

**BENTON COUNTY**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2020**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING



**BENTON COUNTY  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2020**

**INTRODUCTORY SECTION**

<b>ORGANIZATION</b>	<b>1</b>
---------------------	----------

**FINANCIAL SECTION**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>2</b>
-------------------------------------	----------

**REQUIRED SUPPLEMENTARY INFORMATION**

<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>5</b>
---	----------

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

<b>STATEMENT OF NET POSITION</b>	<b>17</b>
----------------------------------	-----------

<b>STATEMENT OF ACTIVITIES</b>	<b>19</b>
--------------------------------	-----------

<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>20</b>
---	-----------

<b>RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES</b>	<b>22</b>
--	-----------

<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>23</b>
---	-----------

<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES</b>	<b>25</b>
---	-----------

<b>STATEMENT OF NET POSITION – INTERNAL SERVICE FUND</b>	<b>26</b>
--	-----------

<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – INTERNAL SERVICE FUND</b>	<b>27</b>
--	-----------

<b>STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUND</b>	<b>28</b>
--	-----------

<b>STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS</b>	<b>29</b>
--	-----------

<b>STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS</b>	<b>30</b>
---	-----------

<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>31</b>
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**BENTON COUNTY  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

**FINANCIAL SECTION (CONTINUED)**

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED RATIOS, AND NOTES	81
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	82
SCHEDULE OF COUNTY CONTRIBUTIONS	83
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	84
BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE FUND	86
BUDGETARY COMPARISON SCHEDULE – HUMAN SERVICES FUND	87
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	88
 <b>SUPPLEMENTARY INFORMATION</b>	
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	98
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	99
COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS – PRIVATE-PURPOSE TRUST FUNDS	101
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS – PRIVATE-PURPOSE TRUST FUNDS	103
COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS – CUSTODIAL FUNDS	105
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS – CUSTODIAL FUNDS	107
 <b>OTHER SUPPLEMENTARY INFORMATION</b>	
SCHEDULE OF INTERGOVERNMENTAL REVENUE	109

**BENTON COUNTY  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

**REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS* AND  
SINGLE AUDIT**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	111
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	113
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	116
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	126
INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE	128



## **INTRODUCTORY SECTION**



**BENTON COUNTY  
ORGANIZATION  
DECEMBER 31, 2020**

Office	Name	Term	
		From	To
<b>Commissioners</b>			
1 <sup>st</sup> District	Warren Peschl	January 2017	January 2021
2 <sup>nd</sup> District	Ed Popp	January 2019	January 2023
3 <sup>rd</sup> District	Steve Heinen	January 2019	January 2023
4 <sup>th</sup> District	Spencer Buerkle*	January 2017	January 2021
5 <sup>th</sup> District	Allen (Jake) Bauerly	January 2017	January 2021
<b>Officers</b>			
<u>Elected</u>			
Attorney	Philip Miller	January 2019	January 2023
Auditor-Treasurer	Nadean Inman	January 2019	January 2023
Sheriff	Troy Heck	January 2019	January 2023
<u>Appointed</u>			
Administrator	Montgomery Headley	Indefinite	
Land Services Director/Assessor	Michael K Harvey III	June 2018	January 2021
Court Administrator	Cheri Woehler	Indefinite	
Dept of Development Director	Roxanne Achmav	Indefinite	
Highway Engineer	Christopher Byrd, P.E.	June 2020	May 2024
Human Services Director	Robert Cornelius	Indefinite	
Veterans Services Officer	George Fiedler	June 2020	May 2024
<b>Human Services Board</b>			
Chair	Warren Peschl	January 2017	January 2021
Member	Ed Popp	January 2019	January 2023
Member	Spencer Buerkle	January 2017	January 2021
Member	Allen (Jake) Bauerly	January 2017	January 2021
Vice-Chair	Steve Heinen	January 2019	January 2023

\* Chair

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## **FINANCIAL SECTION**





## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Benton County  
Foley, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County as of December 31, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter Regarding Change in Accounting Principle***

During the year ended December 31, 2020, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the County reported a restatement for a change in accounting principle (see Note 11). Our auditors' opinion was not modified with respect to the restatement.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the total OPEB liability, related ratios, and notes, schedule of the proportionate share of the net pension liability, schedule of contributions, and notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Board of County Commissioners  
Benton County

*Supplementary Information (continued)*

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2021, on our consideration of Benton 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Benton County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benton County's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
August 26, 2021

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**REQUIRED SUPPLEMENTARY INFORMATION**



**BENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

This section of Benton County's (County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on December 31, 2020. The management's discussion and analysis (MD&A) is required supplementary information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34. Certain comparative information between the current year, 2020, and the prior year, 2019, is required to be presented in the MD&A.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2019-2020 fiscal years include the following:

- ◆ Government-wide net position increased 10.0% from the prior year; this is primarily due to the receipt of federal Coronavirus Aid, Relief and Economic Security Act (CARES) funding.
- ◆ Overall fund-level revenues totaled \$52,770,258 and were \$4,465,649 more than expenditures.
- ◆ The General Fund's fund balance increased \$3,212,945 from the prior year, primarily due to the CARES grant.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – independent auditor's report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and required supplementary information other than MD&A. The basic financial statements include two kinds of statements that present different views of the County:

- ◆ The first two statements are government-wide financial statements which provide both short-term and long-term information about the County's overall financial status.
- ◆ The remaining statements are fund financial statements which focus on individual parts of the County, reporting the County's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how basic services such as general government, human services, and highways and streets were financed in the short-term, as well as what remains for future spending.
  - Fiduciary funds statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others to whom the resources belong.

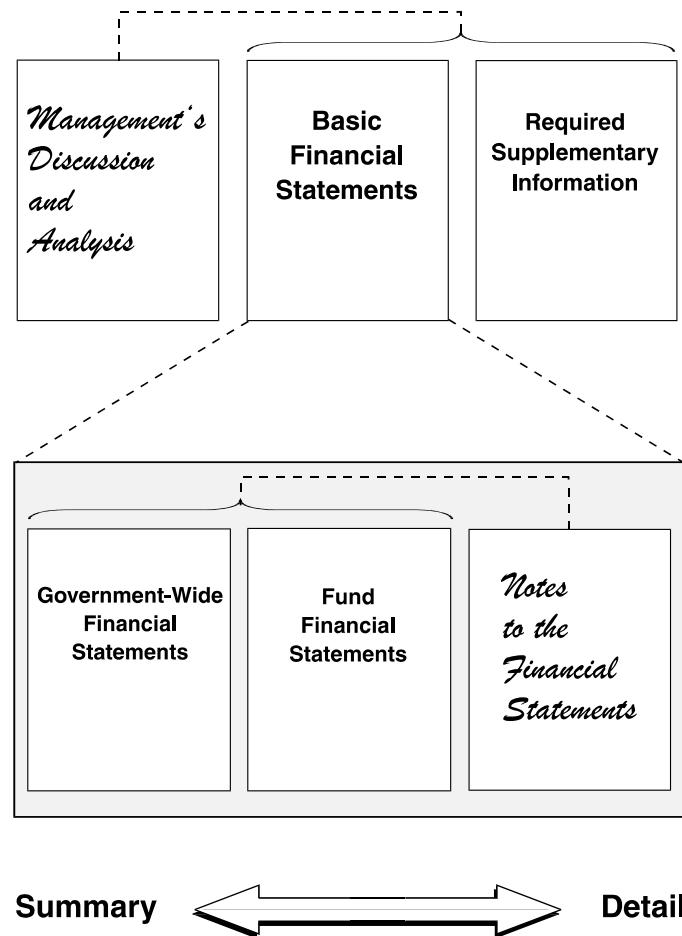
**BENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Annual Report Format**



**BENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

<b>Figure A-2. Major Features of the County's Government-Wide and Fund Financial Statements</b>				
<b>Type of statements</b>	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire County's government (except fiduciary funds).	The activities of the County that are not proprietary or fiduciary.	The activities of the County that operate similar to private businesses: internal service.	Instances in which the County is the trustee or agent for someone else's resources.
<b>Required financial statements</b>	Statement of net position.	Balance sheet.	Statement of net position.	Statement of fiduciary net position.
	Statement of activities.	Statement of revenues, expenditures, and changes in fund balances.	Statement of revenues, expenses, and change in net position and statement of cash flows.	Statement of changes in fiduciary net position.
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
<b>Type of asset/liability information</b>	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term.	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter, no capital assets included.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term; these funds do not currently contain capital assets, although they can.
<b>Type of inflow/outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during year, regardless of when cash is received or paid.

**Government-Wide Statements**

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**BENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

## **OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

### **Government-Wide Statements (Continued)**

The two government-wide statements report the County's net position and how it has changed. Net position – the difference between the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the County's financial health or position.

- ◆ Over time, increases or decreases in the County's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- ◆ To assess the overall health of the County, you need to consider additional nonfinancial factors such as changes in the County's property tax base and the condition of County buildings and other facilities.
- ◆ Governmental activities – the County's basic services are included here. Property taxes and state aids finance most of these activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the County's funds – focusing on its most significant or "major" funds – not the County as a whole. Funds are accounting devices the County uses to keep track of specific sources of funding and spending on particular programs:

- ◆ Some funds are required by state law and by bond covenants.
- ◆ The County establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

### **The County has three kinds of funds:**

- ◆ Governmental funds – The County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide a reconciliation that explains the relationship (or differences) between them.
- ◆ Proprietary Fund – The County uses this fund to manage the self-insurance activities.
- ◆ Fiduciary funds – The County is the fiscal agent, or fiduciary, for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the government-wide financial statements because the County cannot use these assets to finance its operations.

**BENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

**Net Position**

The County's net position was \$115,082,223 on December 31, 2020. (See Table A-1).

The increase in total net position was primarily due to an increase in intergovernmental revenues.

**Table A-1  
The County's Net Position**

	Governmental Activities		Percent Change
	2020	2019	
Current and Other Assets	\$ 41,836,863	\$ 36,446,859	14.8 %
Capital Assets	98,130,626	94,714,322	3.6
Total Assets	139,967,489	131,161,181	6.7
Deferred Outflows of Resources	2,712,232	2,862,647	(5.3)
Other Liabilities	3,449,249	2,678,927	28.8
Long-Term Liabilities	21,253,126	20,491,152	3.7
Total Liabilities	24,702,375	23,170,079	6.6
Deferred Inflows of Resources	2,895,123	6,218,209	(53.4)
Net Position:			
Net investment in Capital Assets	92,672,812	88,455,996	4.8
Restricted	11,015,717	9,847,066	11.9
Unrestricted	11,393,694	6,332,478	79.9
Total Net Position	<u><u>\$ 115,082,223</u></u>	<u><u>\$ 104,635,540</u></u>	10.0

**BENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

**Changes in Net Position**

The government-wide total revenues were \$52,546,906 for the year ended December 31, 2020. Property taxes, wheelage taxes, and intergovernmental revenues accounted for 88.2% of total revenue for the year. Total revenues for 2020 increased 25.8% from 2019, as charges for services decreased from the prior year. Total expenses increased by 7.3% due to an increase in public safety and highways and streets (see Table A-2).

**Table A-2  
Change in Net Position**

	Governmental Activities		Total % Change
	2020	2019	
<b>REVENUES</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 2,969,774	\$ 3,932,384	(24.5)%
Operating Grants and Contributions	19,790,166	12,213,774	62.0
Capital Grants and Contributions	2,709,265	677,538	299.9
<u>General Revenues</u>			
Property and Wheelage Taxes	20,743,945	20,462,017	1.4
Unrestricted State Aid	3,089,294	2,890,935	6.9
Investment Earnings	241,771	584,506	(58.6)
Other	3,002,691	999,480	200.4
Total Revenues	<u>52,546,906</u>	<u>41,760,634</u>	<u>25.8</u>
<b>EXPENSES</b>			
General Government	7,008,784	6,714,048	4.4
Public Safety	9,729,413	9,077,980	7.2
Highways and Streets	9,149,881	7,739,303	18.2
Human Services	11,614,538	12,500,295	(7.1)
Health	1,346,682	1,041,050	29.4
Culture and Recreation	557,919	581,494	(4.1)
Conservation of Natural Resources	961,478	1,016,014	(5.4)
Economic Development	1,622,998	431,735	275.9
Interest and Fiscal Charges on Long-Term Liabilities	108,530	136,497	(20.5)
Total Expenses	<u>42,100,223</u>	<u>39,238,416</u>	<u>7.3</u>
<b>INCREASE IN NET POSITION</b>			
	10,446,683	2,522,218	314.2
Net Position - Beginning of Year	<u>104,635,540</u>	<u>102,113,322</u>	<u>2.5</u>
<b>NET POSITION - END OF YEAR</b>	<b><u>\$ 115,082,223</u></b>	<b><u>\$ 104,635,540</u></b>	<b><u>10.0</u></b>

