

KOOCHICHING COUNTY

SUMMARY FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2012

To the Citizens and Taxpayers of Koochiching County:

The purpose of this Report is to provide a summary of financial information concerning Koochiching County for interested citizens. Responsibility for the accuracy, the completeness and the fairness of the presented data rests with the County. In summary form, the data presented is accurate in all material respects and fairly presents the County's financial position and results of its operations.

A FULL AND COMPLETE COPY OF THE COUNTY FINANCIAL STATEMENT WILL BE AVAILABLE UPON REQUEST BY CALLING 218-283-1107, OR BY WRITING TO THE DIRECTOR, KOOCHICHING COUNTY, 715 4TH STREET, INTERNATIONAL FALLS, MN 56649

Hoffman, Dale & Swenson audited Koochiching County. The certified public accounts analyzed the books and procedures in an effort to ensure the County complied with applicable Federal and State laws, followed generally accepted accounting principles, utilized an adequate system of internal controls and followed applicable legal provision so that the County's statements fairly present financial information.

Respectfully submitted,
Teresa Jaksa, Director
Koochiching County, Minnesota

A USER'S GUIDE TO COUNTY FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The General Fund is the primary operating fund of the county. It accounts for and reports all financial resources of the general government not accounted for in another fund.

The Road and Bridge Special Revenue Fund is used to account for and report revenues and expenditures of the County Highway Department which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways. Financing is provided by annual tax levy, intergovernmental revenue, and charges for services restricted, committed and assigned for highways and streets purposes.

The Community Services Special Revenue Fund is used to account for and report economic assistance and community social services programs. Financing is provided by annual tax levy and intergovernmental revenues committed and assigned to various income maintenance and social services purposes.

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

The Wastewater Debt Service Fund is used to account for and report the financial resources that are restricted for the payment of long-term debt principal, interest and related costs for the Jackfish Bay wastewater project debt.

NONMAJOR GOVERNMENTAL FUNDS:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

County Development Special Revenue Fund– is used to account for and report intergovernmental revenue assigned for specific development purposes of the County.

Environmental Service Special Revenue Fund –is used to account for and report financial transactions assigned to environmental services of the County.

Koochiching Development Authority Special Revenue Fund – is used to account for and report financial transactions assigned for economic development activities of the Development Authority authorized by Minnesota Laws 1987, Chapter 182

Special Assessment Special Revenue Fund – is used to account for and report all revenues restricted for the maintenance and capital outlay of West Koochiching water line.

Public Health Special Revenue Fund – is used to account for and report all revenues used for health and nursing services.

Land and Forestry Special Revenue Fund – is used to account for and report financial transactions assigned for the operations of the County forest. Financing is provided by state grants, payments in lieu of taxes, forfeited tax sales, and other miscellaneous receipts.

Capital Projects Fund

The Capital Project Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

AGENCY FUNDS:

Agency Funds are used to account for assets the County holds for others in an agency capacity.

MAJOR CATEGORIES OF COUNTY EXPENDITURES

Current Expenditures include all expenditures other than capital outlays and debt service on county bonds.

Capital Outlay Expenditures include all expenditures for the construction of county facilities or the purchase of buildings or major equipment by the county.

The General Government activities include expenditures for general county activities such as the county commissioners' salaries and expenses, the county administration office, the county attorney's office, the county auditor-treasurer's office, the county assessor's office, the court administration, the recorder's office, and other county general service offices.

The Public Safety activities include expenditures for correction activities, the operation of the sheriff's office and the county jail.

The Human Service activities include the administration of all federal, state and county human services programs, including child support collection activities, social service programs such as child protection services.

The Conservation of Natural Resources activities include expenditures relating to soil and water conservation and the county extension service.

