION**

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**ORGANIZATION SCHEDULE  
DECEMBER 31, 2008**

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
<b>Commissioners</b>		
1 <sup>st</sup> District	Donald Jensen	January 2013
2 <sup>nd</sup> District	Robert Carlson, *	January 2011
3 <sup>rd</sup> District	Charles Naplin	January 2011
4 <sup>th</sup> District	Darryl Tveitbakk	January 2011
5 <sup>th</sup> District	Oliver "Skip" Swanson	January 2013
 <b>Officers</b>		
Elected:		
Attorney	Alan Rogalla	January 2011
Auditor	Kenneth Olson	January 2011
Coroner	Richard Heinrichs	January 2011
Recorder	Kenneth Schmalz	January 2011
Sheriff	Michael Hruby	January 2011
Treasurer	Vickie Bjorgaard	January 2011
 Appointed:		
Assessor	Adeline Olson	January 2013
Highway Engineer	Michael Flaagan	May 2011
Human Services Director	Kenneth Yutzenka	Indefinite
Solid Waste Officer	Howard Person	Indefinite
Veterans Service Officer	Steve Stone	Indefinite

\* Chair

**FINANCIAL SECTION**



Colleen Hoffman, Manager  
Gordon Dale, CPA  
Audrey Swenson, CPA

**GOVERNMENTAL AUDIT SERVICES**

1845 Highway 59 South  
Suite 1100  
Thief River Falls, MN 56701  
Phone: 218-681-4078  
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choffman@mncable.net

**INDEPENDENT AUDITOR'S REPORT**

Board of County Commissioners  
Pennington County

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

As discussed in Note IV., Other Post-Employment Benefits, Pennington County has implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2009, on our consideration of Pennington 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.

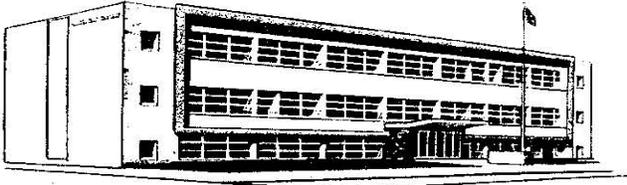
The Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pennington County's basic financial statements. The introductory section and the supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of Pennington County. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Hoffman, Dale, & Swenson*

Hoffman, Dale, & Swenson, PLLC

September 2, 2009



# PENNINGTON COUNTY

101 Main Ave. No.; P.O. Box 616  
Thief River Falls, MN 56701

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The management of Pennington County offers readers of the County's Financial Statements this narrative overview and analysis of the financial activities of Pennington County for the fiscal year ended December 31, 2008. The Management's Discussion and Analysis provides comparisons with the previous year and is designed to focus on the current year's activities, resulting changes, and currently known facts, and should be read in conjunction with the County's basic financial statements that follow this section.

### FINANCIAL HIGHLIGHTS

The total net assets of governmental activities are \$56,574,637, of which \$48,422,028 is invested in capital assets, net of related debt, \$1,883,255 is restricted for specific purposes, and \$6,269,354 is unrestricted. The total net assets of governmental activities increased by \$2,704,688 for the year ended December 31, 2008, as a result of highway construction projects financed by County State Aid Highway funding.

At the close of 2008, the County's governmental funds reported combined ending fund balances of \$8,536,849, an increase of \$58,881, from the prior year. Of the total fund balance amount, \$2,272,610 is legally or contractually reserved, \$6,502,180 is designated for specific purposes, and \$(237,941) is noted as unreserved, undesignated fund balance. Maintaining an adequate fund balance is necessary to provide County services throughout the year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development.

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

### **Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The County reports three governmental fund types: General, Special Revenue, and Debt Service. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Road and Bridge Special Revenue Fund, the Human Services Special Revenue Fund, and the Capital Improvement Special Revenue Fund, all of which are considered to be major funds. Data from the other three special revenue funds and the five debt service funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in combining statements after the notes to the financial statements.

Pennington County adopts annual budgets for its governmental funds. Budgetary comparisons have been provided for these funds to demonstrate compliance with their budgets.

**Fiduciary Funds** Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds. Pennington County’s fiduciary funds consist of ten agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In addition, the Agency Funds are not reflected in the government-wide financial statements because those resources are not available to support the County’s programs. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All fiduciary activities are reported in Statement 7, Combining Statement of Changes in Assets and Liabilities, All Agency Funds.

**Notes to the Financial Statements**

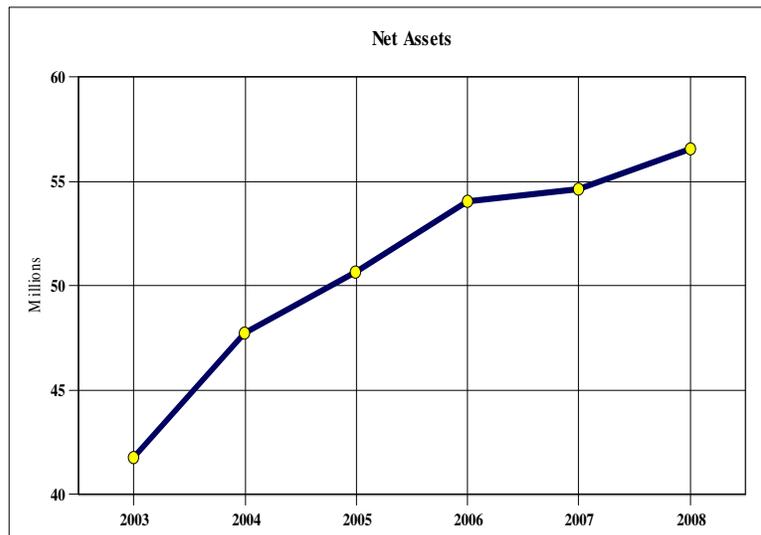
The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 21 of this report.

**Other information**—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The County also provides supplementary information including combining statements, budgetary comparison schedules, a ditch balance sheet, and a schedule of intergovernmental revenue.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Over time, net assets serve as a useful indicator of the County’s financial position. The County’s assets exceeded liabilities by \$56,574,637 at the close of 2008. The largest portion of the County’s net assets (approximately 86 percent) reflects its investment in capital assets (i.e., land, construction in progress, infrastructure, buildings and improvements, and machinery and equipment), net of related debt used to acquire those assets. It should be noted that this amount is not available for future spending. Approximately three percent of the County’s net assets are restricted and 11 percent of the County’s net assets are unrestricted. The unrestricted net asset amount of \$6,269,354, as of December 31, 2008, may be used to meet the County’s ongoing obligations to citizens.

The County’s overall financial position increased from last year. Total assets increased by \$2,493,121, from the prior year, due to the continued construction of various highway projects. Total liabilities decreased by \$211,567, from the prior year, primarily due to debt repayment. This resulted in increased net assets of \$2,704,688 from the prior year.



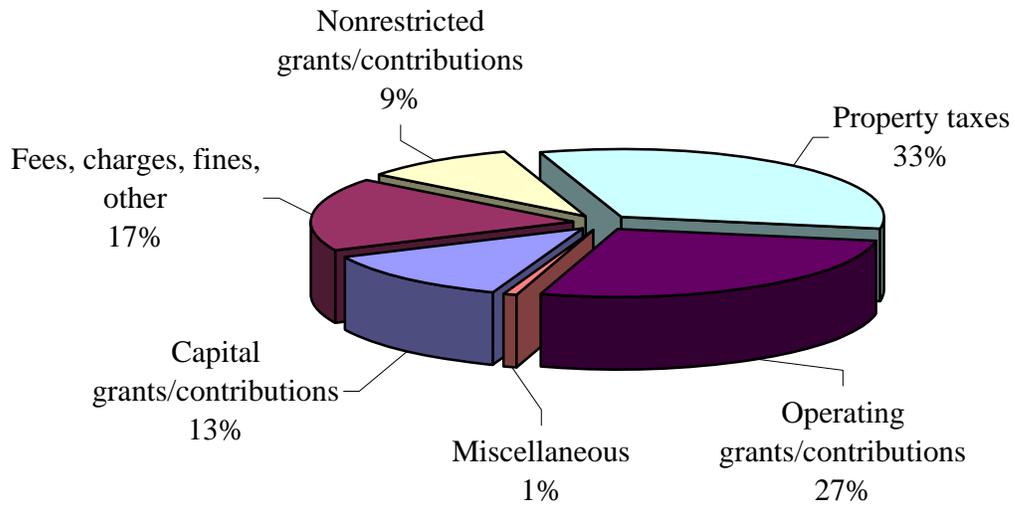
**NET ASSETS**

	Governmental Activities	
	2008	2007
Current and other assets	\$ 9,864,967	\$ 9,967,456
Capital assets	51,297,488	48,701,878
Total assets	\$ 61,162,455	\$ 58,669,334
Other liabilities	\$ 805,329	\$ 889,535
Long-term liabilities outstanding	3,782,489	3,909,850
Total liabilities	\$ 4,587,818	\$ 4,799,385
Net assets		
Invested in capital assets, net of related debt	\$ 48,422,028	\$ 51,864,422
Restricted	1,883,255	963,916
Unrestricted	6,269,354	1,041,611
Total net assets	\$ 56,574,637	\$ 53,869,949

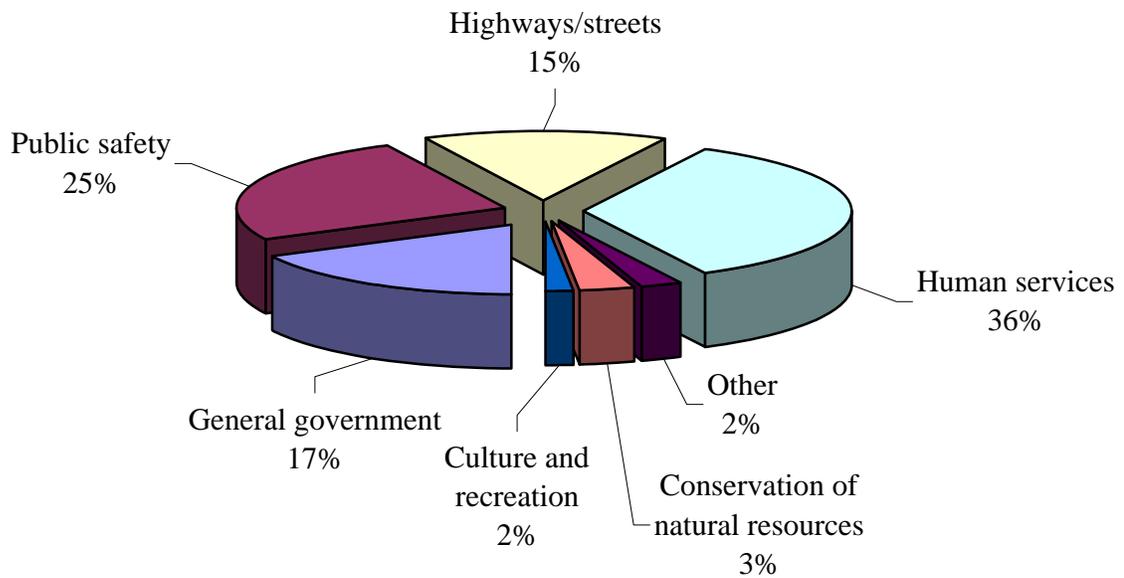
**CHANGES IN NET ASSETS**

	Governmental Activities	
	2008	2007
Revenues		
Program Revenues		
Charges for services	\$ 2,829,945	\$ 2,641,778
Operating grants and contributions	4,348,595	4,239,136
Capital grants and contributions	2,043,149	2,845,579
General Revenues and Other		
Property taxes	5,299,826	5,085,178
Grants and contributions not restricted to specific programs	1,506,530	1,562,352
Payments in lieu of taxes	22,709	17,853
Investment earnings	122,997	238,467
Proceeds from sale of assets	-	1,235,538
Transfers	-	651,997
Total revenues	\$ 16,173,751	\$ 18,517,878
Expenses		
General government	\$ 2,351,613	\$ 2,106,695
Public safety	3,399,066	3,223,234
Highways and streets	2,001,387	7,696,281
Sanitation	110,489	104,942
Human services	4,721,043	5,019,103
Health	56,270	48,093
Culture and recreation	209,222	132,972
Conservation of natural resources	458,520	385,085
Economic development	22,972	22,050
Interest	138,481	144,723
Total expenses	\$ 13,469,063	\$ 18,883,178
Increase (decrease) in net assets	\$ 2,704,688	\$ (365,300)
Net assets, January 1	53,869,949	54,235,249
Net assets, December 31	\$ 56,574,637	\$ 53,869,949

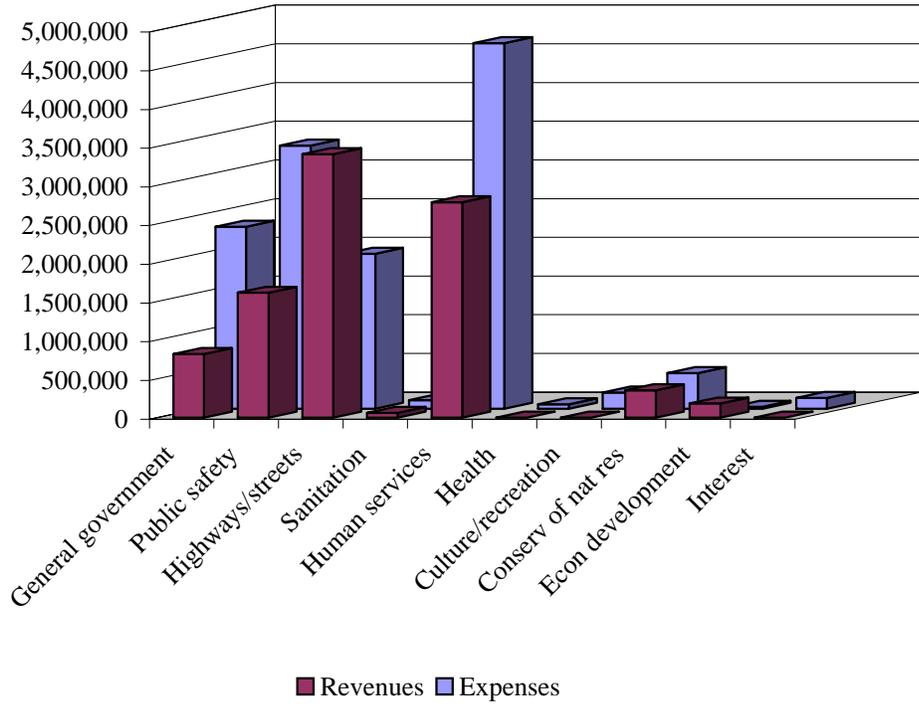
## Revenues by Source



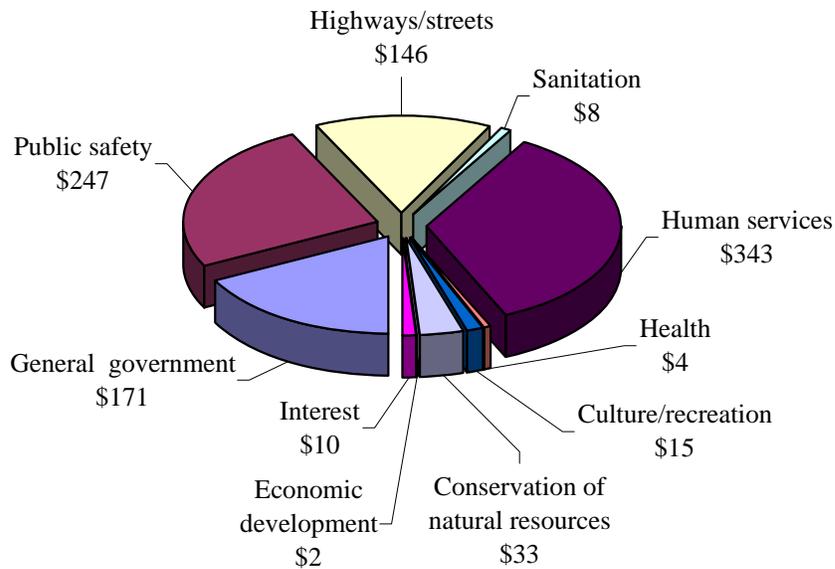
## Expenses by Function



## Program Revenues & Expenses



## Expenditures Per Capita 13,747 Population as of 07-01-08



## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, with a focus on short-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

### **Governmental Funds**

At the end of 2008, the County's governmental funds reported combined ending fund balances of \$8,536,849. Of this amount, approximately 27 percent constitutes legally or contractually reserved fund balance, 76 percent constitutes specifically designated fund balance, and a deficit three percent constitutes unreserved, undesignated fund balance.

