

Clay

County



Annual Financial Report

*For the year ended
December 31, 2006*

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

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INTRODUCTORY SECTION

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December 12, 2007

Honorable Chairman and Commissioners
Clay County Board of Commissioners
807 North 11th Street
Moorhead, MN 56560

Gentlemen,

The Annual Financial Report of Clay County is submitted for the fiscal year ended December 31, 2006. This report was prepared by the County Auditor's Office. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position of the County and results of operation of the County, as measured by the financial activity of its various funds, and all disclosures necessary to enable maximum understanding of the County's financial affairs.

The Annual Financial Report is presented in two sections: Introductory and Financial. The Introductory Section includes this transmittal letter and the County's organizational chart. The Financial Section includes the Management's Discussion and Analysis, the Basic Financial Statements, the Required Supplementary Information, and the Supplementary Information.

This report includes all of the funds and entities, which are considered to be under the direction and control of the County Board. The County provides a full range of services including public safety and law enforcement; courts and probation services; tax assessment and collection; vital statistics and public records; human services; highways, planning, inspection, and environmental health; and recreation and cultural services.

Copies of this report will be sent to elected officials, County management, bond rating agencies, and governmental agencies, which have expressed an interest in Clay County's financial affairs.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements, presented with the basic financial statements, are an integral part of this Annual Financial Report and should be read for a full understanding of the statements and information presented herein.

INDEPENDENT AUDIT

Minnesota State Law requires an audit to be made of the books of accounts, financial records, and transactions of the County by the State Auditor. This requirement has been complied with, and the Auditor's opinion is included in this report.

The State Auditor will issue a management and compliance letter covering the review, made as part of their examination of Clay County's system of internal control and compliance with applicable legal provisions. The management and compliance letter will not modify or affect, in any way, this report on the financial statements.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the professional and dedicated services of the entire staff of the Auditor's Office.

Sincerely,



Lori J. Johnson
Clay County Auditor/Treasurer

**CLAY COUNTY
MOORHEAD, MINNESOTA**

ORGANIZATION
DECEMBER 31, 2006

Office	Name	Term Expires
Elected		
Commissioners		
1st District	Ben Brunsvold	January 2009
2nd District	Jerry Waller	January 2009
3rd District	Jon Evert	January 2007
4th District	Kevin Campbell	January 2007
5th District	Mike McCarthy*	January 2009
Attorney	Kenneth Kohler	January 2007
Auditor/Treasurer	Lori J. Johnson	January 2007
County Recorder	J. Bonnie Rehder	January 2007
County Sheriff	Bill Berquist	January 2007
Appointed		
Assessor	Loren Johnson	December 2008
County Administrator	Vijay Sethi	Indefinite
Highway Engineer	David Overbo	May 2010
Surveyor	Brian Rittenhouse**	December 2006

*Chair

**Reappointed for a four-year term effective January 1, 2007, to December 31, 2010.

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FINANCIAL SECTION

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Clay County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County, Minnesota, as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements. These financial statements are the responsibility of Clay County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County as of and for the year ended December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clay County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2007, on our consideration of Clay County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

December 10, 2007

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006
(Unaudited)**

The financial management of Clay County offers readers of Clay County's financial statements this narrative overview and analysis of the financial activities of Clay County for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Clay County exceeded its liabilities at the close of the most recent fiscal year (December 31, 2006) by \$81,205,528 (net assets). Of this amount, \$16,797,880 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental activities' total net assets are \$72,184,338, of which Clay County has invested \$56,034,403 in capital assets, net of related debt; \$2,911,639 is restricted to specific purposes/uses by Clay County.
- Business-type activities have total net assets of \$9,021,190. Invested in capital assets, net of related debt, represents \$5,461,572 of the total; \$34 of the total business-type net assets is restricted for specific uses.
- The net cost of Clay County's governmental activities for the year ended December 31, 2006, was \$17,620,955. General property tax revenue and other general revenue sources totaled \$21,858,807.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to Clay County's basic financial statements. Clay County's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report 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 Clay County's finances in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of Clay 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 Clay County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of Clay County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of Clay County include general government, public safety, highways and streets, sanitation, human services, culture and recreation, conservation of natural resources, and economic development. The business-type activities of Clay County include the Family Service Center, Juvenile Detention, Public Health, and Solid Waste.

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

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Clay 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 Clay County may be divided into three broad categories: governmental funds, proprietary 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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term 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 near-term financing decisions. Both the governmental funds' Balance Sheet and the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Within the governmental funds, Clay County maintains three 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, Road and Bridge Fund, Social Services Fund, and Ditch Debt Service Fund, all of which are considered to be major funds. Data from the other special revenue and debt service nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Clay County adopts an annual budget for three of its major governmental funds and the County Building nonmajor special revenue fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with their budgets.

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

General Fund. The General Fund is used to account for all financial resources not required to be accounted for in another fund.

Special revenue funds. Special revenue governmental funds account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The special revenue funds include:

- Road and Bridge
- Social Services
- County Building
- Forfeited Tax
- Gravel Removal Tax Reserve

Debt Service Fund. The Debt Service Fund accounts for the payment of principal, interest, and fiscal charges on long-term debt obligations of Clay County.

Proprietary funds. Clay County maintains two different types of proprietary funds: enterprise and internal service. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Clay County uses its Family Service Center Enterprise Fund to account for the financing of the Family Service Center, which provides rental space to other departments and agencies. The Juvenile Center Enterprise Fund is used to account for the financial transactions of the fund, which provides housing for juveniles and rental space to departments and agencies. The Public Health Fund provides nursing service care to the elderly and other residents of the County, and the Solid Waste Management Fund is used to account for providing refuse disposal services to the public. The internal service fund is an accounting device used to accumulate and allocate costs internally among Clay County's various functions. Clay County uses its Equipment Replacement Internal Service Fund to account for the financing of equipment provided by one department to other departments of the County on a cost-reimbursement basis. Each year, a transfer is made based upon the amount reflected in the equipment replacement schedule. Because this service benefits all fund types, it is included in both the governmental and business-type activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all of Clay County's enterprise funds since they are all considered to be major funds of the County. Conversely, the Equipment Replacement Internal Service Fund is reported separately on the proprietary fund financial statements.

The basic proprietary fund financial statements may be found in Exhibits 7 through 9 of this report.

Fiduciary funds. Fiduciary funds (trust and agency funds) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Clay County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement may be found as Exhibit 10 of this report.

Notes to the Financial Statements

The notes 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 follow the exhibits.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information the budgetary comparison schedules for Clay County's General Fund and major special revenue funds. Required supplementary

information is presented immediately following the notes to the financial statements. After that, the combining statements referred to earlier in connection with nonmajor governmental funds and fiduciary funds are presented.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Clay County, assets exceeded liabilities by \$81,205,528 at the close of the most recent fiscal year, which is an increase of \$4,612,944.

Net capital assets of \$61,495,975 (land, buildings, machinery and equipment, infrastructure, improvements other than buildings, and construction in progress, less any related debt used to acquire assets that is still outstanding) represents the largest portion of net assets (75 percent). Clay County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Clay County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

Clay County's combined net assets for the year ended December 31, 2006, were \$81,205,528. Clay County's analysis that follows focuses on the net assets (Table 1) and changes in net assets (Table 2) of Clay County's governmental and business-type activities.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005 (Restated)	2006	2005	2006	2005 (Restated)
Assets						
Current and other assets	\$ 25,027,557	\$ 26,343,375	\$ 7,839,113	\$ 7,672,865	\$ 32,866,670	\$ 34,016,240
Capital assets	63,182,342	59,001,443	11,240,404	11,582,832	74,422,746	70,584,275
Total Assets	\$ 88,209,899	\$ 85,344,818	\$ 19,079,517	\$ 19,255,697	\$ 107,289,416	\$ 104,600,515
Liabilities						
Long-term liabilities outstanding	\$ 13,115,163	\$ 13,799,750	\$ 9,396,758	\$ 9,869,263	\$ 22,511,921	\$ 23,669,013
Other liabilities	2,910,398	3,598,582	661,569	740,336	3,571,967	4,338,918
Total Liabilities	\$ 16,025,561	\$ 17,398,332	\$ 10,058,327	\$ 10,609,599	\$ 26,083,888	\$ 28,007,931
Net Assets						
Invested in capital assets, net of related debt	\$ 56,034,403	\$ 51,362,348	\$ 5,461,572	\$ 5,287,140	\$ 61,495,975	\$ 56,649,488
Restricted	2,911,639	4,366,397	34	21	2,911,673	4,366,418
Unrestricted	13,238,296	12,217,741	3,559,584	3,358,937	16,797,880	15,576,678
Total Net Assets	\$ 72,184,338	\$ 67,946,486	\$ 9,021,190	\$ 8,646,098	\$ 81,205,528	\$ 76,592,584

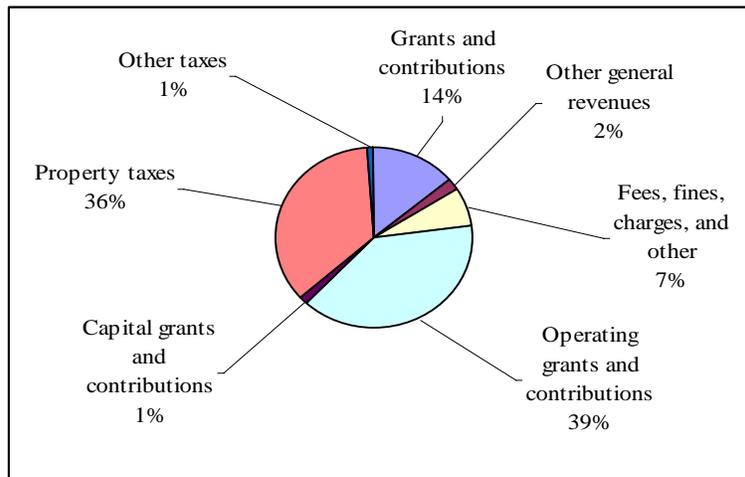
Clay County's net assets for the year ended December 31, 2006, total \$81,205,528. The governmental activities' unrestricted net assets totaling \$13,238,296 are available to Clay County to finance day-to-day operations of governmental activities. The remaining unrestricted net assets totaling \$3,559,584 are available to finance the day-to-day operations of the business-type activities of the County.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005 (Restated)	2006	2005	2006	2005 (Restated)
Revenues						
Program revenues						
Fees, fines, charges, and other	\$ 3,272,761	\$ 3,211,326	\$ 5,668,107	\$ 4,993,193	\$ 8,940,868	\$ 8,204,519
Operating grants and contributions	16,828,002	17,115,338	1,593,897	1,766,453	18,421,899	18,881,791
Capital grants and contributions	644,679	713,473	1,117,570	1,182,835	1,762,249	1,896,308
General revenues						
Property taxes	15,405,983	14,066,874	-	-	15,405,983	14,066,874
Other taxes	302,590	295,357	-	-	302,590	295,357
Grants and contributions	6,335,983	6,381,168	-	-	6,335,983	6,381,168
Other general revenues	927,260	610,025	155,137	102,633	1,082,397	712,658
Total Revenues	\$ 43,717,258	\$ 42,393,561	\$ 8,534,711	\$ 8,045,114	\$ 52,251,969	\$ 50,438,675
Expenses						
Program expenses						
General government	\$ 6,392,779	\$ 5,737,473	\$ -	\$ -	\$ 6,392,779	\$ 5,737,473
Public safety	6,906,741	6,663,799	-	-	6,906,741	6,663,799
Highways and streets	6,960,439	6,560,728	-	-	6,960,439	6,560,728
Sanitation	616	1,666	-	-	616	1,666
Human services	16,248,634	16,109,273	-	-	16,248,634	16,109,273
Culture and recreation	346,848	333,016	-	-	346,848	333,016
Conservation of natural resources	539,141	1,329,911	-	-	539,141	1,329,911
Economic development	449,368	488,851	-	-	449,368	488,851
Interest	516,887	501,055	-	-	516,887	501,055
Administrative charges	4,944	5,497	-	-	4,944	5,497
Family service	-	-	1,558,654	1,539,500	1,558,654	1,539,500
Public health	-	-	3,088,365	2,769,369	3,088,365	2,769,369
Solid waste	-	-	2,709,123	4,033,726	2,709,123	4,033,726
Juvenile center	-	-	1,916,486	1,840,079	1,916,486	1,840,079
Total Expenses	\$ 38,366,397	\$ 37,731,269	\$ 9,272,628	\$ 10,182,674	\$ 47,639,025	\$ 47,913,943
Excess (Deficiency) Before Transfers						
	\$ 5,350,861	\$ 4,662,292	\$ (737,917)	\$ (2,137,560)	\$ 4,612,944	\$ 2,524,732
Transfers						
	(1,113,009)	(734,973)	1,113,009	734,973	-	-
Change in Net Assets	\$ 4,237,852	\$ 3,927,319	\$ 375,092	\$ (1,402,587)	\$ 4,612,944	\$ 2,524,732

Clay County's total revenues for the year ended December 31, 2006, were \$52,251,969. The total cost of Clay County programs and services for the year ended December 31, 2006, was \$47,639,025. The net assets for Clay County's governmental activities increased by \$4,237,852 and increased in the business-type activities by \$375,092.

