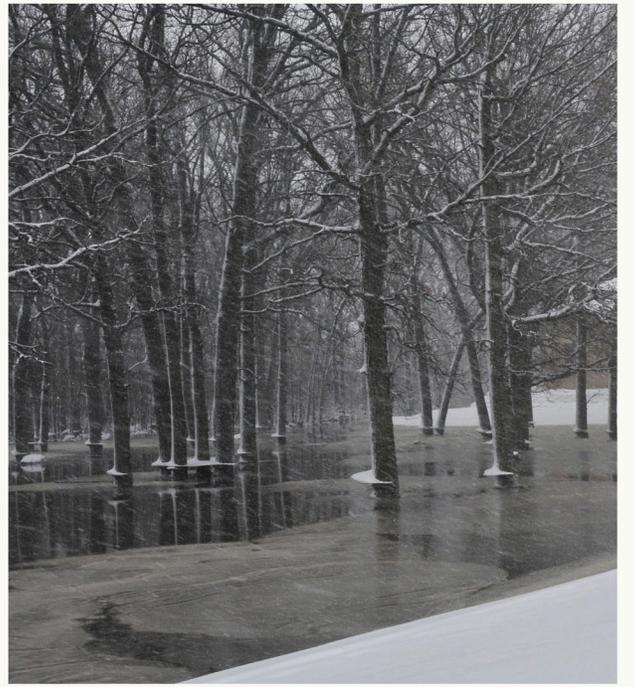
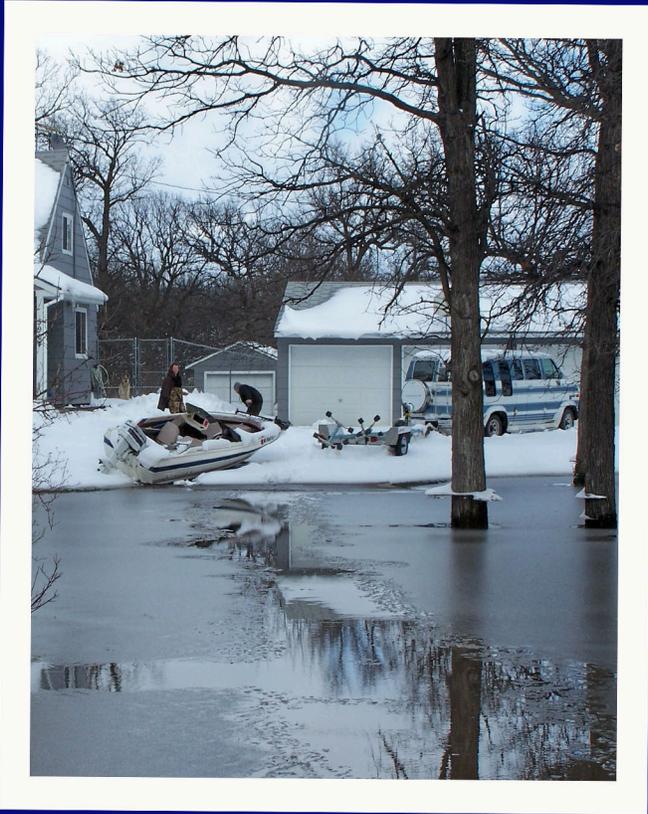


*Clay County  
Moorhead, MN*



*Annual  
Financial Report*

*For Year Ending  
December 31, 2009*



COUNTY AUDITOR

LORI J. JOHNSON

Office Telephone: (218) 299-5006

Fax: (218) 299-5195

---



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, 2009. 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**

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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## **INTRODUCTORY SECTION**

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

ORGANIZATION  
DECEMBER 31, 2009

Office	Name	Term Expires
Elected		
Commissioners		
1st District	Wayne Ingersoll	January 2013
2nd District	Jerry Waller*	January 2013
3rd District	Jon Evert	January 2011
4th District	Kevin Campbell**	January 2011
5th District	Grant Wayland	January 2013
Attorney	Brian Melton	January 2011
Auditor/Treasurer	Lori J. Johnson	January 2011
County Recorder	J. Bonnie Rehder	January 2011
County Sheriff	Bill Bergquist	January 2011
Appointed		
Assessor	Ryan DeJong	December 2012
County Coordinator	Vijay Sethi	Indefinite
Highway Engineer	David Overbo	May 2010
Surveyor	Brian Rittenhouse	December 2010

\*Chair  
\*\*Vice Chair

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## **FINANCIAL SECTION**

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REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

### 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, 2009, 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, 2009, 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 and other schedules listed in the table of contents are 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 September 29, 2010, 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*

*/s/Greg Hierlinger*

REBECCA OTTO  
STATE AUDITOR

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

September 29, 2010

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

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2009  
(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, 2009. 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, 2009) by \$94,169,519 (net assets). Of this amount, \$16,885,662 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental activities' total net assets are \$81,237,798, of which Clay County has invested \$67,324,302 in capital assets, net of related debt; \$1,969,362 is restricted to specific purposes/uses by Clay County.
- Business-type activities have total net assets of \$12,931,721. Invested in capital assets, net of related debt, represents \$7,201,429 of the total.
- The net cost of Clay County's governmental activities for the year ended December 31, 2009, was \$22,289,507. General property tax revenue and other general revenue sources totaled \$26,319,846.

**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 Special Revenue Fund, Social Services Special Revenue 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, and
- Gravel Removal Tax Reserve.

**Debt service funds.** The debt service funds account for the payment of principal, interest, and fiscal charges on long-term debt obligations of Clay County. The debt service funds include:

- Americana Estates,
- Courthouse Expansion,
- Ditch,
- Joint Highway Facility, and
- Law Enforcement Expansion

**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.

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 \$94,169,519 at the close of the most recent fiscal year, which is an increase of \$5,384,350.

Net capital assets of \$74,525,731 (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 (79 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, 2009, were \$94,169,519. 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	
	2009	2008	2009	2008	2009	2008
<b>Assets</b>						
Current and other assets	\$ 25,162,230	\$ 24,177,676	\$ 9,050,149	\$ 8,332,900	\$ 34,212,379	\$ 32,510,576
Capital assets	74,334,207	71,726,951	10,856,881	10,819,367	85,191,088	82,546,318
<b>Total Assets</b>	<b>\$ 99,496,437</b>	<b>\$ 95,904,627</b>	<b>\$ 19,907,030</b>	<b>\$ 19,152,267</b>	<b>\$ 119,403,467</b>	<b>\$ 115,056,894</b>
<b>Liabilities</b>						
Long-term liabilities outstanding	\$ 13,604,194	\$ 12,785,738	\$ 6,022,605	\$ 6,874,220	\$ 19,626,799	\$ 19,659,958
Other liabilities	4,654,445	5,911,430	952,704	700,337	5,607,149	6,611,767
<b>Total Liabilities</b>	<b>\$ 18,258,639</b>	<b>\$ 18,697,168</b>	<b>\$ 6,975,309</b>	<b>\$ 7,574,557</b>	<b>\$ 25,233,948</b>	<b>\$ 26,271,725</b>

(Unaudited)

Page 8

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Net Assets						
Invested in capital assets, net of related debt	\$ 67,324,302	\$ 64,404,272	\$ 7,201,429	\$ 6,575,017	\$ 74,525,731	\$ 70,979,289
Restricted	1,969,362	1,619,608	788,764	524,727	2,758,126	2,144,335
Unrestricted	11,944,134	11,183,579	4,941,528	4,477,966	16,885,662	15,661,545
Total Net Assets	\$ 81,237,798	\$ 77,207,459	\$ 12,931,721	\$ 11,577,710	\$ 94,169,519	\$ 88,785,169

Clay County's total net assets for the year ended December 31, 2009, total \$94,169,519. The governmental activities unrestricted net assets totaling \$11,944,134 are available to Clay County to finance day-to-day operations of governmental activities. The remaining unrestricted net assets totaling \$4,941,528 are available to finance the day-to-day operations of the business-type activities of the County.

**Table 2**  
**Changes in Net Assets**

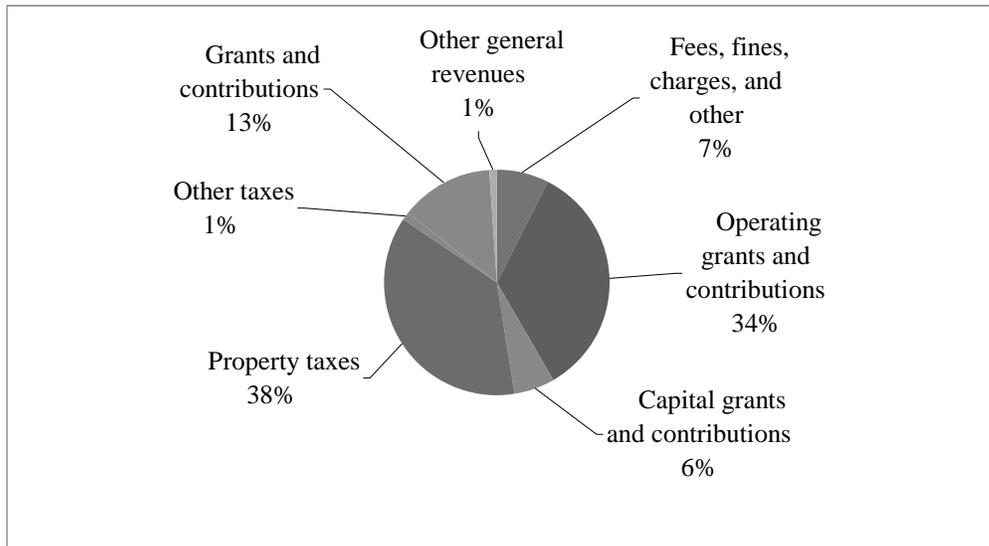
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Fees, fines, charges, and other	\$ 3,870,382	\$ 3,635,981	\$ 7,743,290	\$ 6,494,807	\$ 11,613,672	\$ 10,130,788
Operating grants and contributions	18,887,763	14,396,881	1,617,166	1,535,343	20,504,929	15,932,224
Capital grants and contributions	1,826,499	2,390,916	67,735	1,124,251	1,894,234	3,515,167
General revenues						
Property taxes	19,196,057	18,100,845	-	-	19,196,057	18,100,845
Other taxes	536,232	301,054	-	-	536,232	301,054
Grants and contributions	6,838,686	6,316,424	-	-	6,838,686	6,316,424
Other general revenues	622,930	896,638	32,811	91,641	655,741	988,279
Total Revenues	\$ 51,778,549	\$ 46,038,739	\$ 9,461,002	\$ 9,246,042	\$ 61,239,551	\$ 55,284,781
Expenses						
Program expenses						
General government	\$ 7,599,551	\$ 7,367,270	\$ -	\$ -	\$ 7,599,551	\$ 7,367,270
Public safety	10,666,090	8,098,833	-	-	10,666,090	8,098,833
Highways and streets	8,506,751	7,672,161	-	-	8,506,751	7,672,161
Sanitation	118	364	-	-	118	364
Human services	16,806,141	17,649,653	-	-	16,806,141	17,649,653
Culture and recreation	404,320	390,564	-	-	404,320	390,564
Conservation of natural resources	1,982,911	546,992	-	-	1,982,911	546,991
Economic development	504,714	617,696	-	-	504,714	617,696
Interest	403,555	795,486	-	-	403,555	795,486
Family service	-	-	1,543,391	1,810,747	1,543,391	1,810,747
Public health	-	-	3,785,205	3,510,680	3,785,205	3,510,680
Solid waste	-	-	1,556,956	900,409	1,556,956	900,409
Juvenile center	-	-	2,095,498	2,077,702	2,095,498	2,077,702
Total Expenses	\$ 46,874,151	\$ 43,139,019	\$ 8,981,050	\$ 8,299,538	\$ 55,855,201	\$ 51,438,557
Excess (Deficiency) Before Transfers	\$ 4,904,398	\$ 2,899,720	\$ 479,952	\$ 946,504	\$ 5,384,350	\$ 3,846,224
Transfers	(874,059)	(857,004)	874,059	857,004	-	-
Change in Net Assets	\$ 4,030,339	\$ 2,042,716	\$ 1,354,011	\$ 1,803,508	\$ 5,384,350	\$ 3,846,224

(Unaudited)

Page 9

Clay County's total revenues for the year ended December 31, 2009, were \$61,239,551. The total cost of Clay County programs and services for the year ended December 31, 2009, was \$55,855,201. The net assets for Clay County's governmental activities increased by \$4,030,339 and increased in the business-type activities by \$1,354,011.

### Revenues by Source - Governmental Activities



### Governmental Activities

Revenues for Clay County's governmental activities for the year ended December 31, 2009, were \$51,778,549 (Table 2). Clay County's costs for all governmental activities for the year ended December 31, 2009, were \$46,874,151 (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 \$19,196,057, because \$3,870,382 of the costs were paid by those who directly benefited from the programs, and \$20,714,262 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 \$3,093,450 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	
	2009	2008	2009	2008
Program expenses				
General government	\$ 7,599,551	\$ 7,367,270	\$ 5,284,801	\$ 5,473,389
Public safety	10,666,090	8,098,833	7,095,581	6,660,839
Highways and streets	8,506,751	7,672,161	398,316	893,869
Human services	16,806,141	17,649,653	6,685,005	8,032,174
Economic development	504,714	617,696	157,939	211,212
Conservation of natural resources	1,982,911	-	1,859,872	-
All others	807,993	1,733,406	807,993	1,443,758
<b>Total Program Expenses</b>	<b>\$ 46,874,151</b>	<b>\$ 43,139,019</b>	<b>\$ 22,289,507</b>	<b>\$ 22,715,241</b>

### **Business-Type Activities**

Revenues of Clay County business-type activities (Table 2) for the year ended December 31, 2009, were \$9,461,002. Expenditures of Clay County's business-type activities (Table 2) for the year ended December 31, 2009, were \$8,981,050.