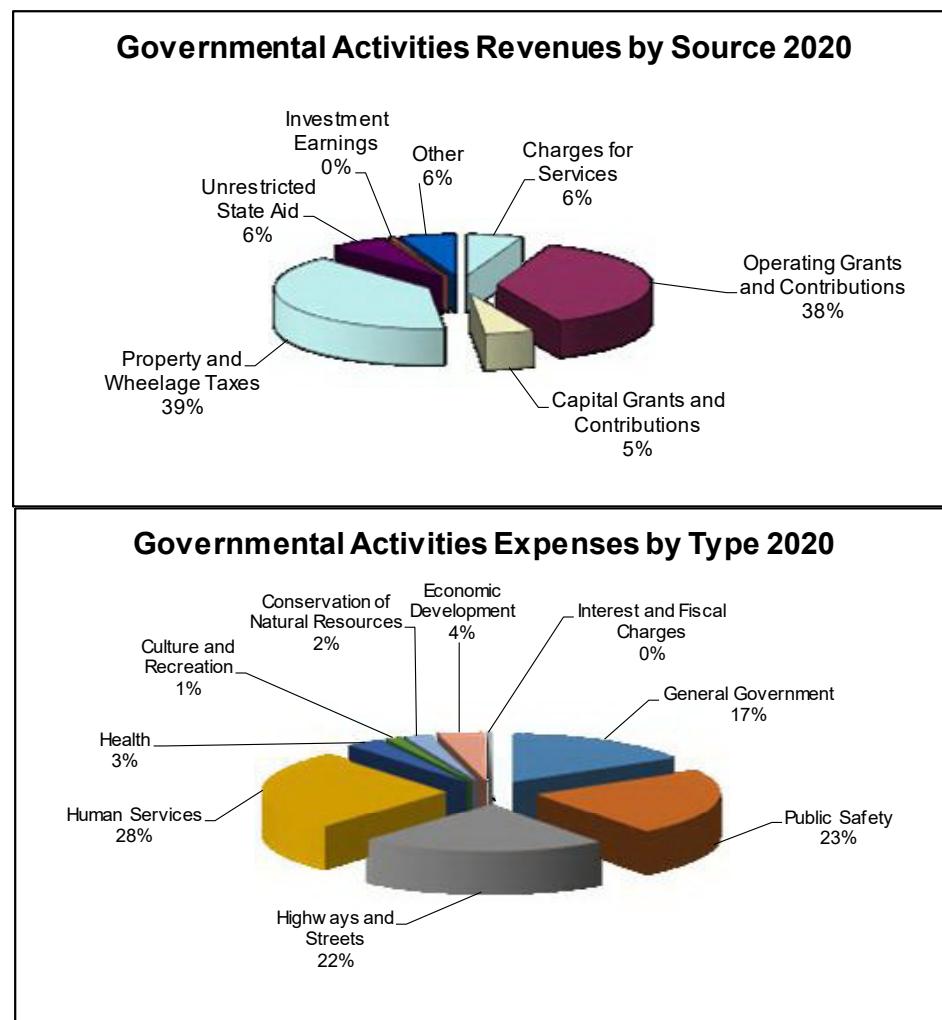
**BENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

**Changes in Net Position (Continued)**

The government-wide cost of all governmental activities this year was \$42,100,223.

- ◆ Some of the cost was paid by the users of the County's programs (\$2,969,774).
- ◆ The federal and state governments contributed to certain programs with grants and contributions (\$22,499,431).
- ◆ A significant portion of the County's remaining costs (\$16,631,018) were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$23,522,610 in property and other taxes, \$3,089,294 of state aid, and \$465,797 from investment earnings and other general revenues.



**BENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

**Changes in Net Position (Continued)**

Table A-3 presents the cost of each of the County's program functions, as well as each function's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

**Table A-3  
Expenses and Net (Revenue) Cost of Services**

	Total Cost of Services		Percentage Change	Net (Revenue) Cost of Services		Percentage Change
	2020	2019		2020	2019	
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 7,008,784	\$ 6,714,048	4.4 %	\$ 4,841,953	\$ 4,920,941	(1.6)%
Public Safety	9,729,413	9,077,980	7.2	5,371,007	8,028,305	(33.1)
Highways and Streets	9,149,881	7,739,303	18.2	1,717,726	2,755,549	(37.7)
Human Services	11,614,538	12,500,295	(7.1)	4,071,303	5,181,528	(21.4)
Health	1,346,682	1,041,050	29.4	(67,706)	151,964	(144.6)
Culture and Recreation	557,919	581,494	(4.1)	478,181	391,936	22.0
Conservation of Natural Resources	961,478	1,016,014	(5.4)	(226,976)	430,070	(152.8)
Economic Development	1,622,998	431,735	275.9	337,000	417,930	(19.4)
Interest and Fiscal Charges on Long-Term Liabilities	108,530	136,497	(20.5)	108,530	136,497	(20.5)
Total	<u>\$ 42,100,223</u>	<u>\$ 39,238,416</u>	<u>7.3</u>	<u>\$ 16,631,018</u>	<u>\$ 22,414,720</u>	<u>(25.8)</u>

**FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL**

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$35,616,725.

Revenues for the County's governmental funds were \$52,770,258, while total expenditures were \$48,304,609. The associated increase of \$4,465,649 resulted from revenues being higher than expenditures and 2020 revenues increasing from 2019 revenues.

**General Fund**

The General Fund includes the primary operations of the County in providing services to citizens. The year-ending fund balance in the General Fund increased by \$3,212,945 from 2019, primarily due to a \$6 million increase in intergovernmental revenues.

**Road and Bridge Fund**

The Road and Bridge Fund accounts for financial activity related to the construction and maintenance of the County road system, including County state-aid highways and County roads. The fund balance in the Road and Bridge Fund decreased by \$202,756 (excluding the adjustment for change in inventory) from 2019, due primarily to an increase in highways and streets expenditures.

**BENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL (CONTINUED)**

**Human Services Fund**

The Human Services Fund accounts for financial activity related to the provision of social services, medical and financial assistance, and public health. The fund balance in the Human Services Fund increased by \$988,971 from 2019. This increase can be attributed primarily to more than expected intergovernmental revenues and less expenditures than budgeted.

**Miscellaneous Special Revenue Fund**

The Miscellaneous Special Revenue Fund accounts for the financial activity related to a number of smaller activities, including solid waste management, E-911 surcharge funds, natural resources block grants, and park dedication fees. The fund balance in the Miscellaneous Fund increased by \$148,818 from 2019. This increase can be attributed primarily to a decrease in general government and public safety expenditures in 2020.

**Debt Service Fund**

The Debt Service Fund accounts for principal, interest, and fiscal agent fees associated with the County's outstanding debt, including general obligation debt. The fund balance in the Debt Service Fund increased by \$84,800 in 2020 from 2019. This increase is attributed to increased tax revenue in excess of scheduled principal debt service payments.

**Capital Projects Fund**

The Capital Projects Fund accounts for the financing of multi-year capital projects, including those funded with Capital Improvement Plan bonds, property tax, and sales tax revenues. The fund balance increase of \$183,367 was due to an increase in sales tax revenues offsetting the \$2.77 million transfer out for project expenditures.

The following schedule presents a summary of General Fund revenues:

**Table A-4  
General Fund Revenues**

	Year Ended		Change	
	December 31, 2020	December 31, 2019	Increase (Decrease)	Percent
Taxes	\$ 12,333,455	\$ 11,771,175	\$ 562,280	4.8 %
Intergovernmental	8,220,558	2,072,838	6,147,720	296.6
Charges for Services	1,376,950	1,590,548	(213,598)	(13.4)
Investment Earnings	229,993	575,864	(345,871)	(60.1)
Miscellaneous and Other	543,213	534,344	8,869	1.7
<b>Total General Fund Revenues</b>	<b>\$ 22,704,169</b>	<b>\$ 16,544,769</b>	<b>\$ 6,159,400</b>	<b>37.2</b>

Total General Fund revenue increased by \$6,159,400, or 37.2%, from 2019. This increase was due primarily to increased taxes and intergovernmental revenue which was offset with a decrease in investment earnings and charges for services revenue.

**BENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL (CONTINUED)**

The following schedule presents a summary of General Fund expenditures:

**Table A-5  
General Fund Expenditures**

	Year Ended		Change	
	December 31, 2020	December 31, 2019	Increase (Decrease)	Percent
General Government	\$ 6,491,619	\$ 6,236,382	\$ 255,237	4.1 %
Public Safety	9,313,351	8,470,489	842,862	10.0
Health	107,233	103,139	4,094	4.0
Culture and Recreation	547,979	556,153	(8,174)	(1.5)
Conservation of Natural Resources	462,090	423,845	38,245	9.0
Economic Development	1,611,039	338,753	1,272,286	375.6
Capital Outlay	475,841	32,441	443,400	1366.8
Debt Service	14,339	-	14,339	100.0
<b>Total Expenditures</b>	<b>\$ 19,023,491</b>	<b>\$ 16,161,202</b>	<b>\$ 2,862,289</b>	<b>17.7</b>

Total General Fund expenditures increased by \$2,862,289, or 17.7%, from 2019 due primarily to increased public safety expenditures.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

- ◆ Actual revenues were \$5,745,233 more than budgeted. This favorable variance is due primarily to higher than expected intergovernmental revenues.
- ◆ Actual expenditures were \$1,981,375 more than budgeted due to unexpected spending related to the COVID-19 pandemic.

**CONSTRUCTION PROJECTS AND DEBT SERVICE**

The Capital Projects Fund accounts for the use of bond proceeds, State County Program Aid, and other resources to finance the purchase or improvement of capital assets. Activity during 2020 was related to building improvements and infrastructure projects.

An annual levy is made to fund the bond payments for all previous bond issues.

**BENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**CAPITAL ASSETS**

By the end of 2020, the County had invested over \$190 million (before depreciation) in a broad range of capital assets, including buildings, computers, equipment, and infrastructure (see Table A-6). (More detailed information about capital assets can be found in Note 3.A to the financial statements.) Total depreciation expense for the year was \$5,598,147.

**Table A-6  
Capital Assets**

	Governmental Activities		Percent Change
	2020	2019	
Land	\$ 2,346,666	\$ 2,346,666	- %
Right-of-Way	16,177,111	16,086,682	0.6
Construction-in-Progress	579,009	3,238,215	(82.1)
Infrastructure	139,046,733	128,219,712	8.4
Land Improvements	364,356	364,356	-
Buildings	19,821,501	19,620,743	1.0
Machinery, Vehicles, Furniture, and Equipment	12,099,135	11,836,988	2.2
Less: Accumulated Depreciation	(92,303,885)	(86,999,040)	6.1
<b>Total</b>	<b><u>\$ 98,130,626</u></b>	<b><u>\$ 94,714,322</u></b>	3.6

**LONG-TERM LIABILITIES**

At year-end, the County had \$21,253,126 in long-term liabilities outstanding.

- ◆ The County's total long-term liabilities increased \$831,735, mainly due to an increase in the net pension liability.

**Table A-7  
The County's Long-Term Liabilities**

<b>GOVERNMENTAL ACTIVITIES</b>	2020		Percent Change
	2020	2019	
General Obligation Bonds	\$ 4,860,525	\$ 5,795,343	(16.1)%
Capital Lease	69,530	453,311	(84.7)
Compensated Absences	3,086,635	2,819,519	9.5
Net Pension Liability	11,835,973	10,300,029	14.9
Other Postemployment Health Care Benefits	1,400,463	1,053,189	33.0
<b>Total</b>	<b><u>\$ 21,253,126</u></b>	<b><u>\$ 20,421,391</u></b>	4.1

**BENTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

## **FACTORS BEARING ON THE COUNTY'S FUTURE**

The fiscal uncertainties of a year ago have moderated. A predicted State of Minnesota budget deficit of \$2.4 billion shifted to a \$1 billion surplus as the State adopted its fiscal 2022-2023 biennial budget in June 2021. That biennial budget included no reductions in local government aid, nor any new unfunded mandates or cost-shifts, all welcome news for local governments in Minnesota.

Locally, some financial impacts of the COVID pandemic remain. Jail populations are still well below historical norms, creating substantial reductions in out-of-county boarding revenue. Reduced fuel consumption during the pandemic has led to declining state aid for road maintenance and construction. Helping to offset those reductions in the short-term will be federal American Rescue Plan Act funds, which can replace revenues lost due to the pandemic. Such revenue replacement can serve as a bridge to a point in time when revenues return to normal levels.

Other financial impacts related to the pandemic include sudden increases in prices for commodities used by County Departments, as supply chains are disrupted or extraordinary demand exists. Also, in cases where the County contracts for outside professional services or labor, those employers are facing higher wage costs, which they pass on to the County. Overall, it appears the era of low inflation is over.

The County, like most all employers, is facing unprecedented conditions in the labor market. Pressures to increase wages and benefits to remain competitive are mounting. To respond, the County completed a comprehensive wage study in 2021 and implemented its results in July 2021. The study produced substantial increases in the County's starting wage rates, in particular for entry-level positions where the County has struggled with recruitments. Implementing the wage study should help with the County's recruitment and retention efforts, although the cost will most likely produce the largest property tax levy increase the County has seen in a decade.

Benton County is among the 15 fastest growing counties in Minnesota. Population growth will likely lead to demands for increased staffing in most areas of County government, particularly the front-line customer and client servicing positions. One immediate response to the pandemic was to allow large numbers of employees to work remotely. State waivers allowing County employees to interact with clients remotely made remote work possible. Long term not as many employees may be able to work remotely, which could lead to office space shortages.

In response, the County is exploring office space options, which could include land acquisition and new construction. While some portion of the financing for new office space could come from cash on hand, capital improvement plan bonding may be required. Adding new debt would require increased property tax levies to pay the principal and interest on those bonds. Over the past ten years the County has reduced its outstanding bonded debt by 50 percent, providing sufficient bonding capacity for an office project.