Revenues by Source - Governmental Activities



Governmental Activities

Revenues for Clay County’s governmental activities for the year ended December 31, 2006, were \$43,717,258 (Table 2). Clay County’s costs for all governmental activities for the year ended December 31, 2006, were \$38,366,397 (Table 2). As shown in Clay County’s Statement of Activities, the amount that Clay County taxpayers ultimately financed for these governmental activities through local property taxation was \$15,405,983, because \$3,272,761 of the costs were paid by those who directly benefited from the programs, and \$17,472,681 was paid by other governments and organizations that subsidized certain programs with grants and contributions. Clay County paid for the remaining “public benefit” portion of governmental activities with \$7,565,833 in general revenues, primarily grants and contributions, which were not restricted to specific programs or services and with other revenues, such as interest income, mortgage registration tax, and deed tax.

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

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2006	2005 (Restated)	2006	2005 (Restated)
Program Expenses				
General government	\$ 6,392,779	\$ 5,737,473	\$ 3,970,224	\$ 4,063,767
Public safety	6,906,741	6,663,799	5,660,156	5,361,980
Highways and streets	6,960,439	6,560,728	(744,352)	(1,909,569)
Human services	16,248,634	16,109,273	7,434,609	7,291,516
Conservation of natural resources	539,141	1,329,911	340,042	807,315
All others	1,318,663	1,330,085	960,276	1,076,123
Total Program Expenses	\$ 38,366,397	\$ 37,731,269	\$ 17,620,955	\$ 16,691,132

Business-Type Activities

Revenues of Clay County business-type activities (Table 2) for the year ended December 31, 2006, were \$8,534,711. Expenditures of Clay County's business-type activities (Table 2) for the year ended December 31, 2006, were \$9,272,628.

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

As of the end of 2006, Clay County's governmental funds reported combined ending fund balances of \$13,720,980, which is above last year's total of \$13,124,100. Included in this year's total fund balance is Clay County's General Fund balance of \$7,345,906. The majority of this amount, \$4,321,402, will be used to cash flow the first few months of 2007 until the current year tax collections begin.

GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS

In Clay County's General Fund, the actual revenues exceeded the expected revenues by \$1,478,217. Total actual expenditures in Clay County's General Fund were greater than the budget by \$443,322. This variance is mainly due to the purchase of election equipment under the Help America Vote Act Grant. This created additional expenditures in the amount of \$446,962 that were not budgeted for in the General Fund. Total actual expenditures in the Road and Bridge Special Revenue Fund exceeded the budgeted expenditures by \$1,144,592. This variance was mainly due to the County receiving a release of the 2007 state-aid regular CSAH allotment for the current road construction expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Clay County's investment in capital assets for its governmental and business-type activities as of December 31, 2006, amounted to \$74,422,746 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. The total increase in the Clay County investment in capital assets for the current fiscal year was \$3,348,723, or four percent (see Table 4).

This year's major capital asset events during the current fiscal year included the following:

- Completion of road construction projects resulting in a transfer of \$1,263,712 from construction in progress to infrastructure.
- New landfill phase construction was completed at the end of 2006, increasing landfill by \$1,465,207.

More detailed information about Clay County's capital assets can be found in Note 3.A.3. to the Clay County financial statements.

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

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005 (Restated)	2006	2005	2006	2005 (Restated)
Land	\$ 174,969	\$ 174,969	\$ 740,689	\$ 740,689	\$ 915,658	\$ 915,658
Construction in progress	3,121,679	1,375,578	5,549	-	3,127,228	1,375,578
Land improvements	36,872	-	30,987	32,874	67,859	32,874
Buildings	10,702,902	10,898,621	7,875,989	8,236,140	18,578,891	19,134,761
Machinery, furniture and equipment	2,733,951	2,358,887	360,890	370,957	3,094,841	2,729,844
Infrastructure	46,411,969	44,193,388	-	-	46,411,969	44,193,388
Landfill	-	-	2,226,300	2,202,172	2,226,300	2,202,172
Totals	<u>\$ 63,182,342</u>	<u>\$ 59,001,443</u>	<u>\$ 11,240,404</u>	<u>\$ 11,582,832</u>	<u>\$ 74,422,746</u>	<u>\$ 70,584,275</u>

Long-Term Debt

At the end of 2006, Clay County had total bonded debt outstanding of \$16,886,001. This is a decrease of \$1,229,000 from the start of the year (see Table 5).

Table 5
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 3,726,000	\$ 4,095,000	\$ -	\$ -	\$ 3,726,000	\$ 4,095,000
Revenue bonds	7,333,045	7,672,106	5,826,956	6,347,895	13,160,001	14,020,001
Total	<u>\$ 11,059,045</u>	<u>\$ 11,767,106</u>	<u>\$ 5,826,956</u>	<u>\$ 6,347,895</u>	<u>\$ 16,886,001</u>	<u>\$ 18,115,001</u>

Clay County's general obligation bonds are rated an A2, and revenue bonds are rated an A3. These ratings have been assigned by a national rating agency to Clay County's debt. The state limits the amount of net debt that the counties can issue to two percent of the market value of all taxable property in Clay County. Clay County's outstanding net debt is significantly below this \$57,325,816 state-imposed limit.

Other obligations include capital leases, compensated absences, and landfill closure and postclosure costs. Clay County's notes to the financial statements provide detailed information about the County's long-term liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Clay County's unemployment rate for 2005 averaged 3.3 percent. The unemployment rate for 2006 averaged 3.2 percent. This compares favorably to the state's average unemployment rate of 4.0 percent and the national average rate of 4.6 percent.
- Clay County's tax levy is planned to increase 9.33 percent from 2006.
- Reviewing revenue sources and considering cost-effective and efficient means for the delivery of Clay County programs and services will influence the development of the future budget.

All of these factors were considered in preparing Clay County's governmental budget for the 2007 fiscal year.

On December 19, 2006, the Clay County Board of Commissioners approved the 2007 budget. The overall budget increase was 2.44 percent, for a total budget of \$52,750,622. It also included a 9.33 percent property tax levy increase of a total levy of \$20,168,218.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Clay County's finances 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 Lori J. Johnson, Clay County Auditor/Treasurer, Clay County Auditor's Office, P. O. Box 280, Moorhead, Minnesota 56561-0280; or contact us at 218-299-5006 or via email at auditor@co.clay.mn.us.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET ASSETS
DECEMBER 31, 2006**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and pooled investments	\$ 10,947,133	\$ 2,446,114	\$ 13,393,247
Cash with escrow agent	537,479	470,091	1,007,570
Investments	3,373,172	2,999,393	6,372,565
Taxes receivable			
Current - net	281,063	-	281,063
Prior - net	108,779	-	108,779
Special assessments receivable			
Current - net	5,767	26,518	32,285
Prior - net	787	13,737	14,524
Liens - net	2,077,745	-	2,077,745
Accounts receivable - net	282,196	362,293	644,489
Accrued interest receivable	285,152	37,838	322,990
Internal balances	1,392,656	(1,392,656)	-
Due from other governments	5,489,827	479,330	5,969,157
Inventories	228,180	-	228,180
Restricted assets			
Temporarily restricted			
Cash with escrow agent	-	34	34
Permanently restricted			
Investments	-	2,367,453	2,367,453
Accrued interest receivable	-	28,968	28,968
Deferred charges	17,621	-	17,621
Capital assets			
Non-depreciable	3,296,648	746,238	4,042,886
Depreciable - net of accumulated depreciation	59,885,694	10,494,166	70,379,860
Total Assets	\$ 88,209,899	\$ 19,079,517	\$ 107,289,416
<u>Liabilities</u>			
Accounts payable	\$ 700,313	\$ 88,241	\$ 788,554
Salaries payable	676,605	180,413	857,018
Contracts payable	423,126	-	423,126
Due to other governments	896,376	251,348	1,147,724
Accrued interest payable	213,978	110,251	324,229
Unearned revenue	-	31,316	31,316
Long-term liabilities			
Due within one year	1,339,933	687,337	2,027,270
Due in more than one year	11,775,230	8,709,421	20,484,651
Total Liabilities	\$ 16,025,561	\$ 10,058,327	\$ 26,083,888

**CLAY COUNTY
MOORHEAD, MINNESOTA**

***EXHIBIT 1
(Continued)***

**STATEMENT OF NET ASSETS
DECEMBER 31, 2006**

	Governmental Activities	Business-Type Activities	Total
<u>Net Assets</u>			
Invested in capital assets - net of related debt	\$ 56,034,403	\$ 5,461,572	\$ 61,495,975
Restricted for			
General government	113,508	-	113,508
Public safety	138	-	138
Highways and streets	2,797,685	-	2,797,685
Debt service	-	34	34
Other purposes	308	-	308
Unrestricted	13,238,296	3,559,584	16,797,880
Total Net Assets	\$ 72,184,338	\$ 9,021,190	\$ 81,205,528

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Expenses	Fees, Charges, Fines, and Other
<u>Functions/Programs</u>		
Primary Government		
Governmental activities		
General government	\$ 6,392,779	\$ 1,573,109
Public safety	6,906,741	347,740
Highways and streets	6,960,439	658,104
Sanitation	616	-
Human services	16,248,634	594,212
Culture and recreation	346,848	-
Conservation of natural resources	539,141	59,130
Economic development	449,368	40,466
Interest	516,887	-
Administrative charges	4,944	-
	\$ 38,366,397	\$ 3,272,761
Business-type activities		
Family Service	\$ 1,558,654	\$ 1,188,026
Public Health	3,088,365	1,533,599
Solid Waste	2,709,123	1,096,737
Juvenile Center	1,916,486	1,849,745
	\$ 9,272,628	\$ 5,668,107
Total business-type activities	\$ 9,272,628	\$ 5,668,107
Total Primary Government	\$ 47,639,025	\$ 8,940,868

General Revenues

Property taxes
Gravel taxes
Mortgage registry and deed tax
Payments in lieu of tax
Grants and contributions not restricted to specific programs
Investment income
Miscellaneous
Transfers

Total general revenues

Change in net assets

Net Assets - Beginning, as restated in Note 1.E.

Net Assets - Ending

EXHIBIT 2

Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-Type Activities	Total
\$ 327,446	\$ 522,000	\$ (3,970,224)	\$ -	\$ (3,970,224)
889,635	9,210	(5,660,156)	-	(5,660,156)
7,046,687	-	744,352	-	744,352
-	-	(616)	-	(616)
8,219,813	-	(7,434,609)	-	(7,434,609)
-	-	(346,848)	-	(346,848)
26,500	113,469	(340,042)	-	(340,042)
317,921	-	(90,981)	-	(90,981)
-	-	(516,887)	-	(516,887)
-	-	(4,944)	-	(4,944)
\$ 16,828,002	\$ 644,679	\$ (17,620,955)	\$ -	\$ (17,620,955)
\$ -	\$ 35,706	\$ -	\$ (334,922)	\$ (334,922)
1,303,171	-	-	(251,595)	(251,595)
237,303	1,081,864	-	(293,219)	(293,219)
53,423	-	-	(13,318)	(13,318)
\$ 1,593,897	\$ 1,117,570	\$ -	\$ (893,054)	\$ (893,054)
\$ 18,421,899	\$ 1,762,249	\$ (17,620,955)	\$ (893,054)	\$ (18,514,009)
		\$ 15,405,983	\$ -	\$ 15,405,983
		228,358	-	228,358
		52,610	-	52,610
		21,622	-	21,622
		6,335,983	-	6,335,983
		754,408	155,137	909,545
		172,852	-	172,852
		(1,113,009)	1,113,009	-
		\$ 21,858,807	\$ 1,268,146	\$ 23,126,953
		\$ 4,237,852	\$ 375,092	\$ 4,612,944
		67,946,486	8,646,098	76,592,584
		\$ 72,184,338	\$ 9,021,190	\$ 81,205,528

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General	Road and Bridge
<u>Assets</u>		
Cash and pooled investments	\$ 5,356,023	\$ 1,986,041
Petty cash and change funds	4,225	-
Undistributed cash in agency funds	215,964	42,410
Cash with escrow agent	352,655	184,797
Investments	21,122	1,000,000
Taxes receivable		
Current	151,479	35,706
Prior	56,259	14,949
Special assessments receivable		
Current	-	-
Prior	-	-
Liens	-	-
Accounts receivable	133,029	75,411
Accrued interest receivable	213,130	4,261
Due from other funds	300,697	-
Due from other governments	483,714	3,382,209
Inventories	-	228,180
Advances to other funds	1,665,000	-
	\$ 8,953,297	\$ 6,953,964
Total Assets	\$ 8,953,297	\$ 6,953,964