**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 2009, Clay County's governmental funds reported combined ending fund balances of \$13,102,480, which is above last year's total of \$11,500,052. Included in this year's total fund balance is Clay County's General Fund balance of \$8,128,939. The majority of this amount, \$4,653,244, will be used to cash flow the first few months of 2010 until the current year tax collections begin.

### **GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS**

The Clay County Board of Commissioners, over the course of a budget year, may amend/revise the County's budget. In 2009, the County Board of Commissioners made minor budgetary amendments/revisions. The minor changes made to the budget as originally adopted on December 16, 2008, by the County Board of Commissioners fall into one of three categories: new information changing original budget estimations, greater than anticipated revenues or costs, and final agreement reached on employee contracts.

In Clay County's General Fund, the actual revenues exceeded the expected revenues by \$2,624,109. Total actual expenditures in Clay County's General Fund were greater than the budget by \$2,069,955. This variance is mainly due to costs associated with the 2009 spring

flood. This created additional expenditures in the amount of \$2,265,000 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 \$1,949,153. This variance was mostly due to the County's \$1,500,000 advance of 2010 State Aid allotment funds in 2009 to complete 2009 planned construction activities; this was not included in the budget.

## 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, 2009, amounted to \$85,191,088 (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 \$2,644,770, or three percent (see Table 4).

The major capital asset events during the current fiscal year included uncompleted construction projects, resulting in an increase of \$2,295,673 in construction in progress.

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	
	2009	2008	2009	2008	2009	2008
Land	\$ 328,752	\$ 328,752	\$ 1,084,851	\$ 998,689	\$ 1,413,603	\$ 1,327,441
Construction in progress	6,369,540	3,350,160	-	723,707	6,369,540	4,073,867
Land improvements	231,141	240,619	795,454	32,177	1,026,595	272,796
Buildings	9,882,059	10,162,783	7,171,435	7,537,150	17,053,494	17,699,933
Machinery, furniture, and equipment	4,369,305	4,339,654	522,918	245,421	4,892,223	4,585,075
Infrastructure	53,153,410	53,304,983	-	-	53,153,410	53,304,983
Landfill	-	-	1,282,223	1,282,223	1,282,223	1,282,223
<b>Totals</b>	<b>\$ 74,334,207</b>	<b>\$ 71,726,951</b>	<b>\$ 10,856,881</b>	<b>\$ 10,819,367</b>	<b>\$ 85,191,088</b>	<b>\$ 82,546,318</b>

## Long-Term Debt

At the end of 2009, Clay County had total bonded debt outstanding of \$14,085,001. This is a decrease of \$35,000 from the start of the year (see Table 5).

**Table 5  
Outstanding Debt at Year-End**

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 9,185,000	\$ 8,490,000	\$ 2,125,000	\$ 2,575,000	\$ 11,310,000	\$ 11,065,000
Revenue bonds	1,241,258	1,366,502	1,533,743	1,688,499	2,775,001	3,055,001
Total	<u>\$ 10,426,258</u>	<u>\$ 9,856,502</u>	<u>\$ 3,658,743</u>	<u>\$ 4,263,499</u>	<u>\$ 14,085,001</u>	<u>\$ 14,120,001</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 debt that the counties can issue to three percent of the market value of all taxable property in Clay County. Clay County's outstanding net debt is significantly below this \$100,603,035 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

- It now appears that the State of Minnesota will be further addressing its budget deficit issues. This may have a significant impact on future Clay County budgets. Major revenue sources for the County are state-paid aids, credits, and grants. Should the State of Minnesota significantly reduce or eliminate these revenues, implement levy limits, or pass on costs to the County, it would have a significant impact on next year's budget.
- Clay County's average unemployment rate for 2009 and 2008 is 4.9 percent and 4.0 percent, respectively. The unemployment rate for the first 6 months of 2010 averaged 4.8 percent. This compares favorably to the state's average unemployment rate for 2009 of 8.0 percent and the national average rate of 9.3 percent. This information was taken from the Minnesota Department of Employment and Economic Development website for Clay County unemployment statistics.
- Clay County's tax levy is planned to increase 3.8 percent from 2009.
- A Presidential Declaration of a Major Disaster was declared in 2009 for the spring flooding. This has a definite impact on the 2009 financial statements of Clay County.

- With limited financial resources and the desire by the Clay County Board of Commissioners to minimize the increase in local property taxation, the prioritization and review of programs and services will be extremely important as future budgets are developed and efforts are made to control expenditures.
- Reviewing revenue sources and considering cost-effective and efficient means for the delivery of Clay County programs and services will influence the development of future budgets.

All of these factors were considered in preparing Clay County's governmental budget for the 2010 fiscal year.

On December 15, 2009, the Clay County Board of Commissioners approved the 2010 budget. The overall budget decrease was 2.35 percent, for a total budget of \$59,725,604. It also included a 3.80 percent property tax levy increase of a total levy of \$23,264,940.

### **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](mailto:auditor@co.clay.mn.us).

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT 1*

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2009**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 13,902,006	\$ 5,974,956	\$ 19,876,962
Cash with escrow agent	45,464	2,755	48,219
Investments	1,382,619	1,445,410	2,828,029
Taxes receivable			
Current - net	379,587	-	379,587
Prior - net	236,568	-	236,568
Special assessments receivable			
Current - net	4,948	30,905	35,853
Prior - net	4,595	22,015	26,610
Liens - net	1,608,104	-	1,608,104
Accounts receivable - net	297,453	265,095	562,548
Accrued interest receivable	55,402	3,772	59,174
Internal balances	1,792,979	(1,792,979)	-
Due from other governments	5,002,407	439,631	5,442,038
Inventories	152,220	-	152,220
Prepaid items	185,224	47,662	232,886
Excess OPEB contributions	-	2,894	2,894
Restricted assets			
Permanently restricted investments	-	2,583,659	2,583,659
Accrued interest receivable	-	13,162	13,162
Advance to other governments	27,891	-	27,891
Deferred charges	84,763	11,212	95,975
Capital assets			
Non-depreciable	6,698,292	1,084,851	7,783,143
Depreciable - net of accumulated depreciation	67,635,915	9,772,030	77,407,945
<b>Total Assets</b>	<b>\$ 99,496,437</b>	<b>\$ 19,907,030</b>	<b>\$ 119,403,467</b>
<b><u>Liabilities</u></b>			
Accounts payable	\$ 859,369	\$ 154,738	\$ 1,014,107
Salaries payable	402,512	79,804	482,316
Contracts payable	263,789	42,406	306,195
Due to other governments	1,808,031	314,723	2,122,754
Accrued interest payable	146,340	55,972	202,312
Unearned revenue	21,455	305,061	326,516
Advances from other governments	1,152,949	-	1,152,949
Long-term liabilities			
Due within one year	1,756,619	829,420	2,586,039
Due in more than one year	11,847,575	5,193,185	17,040,760
<b>Total Liabilities</b>	<b>\$ 18,258,639</b>	<b>\$ 6,975,309</b>	<b>\$ 25,233,948</b>

The notes to the financial statements are an integral part of this statement.

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

***EXHIBIT 1  
(Continued)***

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2009**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Net Assets</u></b>			
Invested in capital assets - net of related debt	\$ 67,324,302	\$ 7,201,429	\$ 74,525,731
Restricted for			
General government	360,794	-	360,794
Public safety	127,002	-	127,002
Highways and streets	1,317,820	-	1,317,820
Closure/postclosure	-	784,644	784,644
Human services	57,313	-	57,313
Debt service	45,464	4,120	49,584
Other purposes	60,969	-	60,969
Unrestricted	<u>11,944,134</u>	<u>4,941,528</u>	<u>16,885,662</u>
<b>Total Net Assets</b>	<b><u>\$ 81,237,798</u></b>	<b><u>\$ 12,931,721</u></b>	<b><u>\$ 94,169,519</u></b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Expenses</b>	<b>Fees, Charges, Fines, and Other</b>
<b><u>Functions/Programs</u></b>		
<b>Governmental activities</b>		
General government	\$ 7,599,551	\$ 1,663,110
Public safety	10,666,090	326,452
Highways and streets	8,506,751	630,140
Sanitation	118	-
Human services	16,806,141	1,160,479
Culture and recreation	404,320	-
Conservation of natural resources	1,982,911	5,011
Economic development	504,714	85,190
Interest	403,555	-
	<b>\$ 46,874,151</b>	<b>\$ 3,870,382</b>
<b>Business-type activities</b>		
Family Service	\$ 1,543,391	\$ 1,474,645
Public Health	3,785,205	2,073,702
Solid Waste	1,556,956	2,600,687
Juvenile Center	2,095,498	1,594,256
	<b>\$ 8,981,050</b>	<b>\$ 7,743,290</b>
<b>Total</b>	<b>\$ 55,855,201</b>	<b>\$ 11,613,672</b>

**General Revenues**

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

**Total general revenues and transfers**

**Change in net assets**

**Net Assets - Beginning**

**Net Assets - Ending**

**EXHIBIT 2**

<b>Program Revenues</b>		<b>Net (Expense) Revenue and Change in Net Assets</b>		
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ 651,640	\$ -	\$ (5,284,801)	\$ -	\$ (5,284,801)
3,244,057	-	(7,095,581)	-	(7,095,581)
5,769,824	1,708,471	(398,316)	-	(398,316)
-	-	(118)	-	(118)
8,960,657	-	(6,685,005)	-	(6,685,005)
-	-	(404,320)	-	(404,320)
-	118,028	(1,859,872)	-	(1,859,872)
261,585	-	(157,939)	-	(157,939)
-	-	(403,555)	-	(403,555)
<b>\$ 18,887,763</b>	<b>\$ 1,826,499</b>	<b>\$ (22,289,507)</b>	<b>\$ -</b>	<b>\$ (22,289,507)</b>
\$ 2,308	\$ 67,735	\$ -	\$ 1,297	\$ 1,297
1,298,648	-	-	(412,855)	(412,855)
204,441	-	-	1,248,172	1,248,172
47,843	-	-	(453,399)	(453,399)
<b>\$ 1,553,240</b>	<b>\$ 67,735</b>	<b>\$ -</b>	<b>\$ 383,215</b>	<b>\$ 383,215</b>
<b>\$ 20,441,003</b>	<b>\$ 1,894,234</b>	<b>\$ (22,289,507)</b>	<b>\$ 383,215</b>	<b>\$ (21,906,292)</b>
		\$ 19,196,057	\$ -	\$ 19,196,057
		410,026	-	410,026
		57,535	-	57,535
		6,838,686	-	6,838,686
		68,671	-	68,671
		301,420	32,811	334,231
		321,510	-	321,510
		(874,059)	874,059	-
		<b>\$ 26,319,846</b>	<b>\$ 906,870</b>	<b>\$ 27,226,716</b>
		<b>\$ 4,030,339</b>	<b>\$ 1,290,085</b>	<b>\$ 5,320,424</b>
		<b>77,207,459</b>	<b>11,577,710</b>	<b>88,785,169</b>
		<b>\$ 81,237,798</b>	<b>\$ 12,867,795</b>	<b>\$ 94,105,593</b>

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## **FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUNDS**

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 6,108,966	\$ 198,604
Petty cash and change funds	6,125	-
Undistributed cash in agency funds	210,294	40,958
Cash with escrow agent	-	-
Investments	22,033	1,000,000
Taxes receivable		
Current	202,018	47,032
Prior	125,232	30,821
Special assessments		
Current	-	-
Prior	-	-
Liens	-	-
Accounts receivable	129,224	103,214
Accrued interest receivable	50,200	46
Due from other funds	577,033	-
Due from other governments	699,105	2,448,620
Prepaid items	106,588	21,323
Advance to other funds	1,865,000	-
Advance to other governments	-	27,891
Inventories	-	152,220
	<b>\$ 10,101,818</b>	<b>\$ 4,070,729</b>
<b>Total Assets</b>	<b>\$ 10,101,818</b>	<b>\$ 4,070,729</b>

**EXHIBIT 3**

<u>Social Services</u>	<u>Ditch Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,003,274	\$ 1,003,256	\$ 725,270	\$ 11,039,370
500	-	-	6,625
103,752	7,206	9,701	371,911
-	-	45,464	45,464
-	360,586	-	1,382,619
119,336	-	11,201	379,587
72,542	-	7,973	236,568
-	4,948	-	4,948
-	4,595	-	4,595
-	1,608,104	-	1,608,104
56,122	-	4,740	293,300
-	5,156	-	55,402
90,749	-	61,504	729,286
1,661,166	170,853	-	4,979,744
57,313	-	-	185,224
-	-	-	1,865,000
-	-	-	27,891
-	-	-	152,220
<u>\$ 5,164,754</u>	<u>\$ 3,164,704</u>	<u>\$ 865,853</u>	<u>\$ 23,367,858</u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Liabilities and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 234,510	\$ 179,623
Salaries payable	245,036	63,245
Contracts payable	-	263,789
Due to other funds	361,421	85,567
Due to other governments	492,170	250,607
Deferred revenue - unavailable	634,733	2,296,991
Deferred revenue - unearned	5,009	-
Advance from other funds	-	-
Advance from other governments	-	1,152,949
	<b>\$ 1,972,879</b>	<b>\$ 4,292,771</b>
<b>Fund Balances</b>		
Reserved for		
Encumbrances	\$ -	\$ 7,445
Advances to other funds	1,865,000	-
Inventories	-	152,220
Real estate shortfall	22,033	-
Prepays	106,588	21,323
State-aid highway	-	67,652
Pistol permits	10,268	-
Posse	9,067	-
Help America Vote Act	34,224	-
DARE	44,157	-
Missing heirs	60,969	-
Law library	121,279	-
K-9	2,785	-
Veteran's affairs	1,585	-
Sheriff forfeited property	56,220	-
Attorney forfeited property	79,590	-
Unreserved		
Designated for cash flows	4,653,244	-
Designated for compensated absences	1,061,930	-
Undesignated	-	(470,682)
Unreserved, reported in nonmajor Special revenue funds	-	-
Debt service finds	-	-
	<b>\$ 8,128,939</b>	<b>\$ (222,042)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,101,818</b>	<b>\$ 4,070,729</b>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 3**  
**(Continued)**