The General Fund is the operating fund of the County. At the end of the current fiscal year, the General Fund's total fund balance was \$4,010,420. The General Fund's reserved fund balance was \$575,158, unreserved, designated fund balance was \$3,287,299, and the unreserved, undesignated fund balance was \$147,963. As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures for 2008. Unreserved fund balance represents 56 percent of total General Fund expenditures, while total fund balance represents 66 percent of that same amount.

In 2008, the fund balance amount in the General Fund increased by \$16,621, due to departments generally operating within their budgets.

The fund balance of the Road and Bridge Special Revenue Fund decreased \$63,619 in 2008, as a result of a decrease in reserved for inventories.

The fund balance of the Human Services Special Revenue Fund decreased \$19,140 from the prior year, due to less than anticipated receipt of state and federal funds.

The fund balance of the Capital Improvement Special Revenue Fund increased \$108,159 from the prior year, due to the receipt of earnest money and lease payments from the sale of the nursing home which has been designated for capital improvements.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

There were no amendments to the original budget as approved for 2008.

Actual revenues were less than overall budgeted revenues by \$110,173, due to decreases in state aid and less revenue from board of prisoners. Actual expenditures were less than overall final budgeted expenditures by \$83,903, primarily as a result of decreased spending in general government.

### **CAPITAL ASSETS AND LONG-TERM DEBT**

#### **Capital Assets**

The County's investment in capital assets for its governmental activities as of December 31, 2008 amounted to \$51,297,488 (net of accumulated depreciation). The total increase in the County's investment in capital assets for the current fiscal year was five percent. This was primarily due to the continued construction of various highway projects.

	Governmental Activities	
	2008	2007
Land	\$ 464,569	\$ 464,569
Construction in progress	2,552,113	1,361,350
Infrastructure	44,853,660	43,378,226
Buildings and improvements	2,183,064	2,336,855
Machinery and equipment	1,244,082	1,160,878
Total capital assets	<u>\$ 51,297,488</u>	<u>\$ 48,701,878</u>

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

### Long-term debt

At the end of the current fiscal year, the County had total debt outstanding of \$3,222,618 which is backed by the full faith and credit of the government.

	Governmental Activities	
	2008	2007
General Obligation Bonds (net of discount)	\$ 1,995,618	\$ 2,182,580
General Obligation Highway State-Aid Note	1,227,000	1,302,000
	<u>\$ 3,222,618</u>	<u>\$ 3,484,580</u>

The County's net decrease in debt of \$261,962 (7.5 percent) during the fiscal year was attributable to the repayment of debt. Minnesota Statutes limit the amount of debt that a County may have to three percent of its total market value, excluding revenue bonds. At the end of 2008, overall debt of the County is below the three percent debt limit.

Pennington County's bond rating is "A+" from Standard & Poor's. Additional information on the County's long-term debt can be found in the notes to the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate for Pennington County was 8.5 percent as of December 31, 2008. This is higher than the statewide rate of 6.8 percent and the national average rate of 7.1 percent.
- Pennington County's population at July 1, 2008 was 13,747, an increase of 163 since 2000. This ranks Pennington County 59<sup>th</sup> of 87 in the State of Minnesota.
- Effective March 1, 2007, the Oakland Park Nursing Home was sold for \$2,000,000 and all assets were transferred to the new owners. Pending financing, the new owners agreed to pay \$12,000 per month in lease payments and \$3,000 per month in earnest money toward the purchase price. In December of 2007 the County Board began granting extensions of the lease to allow the new owners to continue pursuing financing.
- On December 15, 2008, Pennington County set its 2009 revenue and expenditure budgets.

### REQUESTS FOR INFORMATION

This annual financial report is designed to provide a general overview of Pennington County for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Kenneth Olson, Pennington County Auditor, P.O. Box 616, Thief River Falls, Minnesota 56701.

## **BASIC FINANCIAL STATEMENTS**

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**EXHIBIT 1**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2008**

		<u>Governmental Activities</u>
<b><u>Assets</u></b>		
Cash and pooled deposits and investments	\$	6,660,549
Taxes receivable - prior		209,156
Special assessments receivable - prior		7,208
Accounts receivable		53,951
Accrued interest receivable		28,970
Contracts receivable		2,043,044
Due from other governments		568,334
Inventories		216,045
Deferred debt issuance costs		38,613
Special assessments receivable - noncurrent		39,097
Capital assets		
Non-depreciable		3,016,682
Depreciable - net of accumulated depreciation		48,280,806
<b>Total Assets</b>	<b>\$</b>	<b>61,162,455</b>
<b><u>Liabilities</u></b>		
Accounts payable	\$	194,872
Salaries payable		188,552
Contracts payable		45,112
Due to other governments		74,262
Accrued interest payable		48,991
Deferred revenue - unearned		253,540
Long-term liabilities		
Due within one year		641,208
Due in more than one year		3,141,281
<b>Total Liabilities</b>	<b>\$</b>	<b>4,587,818</b>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	\$	48,422,028
Restricted for		
General government		235,279
Public safety		19,988
Highways and streets		1,222,351
Conservation of natural resources		39,097
Debt service		366,540
Unrestricted		6,269,354
<b>Total Net Assets</b>	<b>\$</b>	<b>56,574,637</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**EXHIBIT 2**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Revenues			Net (Expense)
Expenses	Fees, Charges, Fines and Other	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
<b>Functions/Programs</b>				
<b>Governmental activities</b>				
General government	\$ 2,351,613	\$ 778,647	\$ 42,800	\$ -
Public safety	3,399,066	1,246,711	366,436	-
Highways and streets	2,001,387	386,143	1,159,897	1,858,795
Sanitation	110,489	7,609	55,000	-
Human services	4,721,043	383,409	2,399,055	-
Health	56,270	-	-	-
Culture and recreation	209,222	-	-	-
Conservation of natural resources	458,520	27,426	142,767	184,354
Economic development	22,972	-	182,640	-
Interest	138,481	-	-	-
<b>Total governmental activities</b>	<b>\$ 13,469,063</b>	<b>\$ 2,829,945</b>	<b>\$ 4,348,595</b>	<b>\$ 2,043,149</b>
<b>General revenues</b>				
Property taxes				\$ 5,299,826
Grants and contributions not restricted to specific programs				1,506,530
Payments in lieu of taxes				22,709
Investment earnings				122,997
<b>Total general revenues</b>				<b>\$ 6,952,062</b>
<b>Change in net assets</b>				<b>\$ 2,704,688</b>
<b>Net assets - January 1</b>				<b>53,869,949</b>
<b>Net assets - December 31</b>				<b>\$ 56,574,637</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**EXHIBIT 3**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008**

	<u>Special Revenue Funds</u>				<u>Other Governmental Funds (Statement 1)</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Capital Improvement</u>		
<b><u>Assets</u></b>						
Cash and pooled deposits and investments	\$ 3,956,882	\$ 123,755	\$ 957,212	\$ 175,841	\$ 1,446,859	\$ 6,660,549
Taxes receivable - prior	97,768	38,926	60,546	-	11,916	209,156
Special assessments receivable - prior	-	-	-	-	7,208	7,208
Accounts receivable	49,510	4,441	-	-	-	53,951
Accrued interest receivable	28,970	-	-	-	-	28,970
Contracts receivable	-	-	-	1,940,000	103,044	2,043,044
Due from other funds	-	32,432	-	-	-	32,432
Due from other governments	146,910	294,927	125,338	-	1,159	568,334
Inventories	-	216,045	-	-	-	216,045
Advances to other funds	-	-	-	-	41,091	41,091
Special assessments receivable - noncurrent	-	-	-	-	39,097	39,097
<b>Total Assets</b>	<b><u>\$ 4,280,040</u></b>	<b><u>\$ 710,526</u></b>	<b><u>\$ 1,143,096</u></b>	<b><u>\$ 2,115,841</u></b>	<b><u>\$ 1,650,374</u></b>	<b><u>\$ 9,899,877</u></b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**EXHIBIT 3  
(Continued)**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008**

	Special Revenue Funds				Other Governmental Funds (Statement 1)	Total Governmental Funds
	General Fund	Road and Bridge	Human Services	Capital Improvement		
<b><u>Liabilities and Fund Balances</u></b>						
<b>Liabilities</b>						
Accounts payable	\$ 57,700	\$ 22,894	\$ 113,203	\$ -	\$ 1,075	\$ 194,872
Salaries payable	111,378	29,877	47,297	-	-	188,552
Contracts payable	-	45,112	-	-	-	45,112
Due to other funds	-	-	-	-	32,432	32,432
Due to other governments	23,332	7,050	33,464	147	10,269	74,262
Deferred revenue - unavailable	77,210	250,899	47,814	-	157,244	533,167
Deferred revenue - unearned	-	253,540	-	-	-	253,540
Advances from other funds	-	-	-	-	41,091	41,091
<b>Total Liabilities</b>	<b>\$ 269,620</b>	<b>\$ 609,372</b>	<b>\$ 241,778</b>	<b>\$ 147</b>	<b>\$ 242,111</b>	<b>\$ 1,363,028</b>
<b>Fund Balances</b>						
Reserved for						
Advances to other funds	\$ -	\$ -	\$ -	\$ -	\$ 41,335	\$ 41,335
Attorney forfeited property	10,784	-	-	-	-	10,784
County State Aid Highway Allotment	-	1,073,532	-	-	-	1,073,532
Drug and Alcohol Resistance Education	1,748	-	-	-	-	1,748
Debt service	-	-	-	-	366,540	366,540
Enhanced 911	234,159	-	-	-	-	234,159
Handgun permits	9,205	-	-	-	-	9,205
Help America Vote Act	35,687	-	-	-	-	35,687
Inventories	-	216,045	-	-	-	216,045
Law library	22,981	-	-	-	-	22,981
Missing heirs	210	-	-	-	-	210
Probation	4,809	-	-	-	-	4,809
Recorder's equipment	86,252	-	-	-	-	86,252
SCORE	70,368	-	-	-	-	70,368
Sheriff's contingent fund	342	-	-	-	-	342
Sheriff's forfeited property	8,464	-	-	-	-	8,464
Technology	90,149	-	-	-	-	90,149
Unreserved						
Designated for						
Capital improvements	480,653	-	-	2,115,694	-	2,596,347
Cash flows	2,631,067	-	901,318	-	-	3,532,385
Jail canteen	62,345	-	-	-	-	62,345
Juvenile restitution	19,669	-	-	-	-	19,669
Natural resources	68,565	-	-	-	-	68,565
Veterans services	25,000	-	-	-	-	25,000
Undesignated	147,963	(1,188,423)	-	-	-	(1,040,460)
Unreserved, reported in nonmajor						
Special revenue funds	-	-	-	-	861,595	861,595
Debt service funds	-	-	-	-	138,793	138,793
<b>Total Fund Balances</b>	<b>\$ 4,010,420</b>	<b>\$ 101,154</b>	<b>\$ 901,318</b>	<b>\$ 2,115,694</b>	<b>\$ 1,408,263</b>	<b>\$ 8,536,849</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,280,040</b>	<b>\$ 710,526</b>	<b>\$ 1,143,096</b>	<b>\$ 2,115,841</b>	<b>\$ 1,650,374</b>	<b>\$ 9,899,877</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2008**

<b>Fund balances - total governmental funds (Exhibit 3)</b>	<b>\$</b>	<b>8,536,849</b>
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		51,297,488
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.</p>		533,167
<p>Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Accrued interest payable	\$ (48,991)	
General obligation bonds	(1,995,618)	
General obligation notes	(1,227,000)	
Deferred debt issuance costs	38,613	
Compensated absences	(504,834)	
Other post employment benefits	(55,037)	(3,792,867)
<b>Net assets of governmental activities (Exhibit 1)</b>	<b>\$</b>	<b><u>56,574,637</u></b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**EXHIBIT 5**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General Fund	Special Revenue Funds			Other Governmental Funds (Statement 2)	Total Governmental Funds
		Road and Bridge	Human Services	Capital Improvement		
<b>Revenues</b>						
Taxes	\$ 2,526,590	\$ 1,047,820	\$ 1,471,199	\$ -	\$ 260,106	\$ 5,305,715
Special assessments	-	-	-	-	188,962	188,962
Licenses and permits	6,823	-	-	-	-	6,823
Intergovernmental	1,560,894	3,404,348	2,757,327	-	96,273	7,818,842
Charges for services	1,533,005	189,155	89,597	-	1,656	1,813,413
Land and timber sales	-	-	-	-	17,283	17,283
Fines and forfeitures	24,699	-	-	-	-	24,699
Investment earnings	122,997	-	-	-	-	122,997
Miscellaneous	350,039	178,807	293,812	120,018	6,870	949,546
<b>Total Revenues</b>	<b>\$ 6,125,047</b>	<b>\$ 4,820,130</b>	<b>\$ 4,611,935</b>	<b>\$ 120,018</b>	<b>\$ 571,150</b>	<b>\$ 16,248,280</b>
<b>Expenditures</b>						
<b>Current</b>						
General government	\$ 2,226,055	\$ -	\$ -	\$ 11,859	\$ -	\$ 2,237,914
Public safety	3,170,444	-	-	-	-	3,170,444
Highways and streets	-	4,337,861	-	-	-	4,337,861
Sanitation	-	-	-	-	98,468	98,468
Human services	48,406	-	4,631,075	-	-	4,679,481
Health	56,270	-	-	-	-	56,270
Culture and recreation	207,690	-	-	-	-	207,690
Conservation of natural resources	282,193	-	-	-	173,897	456,090
Economic development	22,972	-	-	-	-	22,972
<b>Total Current</b>	<b>\$ 6,014,030</b>	<b>\$ 4,337,861</b>	<b>\$ 4,631,075</b>	<b>\$ 11,859</b>	<b>\$ 272,365</b>	<b>\$ 15,267,190</b>
<b>Debt Service</b>						
Principal retirement	\$ -	\$ 75,000	\$ -	\$ -	\$ 190,000	\$ 265,000
Interest	-	40,883	-	-	91,925	132,808
<b>Total Debt Service</b>	<b>\$ -</b>	<b>\$ 115,883</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 281,925</b>	<b>\$ 397,808</b>
<b>Capital Outlay</b>						
General government	\$ 30,392	\$ -	\$ -	\$ -	\$ -	\$ 30,392
Public safety	64,004	-	-	-	-	64,004
Highways and streets	-	348,952	-	-	-	348,952
<b>Total Capital Outlay</b>	<b>\$ 94,396</b>	<b>\$ 348,952</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 443,348</b>
<b>Total Expenditures</b>	<b>\$ 6,108,426</b>	<b>\$ 4,802,696</b>	<b>\$ 4,631,075</b>	<b>\$ 11,859</b>	<b>\$ 554,290</b>	<b>\$ 16,108,346</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