Lastly, despite additional costs resulting from the pandemic and related revenue losses, County fund balances remain in excellent condition. Widespread property tax delinquencies did not materialize as once feared. In fact, property tax collections during the pandemic performed at normal, pre-pandemic levels. Although fiscal uncertainties remain as the pandemic is still not fully under control, County finances have demonstrated resilience, positioning the County to function effectively despite a slow and uneven economic recovery.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Montgomery Headley, County Administrator, at (320) 968-5001.

## **BASIC FINANCIAL STATEMENTS**

**BENTON COUNTY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	Governmental Activities
<b>ASSETS</b>	
Cash and Pooled Investments	\$ 35,027,315
Petty Cash and Change Funds	2,800
Taxes Receivable:	
Delinquent	82,363
Special Assessments Receivable:	
Delinquent	8,442
Noncurrent	657,700
Accounts Receivable	552,846
Accrued Interest Receivable	28,427
Loans Receivable, Net of Allowance	327,512
Due from Other Governments	4,684,780
Inventories	139,053
Prepaid Items	325,625
Nondepreciable Capital Assets:	
Land	2,346,666
Right-of-Way	16,177,111
Construction-in-Progress	579,009
Depreciable Capital Assets:	
Building (Net)	9,866,939
Machinery, Vehicles, Furniture, and Equipment (Net)	4,731,340
Land Improvements (Net)	172,182
Infrastructure (Net)	64,257,379
Total Assets	139,967,489
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related	2,441,280
Total Other Postemployment Benefits Payable Related	270,952
Total Deferred Outflows of Resources	<hr/> 2,712,232

See accompanying Notes to Financial Statements.

**BENTON COUNTY**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**DECEMBER 31, 2020**

	Governmental Activities
<b>LIABILITIES</b>	
Accounts Payable	\$ 597,344
Claims Payable	703,826
Salaries Payable	675,545
Contracts Payable	1,039,901
Due to Other Governments	253,086
Accrued Interest Payable	59,891
Unearned Revenue	119,656
Compensated Absences Payable - Due in Less than One Year	154,332
Total Other Postemployment Benefits Payable - Due in Less than One Year	89,710
General Obligation Bonds Payable - Due in Less than One Year	930,000
Capital Leases Payable - Due in Less than One Year	36,515
Compensated Absences Payable - Due in More than One Year	2,932,303
Total Other Postemployment Benefits Payable - Due in More than One Year	1,310,753
General Obligation Bonds Payable - Due in More than One Year	3,930,525
Capital Leases Payable - Due in More than One Year	33,015
Net Pension Liability - Due in More than One Year	<u>11,835,973</u>
Total Liabilities	24,702,375
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related	2,868,619
Total Other Postemployment Benefits Payable Related	<u>26,504</u>
Total Deferred Inflows of Resources	2,895,123
<b>NET POSITION</b>	
Net Investment in Capital Assets	92,672,812
Restricted for:	
General Government	115,735
Public Safety	441,209
Highways and Streets	702,829
Human Services	188,148
Culture and Recreation	87,028
Conservation of Natural Resources	5,113,673
Economic Development	1,537,881
Debt Service	2,829,214
Unrestricted	<u>11,393,694</u>
Total Net Position	<u><u>\$ 115,082,223</u></u>

See accompanying Notes to Financial Statements.

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**BENTON COUNTY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

FUNCTIONS/PROGRAMS	Program Revenues					Net (Expense) Revenue and Changes in Net Position
	Fees, Charges, Fines, and Other		Operating Grants and Contributions		Capital Grants and Contributions	
	Expenses				Governmental Activities	
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 7,008,784	\$ 1,656,583	\$ 510,248	\$ -	\$ (4,841,953)	
Public Safety	9,729,413	327,244	4,031,162		-	(5,371,007)
Highways and Streets	9,149,881	410,033	5,203,639	1,818,483		(1,717,726)
Human Services	11,614,538	517,870	7,025,365		-	(4,071,303)
Health	1,346,682	2,006	1,412,382		-	67,706
Culture and Recreation	557,919	34,869	44,869		-	(478,181)
Conservation of Natural Resources	961,478	8,242	289,430	890,782		226,976
Economic Development	1,622,998	12,927	1,273,071		-	(337,000)
Interest	108,530	-	-		-	(108,530)
Total Governmental Activities	<u>\$ 42,100,223</u>	<u>\$ 2,969,774</u>	<u>\$ 19,790,166</u>	<u>\$ 2,709,265</u>		<u>(16,631,018)</u>
<b>GENERAL REVENUES</b>						
Property Taxes						19,967,808
Wheelage Taxes						776,137
Gravel Taxes						60,639
Mortgage Registry and Deed Tax						54,298
Payments in Lieu of Taxes						30,728
Sales Tax						2,633,000
Grants and Contributions Not Restricted to Specific Programs						3,089,294
Unrestricted Investment Earnings						241,771
Miscellaneous						224,026
Total General Revenues						<u>27,077,701</u>
<b>CHANGE IN NET POSITION</b>						
Net Position - Beginning of Year						10,446,683
<b>NET POSITION - END OF YEAR</b>						<u>\$ 115,082,223</u>

See accompanying Notes to Financial Statements.

**BENTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Road and Bridge	Human Services	Miscellaneous
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 10,269,168	\$ 1,677,556	\$ 6,533,893	\$ 5,555,706
Petty Cash and Change Funds	2,800	-	-	-
Taxes Receivable:				
Delinquent	48,166	9,353	19,534	-
Special Assessments Receivable:				
Delinquent	-	-	-	5,828
Noncurrent	-	-	-	657,700
Accounts Receivable	41,416	100	42,577	11,461
Accrued Interest Receivable	28,427	-	-	-
Due from Other Funds	196,175	3,976	-	76
Due from Other Governments	849,085	1,854,181	1,430,412	19,561
Inventories	-	139,053	-	-
Prepaid Items	110,557	25,719	76,537	22,944
Loans Receivable, Net of Allowance	-	-	-	-
Advances to Other Funds	150,260	-	-	-
<b>Total Assets</b>	<b><u>\$ 11,696,054</u></b>	<b><u>\$ 3,709,938</u></b>	<b><u>\$ 8,102,953</u></b>	<b><u>\$ 6,273,276</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 247,808	\$ 116,547	\$ 210,109	\$ 15,729
Salaries Payable	356,545	63,809	246,880	8,311
Contracts Payable	-	1,039,901	-	-
Due to Other Funds	9,813	-	28,213	28
Due to Other Governments	212,907	1,332	7,640	31,207
Unearned Revenue	-	-	49,088	70,568
Advance from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b><u>827,073</u></b>	<b><u>1,221,589</u></b>	<b><u>541,930</u></b>	<b><u>125,843</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	48,166	712,182	24,052	663,528
<b>FUND BALANCES</b>				
Nonspendable	260,817	164,772	76,537	22,944
Restricted	807,085	-	183,630	4,873,461
Committed	-	-	-	587,500
Assigned	-	1,611,395	7,276,804	-
Unassigned	9,752,913	-	-	-
<b>Total Fund Balances</b>	<b><u>10,820,815</u></b>	<b><u>1,776,167</u></b>	<b><u>7,536,971</u></b>	<b><u>5,483,905</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 11,696,054</u></b>	<b><u>\$ 3,709,938</u></b>	<b><u>\$ 8,102,953</u></b>	<b><u>\$ 6,273,276</u></b>

See accompanying Notes to Financial Statements.

**BENTON COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2020**

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 2,885,295	\$ 6,210,247	\$ 613,663	\$ 33,745,528
-	-	-	2,800
5,310	-	-	82,363
-	-	2,614	8,442
-	-	-	657,700
-	-	-	95,554
-	-	-	28,427
-	5,789	-	206,016
-	526,062	-	4,679,301
-	-	-	139,053
125	89,743	-	325,625
-	-	327,512	327,512
-	-	-	150,260
<b><u>\$ 2,890,730</u></b>	<b><u>\$ 6,831,841</u></b>	<b><u>\$ 943,789</u></b>	<b><u>\$ 40,448,581</u></b>

\$ 1,500	\$ -	\$ 5,651	\$ 597,344
-	-	-	675,545
-	-	-	1,039,901
-	-	167,962	206,016
-	-	-	253,086
-	-	-	119,656
-	-	150,260	150,260
1,500	-	323,873	3,041,808
5,310	-	336,810	1,790,048
125	89,743	-	614,938
2,883,795	512,142	614,642	9,874,755
-	6,229,956	-	6,817,456
-	-	-	8,888,199
-	-	(331,536)	9,421,377
<b><u>2,883,920</u></b>	<b><u>6,831,841</u></b>	<b><u>283,106</u></b>	<b><u>35,616,725</u></b>
<b><u>\$ 2,890,730</u></b>	<b><u>\$ 6,831,841</u></b>	<b><u>\$ 943,789</u></b>	<b><u>\$ 40,448,581</u></b>

See accompanying Notes to Financial Statements.

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**BENTON COUNTY**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2020**

**TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS** \$ 35,616,725

Total net position reported for governmental activities in the statement of net position is 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. 98,130,626

The County's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Liability	\$ (11,835,973)
Deferred Inflows of Resources - Pension Related	(2,868,619)
Deferred Outflows of Resources - Pension Related	<u>2,441,280</u>
	(12,263,312)

The County's Other Postemployment Benefit liability and related deferred outflows are recorded only on the statement of net position. Balances at year-end are:

Total Other Postemployment Benefits Liability	(1,400,463)
Deferred Inflows of Resources - OPEB Related	(26,504)
Deferred Outflows of Resources - OPEB Related	<u>270,952</u>
	(1,156,015)

Other long-term assets, such as delinquent taxes, delinquent and noncurrent special assessments, and certain state-aid highway allotments, are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. 1,790,048

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	(4,695,000)
Unamortized Bond Premium	(165,525)
Capital Leases	(69,530)
Compensated Absences	(3,086,635)
Accrued Interest Payable	<u>(59,891)</u>
	(8,076,581)

Internal service fund is used by the County to charge self-insurance services to individual funds. The assets, deferred outflows, liabilities and deferred inflows of the internal service fund are included in the governmental activities in the statement of net position. Internal service fund net position is: 1,040,732

**TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 115,082,223

**BENTON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	General	Road and Bridge	Human Services	Miscellaneous
<b>REVENUES</b>				
Taxes	\$ 12,333,455	\$ 2,303,110	\$ 4,961,512	\$ -
Sales Tax	-	-	-	-
Special Assessments	-	-	-	377,287
Licenses and Permits	350,286	58,418	-	65,050
Intergovernmental	8,220,558	7,194,881	8,316,313	427,863
Charges for Services	1,376,950	321,685	377,018	130,462
Fines and Forfeits	15,864	-	-	24,020
Gifts and Contributions	800	-	7,517	630
Investment Earnings	229,993	-	287	148
Miscellaneous	176,263	33,837	160,167	71,964
Total Revenues	<u>22,704,169</u>	<u>9,911,931</u>	<u>13,822,814</u>	<u>1,097,424</u>
<b>EXPENDITURES</b>				
Current:				
General Government	6,491,619	-	-	427,662
Public Safety	9,313,351	-	-	120,033
Highways and Streets	-	4,192,736	-	-
Human Services	-	-	11,418,827	-
Health	107,233	-	1,068,122	-
Culture and Recreation	547,979	-	-	-
Conservation of Natural Resources	462,090	-	-	406,388
Economic Development	1,611,039	-	-	-
Capital Outlay:				
General Government	32,602	-	-	-
Public Safety	443,239	-	-	-
Highways and Streets	-	8,554,117	-	-
Human Services	-	-	107,379	-
Health	-	-	13,126	-
Debt Service:				
Principal	14,339	55,092	378,860	81
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	<u>19,023,491</u>	<u>12,801,945</u>	<u>12,986,314</u>	<u>954,164</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,680,678</b>	<b>(2,890,014)</b>	<b>836,500</b>	<b>143,260</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	51,117	2,623,667	152,471	136,675
Transfers Out	(518,850)	(1,000)	-	(131,117)
Issuance of Debt for Capital Lease	-	64,591	-	-
Total Other Financing Sources (Uses)	<u>(467,733)</u>	<u>2,687,258</u>	<u>152,471</u>	<u>5,558</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,212,945</b>	<b>(202,756)</b>	<b>988,971</b>	<b>148,818</b>
Fund Balances - Beginning of Year	7,607,870	2,124,344	6,548,000	5,335,087
<b>INCREASE (DECREASE) IN INVENTORIES</b>	<b>-</b>	<b>(145,421)</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 10,820,815</b>	<b>\$ 1,776,167</b>	<b>\$ 7,536,971</b>	<b>\$ 5,483,905</b>

See accompanying Notes to Financial Statements.

**BENTON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 954,072	\$ 686,903	\$ -	\$ 21,239,052
-	2,633,000	-	2,633,000
-	-	224,489	601,776
-	-	-	473,754
185,262	476,939	-	24,821,816
-	-	-	2,206,115
-	-	-	39,884
-	-	-	8,947
-	11,343	-	241,771
-	8,750	53,162	504,143
<b>1,139,334</b>	<b>3,816,935</b>	<b>277,651</b>	<b>52,770,258</b>
-	625,010	22,392	7,566,683
-	-	-	9,433,384
-	-	-	4,192,736
-	-	-	11,418,827
-	-	-	1,175,355
-	-	-	547,979
-	-	94,034	962,512
-	-	37,676	1,648,715
-	-	-	32,602
-	664,159	-	1,107,398
-	40,890	-	8,595,007
-	-	-	107,379
-	-	-	13,126
895,000	-	-	1,343,372
157,159	-	-	157,159
2,375	-	-	2,375
<b>1,054,534</b>	<b>1,330,059</b>	<b>154,102</b>	<b>48,304,609</b>
84,800	2,486,876	123,549	4,465,649
-	466,875	-	3,430,805
-	(2,770,384)	(9,454)	(3,430,805)
-	-	-	64,591
-	(2,303,509)	(9,454)	64,591
84,800	183,367	114,095	4,530,240
2,799,120	6,648,474	169,011	31,231,906
-	-	-	(145,421)
<b>\$ 2,883,920</b>	<b>\$ 6,831,841</b>	<b>\$ 283,106</b>	<b>\$ 35,616,725</b>

See accompanying Notes to Financial Statements.