A SUMMARY BALANCE SHEET OF GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	Special Revenue Funds						
	General Fund	Road and Bridge	Community Services	Forfeited Tax	Wastewater Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets and Deferred Outflows							
Assets							
Cash and pooled investments	\$4,547,689	\$6,639,334	\$1,925,746	\$2,591,446	\$152,501	\$2,341,098	\$18,197,814
Taxes receivable - prior	64,977	25,817	46,353	-	-	7,179	144,326
Special assessments receivable - prior	-	-	-	-	3,937	51,066	55,003
Accounts receivable	5,353	491	8,250	-	-	88,778	102,872
Loans receivable	200,000	-	-	-	-	-	200,000
Accrued interest receivable	42,974	-	-	-	-	387	43,361
Due from other funds	881,819	379,583	184	-	-	356,195	1,617,781
Due from other governments	88,470	234,627	292,437	-	65,157	88,989	769,680
Inventories	-	413,977	-	-	-	-	413,977
Prepaid items	-	-	28,985	-	-	-	28,985
Total Assets	\$5,831,282	\$7,693,829	\$2,301,955	\$2,591,446	\$221,595	\$2,933,692	\$21,573,799
Deferred Outflows							
Special assessments - noncurrent	-	-	-	-	1,220,121	-	1,220,121
County State Aid Highway Allotment	-	1,036,942	-	-	-	-	1,036,942
Total Deferred Outflows	\$-	\$1,036,942	\$-	\$-	\$1,220,121	\$-	\$2,257,063
Total Assets and Deferred Outflows	\$5,831,282	\$8,730,771	\$2,301,955	\$2,591,446	\$1,441,716	\$2,933,692	\$23,830,862
Liabilities, Deferred Inflows and Fund Balances							
Liabilities							
Accounts payable	\$72,521	\$17,857	\$146,501	\$-	\$-	\$26,831	\$263,710
Salaries payable	98,098	38,801	56,479	-	-	52,788	246,166
Contracts payable	-	8,791	-	-	-	38,293	47,084
Due to other funds	11,768	694	4,725	1,596,988	-	3,606	1,617,781
Due to other governments	3,558	-	20,031	994,458	-	1,075	1,019,122
Advanced County State Aid Highway Allotment	-	122,923	-	-	-	-	122,923
Total Liabilities	\$185,945	\$189,066	\$227,736	\$2,591,446	\$-	\$122,593	\$3,316,786
Deferred Inflows							
Taxes	\$49,784	\$19,781	\$35,515	\$-	\$-	\$5,500	\$110,580
Loans	160,243	-	-	-	-	-	160,243
Special assessments	-	-	-	-	1,224,058	51,066	1,275,124
County State Aid Highway Allotment	-	1,103,927	-	-	-	-	1,103,927
Total Deferred Inflows	\$210,027	\$1,123,708	\$35,515	\$-	\$1,224,058	\$56,566	\$2,649,874
Fund Balances							
Non-spendable							
Inventories	\$-	\$413,977	\$-	\$-	\$-	\$-	\$413,977
Restricted for							
Board of Water and Soil Resources Grant	-	-	-	-	-	86,503	86,503
County State Aid Highway Allotment	-	424,624	-	-	-	-	424,624
Debt service	-	-	-	-	217,658	-	217,658
Economic development	-	-	-	-	-	22,500	22,500
Employee benefits	60,598	-	-	-	-	-	60,598
Enhanced 911	152,419	-	-	-	-	-	152,419
Forest development	-	-	-	-	-	447,038	447,038
Help America Vote Act	80,474	-	-	-	-	-	80,474
Infrastructure	-	-	-	-	-	70,521	70,521
Law library	16,242	-	-	-	-	-	16,242
Technology	55,312	-	-	-	-	-	55,312
Committed to							
Budget reserves	3,358,549	1,636,330	399,121	-	-	572,272	5,966,272
Capital projects	-	-	-	-	-	68,710	68,710
Cold box facility project	205,000	-	-	-	-	-	205,000
Compensated absences	909,362	-	-	-	-	-	909,362
Contingencies	550,000	-	-	-	-	-	550,000
Motor pool	47,354	-	-	-	-	-	47,354
Assigned to							
Community services	-	-	1,639,583	-	-	-	1,639,583
County development	-	-	-	-	-	154,810	154,810
Environmental service	-	-	-	-	-	863,884	863,884
Forest development	-	-	-	-	-	353,941	353,941
Highways and streets	-	4,943,066	-	-	-	-	4,943,066
Public health	-	-	-	-	-	114,354	114,354
Total Fund Balances	\$5,435,310	\$7,417,997	\$2,038,704	\$-	\$217,658	\$2,754,533	\$17,864,202
Total Liabilities, Deferred Inflows and Fund Balances	\$5,831,282	\$8,730,771	\$2,301,955	\$2,591,446	\$1,441,716	\$2,933,692	\$23,830,862