EXHIBIT 3

<u>Social Services</u>	<u>Ditch Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 777,069	\$ 545,658	\$ 517,004	\$ 9,181,795
500	-	-	4,725
99,015	5,431	11,977	374,797
-	-	27	537,479
-	823,534	10,000	1,854,656
83,848	-	10,030	281,063
33,443	-	4,128	108,779
-	5,767	-	5,767
-	787	-	787
-	2,077,745	-	2,077,745
73,756	-	-	282,196
-	10,473	167	228,031
108,622	-	46,479	455,798
1,281,404	304,840	-	5,452,167
-	-	-	228,180
-	-	-	1,665,000
<u>\$ 2,457,657</u>	<u>\$ 3,774,235</u>	<u>\$ 599,812</u>	<u>\$ 22,738,965</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General	Road and Bridge
<u>Liabilities and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 222,206	\$ 47,010
Salaries payable	405,726	75,937
Contracts payable	-	423,126
Due to other funds	133,473	103,078
Due to other governments	463,895	125,573
Deferred revenue - unavailable	382,091	2,992,246
Advance from other funds	-	-
	\$ 1,607,391	\$ 3,766,970
Fund Balances		
Reserved for		
Inventories	\$ -	\$ 228,180
Advances to other funds	1,665,000	-
State-aid highway	-	202,054
Bond covenant	352,293	183,445
Missing heirs	308	-
Help America Vote Act	30,704	-
Law library	60,267	-
Boat and water	138	-
Real estate shortfall	22,537	-
Unreserved		
Designated for debt service	-	-
Designated for cash flows	4,321,402	2,287,933
Designated for compensated absences	893,257	285,382
Unreserved, reported in nonmajor		
Special revenue funds	-	-
Debt service funds	-	-
	\$ 7,345,906	\$ 3,186,994
Total Fund Balances	\$ 7,345,906	\$ 3,186,994
Total Liabilities and Fund Balances	\$ 8,953,297	\$ 6,953,964

EXHIBIT 3
(Continued)

<u>Social Services</u>	<u>Ditch Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 388,536	\$ -	\$ 197	\$ 657,949
194,942	-	-	676,605
-	-	-	423,126
299,681	-	-	536,232
254,615	-	-	844,083
87,541	2,387,533	10,579	5,859,990
-	-	20,000	20,000
<u>\$ 1,225,315</u>	<u>\$ 2,387,533</u>	<u>\$ 30,776</u>	<u>\$ 9,017,985</u>
\$ -	\$ -	\$ -	\$ 228,180
-	-	-	1,665,000
-	-	-	202,054
-	-	-	535,738
-	-	-	308
-	-	-	30,704
-	-	-	60,267
-	-	-	138
-	-	-	22,537
-	1,386,702	-	1,386,702
704,555	-	-	7,313,890
527,787	-	-	1,706,426
-	-	263,634	263,634
-	-	305,402	305,402
<u>\$ 1,232,342</u>	<u>\$ 1,386,702</u>	<u>\$ 569,036</u>	<u>\$ 13,720,980</u>
<u>\$ 2,457,657</u>	<u>\$ 3,774,235</u>	<u>\$ 599,812</u>	<u>\$ 22,738,965</u>

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2006**

Fund balances - total governmental funds (Exhibit 3)	\$	13,720,980
-------------------------------------------------------------	-----------	-------------------

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		63,182,342
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		5,859,990
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Internal service funds are used by management to charge the costs of management of fleet maintenance and self-insurance to individual funds. The assets and liabilities that are included in governmental activities in the statement of net assets are:

Total internal services net assets	\$ 4,352,915	
Long-term liabilities of the Internal Service Fund	347,816	
Net assets representing capital assets included above	(1,978,308)	2,722,423

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

General obligation bonds	\$ (3,723,345)	
Facility lease revenue bonds	(7,333,045)	
Capital leases	(352,347)	
Compensated absences	(1,706,426)	
Accrued interest payable	(203,855)	
Deferred debt issuance charges	17,621	(13,301,397)

Net Assets of Governmental Activities (Exhibit 1)	\$	<u>72,184,338</u>
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**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Road and Bridge
Revenues		
Taxes	\$ 8,451,668	\$ 2,150,819
Special assessments	-	-
Licenses and permits	40,285	2,700
Intergovernmental	5,575,314	8,806,413
Charges for services	1,590,593	470,564
Fines and forfeits	204,574	-
Investment earnings	606,531	47,017
Miscellaneous	377,627	183,782
	\$ 16,846,592	\$ 11,661,295
Expenditures		
Current		
General government	\$ 6,806,503	\$ -
Public safety	7,018,560	-
Highways and streets	-	10,725,258
Sanitation	-	-
Human services	-	-
Culture and recreation	346,848	-
Conservation of natural resources	531,571	-
Economic development	500,751	-
Intergovernmental		
Highways and streets	-	334,146
Debt service		
Principal	1,767	-
Interest	623	5,083
Administrative (fiscal charges)	-	-
	\$ 15,206,623	\$ 11,064,487
Excess of Revenues Over (Under) Expenditures	\$ 1,639,969	\$ 596,808
Other Financing Sources (Uses)		
Transfers out	(1,113,009)	-
	\$ 526,960	\$ 596,808
Fund Balances - January 1	6,818,946	2,505,500
Increase (decrease) in reserved for inventories	-	84,686
	\$ 7,345,906	\$ 3,186,994
Fund Balances - December 31	\$ 7,345,906	\$ 3,186,994

EXHIBIT 5

Social Services	Ditch Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 4,562,449	\$ -	\$ 569,680	\$ 15,734,616
-	662,179	26,923	689,102
-	-	-	42,985
10,115,192	-	225,133	24,722,052
-	-	-	2,061,157
36,368	-	-	240,942
-	31,589	2,445	687,582
557,844	-	50	1,119,303
\$ 15,271,853	\$ 693,768	\$ 824,231	\$ 45,297,739
\$ -	\$ -	\$ 35,787	\$ 6,842,290
-	-	-	7,018,560
-	-	-	10,725,258
-	-	616	616
16,154,472	-	-	16,154,472
-	-	-	346,848
-	1,662	50	533,283
-	-	-	500,751
-	-	-	334,146
-	329,000	379,061	709,828
-	154,568	341,266	501,540
-	-	4,944	4,944
\$ 16,154,472	\$ 485,230	\$ 761,724	\$ 43,672,536
\$ (882,619)	\$ 208,538	\$ 62,507	\$ 1,625,203
-	-	-	(1,113,009)
\$ (882,619)	\$ 208,538	\$ 62,507	\$ 512,194
2,114,961	1,178,164	506,529	13,124,100
-	-	-	84,686
\$ 1,232,342	\$ 1,386,702	\$ 569,036	\$ 13,720,980

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

Net change in fund balances - total governmental funds (Exhibit 5) \$ 512,194

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

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

Expenditures for general capital assets, infrastructure, and other related capital assets adjustment	\$ 6,774,972	
Current year depreciation	(2,516,208)	4,258,764

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		5,859,990
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Revenues reported in the fund statements in the current year, but reported in the government-wide statement of activities in the prior year.		(7,253,940)
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Capital contributions of the internal service fund which are recognized in the governmental activities.		9,210
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal repayments		
General obligation bonds	\$ 369,000	
Facility lease revenue bonds	339,061	
Capital lease	1,767	709,828

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

Change in accrued interest payable	\$ 22,082	
Amortization of discounts and deferred issuance charges	(2,603)	
Change in compensated absences	(170,729)	
Change in inventories	84,686	(66,564)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities.

Governmental activities share of net income before transfers		208,370

Change in Net Assets of Governmental Activities (Exhibit 2) \$ 4,237,852

PROPRIETARY FUNDS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2006**

	Family Service	Juvenile Center
<u>Assets</u>		
Current assets		
Cash and pooled investments	\$ 9,738	\$ 478,003
Undistributed cash in agency funds	-	-
Petty cash and change funds	300	-
Cash with escrow agent	470,091	-
Investments	-	164,067
Special assessments		
Current	-	-
Prior	-	-
Accounts receivable - net	21,827	-
Accrued interest receivable	1,853	6,967
Due from other funds	-	153,027
Due from other governments	4,502	168,063
Total current assets	\$ 508,311	\$ 970,127
Restricted assets		
Cash with escrow agent - temporary	\$ -	\$ 34
Investments	-	-
Accrued interest receivable	-	-
Total restricted assets	\$ -	\$ 34
Noncurrent assets		
Capital assets		
Nondepreciable	\$ 246,049	\$ -
Depreciable - net	5,246,701	2,741,619
Total noncurrent assets	\$ 5,492,750	\$ 2,741,619
Total Assets	\$ 6,001,061	\$ 3,711,780

EXHIBIT 7

Enterprise Funds			Internal Service Fund	
Public Health	Solid Waste	Totals		Fund
\$ 895,723	\$ 1,019,574	\$ 2,403,038	\$	1,385,816
-	42,606	42,606		-
170	-	470		-
-	-	470,091		-
-	2,835,326	2,999,393		1,518,516
-	26,518	26,518		-
-	13,737	13,737		-
281,604	58,862	362,293		-
-	29,018	37,838		57,121
30,120	-	183,147		5,320
180,372	126,393	479,330		-
\$ 1,387,989	\$ 4,152,034	\$ 7,018,461	\$	2,966,773
\$ -	\$ -	\$ 34	\$	-
-	2,367,453	2,367,453		-
-	28,968	28,968		-
\$ -	\$ 2,396,421	\$ 2,396,455	\$	-
\$ -	\$ 500,189	\$ 746,238	\$	-
-	2,505,846	10,494,166		1,978,308
\$ -	\$ 3,006,035	\$ 11,240,404	\$	1,978,308
\$ 1,387,989	\$ 9,554,490	\$ 20,655,320	\$	4,945,081

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2006**

	<u>Family Service</u>	<u>Juvenile Center</u>
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 24,026	\$ 10,867
Salaries payable	20,137	55,384
Compensated absences payable - current	14,387	37,777
Due to other funds	-	10,057
Due to other governments	10,748	4,774
Accrued interest payable	79,751	30,500
Deferred revenue - unearned	-	-
Facility lease revenue bonds payable - current	400,000	146,465
Capital leases payable - current	4,048	-
Total current liabilities	\$ 553,097	\$ 295,824
Noncurrent liabilities		
Compensated absences payable - long-term	\$ 46,379	\$ 119,954
Advance from other funds	1,295,000	350,000
Estimated liability for landfill closure/postclosure	-	-
Facility lease revenue bonds payable - long-term	3,440,000	1,840,491
Unamortized discounts on lease revenue bonds	(45,600)	(12,238)
Capital leases payable - long-term	5,667	-
Total noncurrent liabilities	\$ 4,741,446	\$ 2,298,207
Total Liabilities	\$ 5,294,543	\$ 2,594,031
Net Assets		
Invested in capital assets - net of related debt	\$ 1,688,635	\$ 766,902
Restricted for		
Debt service	-	34
Unrestricted	(982,117)	350,813
Total Net Assets	\$ 706,518	\$ 1,117,749

Some amounts reported for business-type activities in the statement of net assets (Exhibit 1) are different because certain internal service fund assets and liabilities are included with business-type activities.

Net Assets of Business-Type Activities

EXHIBIT 7
(Continued)

Enterprise Funds				Internal Service Fund
Public Health	Solid Waste	Totals		
\$ 6,021	\$ 47,327	\$ 88,241	\$	42,364
93,268	11,624	180,413		-
71,122	13,538	136,824		-
112,244	-	122,301		-
69,698	166,128	251,348		365
-	-	110,251		10,123
31,316	-	31,316		-
-	-	546,465		-
-	-	4,048		109,868
\$ 383,669	\$ 238,617	\$ 1,471,207	\$	162,720
\$ 141,854	\$ 44,125	\$ 352,312	\$	-
-	-	1,645,000		-
-	3,128,789	3,128,789		-
-	-	5,280,491		-
-	-	(57,838)		-
-	-	5,667		237,948
\$ 141,854	\$ 3,172,914	\$ 10,354,421	\$	237,948
\$ 525,523	\$ 3,411,531	\$ 11,825,628	\$	400,668
\$ -	\$ 3,006,035	\$ 5,461,572	\$	1,630,492
-	-	34		-
862,466	3,136,924	3,368,086		2,913,921
\$ 862,466	\$ 6,142,959	\$ 8,829,692	\$	4,544,413
		191,498		
		\$ 9,021,190		

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Family Service</u>	<u>Juvenile Center</u>
Operating Revenues		
Charges for services	\$ 214,090	\$ 1,772,891
Licenses and permits	-	-
Rents	878,804	55,057
Miscellaneous	95,132	21,797
Total Operating Revenues	\$ 1,188,026	\$ 1,849,745
Operating Expenses		
Personal services	\$ 421,242	\$ 1,374,484
Other services and charges	583,337	271,141
Supplies	45,264	58,995
Depreciation	308,757	138,266
Total Operating Expenses	\$ 1,358,600	\$ 1,842,886
Operating Income (Loss)	\$ (170,574)	\$ 6,859
Nonoperating Revenues (Expenses)		
Special assessments	\$ -	\$ -
Intergovernmental	-	53,423
Interest income	21,001	6,535
Gain on sale/disposal of capital assets	-	-
Interest expense	(202,291)	(75,837)
Total Nonoperating Revenues (Expenses)	\$ (181,290)	\$ (15,879)
Income (Loss) before Contributions and Transfers	\$ (351,864)	\$ (9,020)
Capital contributions	35,706	-
Transfers in	452,708	49,381
Change in Net Assets	\$ 136,550	\$ 40,361
Net Assets - January 1	\$ 569,968	\$ 1,077,388
Prior period adjustment (Note 1.E.)	-	-
Net Assets - January 1, as restated	\$ 569,968	\$ 1,077,388
Net Assets - December 31	\$ 706,518	\$ 1,117,749

Some amounts reported for business-type activities in the statement of activities (Exhibit 2) are different because the net revenue (expense) of the Equipment Replacement Internal Service Fund is reported with business-type activities.