**BENTON COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 4,530,240

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

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

Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Asset Adjustments	\$ 9,390,791
Net Book Value of Capital Assets Disposed	(376,340)
Current Year Depreciation	<u>(5,598,147)</u>
	3,416,304

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred Inflows of Resources - December 31	1,790,048
Deferred Inflows of Resources - January 1	<u>(2,004,718)</u>
	(214,670)

Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.

1,397,871

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Repayments:	
General Obligation Bonds	895,000

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.

Capital Lease Proceeds	(64,591)
Principal Payments for Capital Leases	<u>448,372</u>
	383,781

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	11,187
Amortization of Discounts/Premiums	39,818
Change in Compensated Absences	(267,116)
Change in Total Other Postemployment Benefits	(277,513)
Change in Inventories	(145,421)
Change in Deferred Outflows of Resources - Other Postemployment Benefits	233,555
Change in Deferred Inflows of Resources - Other Postemployment Benefits	<u>5,301</u>
	(400,189)

The net revenues of the internal service fund is reported with governmental activities.

438,346

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 10,446,683

See accompanying Notes to Financial Statements.

**BENTON COUNTY**  
**STATEMENT OF NET POSITION – INTERNAL SERVICE FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Self-Insurance</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,281,787
Accounts Receivable	457,292
Due From Other Governments	<u>5,479</u>
Total Assets	1,744,558
<b>LIABILITIES</b>	
Claims Payable	<u>703,826</u>
<b>NET POSITION</b>	
Unrestricted	<u>\$ 1,040,732</u>

See accompanying Notes to Financial Statements.

**BENTON COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**- INTERNAL SERVICE FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Self-Insurance</u>
<b>OPERATING REVENUES</b>	
Premiums	\$ 3,083,525
Miscellaneous	<u>1,712,437</u>
Total Operating Revenues	<u>4,795,962</u>
<b>OPERATING EXPENSES</b>	
Administrative and Fiscal Services	660,305
Claims Paid	<u>3,697,311</u>
Total Operating Expenses	<u>4,357,616</u>
<b>CHANGE IN NET POSITION</b>	438,346
Net Position - Beginning of Year	<u>602,386</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,040,732</u>

See accompanying Notes to Financial Statements.

**BENTON COUNTY  
STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUND  
YEAR ENDED DECEMBER 31, 2020**

	<u>Self-Insurance</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Internal Services Provided	\$ 4,483,791
Payments to Suppliers	(660,305)
Payments for Claims	(3,294,309)
Net Cash Povided by Operating Activities	<u>529,177</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>529,177</b>
Cash and Cash Equivalents - Beginning of Year	<u>752,610</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 1,281,787</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Income	\$ 438,346
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase in Accounts Receivable	(310,130)
Increase in Due from Other Governments	(2,041)
Increase in Claims Payable	403,002
Net Cash Provided by Operating Activities	<u>\$ 529,177</u>

**BENTON COUNTY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2020**

	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash and Pooled Investments	\$ 282,785	\$ 1,399,998
Due From Other Governments	-	565,184
Taxes For Other Governments	-	679,474
Prepaid Items	-	83,798
 Total Assets	 <u>\$ 282,785</u>	 <u>\$ 2,728,454</u>
<b>LIABILITIES</b>		
Due to Others	\$ -	\$ 63,302
Unearned Revenue	-	100,000
Due to Other Governments	-	1,169,389
 Total Liabilities	 <u>\$ -</u>	 <u>\$ 1,332,691</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Collected for Subsequent Period	\$ -	\$ 6,899
<b>NET POSITION</b>		
Restricted for: Individuals, Organizations, and Other Governments	<u>\$ 282,785</u>	<u>\$ 1,388,864</u>

See accompanying Notes to Financial Statements.

**BENTON COUNTY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2020**

	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>ADDITIONS</b>		
Contributions - Individuals	\$ 781,315	\$ 129,106
Investment Earnings:		
Interest, Dividends and Other	3	13,654
Intergovernmental	-	1,959,368
Property Tax Collections for Other Governments	-	31,994,323
Fee Collections for Other Governments and Organizations	-	192,302
License and Fees Collected for State	-	6,415,243
Miscellaneous	-	2,229
	<hr/>	<hr/>
Total Additions	<hr/> <u>781,318</u>	<hr/> <u>40,706,225</u>
<b>DEDUCTIONS</b>		
Beneficiary Payments to Individuals	720,043	129,874
Payments of Property Tax to Other Governments	-	31,973,535
Payments to State	-	4,134,527
Administrative Expense	-	9,178
Payments to Other Entities	-	<u>4,369,064</u>
	<hr/>	<hr/>
Total Deductions	<hr/> <u>720,043</u>	<hr/> <u>40,616,178</u>
Net Increase (Decrease) in Fiduciary Net Position	61,275	90,047
Fiduciary Net Position - Beginning of Year	-	-
Change in Accounting Principle	<u>221,510</u>	<u>1,298,817</u>
Fiduciary Net Position - Beginning of Year, as Restated	<hr/> <u>221,510</u>	<hr/> <u>1,298,817</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<hr/> <u>\$ 282,785</u>	<hr/> <u>\$ 1,388,864</u>

See accompanying Notes to Financial Statements.

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**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Benton County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for the year ended December 31, 2020. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

**A. Financial Reporting Entity**

Benton County (County) was established October 27, 1849, and is an organized county having the powers, duties, and privileges granted counties by Minnesota Statutes ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Benton County (Primary Government) and its component units for which the County is financially accountable. 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.

**Blended Component Units**

Blended component units are legally separate organizations that are so intertwined with the County that they are, in substance, the same as the County and, therefore, are reported as if they were part of the County. Benton County has two blended component units. The Housing and Redevelopment Authority (HRA) had no activity in 2020.

Component Unit	Component Unit Reporting Entity Because	Separate Financial Statements
Housing and Redevelopment Authority of Benton County (HRA)	County Commissioners are the Members of the HRA Board	Separate Financial Statements are not Prepared
Benton County Economic Development Authority (EDA)	County Commissioners are the Members of the EDA Board	Separate Financial Statements are not Prepared

**Joint Ventures**

The County participates in several joint ventures which are described in Note 9.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statements**

**1. Government-Wide Statements**

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

In the government-wide statement of net position, the governmental activities are presented on a consolidated basis, and 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 position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

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

**2. Proprietary Fund Statements**

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 investments earnings, result from nonexchange transactions or incidental activities.

**3. Fund Financial Statements**

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. 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 internal service funds, with each displayed as a separate column in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statements (Continued)**

**3. Fund Financial Statements (Continued)**

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 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. Property taxes and intergovernmental revenues are the primary funds committed for these projects.

The Human Services Special Revenue Fund is used to account for public health, economic assistance, and community social services programs. These programs are funded primarily by property taxes, committed through the board approved levy, and intergovernmental revenues.

The Miscellaneous Special Revenue Fund is used to account for a number of smaller activities that do not have their own fund, including solid waste management, E-911 surcharge funds, natural resources block grants, and park dedication fees. Most of these activities are funded by restricted revenue sources.

The Debt Service Fund is used to account for the accumulation of resources for, and the payments of, principal, interest, and related costs of the County's long-term bonds, which are financed by property tax revenue restricted through bond documents.

The Capital Projects Fund is used to account for financial resources to be used for capital acquisition, construction, or improvement of capital facilities. Financing is provided by bonds issued by the County, state aid, and levy dollars.

The County reports the following internal service fund:

Self-Insurance Internal Service Fund – is used to account for the County's self-insured insurance program. Financing is provided by charges to other County funds and employer insurance premiums. The County's self-insurance program started in January 2018.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statements (Continued)**

**3. Fund Financial Statements (Continued)**

Additionally, the County reports the following fund type:

**Fiduciary:**

Private-purpose trust funds are used to report trust arrangements other than pension or investment trusts, under which principal and income benefit individuals, private organizations, or other governments. The County reports three private-purpose trust funds, the Social Welfare Fund which accounts for the activity related to income received and payments made on behalf of individuals for whom the County is responsible to assist, the Henkemeyer Trust which accounts for money held for potential environmental remediation at a local privately owned landfill, and the Missing Heirs Fund which accounts for estate collections in the County that don't have any identifiable heirs to remit payment to.

Custodial funds are custodial in nature. These funds are used for a variety of purposes such as: to account for the collection and disbursement of taxes on behalf of local governments within the County; as an agent for a mental health collaborative and estate recoveries; as an agent for an adult mental health delivery system organization, as an agent for state revenue payments, and as an agent for the inmates of the Benton County Jail.

**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. Benton County considers all revenues to be available if they are collected within 90 days after the end of the current period, with the exception of property taxes and special assessments which are considered to be available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Issuances of 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 as needed.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity**

**1. Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and all cash and investments with an original maturity of three months or less.

**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, 2020, based on market prices. Investment earnings are allocated to the Miscellaneous Special Revenue Fund based on cash balances set aside for specific purposes within that fund. Pursuant to Minnesota Statutes §385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2020 were \$241,771.

Benton County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minnesota Statutes §471.59. The investment in the pool is measured at the net asset value per share provided by the pool.

**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" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

All other outstanding balances between funds are reported as "due to/from other funds."

Loans receivable in the Economic Development Fund consist of operating loans to businesses and are offset by an allowance for doubtful accounts of \$6,684. The County develops an estimate of this allowance based on specific identification.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due October 15.

Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable. No provision has been made for an estimated uncollectible amount.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

3. Receivables and Payables (Continued)

Special assessments receivable consist of delinquent special assessments payable in the years 2015 through 2020, and noncurrent special assessments payable in 2020, and after. No provision has been made for an estimated uncollectible amount. Significant portions of special assessments receivable are not expected to be collected within one year due to the nature of the receivable.

4. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Reported inventories are equally offset by nonspendable fund balance to indicate they do not constitute available spendable resources.

5. Prepaid Items

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

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. In the case of initial capitalization of infrastructure, the County retroactively implemented the reporting of this item when GASB Statement No. 34 was implemented. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for all capital assets, except for buildings, which use a threshold of \$25,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**6. Capital Assets (Continued)**

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

Assets	Years
Buildings	50
Land Improvements	20
Public Domain Infrastructure	15-35
Machinery, Vehicles, Furniture, and Equipment	5-20

**7. Compensated Absences**

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated paid-time-off (PTO) balances or vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The current portion is equal to 5% of the ending compensated absences balance based on historical trends. The noncurrent portion consists of the remaining amount of PTO or vacation and sick leave.

The compensated absences liability is generally liquidated in the General Fund and applicable Special Revenue Funds.

**8. Deferred Outflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period. The County will not recognize the related outflow until a future event occurs. More detailed information about pension related deferred outflows of resources can be found in Note 5 to the financial statements and more information about other postemployment benefit related deferred outflows of resources can be found in Note 7 to the financial statements.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

9. Deferred Inflows of Resources

The County's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has three types of items. The first type of deferred inflows of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's year for property taxes and special assessments and 90 days after the end of the County's year for all other revenues) under the modified accrual basis of accounting. The second type relates to pension liabilities as described in Note 5 to the financial statements. The third type relates to other postemployment benefits as described in Note 7 to the financial statements. These inflows arise only under the full accrual basis of accounting and are reported only in the statement of net position.

10. Unearned Revenue

Governmental funds, government-wide, and fiduciary financial statements report unearned revenue in connection with resources that have been received but not yet earned.

11. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discount are amortized over the life of the bonds using the straight-line method which approximates the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of bond issuance.

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.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**12. Other Postemployment Benefits Liability (OPEB Liability)**

For the purposes of measuring the OPEB liability, deferred outflows of resources related to OPEB, deferred inflows of resources related to OPEB, and OPEB expense, information about the OPEB Plan and additions to/deductions from the Plan have been determined on the same basis as they were reported to the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit term. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The OPEB liability is generally liquidated in the General Fund and applicable Special Revenue Funds.

**13. Pension**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The pension liability is generally liquidated in the General Fund and applicable Special Revenue Funds.

**14. Classification of Net Position**

In the government-wide and proprietary fund financial statements, net position is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets is the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets. Restricted net position is the amount of net position for which there are external restrictions of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the amount of net position that does not meet the definition of restricted or net investment in capital assets.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**15. Fund Equity**

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaids, inventories, and long-term receivables, as applicable, which cannot be spent because they are not in spendable form. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the board of commissioners. The County Administrator is delegated to assign fund balances and their intended uses. Unassigned fund balance is the residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications. Unassigned also includes deficit balances in other governmental funds.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, it is the County's policy to use restricted first, and then unrestricted net position. When an expenditure is incurred for purposes for which restricted, committed, assigned, and unassigned amounts are available, it is the County's policy to use restricted amounts first, then committed amounts, then assigned amounts, and finally unassigned amounts.

It is the County's policy that at the end of each fiscal year to maintain an unrestricted portion of the fund balance of no less than five months of operating expenditures in the General, Road and Bridge, and Human Services Funds.