<u>Social Services</u>	<u>Ditch Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 440,272	\$ -	\$ -	\$ 854,405
94,231	-	-	402,512
-	-	-	263,789
422,239	-	873	870,100
951,173	-	1,637	1,695,587
246,971	1,789,441	16,445	4,984,581
7,446	-	9,000	21,455
-	-	20,000	20,000
-	-	-	1,152,949
<u>\$ 2,162,332</u>	<u>\$ 1,789,441</u>	<u>\$ 47,955</u>	<u>\$ 10,265,378</u>
\$ -	\$ -	\$ -	\$ 7,445
-	-	-	1,865,000
-	-	-	152,220
-	-	-	22,033
57,313	-	-	185,224
-	-	-	67,652
-	-	-	10,268
-	-	-	9,067
-	-	-	34,224
-	-	-	44,157
-	-	-	60,969
-	-	-	121,279
-	-	-	2,785
-	-	-	1,585
-	-	-	56,220
-	-	-	79,590
2,308,181	-	-	6,961,425
636,928	-	-	1,698,858
-	-	-	(470,682)
-	-	352,205	352,205
-	1,375,263	465,693	1,840,956
<u>\$ 3,002,422</u>	<u>\$ 1,375,263</u>	<u>\$ 817,898</u>	<u>\$ 13,102,480</u>
<u>\$ 5,164,754</u>	<u>\$ 3,164,704</u>	<u>\$ 865,853</u>	<u>\$ 23,367,858</u>

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2009**

<b>Fund balances - total governmental funds (Exhibit 3)</b>		<b>\$ 13,102,480</b>
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		74,334,207
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		4,984,581
Internal service funds are used by management to charge the cost 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	\$ 5,129,373	
Long-term liabilities of the Internal Service Fund	974,098	
Net assets representing capital assets included above	<u>(3,640,978)</u>	2,462,493
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	\$ (9,226,408)	
Facility lease revenue bonds	(1,241,258)	
Capital leases payable	(974,098)	
Compensated absences	(2,017,985)	
Accrued interest payable	(126,532)	
Deferred debt interest charges	84,763	
Other postemployment benefits (OPEB) liability	<u>(144,445)</u>	<u>(13,645,963)</u>
<b>Net Assets of Governmental Activities (Exhibit 1)</b>		<b><u>\$ 81,237,798</u></b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>General</b>	<b>Road and Bridge</b>
<b>Revenues</b>		
Taxes	\$ 10,286,835	\$ 2,693,513
Special assessments	-	-
Licenses and permits	40,186	32,815
Intergovernmental	7,603,709	7,876,161
Charges for services	1,703,348	497,661
Fines and forfeits	186,620	-
Investment earnings	328,793	1,971
Miscellaneous	460,715	75,896
	<b>\$ 20,610,206</b>	<b>\$ 11,178,017</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 7,289,330	\$ -
Public safety	10,533,572	-
Highways and streets	-	11,058,341
Sanitation	-	-
Human services	-	-
Culture and recreation	404,320	-
Conservation of natural resources	516,593	-
Economic development	519,995	-
<b>Intergovernmental</b>		
Highways and streets	-	369,013
<b>Debt service</b>		
Principal	684	-
Interest	8	-
Administrative (fiscal charges)	-	-
Bond issuance costs	-	-
	<b>\$ 19,264,502</b>	<b>\$ 11,427,354</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 1,345,704</b>	<b>\$ (249,337)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers out	\$ (874,059)	\$ -
Refunding bonds issued	-	-
Premium on bonds/notes issued	-	-
	<b>\$ (874,059)</b>	<b>\$ -</b>
<b>Change in Fund Balance</b>	<b>\$ 471,645</b>	<b>\$ (249,337)</b>
<b>Fund Balance - January 1</b>	<b>7,657,294</b>	<b>119,842</b>
<b>Increase (decrease) in reserved for inventories</b>	<b>-</b>	<b>(92,547)</b>
<b>Fund Balance - December 31</b>	<b>\$ 8,128,939</b>	<b>\$ (222,042)</b>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 5**

<u>Social Services</u>	<u>Ditch Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 5,945,632	\$ -	\$ 619,865	\$ 19,545,845
-	480,934	-	480,934
-	-	-	73,001
11,145,465	-	200,902	26,826,237
-	-	-	2,201,009
18,709	-	-	205,329
-	17,869	-	348,633
1,141,770	-	10,033	1,688,414
<b>\$ 18,251,576</b>	<b>\$ 498,803</b>	<b>\$ 830,800</b>	<b>\$ 51,369,402</b>
\$ -	\$ -	\$ 56,226	\$ 7,345,556
-	-	-	10,533,572
-	-	-	11,058,341
-	-	118	118
16,777,348	-	-	16,777,348
-	-	-	404,320
-	1,461,972	2,570	1,981,135
-	-	-	519,995
-	-	-	369,013
-	1,610,000	440,244	2,050,928
-	153,645	228,771	382,424
-	-	1,975	1,975
-	33,250	-	33,250
<b>\$ 16,777,348</b>	<b>\$ 3,258,867</b>	<b>\$ 729,904</b>	<b>\$ 51,457,975</b>
<b>\$ 1,474,228</b>	<b>\$ (2,760,064)</b>	<b>\$ 100,896</b>	<b>\$ (88,573)</b>
\$ -	\$ -	\$ -	\$ (874,059)
-	2,620,000	-	2,620,000
-	37,607	-	37,607
<b>\$ -</b>	<b>\$ 2,657,607</b>	<b>\$ -</b>	<b>\$ 1,783,548</b>
<b>\$ 1,474,228</b>	<b>\$ (102,457)</b>	<b>\$ 100,896</b>	<b>\$ 1,694,975</b>
1,528,194	1,477,720	717,002	11,500,052
-	-	-	(92,547)
<b>\$ 3,002,422</b>	<b>\$ 1,375,263</b>	<b>\$ 817,898</b>	<b>\$ 13,102,480</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT 6*

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**Net change in fund balances - total governmental funds (Exhibit 5) \$ 1,694,975**

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

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

Deferred revenue - December 31	\$ 4,984,581	
Deferred revenue - January 1	<u>(4,363,679)</u>	620,902

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 and infrastructure	\$ 5,625,311	
Current year depreciation	<u>(3,036,035)</u>	2,589,276

Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net assets. Also, governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of net assets.

Proceeds of new debt		
Refunding bonds issued	\$ (2,620,000)	
Deferred debt issue costs	33,250	
Premium on bonds issued	<u>(37,607)</u>	(2,624,357)

Principal repayments		
General obligation bonds	\$ 1,925,000	
Revenue bonds	125,244	
Capital lease	<u>684</u>	2,050,928

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

***EXHIBIT 6  
(Continued)***

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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	\$	30,462	
Amortization of premiums, discounts, and deferred issuance charges		(5,866)	
Change in compensated absences		(28,345)	
Change in net OPEB liability		(67,796)	
Change in inventories		<u>(92,547)</u>	(164,092)

Internal service funds are used by management to charge the cost 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		<u>(137,293)</u>
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<b>Change in Net Assets of Governmental Activities (Exhibit 2)</b>		<b><u><u>\$ 4,030,339</u></u></b>
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**PROPRIETARY FUNDS**

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2009**

	<b>Business-Type</b>	
	<b>Family Service</b>	<b>Juvenile Center</b>
<u>Assets</u>		
<b>Current assets</b>		
Cash and pooled investments	\$ 143,658	\$ 39,917
Undistributed cash in agency funds	-	-
Petty cash and change funds	300	-
Cash with escrow agent	2,755	-
Investments	-	165,461
Special assessments		
Current	-	-
Prior	-	-
Accounts receivable - net	7,549	10,824
Accrued interest receivable	-	3,713
Due from other funds	-	350,476
Due from other governments	1,888	101,933
Prepaid items	5,449	13,268
Excess OPEB contributions	-	-
<b>Total current assets</b>	<b>\$ 161,599</b>	<b>\$ 685,592</b>
<b>Restricted assets</b>		
Investments	\$ -	\$ -
Accrued interest receivable	-	-
<b>Total restricted assets</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Noncurrent assets</b>		
Deferred debt issue costs	\$ 11,212	\$ -
Capital assets		
Nondepreciable	240,500	-
Depreciable - net	4,770,967	2,362,528
<b>Total noncurrent assets</b>	<b>\$ 5,022,679</b>	<b>\$ 2,362,528</b>
<b>Total Assets</b>	<b>\$ 5,184,278</b>	<b>\$ 3,048,120</b>

**EXHIBIT 7**

<b>Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Fund</b>	
<b>Public Health</b>	<b>Solid Waste</b>	<b>Totals</b>		
\$ 1,544,354	\$ 4,217,385	\$ 5,945,314	\$ 2,484,100	
-	29,172	29,172	-	
170	-	470	-	
-	-	2,755	-	
-	1,279,949	1,445,410	-	
-	30,905	30,905	-	
-	22,015	22,015	-	
198,595	48,127	265,095	4,153	
-	59	3,772	-	
42,274	-	392,750	-	
273,539	62,081	439,441	166	
26,103	2,842	47,662	-	
-	2,894	2,894	-	
<b>\$ 2,085,035</b>	<b>\$ 5,695,429</b>	<b>\$ 8,627,655</b>	<b>\$ 2,488,419</b>	
\$ -	\$ 2,583,659	\$ 2,583,659	\$ -	
-	13,162	13,162	-	
<b>\$ -</b>	<b>\$ 2,596,821</b>	<b>\$ 2,596,821</b>	<b>\$ -</b>	
\$ -	\$ -	\$ 11,212	\$ -	
-	844,351	1,084,851	-	
-	2,638,535	9,772,030	3,640,978	
<b>\$ -</b>	<b>\$ 3,482,886</b>	<b>\$ 10,868,093</b>	<b>\$ 3,640,978</b>	
<b>\$ 2,085,035</b>	<b>\$ 11,775,136</b>	<b>\$ 22,092,569</b>	<b>\$ 6,129,397</b>	

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2009**

	<b>Business-Type</b>	
	<b>Family Service</b>	<b>Juvenile Center</b>
<b><u>Liabilities</u></b>		
<b>Current liabilities</b>		
Accounts payable	\$ 48,216	\$ 7,189
Salaries payable	8,037	22,467
Compensated absences payable - current	17,097	38,838
Contracts payable	-	-
Due to other funds	10,323	55,059
Due to other governments	14,637	2,895
Accrued interest payable	30,990	24,982
Deferred revenue	18,245	-
General obligation bonds payable - current	505,000	-
Facility lease revenue bonds payable - current	-	165,810
Capital leases payable - current	2,235	-
<b>Total current liabilities</b>	<b>\$ 654,780</b>	<b>\$ 317,240</b>
<b>Noncurrent liabilities</b>		
Compensated absences payable - long-term	\$ 40,119	\$ 132,997
Advance from other funds	1,495,000	350,000
Other postemployment benefits (OPEB) liability	3,536	7,093
Estimated liability for landfill closure/postclosure	-	-
General obligation bonds payable - long-term	1,620,000	-
Unamortized premiums on general obligation bonds	12,205	-
Deferred amount on refunding	(23,743)	-
Facility lease revenue bonds payable - long-term	-	1,367,933
Unamortized discounts on lease revenue bonds	-	(8,566)
Capital leases payable - long-term	8,658	-
<b>Total noncurrent liabilities</b>	<b>\$ 3,155,775</b>	<b>\$ 1,849,457</b>
<b>Total Liabilities</b>	<b>\$ 3,810,555</b>	<b>\$ 2,166,697</b>
<b><u>Net Assets</u></b>		
<b>Net Assets</b>		
Invested in capital assets - net of related debt	\$ 2,898,324	\$ 820,219
Restricted for		
Closure/postclosure	-	-
Debt service	4,120	-
Unrestricted	(1,528,721)	61,204
<b>Total Net Assets</b>	<b>\$ 1,373,723</b>	<b>\$ 881,423</b>

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 7**  
**(Continued)**

<b>Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Fund</b>	
<b>Public Health</b>	<b>Solid Waste</b>	<b>Totals</b>		
\$ 24,745	\$ 74,588	\$ 154,738	\$ 4,964	
43,559	5,741	79,804	-	
88,193	12,247	156,375	-	
-	42,406	42,406	-	
272,002	3,155	340,539	241	
91,475	205,716	314,723	913	
-	-	55,972	19,808	
286,816	-	305,061	-	
-	-	505,000	-	
-	-	165,810	-	
-	-	2,235	278,669	
<b>\$ 806,790</b>	<b>\$ 343,853</b>	<b>\$ 2,122,663</b>	<b>\$ 304,595</b>	
\$ 154,330	\$ 40,218	\$ 367,664	\$ -	
-	-	1,845,000	-	
26,227	-	36,856	-	
-	1,812,178	1,812,178	-	
-	-	1,620,000	-	
-	-	12,205	-	
-	-	(23,743)	-	
-	-	1,367,933	-	
-	-	(8,566)	-	
-	-	8,658	695,429	
<b>\$ 180,557</b>	<b>\$ 1,852,396</b>	<b>\$ 7,038,185</b>	<b>\$ 695,429</b>	
<b>\$ 987,347</b>	<b>\$ 2,196,249</b>	<b>\$ 9,160,848</b>	<b>\$ 1,000,024</b>	
\$ -	\$ 3,482,886	\$ 7,201,429	\$ 2,666,880	
-	784,644	784,644	-	
-	-	4,120	-	
1,097,688	5,311,357	4,941,528	2,462,493	
<b>\$ 1,097,688</b>	<b>\$ 9,578,887</b>	<b>\$ 12,931,721</b>	<b>\$ 5,129,373</b>	