Change in Net Assets of Business-Type Activities

EXHIBIT 8

Enterprise Funds				Internal Service Funds
Public Health	Solid Waste	Totals		
\$ 1,515,996	\$ 1,064,910	\$ 4,567,887	\$ 921,941	
-	603	603	-	
-	-	933,861	-	
17,603	31,224	165,756	4,016	
\$ 1,533,599	\$ 1,096,737	\$ 5,668,107	\$ 925,957	
\$ 2,500,706	\$ 357,770	\$ 4,654,202	\$ -	
523,451	823,949	2,201,878	36,352	
65,835	39,977	210,071	97,175	
-	1,487,427	1,934,450	648,568	
\$ 3,089,992	\$ 2,709,123	\$ 9,000,601	\$ 782,095	
\$ (1,556,393)	\$ (1,612,386)	\$ (3,332,494)	\$ 143,862	
\$ -	\$ 1,081,864	\$ 1,081,864	\$ -	
1,303,171	130,416	1,487,010	-	
-	232,201	259,737	69,113	
-	-	-	40,550	
-	-	(278,128)	(36,766)	
\$ 1,303,171	\$ 1,444,481	\$ 2,550,483	\$ 72,897	
\$ (253,222)	\$ (167,905)	\$ (782,011)	\$ 216,759	
-	-	35,706	9,210	
610,920	-	1,113,009	-	
\$ 357,698	\$ (167,905)	\$ 366,704	\$ 225,969	
\$ 504,768	\$ 6,310,864		\$ 4,808,192	
-	-		(489,748)	
\$ 504,768	\$ 6,310,864		\$ 4,318,444	
\$ 862,466	\$ 6,142,959		\$ 4,544,413	
		8,388		
		\$ 375,092		

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006
Increase (Decrease) in Cash and Cash Equivalents**

	<u>Family Service</u>	<u>Juvenile Center</u>
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 1,192,589	\$ 1,792,934
Payments to suppliers	(651,528)	(331,749)
Payments to employees	(426,000)	(1,356,960)
Net cash provided by (used in) operating activities	\$ 115,061	\$ 104,225
Cash Flows From Noncapital Financing Activities		
Property taxes	\$ -	\$ -
Intergovernmental	-	53,298
Transfers in	452,708	39,550
Net cash provided by (used in) noncapital financing activities	\$ 452,708	\$ 92,848
Cash Flows From Capital and Related Financing Activities		
Principal paid on installment purchase	\$ (3,660)	\$ -
Principal paid on long-term debt	(380,000)	(140,939)
Interest paid on long-term debt	(189,398)	(75,848)
Proceeds from the sale of capital assets	-	-
Purchases of capital assets	(12,949)	(8,597)
Net cash provided by (used in) capital and related financing activities	\$ (586,007)	\$ (225,384)
Cash Flows From Investing Activities		
Purchase of investments	\$ -	\$ -
Investment earnings received	-	2,730
Net cash provided by (used in) investing activities	\$ -	\$ 2,730
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (18,238)	\$ (25,581)
Cash and Cash Equivalents at January 1	28,276	503,584
Cash and Cash Equivalents at December 31	\$ 10,038	\$ 478,003

EXHIBIT 9

Enterprise Funds				
Public Health	Solid Waste	Totals	Internal Service Fund	
\$ 1,266,111	\$ 1,111,416	\$ 5,363,050	\$ 927,097	
(580,635)	(898,978)	(2,462,890)	(133,161)	
(2,463,066)	(345,093)	(4,591,119)	-	
\$ (1,777,590)	\$ (132,655)	\$ (1,690,959)	\$ 793,936	
\$ -	\$ 1,080,611	\$ 1,080,611	\$ -	
1,335,175	130,416	1,518,889	-	
610,920	-	1,103,178	-	
\$ 1,946,095	\$ 1,211,027	\$ 3,702,678	\$ -	
\$ -	\$ -	\$ (3,660)	\$ (133,433)	
-	-	(520,939)	-	
-	-	(265,246)	(26,643)	
-	-	-	40,550	
-	(1,534,770)	(1,556,316)	(519,787)	
\$ -	\$ (1,534,770)	\$ (2,346,161)	\$ (639,313)	
\$ -	\$ (69,174)	\$ (69,174)	\$ (18,516)	
-	235,368	238,098	55,116	
\$ -	\$ 166,194	\$ 168,924	\$ 36,600	
\$ 168,505	\$ (290,204)	\$ (165,518)	\$ 191,223	
727,388	1,352,384	2,611,632	1,194,593	
\$ 895,893	\$ 1,062,180	\$ 2,446,114	\$ 1,385,816	

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006
Increase (Decrease) in Cash and Cash Equivalents**

	<u>Family Service</u>	<u>Juvenile Center</u>
Cash Flows From Operating Activities		
Receipts from customers and users	\$ 1,192,589	\$ 1,792,934
Payments to suppliers	(651,528)	(331,749)
Payments to employees	(426,000)	(1,356,960)
Net cash provided by (used in) operating activities	\$ 115,061	\$ 104,225
Cash Flows From Noncapital Financing Activities		
Property taxes	\$ -	\$ -
Intergovernmental	-	53,298
Transfers in	452,708	39,550
Net cash provided by (used in) noncapital financing activities	\$ 452,708	\$ 92,848
Cash Flows From Capital and Related Financing Activities		
Principal paid on installment purchase	\$ (3,660)	\$ -
Principal paid on long-term debt	(380,000)	(140,939)
Interest paid on long-term debt	(189,398)	(75,848)
Proceeds from the sale of capital assets	-	-
Purchases of capital assets	(12,949)	(8,597)
Net cash provided by (used in) capital and related financing activities	\$ (586,007)	\$ (225,384)
Cash Flows From Investing Activities		
Purchase of investments	\$ -	\$ -
Investment earnings received	-	2,730
Net cash provided by (used in) investing activities	\$ -	\$ 2,730
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (18,238)	\$ (25,581)
Cash and Cash Equivalents at January 1	28,276	503,584
Cash and Cash Equivalents at December 31	\$ 10,038	\$ 478,003

EXHIBIT 9
(Continued)

Enterprise Funds				
Public Health	Solid Waste	Totals	Internal Service Fund	
\$ 1,266,111	\$ 1,111,416	\$ 5,363,050	\$ 927,097	
(580,635)	(898,978)	(2,462,890)	(133,161)	
(2,463,066)	(345,093)	(4,591,119)	-	
\$ (1,777,590)	\$ (132,655)	\$ (1,690,959)	\$ 793,936	
\$ -	\$ 1,080,611	\$ 1,080,611	\$ -	
1,335,175	130,416	1,518,889	-	
610,920	-	1,103,178	-	
\$ 1,946,095	\$ 1,211,027	\$ 3,702,678	\$ -	
\$ -	\$ -	\$ (3,660)	\$ (133,433)	
-	-	(520,939)	-	
-	-	(265,246)	(26,643)	
-	-	-	40,550	
-	(1,534,770)	(1,556,316)	(519,787)	
\$ -	\$ (1,534,770)	\$ (2,346,161)	\$ (639,313)	
\$ -	\$ (69,174)	\$ (69,174)	\$ (18,516)	
-	235,368	238,098	55,116	
\$ -	\$ 166,194	\$ 168,924	\$ 36,600	
\$ 168,505	\$ (290,204)	\$ (165,518)	\$ 191,223	
727,388	1,352,384	2,611,632	1,194,593	
\$ 895,893	\$ 1,062,180	\$ 2,446,114	\$ 1,385,816	

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FIDUCIARY FUNDS

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CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT 10

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2006

	<u>Agency</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 3,272,368
Accounts receivable	17,110
Due from other funds	<u>51,928</u>
Total Assets	<u>\$ 3,341,406</u>
<u>Liabilities</u>	
Accounts payable	\$ 51,824
Due to other funds	37,660
Due to other governments	<u>3,251,922</u>
Total Liabilities	<u>\$ 3,341,406</u>

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006**

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2006. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so. The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Clay County was established March 8, 1862, and organized April 14, 1872; it has the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator, appointed by the Board, serves as the clerk of the Board of Commissioners but has no vote.

Joint Ventures

The County participates in several joint ventures which are described in Note 8.B. The County also participates in jointly-governed organizations and related organizations described in Notes 8.C. and 8.D., respectively.

B. Basic Financial Statements

1. Government-Wide Statements

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

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

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and different business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues 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, proprietary, and fiduciary--are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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

The County reports the following major governmental funds:

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

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

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

The Ditch Debt Service Fund is used to account for the accumulation of resources and the payment of principal and interest of ditch bond issues.

The County reports the following major enterprise funds:

The Family Service Center Fund is used to account for the financing of the Family Service Center, which provides rental space to other departments and agencies.

The Juvenile Center Fund is used to account for the financial transactions of the Juvenile Center, which provides housing for juveniles and rental space to other departments and agencies.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The Public Health Fund is used to account for providing nursing service care to the elderly and other residents of the County. All activities necessary to provide such services are accounted for in this fund. Financing is provided by a health service grant and user service charges.

The Solid Waste Management Fund is used to account for the operation, maintenance, and development of the County solid waste landfill.

Additionally, the County reports the following fund types:

The Internal Service Fund is used to account for the financing of equipment provided by one department to other departments of the County on a cost-reimbursement basis.

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

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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. Clay County considers all revenues as available if collected within 90 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Cash Equivalents

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

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2006, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2006 were \$591,969.

Clay County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission (SEC), but does operate in a manner consistent with Rule 2a-7 prescribed by the SEC pursuant to the Investment Company Act of 1940 (17 C.F.R. § 270.2a-7). Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

3. Receivables and Payables

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

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

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

No allowance has been made for uncollectible receivables.

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 May 15 and the second half payment due October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

4. Inventories

All inventories are valued at cost using the 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.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

5. Restricted Assets

Certain funds of the County are classified as restricted 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, grantors, contributors, or laws or regulations of other governments. Therefore, applicable laws and regulations limit their use.

6. Capital Assets

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

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

6. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	15 - 75
Land improvements	5 - 30
Public domain infrastructure	20 - 50
Furniture, equipment, and vehicles	3 - 15

The County landfill is depreciated based on capacity.

7. Compensated Absences

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

8. Deferred Revenue

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

9. Long-Term Obligations

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

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

10. Fund Equity

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

11. Use of Estimates

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

E. Prior Period Adjustments

Fund balance at January 1, 2006, for the Internal Service Fund was decreased by \$489,748 to correct errors made in the recording of capital assets; assets were recorded in prior years that were less than the County's capitalization policy of \$5,000. The net assets of the Internal Service Fund were adjusted from \$4,808,192 to \$4,318,444.

Net assets at January 1, 2006, for the governmental activities were decreased by \$489,748 to correct errors made in the recording of capital assets. The net assets of the governmental activities were adjusted from \$68,436,234 to \$67,946,486.

2. Stewardship, Compliance, and Accountability

Excess of Expenditures over Budget

The following is a summary of individual funds which had expenditures in excess of budget for the year ended December 31, 2006.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 15,206,623	\$ 14,763,301	\$ 443,322
Special Revenue Funds			
Road and Bridge	11,064,487	9,919,895	1,144,592
Human Services	16,154,472	15,621,606	532,866

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliation of the County's total cash and investments are reported as follows:

Primary government	
Cash and pooled investments	\$ 13,393,247
Cash with escrow agent	1,007,570
Investments	6,372,565
Restricted assets	
Cash with escrow agent	34
Investments	2,367,453
Fiduciary funds	
Cash and pooled investments	
Agency funds	<u>3,272,368</u>
 Total Cash and Investments	 <u>\$ 26,413,237</u>

a. Deposits

Minn. Stat. §§ 118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minn. Stat. § 118A.03 requires that all County deposits be protected 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 standby 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 that is not owned or controlled by the financial institution furnishing the collateral.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

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, 2006, the County's deposits were not exposed to custodial credit risk.

b. Investments

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (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 minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk

Generally, 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 requirement set by state statute.

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.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

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. It is the County's policy that U.S. Treasury securities, U.S. Agency securities, and obligations backed by U.S. Treasury and/or U.S. Agency securities, may be held without limit.