***EXHIBIT 5  
(Continued)***

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Special Revenue Funds				Other Governmental Funds (Statement 2)	Total Governmental Funds
	General Fund	Road and Bridge	Human Services	Capital Improvement		
<b>Excess of Revenues Over (Under) Expenditures</b>	\$ 16,621	\$ 17,434	\$ (19,140)	\$ 108,159	\$ 16,860	\$ 139,934
<b>Fund Balance - January 1</b>	3,993,799	164,773	920,458	2,007,535	1,391,403	8,477,968
<b>Increase (decrease) in reserved for inventories</b>	-	(81,053)	-	-	-	(81,053)
<b>Fund Balance - December 31</b>	<u>\$ 4,010,420</u>	<u>\$ 101,154</u>	<u>\$ 901,318</u>	<u>\$ 2,115,694</u>	<u>\$ 1,408,263</u>	<u>\$ 8,536,849</u>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**EXHIBIT 6**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>Net change in fund balances - total governmental funds (Exhibit 5)</b>	<b>\$</b>	<b>139,934</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>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.</p>		
Expenditures for general capital assets and infrastructure	\$ 4,285,085	
Current year depreciation	(1,654,266)	
Net book value of assets disposed	(35,209)	2,595,610
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
		(74,529)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
Principal repayments		
Capital improvement bonds	\$ 190,000	
State-aid highway notes	75,000	265,000
<p>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.</p>		
Amortization of discounts and deferred issuance charges	\$ (9,296)	
Change in accrued interest payable	3,623	
Change in compensated absences	(79,564)	
Change in other post employment benefits	(55,037)	
Change in inventories	(81,053)	(221,327)
<b>Change in net assets of governmental activities (Exhibit 2)</b>	<b>\$</b>	<b><u>2,704,688</u></b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

***EXHIBIT 7***

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2008**

	<u>Agency (Statement 7)</u>
<b><u>Assets</u></b>	
Cash and pooled deposits and investments	\$ 508,163
Due from other funds	<u>15,916</u>
<b>Total Assets</b>	<b><u><u>\$ 524,079</u></u></b>
<b><u>Liabilities</u></b>	
Accounts payable	\$ 8,962
Due to other funds	15,916
Due to other governments	<u>499,201</u>
<b>Total Liabilities</b>	<b><u><u>\$ 524,079</u></u></b>

**PENNINGTON COUNTY**  
**THIEF RIVER FALLS, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008

I. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Pennington County was established November 23, 1910, and is an organized county having the powers, duties, and privileges granted counties by Minnesota Statutes, Chapter 373. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Auditor, elected on a County-wide basis, serves as the clerk of the Board but has no vote.

The County participates in joint ventures and jointly-governed organizations which are described in Notes section V, subdivisions F and G, respectively.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) include the financial activities of the overall County government, except for the 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, charges, and fines 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

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

I. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

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

The County reports the following major governmental funds:

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

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. Financing is provided by annual tax levy, intergovernmental revenues designated for highways purposes, and charges for services.

The Human Services Special Revenue Fund is used to account for economic assistance and community social services programs. Financing is provided by annual tax levy and intergovernmental revenues designated for human services.

The Capital Improvement Special Revenue Fund was opened in 2007 to account for proceeds from the sale of the Oakland Park Nursing Home and is to be used for future County capital improvements.

Additionally, the County reports the following funds types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs of general long-term debt.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

I. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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

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. The 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.

As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Pooled 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 deposits and investments are reported at their fair value at December 31, 2008, based on market prices. Pursuant to Minnesota Statute, § 385.07, investment earnings on cash and pooled deposits and investments are credited to the General Fund. Pooled investment earnings for 2008 were \$122,997.

Pennington County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minnesota Statute, § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission, but does operate in a manner consistent

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Pooled Deposits and Investments (Continued)

with Rule 2a7 of the Investment Company Act of 1940. Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares.

2. Receivables and Payables

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 due on October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as prior taxes receivable.

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

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

All receivables are shown net of an allowance for uncollectible amounts, if applicable.

3. Inventories

All inventories are valued at cost using the weighted average method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are recorded as expenses when consumed.

Inventories, as reported in the fund financial statements, are offset by a fund balance reserve to indicate that they do not constitute available spendable resources.

4. Capital Assets

Capital assets, which include land, construction in progress, infrastructure (e.g., roads, bridges, and similar items), buildings and improvements, and machinery and equipment, are reported in the applicable government-wide financial statements. Capital assets have initial useful lives extending beyond two years and a dollar amount for capitalization per asset of \$5,000, except all land and construction in progress which is capitalized regardless of cost. Capital assets are recorded at historical cost or estimated historical cost when

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

4. Capital Assets (Continued)

purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extended the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Infrastructure, buildings and improvements, and machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	50-75
Buildings and improvements	20-30
Machinery and equipment	5-12

5. Compensated Absences

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

6. Deferred Revenue

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

7. Long-Term Obligations

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

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

7. 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 when issued. 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.

The County began to calculate and record a net other post-employment benefit (OPEB) obligation at December 31, 2008. The net OPEB obligation is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since January 1, 2008.

8. Net Assets and Fund Balance

Certain funds of the County are classified as restricted net assets on the statement of net assets because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantor, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

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

9. Use of Estimates

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

II. Stewardship, Compliance, and Accountability

A. Deficit Fund Balance

The Road and Bridge Special Revenue Fund had a deficit unreserved, undesignated fund balance of \$1,188,423 at December 31, 2008. This deficit will be eliminated with future levies.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

II. Stewardship, Compliance, and Accountability (Continued)

B. Individual Fund Deficits of Equity Accounts

Eleven of the 48 active ditch systems incurred expenditures in excess of revenues and available resources. These deficits will be eliminated with future special assessment levies against benefited properties. The following shows the unreserved, undesignated fund balance as of December 31, 2008:

Account balance	\$	473,792
Account deficit		<u>(122,230)</u>
 Fund Balance	 \$	 <u><u>351,562</u></u>

C. Land Management

The County manages approximately 2,170 acres of state-owned tax-forfeited land. This land generates revenues primarily from recreational land leases and land and timber sales. Land management costs, including forestry costs such as site preparation, seedlings, tree planting, and logging roads, are accounted for as current operating expenditures. Revenues in excess of expenditures are distributed to the County and cities, towns, and school districts within the County according to state statute.

III. Detailed Notes on All Funds

A. Assets

1. Cash and Pooled Deposits and Investments

Reconciliations of the County's total cash and pooled deposits and investments to the basic financial statements, as of December 31, 2008, are as follows:

Governmental funds		
Cash and pooled deposits and investments	\$	6,660,549
Fiduciary funds		
Cash and pooled deposits and investments		<u>508,163</u>
Total cash and investments	\$	<u><u>7,168,712</u></u>
 Deposits	 \$	 3,272,837
Cash on hand		1,875
Investments		<u>3,894,000</u>
Total deposits, cash on hand, and investments	\$	<u><u>7,168,712</u></u>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

1. Cash and Pooled Deposits and Investments (Continued)

Deposits

Minnesota Statutes, §§ 118A.02 and 118A.04 authorize the County to deposit its cash and to invest in certificates of deposit in financial institutions designated by the Board. Minnesota Statute, § 118A.03 requires that all County deposits be covered by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

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

Investments

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as high risk by Minnesota Statute, § 118A.04, subdivision 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

1. Cash and Pooled Deposits and Investments

Investments (Continued)

- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At December 31, 2008, the County had the following investments and maturities:

	Fair Value	Less Than 1 Year
Negotiable Certificates of Deposit	\$ 594,000	\$ 594,000
Minnesota Association of Governments Investing for Counties (MAGIC) Fund	800,000	800,000
Money Market	2,500,000	2,500,000
Total Investments	\$ 3,894,000	\$ 3,894,000
	100%	100%

Credit Risk

Generally, a credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute.

The County's exposure to credit risk as of December 31, 2008, is as follows:

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

1. Cash and Pooled Deposits and Investments

Credit Risk (Continued)

	<u>S &amp; P Rating</u>	<u>Fair Value</u>
Negotiable Certificates of Deposit	N/A	\$ 594,000
Minnesota Association of Governments Investing Counties (MAGIC) Fund	N/R	800,000
Money Market	N/A	2,500,000
		\$ 3,894,000

N/R – not rated

N/A – not applicable

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County does not have a policy on custodial credit risk. At December 31, 2008, none of the County's investments were subject to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer, excluding U.S. guaranteed investments, investment pools, and mutual funds. The County's negotiable certificates of deposit are with six separate financial institutions and are not exposed to concentration of credit risk.

2. Receivables

Receivables as of December 31, 2008, for the County's governmental activities, including any applicable allowances for uncollectible accounts, are as follows:

	<u>Total Receivables</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
Taxes	\$ 209,156	\$ -
Special assessments	46,305	39,097
Accounts	53,951	-
Accrued interest	28,970	-
Contracts	2,043,044	-
Due from other governments	568,334	-
Total	\$ 2,949,760	\$ 39,097

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 464,569	\$ -	\$ -	\$ 464,569
Construction in progress	<u>1,361,350</u>	<u>2,104,465</u>	<u>913,702</u>	<u>2,552,113</u>
Total capital assets not depreciated	<u>\$ 1,825,919</u>	<u>\$ 2,104,465</u>	<u>\$ 913,702</u>	<u>\$ 3,016,682</u>
Capital assets being depreciated				
Infrastructure	\$ 58,960,435	\$ 2,658,904	\$ -	\$ 61,619,339
Buildings and improvements	4,528,586	-	-	4,528,586
Machinery and equipment	<u>3,834,128</u>	<u>435,418</u>	<u>225,877</u>	<u>4,043,669</u>
Total capital assets being depreciated	<u>\$ 67,323,149</u>	<u>\$ 3,094,322</u>	<u>\$ 225,877</u>	<u>\$ 70,191,594</u>
Less: accumulated depreciation for				
Infrastructure	\$ 15,582,209	\$ 1,183,470	\$ -	\$ 16,765,679
Buildings and improvements	2,191,731	153,791	-	2,345,522
Machinery and equipment	<u>2,673,250</u>	<u>317,005</u>	<u>190,668</u>	<u>2,799,587</u>
Total accumulated depreciation	<u>20,447,190</u>	<u>1,654,266</u>	<u>190,668</u>	<u>21,910,788</u>
Total capital assets, depreciated, net	<u>\$ 46,875,959</u>	<u>\$ 1,440,056</u>	<u>\$ 35,209</u>	<u>\$ 48,280,806</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 48,701,878</u></u>	<u><u>\$ 3,544,521</u></u>	<u><u>\$ 948,911</u></u>	<u><u>\$ 51,297,488</u></u>

Depreciation Expense

Depreciation expense was charged to functions of the County as follows:

General government	\$ 78,979
Public safety	183,786
Highways and streets, including depreciation of infrastructure assets	1,370,288
Human services	7,660
Sanitation	12,021
Culture and recreation	<u>1,532</u>
Total Depreciation Expense	<u><u>\$ 1,654,266</u></u>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Construction Commitments

The County has two active construction commitments for highways and streets as of December 31, 2008, with \$909,492 spent-to-date and \$850,962 in remaining commitment.

Construction commitments are being financed by County taxes and intergovernmental revenue from local, state, and federal agencies.

B. Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
Road and Bridge Special Revenue Fund	Other Governmental	\$ 32,432	Charges for services
Agency	Agency	<u>15,916</u>	Prepaid tax collections
Total Due To/From Other Funds		<u><u>\$ 48,348</u></u>	

Advances From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
Other Governmental	Other Governmental	<u><u>\$ 41,091</u></u>	Cash deficit

This advance will be paid back.

C. Liabilities

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer recognition in connection with resources that have been received, but not yet earned. As of December 31, 2008, governmental funds reported the following various components of deferred revenues:

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

C. Liabilities

Deferred Revenue (Continued)

	Deferred Unavailable	Deferred Unearned
Taxes	\$ 165,176	\$ -
Special Assessments	44,789	-
Contracts	323,202	253,540
Total Deferred Revenue	\$ 533,167	\$ 253,540

Compensated Absences

Under the County's personnel policies and union contracts, employees are granted vacation in varying amounts based on their length of service. Vacation leave accrual varies from 12 to 21 days per year. Sick leave accrual is 12 days per year. Leave may be accumulated to a maximum of 24 days vacation and 100 days sick leave under the County's employment policy.

Unused compensatory time, accumulated vacation and vested sick leave are paid to employees upon termination. Unvested sick leave, approximately \$538,898 at December 31, 2008, is available to employees in the event of illness-related absences and is not paid to them at termination.

Long-Term Debt

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amounts	Outstanding Balance December 31, 2007
General Obligation Bonds					
1998 G.O. Jail Bonds	2014	\$55,000-\$70,000	4.45	750,000	\$ 365,000
1998 G.O. Capital Improvement Bonds					
	2019	\$40,000-\$150,000	4.53	1,410,000	1,140,000
2004 G.O. Capital Improvement Bonds					
	2014	\$55,000-\$65,000	3.44	535,000	350,000
2004 G.O. Refunding Bonds					
	2011	\$50,000-\$55,000	4.34	310,000	160,000
				\$ 3,005,000	\$ 2,015,000
Less: Bond discount				-	(19,382)
Total General Obligation Bonds, net of discount				\$ 3,005,000	\$ 1,995,618
2001 G.O. Highway State-Aid Note					
	2021	\$78,000-\$113,000	3.14	2,000,000	1,227,000
Total				\$ 5,005,000	\$ 3,222,618

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

C. Liabilities

Long-Term Debt (Continued)

Debt Service Requirements

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

Year Ending December 31	General Obligation Bonds		2001 General Obligation Highway State-Aid Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 200,000	\$ 80,601	\$ 78,000	\$ 38,528	\$ 278,000	\$ 119,129
2010	210,000	72,998	80,000	36,079	290,000	109,077
2011	220,000	64,657	83,000	33,567	303,000	98,224
2012	225,000	55,635	85,000	30,960	310,000	86,595
2013	235,000	45,908	88,000	28,291	323,000	74,199
2014-2018	775,000	110,961	485,000	98,125	1,260,000	209,086
2019-2021	150,000	3,375	328,000	20,818	478,000	24,193
					-	-
	\$ 2,015,000	\$ 434,135	\$ 1,227,000	\$ 286,368	\$ 3,242,000	\$ 720,503
Less: Bond discount	(19,382)	-	-	-	(19,382)	-
Total	<u>\$ 1,995,618</u>	<u>\$ 434,135</u>	<u>\$ 1,227,000</u>	<u>\$ 286,368</u>	<u>\$ 3,222,618</u>	<u>\$ 720,503</u>

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds (net of discount)	\$ 2,182,580	\$ -	\$ 186,962	\$ 1,995,618	\$ 200,000
2001 General Obligation Highway State-Aid Note	1,302,000	-	75,000	1,227,000	78,000
Net OPEB Payable	-	67,942	12,905	55,037	-
Compensated Absences	425,270	495,149	415,585	504,834	363,208
Governmental Activities Long-Term Liabilities	<u>\$ 3,909,850</u>	<u>\$ 563,091</u>	<u>\$ 690,452</u>	<u>\$ 3,782,489</u>	<u>\$ 641,208</u>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

IV. Pension Plans and Other Post-Employment Benefits

Defined Benefits Plans

Plan Description

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

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

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

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3 percent for each year of service. For Public Employees Correctional Fund Members, the annuity accrual rate is 1.9 percent for each year of service.