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Family Service</u>	<u>Business-Type Juvenile Center</u>
<b>Operating Revenues</b>		
Charges for services	\$ 327,492	\$ 1,500,845
Licenses and permits	-	-
Rents	1,027,402	55,611
Miscellaneous	119,751	37,800
<b>Total Operating Revenues</b>	<b>\$ 1,474,645</b>	<b>\$ 1,594,256</b>
<b>Operating Expenses</b>		
Personal services	\$ 461,154	\$ 1,597,458
Other services and charges	637,783	230,724
Supplies	62,631	57,508
Depreciation	300,207	147,116
Landfill closure and postclosure costs	-	-
<b>Total Operating Expenses</b>	<b>\$ 1,461,775</b>	<b>\$ 2,032,806</b>
<b>Operating Income (Loss)</b>	<b>\$ 12,870</b>	<b>\$ (438,550)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Special assessments	\$ -	\$ -
Intergovernmental	2,308	47,843
Interest income	-	4,710
Gain on sale/disposal of capital assets	-	-
Interest expense	(81,616)	(62,692)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (79,308)</b>	<b>\$ (10,139)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>\$ (66,438)</b>	<b>\$ (448,689)</b>
Capital contributions	67,735	-
Transfers in	296,631	260,115
<b>Change in net assets</b>	<b>\$ 297,928</b>	<b>\$ (188,574)</b>
<b>Net Assets - January 1</b>	<b>1,075,795</b>	<b>1,069,997</b>
<b>Net Assets - December 31</b>	<b>\$ 1,373,723</b>	<b>\$ 881,423</b>

**EXHIBIT 8**

<b>Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Fund</b>	
<b>Public Health</b>	<b>Solid Waste</b>	<b>Totals</b>		
\$ 2,062,074	\$ 1,243,223	\$ 5,133,634	\$ 849,814	
-	720	720	-	
-	-	1,083,013	-	
11,628	222,361	391,540	24,546	
<b>\$ 2,073,702</b>	<b>\$ 1,466,304</b>	<b>\$ 6,608,907</b>	<b>\$ 874,360</b>	
\$ 3,067,995	\$ 400,155	\$ 5,526,762	\$ -	
628,161	1,122,994	2,619,662	322	
89,049	246,901	456,089	235,863	
-	66,357	513,680	804,143	
-	(279,451)	(279,451)	-	
<b>\$ 3,785,205</b>	<b>\$ 1,556,956</b>	<b>\$ 8,836,742</b>	<b>\$ 1,040,328</b>	
<b>\$ (1,711,503)</b>	<b>\$ (90,652)</b>	<b>\$ (2,227,835)</b>	<b>\$ (165,968)</b>	
\$ -	\$ 1,134,383	\$ 1,134,383	\$ -	
1,362,574	147,761	1,560,486	-	
-	84,781	89,491	23,749	
-	-	-	53,880	
-	-	(144,308)	(48,954)	
<b>\$ 1,362,574</b>	<b>\$ 1,366,925</b>	<b>\$ 2,640,052</b>	<b>\$ 28,675</b>	
\$ (348,929)	\$ 1,276,273	\$ 412,217	\$ (137,293)	
-	-	67,735	-	
317,313	-	874,059	-	
<b>\$ (31,616)</b>	<b>\$ 1,276,273</b>	<b>\$ 1,354,011</b>	<b>\$ (137,293)</b>	
<b>1,129,304</b>	<b>8,302,614</b>	<b>11,577,710</b>	<b>5,266,666</b>	
<b>\$ 1,097,688</b>	<b>\$ 9,578,887</b>	<b>\$ 12,931,721</b>	<b>\$ 5,129,373</b>	

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
Increase (Decrease) in Cash and Cash Equivalents**

	<b>Business-Type</b>	
	<b>Family Service</b>	<b>Juvenile Center</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 1,495,345	\$ 1,855,231
Payments to suppliers	(692,931)	(292,056)
Payments to employees	(476,308)	(1,648,329)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 326,106</b>	<b>\$ (85,154)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Property Taxes	\$ -	\$ -
Intergovernmental	2,308	47,644
Transfers in	296,631	35,548
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>\$ 298,939</b>	<b>\$ 83,192</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Principal paid on installment purchase	\$ (2,749)	\$ -
Principal paid on long-term debt	(450,000)	-
Interest paid on long-term debt	(81,713)	(63,500)
Proceeds from the sale of capital assets	-	-
Purchases of capital assets	(6,020)	(202,491)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>\$ (540,482)</b>	<b>\$ (265,991)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales and maturities of investments	\$ -	\$ -
Investment earnings received	-	3,551
<b>Net cash provided by (used in) investing activities</b>	<b>\$ -</b>	<b>\$ 3,551</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 84,563</b>	<b>\$ (264,402)</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>59,395</b>	<b>304,319</b>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 143,958</b>	<b>\$ 39,917</b>

**EXHIBIT 9**

<b>Activities - Enterprise Funds</b>			<b>Governmental</b>
<b>Public</b>	<b>Solid</b>		<b>Activities</b>
<b>Health</b>	<b>Waste</b>	<b>Totals</b>	<b>Internal</b>
			<b>Service Fund</b>
\$ 2,039,286	\$ 1,460,516	\$ 6,850,378	\$ 901,103
(677,992)	(1,081,146)	(2,744,125)	(384,381)
(3,124,450)	(409,353)	(5,658,440)	-
<b>\$ (1,763,156)</b>	<b>\$ (29,983)</b>	<b>\$ (1,552,187)</b>	<b>\$ 516,722</b>
\$ -	\$ 1,128,222	\$ 1,128,222	\$ -
1,603,527	147,761	1,801,240	-
447,847	-	780,026	-
<b>\$ 2,051,374</b>	<b>\$ 1,275,983</b>	<b>\$ 3,709,488</b>	<b>\$ -</b>
\$ -	\$ -	\$ (2,749)	\$ (122,808)
-	-	(450,000)	-
-	-	(145,213)	(45,072)
-	-	-	58,950
-	(454,826)	(663,337)	(605,591)
<b>\$ -</b>	<b>\$ (454,826)</b>	<b>\$ (1,261,299)</b>	<b>\$ (714,521)</b>
\$ -	\$ 1,427,536	\$ 1,427,536	\$ 1,500,000
-	234,145	237,696	47,519
<b>\$ -</b>	<b>\$ 1,661,681</b>	<b>\$ 1,665,232</b>	<b>\$ 1,547,519</b>
\$ 288,218	\$ 2,452,855	\$ 2,561,234	\$ 1,349,720
1,256,306	1,793,702	3,413,722	1,134,380
<b>\$ 1,544,524</b>	<b>\$ 4,246,557</b>	<b>\$ 5,974,956</b>	<b>\$ 2,484,100</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
Increase (Decrease) in Cash and Cash Equivalents**

	<b>Business-Type</b>	
	<b>Family Service</b>	<b>Juvenile Center</b>
<b>Cash and Cash Equivalents - Exhibit 7</b>		
Cash and pooled investments	\$ 143,658	\$ 39,917
Undistributed cash in agency funds	-	-
Petty cash and change funds	300	-
<b>Total Cash and Cash Equivalents</b>	<b>\$ 143,958</b>	<b>\$ 39,917</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating income</b>	<b>\$ 12,870</b>	<b>\$ (438,550)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>		
Depreciation expense	\$ 300,207	\$ 147,116
Amortization expense	3,636	-
(Increase) decrease in accounts receivable	(1,225)	(10,824)
(Increase) decrease in excess OPEB contributions	-	-
(Increase) decrease in due from other governments	1,800	215,703
(Increase) decrease in due from other funds	-	26,339
(Increase) decrease in prepaid items	(481)	(2,598)
Increase (decrease) in accounts payable	1,144	(3,171)
Increase (decrease) in salaries payable	(12,723)	(49,800)
Increase (decrease) in compensated absences - current	2,105	(1,909)
Increase (decrease) in compensated absences - long-term	(8,165)	(15,717)
Increase (decrease) in due to other funds	4,117	45,277
Increase (decrease) in due to other governments	2,889	(196)
Increase (decrease) in contracts payable	-	-
Increase (decrease) in deferred revenue	18,245	-
Increase (decrease) in other postemployment benefits liability	1,687	3,176
Increase (decrease) in landfill closure and postclosure payable	-	-
<b>Total adjustments</b>	<b>\$ 313,236</b>	<b>\$ 353,396</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 326,106</b>	<b>\$ (85,154)</b>

**EXHIBIT 9**  
**(Continued)**

<b>Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Fund</b>
<b>Public Health</b>	<b>Solid Waste</b>	<b>Totals</b>	<b>Service Fund</b>
\$ 1,544,354	\$ 4,217,385	\$ 5,945,314	\$ 2,484,100
-	29,172	29,172	-
170	-	470	-
<b>\$ 1,544,524</b>	<b>\$ 4,246,557</b>	<b>\$ 5,974,956</b>	<b>\$ 2,484,100</b>
<b>\$ (1,711,503)</b>	<b>\$ (90,652)</b>	<b>\$ (2,227,835)</b>	<b>\$ (165,968)</b>
\$ -	\$ 66,357	\$ 513,680	\$ 804,143
-	-	3,636	-
(31,418)	(1,785)	(45,252)	(4,153)
-	(1,846)	(1,846)	-
(32,634)	199,793	384,662	(166)
7,616	-	33,955	26,743
22,512	62	19,495	-
12,767	25,025	35,765	(68,675)
(87,166)	(11,638)	(161,327)	-
10,449	86	10,731	-
9,500	4,091	(10,291)	-
9,212	47	58,653	(75,499)
4,844	34,276	41,813	297
-	25,652	25,652	-
10,045	-	28,290	-
12,620	-	17,483	-
-	(279,451)	(279,451)	-
<b>\$ (51,653)</b>	<b>\$ 60,669</b>	<b>\$ 675,648</b>	<b>\$ 682,690</b>
<b>\$ (1,763,156)</b>	<b>\$ (29,983)</b>	<b>\$ (1,552,187)</b>	<b>\$ 516,722</b>

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**FIDUCIARY FUNDS**

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CLAY COUNTY  
MOORHEAD, MINNESOTA

EXHIBIT 10

STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
DECEMBER 31, 2009

	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ 2,222,142
Accounts receivable	21,119
Due from other funds	111,531
Due from other governments	654
	<hr/>
<b>Total Assets</b>	<b><u><u>\$ 2,355,446</u></u></b>
<b><u>Liabilities</u></b>	
Accounts payable	\$ 38,620
Due to other funds	22,687
Due to other governments	2,294,139
	<hr/>
<b>Total Liabilities</b>	<b><u><u>\$ 2,355,446</u></u></b>

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009**

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1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2009. 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, except for fiduciary activities. Eliminations have been made to minimize the

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

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**

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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**

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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 60 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**

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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 Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2009, 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 2009 were \$328,793.

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**

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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 and Prepaid Items

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.

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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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 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.

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

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

6. Capital Assets (Continued)

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.

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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

9. Long-Term Obligations (Continued)

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

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.

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.

2. Stewardship, Compliance, and Accountability

A. Deficit Fund Equity

The following major fund had a deficit fund balance as of December 31, 2009:

Road and Bridge Special Revenue Fund	\$ <u>222,042</u>
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The Road and Bridge Special Revenue Fund fund balance deficit will be eliminated through future allotments.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

2. Stewardship, Compliance, and Accountability (Continued)

B. 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, 2009.

	Expenditures	Budget	Excess
General Fund	\$ 19,264,502	\$ 17,194,547	\$ 2,069,955
Special Revenue Funds			
Road and Bridge	11,427,354	9,478,201	1,949,153
County Building	56,226	50,000	6,226

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	\$ 19,876,962
Cash with escrow agent	48,219
Investments	2,828,029
Restricted assets	
Investments	2,583,659
Fiduciary funds	
Cash and pooled investments	
Agency funds	2,222,142
Total Cash and Investments	\$ 27,559,011

a. Deposits

The County is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The County is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated “A” or better and 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.