The following table presents the County's deposit and investment balances at December 31, 2006, and information relating to potential investment risks:

Investment Type	Credit Risk		Concentration Risk Over 5% of Portfolio	Interest Rate Risk Maturity Date	Carrying (Fair) Value
	Credit Rating	Rating Agency			
U.S. Government Agency Securities					
Federal National Mortgage Association	Aaa	Moody's	<5%	02/28/11	\$ 500,313
Federal Home Loan Bank	Aaa	Moody's		06/29/07	\$ 248,548
Federal Home Loan Bank	Aaa	Moody's		09/10/07	789,888
Federal Home Loan Bank	Aaa	Moody's		11/09/07	197,588
Federal Home Loan Bank	Aaa	Moody's		02/09/07	198,786
Federal Home Loan Bank	Aaa	Moody's		04/08/08	196,910
Federal Home Loan Bank	Aaa	Moody's		07/22/08	488,370
Federal Home Loan Bank	Aaa	Moody's		07/29/08	637,722
Federal Home Loan Bank	Aaa	Moody's		12/16/08	148,545
Federal Home Loan Bank	Aaa	Moody's		11/13/09	1,000,312
Federal Home Loan Bank	Aaa	Moody's		12/08/09	995,000
Federal Home Loan Bank	Aaa	Moody's		03/30/10	739,733
Federal Home Loan Bank	Aaa	Moody's		06/12/13	483,755
Total Federal Home Loan Bank			38%		\$ 6,125,157
MAGIC Fund					
MAGIC Fund - General Revenue					\$ 5,200,434
MAGIC Fund - Road and Bridge					1,000,000
MAGIC Fund - Solid Waste Long-Term					867,453
MAGIC Fund - Solid Waste Management					1,279,949
Total MAGIC Fund	N/R		N/A	N/A	\$ 8,347,836

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5% of Portfolio	Maturity Date	
Negotiable certificates of deposit	N/R		N/A	N/A	\$ 1,127,333
Total investments					\$ 16,100,639
Deposits					9,298,799
Change funds					6,195
Cash held by escrow agent					1,007,604
Total Cash and Investments					\$ 26,413,237

N/A - Not applicable
N/R - Not rated

2. Receivables

Receivables as of December 31, 2006, for the County's governmental activities and business-type activities are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes	\$ 389,842	\$ -
Special assessments	2,084,299	1,822,779
Due from other governments	5,489,827	264,550
Accounts	282,196	-
Interest	285,152	-
Total Governmental Activities	\$ 8,531,316	\$ 2,087,329
Business-Type Activities		
Special assessments	\$ 40,255	\$ -
Due from other governments	479,330	-
Accounts	362,293	-
Interest	37,838	-
Total Business-Type Activities	\$ 919,716	\$ -

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land	\$ 174,969	\$ -	\$ -	\$ 174,969
Construction in progress	1,375,578	3,009,813	1,263,712	3,121,679
Total capital assets not depreciated	<u>\$ 1,550,547</u>	<u>\$ 3,009,813</u>	<u>\$ 1,263,712</u>	<u>\$ 3,296,648</u>
Capital assets depreciated				
Land improvements	\$ 32,859	\$ 37,497	\$ -	\$ 70,356
Buildings	14,508,859	36,283	-	14,545,142
Machinery, furniture, and equipment	8,076,989	1,184,108	408,057	8,853,040
Infrastructure	66,908,678	4,341,686	-	71,250,364
Total capital assets depreciated	<u>\$ 89,527,385</u>	<u>\$ 5,599,574</u>	<u>\$ 408,057</u>	<u>\$ 94,718,902</u>
Less: accumulated depreciation for				
Land improvements	\$ 32,859	\$ 625	\$ -	\$ 33,484
Buildings	3,610,238	232,002	-	3,842,240
Machinery, furniture, and equipment	5,718,102	809,044	408,057	6,119,089
Infrastructure	22,715,290	2,123,105	-	24,838,395
Total accumulated depreciation	<u>\$ 32,076,489</u>	<u>\$ 3,164,776</u>	<u>\$ 408,057</u>	<u>\$ 34,833,208</u>
Total capital assets depreciated, net	<u>\$ 57,450,896</u>	<u>\$ 2,434,798</u>	<u>\$ -</u>	<u>\$ 59,885,694</u>
Governmental Activities Capital Assets, Net	<u>\$ 59,001,443</u>	<u>\$ 5,444,611</u>	<u>\$ 1,263,712</u>	<u>\$ 63,182,342</u>

Business-Type Activities

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land	\$ 740,689	\$ -	\$ -	\$ 740,689
Construction in progress	-	5,549	-	5,549
Total capital assets not depreciated	<u>\$ 740,689</u>	<u>\$ 5,549</u>	<u>\$ -</u>	<u>\$ 746,238</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets

Business-Type Activities (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Buildings	\$ 12,337,295	\$ 51,703	\$ -	\$ 12,388,998
Landfill	7,222,043	1,465,207	-	8,687,250
Improvements other than building	234,835	-	-	234,835
Machinery, furniture, and equipment	1,455,647	97,327	219,715	1,333,259
Total capital assets depreciated	\$ 21,249,820	\$ 1,614,237	\$ 219,715	\$ 22,644,342
Less: accumulated depreciation for				
Buildings	\$ 4,101,155	\$ 411,854	\$ -	\$ 4,513,009
Landfill	5,019,871	1,441,079	-	6,460,950
Improvements other than building	201,961	1,887	-	203,848
Machinery, furniture, and equipment	1,084,690	79,630	191,951	972,369
Total accumulated depreciation	\$ 10,407,677	\$ 1,934,450	\$ 191,951	\$ 12,150,176
Total capital assets depreciated, net	\$ 10,842,143	\$ (320,213)	\$ 27,764	\$ 10,494,166
Business-Type Activities				
Capital Assets, Net	\$ 11,582,832	\$ (314,664)	\$ 27,764	\$ 11,240,404

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

Governmental Activities	
General government	\$ 191,741
Public safety	60,097
Highways and streets, including depreciation of infrastructure assets	2,210,089
Human services	11,617
Economic development	42,664
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	648,568
Total Depreciation Expense - Governmental Activities	\$ 3,164,776
Business-Type Activities	
Family Service Center	\$ 308,757
Juvenile Center	138,266
Solid Waste	1,487,427
Total Depreciation Expense - Business-Type Activities	\$ 1,934,450

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2006, is as follows:

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Road and Bridge	\$ 56,599
	Social Services	200,836
	Public Health	36,052
	Agency Funds	7,210
		<u>300,697</u>
Total Due to General Fund		\$ 300,697
Social Services	Public Health	\$ 76,192
	Juvenile Center	1,980
	Agency Funds	30,450
		<u>108,622</u>
Total Due to Social Services Fund		\$ 108,622
Other governmental	Road and Bridge	\$ 46,479
Internal Service Fund	Social Services	\$ 5,320
Public Health	General	\$ 16,764
	Social Services	5,279
	Juvenile Center	8,077
		<u>30,120</u>
Total Due to Public Health Fund		\$ 30,120
Juvenile Center	General	\$ 116,709
	Social Services	36,318
		<u>153,027</u>
Total Due to Juvenile Center Fund		\$ 153,027
Agency	Social Services	\$ 51,928
Total Due To/From Other Funds		<u>\$ 696,193</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers

1. Due To/From Other Funds (Continued)

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

2. Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount
General	Other governmental Family Service Center Juvenile Center	\$ 20,000 1,295,000 <u>350,000</u>
Total Due to General Fund		<u>\$ 1,665,000</u>

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2006, consisted of the following:

Transfers to Public Health Enterprise Fund from General Fund	\$ 610,920	Budgeted transfer
Transfers to Juvenile Center Enterprise Fund from General Fund	49,381	To transfer funds to cover shelter care deficit
Transfers to Family Service Center Enterprise Fund from General Fund	<u>452,708</u>	To transfer funds for cash flow purposes
Total Interfund Transfers	<u>\$ 1,113,009</u>	

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities

1. Payables

Payables at December 31, 2006, were as follows:

	Governmental Activities	Business-Type Activities
Accounts	\$ 700,313	\$ 88,241
Salaries	676,605	180,413
Contracts	423,126	-
Due to other governments	896,376	251,348
Total Payables	\$ 2,696,420	\$ 520,002

2. Leases

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. These capital leases consist of the following at December 31, 2006:

Lease	Maturity	Installment	Payment Amount	Original	Balance
Governmental Activities					
2002 motor grader	2007	Annual	\$ 21,267	\$ 170,201	\$ 88,263
2003 motor grader	2008	Annual	19,814	171,608	107,930
2005 motor grader	2010	Annual	17,094	174,113	151,623
2005 copier	2009	Monthly	2,077	7,422	4,531
Total Governmental Activities Capital Leases					\$ 352,347
Business-Type Activities					
2004 mail machine	2009	Monthly	\$ 4,846	\$ 18,958	\$ 9,715

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

2. Leases

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2006, were as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2007	\$ 131,485	\$ 4,845
2008	114,671	4,845
2009	17,787	1,212
2010	142,800	-
Total minimum lease payments	\$ 406,743	\$ 10,902
Less: amount representing interest	(54,396)	(1,187)
Present Value of Minimum Lease Payments	\$ 352,347	\$ 9,715

3. Long-Term Debt

Governmental Activities

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rate (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2006</u>
General Obligation Bonds 1993 G.O. Refunding Bonds	2007	\$30,000 - \$40,000	4.8164	\$ 725,000	\$ 30,000
1997 G.O. Watershed Improvement Bonds	2013	\$40,000 - \$60,000	5.3746	660,000	360,000
1999 G.O. Watershed Improvement Bonds	2015	\$60,000 - \$105,000	5.2452	1,125,000	770,000
2000 G.O. Watershed Improvement Bonds	2016	\$25,000 - \$45,000	5.3936	465,000	350,000

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

3. Long-Term Debt

Governmental Activities (Continued)

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2006
2002 G.O. Watershed Improvement Bonds	2012	\$23,000 - \$32,000	5.0860	260,000	171,000
2003 G.O. Ditch Bonds	2014	\$85,000 - \$110,000	2.8555	960,000	785,000
2003 G.O. Watershed Improvement Refunding Bonds	2011	\$80,000 - \$90,000	2.9430	590,000	430,000
2005 G.O. Watershed Improvement Bonds	2016	\$60,000 - \$100,000	3.7950	<u>830,000</u>	<u>830,000</u>
Total general obligation bonds				<u>\$ 5,615,000</u>	\$ 3,726,000
Less: unamortized discount					<u>(2,655)</u>
Total General Obligation Bonds, Net					<u>\$ 3,723,345</u>
Revenue Bonds					
2001 Joint Highway Lease Revenue Bonds	2022	\$75,000 - \$175,000	5.298	\$ 2,240,000	\$ 1,945,000
2002 Courthouse Expansion Lease Revenue Bonds	2023	\$140,000 - \$320,000	4.999	4,200,000	3,780,000
2002 Law Enforcement Revenue Refunding Bonds	2017	\$109,588 - \$181,157	3.8785	<u>1,831,694</u>	<u>1,608,045</u>
Total Revenue Bonds				<u>\$ 8,271,694</u>	<u>\$ 7,333,045</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

3. Long-Term Debt (Continued)

Business-Type Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2006
Revenue Bonds					
1998 Family Service Center Lease Revenue Refunding Bonds	2014	\$355,000 - \$495,000	5.10241	\$ 4,575,000	\$ 3,840,000
2002 Law Enforcement Facility Revenue Refunding Bonds	2017	\$135,411 - \$223,844	3.8785	<u>2,263,307</u>	<u>1,986,956</u>
Total revenue bonds				<u>\$ 6,838,307</u>	\$ 5,826,956
Less: unamortized discount					<u>(57,838)</u>
Total Revenue Bonds, Net					<u>\$ 5,769,118</u>

4. Debt Service Requirements

Debt service requirements at December 31, 2006, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2007	\$ 425,000	\$ 143,786	\$ 348,535	\$ 331,699
2008	421,000	128,542	368,008	318,647
2009	438,000	112,602	380,244	304,472
2010	454,000	95,382	399,190	289,135
2011	476,000	76,630	418,663	272,490
2012 - 2016	1,512,000	140,424	2,387,248	1,064,888
2017 - 2021	-	-	2,231,157	489,822
2022 - 2024	-	-	<u>800,000</u>	<u>37,228</u>
Total	<u>\$ 3,726,000</u>	<u>\$ 697,366</u>	<u>\$ 7,333,045</u>	<u>\$ 3,108,381</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

4. Debt Service Requirements (Continued)

Business-Type Activities

Year Ending December 31	Revenue Bonds	
	Principal	Interest
2007	\$ 546,465	\$ 253,447
2008	571,992	230,038
2009	594,756	204,621
2010	650,810	176,431
2011	676,337	145,739
2012 - 2016	2,562,752	272,292
2017	223,844	4,812
Total	<u>\$ 5,826,956</u>	<u>\$ 1,287,380</u>

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2006, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General obligation bonds	\$ 4,095,000	\$ -	\$ 369,000	\$ 3,726,000	\$ 425,000
Revenue bonds	7,672,106	-	339,061	7,333,045	348,535
Less: deferred amounts for issuance discounts	(3,318)	-	(663)	(2,655)	-
Total bonds payable	\$ 11,763,788	\$ -	\$ 707,398	\$ 11,056,390	\$ 773,535
Capital leases	487,547	-	135,200	352,347	111,737
Compensated absences	1,548,415	1,128,779	970,768	1,706,426	454,661
Governmental Activities Long-Term Liabilities	<u>\$ 13,799,750</u>	<u>\$ 1,128,779</u>	<u>\$ 1,813,366</u>	<u>\$ 13,115,163</u>	<u>\$ 1,339,933</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

5. Changes in Long-Term Liabilities (Continued)

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
Revenue bonds	\$ 6,347,895	\$ -	\$ 520,939	\$ 5,826,956	\$ 546,465
Less: deferred amounts for issuance discounts	(65,577)	-	(7,739)	(57,838)	-
Total bonds payable	\$ 6,282,318	\$ -	\$ 513,200	\$ 5,769,118	\$ 546,465
Capital lease	13,375	-	3,660	9,715	4,048
Estimated liability for landfill closure/postclosure	3,128,789	-	-	3,128,789	-
Compensated absences	444,781	313,242	268,887	489,136	136,824
Business-Type Activities Long-Term Liabilities	<u>\$ 9,869,263</u>	<u>\$ 313,242</u>	<u>\$ 785,747</u>	<u>\$ 9,396,758</u>	<u>\$ 687,337</u>

Long-term liabilities for internal service funds are included as part of the above totals based upon their activity. For internal service funds, \$347,816 of lease purchases payable are included in the amounts for the governmental activities at year-end.