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

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

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

IV. Pension Plans and Other Post-Employment Benefits

Defined Benefits Plans

Plan Description (Continued)

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

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. 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. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.00 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members were required to contribute 8.60 percent of their annual covered salary in 2008. That rate increased to 9.40 percent in 2009. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2008 and 2009:

	2008	2009
Public Employees Retirement Fund		
Basic Plan Members	11.78%	11.78%
Coordinated Plan Members	6.50	6.75
Public Employees Police and Fire Fund	12.90	14.10
Public Employees Correctional Fund	8.75	8.75

The County's contributions for the years ending December 31, 2008, 2007, and 2006, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund, were:

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Public Employees Correctional Fund
2008	\$ 196,857	\$ 51,400	\$ 83,229
2007	191,669	44,523	80,324
2006	171,298	35,462	78,456

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

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

IV. Pension Plans and Other Post-Employment Benefits (Continued)

Other Post-Employment Benefits – (OPEB)

Beginning in 2008, Pennington County implemented Governmental Accounting Standards Board (GASB), Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

This statement required the County to calculate and record a net other post-employment benefit (OPEB) obligation at December 31, 2008. The net OPEB obligation is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since January 1, 2008.

Plan Description

Pennington County provides a single-employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical insurance benefits. The County provides for retirees by Minnesota Statute § 471.61, subdivision 2b.

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the Pennington County Board of Commissioners. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving implicit rate subsidy. This post-employment benefit is funded on a pay-as-you-go basis usually paying retiree benefits out of the General Fund. For 2008, there were approximately 117 participants in the plan, including two retirees.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs 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 for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the plan.

Annual Required Contribution	\$	67,942
Interest on net OPEB obligation		-
Adjustments to Annual Required Contribution		-
		-
Annual OPEB cost (expense)	\$	67,942
Contributions made		(12,905)
		-
Increase in net OPEB obligation	\$	55,037
Net OPEB Obligation - January 1, 2008		-
		-
Net OPEB Obligation - December 31, 2008	\$	55,037

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

IV. Pension Plans and Other Post-Employment Benefits

Annual OPEB Cost and Net OPEB Obligation (Continued)

The County's annual OPEB cost for December 31, 2008, was \$67,942. The percentage of annual OPEB cost contributed to the plan was 19 percent, and the net OPEB obligation for 2008 was \$55,037. Trend information for the previous two years is not available at this time based on the implementation date of December 31, 2008.

Fund Status and Funding Progress

As of January 1, 2008, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial liability for benefits was \$518,648, and the actuarial value of assets was zero, resulting in an unfunded actuarial liability (UAAL) of \$518,648. The covered payroll (annual payroll of active employees covered by the plan) was \$4,480,493, and the ratio of the UAAL to the covered payroll was 11.6 percent.

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the January 1, 2008, actuarial valuation, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions include a 4.5 percent investment rate of return (net of investment expenses), which is Pennington County's implicit rate of return on the General Fund. The annual healthcare cost trend is 9.0 percent initially reduced by decrements to an ultimate rate of 5.0 percent over eight years. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized over 30 years on a closed basis. The remaining amortization period at December 31, 2008, was 29 years.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

V. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

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

The County, in connection with the normal conduct of its affairs, may be involved in various claims, judgments, and litigation. The County Attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

B. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance Trust (MCIT) to cover workers' compensation and property and casualty liabilities. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

The Worker's Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$410,000 per claim in 2008 and \$430,000 per claim in 2009. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

C. Agricultural Best Management Loan Program

The County has entered into an agreement with the Minnesota Department of Agriculture and a local lending institution to jointly administer a loan program to individuals to implement projects that prevent or mitigate non-point source water pollution. While the County is not liable for repayment of the loans in any manner, it does have certain responsibilities under the agreement. The County has met those responsibilities for 2008.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

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

D. Sale of Nursing Home

Effective March 1, 2007, the Oakland Park Nursing Home was sold for \$2,000,000 and all assets were transferred to the new owners. Pending financing, the new owners agreed to pay \$12,000 per month in lease payments and \$3,000 per month in earnest money toward the purchase price. In December of 2007 the County Board began granting extensions of the lease to allow the new owners to continue pursuing financing.

E. Bonds Issued

On April 1, 2009 the County issued \$1,460,000 General Obligation Refunding Bonds to refund the 1998 General Obligation Jail Bonds and the 2004 General Obligation Refunding Bonds.

F. Joint Ventures

Inter-County Nursing Service

The Inter-County Nursing Service was formed in 1978 under the authority of the Joint Powers Act, pursuant to Minnesota Statutes, § 471.59, and includes Pennington and Red Lake Counties. The purpose of the Nursing Service is to provide, through visits to individuals' homes, skilled public nursing care on a part-time or intermittent basis to residents of Pennington and Red Lake Counties.

Control of the Nursing Service is vested in the Inter-County Nursing Service Board, which is composed of one county commissioner and four others from each county, and a physician who may be from either county. In the event of dissolution of the Inter-County Nursing Service Board, the net assets of the Nursing Service at that time shall be divided between the counties in proportion to the contribution of each.

The Nursing Service has no long-term debt. Financing is provided by state and federal grants, charges for services, and appropriations from the two counties. Pennington County contributed \$49,904 to the Nursing Service for the year ended December 31, 2008. Pennington County, in an agent capacity, reports the cash transactions of the Nursing Service as an agency fund on its financial statements. Complete financial information can be obtained from the Pennington County Auditor's Office or the Nursing Service's office, P.O. Box 616, Thief River Falls, Minnesota 56701.

Northern Counties Land Use Coordinating Board

The Northern Counties Land Use Coordinating Board was established September 22, 1993, and amended May 4, 1995, under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Beltrami, Clearwater, Cook, Itasca, Koochiching, Lake, Lake of the Woods, Marshall, Pennington, and St. Louis Counties. The purpose of the Land Use Coordinating Board is to formulate land use plans or general policies needed for the protection, sustainable use, and development of lands and natural resources in Northern Minnesota.

The Northern Counties Land Use Coordinating Board is composed of two elected county commissioners from each member county except St. Louis County, which has three members, as provided in the Land Use Coordinating Board's bylaws.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

V. Summary of Significant Contingencies and Other Items

F. Joint Ventures

Northern Counties Land Use Coordinating Board (Continued)

In the event of dissolution of the Northern Counties Land Use Coordinating Board, the net assets shall be distributed to the respective member counties in proportion to the contribution of each.

The Land Use Coordinating Board has no long-term debt. Financing is provided by appropriations from member counties. Pennington County contributed \$5,000 to the Land Use Coordinating Board for the year ended December 31, 2008. St. Louis County, in an agent capacity, reports the cash transactions as an agency fund on its financial statements. Complete financial information can be obtained from the St. Louis County Auditor, 100 North Fifth Avenue West, Duluth, Minnesota 55802.

Northwest Minnesota Household Hazardous Waste Management Group

The Northwest Minnesota Household Hazardous Waste Management Group was formed in 1992 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Beltrami, Clearwater, Kittson, Lake of the Woods, Marshall, Pennington, Polk, Red Lake, and Roseau Counties. The purpose of the Waste Management Group is to cooperatively manage, handle, and transport household hazardous waste, provide public education on safe waste management, and provide for the disposition of non-recyclable household hazardous waste materials.

Control of the Waste Management Group is vested in the Northwest Minnesota Household Hazardous Waste Management Group Joint Powers Board, which is composed of one county commissioner from each of the member counties, as provided in the Waste Management Group's bylaws.

Responsibility for budgeted expenditures is shared with the first 50 percent divided equally among the member counties, and the remaining 50 percent divided on a population-ratio basis. In the event of dissolution, the net assets shall be divided among the member counties in the same proportion as their respective financial responsibilities.

The Waste Management Group has no long-term debt. Financing is provided by appropriations from the member counties when needed. Pennington County disbursed \$5,535 to the Waste Management Group for the year ended December 31, 2008. Clearwater County, in an agent capacity, reports the cash transactions as an agency fund on its financial statements. Complete financial information can be obtained from the Clearwater County Auditor's Office or the Waste Management Group's office, P.O. Box 186, Bagley, Minnesota 56621.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

V. Summary of Significant Contingencies and Other Items

F. Joint Ventures (Continued)

Northwest Minnesota Regional Radio Board

The Northwest Minnesota Regional Radio Board was formed in 2007 under the authority of the Joint Powers Act, pursuant to Minnesota Statutes, §§ 403.39 and 471.59. Members include Becker, Beltrami, Clearwater, Clay, Hubbard, Kittson, Lake of the Woods, Mahnomon, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau counties and the City of Moorhead. The purpose of the Northwest Minnesota Regional Radio Board is to provide regional administration for the installation, operation, and maintenance of local and regional enhancements to the Statewide Public Safety Radio and Communication System (ARMER).

Control is vested in the Northwest Minnesota Regional Radio Board, which is composed of one county commissioner from each member county and one city council member from the member city, appointed by their respective governing bodies as provided in the Northwest Minnesota Regional Radio Board's Joint Powers Agreement.

The Northwest Minnesota Regional Radio Board has no long-term debt. Financing is provided by annual contributions from members, reflective of the extent of participation and use of services. Pennington County did not contribute to the Northwest Regional Radio Board for the year ended December 31, 2008. Complete financial information can be obtained from Greater Northwest Emergency Medical Services, 2301 Johanneson Avenue NW, Suite 103, Bemidji, Minnesota 56601.

Northwest Minnesota Six County Joint Powers Board

The Northwest Minnesota Six County Joint Powers Board was formed in 1994 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Beltrami, Clearwater, Marshall, Pennington, Polk, and Red Lake Counties. The purpose of the Board is to receive and expend funds for beaver damage control.

The Northwest Minnesota Six County Joint Powers Board is composed of one representative appointed by each county board from the six counties. Each county also has one alternate appointed to the Board, and the Board may choose to have non-voting advisory members on the Board. In the event of dissolution, the net assets shall be distributed to the respective member counties in proportion to the contribution of each.

Financing is provided by grants from the State of Minnesota or contributions. Complete financial information can be obtained from the Red Lake Watershed District, P.O. Box 803, Thief River Falls, Minnesota 56701.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

V. Summary of Significant Contingencies and Other Items

F. Joint Ventures (Continued)

Northwest Service Cooperative

The Northwest Service Cooperative (NWSC) was established in February, 1977, pursuant to Minnesota Statutes, §§ 471.59 and 123.582. The NWSC is located in State Development Regions One and Two which includes 12 counties covering a total of 14,853 miles. These are the most sparsely populated regions of the state with only 11 persons per square mile. The regions are known as “Pine to Prairie.” The NWSC provides service to all school districts, and many cities, counties, and other governmental agencies in the northwest region. The Northwest Service Cooperative’s purpose is to meet or exceed the needs of participating members by developing and delivering high quality, cost-effective services and programs that will support the activities of its members.

The NWSC is governed by a Board of Directors consisting of school board members elected at large by their peers, one city representative, with a maximum of three at-large appointees and three ex-officio superintendents. Pennington County contributed \$250 to the Cooperative for the year ended December 31, 2008. Complete financial information can be obtained from the Northwest Service Cooperative, 114 First Street West, Thief River Falls, Minnesota 56701.

Northwestern Counties Data Processing Security Association

The Northwestern Counties Data Processing Security Association was formed in 1994 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Marshall, Pennington, Polk, Roseau, and Wadena Counties. The purpose of the Association is to provide a mechanism whereby the counties may cooperatively provide for a data processing disaster recovery plan and back-up system.

Control of the Association is vested in the Northwestern Counties Data Processing Security Association Joint Powers Board, which is composed of one county commissioner appointed by each member county board. In the event of dissolution, the net assets of the Association at that time shall be distributed to the respective member counties in proportion to the contribution of each.

The Northwestern Counties Data Processing Security Association has no long-term debt. Financing is provided by state grants and appropriations from member counties when needed. Pennington County contributed \$1,000 to the Association for the year ended December 31, 2008. Lake of the Woods County, in an agent capacity, reports the cash transactions of the Association as an agency fund on its financial statements. Complete financial information can be obtained from the Lake of the Woods County Auditor’s Office, 206 8<sup>th</sup> Avenue SE, Suite 260, Baudette, Minnesota 56623.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

V. Summary of Significant Contingencies and Other Items

F. Joint Ventures (Continued)

Northwestern Minnesota Juvenile Center

The Northwestern Minnesota Juvenile Center was formed under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, effective August 1971, and includes Beltrami, Cass, Clearwater, Hubbard, Kittson, Lake of the Woods, Pennington, and Roseau Counties. The purpose of the Center is to provide rehabilitation and other services to juveniles under the jurisdiction of the court system. The offices of the Center are located in Bemidji, with satellite homes at various locations.

Control of the Center is vested in the Northwestern Minnesota Juvenile Center Joint Powers Board, which is composed of at least one member appointed by each participating county, as provided in the Center's bylaws. At present, there are 13 directors: Beltrami, Cass, Hubbard, Pennington, and Roseau Counties have two directors each; the other member counties have one director each. In the event of dissolution, the net assets of the Center shall be divided among the member counties in the same proportion as their respective financial responsibilities.

Financing is provided by state and federal grants, charges for services, and appropriations from member counties. Beltrami County, in an agent capacity, reports the cash transactions of the Northwestern Minnesota Juvenile Center as an agency fund on its financial statements. Complete financial information can be obtained from the Beltrami County Auditor/Treasurer's Office or at the Center's office, P.O. Box 247, Bemidji, Minnesota 56601.

Paul Bunyan Task Force

The Paul Bunyan Task Force was established July 16, 1992, under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Beltrami, Clearwater, Hubbard, Lake of the Woods, Mahnomen, Pennington, Red Lake, and Roseau Counties, and the Cities of Bemidji and Thief River Falls. The purpose of the Paul Bunyan Task Force is to assist member organizations in the investigation and prosecution of persons in violation of Minnesota statutes.

Control of the Paul Bunyan Task Force is established by a majority vote represented with one vote from each member organization. In the event of dissolution of the Task Force, the net assets shall be liquidated to the member organizations based on their percentage of population of all member counties and cities.

The Paul Bunyan Task Force has no long-term debt. Financing is provided by the profits from forfeitures and seizures pursuant to Minnesota Statute, § 609.531. The City of Bemidji, in an agent capacity, reports the cash transactions of the Task Force on its financial statements. Complete financial information can be obtained from the City of Bemidji, Administrative Offices - City Hall, 317 - 4<sup>th</sup> Street N.W., Bemidji, Minnesota 56601.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

V. Summary of Significant Contingencies and Other Items

F. Joint Ventures (Continued)

Quin County Community Health Service

The Quin County Community Health Service was formed in 1978 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Kittson, Marshall, Pennington, Red Lake, and Roseau Counties. The purpose of the Health Service is to develop and implement policies and procedures to promote efficiency and economy in the delivery of community health services.

Control of the Health Service is vested in the Quin County Board of Health, which is composed of one member appointed from each of the member counties (total five members, as provided in the joint powers agreement). In the event of dissolution, the net assets of the Health Service shall be divided among the member counties in the same proportion as their respective financial responsibilities as determined by county population.