**16. 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, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**BENTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY**

**A. Deficit Fund Balance**

The Ditch Special Revenue Fund had a deficit fund balance of \$257,027 as of December 31, 2020. The Ditch Fund's deficit will be eliminated with future special assessment revenue. The following is a summary of the individual ditch systems:

One Ditch with Positive Fund Balances	\$ 7,694
Eleven Ditches with Negative Fund Balances	(264,721)
Total	<u><u>\$ (257,027)</u></u>

The Boundary Commission Fund had a deficit fund balance of \$66,815 as of December 31, 2020. The Boundary Commission's deficit will be eliminated with future special assessments.

**B. Excess of Expenditures over Budget**

The following funds had expenditures in excess of budget at the departmental level for the year ended December 31, 2020:

Fund	Function	Expenditures	Budget	Excess
General	Current:			
	General Government:			
	Public Defender	\$ 150,775	\$ 147,000	\$ 3,775
	Auditor-Treasurer	620,158	605,479	14,679
	Assessor	563,276	559,035	4,241
	Public Safety			
	Emergency Management	871,729	97,498	774,231
	Probation	813,175	687,268	125,907
	Capital Outlay			
	General Government	32,602	28,000	4,602
	Public Safety	443,239	212,500	230,739
	Debt Service			
	Principal Retirement	14,339	-	14,339
Special Revenue Funds				
Road and Bridge	Current:			
	Highways and Streets:			
	Administration	473,053	462,223	10,830
	Construction	505,586	473,050	32,536
	Capital Outlay			
	Highways and Streets	8,554,117	5,700,154	2,853,963
	Debt Service			
	Principal Retirement	55,092	-	55,092
Human Services				
	Debt Service			
	Principal Retirement	378,860	-	378,860

The additional expenditures were financed by greater than anticipated grant revenues, greater than anticipated tax revenues, existing fund balance, and other additional revenues.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Reconciliation of Benton County's total cash and investments to the basic financial statements follows:

Government-Wide Statement of Net Position	
Governmental Activities:	
Cash and Pooled Investments	\$ 35,027,315
Petty Cash and Change Funds	2,800
Statement of Fiduciary Net Position	
Cash and Pooled Investments	1,682,783
Total Cash and Investments	<u><u>\$ 36,712,898</u></u>

**a. Deposits**

Minnesota Statutes §§ 118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statutes §118A.03 requires that all County deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least 10% more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by a Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require 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 – Deposits**

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. It is the County's policy to obtain collateral or bonds for all uninsured amounts on deposit, and to obtain necessary documentation to show compliance with state law and a perfected security interest under federal law. As of December 31, 2020, none of the County's deposits were exposed to custodial credit risk.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

1. Deposits and Investments (Continued)

b. Investments

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County does not have a formal policy to manage its exposure to interest rate risk.

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 national recognized statistical rating organization. It is the County's policy to invest only in securities that meet the rating requirements set by state statute.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

1. Deposits and Investments (Continued)

b. Investments (Continued)

Custodial Credit Risk – Investments

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. It is the County's policy to have all of its investments that are held by brokers covered 100% by SIPC.

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. The County places a limit on investing to no more than 25% of total County investments in one type of security.

The following table presents the County's deposit and investment balances at December 31, 2020, and information relating to potential investment risks:

	Credit Risk		Concentration Risk Over 5 Percent of Portfolio	Interest Rate Risk Maturity Date	Carrying (Fair) Value
	Credit Rating	Rating Agency			
Negotiable Certificates of Deposit	N/R	N/A	24.1%*	N/A	\$ 6,602,477
U.S. Government Agency Securities:					
Federal Home Loan Mortgage Corporation	AAA	Moody	<5.0%	10/20/2022	245,201
Federal Home Loan Mortgage Corporation	AAA	Moody	<5.0%	2/3/2023	244,753
Federal Home Loan Mortgage Corporation	AAA	Moody	<5.0%	6/28/2024	490,029
Total Federal Home Loan Mortgage Corporation					979,983
Federal Farm Credit Bank	AA+	S&P	<5.0%	11/30/2023	489,956
Total U.S. Government Agency Securities					1,469,939
Investment Pools/Mutual Funds:					
MAGIC Fund	N/R	N/A	70.5%*	N/A	19,313,410
Total Investments					27,385,826
Deposits					9,324,272
Petty Cash					2,800
Total Deposits and Investments					\$ 36,712,898

N/A - Not Applicable

N/R - Not Rated

<5.0% - Concentration is Less than 5% of Investments

\* No individual issuer in excess of 5%

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

1. Deposits and Investments (Continued)

c. Fair Value Measure

The County uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The County follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the County has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial asset and liabilities are valued using inputs that are adjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

*Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

*Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

1. Deposits and Investments (Continued)

c. Fair Value Measure (Continued)

Assets measured at fair value on a recurring basis:

Type	Level 1	Level 2	Level 3	Total
Investments by Fair Market Value:				
Federal Home Loan Mortgage Corporation	\$ -	\$ 979,983	\$ -	\$ 979,983
Federal Farm Credit Bank	-	489,956	-	489,956
Negotiable Certificates of Deposit	-	6,602,477	-	6,602,477
Total Investments at Fair Market Value	<u>\$ -</u>	<u>\$ 8,072,416</u>	<u>\$ -</u>	<u>\$ 8,072,416</u>
Investments Measured at Amortized Cost:				
MAGIC Fund:				19,313,410
Deposits				9,324,272
Petty Cash				2,800
		Total Deposits and Investments		<u>\$ 36,712,898</u>

The County invests in the MAGIC Fund external local government investment pool which is quoted at amortized cost. The County invests in this pool for the purpose of the joint investment of the County's money with those other counties to enhance the investment earnings accruing to each member. The MAGIC portfolio is valued using amortized cost. Shares of the MAGIC portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request. The MAGIC Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a portfolio's securities or determination of its net asset value not reasonably practical.

2. Loans Receivable

Loans receivable is reported at \$327,512; of this amount, \$203,600 is expected to be collected in more than one year.

**BENTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**3. Capital Assets**

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 2,346,666	\$ -	\$ -	\$ 2,346,666
Infrastructure, Right-of-Way	16,086,682	90,429	-	16,177,111
Construction-in-Progress	3,238,215	8,167,815	10,827,021	579,009
Total Capital Assets, not being Depreciated	<u>21,671,563</u>	<u>8,258,244</u>	<u>10,827,021</u>	<u>19,102,786</u>
Capital Assets being Depreciated:				
Buildings	19,620,743	574,544	373,786	19,821,501
Land Improvements	364,356	-	-	364,356
Machinery, Vehicles, Furniture and Equipment	11,836,988	558,003	295,856	12,099,135
Infrastructure	128,219,712	10,827,021	-	139,046,733
Total Capital Assets being Depreciated	<u>160,041,799</u>	<u>11,959,568</u>	<u>669,642</u>	<u>171,331,725</u>
Less Accumulated Depreciation for:				
Buildings	9,448,348	512,342	6,128	9,954,562
Land Improvements	177,386	14,788	-	192,174
Machinery, Vehicles, Furniture and Equipment	6,883,882	771,087	287,174	7,367,795
Infrastructure	70,489,424	4,299,930	-	74,789,354
Total Accumulated Depreciation	<u>86,999,040</u>	<u>5,598,147</u>	<u>293,302</u>	<u>92,303,885</u>
Total Capital Assets, Depreciated, Net	<u>73,042,759</u>	<u>6,361,421</u>	<u>376,340</u>	<u>79,027,840</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 94,714,322</u></u>	<u><u>\$ 14,619,665</u></u>	<u><u>\$ 11,203,361</u></u>	<u><u>\$ 98,130,626</u></u>

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

3. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the Primary Government as follows:

Governmental Activities:

General Government	\$ 196,581
Public Safety	540,553
Highway and Streets	4,663,970
Human Services	187,103
Culture and Recreation	9,940
Total	<u>\$ 5,598,147</u>

**B. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of December 31, 2020 is as follows:

1. Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Fund	\$ 28,213
	Ditch	101,147
	Boundary Commission	<u>66,815</u>
Total Due to General Fund		<u>196,175</u>
Road and Bridge Fund	General Fund	3,948
	Miscellaneous Fund	<u>28</u>
Total Due to Road and Bridge Fund		<u>3,976</u>
Miscellaneous Fund	General Fund	<u>76</u>
Capital Projects Fund	General Fund	<u>5,789</u>
Total		<u>\$ 206,016</u>

The due from other funds above relate to: (1) payment of legal fees from the Human Services Fund; (2) to eliminate negative pooled cash from the Ditch Fund and Boundary Commission Fund; (3) payment for fuel for the Road and Bridge Fund; (4) allocation of 2020 interest for the Capital Projects Fund; and (5) allocation of 2020 interest for the Miscellaneous Fund.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

**2. Interfund Transfers**

Interfund transfers for the year ended December 31, 2020 consisted of the following:

Interfund Transfer	Amount	Description
<b>Transfer to General Fund from:</b>		
Miscellaneous Fund	\$ 5,040	To cover Assessor's web costs.
Miscellaneous Fund	2,110	To transfer year-end excess funding from the Sheriff Department drug, alcohol, and DWI investigations to General Fund.
Miscellaneous Fund	43,967	From permit to carry account to cover administration expenditures.
	<u>51,117</u>	
<b>Transfer to Road and Bridge Fund from:</b>		
Capital Projects Fund	2,614,213	For 2020 spending on local road projects.
Ditch Fund	9,454	To reimburse for ditch cleaning.
	<u>2,623,667</u>	
<b>Transfer to Miscellaneous Fund from:</b>		
General Fund	60,000	To record 2020 budgeted transfers.
General Fund	2,481	To transfers Grant County match.
General Fund	7,500	To restore the Sheriff contingency account to the required year-end balance.
General Fund	5,605	To restore the balance in the county attorney's contingency account to the required year-end balance.
General Fund	31,969	To restore the balance in the county's suspense account to \$75,000.
General Fund	24,420	2019 payment for records and dispatch system.
Road and Bridge Fund	1,000	To fund pictometry.
Capital Projects	<u>3,700</u>	To fund pictometry.
	<u>136,675</u>	
<b>Transfer to Human Services Fund from</b>		
Capital Projects Fund	152,471	Fund Eastgate remodeling project.
<b>Transfer to Capital Projects Fund from:</b>		
General Fund	386,875	Budgeted for 2020 capital projects.
Miscellaneous Fund	80,000	Budgeted for 2020 capital projects.
	<u>466,875</u>	
<b>Total</b>	<b><u>\$ 3,430,805</u></b>	

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

3. Advances to/from Other Funds

Advances made from/to other funds for the year ended December 31, 2020 is for cash flow purposes to the Ditch Fund. The balance is expected to be liquidated with special assessments over the next 15 years.

Receivable Fund	Payable Fund	Amount
General	Ditch	\$ 150,260
Total		<u>\$ 150,260</u>

**C. Deferred Inflows of Resources**

Deferred inflows of resources in the governmental funds consist of special assessments, taxes, grant, and loan receivables that are not collected soon enough after year-end to pay liabilities of the current year. Deferred inflows at December 31, 2020 are summarized below by fund:

	Special Assessments	Delinquent Taxes	Grants	Loans	Total
Major Governmental Funds:					
General	\$ -	\$ 48,166	\$ -	\$ -	\$ 48,166
Road and Bridge	-	9,353	702,829	-	712,182
Human Services	-	19,534	4,518	-	24,052
Miscellaneous	663,528	-	-	-	663,528
Debt Service Fund	-	5,310	-	-	5,310
Total Major Governmental Funds	<u>663,528</u>	<u>82,363</u>	<u>707,347</u>	<u>-</u>	<u>1,453,238</u>
Other Governmental Funds	<u>2,614</u>	<u>-</u>	<u>-</u>	<u>334,196</u>	<u>336,810</u>
Deferred Inflows of Resources	<u><u>\$ 666,142</u></u>	<u><u>\$ 82,363</u></u>	<u><u>\$ 707,347</u></u>	<u><u>\$ 334,196</u></u>	<u><u>\$ 1,790,048</u></u>

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Liabilities**

1. Long-Term Debt

Governmental Activities

Types of Indebtedness	Maturity Date	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2020
2014A G.O. Tax Abatement Bonds	2030	\$190,000- \$390,000	2.50-3.50	\$ 4,500,000	\$ 2,875,000
2017A G.O. Refunding Bonds	2023	\$350,000- \$745,000	3.00	<u>3,590,000</u>	<u>1,820,000</u>
Total General Obligation Bonds				<u>\$ 8,090,000</u>	<u>4,695,000</u>
Add: Unamortized Bond Premium					165,525
Total General Obligation Bonds, Net					<u><u>\$ 4,860,525</u></u>

2. Debt Service Requirements

Debt service requirements at December 31, 2020 were as follows:

Governmental Activities

Year Ending December 31,	General Obligation Bonds	
	Principal	Interest
2021	\$ 930,000	\$ 129,788
2022	965,000	101,363
2023	585,000	78,700
2024	255,000	67,006
2025	270,000	59,788
2026-2030	<u>1,690,000</u>	<u>152,450</u>
Total	<u><u>\$ 4,695,000</u></u>	<u><u>\$ 589,095</u></u>

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Liabilities (Continued)**

**3. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2020 was as follows:

**Governmental Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General Obligation Bonds	\$ 5,590,000	\$ -	\$ 895,000	\$ 4,695,000	\$ 930,000
Bond Premium	205,343	-	39,818	165,525	-
Total Bonds Payable	<u>5,795,343</u>	<u>-</u>	<u>934,818</u>	<u>4,860,525</u>	<u>930,000</u>
Capital Lease	453,311	64,591	448,372	69,530	36,515
Compensated Absences	2,819,519	3,049,548	2,782,432	3,086,635	154,332
Governmental Activity					
Long-Term Liabilities	<u>\$ 9,068,173</u>	<u>\$ 3,114,139</u>	<u>\$ 4,165,622</u>	<u>\$ 8,016,690</u>	<u>\$ 1,120,847</u>

Compensated absences are typically liquidated in the General Fund and applicable Special Revenue Funds. Bonds payable is liquidated in the Debt Service Fund. The capital lease is liquidated in the General Fund, Road and Bridge Fund, Human Services Fund, and Miscellaneous Fund.