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, 2009, the County’s deposits were not exposed to custodial credit risk.

b. Investments

The County may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- (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;

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

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 has a policy to minimize investment custodial credit risk. At year-end, \$6,672,376 of the County's investments were subject to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. 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, 2009, 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	Fitch		07/07/14	\$ 249,860
Federal National Mortgage Association	Aaa	Fitch		07/07/14	751,406
Total Federal National Mortgage Association			N/A		\$ 1,001,266
Federal Home Loan Mortgage Corporation	Aaa	Fitch		04/30/14	\$ 802,570
Federal Home Loan Mortgage Corporation	Aaa	Fitch		07/28/14	200,535
Federal Home Loan Mortgage Corporation	Aaa	Fitch		08/26/14	200,829
Total Federal Home Loan Mortgage Corp.			N/A		\$ 1,203,934

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Investment Type	Credit Risk		Concentration Risk Over 5% of Portfolio	Interest Rate Risk Maturity Date	Carrying (Fair) Value
	Credit Rating	Rating Agency			
Federal Home Loan Bank	Aaa	Moody's		10/15/14	\$ 200,437
Federal Home Loan Bank	Aaa	Moody's		11/10/14	600,938
Federal Home Loan Bank	Aaa	Moody's		11/25/14	499,375
Federal Home Loan Bank	Aaa	Moody's		12/11/15	299,700
Federal Home Loan Bank	Aaa	Moody's		11/23/16	199,352
Federal Home Loan Bank	Aaa	Moody's		12/17/19	499,325
Total Federal Home Loan Bank			9.3%		\$ 2,299,127
Investment pools/mutual funds					
MAGIC Fund - General Revenue					\$ 14,252,909
MAGIC Fund - Solid Waste Long-Term					1,022,516
MAGIC Fund - Solid Waste Management					1,279,949
MAGIC Fund - Road and Bridge					1,000,000
Total MAGIC Fund	N/R		N/A	N/A	\$ 17,555,374
Negotiable certificates of deposit	N/R		N/A	N/A	\$ 2,668,049
Total investments					\$ 24,727,750
Deposits					2,775,947
Change funds					7,095
Cash held by escrow agent					48,219
Total Cash and Investments					\$ 27,559,011

N/A - Not applicable

N/R - Not rated

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2009, for the County's governmental activities and business-type activities are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
<b>Governmental Activities</b>		
Taxes	\$ 616,155	\$ -
Special assessments	1,617,647	1,277,232
Due from other governments	5,002,407	136,373
Accounts	297,453	-
Accrued interest receivable	55,402	-
Advance to other governments	27,891	-
Total Governmental Activities	\$ 7,616,955	\$ 1,413,605
<b>Business-Type Activities</b>		
Special assessments	\$ 52,920	\$ -
Due from other governments	439,631	-
Accounts	265,095	-
Accrued interest receivable	3,772	-
Total Business-Type Activities	\$ 761,418	\$ -

3. Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 328,752	\$ -	\$ -	\$ 328,752
Construction in progress	3,350,160	4,089,101	1,069,721	6,369,540
Total capital assets not depreciated	\$ 3,678,912	\$ 4,089,101	\$ 1,069,721	\$ 6,698,292

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets

Governmental Activities (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Land improvements	\$ 279,684	\$ -	\$ -	\$ 279,684
Buildings	14,540,096	-	-	14,540,096
Machinery, furniture, and equipment	10,368,496	1,028,068	731,705	10,664,859
Infrastructure	83,001,290	2,405,056	-	85,406,346
Total capital assets depreciated	<u>\$ 108,189,566</u>	<u>\$ 3,433,124</u>	<u>\$ 731,705</u>	<u>\$ 110,890,985</u>
Less: accumulated depreciation for				
Land improvements	\$ 39,065	\$ 9,478	\$ -	\$ 48,543
Buildings	4,377,313	280,724	-	4,658,037
Machinery, furniture, and equipment	6,028,842	993,347	726,635	6,295,554
Infrastructure	29,696,307	2,556,629	-	32,252,936
Total accumulated depreciation	<u>\$ 40,141,527</u>	<u>\$ 3,840,178</u>	<u>\$ 726,635</u>	<u>\$ 43,255,070</u>
Total capital assets depreciated, net	<u>\$ 68,048,039</u>	<u>\$ (407,054)</u>	<u>\$ 5,070</u>	<u>\$ 67,635,915</u>
Governmental Activities Capital Assets, Net	<u>\$ 71,726,951</u>	<u>\$ 3,682,047</u>	<u>\$ 1,074,791</u>	<u>\$ 74,334,207</u>

Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 998,689	\$ 86,162	\$ -	\$ 1,084,851
Construction in progress	723,707	44,966	768,673	-
Total capital assets not depreciated	<u>\$ 1,722,396</u>	<u>\$ 131,128</u>	<u>\$ 768,673</u>	<u>\$ 1,084,851</u>
Capital assets depreciated				
Buildings	\$ 12,909,970	\$ 72,898	\$ -	\$ 12,982,868
Landfill	8,687,281	-	-	8,687,281
Improvements other than building	240,879	768,674	-	1,009,553
Machinery, furniture, and equipment	1,458,019	396,067	232,343	1,621,743
Total capital assets depreciated	<u>\$ 23,296,149</u>	<u>\$ 1,237,639</u>	<u>\$ 232,343</u>	<u>\$ 24,301,445</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
Less: accumulated depreciation for				
Buildings	\$ 5,372,820	\$ 438,613	\$ -	\$ 5,811,433
Landfill	7,405,058	-	-	7,405,058
Improvements other than building	208,702	5,397	-	214,099
Machinery, furniture, and equipment	1,212,598	69,670	183,443	1,098,825
Total accumulated depreciation	\$ 14,199,178	\$ 513,680	\$ 183,443	\$ 14,529,415
Total capital assets depreciated, net	\$ 9,096,971	\$ 723,959	\$ 48,900	\$ 9,772,030
Business-Type Activities				
Capital Assets, Net	\$ 10,819,367	\$ 855,087	\$ 817,573	\$ 10,856,881

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

Governmental Activities	
General government	\$ 246,375
Public safety	93,956
Highways and streets, including depreciation of infrastructure assets	2,646,520
Human services	3,308
Economic development	45,876
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	804,143
Total Depreciation Expense - Governmental Activities	\$ 3,840,178
Business-Type Activities	
Family Service Center	\$ 300,207
Juvenile Center	147,116
Solid Waste	66,357
Total Depreciation Expense - Business-Type Activities	\$ 513,680

**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, 2009, is as follows:

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Road and Bridge	\$ 24,063
	Social Services	292,186
	Forfeited Tax	873
	Public Health	181,253
	Solid Waste	3,155
	Family Service	10,323
	Juvenile Center	42,442
	Internal Service	241
	Agency Funds	<u>22,497</u>
Total Due to General Fund		<u>\$ 577,033</u>
Social Services	Public Health	<u>\$ 90,749</u>
Other governmental	Road and Bridge	<u>\$ 61,504</u>
Public Health	General	\$ 27,450
	Social Services	2,017
	Juvenile Center	12,617
	Agency Funds	<u>190</u>
Total Due to Public Health Fund		<u>\$ 42,274</u>
Juvenile Center	General	\$ 333,971
	Social Services	<u>16,505</u>
Total Due to Juvenile Center Fund		<u>\$ 350,476</u>
Agency	Social Services	<u>\$ 111,531</u>
Total Due To/From Other Funds		<u><u>\$ 1,233,567</u></u>

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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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3. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers (Continued)

2. Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount
General	Other governmental Family Service Center Juvenile Center	\$ 20,000 1,495,000 350,000
Total General Fund		\$ 1,865,000

The purpose of the advances from the General Fund was to cover negative cash balances. The advances will be repaid when cash is available.

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, consisted of the following:

Transfers to Public Health Enterprise Fund from General Fund	\$ 317,313	Budgeted transfer
Transfers to Juvenile Center Enterprise Fund from General Fund	260,115	To transfer funds to cover shelter care deficit
Transfers to Family Service Center Enterprise Fund from General Fund	296,631	To transfer funds for cash flow purposes
Total Interfund Transfers	\$ 874,059	

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities

1. Payables

Payables at December 31, 2009, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts	\$ 859,369	\$ 154,738
Salaries	402,512	79,804
Contracts	263,789	42,406
Due to other governments	1,808,031	314,723
Advance from other governments	1,152,949	-
	<u>\$ 4,486,650</u>	<u>\$ 591,671</u>
Total Payables		

2. Deferred Revenue

Deferred revenue as of December 31, 2009, were as follows:

	<u>Deferred Unavailable</u>	<u>Deferred Unearned</u>
Governmental funds		
Taxes	\$ 2,307,886	\$ -
State-aid highway allotments	1,272,815	-
Charges for services	217,994	-
Grants	880,970	5,009
Accrued interest	34,251	-
Rent	-	9,000
Licenses and permits	275	-
Miscellaneous	6,437	7,446
Expenditure offset	263,953	-
	<u>\$ 4,984,581</u>	<u>\$ 21,455</u>
Total Governmental Funds		

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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3. Detailed Notes on All Funds

C. Liabilities

2. Deferred Revenue (Continued)

	Deferred Unearned
Proprietary funds	
Charges for services	\$ 10,466
Grants	275,890
Rent	18,245
Miscellaneous	460
Total Proprietary Funds	\$ 305,061

3. Construction Commitments

The County has entered into construction commitments which have not been completed as of December 31, 2009.

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Roads and bridges	\$ 401,971	\$ 7,445

4. 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, 2009:

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

4. Leases

Capital Leases (Continued)

Lease	Maturity	Installment	Payment Amount	Original	Balance
Governmental Activities					
2005 motor grader	2010	Annual	\$ 17,094	\$ 174,113	\$ 132,899
2007 motor grader	2015	Annual	16,553	190,228	72,871
2007 motor grader	2015	Annual	16,553	190,228	72,872
2007 motor grader	2015	Annual	16,681	190,984	73,434
2007 motor grader	2015	Annual	15,525	190,228	68,342
2007 motor grader	2015	Annual	15,524	190,228	68,341
2007 motor grader	2015	Annual	15,652	190,984	68,905
2007 motor grader	2015	Annual	16,264	190,984	71,601
2007 motor grader	2015	Annual	24,253	238,232	106,769
2009 excavator	2014	Annual	18,373	78,721	68,419
2009 motor grader	2016	Annual	29,395	205,765	169,645
Total Governmental Activities Capital Leases					<u>\$ 974,098</u>
Business-Type Activities					
2009 mail machine	2014	Monthly	\$ 3,063	\$ 12,451	<u>\$ 10,893</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009, were as follows:

Year Ending December 31	Governmental Activities	Business-Type Activities
2010	\$ 327,573	\$ 3,063
2011	184,773	3,063
2012	184,773	3,063
2013	184,773	3,063
2014	170,994	766
2015	29,403	-
2016	29,395	-
Total minimum lease payments	\$ 1,111,684	\$ 13,018
Less: amount representing interest	<u>(137,586)</u>	<u>(2,125)</u>
Present Value of Minimum Lease Payments	<u>\$ 974,098</u>	<u>\$ 10,893</u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

5. Long-Term Debt

Governmental Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2009
General Obligation Bonds					
2003 G.O. Ditch Bonds	2014	\$85,000 - \$110,000	2.8555	\$ 960,000	\$ 510,000
2003 G.O. Watershed Improvement Refunding Bonds	2011	\$80,000 - \$90,000	2.9430	590,000	180,000
2005 G.O. Watershed Improvement Bonds	2016	\$60,000 - \$100,000	3.7950	830,000	620,000
2007 G.O. Watershed and Ditch Bonds	2018	\$40,000- \$55,000	4.1853	475,000	435,000
2009 G.O. Watershed and Ditch Bonds	2017	\$205,000- \$415,000	2.3798	2,620,000	2,620,000
2008 G.O. Capital Improvement Plan Bonds	2022	\$110,000- \$305,000	3.5350	<u>5,135,000</u>	<u>4,820,000</u>
Total general obligation bonds				<u>\$ 10,610,000</u>	\$ 9,185,000
Add: unamortized premiums					42,071
Less: unamortized discount					<u>(663)</u>
Total General Obligation Bonds, Net					<u>\$ 9,226,408</u>
Revenue Bonds					
2002 Law Enforcement Revenue Refunding Bonds	2017	\$109,588 - \$181,157	3.8785	<u>\$ 1,831,694</u>	<u>\$ 1,241,258</u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

5. Long-Term Debt (Continued)

Business-Type 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, 2009</u>
General Obligation Bonds					
2008 G.O. Capital Improvement Plan Bonds	2013	\$450,000- \$570,000	3.5350	<u>\$ 2,575,000</u>	\$ 2,125,000
Add: unamortized premiums					12,205
Less: deferred amount on refunding					<u>(23,743)</u>
Total General Obligation Bonds, Net					<u>\$ 2,113,462</u>
Revenue Bonds					
2002 Law Enforcement Facility Revenue Refunding Bonds	2017	\$135,411 - \$223,844	3.8785	<u>\$ 2,263,307</u>	\$ 1,533,743
Less: unamortized discount					<u>(8,566)</u>
Total Revenue Bonds, Net					<u>\$ 1,525,177</u>

6. Debt Service Requirements

Debt service requirements at December 31, 2009, were as follows:

Governmental Activities

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 815,000	\$ 270,839	\$ 134,190	\$ 46,175
2011	1,045,000	263,263	138,663	41,365
2012	975,000	234,286	143,136	36,292
2013	975,000	205,165	149,846	30,832
2014	960,000	173,750	156,555	24,854
2015 - 2019	3,210,000	468,862	518,868	33,681
2020 - 2023	1,205,000	62,719	-	-
Total	<u>\$ 9,185,000</u>	<u>\$ 1,678,884</u>	<u>\$ 1,241,258</u>	<u>\$ 213,199</u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

6. Debt Service Requirements (Continued)

Business-Type Activities

Year Ending December 31	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2010	\$ 505,000	\$ 65,538	\$ 165,810	\$ 57,055
2011	520,000	47,600	171,337	51,112
2012	530,000	29,225	176,864	44,843
2013	570,000	9,975	185,155	38,098
2014	-	-	193,445	30,711
2015 - 2018	-	-	641,132	41,617
Total	<u>\$ 2,125,000</u>	<u>\$ 152,338</u>	<u>\$ 1,533,743</u>	<u>\$ 263,436</u>