The Health Service has no long-term debt. Financing is provided by state and federal grants, charges for services, and appropriations from the member counties when needed. Marshall County, in an agent capacity, reports the cash transactions of the Health Service as an agency fund on its financial statements. Complete financial information can be obtained from the Marshall County Auditor/Treasurer's Office or the Health Service's office, Newfolden, Minnesota 56738.

Red Lake River Corridor

The Red Lake River Corridor Joint Powers Board was formed in 2003 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes the Cities of Thief River Falls, St. Hilaire, Red Lake Falls, Crookston, Fisher and East Grand Forks; the Counties of Polk, Red Lake, Pennington; and the Red Lake Band of Chippewa Reservation. The purpose of the Board is for the development and enhancement of recreational and natural resources along the Red Lake River.

The Red Lake River Corridor Joint Powers Board is composed of one member for each participating entity. Each participant may also have one alternate who, in the absence of the appointed member, may attend meetings and have all the duties and rights of the member. In the event of dissolution, the net assets shall be distributed to the respective members in proportion to the contribution of each.

Financing is provided by contributions from members. The County contributed \$500 to the Board in 2008. Complete financial information can be obtained from the Pembina Trail R C & D, 2605 Wheat Drive, Red Lake Falls, Minnesota 56750.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

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

G. Jointly-Governed Organizations

Job Training Partnership Act Joint Powers Agreement

The Job Training Partnership Act Joint Powers Agreement was formed in July 1994 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Kittson, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties. The purpose of the Joint Powers Agreement is to designate the members of the Northwest Regional Development Commission's Board of Directors as the Local Elected Officials to work with the Northwest Private Industry Council for the Northwest Service Delivery Area, including specific duties as listed in the Agreement.

Minnesota Counties Computer Consortium

The Minnesota Counties Computer Consortium was formed in 1979 pursuant to Minnesota Statute, § 471.59 and includes 24 counties. Control of the Consortium is vested in the Joint Data Processing Board which is composed of one representative and one alternate appointed by each member county. The County's responsibility does not extend beyond making this appointment.

Minnesota Rural Counties Caucus

The Minnesota Rural Counties Caucus was established in 1997 and includes Becker, Beltrami, Clay, Clearwater, Itasca, Kittson, Lake, Lake of the Woods, Mahnommen, Marshall, McLeod, Morrison, Norman, Pennington, Polk, Red Lake, and Roseau Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee which is composed of ten directors, each with an alternate, who are appointed annually by each respective county board. The County contributed \$2,100 to the Caucus for the year ended December 31, 2008.

Multi-Cultural Events Center Joint Powers Board

The Multi-Cultural Events Center Joint Powers Board was formed in 1995 under the authority of the Joint Powers Act, pursuant to Minnesota Statute, § 471.59, and includes Pennington County, the City of Thief River Falls, Independent School District No. 564, Northland Community College, and Northwest Technical College. The Joint Powers Board is composed of one director appointed by the governing body of each member, with one alternate designated for each director, as provided in the Joint Powers Board's bylaws. The County did not contribute to the Multi-Cultural Events Center Joint Powers Board in 2008.

Northwest Minnesota Multi-County Housing and Redevelopment Authority

The Northwest Minnesota Multi-County Housing and Redevelopment Authority (HRA) was formed pursuant to Minnesota Statute, § 469.004, effective September 1972, and includes Kittson, Marshall, Pennington, Polk, Red Lake, and Roseau Counties. Control of the HRA is vested in the HRA Board which is composed of six members with indefinite terms made up of one member appointed by each board of county commissioners. Pennington County's responsibility does not extend beyond making this appointment.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

V. Summary of Significant Contingencies and Other Items

G. Jointly-Governed Organizations (Continued)

Northwest Regional Library

The Northwest Regional Library was formed pursuant to Minnesota Statutes, §§ 134.20 and 471.59, effective January 1, 1981, and includes Kittson, Marshall, Pennington, Red Lake, and Roseau Counties. Control of the Library is vested in the Northwest Regional Library Board which is composed of 16 members with staggered terms made up of the following: one member appointed by each board of county commissioners who may be a member of the Board of Commissioners; one member appointed by each participating city; and one additional member appointed by each county and city for each 6,000 of population or major percentage (85 percent) thereof. Pennington County appropriated \$80,000 to the Library for the year ended December 31, 2008.

Northwest Workforce Service Area

The Northwest Workforce Service Area was formed in July 2000 under the authority of the Workforce Investment Act of 1998 (Public Law 105-22) and includes Kittson, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties. The purpose of the Service Area is to increase a participant's employment, retention, earnings, and occupational skill attainment and result in improved workforce quality, reduced welfare dependency, and enhanced productivity and competitiveness.

Control of the Northwest Workforce Service Area is vested in the Northwest Private Industry Council/Workforce Council, composed of 18 members with one representative from each of the seven counties, three members at large, and eight members representing local agencies. In the event of dissolution of the Northwest Workforce Service Area, unexpended funds will be disposed of in accordance with law.

The Northwest Workforce Service Area has no long-term debt. Financing is provided by state and local grants. Complete financial information can be obtained from the Northwest Regional Development Commission, 115 South Main, Warren, Minnesota 56762.

Pennington County Family Service Collaborative

The Pennington County Family Service Collaborative was formed pursuant to Minnesota Statute, § 124D.23, effective July 1, 1996, and includes Pennington County, Thief River Falls Independent School District 564, and the Inter-County Nursing Service. Control of the Collaborative is vested in the Family Service Collaborative Board and includes at least one member from the public entities along with other members of the general public. Pennington County has accepted responsibility as the fiscal agent for reporting, claiming, and receiving payments.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

V. Summary of Significant Contingencies and Other Items

G. Jointly-Governed Organizations (Continued)

Red Lake Watershed District

The Red Lake Watershed District was formed pursuant to Minnesota Statute, § 103D.201, effective January 25, 1969, and includes land within Beltrami, Clearwater, Itasca, Koochiching, Mahnomen, Marshall, Pennington, Red Lake, and Roseau Counties. Control of the District is vested in the Red Lake Watershed District Board of Managers which is composed of seven members having staggered terms of three years each, with two appointed by the Polk County Board and one each appointed by the County Boards of Beltrami, Clearwater, Marshall, Pennington, and Red Lake. Pennington County's responsibility does not extend beyond making this appointment.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 1*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 2,591,057	\$ 2,591,057	\$ 2,526,590	\$ (64,467)
Licenses and permits	3,475	3,475	6,823	3,348
Intergovernmental	1,333,295	1,333,295	1,560,894	227,599
Charges for services	1,575,886	1,575,886	1,533,005	(42,881)
Fines and forfeitures	23,000	23,000	24,699	1,699
Investment earnings	103,000	103,000	122,997	19,997
Miscellaneous	605,507	605,507	350,039	(255,468)
<b>Total Revenues</b>	<b>\$ 6,235,220</b>	<b>\$ 6,235,220</b>	<b>\$ 6,125,047</b>	<b>\$ (110,173)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 311,020	\$ 311,020	\$ 399,335	\$ (88,315)
District court	24,524	24,524	21,809	2,715
Law library	17,000	17,000	11,896	5,104
County auditor	293,167	293,167	287,804	5,363
License bureau	200,365	200,365	186,077	14,288
County treasurer	112,103	112,103	93,054	19,049
County assessor	204,012	204,012	190,531	13,481
Elections	37,203	37,203	40,035	(2,832)
Professional services	-	-	2,492	(2,492)
Data processing	101,025	101,025	85,031	15,994
Attorney	297,475	297,475	295,841	1,634
Recorder	242,178	242,178	184,182	57,996
Buildings and grounds	297,078	297,078	268,036	29,042
Veterinarian	259	259	-	259
Veterans service officer	68,162	68,162	84,516	(16,354)
Insurance	32,366	32,366	34,821	(2,455)
Other general government	306,100	306,100	40,595	265,505
<b>Total general government</b>	<b>\$ 2,544,037</b>	<b>\$ 2,544,037</b>	<b>\$ 2,226,055</b>	<b>\$ 317,982</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

***Schedule 1  
(Continued)***

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public safety</b>				
Sheriff	\$ 779,335	\$ 779,335	\$ 825,829	\$ (46,494)
Coroner	12,258	12,258	10,883	1,375
County jail	1,210,289	1,210,289	1,294,612	(84,323)
DARE program	2,000	2,000	2,371	(371)
Enhanced 911	33,500	33,500	18,343	15,157
Emergency services	17,894	17,894	20,151	(2,257)
Jail canteen fund	62,000	62,000	69,227	(7,227)
Juvenile justice	7,000	7,000	9,224	(2,224)
Law enforcement center	489,573	489,573	624,303	(134,730)
Probation and parole	36,500	36,500	38,733	(2,233)
Sentence to service	172,200	172,200	142,198	30,002
Snowmobile safety	5,000	5,000	-	5,000
Training	4,000	4,000	6,909	(2,909)
Victim assistance	114,617	114,617	106,211	8,406
Other public safety	1,500	1,500	1,450	50
<b>Total public safety</b>	<b>\$ 2,947,666</b>	<b>\$ 2,947,666</b>	<b>\$ 3,170,444</b>	<b>\$ (222,778)</b>
<b>Human Services</b>				
Buildings and grounds	\$ 27,635	\$ 27,635	\$ 48,406	\$ (20,771)
<b>Health</b>				
Nursing service	\$ 54,725	\$ 54,725	\$ 49,904	\$ 4,821
County health officer	958	958	957	1
Parenting education	3,000	3,000	5,409	(2,409)
<b>Total health</b>	<b>\$ 58,683</b>	<b>\$ 58,683</b>	<b>\$ 56,270</b>	<b>\$ 2,413</b>
<b>Culture and recreation</b>				
Auditorium	\$ -	\$ -	\$ 29,705	\$ (29,705)
Historical society	13,000	13,000	13,000	-
Parks	5,500	5,500	2,335	3,165
Regional library	80,000	80,000	80,000	-
Senior citizens	1,000	1,000	-	1,000
Snowmobile and ski trails	71,514	71,514	82,650	(11,136)
<b>Total culture and recreation</b>	<b>\$ 171,014</b>	<b>\$ 171,014</b>	<b>\$ 207,690</b>	<b>\$ (36,676)</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 1*  
*(Continued)*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Conservation of natural resources</b>				
Agricultural society/county fair	\$ 10,500	\$ 10,500	\$ 11,570	\$ (1,070)
Agriculture inspection	200	200	35	165
Area Ag Information Center	5,000	5,000	5,000	-
Cooperative extension	149,662	149,662	112,121	37,541
Soil and water conservation	142,265	142,265	142,490	(225)
Other conservation of natural resources	275	275	10,977	(10,702)
<b>Total conservation of natural resources</b>	<b>\$ 307,902</b>	<b>\$ 307,902</b>	<b>\$ 282,193</b>	<b>\$ 25,709</b>
<b>Economic development</b>				
Housing and Redevelopment Authority	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Minnesota Heartland	250	250	250	-
Red River Valley Development	800	800	800	-
Tri-Valley Opportunity Council	13,702	13,702	11,922	1,780
<b>Total economic development</b>	<b>\$ 24,752</b>	<b>\$ 24,752</b>	<b>\$ 22,972</b>	<b>\$ 1,780</b>
<b>Capital outlay</b>				
General government	\$ 48,640	\$ 48,640	\$ 30,392	\$ 18,248
Public safety	62,000	62,000	64,004	(2,004)
<b>Total capital outlay</b>	<b>\$ 110,640</b>	<b>\$ 110,640</b>	<b>\$ 94,396</b>	<b>\$ 16,244</b>
<b>Total Expenditures</b>	<b>\$ 6,192,329</b>	<b>\$ 6,192,329</b>	<b>\$ 6,108,426</b>	<b>\$ 83,903</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 42,891</b>	<b>\$ 42,891</b>	<b>\$ 16,621</b>	<b>\$ (26,270)</b>
<b>Fund Balance - January 1</b>	<b>3,993,799</b>	<b>3,993,799</b>	<b>3,993,799</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 4,036,690</b>	<b>\$ 4,036,690</b>	<b>\$ 4,010,420</b>	<b>\$ (26,270)</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 2*

**BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,071,229	\$ 1,071,229	\$ 1,047,820	\$ (23,409)
Intergovernmental	3,327,135	3,327,135	3,404,348	77,213
Charges for services	60,000	60,000	189,155	129,155
Miscellaneous	258,191	258,191	178,807	(79,384)
<b>Total Revenues</b>	<b>\$ 4,716,555</b>	<b>\$ 4,716,555</b>	<b>\$ 4,820,130</b>	<b>\$ 103,575</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and Streets</b>				
Administration	\$ 257,642	\$ 257,642	\$ 256,885	\$ 757
Maintenance	508,159	508,159	377,753	130,406
Construction	1,975,000	1,975,000	2,137,453	(162,453)
Equipment maintenance and shop	1,414,074	1,414,074	1,336,262	77,812
Township roads	-	-	129,007	(129,007)
Other highways and streets	109,489	109,489	100,501	8,988
<b>Total highways and streets</b>	<b>\$ 4,264,364</b>	<b>\$ 4,264,364</b>	<b>\$ 4,337,861</b>	<b>\$ (73,497)</b>
<b>Debt Service</b>				
Principal retirement	\$ -	\$ -	\$ 75,000	\$ (75,000)
Interest	-	-	40,883	(40,883)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 115,883</b>	<b>\$ (115,883)</b>
<b>Capital Outlay</b>				
Highways and streets	\$ 365,000	\$ 365,000	\$ 348,952	\$ 16,048
<b>Total Expenditures</b>	<b>\$ 4,629,364</b>	<b>\$ 4,629,364</b>	<b>\$ 4,802,696</b>	<b>\$ (173,332)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 87,191</b>	<b>\$ 87,191</b>	<b>\$ 17,434</b>	<b>\$ (69,757)</b>
<b>Fund Balance - January 1</b>	<b>164,773</b>	<b>164,773</b>	<b>164,773</b>	<b>-</b>
<b>Increase (decrease) in reserved for inventories</b>	<b>-</b>	<b>-</b>	<b>(81,053)</b>	<b>(81,053)</b>
<b>Fund Balance - December 31</b>	<b>\$ 251,964</b>	<b>\$ 251,964</b>	<b>\$ 101,154</b>	<b>\$ (150,810)</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 3*

**BUDGETARY COMPARISON SCHEDULE  
HUMAN SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,474,681	\$ 1,474,681	\$ 1,471,199	\$ (3,482)
Intergovernmental	3,098,119	3,098,119	2,757,327	(340,792)
Charges for services	60,000	60,000	89,597	29,597
Miscellaneous	261,000	261,000	293,812	32,812
<b>Total Revenues</b>	<b>\$ 4,893,800</b>	<b>\$ 4,893,800</b>	<b>\$ 4,611,935</b>	<b>\$ (281,865)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human Services</b>				
Income maintenance	\$ 1,139,405	\$ 1,139,405	\$ 1,185,341	\$ (45,936)
Social services	3,754,395	3,754,395	3,445,734	308,661
<b>Total Expenditures</b>	<b>\$ 4,893,800</b>	<b>\$ 4,893,800</b>	<b>\$ 4,631,075</b>	<b>\$ 262,725</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (19,140)</b>	<b>\$ (19,140)</b>
<b>Fund Balance - January 1</b>	<b>920,458</b>	<b>920,458</b>	<b>920,458</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 920,458</b>	<b>\$ 920,458</b>	<b>\$ 901,318</b>	<b>\$ (19,140)</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 4*

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$ 180,000	\$ 180,000	\$ 120,018	\$ (59,982)
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Other general government	-	-	11,859	(11,859)
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 180,000</b>	<b>\$ 180,000</b>	<b>\$ 108,159</b>	<b>\$ (71,841)</b>
<b>Fund Balance - January 1</b>	<b>2,007,535</b>	<b>2,007,535</b>	<b>2,007,535</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b><u>2,187,535</u></b>	<b><u>2,187,535</u></b>	<b><u>2,115,694</u></b>	<b><u>(71,841)</u></b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**Schedule 5**

**SCHEDULE OF FUNDING PROGRESS  
OTHER POST-EMPLOYMENT BENEFIT PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) — Simplified Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of of Covered Payroll</u>
January 1, 2008	\$ -	\$ 518,648	\$ 518,648	\$ -	\$ 4,480,493	11.6%

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**Schedule 6**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POST-EMPLOYMENT BENEFIT PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Net OPEB Obligation</u>	<u>Percentage Contributed</u>
December 31, 2008	\$ 67,942	\$ 12,905	\$ 55,037	19%

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008

I. Budgetary Information

A. Budget Policy

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end.