**4. Capital Lease**

The County has lease agreements with MailFinance, Neopost, and Marco for mailing machines and copiers that were entered into during 2018. The County entered into a lease agreement during 2020 for a crack sealer with Brock White Construction Materials. The lease period for the MailFinance and Marco leases is five years and is four years for the Neopost lease. The lease period for the crack sealer was two years, but the County decided to purchase the crack sealer from the dealership during 2021. The cost of the assets acquired under these leases is \$191,037 with \$78,007 of related accumulated depreciation.

Minimal annual principal and interest payments required to retire long-term debt are as follows:

Year Ending December 31	<b>Capital Lease</b>	
	<b>Principal</b>	<b>Interest</b>
2021	\$ 36,515	\$ 1,660
2022	27,178	727
2023	5,837	81
Total	<u>\$ 69,530</u>	<u>\$ 2,468</u>

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Liabilities (Continued)**

**5. Operating Lease**

The County has two lease agreements with Eastgate for office space in a building that was entered into during 2019. The lease period for the leases are five years. The County uses these buildings, located in St. Cloud, MN, in order to better serve the long-distance clients of their Health and Human Services' programs. Total rent expense for the current year ended December 31, 2020 was \$69,716.

Minimal annual principal and interest payments required to retire long-term leases are as follows:

Year Ending December 31	Operating Lease
2021	\$ 71,472
2022	73,608
2023	75,816
2024	78,096
Total	<u>\$ 298,992</u>

**6. Construction Commitments**

The County has active construction projects as of December 31, 2020. The projects include the following:

Project Description	Spent-to-Date	Remaining Commitment
County Road Projects	<u>\$ 13,805,064</u>	<u>\$ 579,611</u>

**BENTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 FUND BALANCES**

At December 31, 2020, portions of the County's fund balance are not available for appropriation due to legal restrictions (Restricted), County board action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General Fund	Road and Bridge Fund	Human Services Fund	Miscellaneous Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Funds
<b>Nonspendable:</b>								
Advances to Other Funds	\$ 150,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,260
Prepaid Items	110,557	25,719	76,537	22,944	125	89,743	-	325,625
Inventories	-	139,053	-	-	-	-	-	139,053
Total Nonspendable	260,817	164,772	76,537	22,944	125	89,743	-	614,938
<b>Restricted:</b>								
E-911	-	-	-	387,044	-	-	-	387,044
SCORE Grant	-	-	-	320,462	-	-	-	320,462
Outreach Grant	-	-	-	6,444	-	-	-	6,444
Aquatic Invasive Species Grant	-	-	-	174,938	-	-	-	174,938
Recorders' Equipment	-	-	-	115,734	-	-	-	115,734
Solid Waste Contingency	-	-	-	3,727,646	-	-	-	3,727,646
Forfeitures	-	-	-	25,400	-	-	-	25,400
COVID-19 Economic Assistance	807,085	-	-	-	-	-	-	807,085
Permit to Carry Guns	-	-	-	1,000	-	-	-	1,000
Electronic Home Monitoring Grant	-	-	-	27,766	-	-	-	27,766
Park Dedication Fees	-	-	-	87,027	-	-	-	87,027
Child Protection Grant	-	-	183,630	-	-	-	-	183,630
Gravel Pit Closure Costs	-	-	-	-	-	-	210,348	210,348
Economic Development Loan Program	-	-	-	-	-	-	396,600	396,600
Debt Service	-	-	-	-	2,883,795	-	-	2,883,795
Bonded Construction Projects	-	-	-	-	-	512,142	-	512,142
Ditch Repairs	-	-	-	-	-	-	7,694	7,694
Total Restricted	807,085	-	183,630	4,873,461	2,883,795	512,142	614,642	9,874,755
<b>Committed:</b>								
Attorney Contingent	-	-	-	5,000	-	-	-	5,000
Sheriff Contingent	-	-	-	12,500	-	-	-	12,500
Major Trial Expense	-	-	-	21,000	-	-	-	21,000
K-9 Program	-	-	-	18,039	-	-	-	18,039
Jail Inmate Capital Expenditures	-	-	-	130,370	-	-	-	130,370
Juvenile Work Crew	-	-	-	2,545	-	-	-	2,545
Juvenile Diversion Program	-	-	-	21,603	-	-	-	21,603
Police Activities League	-	-	-	781	-	-	-	781
Emergency Management Donations	-	-	-	559	-	-	-	559
County Board Contingency	-	-	-	75,000	-	-	-	75,000
Technology	-	-	-	267,471	-	-	-	267,471
Other Items	-	-	-	32,632	-	-	-	32,632
Future Construction Projects	-	-	-	-	6,229,956	-	-	6,229,956
Total Committed	-	-	-	587,500	-	6,229,956	-	6,817,456
<b>Assigned:</b>								
Road and Bridge Operations	-	1,611,395	-	-	-	-	-	1,611,395
Health and Human Services Programs	-	-	7,276,804	-	-	-	-	7,276,804
Total Assigned	-	1,611,395	7,276,804	-	-	-	-	8,888,199
<b>Unassigned</b>								
Total Fund Balances	\$ 10,820,815	\$ 1,776,167	\$ 7,536,971	\$ 5,483,905	\$ 2,883,920	\$ 6,831,841	\$ 283,106	\$ 35,616,725
	<b>9,752,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(331,536)</b>	<b>9,421,377</b>

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 DEFINED BENEFIT PENSION PLANS**

**A. Plan Description**

The County participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

**1. General Employees Retirement Plan**

The General Employees Retirement Plan covers certain full time and part-time employees of Benton County. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**2. Public Employees Police and Fire Plan**

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

**3. Local Government Correctional Plan**

The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

**B. Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**1. General Employees Plan Benefits**

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**2. Police and Fire Plan Benefits**

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**2. Police and Fire Plan Benefits (Continued)**

Benefit increases are provided to benefit recipients each January. The postretirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**3. Correctional Plan Benefits**

Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. The annuity accrual rate is 1.9% of average salary for each year of service in that plan. For Correctional Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100% of the COLA announced by SSA, with a minimum increase of at least 1% and a maximum of 2.5%. If the plan's funding status declines to 85% or below for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**C. Contributions**

*Minnesota Statutes Chapter 353* sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

**1. General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the County was required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2020 were \$822,109. The County's contributions were equal to the required contributions as set by state statute.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**C. Contributions (Continued)**

**2. Police and Fire Fund Contributions**

Police and Fire member's contribution rates increased from 11.3% of their annual covered salary to 11.8% and employer rates increased from 16.95% to 17.70% on January 1, 2020. The County's contributions to the Police and Fire Fund for the year ended December 31, 2020 were \$362,468. The County's contributions were equal to the required contributions as set by state statute.

**3. Correctional Fund Contributions**

Plan members were required to contribute 5.83% of their annual covered salary and the County was required to contribute 8.75% of pay for plan members in fiscal year 2020. The County's contributions to the Correctional Fund for the year ended December 31, 2020 were \$240,056. The County's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**1. General Employees Fund Pension Costs**

At December 31, 2020, the County reported a liability of \$9,292,958 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund in 2020. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the County totaled \$286,598. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1550% at the end of the measurement period and 0.1502% for the beginning of the period.

County's Proportionate Share of the Net Pension Liability	\$ 9,292,958
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>286,598</u>
Total	<u><u>\$ 9,579,556</u></u>

**BENTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**1. General Employees Fund Pension Costs (Continued)**

For the year ended December 31, 2020, the County recognized pension expense of \$266,466 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized \$24,943 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

At December 31, 2020, the County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 84,729	\$ 35,160
Changes in Actuarial Assumptions	-	344,526
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	160,542	-
Changes in Proportion and Differences Between Agency Contributions and Proportionate Share of Contributions	229,339	180,312
Agency Contributions Subsequent to the Measurement Date	428,914	-
<b>Total</b>	<b>\$ 903,524</b>	<b>\$ 559,998</b>

The \$428,914 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (545,234)
2022	(17,803)
2023	253,128
2024	224,521

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. Police and Fire Fund Pension Costs**

At December 31, 2020, the County reported a liability of \$2,292,188 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. Benton County proportionate share was 0.1739% at the end of the measurement period and 0.1752% for the beginning of the period.

The state of Minnesota contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The state of Minnesota is included as a nonemployer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the County recognized pension expense of \$259,710 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$16,614 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$4.5 million to the Police and Fire Fund.

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$15,651 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

**BENTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. Police and Fire Fund Pension Costs (Continued)**

County's Proportionate Share of the Net Pension Liability	\$ 2,292,188
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>54,001</u>
Total	<u><u>\$ 2,346,189</u></u>

At December 31, 2020, the County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 101,282	\$ 108,854
Changes in Actuarial Assumptions	768,160	1,429,557
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	69,624	-
Changes in Proportion and Differences Between Agency Contributions and Proportionate Share of Contributions	215,107	128,686
Agency Contributions Subsequent to the Measurement Date	195,592	-
Total	<u><u>\$ 1,349,765</u></u>	<u><u>\$ 1,667,097</u></u>

The \$195,592 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to the pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Pension Expense Amount
2021	\$ (153,516)
2022	(630,311)
2023	124,576
2024	148,430
2025	(2,103)

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**3. Correctional Plan Pension Costs**

At December 31, 2020, the County reported a liability of \$250,827 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.924% at the end of the measurement period and 0.944% for the beginning of the period.

For the year ended December 31, 2020, the County recognized pension expense of (\$492,889) for its proportionate share of the Correctional Plan's pension expense.

At December 31, 2020, the County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 2,351	\$ 92,303
Changes in Actuarial Assumptions	-	507,958
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	47,722	-
Changes in Proportion and Differences Between Agency Contributions and Proportionate Share of Contributions	8,769	41,263
Agency Contributions Subsequent to the Measurement Date	129,149	-
<b>Total</b>	<b>\$ 187,991</b>	<b>\$ 641,524</b>

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**3. Correctional Plan Pension Costs (Continued)**

The \$129,149 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (590,370)
2022	(44,095)
2023	6,532
2024	45,251

**E. Summary**

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the County's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated. The table below includes the County's portion of each plan.

Description	General Employees Fund	Police and Fire Fund	Correctional Fund	Total
Net Pension Liability	\$ 9,292,958	\$ 2,292,188	\$ 250,827	\$ 11,835,973
Deferred Outflows of Resources				
Related to Pensions	903,524	1,349,765	187,991	2,441,280
Deferred Inflows of Resources				
Related to Pensions	559,998	1,667,097	641,524	2,868,619
Pension Expense	291,409	276,324	(492,889)	74,844

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**F. Actuarial Assumptions**

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

	GERF	PEPFP	PECF
Inflation	2.25% per Year	2.50% per Year	2.50% per Year
Active Member Payroll Growth	3.00% per Year	3.25% per Year	3.25% per Year
Investment Rate of Return	7.50%	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabled were based on Pub-2010 General Employee Mortality table for the General Employees Plan and RP 2014 tables for the Police and Fire and the Correctional Plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 2.0% per year for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.0% per year as set by state statute.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The four-year experience study used for the Police and Fire Plan was completed in 2016. The five-year experience study used for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Inflation and investment return assumptions for the Police and Fire Plan and the Correctional Plan are based on the General Employees Retirement Plan experience study completed in 2019. The most recent four-year experience studies for the Police and Fire Plan and the Correctional Plan were completed in 2020. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**F. Actuarial Assumptions (Continued)**

The following changes in actuarial assumptions and plan provisions occurred in 2020:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**Police and Fire Fund**

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**F. Actuarial Assumptions (Continued)**

**Correctional Fund**

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.5 %	5.10 %
International Equity	17.5	5.30
Private Markets	25.0	5.90
Fixed Income	20.0	0.75
Cash	2.0	-
<b>Totals</b>	<b>100.0 %</b>	

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2020 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**H. Pension Liability Sensitivity**

The following presents Benton County proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what Benton County proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
County's Proportionate Share of GERF			
Net Pension Liability	\$ 14,893,389	\$ 9,292,958	\$ 4,673,053
County's Proportionate Share of PEPFP			
Net Pension Liability	4,568,661	2,292,188	408,806
County's Proportionate Share of PECF			
Net Pension Liability	1,558,862	250,827	(796,454)

**I. Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org).

**NOTE 6 DEFINED CONTRIBUTION PLAN**

Five County board members are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution 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. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (0.25%) of the assets in each member's account annually.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6 DEFINED CONTRIBUTION PLAN (CONTINUED)**

Total contributions made by the County during fiscal year 2020 were:

Contribution Amount		Contribution Rate		Required
Employee	Employer	Employee	Employer	Rates
\$ 8,608	\$ 8,608	5.0 %	5.0 %	5.0 %

**NOTE 7 OPEB DISCLOSURE**

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured defined benefit plan. The County provides benefits for retirees as required by Minnesota Statutes §471.61 subdivision 2b. Active employees who retire from the County when eligible to receive a retirement benefit from PERA (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay 100% of the total premium cost, except for certain public safety employees who were injured in the line of duty and the County is obligated to pay their insurance. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of January 1, 2020, there were 28 inactive employees receiving health benefits from the County's health plan. The County has no active employees or inactive employees entitled to but not receiving benefits.