7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2009, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 8,490,000	\$ 2,620,000	\$ 1,925,000	\$ 9,185,000	\$ 815,000
Revenue bonds	1,366,502	-	125,244	1,241,258	134,190
Add: deferred amounts for issuance premiums	5,775	37,607	1,311	42,071	-
Less: deferred amounts for issuance discounts	(1,327)	-	(664)	(663)	-
Total bonds payable	<u>\$ 9,860,950</u>	<u>\$ 2,657,607</u>	<u>\$ 2,050,891</u>	<u>\$ 10,467,666</u>	<u>\$ 949,190</u>
Capital leases	849,225	248,366	123,493	974,098	278,669
Other postemployment Benefits (OPEB)	76,649	67,796	-	144,445	-
Compensated absences	<u>1,998,914</u>	<u>1,324,188</u>	<u>1,305,117</u>	<u>2,017,985</u>	<u>528,760</u>
Governmental Activities Long-Term Liabilities	<u>\$ 12,785,738</u>	<u>\$ 4,297,957</u>	<u>\$ 3,479,501</u>	<u>\$ 13,604,194</u>	<u>\$ 1,756,619</u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

7. Changes in Long-Term Liabilities (Continued)

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 2,575,000	\$ -	\$ 450,000	\$ 2,125,000	\$ 505,000
Revenue bonds	1,688,499	-	154,756	1,533,743	165,810
Add: deferred amounts for issuance premiums	16,163	-	3,958	12,205	-
Less: deferred amounts on refunding	(31,444)	-	(7,701)	(23,743)	-
Less: deferred amounts for issuance discounts	(9,790)	-	(1,224)	(8,566)	-
Total bonds payable	\$ 4,238,428	\$ -	\$ 599,789	\$ 3,638,639	\$ 670,810
Capital lease	1,191	12,451	2,749	10,893	2,235
Estimated liability for landfill closure/postclosure	2,091,629	-	279,451	1,812,178	-
Other postemployment benefits (OPEB)	19,373	17,483	-	36,856	-
Compensated absences	523,599	365,985	365,545	524,039	156,375
Business-Type Activities Long-Term Liabilities	<u>\$ 6,874,220</u>	<u>\$ 395,919</u>	<u>\$ 1,247,534</u>	<u>\$ 6,022,605</u>	<u>\$ 829,420</u>

Long-term liabilities for internal service funds are included as part of the above totals based upon their activity. For internal service funds, \$974,098 of lease purchases payable are included in the amounts for the governmental activities at year-end.

8 Prior Year Debt Defeasance - Governmental Activities

In 2008, the County defeased the Lease Revenue Bonds, Series 2002, which were accounted for in the Courthouse Expansion Debt Service Fund. New debt has been issued, and the proceeds have been used to purchase government securities that were placed in an escrow account. The escrow principal investments and interest earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the Lease Revenue Bonds, Series 2002, have been considered defeased and, therefore, removed as a liability

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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3. Detailed Notes on All Funds

C. Liabilities

8 Prior Year Debt Defeasance - Governmental Activities (Continued)

from the County's financial statements. As of December 31, 2009, the amount of defeased debt outstanding but removed from financial statements amounted to \$3,265,000.

In 2008, the County has defeased the Lease Revenue Bonds, Series 2001, which were accounted for in the Joint Highway Facility Debt Service Fund. New debt has been issued, and the proceeds have been used to purchase government securities that were placed in an escrow account. The escrow principal investments and interest earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the Lease Revenue Bonds, Series 2001, have been considered defeased and, therefore, removed as a liability from the County's financial statements. As of December 31, 2009, the amount of defeased debt outstanding but removed from financial statements amounted to \$1,670,000.

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). PERA administers the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Local Government Correctional Service Retirement Fund (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.

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

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plan

Plan Description (Continued)

employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailer/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the Public Employees Correctional Fund.

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

Two methods are used to compute benefits for 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 hired prior to July 1, 1989, 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. Normal retirement age is 55 for Public Employees Police and Fire Fund members and Employees Correctional Fund members, and either 65 or 66 (depending on date hired) for Public Employees Retirement Fund members. A reduced retirement annuity is also available to eligible members seeking early retirement.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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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.

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

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.00 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.40 percent. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

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

Public Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	6.75
Public Employees Police and Fire Fund	14.10
Public Employees Correctional Fund	8.75

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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4. Employee Retirement Systems and Pension Plans

A. Defined Benefit Plan

Funding Policy (Continued)

The County's contributions for the years ending December 31, 2009, 2008, and 2007, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund were:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Public Employees Retirement Fund	\$ 992,539	\$ 861,207	\$ 771,369
Public Employees Police and Fire Fund	324,088	267,467	229,115
Public Employees Correctional Fund	165,309	155,082	142,762

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

B. Defined Contribution Plan

Five County Commissioners of Clay County are covered by the Public Employees Defined Contribution Plan, a multiple-employer, deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the State Legislature. 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.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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4. Employee Retirement Systems and Pension Plans

B. Defined Contribution Plan (Continued)

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2009, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 8,416	\$ 8,416
Percentage of covered payroll	5%	5%

Required contribution rates were 5.00 percent.

C. Other Postemployment Benefits (OPEB)

Plan Description

Clay County provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical insurance benefits. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b.

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the Clay County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements. Retirees and their spouses contribute to the health care plan at the same rate as County employees. This results in the retirees receiving an implicit rate subsidy. There were approximately 371 participants in the plan, including 10 retirees.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

4. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the plan.

ARC	\$	109,417
Interest on net OPEB obligation		4,321
Adjustment to ARC		(5,767)
		_____
Annual OPEB cost (expense)	\$	107,971
Contributions made		(22,692)
		_____
Increase in net OPEB obligation	\$	85,279
Net OPEB Obligation - Beginning of Year		96,022
		_____
Net OPEB Obligation - End of Year	\$	181,301

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for years ended December 31, 2008 and 2009, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2008	\$ 111,555	\$ 16,581	14.9%	\$ 96,022
December 31, 2009	110,125	26,692	23.9	181,301

Funded Status and Funding Progress

As of January 1, 2008, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$783,750, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$783,750. The covered payroll (annual payroll of active employees covered by the plan) was \$16,346,008, and the ratio of the UAAL to the covered payroll was 4.8 percent.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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4. Employee Retirement Systems and Pension Plans

C. Other Postemployment Benefits (OPEB)

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress - Other Postemployment Benefits, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the January 1, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent investment rate of return (net of investment expenses), which is Clay County's implicit rate of return on the General Fund. The annual health care cost trend is 9.0 percent initially reduced by decrements to an ultimate rate of 5.0 percent over eight years. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized over 30 years on a closed basis. The remaining amortization period at December 31, 2009, was 28 years.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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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 \$1,812,178 landfill closure and postclosure care liability at December 31, 2009, represents the cumulative amount reported to date based on the use of 42 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,686,412 as the remaining estimated capacity is filled, and the date the landfill is expected to be filled to capacity (2059) 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, 2009. 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, 2009, investments of \$2,583,659 are held for 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 Intergovernmental Trust (MCIT), formerly the Minnesota Counties Insurance Trust. 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.

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MOORHEAD, MINNESOTA**

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6. Risk Management (Continued)

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$430,000 per claim in 2009 and \$450,000 per claim in 2010. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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 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, 2009, are as follows:

<u>Entity</u>	<u>Series</u>	<u>Principal Issued</u>	<u>Outstanding</u>
Concordia College Corporation	2001	\$ 3,300,000	\$ 2,400,000
Minnesota State University Moorhead	2001	3,940,000	3,438,921
Concordia College Corporation	2003	2,300,000	2,000,000
Concordia College Corporation	2004	7,000,000	6,900,000
Lakeland Mental Health Center, Inc.	2005	520,000	417,761
Eventide	2006	2,000,000	1,818,983
Trollwood Performing Arts School	2008	2,500,000	2,500,000
Trollwood Performing Arts School	2008	1,000,000	1,000,000

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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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. 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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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8. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

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 2009, Clay County contributed \$7,488 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.

As of December 31, 2009, the total net assets of the Fargo-Moorhead Metropolitan Council of Governments are \$254,310. 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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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8. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Northwestern Counties Data Processing Security Association (Continued)

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 Districts 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 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 2009, the County did not contribute any funds to the Collaborative.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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8. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

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.

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 2009, 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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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8. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

Northwest Minnesota Regional Radio Board

The Northwest Minnesota Regional Radio Board convening meeting was held February 6, 2008 pursuant to the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39, and includes the City of Moorhead and the Counties of Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomon, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties.

The purpose of the Northwest Regional Radio Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota.

Control of the Northwest Minnesota Regional Radio Board is vested in the Northwest Minnesota Regional Radio Board, which is composed of one Commissioner of each county appointed by their respective County Board and one City Council member from each city appointed by their respective City Council, as provided in the Northwest Minnesota Regional Radio Board's by-laws.

In the event of dissolution of the Northwest Minnesota Regional Radio Board, all property, assets and funds of the Board shall be distributed to the parties of the Agreement upon termination in direct proportion to their participation and contribution.

Any City or County that has withdrawn from the Agreement prior to termination of the Board shall share in the distribution of property, assets and funds of the Board only to the extent they shared in the original expense.

The Northwest Minnesota Regional Radio Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. Complete financial information can be obtained from Northwest Minnesota Regional Radio Board, c/o Greater Northwest EMS, 2301 Johanneson Avenue N.W., Suite 103, Bemidji, Minnesota 56601.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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

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.

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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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8. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

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 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 2009, the County contributed \$1,281 to the Joint Powers Board. Complete financial statements can be obtained from the offices of the International Coalition.

Oakport Joint Powers Agreement

Clay County, City of Moorhead, and Oakport Township entered into a joint powers agreement, effective February 15, 1990, and empowered under Minn. Stat. §§ 414.03, 462.35 and 471.59. The purpose of the Board is to address land development concerns in the Oakport Township area that is scheduled for orderly annexation in 2015. The Oakport Joint Powers Board is comprised of six members, two appointed by each entity.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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8. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

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, Mahnomen, 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 \$224,648 to the Agassiz Regional Library during 2009.

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. The agreement was amended in 2008 to include the City of West Fargo, North Dakota. A joint board, comprised of members appointed by the governing bodies, is responsible for administering the joint dispatch center.

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.

Homeland Security and Emergency Management (HSEM) Region 3 Emergency Managers

The HSEM Region 3 Emergency Managers Joint Powers Board was formed pursuant to Minn. Stat. § 471.59, and includes Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties. The Board was established to engage in planning,

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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8. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations

Homeland Security and Emergency Management (HSEM) Region 3 Emergency Managers (Continued)

training, and/or the purchase and use of equipment in order to better respond to emergencies and other disasters within the HSEM Region 3; specifically, within the jurisdictional boundaries of the 14 member counties. Control is vested in the HSEM Region 3 Emergency Managers Board, which is composed of 14 representatives appointed by each Board of County Commissioners. Clay County's responsibility does not extend beyond making this appointment.

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 Law Enforcement Facility Refunding Bonds of 2002 for Clay County. 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**

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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 \$1,125,222 in 2009 for services purchased through Lakeland Mental Health Center.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*Schedule 1*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 10,424,608	\$ 10,424,608	\$ 10,286,835	\$ (137,773)
Licenses and permits	48,180	48,180	40,186	(7,994)
Intergovernmental	5,047,377	5,047,377	7,603,709	2,556,332
Charges for services	1,654,555	1,699,555	1,703,348	3,793
Fines and forfeits	56,400	56,400	186,620	130,220
Investment earnings	400,000	400,000	328,793	(71,207)
Miscellaneous	307,977	309,977	460,715	150,738
<b>Total Revenues</b>	<b>\$ 17,939,097</b>	<b>\$ 17,986,097</b>	<b>\$ 20,610,206</b>	<b>\$ 2,624,109</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 268,165	\$ 268,165	\$ 271,190	\$ (3,025)
Courts	30,000	30,000	90,269	(60,269)
Personnel coordinator	110,000	93,000	48,462	44,538
Law library	101,395	101,395	82,629	18,766
County administration	259,867	259,867	269,095	(9,228)
County auditor	627,673	627,673	581,729	45,944
License bureau	383,178	383,178	369,383	13,795
County treasurer	167,009	167,009	158,758	8,251
County assessor	373,122	361,122	398,798	(37,676)
Elections	15,856	15,856	11,464	4,392
Internal audit	65,000	65,000	76,619	(11,619)
Data processing	1,214,111	1,117,111	1,104,121	12,990
Personnel	169,732	160,182	162,045	(1,863)
Attorney	1,129,055	1,107,121	1,099,904	7,217
Victim witness	79,531	79,531	81,360	(1,829)
Unanticipated trial costs	20,000	20,000	20,000	-
Recorder	455,118	455,118	444,274	10,844
Surveyor	50,000	50,000	50,194	(194)
Planning and zoning	360,276	356,451	289,375	67,076
Maintenance	707,572	707,572	559,076	148,496
Veterans service officer	143,867	143,867	168,213	(24,346)
Unallocated	1,158,892	1,114,892	952,372	162,520
<b>Total general government</b>	<b>\$ 7,889,419</b>	<b>\$ 7,684,110</b>	<b>\$ 7,289,330</b>	<b>\$ 394,780</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