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plan

Plan Description

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plan

Plan Description (Continued)

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

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

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

For all Public 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.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plan

Plan Description (Continued)

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

The PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the internet at 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. Minn. Stat. ch. 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 and 5.50 percent, respectively, of their annual covered salary in 2006. Contribution rates in the Coordinated Plan increased in 2007 to 5.75 percent. Public Employees Police and Fire Fund members were required to contribute 7.00 percent of their annual covered salary in 2006. That rate increased to 7.80 percent in 2007. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plan

Funding Policy (Continued)

The County is required to contribute the following percentages of annual covered payroll in 2006 and 2007:

	2006	2007
Public Employees Retirement Fund		
Basic Plan members	11.78%	11.78%
Coordinated Plan members	6.00	6.25
Public Employees Police and Fire Fund	10.50	11.70
Public Employees Correctional Fund	8.75	8.75

The County's contributions for the years ending December 31, 2006, 2005, and 2004, 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
2006	\$ 708,935	\$ 196,355	\$ 139,926
2005	627,806	170,608	132,258
2004	608,334	154,075	123,847

B. Defined Contribution Plan

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

The Public Employees Defined Contribution Plan is a multiple-employer deferred compensation plan for local government officials, except elected county sheriffs. The plan is established and administered in accordance with Minn. Stat. ch. 353D. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

B. Defined Contribution Plan (Continued)

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minn. Stat. § 353D.03 specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer.

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

The County's contributions for the years ending December 31, 2006, 2005, and 2004, were \$6,718, \$9,967, and \$9,137, respectively, equal to the contractually required contributions for each year as set by state statute.

5. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Board reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,128,789 landfill closure and postclosure care liability at December 31, 2006, represents the cumulative amount reported to date based on the use of 86 percent of the estimated capacity of the landfill. It is estimated that no additional costs will be recognized as closure and postclosure care expense between December 31, 2006, and the date the landfill is expected to be filled to capacity (2022) due to a change in accounting estimates. The estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, maintain, and adopt a contingency action plan at the landfill were acquired as of December 31, 2006. Actual cost may be higher due to inflation, changes in technology, or changes in state or federal laws and regulations affecting landfills.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements and, at December 31, 2006, investments of \$2,367,453 are held for

**CLAY COUNTY
MOORHEAD, MINNESOTA**

5. Landfill Closure and Postclosure Care Costs (Continued)

these purposes. These are reported as restricted assets on the balance sheet. Clay County expects that future inflation costs will be paid from investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

6. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County self-insures for employee health and dental coverage. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$390,000 per claim in 2006 and \$400,000 per claim in 2007. 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. 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.

7. Conduit Debt

The County has issued revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of educational facilities deemed to be in the public interest. The bonds are secured by the property financed through a series of loan

**CLAY COUNTY
MOORHEAD, MINNESOTA**

7. Conduit Debt (Continued)

agreements and are payable solely from the revenue of the entity. The County is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. Bonds issued and outstanding as of December 31, 2006, are as follows:

Entity	Series	Principal Issued	Outstanding
Concordia College Corporation	2001	\$ 3,300,000	\$ 2,900,000
Minnesota State University Moorhead	2001	3,940,000	3,671,073
Concordia College Corporation	2003	2,300,000	2,100,000
Concordia College Corporation	2004	7,000,000	6,900,000
Lakeland Mental Health Center, Inc.	2005	520,000	499,215
Eventide	2006	2,000,000	2,000,000

8. 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, is involved in various judgments, claims, and litigations; it is expected that the final settlement of these matters will not materially affect the financial statements of the County.

B. Joint Ventures

West Central Area Agency on Aging

The West Central Area Agency on Aging was established June 2, 1982, by a joint powers agreement among Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, and Wilkin Counties. The agreement was established to administer all aspects of the Older Americans Act by providing programs to meet the needs of the elderly in the nine-county area. Each county may be assessed a proportional share of the 25 percent of the administrative costs incurred in carrying out this agreement.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

B. Joint Ventures

West Central Area Agency on Aging (Continued)

Each county's proportional share of this 25 percent of the administrative costs will be based upon the number of persons age 60 or older living within that county.

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

Control is vested in the West Central Board on Aging. The Board consists of one Commissioner from each of the counties. Each member of the Board is appointed by the County Commissioners of the county he or she represents. Complete financial statements for the West Central Area Agency on Aging can be obtained from its administrative office at P. O. Box 726, Fergus Falls, Minnesota 56538-0726.

Fargo-Moorhead Metropolitan Council of Governments

The Fargo-Moorhead Metropolitan Council of Governments was established in 1967 by a joint powers agreement between the Cities of Fargo and West Fargo, North Dakota; Moorhead and Dilworth, Minnesota; Cass County, North Dakota; and Clay County. The primary purpose of the Council is metropolitan area planning for the two-county area. The Council also serves as a coordinating agency for investigations and studies for improvement of government and services in the area.

The primary source of revenues is federal grants administered by the North Dakota and Minnesota Departments of Transportation, the Federal Transit Administration, and member support on a per capita basis. During 2006, Clay County contributed \$6,021 to the Fargo-Moorhead Metropolitan Council of Governments.

Control of the Council is vested in a 13-member Board of Directors of which one is an elected County Commissioner. The Council representatives to the Board are appointed by their respective governing bodies for a term determined by their governing bodies.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Fargo-Moorhead Metropolitan Council of Governments (Continued)

As of December 31, 2006, the total net assets of the Fargo-Moorhead Metropolitan Council of Governments are \$274,776. Complete financial statements for the Council may be obtained from its administrative office at Case Plaza, One 2nd Street North, Suite 232, Fargo, North Dakota 58102.

Northwestern Counties Data Processing Security Association

The Northwestern Counties Data Processing Security Association (NCDPSA) was formed in 1994 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 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 NCDPSA 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 NCDPSA is vested in the NCDPSA Joint Powers Board, which comprises one County Commissioner from each member county. In the event of dissolution, the net assets of the NCDPSA at that time shall be distributed to the respective member counties in proportion to their contributions.

The NCDPSA has no long-term debt. Financing is provided by grants from the State of Minnesota and appropriations from member counties. Complete financial information can be obtained from the Clearwater County Auditor, 213 North Main Avenue, Bagley, Minnesota 56621.

Clay County Joint Powers Collaborative

The Clay County Joint Powers Collaborative was established March 4, 1997, under the authority of the Joint Powers Act, pursuant to Minn Stat. §§ 471.59 and 124D.23. The Collaborative includes Clay County; Independent School District Nos. 152 (Moorhead), 146 (Barnesville), 2164 (Dilworth-Glyndon-Felton), 150 (Hawley), and 914 (Ulen-Hitterdal); the Clay-Wilkin Opportunity Council; Lakeland Mental Health; and Clay County Court Services. The purpose of the Collaborative is to provide services designed to enhance opportunities for children or youth to improve child health

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Clay County Joint Powers Collaborative (Continued)

and development, reduce barriers to adequate school performance, improve family functioning, provide community service, enhance self-esteem, and develop general employment skills.

Control of the Clay County Joint Powers Collaborative is vested in a 20-member Board of Directors appointed by the member parties.

In the event of a withdrawal from the Clay County Joint Powers Collaborative, the withdrawing party shall give 90-day notice. The Board shall continue to exist if the Collaborative is terminated for the limited purpose of discharging the Board's debts and liabilities, settling its affairs, and disposing of its property.

Financing is provided by state and federal grants and contributions from its member parties. Clay County, in an agent capacity, reports the cash transactions of the Clay County Joint Powers Collaborative as an agency fund on its financial statements. During 2006, the County did not contribute any funds to the Collaborative.

West Central Minnesota Drug Task Force

The West Central Minnesota Drug Task Force was established in 1996 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Becker, Clay, Douglas, Grant, Otter Tail, and Todd Counties, and the Cities of Alexandria, Breckenridge, Detroit Lakes, Fargo, Fergus Falls, Moorhead, Pelican Rapids, Perham, and Wahpeton. The Task Force's objectives are to detect, investigate, and apprehend controlled substance offenders in the six-county area. Control of the West Central Minnesota Drug Task Force is vested in a Board of Directors. The Board of Directors consists of department heads or a designee from each participating full-time member agency.

In the event of dissolution of the West Central Minnesota Drug Task Force, the equipment will be divided and returned to the appropriate agencies. However, if only one agency terminates its agreement and the unit continues, all equipment will remain with the Task Force.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

B. Joint Ventures

West Central Minnesota Drug Task Force (Continued)

Douglas County, in an agent capacity, reports the cash transactions of the West Central Minnesota Drug Task Force as an agency fund on its financial statements. Financing and equipment will be provided by the full-time and associated member agencies. During 2006, the County contributed \$3,000 to the Task Force.

Clay County/MnDOT/City of Moorhead Jointly Operated Public Works Facility

In 2002, Clay County entered into a Partnership Agreement with the City of Moorhead and the Minnesota Department of Transportation for the construction, ownership, and operation of a Public Works Facility. Ownership of the facility is in the following proportions: State - 33 percent, County - 45 percent, City - 22 percent. Ownership of the land is in equal shares. A Management Committee, comprised of one member from each entity, is responsible for the operation and resolution of issues pertaining to the complex.

C. Jointly-Governed Organizations

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

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, Mahnomon, 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. Clay County's responsibility does not extend beyond making this appointment.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

Western Area City/County Co-op

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

District IV Transportation Planning

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

Agassiz Recreational Trail Joint Powers Board

Clay, Norman, and Polk Counties entered into a joint powers agreement to establish the Agassiz Recreational Trail Joint Powers Board, effective February 9, 1993, and empowered under Minn. Stat. § 471.59. The purpose of the Board is to provide the construction, maintenance, and operation of a system of trails and pathways. The Board consists of two members appointed by each member county and one person appointed by the Norman County Soil and Water Conservation District.

Minnesota Red River Basin of the North Joint Powers Agreement

The Minnesota Red River Basin of the North Joint Powers Board was established November 29, 1999, by an agreement between Clay County and 14 other counties. The agreement was made to serve as a focal point for land and water concerns for those counties surrounding the Minnesota Red River Basin. Each county is responsible for

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations

Minnesota Red River Basin of the North Joint Powers Agreement (Continued)

its proportionate share of the administrative budget. Control is vested in a Joint Powers Board comprised of one commissioner from each member county. Each member of the Board is appointed by the county commissioners of the county he or she represents. In the event of termination of the agreement, any unexpended funds and surplus property shall be disposed of equally among the member counties.

During 2006, Clay County did not contribute any funds to the Joint Powers Board. Complete financial statements can be obtained from the offices of the International Coalition.

Agassiz Regional Library

The Agassiz Regional Library was formed pursuant to Minn. Stat. §§ 134.20 and 471.59, effective January 1, 1981, and includes Becker, Clay, Clearwater, Mahnomon, Norman, Polk and Wilkin Counties. Control of the Library is vested in the Agassiz Regional Library Board, which is composed of 23 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. Clay County contributed \$210,468 to the Agassiz Regional Library during 2006.

Red River Regional Dispatch Center

In 2001, a Joint Powers Agreement was entered into by the cities of Moorhead, Minnesota; Fargo, North Dakota; and the Counties of Cass, North Dakota; and Clay, Minnesota, for the joint operation of 911/Dispatch functions to reduce and/or eliminate duplication of equipment and staff time. A joint board, comprised of members appointed by the governing bodies, is responsible for administering the joint dispatch center.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

Minnesota Counties Computer Cooperative (MCCC)

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created MCCC to jointly provide for the establishment, operation and maintenance of data processing systems, facilities, and management information systems. Clay County is a member of this organization.

D. Related Organizations

Clay County Housing and Redevelopment Authority

The Clay County Housing and Redevelopment Authority (HRA) has its own governing board which is appointed by the Clay County Board of Commissioners. Clay County has no other financial, operational, or managerial control over this organization. The HRA issued the following debt for Clay County: \$4,575,000 Family Service Center Lease Revenue Refunding Bonds of 1998, \$2,240,000 Joint Highway Facility Lease Revenue Bonds of 2001, \$4,200,000 Courthouse Expansion Lease Revenue Bonds of 2002, and \$4,095,000 Law Enforcement Facility Refunding Bonds of 2002. The County makes lease payments in the amounts necessary to make the bond and interest payments each year. Because the debt is essentially an obligation of the County, it is shown as County debt in the County's financial statements.