**A. Funding Policy**

The County's OPEB plan is financed on a pay-as-you-go basis and currently has no assets that have been deposited into an irrevocable trust for future health benefits. Therefore, the actuarial value of assets is zero. Separate stand-alone financial statements are not issued for the plan.

**B. Actuarial Methods and Assumptions**

The County's OPEB liability was measured as of January 1, 2020, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2020.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary	Service graded table
Health Care Trend Rates	6.50% Decreasing to 5.00% over 6 years then to 4.00% Over 48 Years

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 OPEB DISCLOSURE (CONTINUED)**

**B. Actuarial Methods and Assumptions (Continued)**

Mortality rates were based on the Pub-2010 public retirement plans headcount-weighted mortality tables (general, safety) with MP-2019 Generational Improvement Scale. The actuarial assumptions used in the January 1, 2020 valuation were based on the PERA actuarial experience studies. The most recent six-year experience study for the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016.

The discount rate used to measure the total OPEB liability was 2.90%. The discount rate is equal to the 20-Year high quality, tax-exempt, general obligation municipal bonds as of the Measurement Date.

Since the most recent valuation, the following assumption changes have been made:

- The discount rate was changed from 3.80% to 2.90%.
- The medical trend rates, mortality tables, and salary increase rates were updated.

**C. Changes to Total OPEB Liability**

	Total OPEB liability
Balance as of January 1, 2020	\$ 1,122,950
Changes for the Year:	
Service Cost	87,961
Interest	44,760
Assumption Changes	58,986
Differences between Expected and Actual Experience	152,464
Benefit Payments	(66,658)
Net Change in Total OPEB Liability	<hr/> 277,513 <hr/>
Balance as of December 31, 2020	\$ 1,400,463

Of the \$1,400,463 total OPEB liability, \$89,710 is due within one year. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (1.90%)	Discount Rate (2.90%)	1% Increase (3.90%)
Total OPEB Liability	\$ 1,500,167	\$ 1,400,463	\$ 1,307,074

**BENTON COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 7 OPEB DISCLOSURE (CONTINUED)**

**C. Changes to Total OPEB Liability (Continued)**

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50% decreasing to 4.00% then 3.00%) or 1% higher (7.50% decreasing to 6.00% then 5.00%) than the current healthcare costs trend rates:

Medical Trend Rate	1% Decrease (5.50% Decreasing to 4.00% then 3.00%)	Current Trend Rates (6.50% Decreasing to 5.00% then 4.00%)	1% Increase (7.50% Decreasing to 6.00% then 5.00%)
Total OPEB Liability	\$ 1,272,756	\$ 1,400,463	\$ 1,550,102

For the year ended December 31, 2020, the County recognized OPEB expense of \$157,628. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 50,559	\$ 26,504
Liability Gain or Loss	130,683	-
County Contributions Subsequent to the Measurement Date	89,710	-
Total	\$ 270,952	\$ 26,504

\$89,710 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized over 7 years and will be recognized in OPEB expense as follows:

Year Ended December 31,	OPEB Expense Amount
2021	\$ 24,907
2022	24,907
2023	24,907
2024	24,907
2025	24,908
Thereafter	30,202

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 8 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. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For other risk, the County carries commercial insurance. There were no significant reductions in insurance coverage from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2020. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

On September 19, 2017, Benton County entered into a joint powers agreement with four counties (Lyon, Murray, Redwood, and Swift) and Southwest Health and Human Services to form the Minnesota Public Sector Collaborative to self-insure health insurance as of January 1, 2018. Currently, the County contracts with Preferred One to administer employee and dependent group health coverage. Claims are paid by Preferred One and reimbursed by the County on a weekly basis.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 8 RISK MANAGEMENT (CONTINUED)**

Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County has retained risk up to a \$60,000 specific excess coverage per contract claim per year (\$1,000,000 aggregate) for the health plan. Liabilities of the fund are reported when it is probable that the loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount, as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors.

Changes in the balance of claims liabilities during the past two years are as follows:

	<u>Year Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Unpaid Claims, Beginning of Year	\$ 300,824	\$ 375,521
Incurred Claims (including IBNR)	4,100,313	3,520,472
Claims Payments	(3,697,311)	(3,595,169)
Unpaid Claims, End of Year	<u>\$ 703,826</u>	<u>\$ 300,824</u>

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS**

**A. Joint Ventures**

**Career Solutions**

Career Solutions was created for the purpose of undertaking, implementing, and maintaining the programs established under the Job Training Partnership Act of 1982 and other federal and state laws and regulations governing the establishment and implementation of programs within the areas governed by Stearns and Benton Counties. The Council is an organized joint venture having the duties, powers, and privileges granted joint powers by Minnesota Statutes §471.59. The Council is governed by a Joint Powers Board and a Workforce Development Council. The Joint Powers Board is composed of two commissioners each from Stearns and Benton Counties and one Workforce Development Council member. The Workforce Development Council is composed of 24 members from local business, industry, agriculture, labor organizations, public or private education, and community service groups. Included in the Joint Powers board's duties and powers is the authority to approve the Council's budget and enter into any necessary contracts or leases.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**A. Joint Ventures (Continued)**

Career Solutions (Continued)

Benton County pays a contractual amount through Human Services for its administrative costs, but the amounts contributed are considered immaterial. The County contributed \$100,000 in 2020 of Coronavirus Relief Fund grant money. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Complete financial information can be obtained from:

Minnesota Workforce Center  
1540 Northway Drive  
St. Cloud, MN 56303

Tri-County Solid Waste Commission

The Tri-County Solid Waste Commission was established in July 1983 by a joint powers agreement among Benton, Sherburne, and Stearns Counties to conduct a solid waste management program on behalf of the participating counties. The Commission is an organized joint venture having the duties, powers, and privileges granted joint powers by Minnesota Statutes §471.59. The Commission is governed by a board of directors. Each member county is entitled to no less than two and no more than four of its own county commissioners on the board. Population of the member counties determines how many of their commissioners sit on the board. The board of directors currently comprises eight members: four county commissioners from Stearns County and two each from Benton and Sherburne Counties.

Each county's proportionate share of the net operating costs is based on the usage of the household hazardous waste facility and the solid waste picked up in each county. The County contributed \$32,627 during 2020. There is no accumulation of significant financial resources or fiscal stress related to this entity.

The Commission will remain in existence so long as two or more counties remain as parties to the agreement. Upon dissolution of the Commission, there will be an accounting to determine assets and liabilities. The assets of the Commission will be liquidated and, after payment of liabilities, the proceeds will be distributed to the member counties in the ratio that the total contributions made by each of them bears to the sum total of contributions made by all.

Separate financial information can be obtained from:

Tri-County Solid Waste Commission  
3601 5th Street South  
Waite Park, MN 56387

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**A. Joint Ventures (Continued)**

Central Minnesota Violent Offender Task Force

Benton, Morrison, Todd, Sherburne, and Stearns Counties and the Cities of Sartell, Sauk Rapids, Waite Park, St. Joseph, St. Cloud, and Little Falls have entered into a joint powers agreement to investigate, identify, and disrupt illegal drug and gang activity through multi-jurisdictional investigations in Central Minnesota. The Stearns County Sheriff's Office is the fiscal agent for the Central Minnesota Violent Offender Task Force. Members provide officers to the Task Force in lieu of appropriations. Benton County provided no funding to this organization in 2020. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Control of the Task Force is vested in a board of directors. The members of the board shall be the Sheriff of each member county, a county attorney from a member county as the legal advisor to the Task Force, the chief of police for the Little Falls Police Department, the chief of police for the City of St. Cloud, and one representative among the chiefs of police from the Cities of Sartell, Sauk Rapids, Waite Park, and St. Joseph, who shall be selected annually by a majority vote of the chiefs of police.

Separate financial information can be obtained from:

St. Cloud Police Department  
101 11th Avenue North, P.O. Box 1616  
St. Cloud, MN 56303

Great River Regional Library

The Great River Regional Library operates under a joint powers agreement and according to the authority granted by Minnesota Statutes. The specific operating framework is set forth in a service agreement which has been entered into by each of the six members. The membership consists of Benton, Morrison, Stearns, Wright, Sherburne, and Todd Counties. The board of directors consists of 15 people. The Benton County Board of Commissioners has one representative on the Library board. The County's 2020 contribution to the Great River Regional Library of \$535,910 is included in the expenditures of the General Fund. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Great River Regional Library  
1300 W. St. Germain Street  
St. Cloud, MN 56301

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**A. Joint Ventures (Continued)**

Central Minnesota Emergency Medical Services

The Central Minnesota Emergency Medical Services Region was established in 2001, under Minnesota Statutes §471.59, to improve access, delivery, and effectiveness of the emergency medical services system; promote systematic and cost-effective delivery of services; and identify and address system needs within the member counties. The member counties are Benton, Cass, Chisago, Crow Wing, Kanabec, Mille Lacs, Morrison, Pine, Sherburne, Stearns, Todd, Wadena, and Wright. The Region established a board comprising one commissioner from each county. The Region's board has financial responsibility, and Stearns County is the fiscal agent. The County had no contributions during 2020. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Complete financial information can be obtained from:

Central Minnesota Emergency Medical Services Region  
Administration Center  
705 Courthouse Square  
St. Cloud, MN 56303-4701

St. Cloud Area Planning Organization

The St. Cloud Area Planning Organization was created to keep governmental units and the general public informed and advised on all matters relative to the transportation planning, programming, and funding. The Council is an organized joint venture having the duties, powers, and privileges granted joint powers by Minnesota Statutes §471.59. The joint venture is governed by a Policy board, which is comprised of 11 local government member jurisdictions, as well as representatives from the Central Minnesota Transportation Alliance and St. Cloud Metro Bus. The Policy Board is responsible for adopting regional transportation plans, projects, and policies. The Policy Board consists of 43 voting members, 36 of which are elected officials from cities, counties, and townships. During 2020, the County contributed \$6,797 to the St. Cloud Area Planning Organization. There is no accumulation of significant financial resources or fiscal stress related to this entity. Complete financial statements can be obtained from:

St. Cloud Area Planning Organization  
1040 County Road #4  
St. Cloud, MN 56303

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**A. Joint Ventures (Continued)**

Central Minnesota Emergency Services Board

The Central Minnesota Regional Radio Board was established in 2007, under the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39. As of June 1, 2011, the Central Minnesota Regional Radio Board changed its name to the Central Minnesota Emergency Services board. Members include the City of St. Cloud and the counties of Benton, Big Stone, Douglas, Grant, Kandiyohi, Meeker, Mille Lacs, Morrison, Otter Tail, Pope, Sherburne, Stearns, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Wright.

The purpose of the Central Minnesota Emergency Services 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.

The Central Minnesota Emergency Services Board 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 Central Minnesota Emergency Service board's by-laws.

In the event of dissolution of the Central Minnesota Emergency Services 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.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**A. Joint Ventures (Continued)**

Central Minnesota Emergency Services Board (Continued)

The Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. During 2020, Benton County contributed \$5,622 to the board. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Central Minnesota Emergency Services Board  
City of St. Cloud  
Office of the Mayor  
City Hall  
400 Second Street South  
St. Cloud, MN 56301

Central Minnesota Economic Development 7w District

The Central Minnesota Economic Development 7w District Board was established in 2018 pursuant to Minnesota Statutes, §§ 471.59 for the purpose of coordinating and implementing economic development activities within the district. The member counties are Benton, Sherburne, Stearns, and Wright.

The Central Minnesota Economic Development 7w District Board is composed of two directors from each county who is a party to the agreement and one additional director from the private sector, representing the business community.

If the Joint Powers Board is terminated by the federal EDA, then the Parties shall institute a wind down plan.

The County had no contributions during 2020. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Complete financial information can be obtained from:

Central MN Jobs and Training  
406 East 7<sup>th</sup> Street  
P.O. Box 720  
Monticello, MN 55362

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**A. Joint Ventures (Continued)**

Central Minnesota Home Visiting Coalition

The Central Minnesota Home Visiting Coalition Board was established in 2019 pursuant to Minnesota Statutes, §§ 471.59 for the purpose of promoting public health including family health. The member counties are Benton, Sherburne, Stearns, and Wright.

The Central Minnesota Home Visiting Coalition Board is composed of one county board commissioner from each county who is a party to the agreement.

The County had no contributions during 2020. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Complete financial information can be obtained from:

Central Minnesota Home Visiting Coalition  
Sherburne County  
13880 Business Center Drive, Suite 100  
Elk River, MN 55330

CommUNITY Adult Mental Health Initiative

The CommUNITY Adult Mental Health Initiative Board was established in 2013 pursuant to Minnesota Statutes, §§ 471.59 and 245.4661 for the purpose of establishing a mechanism to service persons with serious and persistent mental illness in the most clinically appropriate, person-centered, least restrictive, and cost-effective ways. The member counties are Benton, Sherburne, Stearns, and Wright.