On or before the last Tuesday in August of each year, all departments and agencies submit requests for appropriations to the County Auditor so that a budget can be prepared. Before October 31, the proposed budget is presented to the County Board for review. The Board holds a public hearing, and then a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. The County's department head may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Excess of Expenditures Over Budget

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

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund			
General government			
Commissioners	\$ 399,335	\$ 311,020	\$ (88,315)
Elections	40,035	37,203	(2,832)
Professional services	2,492	-	(2,492)
Veterans service officer	84,516	68,162	(16,354)
Insurance	34,821	32,366	(2,455)
Public safety			
Sheriff	825,829	779,335	(46,494)
County jail	1,294,612	1,210,289	(84,323)
DARE program	2,371	2,000	(371)
Emergency services	20,151	17,894	(2,257)
Jail canteen fund	69,227	62,000	(7,227)
Juvenile justice	9,224	7,000	(2,224)
Law enforcement center	624,303	489,573	(134,730)

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

I. Budgetary Information

B. Excess of Expenditures Over Budget (Continued)

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Probation and parole	\$ 38,733	\$ 36,500	\$ (2,233)
Training	6,909	4,000	(2,909)
Human services			
Buildings and grounds	48,406	27,635	(20,771)
Health			
Parenting education	5,409	3,000	(2,409)
Culture and recreations			
Auditorium	29,705	-	(29,705)
Snowmobile and ski trails	82,650	71,514	(11,136)
Conservation of natural resources			
Agricultural society/county fair	11,570	10,500	(1,070)
Soil and water conservation	142,490	142,265	(225)
Other conservation of natural resources	10,977	275	(10,702)
Capital outlay			
Public safety	64,004	62,000	(2,004)
Road and Bridge Special Revenue Fund			
Highways and streets			
Construction	2,137,453	1,975,000	(162,453)
Township roads	129,007	-	(129,007)
Debt service			
Principal retirement	75,000	-	(75,000)
Interest	40,883	-	(40,883)
Human Services Special Revenue Fund			
Human services			
Income maintenance	1,185,341	1,139,405	(45,936)
Capital Improvement Special Revenue Fund			
General government			
Other general government	11,859	-	(11,859)

II. Other Post-Employment Benefits (OPEB)

December 31, 2008 is the first year implementation of a three year comparison. For more information, refer to the Notes to the Financial Statements Section IV., Other Post-Employment Benefits.

**SUPPLEMENTARY INFORMATION**

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds

The Ditch Special Revenue Fund is used to account for the operation and maintenance of County and joint county drainage systems. Financing is provided by special assessments levied against benefited properties.

The Forfeited Tax Sale Special Revenue Fund is used to account for proceeds from the sale or rental of lands forfeited to the State of Minnesota pursuant to Minnesota Statutes, Chapter 282 and various forest and timber management grants. The net proceeds, after deducting allowable expenses, are apportioned to various County funds and taxing districts. Titles to the tax-forfeited lands remains with the State until the lands are sold by the County.

The Solid Waste Special Revenue Fund is used to account for solid waste activities. Financing is provided by intergovernmental revenue and user service charges.

Debt Service Funds

The Elevator and Long's Bridge Debt Service Fund is used to account for the accumulation of resources for and the payment of capital improvements bonds, interest, and related costs.

The Highway Capital Improvement Debt Service Fund is used to account for the accumulation of resources for and the payment of highway capital improvement bonds, interest, and related costs.

The Law Enforcement Radio Debt Service Fund is used to account for the accumulation of resources for and the payment of law enforcement radio bonds, interest, and related costs.

The Minimum Security Facility Debt Service Fund is used to account for the accumulation of resources for and the payment of minimum security facility bonds, interest, and related costs.

The Solid Waste Facility Debt Service Fund is used to account for the accumulation of resources for and the payment of solid waste facility bonds, interest, and related costs.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Statement 1*

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2008**

	<b>Special Revenue (Statement 3)</b>	<b>Debt Service (Statement 5)</b>	<b>Total Nonmajor Governmental Funds (Exhibit 3)</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>Assets</u></b>			
Cash and pooled deposits and investments	\$ 943,965	\$ 502,894	\$ 1,446,859
Taxes receivable - prior	316	11,600	11,916
Special assessments receivable - prior	7,208	-	7,208
Contracts receivable	-	103,044	103,044
Due from other governments	1,159	-	1,159
Advances to other funds	41,091	-	41,091
Special assessments receivable - noncurrent	39,097	-	39,097
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<b>\$ 1,032,836</b>	<b>\$ 617,538</b>	<b>\$ 1,650,374</b>
<b><u>Liabilities and Fund Balances</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,075	\$ -	\$ 1,075
Due to other funds	32,432	-	32,432
Due to other governments	10,269	-	10,269
Deferred revenue - unavailable	45,039	112,205	157,244
Advances from other funds	41,091	-	41,091
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Liabilities</b>	<b>\$ 129,906</b>	<b>\$ 112,205</b>	<b>\$ 242,111</b>
<b>Fund Balances</b>			
Reserved for			
Advances to other funds	\$ 41,335	\$ -	\$ 41,335
Debt service	-	366,540	366,540
Unreserved			
Designated for			
Building demolition	16,993	-	16,993
Cash flows	42,083	-	42,083
Debt service	-	138,793	138,793
Undesignated	802,519	-	802,519
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Fund Balances</b>	<b>\$ 902,930</b>	<b>\$ 505,333</b>	<b>\$ 1,408,263</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,032,836</b>	<b>\$ 617,538</b>	<b>\$ 1,650,374</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Statement 2*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Special Revenue (Statement 4)</u>	<u>Debt Service (Statement 6)</u>	<u>Total Nonmajor Governmental Funds (Exhibit 5)</u>
<b>Revenues</b>			
Taxes	\$ 9	\$ 260,097	\$ 260,106
Special assessments	188,962	-	188,962
Intergovernmental	55,000	41,273	96,273
Charges for services	1,656	-	1,656
Land and timber sales	17,283	-	17,283
Miscellaneous	6,870	-	6,870
<b>Total Revenues</b>	<b>\$ 269,780</b>	<b>\$ 301,370</b>	<b>\$ 571,150</b>
<b>Expenditures</b>			
<b>Current</b>			
Sanitation	\$ 98,468	\$ -	\$ 98,468
Conservation of natural resources	173,897	-	173,897
<b>Total Current</b>	<b>\$ 272,365</b>	<b>\$ -</b>	<b>\$ 272,365</b>
<b>Debt Service</b>			
Principal retirement	\$ -	\$ 190,000	\$ 190,000
Interest	2,688	89,237	91,925
<b>Total Debt Service</b>	<b>\$ 2,688</b>	<b>\$ 279,237</b>	<b>\$ 281,925</b>
<b>Total Expenditures</b>	<b>\$ 275,053</b>	<b>\$ 279,237</b>	<b>\$ 554,290</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (5,273)</b>	<b>\$ 22,133</b>	<b>\$ 16,860</b>
<b>Fund Balance - January 1</b>	<b>908,203</b>	<b>483,200</b>	<b>1,391,403</b>
<b>Fund Balance - December 31</b>	<b>\$ 902,930</b>	<b>\$ 505,333</b>	<b>\$ 1,408,263</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**Statement 3**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2008**

	<b>Ditch</b>	<b>Forfeited Tax Sale</b>	<b>Solid Waste</b>	<b>Total (Statement 1)</b>
<b><u>Assets</u></b>				
Cash and pooled deposits and investments	\$ 432,697	\$ 16,993	\$ 494,275	\$ 943,965
Taxes receivable - prior	-	-	316	316
Special assessments receivable - prior	7,208	-	-	7,208
Due from other governments	909	-	250	1,159
Advances to other funds	-	-	41,091	41,091
Special assessments receivable - noncurrent	39,097	-	-	39,097
<b>Total Assets</b>	<b>\$ 479,911</b>	<b>\$ 16,993</b>	<b>\$ 535,932</b>	<b>\$ 1,032,836</b>
 <b><u>Liabilities and Fund Balances</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 32	\$ -	\$ 1,043	\$ 1,075
Due to other funds	32,432	-	-	32,432
Due to other governments	10,005	-	264	10,269
Deferred revenue - unavailable	44,789	-	250	45,039
Advances from other funds	41,091	-	-	41,091
<b>Total Liabilities</b>	<b>\$ 128,349</b>	<b>\$ -</b>	<b>\$ 1,557</b>	<b>\$ 129,906</b>
<b>Fund Balances</b>				
Reserved for advances to other funds	\$ -	\$ -	\$ 41,335	\$ 41,335
Unreserved				
Designated for				
Building demolition	-	16,993	-	16,993
Cash flows	-	-	42,083	42,083
Undesignated	351,562	-	450,957	802,519
<b>Total Fund Balances</b>	<b>\$ 351,562</b>	<b>\$ 16,993</b>	<b>\$ 534,375</b>	<b>\$ 902,930</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 479,911</b>	<b>\$ 16,993</b>	<b>\$ 535,932</b>	<b>\$ 1,032,836</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Statement 4*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Ditch</u>	<u>Forfeited Tax Sale</u>	<u>Solid Waste</u>	<u>Total (Statement 2)</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 9	\$ 9
Special assessments	188,962	-	-	188,962
Intergovernmental	-	-	55,000	55,000
Charges for services	917	-	739	1,656
Land and timber sales	-	17,283	-	17,283
Miscellaneous	-	-	6,870	6,870
<b>Total Revenues</b>	<b>\$ 189,879</b>	<b>\$ 17,283</b>	<b>\$ 62,618</b>	<b>\$ 269,780</b>
<b>Expenditures</b>				
<b>Current</b>				
Sanitation	\$ -	\$ -	\$ 98,468	\$ 98,468
Conservation of natural resources	173,607	290	-	173,897
<b>Total Current</b>	<b>\$ 173,607</b>	<b>\$ 290</b>	<b>\$ 98,468</b>	<b>\$ 272,365</b>
<b>Debt Service</b>				
Interest	\$ 2,688	\$ -	\$ -	\$ 2,688
<b>Total Expenditures</b>	<b>\$ 176,295</b>	<b>\$ 290</b>	<b>\$ 98,468</b>	<b>\$ 275,053</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ 13,584</b>	<b>\$ 16,993</b>	<b>\$ (35,850)</b>	<b>\$ (5,273)</b>
<b>Fund Balance - January 1</b>	<b>337,978</b>	<b>-</b>	<b>570,225</b>	<b>908,203</b>
<b>Fund Balance - December 31</b>	<b>\$ 351,562</b>	<b>\$ 16,993</b>	<b>\$ 534,375</b>	<b>\$ 902,930</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
DECEMBER 31, 2008**

	<b>Elevator and Long's Bridge</b>	<b>Highway Capital Improvement</b>
<b><u>Assets</u></b>		
Cash and pooled deposits and investments	\$ 94,890	\$ 100,392
Taxes receivable - prior	2,371	3,558
Contracts receivable	-	-
<b>Total Assets</b>	<b>\$ 97,261</b>	<b>\$ 103,950</b>
<b><u>Liabilities and Fund Balances</u></b>		
<b>Liabilities</b>		
Deferred revenue - unavailable	\$ 1,872	\$ 2,810
<b>Fund Balances</b>		
Reserved for debt service	\$ 95,389	\$ 101,140
Unreserved		
Designated for debt service	-	-
<b>Total Fund Balances</b>	<b>\$ 95,389</b>	<b>\$ 101,140</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 97,261</b>	<b>\$ 103,950</b>

Statement 5

<u>Law Enforcement Radio</u>	<u>Minimum Security Facility</u>	<u>Solid Waste Facility</u>	<u>Total (Statement 1)</u>
\$ 77,157	\$ 91,861	\$ 138,594	\$ 502,894
1,961	2,765	945	11,600
<u>103,044</u>	<u>-</u>	<u>-</u>	<u>103,044</u>
<u><b>\$ 182,162</b></u>	<u><b>\$ 94,626</b></u>	<u><b>\$ 139,539</b></u>	<u><b>\$ 617,538</b></u>
\$ 104,593	\$ 2,184	\$ 746	\$ 112,205
\$ 77,569	\$ 92,442	\$ -	\$ 366,540
-	-	138,793	138,793
<u>77,569</u>	<u>92,442</u>	<u>138,793</u>	<u>505,333</u>
<u><b>\$ 182,162</b></u>	<u><b>\$ 94,626</b></u>	<u><b>\$ 139,539</b></u>	<u><b>\$ 617,538</b></u>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Elevator and Long's Bridge</b>	<b>Highway Capital Improvement</b>
<b>Revenues</b>		
Taxes	\$ 51,569	\$ 83,941
Intergovernmental	7,189	11,705
<b>Total Revenues</b>	<b>\$ 58,758</b>	<b>\$ 95,646</b>
<b>Expenditures</b>		
<b>Debt Service</b>		
Principal retirement	\$ 50,000	\$ 40,000
Interest	6,531	51,464
<b>Total Expenditures</b>	<b>\$ 56,531</b>	<b>\$ 91,464</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 2,227</b>	<b>\$ 4,182</b>
<b>Fund Balance - January 1</b>	<b>93,162</b>	<b>96,958</b>
<b>Fund Balance - December 31</b>	<b>\$ 95,389</b>	<b>\$ 101,140</b>

**Statement 6**

<b>Law Enforcement Radio</b>	<b>Minimum Security Facility</b>	<b>Solid Waste Facility</b>	<b>Total (Statement 2)</b>
\$ 58,303	\$ 66,235	\$ 49	\$ 260,097
13,136	9,243	-	41,273
<b>\$ 71,439</b>	<b>\$ 75,478</b>	<b>\$ 49</b>	<b>\$ 301,370</b>
\$ 50,000	\$ 50,000	\$ -	\$ 190,000
13,576	17,666	-	89,237
<b>\$ 63,576</b>	<b>\$ 67,666</b>	<b>\$ -</b>	<b>\$ 279,237</b>
\$ 7,863	\$ 7,812	\$ 49	\$ 22,133
<b>69,706</b>	<b>84,630</b>	<b>138,744</b>	<b>483,200</b>
<b>\$ 77,569</b>	<b>\$ 92,442</b>	<b>\$ 138,793</b>	<b>\$ 505,333</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 7*