Buffalo-Red River Watershed District

The Buffalo-Red River Watershed District was formed pursuant to Minn. Stat. § 103D.201, effective June 17, 1963, and includes land within Becker, Clay, and Wilkin Counties. The purpose of the District is to conserve the natural resources of the state by land-use planning, flood control, and other conservation projects by using sound scientific principles for the protection of the public health and welfare and the provident use of natural resources. Control of the District is vested in the Buffalo-Red River Watershed District Board of Managers, which is composed of five members having staggered terms of three years each, with three appointed by the Clay County Board, one appointed by the Becker County Board, and one appointed by the Wilkin County Board.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

8. Summary of Significant Contingencies and Other Items

D. Related Organizations (Continued)

Wild Rice Watershed District

The Wild Rice Watershed District was established in 1969, pursuant to Minn. Stat. ch. 103D, and includes Becker, Clay, Clearwater, Mahnomen, Norman, and Polk Counties. The purpose of the Wild Rice Watershed District is to oversee watershed projects, conduct studies for future project planning, administration of legal drainage systems, issuance of applications and permits, public education on conservation issues, and dispute resolution.

Control of the Watershed District is vested in the Board of Managers, which is composed of seven members appointed by the County Commissioners of Becker, Clay, Mahnomen, and Norman Counties. Norman County appoints three members, Clay County appoints two members, and Mahnomen and Becker Counties each appoint one member.

Lakeland Mental Health Center

Lakeland Mental Health Center was formed pursuant to Minn. Stat. ch. 317A as a 501-C3 nonprofit corporation on February 10, 1961, and includes Becker, Clay, Grant, Otter Tail, and Pope Counties. The purpose of Lakeland Mental Health Center is to promote healthy individuals, families, and communities by providing high quality accessible mental health services.

The management of Lakeland Mental Health Center is vested in a Board of Directors consisting of one Commissioner and one community-at-large representative from each member county, plus one human service director, or equivalent position, rotated between the member counties.

Services are provided to the member counties through purchase of services agreements. A member county may lose its membership, by action of the Board of Directors, if it fails to have a signed contract with Lakeland Mental Health Center. Clay County paid \$429,794 in 2006 for services purchased through Lakeland Mental Health Center.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

9. Subsequent Events

A. Bond Issue

The County issued \$475,000 General Obligation Watershed and Ditch Bonds, Series 2007A, dated March 27, 2007.

B. Capital Lease

The County approved the purchase of eight motor graders. The purchase price of the new motor graders was \$1,569,828. The County's existing motor graders would be sold, and the proceeds would be used as a down payment on the new equipment. The balance of the purchase price would be paid in annual installments over the next seven years.

REQUIRED SUPPLEMENTARY INFORMATION

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

Schedule 1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Budget
	Original	Final		
Revenues				
Taxes	\$ 8,430,371	\$ 8,430,371	\$ 8,451,668	\$ 21,297
Licenses and permits	132,771	132,771	40,285	(92,486)
Intergovernmental	4,461,889	4,461,889	5,575,314	1,113,425
Charges for services	1,732,244	1,732,244	1,590,593	(141,651)
Fines and forfeits	5,000	5,000	204,574	199,574
Investment earnings	300,000	300,000	606,531	306,531
Miscellaneous	306,100	306,100	377,627	71,527
Total Revenues	\$ 15,368,375	\$ 15,368,375	\$ 16,846,592	\$ 1,478,217
Expenditures				
Current				
General government				
Commissioners	\$ 213,307	\$ 213,307	\$ 238,707	\$ (25,400)
Courts	19,500	19,500	76,213	(56,713)
Public defender	55,000	55,000	60,957	(5,957)
Law library	101,395	101,395	65,874	35,521
County administration	225,202	225,202	224,095	1,107
County auditor	558,152	558,152	540,141	18,011
License bureau	326,584	326,584	332,937	(6,353)
County treasurer	131,637	131,637	139,141	(7,504)
County assessor	293,946	293,946	291,144	2,802
Elections	134,220	134,220	581,182	(446,962)
Internal audit	55,000	55,000	58,906	(3,906)
Data processing	1,021,685	1,021,685	956,589	65,096
Personnel	110,932	110,932	130,836	(19,904)
Attorney	938,376	938,376	938,227	149
Victim witness	78,604	78,604	64,974	13,630
Recorder	460,408	460,408	318,965	141,443
Surveyor	45,000	45,000	44,987	13
Planning and zoning	278,152	278,152	286,084	(7,932)
Maintenance	556,517	556,517	484,972	71,545
Veterans service officer	33,437	33,437	37,687	(4,250)
Unallocated	1,024,171	1,024,171	933,885	90,286
Total general government	\$ 6,661,225	\$ 6,661,225	\$ 6,806,503	\$ (145,278)

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Schedule 1
(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Budget
	Original	Final		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 3,017,355	\$ 3,017,355	\$ 3,095,533	\$ (78,178)
Boat and water safety	-	-	175	(175)
Drug seizures	-	-	18,559	(18,559)
Law enforcement grant	33,609	33,609	31,744	1,865
Coroner	52,212	52,212	64,610	(12,398)
E-911 system	35,000	35,000	69,672	(34,672)
Community corrections	2,374,376	2,374,376	2,348,726	25,650
Dispatchers	200,000	200,000	157,556	42,444
Probation and parole	609,813	609,813	586,763	23,050
Electronic monitoring	100,100	100,100	98,014	2,086
Juvenile detention	403,325	403,325	423,342	(20,017)
Civil defense	36,199	36,199	123,866	(87,667)
Total public safety	\$ 6,861,989	\$ 6,861,989	\$ 7,018,560	\$ (156,571)
Culture and recreation				
Historical society	\$ 136,380	\$ 136,380	\$ 136,380	\$ -
Humane society	1,500	1,500	-	1,500
Regional library	210,468	210,468	210,468	-
Total culture and recreation	\$ 348,348	\$ 348,348	\$ 346,848	\$ 1,500
Conservation of natural resources				
Cooperative extension	\$ 242,081	\$ 242,081	\$ 242,299	\$ (218)
Soil and water conservation	148,642	148,642	148,642	-
International Coalition	1,281	1,281	1,281	-
Agricultural inspections	72,105	72,105	112,896	(40,791)
Agricultural society/County fair	22,841	22,841	22,795	46
Valley water rescue	4,000	4,000	3,658	342
Total conservation of natural resources	\$ 490,950	\$ 490,950	\$ 531,571	\$ (40,621)

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Schedule 1
(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Budget
	Original	Final		
Expenditures				
Current (Continued)				
Economic development				
Metropolitan Council	\$ 6,021	\$ 6,021	\$ 6,021	\$ -
Red River winter shows	800	800	800	-
West Central Council on Aging	5,250	5,250	5,096	154
Chamber of Commerce	1,309	1,309	1,309	-
County-wide incentive program	100,000	100,000	87,500	12,500
West Central Minnesota Initiatives	15,127	15,127	15,128	(1)
Pew Partnership	4,300	4,300	4,300	-
Rural life outreach	5,000	5,000	5,000	-
Riverkeepers	650	650	650	-
Rural Minnesota Counties Caucus	2,100	2,100	2,100	-
Emergency Volunteer Coordination	5,000	5,000	5,000	-
Minnesota Housing Partnership	600	600	623	(23)
WACCO	5,000	5,000	5,000	-
Rural transit	249,632	249,632	362,224	(112,592)
Total economic development	\$ 400,789	\$ 400,789	\$ 500,751	\$ (99,962)
Debt service				
Principal	\$ -	\$ -	\$ 1,767	\$ (1,767)
Interest	-	-	623	(623)
Total debt service	\$ -	\$ -	\$ 2,390	\$ (2,390)
Total Expenditures	\$ 14,763,301	\$ 14,763,301	\$ 15,206,623	\$ (443,322)
Excess of Revenues Over (Under) Expenditures	\$ 605,074	\$ 605,074	\$ 1,639,969	\$ 1,034,895
Other Financing Sources (Uses)				
Transfers out	(605,074)	(605,074)	(1,113,009)	(507,935)
Change in Fund Balance	\$ -	\$ -	\$ 526,960	\$ 526,960
Fund Balance - January 1	6,818,946	6,818,946	6,818,946	-
Fund Balance - December 31	\$ 6,818,946	\$ 6,818,946	\$ 7,345,906	\$ 526,960

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Schedule 2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Budget
	Original	Final		
Revenues				
Taxes	\$ 2,135,454	\$ 2,135,454	\$ 2,150,819	\$ 15,365
Licenses and permits	2,400	2,400	2,700	300
Intergovernmental	7,300,041	7,300,041	8,806,413	1,506,372
Charges for services	400,000	400,000	470,564	70,564
Investment earnings	5,000	5,000	47,017	42,017
Miscellaneous	77,000	77,000	183,782	106,782
Total Revenues	\$ 9,919,895	\$ 9,919,895	\$ 11,661,295	\$ 1,741,400
Expenditures				
Current				
Highways and streets				
Administration	\$ 471,966	\$ 471,966	\$ 445,520	\$ 26,446
Maintenance	2,376,012	2,376,012	2,874,945	(498,933)
Construction	5,935,037	5,935,037	6,097,783	(162,746)
Equipment maintenance and shop	1,136,880	1,136,880	1,307,010	(170,130)
Total highways and streets	\$ 9,919,895	\$ 9,919,895	\$ 10,725,258	\$ (805,363)
Intergovernmental				
Highways and streets	-	-	334,146	(334,146)
Debt service				
Interest	-	-	5,083	(5,083)
Total Expenditures	\$ 9,919,895	\$ 9,919,895	\$ 11,064,487	\$ (1,144,592)
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ 596,808	\$ 596,808
Fund Balance - January 1	2,505,500	2,505,500	2,505,500	-
Increase (decrease) in reserved for inventories	-	-	84,686	84,686
Fund Balance - December 31	\$ 2,505,500	\$ 2,505,500	\$ 3,186,994	\$ 681,494

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Schedule 3

**BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Budget
	Original	Final		
Revenues				
Taxes	\$ 4,608,681	\$ 4,608,681	\$ 4,562,449	\$ (46,232)
Intergovernmental	10,660,959	10,660,959	10,115,192	(545,767)
Fines and forfeits	-	-	36,368	36,368
Miscellaneous	351,966	351,966	557,844	205,878
Total Revenues	\$ 15,621,606	\$ 15,621,606	\$ 15,271,853	\$ (349,753)
Expenditures				
Current				
Human services				
Income maintenance	\$ 4,412,336	\$ 4,412,336	\$ 3,126,075	\$ 1,286,261
Social services	11,209,270	11,209,270	13,028,397	(1,819,127)
Total Expenditures	\$ 15,621,606	\$ 15,621,606	\$ 16,154,472	\$ (532,866)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (882,619)	\$ (882,619)
Fund Balance - January 1	2,114,961	2,114,961	2,114,961	-
Fund Balance - December 31	\$ 2,114,961	\$ 2,114,961	\$ 1,232,342	\$ (882,619)

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Forfeited Tax Special Revenue Fund and the Gravel Removal Tax Reserve Special Revenue Fund. All annual appropriations lapse at fiscal year-end.

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

The appropriated budget is prepared by fund, function, and department. The County's department 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 (the level at which expenditures may not legally exceed appropriations) is the fund level.

Encumbrances (purchase orders and contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reapportioned and honored during the subsequent year.

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The following is a summary of individual funds which had expenditures in excess of budget for the year ended December 31, 2006.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 15,206,623	\$ 14,763,301	\$ 443,322
Special Revenue Funds			
Road and Bridge	11,064,487	9,919,895	1,144,592
Social Services	16,154,472	15,621,606	532,866

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SUPPLEMENTARY INFORMATION

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

Statement A-1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>Special Revenue (Statement B-1)</u>	<u>Debt Service (Statement C-1)</u>	<u>Total</u>
<u>Assets</u>			
Cash and pooled investments	\$ 216,269	\$ 300,735	\$ 517,004
Undistributed cash in agency funds	777	11,200	11,977
Cash with escrow agent	-	27	27
Investments	-	10,000	10,000
Taxes receivable			
Current	654	9,376	10,030
Prior	289	3,839	4,128
Accrued interest receivable	-	167	167
Due from other funds	46,479	-	46,479
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 264,468</u>	<u>\$ 335,344</u>	<u>\$ 599,812</u>
 <u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 125	\$ 72	\$ 197
Deferred revenue - unavailable	709	9,870	10,579
Advance from other funds	-	20,000	20,000
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 834</u>	<u>\$ 29,942</u>	<u>\$ 30,776</u>
 Fund Balances			
Unreserved			
Designated for debt service	\$ -	\$ 263,468	\$ 263,468
Undesignated	263,634	41,934	305,568
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>\$ 263,634</u>	<u>\$ 305,402</u>	<u>\$ 569,036</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 264,468</u>	<u>\$ 335,344</u>	<u>\$ 599,812</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Statement A-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Special Revenue (Statement B-2)	Debt Service (Statement C-2)	Total
Revenues			
Taxes	\$ 58,452	\$ 511,228	\$ 569,680
Special assessments	-	26,923	26,923
Intergovernmental	14,670	210,463	225,133
Investment earnings	-	2,445	2,445
Miscellaneous	50	-	50
	\$ 73,172	\$ 751,059	\$ 824,231
Expenditures			
Current			
General government	\$ 35,787	\$ -	\$ 35,787
Sanitation	-	616	616
Conservation of natural resources	50	-	50
Debt service			
Principal	-	379,061	379,061
Interest	-	341,266	341,266
Administrative (fiscal) charges	-	4,944	4,944
	\$ 35,837	\$ 725,887	\$ 761,724
Excess of Revenues Over (Under) Expenditures	\$ 37,335	\$ 25,172	\$ 62,507
Fund Balance - January 1	226,299	280,230	506,529
Fund Balance - December 31	\$ 263,634	\$ 305,402	\$ 569,036