A SUMMARY OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Road and Bridge Special Revenue Fund	Community Services Special Revenue Fund	Forfeited Tax Special Revenue Fund	Wastewater Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$1,879,011	\$671,543	\$1,144,997	\$-	\$-	\$155,684	\$3,851,235
Special assessments	-	-	-	-	97,300	469,053	566,353
Licenses and permits	11,290	-	-	-	-	-	11,290
Intergovernmental	2,649,598	4,595,936	2,481,518	-	-	1,965,740	11,692,792
Charges for services	163,690	21,011	89,486	-	127,871	633,932	1,035,990
Fines and forfeitures	13,643	-	-	-	-	-	13,643
Investment earnings	274,999	-	-	-	184	842	276,025
Land and timber sales	-	-	-	3,392,256	-	-	3,392,256
Miscellaneous	865,967	117,295	458,929	20,603	-	69,445	1,532,239
Total Revenues	\$5,858,198	\$5,405,785	\$4,174,930	\$3,412,859	\$225,355	\$3,294,696	\$22,371,823
Expenditures							
Current							
General government	\$2,946,033	\$-	\$-	\$-	\$-	\$-	\$2,946,033
Public safety	2,257,723	-	-	-	-	-	2,257,723
Highways and streets	-	5,835,473	-	-	-	-	5,835,473
Sanitation	-	-	-	-	-	1,190,866	1,190,866
Human services	-	-	4,088,015	-	-	-	4,088,015
Health	-	-	-	-	-	905,579	905,579
Culture and recreation	310,891	-	-	-	-	17,640	328,531
Conservation of natural resources	157,788	-	-	1,022,539	-	1,166,733	2,347,060
Economic development	808,295	-	-	-	-	981,759	1,790,054
Total Current	\$6,480,730	\$5,835,473	\$4,088,015	\$1,022,539	\$-	\$4,262,577	\$21,689,334
Debt Service							
Principal retirement	\$-	\$-	\$-	\$-	\$219,000	\$-	\$219,000
Interest	-	-	-	-	32,740	-	32,740
Total Debt Service	\$-	\$-	\$-	\$-	\$251,740	\$-	\$251,740
Capital Outlay							
General government	\$31,502	\$-	\$-	\$-	\$-	\$-	\$31,502
Public safety	61,734	-	-	-	-	-	61,734
Highways and streets	-	529,354	-	-	-	-	529,354
Sanitation	-	-	-	-	-	69,046	69,046
Conservation of natural resources	-	-	-	-	-	29,530	29,530
Economic development						127,720	127,720
Total Capital Outlay	\$93,236	\$529,354	\$-	\$-	\$-	\$226,296	\$848,886
Total Expenditures	\$6,573,966	\$6,364,827	\$4,088,015	\$1,022,539	\$251,740	\$4,488,873	\$22,789,960
Excess of Revenues Over							
(Under) Expenditures	\$(715,768)	\$(959,042)	\$86,915	\$2,390,320	\$(26,385)	\$(1,194,177)	\$(418,137)
Other Financing Sources (Uses)							
Transfers in	\$900,861	\$368,194	\$63,689	\$-	\$-	\$1,224,068	\$2,556,812
Transfers out	(141,492)	-	-	(2,390,320)	-	(25,000)	(2,556,812)
Total Other Financing Sources (Uses)	\$759,369	\$368,194	\$63,689	\$(2,390,320)	\$-	\$1,199,068	\$-
Net Change in Fund Balance	\$43,601	\$(590,848)	\$150,604	\$-	\$(26,385)	\$4,891	\$(418,137)
Fund Balance - January 1, as previously reported							
prior period adjustment	80,473	235,904					316,377
Fund Balance - January 1 as restated	\$5,391,709	\$7,909,209	\$1,888,100	\$-	\$244,043	\$2,749,642	\$18,182,703
Increase (decrease) in inventories	-	99,636	-	-	-	-	99,636
Fund Balance - December 31	\$5,435,310	\$7,417,997	\$2,038,704	\$-	\$217,658	\$2,754,533	\$17,864,202