**BUDGETARY COMPARISON SCHEDULE  
DITCH SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special assessments	\$ 152,000	\$ 152,000	\$ 188,962	\$ 36,962
Charges for services	-	-	917	917
<b>Total Revenues</b>	<b>\$ 152,000</b>	<b>\$ 152,000</b>	<b>\$ 189,879</b>	<b>\$ 37,879</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Conservation of natural resources</b>				
Administration	\$ -	\$ -	\$ 548	\$ (548)
Ditch maintenance and repairs	152,000	152,000	168,824	(16,824)
Middle River/Snake River Watershed	-	-	3,662	(3,662)
Red Lake Watershed	-	-	573	(573)
<b>Total conservation of natural resources</b>	<b>\$ 152,000</b>	<b>\$ 152,000</b>	<b>\$ 173,607</b>	<b>\$ (21,607)</b>
<b>Debt service</b>				
Interest	-	-	2,688	(2,688)
<b>Total Expenditures</b>	<b>\$ 152,000</b>	<b>\$ 152,000</b>	<b>\$ 176,295</b>	<b>\$ (24,295)</b>
<b>Excess of Revenues Over (Under)</b>				
Expenditures	\$ -	\$ -	\$ 13,584	\$ 13,584
<b>Fund Balance - January 1</b>	<b>337,978</b>	<b>337,978</b>	<b>337,978</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 337,978</b>	<b>\$ 337,978</b>	<b>\$ 351,562</b>	<b>\$ 13,584</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 8*

**BUDGETARY COMPARISON SCHEDULE  
FORFEITED TAX SALE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Land and timber sales	\$ 10,000	\$ 10,000	\$ 17,283	\$ 7,283
<b>Expenditures</b>				
<b>Current</b>				
<b>Conservation of natural resources</b>				
Forfeited land	10,000	10,000	290	9,710
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,993</b>	<b>\$ 16,993</b>
<b>Fund Balance - January 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,993</b>	<b>\$ 16,993</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 9*

**BUDGETARY COMPARISON SCHEDULE  
SOLID WASTE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 25	\$ 25	\$ 9	\$ (16)
Intergovernmental	55,000	55,000	55,000	-
Charges for services	-	-	739	739
Miscellaneous	100,000	100,000	6,870	(93,130)
<b>Total Revenues</b>	<b>\$ 155,025</b>	<b>\$ 155,025</b>	<b>\$ 62,618</b>	<b>\$ (92,407)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Sanitation</b>				
Solid waste	\$ 109,500	\$ 109,500	\$ 36,175	\$ 73,325
Recycling	68,750	68,750	62,293	6,457
<b>Total Expenditures</b>	<b>\$ 178,250</b>	<b>\$ 178,250</b>	<b>\$ 98,468</b>	<b>\$ 79,782</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (23,225)</b>	<b>\$ (23,225)</b>	<b>\$ (35,850)</b>	<b>\$ (12,625)</b>
<b>Fund Balance - January 1</b>	<b>570,225</b>	<b>570,225</b>	<b>570,225</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 547,000</b>	<b>\$ 547,000</b>	<b>\$ 534,375</b>	<b>\$ (12,625)</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 10*

**BUDGETARY COMPARISON SCHEDULE  
ELEVATOR AND LONG'S BRIDGE DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 52,468	\$ 52,468	\$ 51,569	\$ (899)
Intergovernmental	7,300	7,300	7,189	(111)
<b>Total Revenues</b>	<b>\$ 59,768</b>	<b>\$ 59,768</b>	<b>\$ 58,758</b>	<b>\$ (1,010)</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal retirement	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Interest	6,550	6,550	6,531	19
<b>Total Expenditures</b>	<b>\$ 56,550</b>	<b>\$ 56,550</b>	<b>\$ 56,531</b>	<b>\$ 19</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 3,218</b>	<b>\$ 3,218</b>	<b>\$ 2,227</b>	<b>\$ (991)</b>
<b>Fund Balance - January 1</b>	<b>93,162</b>	<b>93,162</b>	<b>93,162</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 96,380</b>	<b>\$ 96,380</b>	<b>\$ 95,389</b>	<b>\$ (991)</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 11*

**BUDGETARY COMPARISON SCHEDULE  
HIGHWAY CAPITAL IMPROVEMENT DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 85,453	\$ 85,453	\$ 83,941	\$ (1,512)
Intergovernmental	11,950	11,950	11,705	(245)
<b>Total Revenues</b>	<b>\$ 97,403</b>	<b>\$ 97,403</b>	<b>\$ 95,646</b>	<b>\$ (1,757)</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal retirement	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Interest	51,483	51,483	51,464	19
<b>Total Expenditures</b>	<b>\$ 91,483</b>	<b>\$ 91,483</b>	<b>\$ 91,464</b>	<b>\$ 19</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 5,920</b>	<b>\$ 5,920</b>	<b>\$ 4,182</b>	<b>\$ (1,738)</b>
<b>Fund Balance - January 1</b>	<b>96,958</b>	<b>96,958</b>	<b>96,958</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 102,878</b>	<b>\$ 102,878</b>	<b>\$ 101,140</b>	<b>\$ (1,738)</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 12*

**BUDGETARY COMPARISON SCHEDULE  
LAW ENFORCEMENT RADIO DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 59,818	\$ 59,818	\$ 58,303	\$ (1,515)
Intergovernmental	12,832	12,832	13,136	304
<b>Total Revenues</b>	<b>\$ 72,650</b>	<b>\$ 72,650</b>	<b>\$ 71,439</b>	<b>\$ (1,211)</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal retirement	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Interest	13,595	13,595	13,576	19
<b>Total Expenditures</b>	<b>\$ 63,595</b>	<b>\$ 63,595</b>	<b>\$ 63,576</b>	<b>\$ 19</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 9,055</b>	<b>\$ 9,055</b>	<b>\$ 7,863</b>	<b>\$ (1,192)</b>
<b>Fund Balance - January 1</b>	<b>69,706</b>	<b>69,706</b>	<b>69,706</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 78,761</b>	<b>\$ 78,761</b>	<b>\$ 77,569</b>	<b>\$ (1,192)</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 13*

**BUDGETARY COMPARISON SCHEDULE  
MINIMUM SECURITY FACILITY DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 67,545	\$ 67,545	\$ 66,235	\$ (1,310)
Intergovernmental	9,450	9,450	9,243	(207)
<b>Total Revenues</b>	<b>\$ 76,995</b>	<b>\$ 76,995</b>	<b>\$ 75,478</b>	<b>\$ (1,517)</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal retirement	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Interest	17,685	17,685	17,666	19
<b>Total Expenditures</b>	<b>\$ 67,685</b>	<b>\$ 67,685</b>	<b>\$ 67,666</b>	<b>\$ 19</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 9,310</b>	<b>\$ 9,310</b>	<b>\$ 7,812</b>	<b>\$ (1,498)</b>
<b>Fund Balance - January 1</b>	<b>84,630</b>	<b>84,630</b>	<b>84,630</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 93,940</b>	<b>\$ 93,940</b>	<b>\$ 92,442</b>	<b>\$ (1,498)</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 14*

**BUDGETARY COMPARISON SCHEDULE  
SOLID WASTE FACILITY DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 49	\$ 49
<b>Fund Balance - January 1</b>	<u>138,744</u>	<u>138,744</u>	<u>138,744</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 138,744</u>	<u>\$ 138,744</u>	<u>\$ 138,793</u>	<u>\$ 49</u>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**AGENCY FUNDS**

The Group Insurance Agency Fund is used to account for the employer's share of group insurance. Funds are provided for payment of the insurance from the General Fund and special revenue funds.

The Inter-County Nursing Service Agency Fund is used to account for the cash transactions of the Inter-County Nursing Service.

The Northwest Minnesota Housing Redevelopment Authority Agency Fund is used to account for the collection and payment of funds due to the Northwest Minnesota Housing and Redevelopment Authority.

The Northwest Regional Development Commission Agency Fund is used to account for the collection and payment of funds due to the Northwest Regional Development Commission.

The Prepaid Taxes Agency Fund is used to account for the payment of taxes prior to the preparation of tax statements or prior to January 1 of the year due.

The School Districts Agency Fund is used to account for the collection and payment of funds due to school districts.

The State Agency Fund is used to account for the collection and payment of funds due to the State of Minnesota.

The Taxes and Penalties Agency Fund is used to account for the collection of taxes, penalties, and special assessments and their payment to the various County funds and taxing districts.

The Towns and Cities Agency Fund is used to account for the collection and payment of funds due to towns and cities.

The Watersheds Agency Fund is used to account for the collection and payment of funds due to watershed districts.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Statement 7*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Balance January 1	Additions	Deductions	Balance December 31
<b><u>GROUP INSURANCE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled deposits and investments	\$ -	\$ 1,472,400	\$ 1,463,438	\$ 8,962
Accounts receivable	329	-	329	-
<b>Total Assets</b>	<b>\$ 329</b>	<b>\$ 1,472,400</b>	<b>\$ 1,463,767</b>	<b>\$ 8,962</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 1,472,400	\$ 1,463,438	\$ 8,962
Due to other funds	329	-	329	-
<b>Total Liabilities</b>	<b>\$ 329</b>	<b>\$ 1,472,400</b>	<b>\$ 1,463,767</b>	<b>\$ 8,962</b>
 <b><u>INTER-COUNTY NURSING SERVICE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled deposits and investments	<b>\$ 260,151</b>	<b>\$ 1,131,403</b>	<b>\$ 1,150,226</b>	<b>\$ 241,328</b>
<b><u>Liabilities</u></b>				
Due to other governments	\$ 259,492	\$ 1,131,403	\$ 1,149,567	\$ 241,328
Due to other funds	659	-	659	-
<b>Total Liabilities</b>	<b>\$ 260,151</b>	<b>\$ 1,131,403</b>	<b>\$ 1,150,226</b>	<b>\$ 241,328</b>
 <b><u>NORTHWEST MINNESOTA HOUSING REDEVELOPMENT AUTHORITY</u></b>				
<b><u>Assets</u></b>				
Cash and pooled deposits and investments	<b>\$ -</b>	<b>\$ 21,802</b>	<b>\$ 21,801</b>	<b>\$ 1</b>
<b><u>Liabilities</u></b>				
Due to other governments	<b>\$ -</b>	<b>\$ 21,802</b>	<b>\$ 21,801</b>	<b>\$ 1</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Statement 7  
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Balance January 1	Additions	Deductions	Balance December 31
<b><u>NORTHWEST REGIONAL DEVELOPMENT COMMISSION</u></b>				
<b><u>Assets</u></b>				
Cash and pooled deposits and investments	\$ <u>1</u>	\$ <u>20,612</u>	\$ <u>20,612</u>	\$ <u>1</u>
<b><u>Liabilities</u></b>				
Due to other governments	\$ <u>1</u>	\$ <u>20,612</u>	\$ <u>20,612</u>	\$ <u>1</u>
 <b><u>PREPAID TAXES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled deposits and investments	\$ <u>16,823</u>	\$ <u>32,599</u>	\$ <u>33,506</u>	\$ <u>15,916</u>
<b><u>Liabilities</u></b>				
Due to other funds	\$ <u>16,823</u>	\$ <u>32,599</u>	\$ <u>33,506</u>	\$ <u>15,916</u>
 <b><u>SCHOOL DISTRICTS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled deposits and investments	\$ <u>-</u>	\$ <u>4,846,163</u>	\$ <u>4,846,162</u>	\$ <u>1</u>
<b><u>Liabilities</u></b>				
Due to other governments	\$ <u>-</u>	\$ <u>4,846,163</u>	\$ <u>4,846,162</u>	\$ <u>1</u>
 <b><u>STATE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled deposits and investments	\$ <u>13,518</u>	\$ <u>1,099,070</u>	\$ <u>1,095,805</u>	\$ <u>16,783</u>
<b><u>Liabilities</u></b>				
Due to other governments	\$ <u>13,518</u>	\$ <u>1,099,070</u>	\$ <u>1,095,805</u>	\$ <u>16,783</u>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Statement 7  
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Balance January 1	Additions	Deductions	Balance December 31
<b><u>TAXES AND PENALTIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled deposits and investments	\$ 201,658	\$ 7,764,945	\$ 7,741,432	\$ 225,171
Due from other funds	16,823	15,916	16,823	15,916
<b>Total Assets</b>	<b><u>\$ 218,481</u></b>	<b><u>\$ 7,780,861</u></b>	<b><u>\$ 7,758,255</u></b>	<b><u>\$ 241,087</u></b>
<b><u>Liabilities</u></b>				
Due to other governments	<b><u>\$ 218,481</u></b>	<b><u>\$ 7,780,861</u></b>	<b><u>\$ 7,758,255</u></b>	<b><u>\$ 241,087</u></b>
 <b><u>TOWNS AND CITIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled deposits and investments	<b><u>\$ 1</u></b>	<b><u>\$ 2,366,513</u></b>	<b><u>\$ 2,366,514</u></b>	<b><u>\$ -</u></b>
<b><u>Liabilities</u></b>				
Due to other governments	<b><u>\$ 1</u></b>	<b><u>\$ 2,366,513</u></b>	<b><u>\$ 2,366,514</u></b>	<b><u>\$ -</u></b>
 <b><u>WATERSHEDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled deposits and investments	<b><u>\$ -</u></b>	<b><u>\$ 311,012</u></b>	<b><u>\$ 311,012</u></b>	<b><u>\$ -</u></b>
<b><u>Liabilities</u></b>				
Due to other governments	<b><u>\$ -</u></b>	<b><u>\$ 311,012</u></b>	<b><u>\$ 311,012</u></b>	<b><u>\$ -</u></b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Statement 7  
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled deposits and investments	\$ 492,152	\$ 19,066,519	\$ 19,050,508	\$ 508,163
Accounts receivable	329	-	329	-
Due from other funds	16,823	15,916	16,823	15,916
	<b>\$ 509,304</b>	<b>\$ 19,082,435</b>	<b>\$ 19,067,660</b>	<b>\$ 524,079</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 1,472,400	\$ 1,463,438	\$ 8,962
Due to other funds	17,811	32,599	34,494	15,916
Due to other governments	491,493	17,577,436	17,569,728	499,201
	<b>\$ 509,304</b>	<b>\$ 19,082,435</b>	<b>\$ 19,067,660</b>	<b>\$ 524,079</b>

## **OTHER SCHEDULES**

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**BALANCE SHEET - BY DITCH  
DITCH SPECIAL REVENUE FUND  
DECEMBER 31, 2008**

	Assets		
	Cash	Special Assessments Receivable	
		Prior	Noncurrent
<b>County Ditches</b>			
1 - Rocksbury/North	\$ 638	\$ -	\$ -
1 - Rocksbury/Sanders	10,922	44	-
16	2,309	-	-
21	311	130	-
32	11,814	1	-
33	503	2	-
35	639	116	-
36	35,973	118	-
37	8,440	81	-
38	18,655	506	-
39	2,944	151	-
41	20,554	483	-
42	710	-	-
43	7,312	89	-
44	27,721	19	-
45	7,768	-	-
46	5,418	5	-
47	11,114	3	-
49	-	1	-
51	-	8	-
53	13,315	10	-
55	646	12	-
57	9,654	34	-
58	11,657	45	-
59	3,707	23	-
62	9,769	292	-
70	23,448	110	-
71	6,441	-	-
73	2,053	-	-
74	1,721	-	-
75	25,837	193	-
77	15,796	-	-
96	24,632	352	-
109-2	598	185	39,097
<b>Joint County Ditches</b>			
1	1,241	80	-
11	4,344	90	-
13	1,600	904	-
15	14,483	732	-
18	40,532	36	-
25 - Branch 3	21,918	1,568	-
30	18,002	149	-
30 - Branch A	1,934	-	-
31	4,580	-	-
60	383	-	-
13 Red Lk/Penn	576	-	-
<b>Watershed Ditches</b>			
JD 14	11	-	-
25 - Branch 2	53	-	-
122 - Challenger Project	21	636	-
<b>Total</b>	<b>\$ 432,697</b>	<b>\$ 7,208</b>	<b>\$ 39,097</b>