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Statement B-1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS
DECEMBER 31, 2006**

	County Building	Gravel Removal Tax Reserve	Total (Statement A-1)
<u>Assets</u>			
Cash and pooled investments	\$ 36,723	\$ 179,546	\$ 216,269
Undistributed cash in agency funds	777	-	777
Taxes receivable			
Current	654	-	654
Prior	289	-	289
Due from other funds	-	46,479	46,479
Total Assets	\$ 38,443	\$ 226,025	\$ 264,468
<u>Liabilities and Fund Balance</u>			
Liabilities			
Accounts payable	\$ 125	\$ -	\$ 125
Deferred revenue - unavailable	709	-	709
Total Liabilities	\$ 834	\$ -	\$ 834
Fund Balance			
Unreserved			
Undesignated	37,609	226,025	263,634
Total Liabilities and Fund Balance	\$ 38,443	\$ 226,025	\$ 264,468

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Statement B-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	County Building	Forfeited Tax	Gravel Removal Tax Reserve	Total (Statement A-2)
Revenues				
Taxes	\$ 35,617	\$ -	\$ 22,835	\$ 58,452
Intergovernmental	14,670	-	-	14,670
Miscellaneous	-	50	-	50
Total Revenues	\$ 50,287	\$ 50	\$ 22,835	\$ 73,172
Expenditures				
Current				
General government	\$ 35,787	\$ -	\$ -	\$ 35,787
Conservation of natural resources	-	50	-	50
Total Expenditures	\$ 35,787	\$ 50	\$ -	\$ 35,837
Excess of Revenues Over (Under) Expenditures	\$ 14,500	\$ -	\$ 22,835	\$ 37,335
Fund Balance - January 1	23,109	-	203,190	226,299
Fund Balance - December 31	\$ 37,609	\$ -	\$ 226,025	\$ 263,634

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Statement C-1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
DECEMBER 31, 2006**

	<u>Americana Estates</u>	<u>Courthouse Expansion</u>	<u>Joint Highway Facility</u>	<u>Law Enforcement Expansion</u>	<u>Total (Statement A-1)</u>
<u>Assets</u>					
Cash and pooled investments	\$ 62,619	\$ 54,069	\$ 57,657	\$ 126,390	\$ 300,735
Undistributed cash in agency funds	-	5,359	2,959	2,882	11,200
Cash with escrow agent	-	-	-	27	27
Investments	10,000	-	-	-	10,000
Taxes receivable					
Current	-	4,499	2,476	2,401	9,376
Prior	-	1,595	1,043	1,201	3,839
Accrued interest receivable	167	-	-	-	167
Total Assets	<u>\$ 72,786</u>	<u>\$ 65,522</u>	<u>\$ 64,135</u>	<u>\$ 132,901</u>	<u>\$ 335,344</u>
<u>Liabilities and Fund Balance</u>					
Liabilities					
Accounts payable	\$ 72	\$ -	\$ -	\$ -	\$ 72
Deferred revenue - unavailable	-	4,518	2,627	2,725	9,870
Advance from other funds	-	10,000	10,000	-	20,000
Total Liabilities	<u>\$ 72</u>	<u>\$ 14,518</u>	<u>\$ 12,627</u>	<u>\$ 2,725</u>	<u>\$ 29,942</u>
Fund Balance					
Unreserved					
Designated for debt service	\$ 30,780	\$ 51,004	\$ 51,508	\$ 130,176	\$ 263,468
Undesignated	41,934	-	-	-	41,934
Total Fund Balance	<u>\$ 72,714</u>	<u>\$ 51,004</u>	<u>\$ 51,508</u>	<u>\$ 130,176</u>	<u>\$ 305,402</u>
Total Liabilities and Fund Balance	<u>\$ 72,786</u>	<u>\$ 65,522</u>	<u>\$ 64,135</u>	<u>\$ 132,901</u>	<u>\$ 335,344</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Statement C-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Americana Estates</u>	<u>Courthouse Expansion</u>	<u>Joint Highway Facility</u>	<u>Law Enforcement Expansion</u>	<u>Total (Statement A-2)</u>
Revenues					
Taxes	\$ -	\$ 245,157	\$ 134,998	\$ 131,073	\$ 511,228
Special assessments	26,923	-	-	-	26,923
Intergovernmental	-	101,002	55,580	53,881	210,463
Investment earnings	2,246	-	-	199	2,445
Total Revenues	\$ 29,169	\$ 346,159	\$ 190,578	\$ 185,153	\$ 751,059
Expenditures					
Current					
Sanitation	\$ 616	\$ -	\$ -	\$ -	\$ 616
Debt service					
Principal	40,000	145,000	80,000	114,061	379,061
Interest	3,017	182,345	95,238	60,666	341,266
Administrative (fiscal) charges	-	2,000	2,049	895	4,944
Total Expenditures	\$ 43,633	\$ 329,345	\$ 177,287	\$ 175,622	\$ 725,887
Excess of Revenues Over (Under) Expenditures	\$ (14,464)	\$ 16,814	\$ 13,291	\$ 9,531	\$ 25,172
Fund Balance - January 1	87,178	34,190	38,217	120,645	280,230
Fund Balance - December 31	\$ 72,714	\$ 51,004	\$ 51,508	\$ 130,176	\$ 305,402

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Schedule 4

**BUDGETARY COMPARISON SCHEDULE
COUNTY BUILDING SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 35,431	\$ 35,431	\$ 35,617	\$ 186
Intergovernmental	14,569	14,569	14,670	101
Total Revenues	\$ 50,000	\$ 50,000	\$ 50,287	\$ 287
Expenditures				
Current				
General government				
Other general government	50,000	50,000	35,787	14,213
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 14,500	\$ 14,500
Fund Balance - January 1	23,109	23,109	23,109	-
Fund Balance - December 31	\$ 23,109	\$ 23,109	\$ 37,609	\$ 14,500

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FIDUCIARY FUNDS

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

Statement D-1

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Balance January 1	Additions	Deductions	Balance December 31
<u>JOINT POWERS COLLABORATIVE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 1,984,613	\$ 495,851	\$ 425,244	\$ 2,055,220
Due from other funds	133,072	51,928	133,072	51,928
Due from other governments	5,000	-	5,000	-
Total Assets	\$ 2,122,685	\$ 547,779	\$ 563,316	\$ 2,107,148
<u>Liabilities</u>				
Accounts payable	\$ 46,115	\$ 273,546	\$ 267,837	\$ 51,824
Due to other funds	-	265,690	228,030	37,660
Due to other governments	2,076,570	8,543	67,449	2,017,664
Total Liabilities	\$ 2,122,685	\$ 547,779	\$ 563,316	\$ 2,107,148
<u>STATE REVENUE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 209,621	\$ 209,621	\$ -
Accounts receivable	16,582	17,110	16,582	17,110
Due from other governments	6	-	6	-
Total Assets	\$ 16,588	\$ 226,731	\$ 226,209	\$ 17,110
<u>Liabilities</u>				
Due to other funds	\$ 6	\$ -	\$ 6	\$ -
Due to other governments	16,582	226,731	226,203	17,110
Total Liabilities	\$ 16,588	\$ 226,731	\$ 226,209	\$ 17,110

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Statement D-1
(Continued)

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Balance January 1	Additions	Deductions	Balance December 31
<u>TAXES AND PENALTIES</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 853,045	\$ 42,314,733	\$ 41,950,630	\$ 1,217,148
<u>Liabilities</u>				
Accounts payable	\$ 83	\$ 26,093	\$ 26,176	\$ -
Due to other governments	852,962	42,288,640	41,924,454	1,217,148
Total Liabilities	\$ 853,045	\$ 42,314,733	\$ 41,950,630	\$ 1,217,148
<u>WATERSHED DISTRICTS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 525,150	\$ 525,150	\$ -
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 525,150	\$ 525,150	\$ -
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 2,837,658	\$ 43,545,355	\$ 43,110,645	\$ 3,272,368
Accounts receivable	16,582	17,110	16,582	17,110
Due from other funds	133,072	51,928	133,072	51,928
Due from other governments	5,006	-	5,006	-
Total Assets	\$ 2,992,318	\$ 43,614,393	\$ 43,265,305	\$ 3,341,406
<u>Liabilities</u>				
Accounts payable	\$ 46,198	\$ 299,639	\$ 294,013	\$ 51,824
Due to other funds	6	265,690	228,036	37,660
Due to other governments	2,946,114	43,049,064	42,743,256	3,251,922
Total Liabilities	\$ 2,992,318	\$ 43,614,393	\$ 43,265,305	\$ 3,341,406

OTHER SCHEDULES

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

Schedule 5

**SCHEDULE OF DEPOSITS AND INVESTMENTS
DECEMBER 31, 2006**

	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Pooled Deposits and Investments			
Money market checking (2)	Variable	-	\$ 1,805,200
Certificates of deposit (14)	3.50 - 5.30	February 9, 2007 to January 26, 2011	2,098,437
Minnesota Association of Governments Investing for Counties (MAGIC) Fund	Variable	Continuous	5,200,434
Savings accounts (2)	Variable	Continuous	929,879
Federal Home Loan Bank (12)	3.75 - 5.40	February 9, 2007 to June 12, 2013	6,125,157
Fannie Mae	5.50	February 28, 2011	500,313
Total pooled deposits and investments			<u>\$ 16,659,420</u>
Deposits and Investments from Funds			
General Fund			
Real estate shortfall			
Certificates of deposit (3)	3.93 - 5.00	January 4, 2007 to December 13, 2007	<u>\$ 21,122</u>
Special Revenue Fund			
Road and Bridge			
MAGIC Fund	Variable	Continuous	<u>\$ 1,000,000</u>
Debt service funds			
Americana Estates Fund			
Certificates of deposit	5.22	June 5, 2007	\$ 10,000
Ditch Fund			
Certificates of deposit (11)	4.25 - 5.30	March 18, 2007 to October 19, 2007	<u>823,534</u>
Total debt service funds			<u>\$ 833,534</u>
Enterprise funds			
Juvenile Detention Fund			
Certificates of deposit (3)	3.36 - 4.20	January 9, 2007 to March 28, 2008	\$ 164,067
Solid Waste Management Fund			
Certificates of deposit (4)	5.22 - 5.36	June 5, 2007 to June 26, 2007	3,055,377
MAGIC Fund (2)	Variable	Continuous	<u>2,147,402</u>
Total enterprise funds			<u>\$ 5,366,846</u>

CLAY COUNTY
MOORHEAD, MINNESOTA

Schedule 5
(Continued)

SCHEDULE OF DEPOSITS AND INVESTMENTS
DECEMBER 31, 2006

	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Deposits and Investments from Funds (Continued)			
Equipment Replacement Internal Service Fund			
Certificates of deposit (2)	4.41 - 5.12	January 24, 2007 to April 25, 2007	<u>\$ 1,518,516</u>
Total deposits and investments from funds			<u>\$ 8,740,018</u>
Total Deposits and Investments			<u>\$ 25,399,438</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Schedule 6

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total All Funds</u>
Shared Revenue			
State			
Highway users tax	\$ 6,558,719	\$ -	\$ 6,558,719
County program aid	3,069,709	-	3,069,709
PERA rate reimbursement	54,794	-	54,794
Disparity reduction aid	13,211	-	13,211
Police aid	170,607	-	170,607
Market value credit	1,948,303	-	1,948,303
Disparity credit	1,249,966	-	1,249,966
Total Shared Revenue	\$ 13,065,309	\$ -	\$ 13,065,309
Reimbursement for Services			
State			
Minnesota Department of Human Services	\$ 3,459,309	\$ 199,436	\$ 3,658,745
Payments			
Local			
Local	\$ -	\$ 11,340	\$ 11,340
Transit	39,962	-	39,962
Payments in lieu of taxes	21,622	-	21,622
Total Payments	\$ 61,584	\$ 11,340	\$ 72,924
Grants			
State			
Minnesota Office/Department/Board of			
Corrections	\$ 168,871	\$ -	\$ 168,871
Public Safety	248,034	-	248,034
Transportation	138,889	-	138,889
Health	-	362,773	362,773
Natural Resources	75,929	-	75,929
Education	-	940	940
Human Services	2,984,076	296,233	3,280,309
Environmental Assistance	-	119,076	119,076
Water and Soil Resources Board	88,937	-	88,937
Peace Officer Standards and Training Board	15,555	-	15,555
Total State	\$ 3,720,291	\$ 779,022	\$ 4,499,313

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Schedule 6
(Continued)

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total All Funds</u>
Grants (Continued)			
Federal			
Department of			
Agriculture	\$ 32,830	\$ 192,246	\$ 225,076
Interior	15,000	-	15,000
Justice	220,623	14,146	234,769
Transportation	1,363,897	5,437	1,369,334
Education	65,108	1,182	66,290
Health and Human Services	1,850,250	284,201	2,134,451
Homeland Security	345,851	-	345,851
Election Assistance Commission	522,000	-	522,000
Total Federal	\$ 4,415,559	\$ 497,212	\$ 4,912,771
Total State and Federal Grants	\$ 8,135,850	\$ 1,276,234	\$ 9,412,084
Total Intergovernmental Revenue	\$ 24,722,052	\$ 1,487,010	\$ 26,209,062