***Schedule 1  
(Continued)***

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public safety</b>				
Sheriff	\$ 3,702,472	\$ 3,647,572	\$ 3,677,036	\$ (29,464)
Safe and sober	7,020	7,020	7,933	(913)
Boat and water safety	1,896	1,896	-	1,896
Snowmobile	3,817	3,817	3,654	163
Law enforcement grant	39,257	39,257	34,404	4,853
ATV	2,681	2,681	12,154	(9,473)
Safe community coalition of the RRV	-	-	4,197	(4,197)
Heat	5,615	5,615	5,485	130
Coroner	95,728	85,728	57,754	27,974
E-911 system	69,733	69,733	87,165	(17,432)
Community corrections	2,694,889	2,682,095	2,586,568	95,527
Dispatchers	220,223	220,223	271,845	(51,622)
Probation and parole	565,569	565,569	631,653	(66,084)
Juvenile detention	564,945	564,945	494,952	69,993
Electronic monitoring	100,000	100,000	84,182	15,818
Civil defense	94,891	94,891	2,574,590	(2,479,699)
<b>Total public safety</b>	<b>\$ 8,168,736</b>	<b>\$ 8,091,042</b>	<b>\$ 10,533,572</b>	<b>\$ (2,442,530)</b>
<b>Culture and recreation</b>				
Historical society	\$ 178,172	\$ 178,172	\$ 178,172	\$ -
Humane society	1,500	1,500	1,500	-
Viking library	224,648	224,648	224,648	-
<b>Total culture and recreation</b>	<b>\$ 404,320</b>	<b>\$ 404,320</b>	<b>\$ 404,320</b>	<b>\$ -</b>
<b>Conservation of natural resources</b>				
County extension	\$ 271,623	\$ 261,623	\$ 249,562	\$ 12,061
Soil and water conservation	164,317	164,317	164,317	-
International coalition	1,281	1,281	1,281	-
Agricultural coalition	66,297	62,597	74,820	(12,223)
Agricultural society/County fair	22,871	22,871	22,955	(84)
Valley water rescue	3,658	3,658	3,658	-
<b>Total conservation of natural resources</b>	<b>\$ 530,047</b>	<b>\$ 516,347</b>	<b>\$ 516,593</b>	<b>\$ (246)</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*Schedule 1*  
*(Continued)*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Economic development</b>				
Metropolitan Council	\$ 7,488	\$ 7,488	\$ 7,488	\$ -
Red River winter shows	800	800	800	-
West Central Council on Aging	5,733	5,733	5,677	56
Chamber of Commerce	1,309	1,309	1,309	-
County-wide incentive program	87,500	87,500	87,500	-
Pew Partnership	18,000	18,000	18,000	-
Rural life outreach	4,699	4,699	4,669	30
Riverkeepers	5,000	5,000	5,000	-
Rural Minnesota Counties Caucus	670	670	800	(130)
Emergency volunteer coordination	2,100	2,100	2,100	-
Minnesota Housing Partnership	600	600	555	45
WACCO	5,000	5,000	5,000	-
Rural transit	326,792	326,792	348,877	(22,085)
Senior coordination program	28,037	28,037	27,220	817
Group workcamp	5,000	5,000	5,000	-
<b>Total economic development</b>	<b>\$ 498,728</b>	<b>\$ 498,728</b>	<b>\$ 519,995</b>	<b>\$ (21,267)</b>
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 684	\$ (684)
Interest	-	-	8	(8)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 692</b>	<b>\$ (692)</b>
<b>Total Expenditures</b>	<b>\$ 17,491,250</b>	<b>\$ 17,194,547</b>	<b>\$ 19,264,502</b>	<b>\$ (2,069,955)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 447,847</b>	<b>\$ 791,550</b>	<b>\$ 1,345,704</b>	<b>\$ 554,154</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(447,847)	(317,313)	(874,059)	(556,746)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ 474,237</b>	<b>\$ 471,645</b>	<b>\$ (2,592)</b>
<b>Fund Balance - January 1</b>	<b>7,657,294</b>	<b>7,657,294</b>	<b>7,657,294</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 7,657,294</b>	<b>\$ 8,131,531</b>	<b>\$ 8,128,939</b>	<b>\$ (2,592)</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*Schedule 2*

**BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 2,584,733	\$ 2,584,733	\$ 2,693,513	\$ 108,780
Licenses and permits	2,600	2,600	32,815	30,215
Intergovernmental	6,392,989	6,392,989	7,876,161	1,483,172
Charges for services	459,029	459,029	497,661	38,632
Investment earnings	25,000	25,000	1,971	(23,029)
Miscellaneous	93,000	139,850	75,896	(63,954)
<b>Total Revenues</b>	<b>\$ 9,557,351</b>	<b>\$ 9,604,201</b>	<b>\$ 11,178,017</b>	<b>\$ 1,573,816</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 545,156	\$ 545,156	\$ 480,171	\$ 64,985
Maintenance	2,650,067	2,574,017	2,420,638	153,379
Construction	5,046,823	5,043,723	6,860,530	(1,816,807)
Equipment maintenance and shop	1,315,305	1,315,305	1,297,002	18,303
<b>Total highways and streets</b>	<b>\$ 9,557,351</b>	<b>\$ 9,478,201</b>	<b>\$ 11,058,341</b>	<b>\$ (1,580,140)</b>
<b>Intergovernmental</b>				
Highways and streets	-	-	369,013	(369,013)
<b>Total Expenditures</b>	<b>\$ 9,557,351</b>	<b>\$ 9,478,201</b>	<b>\$ 11,427,354</b>	<b>\$ (1,949,153)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ 126,000</b>	<b>\$ (249,337)</b>	<b>\$ (375,337)</b>
<b>Fund Balance - January 1</b>	<b>119,842</b>	<b>119,842</b>	<b>119,842</b>	<b>-</b>
<b>Increase (decrease) in reserved for inventories</b>	<b>-</b>	<b>-</b>	<b>(92,547)</b>	<b>(92,547)</b>
<b>Fund Balance - December 31</b>	<b>\$ 119,842</b>	<b>\$ 245,842</b>	<b>\$ (222,042)</b>	<b>\$ (467,884)</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

Schedule 3

**BUDGETARY COMPARISON SCHEDULE  
SOCIAL SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 6,049,509	\$ 6,049,509	\$ 5,945,632	\$ (103,877)
Intergovernmental	10,896,940	11,011,194	11,145,465	134,271
Fines and forfeits	-	-	18,709	18,709
Miscellaneous	357,013	357,013	1,141,770	784,757
<b>Total Revenues</b>	<b>\$ 17,303,462</b>	<b>\$ 17,417,716</b>	<b>\$ 18,251,576</b>	<b>\$ 833,860</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 4,918,174	\$ 4,910,207	\$ 3,589,266	\$ 1,320,941
Social services	12,385,288	12,302,162	13,188,082	(885,920)
<b>Total Expenditures</b>	<b>\$ 17,303,462</b>	<b>\$ 17,212,369</b>	<b>\$ 16,777,348</b>	<b>\$ 435,021</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ 205,347</b>	<b>\$ 1,474,228</b>	<b>\$ 1,268,881</b>
<b>Fund Balance - January 1</b>	<b>1,528,194</b>	<b>1,528,194</b>	<b>1,528,194</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,528,194</b>	<b>\$ 1,733,541</b>	<b>\$ 3,002,422</b>	<b>\$ 1,268,881</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**Schedule 4**

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
January 1, 2008	\$ -	\$ 783,750	\$ 783,750	0.00%	\$ 16,346,008	4.8%

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

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 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. During the year, the Board made budgetary amendments to the General Fund, Road and Bridge Special Revenue Fund, and the Social Services Special Revenue Fund.

Encumbrances (for example, 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, 2009.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 19,264,502	\$ 17,194,547	\$ 2,069,955
Special Revenue Funds			
Road and Bridge	11,427,354	9,478,201	1,949,153
County Building	56,226	50,000	6,226

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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3. Other Postemployment Benefits

Clay County implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year ended December 31, 2008. Currently, only one year's worth of data is available. Future reports will provide additional trend analysis to meet the three-year funding status requirements as the information becomes available. See Note 4.C to the financial statements for more information.

**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*Statement A-1*

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

	<u>Special Revenue (Statement B-1)</u>	<u>Debt Service (Statement C-1)</u>	<u>Total (Exhibit 3)</u>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 296,657	\$ 428,613	\$ 725,270
Undistributed cash in agency funds	636	9,065	9,701
Cash with escrow agent	-	45,464	45,464
Taxes receivable			
Current	727	10,474	11,201
Prior	520	7,453	7,973
Accounts receivable	4,740	-	4,740
Due from other funds	61,504	-	61,504
	<hr/>	<hr/>	<hr/>
<b>Total Assets</b>	<b><u>\$ 364,784</u></b>	<b><u>\$ 501,069</u></b>	<b><u>\$ 865,853</u></b>
 <b><u>Liabilities and Fund Balances</u></b>			
<b>Liabilities</b>			
Due to other funds	\$ 873	\$ -	\$ 873
Due to other governments	1,637	-	1,637
Deferred revenue - unavailable	1,069	15,376	16,445
Deferred revenue - unearned	9,000	-	9,000
Advance from other funds	-	20,000	20,000
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>	<b><u>\$ 12,579</u></b>	<b><u>\$ 35,376</u></b>	<b><u>\$ 47,955</u></b>
 <b>Fund Balances</b>			
Unreserved			
Designated for debt service	\$ -	\$ 423,908	\$ 423,908
Undesignated	352,205	41,785	393,990
	<hr/>	<hr/>	<hr/>
<b>Total Fund Balances</b>	<b><u>\$ 352,205</u></b>	<b><u>\$ 465,693</u></b>	<b><u>\$ 817,898</u></b>
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 364,784</u></b>	<b><u>\$ 501,069</u></b>	<b><u>\$ 865,853</u></b>

**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, 2009**

	<u>Special Revenue (Statement B-2)</u>	<u>Debt Service (Statement C-2)</u>	<u>Total (Exhibit 5)</u>
<b>Revenues</b>			
Taxes	\$ 97,774	\$ 522,091	\$ 619,865
Intergovernmental	13,083	187,819	200,902
Miscellaneous	10,033	-	10,033
	<u>120,890</u>	<u>709,910</u>	<u>830,800</u>
<b>Total Revenues</b>	<b>\$ 120,890</b>	<b>\$ 709,910</b>	<b>\$ 830,800</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ 56,226	\$ -	\$ 56,226
Sanitation	-	118	118
Conservation of natural resources	2,570	-	2,570
<b>Debt service</b>			
Principal	-	440,244	440,244
Interest	-	228,771	228,771
Administrative (fiscal) charges	-	1,975	1,975
	<u>58,796</u>	<u>671,108</u>	<u>729,904</u>
<b>Total Expenditures</b>	<b>\$ 58,796</b>	<b>\$ 671,108</b>	<b>\$ 729,904</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 62,094</b>	<b>\$ 38,802</b>	<b>\$ 100,896</b>
<b>Fund Balance - January 1</b>	<b><u>290,111</u></b>	<b><u>426,891</u></b>	<b><u>717,002</u></b>
<b>Fund Balance - December 31</b>	<b><u><u>\$ 352,205</u></u></b>	<b><u><u>\$ 465,693</u></u></b>	<b><u><u>\$ 817,898</u></u></b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**Statement B-1**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2009**

	<b>County Building</b>	<b>Forfeited Tax</b>	<b>Gravel Removal Tax Reserve</b>	<b>Total (Statement A-1)</b>
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 34,538	\$ 2,510	\$ 259,609	\$ 296,657
Undistributed cash in agency funds	636	-	-	636
Taxes receivable				
Current	727	-	-	727
Prior	520	-	-	520
Accounts receivable	-	4,740	-	4,740
Due from other funds	-	-	61,504	61,504
	<b>\$ 36,421</b>	<b>\$ 7,250</b>	<b>\$ 321,113</b>	<b>\$ 364,784</b>
	<b>\$ 36,421</b>	<b>\$ 7,250</b>	<b>\$ 321,113</b>	<b>\$ 364,784</b>
 <b><u>Liabilities and Fund Balances</u></b>				
<b>Liabilities</b>				
Due to other funds	\$ -	\$ 873	\$ -	\$ 873
Due to other governments	-	1,637	-	1,637
Deferred revenue - unavailable	1,069	-	-	1,069
Deferred revenue - unearned	9,000	-	-	9,000
	<b>\$ 10,069</b>	<b>\$ 2,510</b>	<b>\$ -</b>	<b>\$ 12,579</b>
	<b>\$ 10,069</b>	<b>\$ 2,510</b>	<b>\$ -</b>	<b>\$ 12,579</b>
<b>Fund Balances</b>				
Unreserved				
Undesignated	26,352	4,740	321,113	352,205
	<b>\$ 26,352</b>	<b>\$ 4,740</b>	<b>\$ 321,113</b>	<b>\$ 352,205</b>
	<b>\$ 26,352</b>	<b>\$ 4,740</b>	<b>\$ 321,113</b>	<b>\$ 352,205</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 36,421</b>	<b>\$ 7,250</b>	<b>\$ 321,113</b>	<b>\$ 364,784</b>
	<b>\$ 36,421</b>	<b>\$ 7,250</b>	<b>\$ 321,113</b>	<b>\$ 364,784</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*Statement B-2*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>County Building</b>	<b>Forfeited Tax</b>	<b>Gravel Removal Tax Reserve</b>	<b>Total (Statement A-2)</b>
<b>Revenues</b>				
Taxes	\$ 36,270	\$ -	\$ 61,504	\$ 97,774
Intergovernmental	13,083	-	-	13,083
Miscellaneous	4,500	5,533	-	10,033
<b>Total Revenues</b>	<b>\$ 53,853</b>	<b>\$ 5,533</b>	<b>\$ 61,504</b>	<b>\$ 120,890</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ 56,226	\$ -	\$ -	\$ 56,226
Conservation of natural resources	-	2,570	-	2,570
<b>Total Expenditures</b>	<b>\$ 56,226</b>	<b>\$ 2,570</b>	<b>\$ -</b>	<b>\$ 58,796</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (2,373)</b>	<b>\$ 2,963</b>	<b>\$ 61,504</b>	<b>\$ 62,094</b>
<b>Fund Balance - January 1</b>	<b>28,725</b>	<b>1,777</b>	<b>259,609</b>	<b>290,111</b>
<b>Fund Balance - December 31</b>	<b>\$ 26,352</b>	<b>\$ 4,740</b>	<b>\$ 321,113</b>	<b>\$ 352,205</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