**Schedule 15**

<b>Due from Other Governments</b>	<b>Due from Other Ditches</b>	<b>Total</b>
\$ -	\$ -	\$ 638
-	-	10,966
-	-	2,309
-	-	441
-	-	11,815
-	-	505
-	-	755
-	-	36,091
-	-	8,521
-	-	19,161
-	-	3,095
-	-	21,037
-	-	710
-	-	7,401
-	-	27,740
-	-	7,768
-	-	5,423
-	-	11,117
-	-	1
-	-	8
-	-	13,325
-	-	658
-	-	9,688
-	-	11,702
-	-	3,730
-	-	10,061
-	-	23,558
-	-	6,441
-	-	2,053
-	-	1,721
-	-	26,030
-	-	15,796
-	-	24,984
-	-	39,880
683	-	2,004
-	-	4,434
149	-	2,653
-	-	15,215
32	-	40,600
-	41,500	64,986
45	35,000	53,196
-	-	1,934
-	-	4,580
-	-	383
-	-	576
-	-	11
-	-	53
-	-	657
<b>\$ 909</b>	<b>\$ 76,500</b>	<b>\$ 556,411</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**BALANCE SHEET - BY DITCH  
DITCH SPECIAL REVENUE FUND  
DECEMBER 31, 2008**

	<b>Accounts Payable</b>	<b>Due to Other Funds</b>	<b>Due to Other Governments</b>	<b>Liabilities Deferred Revenue</b>	<b>Advances from Other Funds</b>
<b>County Ditches</b>					
1 - Rocksbury/North	\$ -	\$ 154	\$ -	\$ -	\$ -
1 - Rocksbury/Sanders	-	247	-	35	-
16	-	203	-	-	-
21	-	1,163	-	103	-
32	-	-	-	1	-
33	-	71	-	2	-
35	-	146	-	92	-
36	-	284	-	93	-
37	-	139	-	64	-
38	-	-	-	400	-
39	-	238	-	119	-
41	-	689	-	381	-
42	-	3,726	-	-	-
43	-	200	-	70	-
44	-	166	-	15	-
45	-	-	-	-	-
46	-	-	-	4	-
47	-	166	-	2	-
49	-	-	-	1	-
51	-	-	-	6	-
53	-	166	-	8	-
55	-	2,625	-	9	-
57	-	-	-	27	-
58	-	-	-	36	-
59	-	-	-	18	-
62	-	252	-	231	-
70	-	417	-	87	-
71	-	72	-	-	-
73	-	-	-	-	-
74	-	526	-	-	-
75	-	166	-	152	-
77	-	72	-	-	-
96	-	13,927	-	278	-
109-2	-	-	-	39,243	40,426
<b>Joint County Ditches</b>					
1	-	2,921	407	63	-
11	-	-	106	71	-
13	32	1,701	-	714	-
15	-	-	8,856	578	-
18	-	553	-	28	-
25 - Branch 3	-	1,349	-	1,238	-
30	-	93	-	114	-
30 - Branch A	-	-	-	-	-
31	-	-	178	-	-
60	-	-	20	-	-
31 Red Lk/Penn	-	-	438	-	-
<b>Watershed Ditches</b>					
JD 14	-	-	-	-	-
25 - Branch 2	-	-	-	-	-
122 - Challenger Project	-	-	-	506	665
<b>Total</b>	<b>\$ 32</b>	<b>\$ 32,432</b>	<b>\$ 10,005</b>	<b>\$ 44,789</b>	<b>\$ 41,091</b>

**Schedule 15**  
**(Continued)**

<u>Due to Other Ditches</u>	<u>Total</u>	<u>Fund Balances Unreserved Undesignated</u>	<u>Total Liabilities and Fund Balances</u>
\$ 20,000	\$ 20,154	\$ (19,516)	\$ 638
-	282	10,684	10,966
-	203	2,106	2,309
2,000	3,266	(2,825)	441
-	1	11,814	11,815
3,000	3,073	(2,568)	505
2,500	2,738	(1,983)	755
-	377	35,714	36,091
-	203	8,318	8,521
-	400	18,761	19,161
-	357	2,738	3,095
-	1,070	19,967	21,037
8,000	11,726	(11,016)	710
-	270	7,131	7,401
-	181	27,559	27,740
-	-	7,768	7,768
-	4	5,419	5,423
-	168	10,949	11,117
-	1	-	1
-	6	2	8
-	174	13,151	13,325
22,000	24,634	(23,976)	658
-	27	9,661	9,688
-	36	11,666	11,702
-	18	3,712	3,730
-	483	9,578	10,061
-	504	23,054	23,558
-	72	6,369	6,441
-	-	2,053	2,053
-	526	1,195	1,721
-	318	25,712	26,030
-	72	15,724	15,796
-	14,205	10,779	24,984
-	79,669	(39,789)	39,880
2,000	5,391	(3,387)	2,004
-	177	4,257	4,434
11,000	13,447	(10,794)	2,653
-	9,434	5,781	15,215
-	581	40,019	40,600
-	2,587	62,399	64,986
-	207	52,989	53,196
-	-	1,934	1,934
-	178	4,402	4,580
-	20	363	383
6,000	6,438	(5,862)	576
-	-	11	11
-	-	53	53
-	1,171	(514)	657
<b>\$ 76,500</b>	<b>\$ 204,849</b>	<b>\$ 351,562</b>	<b>\$ 556,411</b>

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 16*

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**Shared Revenue**

**State**

County program aid	\$	778,729
Disparity reduction aid		95,866
Enhanced 911		118,901
Highway users tax		2,936,218
Market value credit		615,551
PERA rate reimbursement		16,384
Police state aid		44,523
		44,523

**Total Shared Revenue** **\$ 4,606,172**

**Payments**

Payments in lieu of taxes	\$	22,709
City of Thief River Falls		5,000
		5,000

**Total Payments** **\$ 27,709**

**Grants**

**State**

Minnesota Department/Board of Corrections	\$	81,484
Employment and Economic Development		7,517
Human Services		1,054,108
Natural Resources		82,650
Peace Officers		4,406
Pollution Control		55,000
Veterans Affairs		42,800
Water and Soil Resources		60,117
		60,117

**Total State** **\$ 1,388,082**

**Federal**

Department of Agriculture	\$	87,176
Housing and Urban Development		182,640
Justice		108,018
Labor		1,865
Transportation		157,822
Health and Human Services		1,256,949
Homeland Security		2,409
		2,409

**Total Federal** **\$ 1,796,879**

**Total Grants** **\$ 3,184,961**

**Total Intergovernmental Revenue** **\$ 7,818,842**

**MANAGEMENT AND COMPLIANCE SECTION**

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**Schedule 17**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

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

- A. Our report expresses an unqualified opinion on the financial statements of Pennington County.
- B. Significant deficiencies in internal control were disclosed by the audit of financial statements of Pennington County and are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." The significant deficiencies were not material weaknesses.
- C. No instances of noncompliance material to the financial statements of Pennington County were disclosed during the audit.
- D. No matters involving internal control over compliance relating to the audit of the major federal award program were reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
- E. The Auditor's Report on Compliance for the major federal award program for Pennington County expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major program was the Medical Assistance Program, CFDA #93.778.
- H. The threshold for distinguishing between Types A and B programs was \$300,000.
- I. Pennington County was determined to be a low-risk auditee.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**Schedule 17  
(Continued)**

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

**INTERNAL CONTROL**

**PREVIOUSLY REPORTED ITEMS NOT RESOLVED**

96-1 **Segregation of Duties**

Due to the limited number of personnel within several County offices, segregation of accounting duties necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Pennington County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting control point of view.

Segregation of duties was previously a reportable condition which has now been redefined under *Statement of Auditing Standards 112* as a control deficiency. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

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

**County's Response:**

*Management is aware of this and will provide oversight where needed.*

07-1 **Internal Controls**

The financial statements are the responsibility of the County's management. Internal control over financial reporting is a process designed to provide reasonable assurance about the achievement of the County's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Internal control over the safeguarding of assets against unauthorized acquisition, use, or disposition may include controls related to financial reporting and operations objectives. Generally, controls that are relevant to an audit of financial statements are those that pertain to the County's objective of reliable financial reporting. In this section, the term financial reporting relates to the preparation of reliable financial statements that are fairly presented in conformity with GAAP.

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**Schedule 17  
(Continued)**

Management must implement internal controls over financial reporting and safeguarding of assets, and continue to be aware of their responsibility and obtain suitable knowledge to sufficiently review, understand, and approve the County's financial statements, including notes.

**PREVIOUSLY REPORTED ITEM RESOLVED**

07-2 **Gravel Inventory Overstated**

The Road and Bridge Fund has not adjusted its reported gravel inventory to match actual amounts on hand. This overstatement resulted in an audit adjustment of \$85,936 for the value of the gravel in the fund's balance sheet.

**Resolution:**

Gravel inventory has been measured and adjusted in 2008.

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

None.

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

**MANAGEMENT PRACTICES**

**PREVIOUSLY REPORTED ITEMS NOT RESOLVED**

96-7 **Ditch Special Revenue Fund Balance Deficits**

Eleven of the 48 active individual ditch systems had deficit unreserved, undesignated fund balances at December 31, 2008, totaling \$122,230, the largest being \$39,789. Minnesota Statute, § 103E.735, subdivision 1, provides that a fund balance to be used for repairs may be established for any drainage system, not to exceed 20 percent of the assessed benefits of the ditch system or \$40,000, whichever is larger.

We recommend that the County eliminate the individual ditch system fund balance deficits by levying assessments pursuant to Minnesota Statute, § 103E.735, which permits the accumulation of a surplus balance for future repairs and maintenance costs of a ditch system.

**County's Response:**

*The County Board levies each year in an attempt to provide enough funds to cover estimated work planned for in the coming year. Sometimes more work is required than the County Board feels the benefited owners can afford to pay in one year. The Board then spreads the levy over a number of years.*

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

**Schedule 17  
(Continued)**

07-3 Road and Bridge Special Revenue Fund Balance Deficit

The Road and Bridge Special Revenue fund has a deficit unreserved, undesignated fund balance of \$1,188,423 at December 31, 2008.

We recommend the County Board adequately budget and levy the funds necessary to provide road and bridge services within the County.

County's Response:

*The County Board levies each year in an attempt to provide enough funds to cover estimated expenditures.*



Colleen Hoffman, Manager  
Gordon Dale, CPA  
Audrey Swenson, CPA

**GOVERNMENTAL AUDIT SERVICES**

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**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  
Pennington County

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pennington County as of and for the year ended December 31, 2008, and have issued our report thereon dated September 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pennington 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 the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs, items 96-1 and 07-1, to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.

### Compliance and Other Matters

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

### Minnesota Legal Compliance

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

The *Minnesota Legal Compliance Audit Guide for Local Government* contains seven applicable categories of compliance to be tested: depositories of public funds and public investments, conflicts of interest, public indebtedness, contracting - bid laws, claims and disbursements, miscellaneous provisions, and tax increment financing. Our study included all of the listed categories. The results of our tests indicate that for the items tested, the Pennington County complied with the material terms and conditions of applicable legal provisions.

Also included in the Schedule of Findings and Questioned Costs are management practices comments, items 96-7 and 07-3. We believe these recommendations to be of benefit to Pennington County and are reported for that purpose.

The County's written responses to the findings identified in our audit are found in the accompanying Schedule of Findings and Questioned Costs and have not been subjected to any procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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



Hoffman, Dale, & Swenson, PLLC

September 2, 2009



Colleen Hoffman, Manager  
Gordon Dale, CPA  
Audrey Swenson, CPA

**GOVERNMENTAL AUDIT SERVICES**

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**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  
Pennington County

Compliance

We have audited the compliance of Pennington County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that is applicable to its major federal program for the year ended December 31, 2008. The County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audits 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 Pennington County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

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

### Internal Control Over Compliance

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

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

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

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

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pennington County as of and for the year ended December 31, 2008, and have issued our report thereon dated September 2, 2009. Our audit was performed for the purpose of forming opinions on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

*Hoffman, Dale, & Swenson*

Hoffman, Dale, & Swenson, PLLC

September 2, 2009

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

*Schedule 18*

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>Federal Grantor Pass Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>		
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for Food Stamp Program	10.561	\$ <u>87,176</u>
<b>U.S. Department of Housing and Urban Development</b>		
Passed Through Minnesota Department of Employment and Economic Development Community Development Block Grants	14.228	\$ <u>182,640</u>
<b>U.S. Department of Justice</b>		
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	\$ <u>108,018</u>
<b>U.S. Department of Labor</b>		
Passed Through Minnesota Department of Labor and Industry Occupational Safety and Health Administration State Program	17.503	\$ <u>1,865</u>
<b>U.S. Department of Transportation</b>		
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	\$ <u>157,822</u>
<b>U.S. Department of Election Assistance Commission</b>		
Passed Through Minnesota Department of Secretary of State Help America Vote Act	90.401	\$ <u>15,271</u>
<b>U.S. Department of Health and Human Services</b>		
Passed Through Northwest Regional Development Commission Special Programs for the Aging - Title III B	93.044	\$ 6,695
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	1,443
Temporary Assistance for Needy Families	93.558	102,191
Child Support Enforcement	93.563	293,975
Refugee and Entrant Assistance	93.566	257
Child Care and Development Block Grant	93.575	111,252
Child Care Mandatory and Matching Funds	93.596	38,707
Child Welfare Services	93.645	2,170
Foster Care Title IV-E	93.658	54,344
Social Services Block Grant	93.667	137,837
Chafee Foster Care Independence Program	93.674	3,594

**PENNINGTON COUNTY  
THIEF RIVER FALLS, MINNESOTA**

***Schedule 18  
(Continued)***

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Expenditures
<b>U.S. Department of Health and Human Services</b>		
Passed Through Minnesota Department of Human Services (Continued)		
State Children's Insurance Program	93.767	234
Medical Assistance Program	93.778	502,818
Block Grants for Community Mental Health Services	93.958	1,432
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 1,256,949</b>
<b>U.S. Department of Homeland Security</b>		
Passed Through Minnesota Department of Public Safety		
Homeland Security Grant Program	97.067	<b>\$ 2,409</b>
<b>Total Federal Awards</b>		<b>\$ 1,812,150</b>

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by Pennington County. The County's reporting entity is defined in Note 1 to the financial statements.
2. The expenditures on this schedule are on the basis of accounting used by the individual funds of the County. Governmental funds use the modified accrual basis of accounting.
3. There were no pass-through grants to subrecipients or other agencies in 2008.

4. Reconciliation to Schedule of Intergovernmental Revenues		
Federal grant revenue per Schedule of Intergovernmental Revenues		\$ 1,796,879
Help America Vote Act grant expended in 2008 but received in previous years		15,271
Expenditures Per Schedule of Expenditures of Federal Awards		<b>\$ 1,812,150</b>