Statement C-1

**COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
DECEMBER 31, 2009**

	<b>Americana Estates</b>	<b>Courthouse Expansion</b>	<b>Joint Highway Facility</b>	<b>Law Enforcement Expansion</b>	<b>Total (Statement A-1)</b>
<b><u>Assets</u></b>					
Cash and pooled investments	\$ 41,785	\$ 124,358	\$ 116,007	\$ 146,463	\$ 428,613
Undistributed cash in agency funds	-	4,352	2,378	2,335	9,065
Cash with escrow agent	-	44,430	1,034	-	45,464
Taxes receivable					
Current	-	5,036	2,752	2,686	10,474
Prior	-	3,546	1,955	1,952	7,453
<b>Total Assets</b>	<b>\$ 41,785</b>	<b>\$ 181,722</b>	<b>\$ 124,126</b>	<b>\$ 153,436</b>	<b>\$ 501,069</b>
 <b><u>Liabilities and Fund Balances</u></b>					
<b>Liabilities</b>					
Deferred revenue - unavailable	\$ -	\$ 7,356	\$ 4,037	\$ 3,983	\$ 15,376
Advance from other funds	-	10,000	10,000	-	20,000
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 17,356</b>	<b>\$ 14,037</b>	<b>\$ 3,983</b>	<b>\$ 35,376</b>
<b>Fund Balances</b>					
Unreserved					
Designated for debt service	\$ -	\$ 164,366	\$ 110,089	\$ 149,453	\$ 423,908
Undesignated	41,785	-	-	-	41,785
<b>Total Fund Balances</b>	<b>\$ 41,785</b>	<b>\$ 164,366</b>	<b>\$ 110,089</b>	<b>\$ 149,453</b>	<b>\$ 465,693</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 41,785</b>	<b>\$ 181,722</b>	<b>\$ 124,126</b>	<b>\$ 153,436</b>	<b>\$ 501,069</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

Statement C-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Americana Estates</u>	<u>Courthouse Expansion</u>	<u>Joint Highway Facility</u>	<u>Law Enforcement Expansion</u>	<u>Total (Statement A-2)</u>
<b>Revenues</b>					
Taxes	\$ -	\$ 250,983	\$ 137,155	\$ 133,953	\$ 522,091
Intergovernmental	-	90,298	49,333	48,188	187,819
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ 341,281</b>	<b>\$ 186,488</b>	<b>\$ 182,141</b>	<b>\$ 709,910</b>
<b>Expenditures</b>					
<b>Current</b>					
Sanitation	\$ 118	-	-	-	\$ 118
<b>Debt service</b>					
Principal	-	205,000	110,000	125,244	440,244
Interest	-	118,463	59,812	50,496	228,771
Administrative (fiscal) charges	-	585	495	895	1,975
<b>Total Expenditures</b>	<b>\$ 118</b>	<b>\$ 324,048</b>	<b>\$ 170,307</b>	<b>\$ 176,635</b>	<b>\$ 671,108</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (118)</b>	<b>\$ 17,233</b>	<b>\$ 16,181</b>	<b>\$ 5,506</b>	<b>\$ 38,802</b>
<b>Fund Balance - January 1</b>	<b>41,903</b>	<b>147,133</b>	<b>93,908</b>	<b>143,947</b>	<b>426,891</b>
<b>Fund Balance - December 31</b>	<b>\$ 41,785</b>	<b>\$ 164,366</b>	<b>\$ 110,089</b>	<b>\$ 149,453</b>	<b>\$ 465,693</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

Schedule 5

**BUDGETARY COMPARISON SCHEDULE  
COUNTY BUILDING SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 36,441	\$ 36,441	\$ 36,270	\$ (171)
Intergovernmental	13,559	13,559	13,083	(476)
Miscellaneous	-	-	4,500	4,500
<b>Total Revenues</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 53,853</b>	<b>\$ 3,853</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Other general government	50,000	50,000	56,226	(6,226)
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,373)</b>	<b>\$ (2,373)</b>
<b>Fund Balance - January 1</b>	<b>28,725</b>	<b>28,725</b>	<b>28,725</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 28,725</b>	<b>\$ 28,725</b>	<b>\$ 26,352</b>	<b>\$ (2,373)</b>

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**FIDUCIARY FUNDS**

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## **OTHER SCHEDULES**

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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, 2009**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>JOINT POWERS COLLABORATIVE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 1,311,333	\$ 214,925	\$ 660,404	\$ 865,854
Due from other funds	60,201	111,531	60,201	111,531
Due from other governments	197	-	197	-
<b>Total Assets</b>	<b>\$ 1,371,731</b>	<b>\$ 326,456</b>	<b>\$ 720,802</b>	<b>\$ 977,385</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 63,618	\$ 133,931	\$ 158,929	\$ 38,620
Due to other funds	36,559	190,161	204,033	22,687
Due to other governments	1,271,554	2,364	357,840	916,078
<b>Total Liabilities</b>	<b>\$ 1,371,731</b>	<b>\$ 326,456</b>	<b>\$ 720,802</b>	<b>\$ 977,385</b>
 <b><u>STATE REVENUE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 75	\$ 204,918	\$ 204,993	\$ -
Accounts receivable	13,272	21,114	13,272	21,114
<b>Total Assets</b>	<b>\$ 13,347</b>	<b>\$ 226,032</b>	<b>\$ 218,265</b>	<b>\$ 21,114</b>
<b><u>Liabilities</u></b>				
Due to other governments	<b>\$ 13,347</b>	<b>\$ 226,032</b>	<b>\$ 218,265</b>	<b>\$ 21,114</b>
 <b><u>TAXES AND PENALTIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 998,917	\$ 58,370,061	\$ 58,012,059	\$ 1,356,919
Accounts receivable	-	5	-	5
<b>Total Assets</b>	<b>\$ 998,917</b>	<b>\$ 58,370,066</b>	<b>\$ 58,012,059</b>	<b>\$ 1,356,924</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 1,777	\$ -	\$ 1,777	\$ -
Due to other governments	997,140	58,370,066	58,010,282	1,356,924
<b>Total Liabilities</b>	<b>\$ 998,917</b>	<b>\$ 58,370,066</b>	<b>\$ 58,012,059</b>	<b>\$ 1,356,924</b>

**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, 2009**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>WATERSHED DISTRICTS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 222,802	\$ 716,790	\$ 940,223	\$ (631)
Due from other governments	-	654	-	654
<b>Total Assets</b>	<b>\$ 222,802</b>	<b>\$ 717,444</b>	<b>\$ 940,223</b>	<b>\$ 23</b>
<b><u>Liabilities</u></b>				
Due to other governments	<b>\$ 222,802</b>	<b>\$ 717,444</b>	<b>\$ 940,223</b>	<b>\$ 23</b>
 <b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 2,533,127	\$ 59,506,694	\$ 59,817,679	\$ 2,222,142
Accounts receivable	13,272	21,119	13,272	21,119
Due from other funds	60,201	111,531	60,201	111,531
Due from other governments	197	654	197	654
<b>Total Assets</b>	<b>\$ 2,606,797</b>	<b>\$ 59,639,998</b>	<b>\$ 59,891,349</b>	<b>\$ 2,355,446</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 65,395	\$ 133,931	\$ 160,706	\$ 38,620
Due to other funds	36,559	190,161	204,033	22,687
Due to other governments	2,504,843	59,315,906	59,526,610	2,294,139
<b>Total Liabilities</b>	<b>\$ 2,606,797</b>	<b>\$ 59,639,998</b>	<b>\$ 59,891,349</b>	<b>\$ 2,355,446</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**Schedule 6**

**SCHEDULE OF DEPOSITS AND INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Number</u>	<u>Interest Rate (%)</u>	<u>Maturity Dates</u>	<u>Fair Value</u>
<b>Pooled Deposits and Investments</b>				
Money market checking	2	Variable	-	\$ 255,810
Certificates of deposit	33	1.66 - 4.30	February 1, 2010 to June 8, 2012	3,487,588
Minnesota Association of Governments Investing for Counties (MAGIC) Fund	2	Variable	Continuous	14,252,909
Savings accounts	2	Variable	Continuous	689,793
Federal Home Loan Bank	6	2.00 to 3.00	October 15, 2014 to December 17, 2019	2,201,975
Freddie Mac	3	2.00 to 2.12	April 30, 2014 to August 26, 2014	1,203,934
<b>Total Cash and Pooled Investments</b>				<b><u>\$ 22,092,009</u></b>
<b>Pooled Deposits and Investments</b>				
<b>General Fund</b>				
<b>Real estate shortfall</b>				
Certificates of deposit	3	0.55 to 1.30	January 4, 2010 to December 13, 2010	<b><u>\$ 22,033</u></b>
<b>Road and Bridge Special Revenue Fund</b>				
MAGIC Fund		Variable	Continuous	<b><u>\$ 1,000,000</u></b>
<b>Debt service fund</b>				
<b>Ditch Fund</b>				
Certificates of deposit	4	1.65 to 2.23	June 5, 2010 to January 29, 2011	\$ 263,434
Federal Home Loan Bank		2.00	November 10, 2014	97,152
<b>Total debt service funds</b>				<b><u>\$ 360,586</u></b>
<b>Enterprise funds</b>				
<b>Juvenile Detention Fund</b>				
Certificates of deposit	3	1.75 to 2.00	January 27, 2010 to March 30, 2011	\$ 165,461
<b>Solid Waste Management Fund</b>				
Certificate of deposit		2.05	March 23, 2011	559,877
Fannie Mae	2	2.00 to 2.25	July 7, 2014	1,001,266
MAGIC Fund	2	Variable	Continuous	2,302,465
<b>Total enterprise funds</b>				<b><u>\$ 4,029,069</u></b>
<b>Total deposits and investments from funds</b>				<b><u>\$ 5,411,688</u></b>
<b>Total Deposits and Investments</b>				<b><u>\$ 27,503,697</u></b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

Schedule 7

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total All Funds</u>
<b>Shared Revenue</b>			
<b>State</b>			
Highway users tax	\$ 4,453,294	\$ -	\$ 4,453,294
County program aid	3,369,091	-	3,369,091
PERA rate reimbursement	61,294	-	61,294
Disparity reduction credit	1,516,733	-	1,516,733
Police aid	208,724	-	208,724
Market value credit	1,875,492	-	1,875,492
Disparity reduction aid	16,076	-	16,076
<b>Total shared revenue</b>	<b>\$ 11,500,704</b>	<b>\$ -</b>	<b>\$ 11,500,704</b>
<b>Reimbursement for Services</b>			
<b>State</b>			
Minnesota Department of Human Services	<b>\$ 1,827,046</b>	<b>\$ 140,646</b>	<b>\$ 1,967,692</b>
<b>Payments</b>			
<b>Local</b>			
Local	\$ -	\$ 10,647	\$ 10,647
Transit	54,189	-	54,189
Payments in lieu of taxes	68,671	-	68,671
<b>Total payments</b>	<b>\$ 122,860</b>	<b>\$ 10,647</b>	<b>\$ 133,507</b>
<b>Grants</b>			
<b>State</b>			
Minnesota Department/Board of			
Agriculture	\$ -	\$ 83	\$ 83
Corrections	144,904	-	144,904
Trial Courts	337	-	337
Public Safety	849,447	-	849,447
Secretary of State	879	-	879
Transportation	1,133,260	125	1,133,385
Education	-	858	858
Health	-	366,431	366,431
Pollution Control Agency	-	136,894	136,894
State Colleges and Universities	-	12	12
Natural Resources	77,813	-	77,813
Human Services	2,751,368	135,394	2,886,762
Veterans Services	18,257	-	18,257
Water and Soil Resources	52,175	-	52,175
Peace Officer Standards and Training Board	19,424	-	19,424
<b>Total state</b>	<b>\$ 5,047,864</b>	<b>\$ 639,797</b>	<b>\$ 5,687,661</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*Schedule 7*  
*(Continued)*

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total All Funds</u>
<b>Grants (Continued)</b>			
<b>Federal</b>			
Department of			
Agriculture	\$ 297,201	\$ 231,953	\$ 529,154
Housing and Urban Development	379,343	-	379,343
Justice	104,422	12,899	117,321
Labor	10,000	-	10,000
Transportation	1,279,906	-	1,279,906
Federal Emergency Management Agency	1,511,879	-	1,511,879
Education	33,637	-	33,637
Health and Human Services	4,246,425	515,976	4,762,401
Homeland Security	464,950	6,260	471,210
	<u>464,950</u>	<u>6,260</u>	<u>471,210</u>
<b>Total federal</b>	<b><u>\$ 8,327,763</u></b>	<b><u>\$ 767,088</u></b>	<b><u>\$ 9,094,851</u></b>
<b>Total state and federal grants</b>	<b><u>\$ 13,375,627</u></b>	<b><u>\$ 1,406,885</u></b>	<b><u>\$ 14,782,512</u></b>
<b>Total Intergovernmental Revenue</b>	<b><u>\$ 26,826,237</u></b>	<b><u>\$ 1,558,178</u></b>	<b><u>\$ 28,384,415</u></b>