The CommUNITY Adult Mental Health Initiative Board is composed of one county board commissioner from each county who is a party to the agreement, one consumer from the advisory group, one provider from the advisory group, and one member from the advisory group who is not employed by another party to the agreement. Benton County is the fiscal agent for the joint venture.

In the event of dissolution of the CommUNITY Adult Mental Health Initiative Board, all property, assets, and funds of the board shall be distributed to the parties of the agreement upon termination in accordance with the grantor agreement of the state of Minnesota or otherwise in direct proportion to the total population of the respective counties still member to the agreement as reported by the most recent census.

The County had no contributions during 2020. There is no accumulation of significant financial resources or fiscal stress related to this entity.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Contingent Liabilities**

Amounts received or receivable from granting 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.

**NOTE 10 TAX ABATEMENTS**

The County has multiple pay-as-you-go tax increment financing districts with local businesses pursuant to Minn. Stat. §§ 469.174-1799; three to promote economic development, two to promote housing districts for low to moderate income, and one to promote redevelopment. The County is currently collecting tax increments that are paid through the property tax collection processes. The requirement for businesses to receive the excess tax increments from the County is to perform improvements on the owned property. The increment taxes are based on the increase of the property value after the improvements are made. There are six TIF Districts that exist within Benton County boundaries which are listed below by city.

Purpose	Name	City	Percentage of Increment Collected to Be Returned	Decertification Date	Excess Tax Increment Paid During 2020
Economic Development	TIF District 20	Sauk Rapids	96 %	12/31/20	\$ 246,604
Economic Development	TIF District 1-9	Foley	94	12/31/25	57,725
Housing District for Low to Moderate Income	TIF District 1-8	Rice	99	12/31/38	28,425
Housing District for Low to Moderate Income	TIF District 1-8	Foley	36	12/31/39	2,792
Redevelopment	TIF District 23	Sauk Rapids	90	12/31/41	98,641
Redevelopment	TIF District 5-6	Sartell	-	12/31/29	-

For the year ended December 31, 2020, the County paid excess tax increment in the amount of \$434,187. The County's tax revenues were reduced by \$308,365 during 2020. No other commitments were made by the County as part of these agreements.

**BENTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 RESTATEMENT FOR A CHANGE IN ACCOUNTING PRINCIPLE**

During the year ended December 31, 2020, the County adopted GASB Statement No. 84, *Fiduciary Activities*, which established criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by including accruals and net position to custodial funds not previously required and reporting several private purpose trust funds. This pronouncement requires a restatement of December 31, 2019, net position of the fiduciary activities as follows:

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
Net Position, January 1, 2020, as Previously Reported Change in Accounting Principle	\$ - <u>221,510</u>	\$ - <u>1,298,817</u>
Net Position, January 1, 2020, as Restated	<u>\$ 221,510</u>	<u>\$ 1,298,817</u>

**NOTE 12 RELATED-PARTY TRANSACTION**

During 2019, the Saint Paul Port Authority requested Benton County to place Property Assessed Clean Energy (PACE) special assessments on three parcels. These three parcels are owned by County Commissioner Allen J. Bauerly. The assessments totaled \$200,000 and were assessed a 4.5% interest rate. As of December 31, 2020, the outstanding balance was \$160,000.

**NOTE 13 SUBSEQUENT EVENTS**

Due to the uncertainty related to COVID-19's impact on County operations, the County will receive a \$7,930,170 grant from the year 2021 to the year 2024 from the federal government as a part of the American Rescue Plan Act (ARPA) of 2021. These funds are available to the County for a range of allowable uses through December 31, 2024.

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS**



**BENTON COUNTY**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED**  
**RATIOS, AND NOTES**  
**YEAR ENDED DECEMBER 31, 2020**

	Measurement Date January 1, 2020	Measurement Date January 1, 2019	Measurement Date January 1, 2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 87,961	\$ 60,559	\$ 64,133
Interest	44,760	37,893	36,202
Assumption Changes	58,986	(37,106)	-
Differences between Expected and Actual Experience	152,464	-	-
Benefit Payments	(66,658)	(51,819)	(39,308)
Net Change in Total OPEB Liability	<u>277,513</u>	<u>9,527</u>	<u>61,027</u>
Total OPEB Liability - Beginning, as Restated	<u>1,122,950</u>	<u>1,113,423</u>	<u>1,052,396</u>
Total OPEB Liability - Ending	<u><u>\$ 1,400,463</u></u>	<u><u>\$ 1,122,950</u></u>	<u><u>\$ 1,113,423</u></u>
 Covered Employee Payroll	 \$ 13,751,787	 \$ 13,393,190	 \$ 13,003,097
County's OPEB Liability as a Percentage of Covered Employee Payroll	10 %	8 %	9 %

Note 1: The County implemented GASB Statement No. 75 in 2018. The above table will be expanded to 10 years of information as the information becomes available.

Note 2: No assets are accumulated in a trust.

**BENTON COUNTY**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY**  
**YEAR ENDED DECEMBER 31, 2020**

**PERA GENERAL EMPLOYEES RETIREMENT PLAN**

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with Benton County	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.155 %	\$ 9,292,958	\$ 286,598	\$ 9,579,556	\$ 11,054,615	84.06 %	79.06 %
2019	0.150	8,304,222	258,155	8,562,377	10,634,199	78.09	80.20
2018	0.156	8,637,598	283,316	8,920,914	10,463,459	82.55	79.53
2017	0.156	9,978,089	125,502	10,103,591	10,075,256	99.04	75.90
2016	0.160	13,169,836	171,984	13,341,820	10,791,851	122.04	68.91
2015	0.162	8,312,760	N/A	8,312,760	9,915,678	83.83	78.19

**PERA PUBLIC EMPLOYEES POLICE AND FIRE**

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with Benton County	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.174 %	\$ 2,292,188	\$ 54,001	\$ 2,346,189	\$ 1,963,883	116.72 %	87.19 %
2019	0.175	1,865,181	-	1,865,181	1,848,727	100.89	89.30
2018	0.157	1,674,524	-	1,674,524	1,655,660	101.14	88.84
2017	0.165	2,227,696	-	2,227,696	1,696,213	131.33	85.43
2016	0.172	6,902,659	-	6,902,659	1,654,186	417.28	63.80
2015	0.170	1,931,598	-	1,931,598	1,442,728	133.89	86.61

**PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN**

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.924 %	\$ 250,827	\$ 2,011,550	12.47 %	96.67 %
2019	0.944	130,626	2,012,422	6.49	98.17
2018	0.969	159,354	1,975,745	8.07	97.64
2017	0.950	2,707,509	1,907,753	141.92	67.89
2016	1.020	3,726,203	1,922,086	193.86	58.16
2015	1.000	154,600	1,861,093	8.31	96.95

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

See accompanying Notes to Required Supplementary Information.

**BENTON COUNTY**  
**SCHEDULE OF COUNTY CONTRIBUTIONS**  
**YEAR ENDED DECEMBER 31, 2020**

**PERA GENERAL EMPLOYEES RETIREMENT PLAN**

Year Ended	Statutorily Required Contributions	Actual Contributions in Relation to Statutorily Required Contributions	Contribution (Deficiency) Excess	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2020	\$ 822,109	\$ 822,109	\$ -	\$ 10,961,455	7.50 %
2019	811,974	811,974	-	10,826,321	7.50
2018	786,079	786,079	-	10,481,016	7.50
2017	774,408	774,408	-	10,307,154	7.50
2016	737,219	737,219	-	9,829,853	7.50
2015	743,589	743,589	-	9,914,920	7.50

**PERA PUBLIC EMPLOYEES POLICE AND FIRE**

Year Ended	Statutorily Required Contributions	Actual Contributions in Relation to Statutorily Required Contributions	Contribution (Deficiency) Excess	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2020	\$ 362,468	\$ 362,468	\$ -	\$ 2,047,843	17.70 %
2019	326,025	326,025	-	1,923,450	16.95
2018	287,332	287,332	-	1,773,654	16.20
2017	267,654	267,654	-	1,652,186	16.20
2016	267,195	267,195	-	1,649,353	16.20
2015	258,971	258,971	-	1,598,587	16.20

**PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN**

Year Ended	Statutorily Required Contributions	Actual Contributions in Relation to Statutorily Required Contributions	Contribution (Deficiency) Excess	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2020	\$ 240,056	\$ 240,056	\$ -	\$ 2,743,493	8.75 %
2019	178,151	178,151	-	2,036,011	8.75
2018	175,198	175,198	-	2,002,256	8.75
2017	166,535	166,535	-	1,907,018	8.75
2016	166,326	166,326	-	1,900,861	8.75
2015	163,494	163,494	-	1,868,503	8.75

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available. The measurement date for each year is December 31.

See accompanying Notes to Required Supplementary Information.

(83)

**BENTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 12,127,286	\$ 12,127,286	\$ 12,333,455	\$ 206,169
Licenses and Permits	313,510	313,510	350,286	36,776
Intergovernmental	2,247,077	2,247,077	8,220,558	5,973,481
Charges for Services	1,791,683	1,791,683	1,376,950	(414,733)
Fines and Forfeits	13,700	13,700	15,864	2,164
Gifts and Contributions	1,000	1,000	800	(200)
Investment Earnings	250,000	250,000	229,993	(20,007)
Miscellaneous	214,680	214,680	176,263	(38,417)
Total Revenues	<u>16,958,936</u>	<u>16,958,936</u>	<u>22,704,169</u>	<u>5,745,233</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Commissioners	296,018	296,018	275,484	20,534
Public Defender	147,000	147,000	150,775	(3,775)
Administration	663,931	663,931	640,520	23,411
Auditor-Treasurer	605,479	605,479	620,158	(14,679)
Assessor	559,035	559,035	563,276	(4,241)
Information Technology	874,850	874,850	871,267	3,583
Attorney	1,331,017	1,331,017	1,290,021	40,996
Recorder	208,184	208,184	204,115	4,069
Property Management	774,149	774,149	738,979	35,170
Veterans Service Officer	82,511	82,511	74,800	7,711
Other Outside Agencies	133,850	133,850	132,843	1,007
Other General Government	1,053,143	1,053,143	929,381	123,762
Total General Government	<u>6,729,167</u>	<u>6,729,167</u>	<u>6,491,619</u>	<u>237,548</u>
Public Safety:				
Sheriff	4,212,909	4,212,909	4,206,175	6,734
Emergency Management	97,498	97,498	871,729	(774,231)
Prisoner Custodial	3,572,641	3,572,641	3,422,272	150,369
Probation	687,268	687,268	813,175	(125,907)
Total Public Safety	<u>8,570,316</u>	<u>8,570,316</u>	<u>9,313,351</u>	<u>(743,035)</u>
Health:				
Groundwater Management	117,579	117,579	107,233	10,346

**BENTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Current (Continued):				
Culture and Recreation:				
Historical Society	\$ 12,070	\$ 12,070	\$ 12,070	\$ -
Regional Library	535,909	535,909	535,909	-
Total Culture and Recreation	<u>547,979</u>	<u>547,979</u>	<u>547,979</u>	<u>-</u>
Conservation of Natural Resources:				
University of Minnesota Extension	234,495	234,495	222,590	11,905
Soil and Water Conservation	239,500	239,500	239,500	-
Total Conservation of Natural Resources	<u>473,995</u>	<u>473,995</u>	<u>462,090</u>	<u>11,905</u>
Economic Development:				
Economic Development	10,000	10,000	1,283,071	(1,273,071)
Department of Development	352,580	352,580	327,968	24,612
Total Economic Development	<u>362,580</u>	<u>362,580</u>	<u>1,611,039</u>	<u>(1,248,459)</u>
Capital Outlay:				
General Government	28,000	28,000	32,602	(4,602)
Public Safety	212,500	212,500	443,239	(230,739)
Total Capital Outlay	<u>240,500</u>	<u>240,500</u>	<u>475,841</u>	<u>(235,341)</u>
<b>DEBT SERVICE</b>				
Principal Retirement	-	-	14,339	(14,339)
Total Expenditures	<u>17,042,116</u>	<u>17,042,116</u>	<u>19,023,491</u>	<u>(1,981,375)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(83,180)	(83,180)	3,680,678	3,763,858
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	134,350	134,350	51,117	(83,233)
Transfers Out	(516,875)	(516,875)	(518,850)	(1,975)
Total Other Financing Sources (Uses)	<u>(382,525)</u>	<u>(382,525)</u>	<u>(467,733)</u>	<u>(85,208)</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	<u><u>\$ (465,705)</u></u>	<u><u>\$ (465,705)</u></u>	<u><u>3,212,945</u></u>	<u><u>\$ 3,678,650</u></u>
Fund Balance - Beginning of Year			<u><u>7,607,870</u></u>	
<b>FUND BALANCE - END OF YEAR</b>				
			<u><u>\$ 10,820,815</u></u>	

**BENTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**ROAD AND BRIDGE FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,247,293	\$ 2,247,293	\$ 2,303,110	\$ 55,817
Licenses and Permits	45,000	45,000	58,418	13,418
Intergovernmental	5,790,201	5,790,201	7,194,881	1,404,680
Charges for Services	126,500	126,500	321,685	195,185
Miscellaneous	35,000	35,000	33,837	(1,163)
Total Revenues	<u>8,243,994</u>	<u>8,243,994</u>	<u>9,911,931</u>	<u>1,667,937</u>
<b>EXPENDITURES</b>				
Current:				
Highways and Streets:				
Administration	462,223	462,223	473,053	(10,830)
Maintenance	2,802,225	2,802,225	2,753,713	48,512
Construction	473,050	473,050	505,586	(32,536)
Equipment and Maintenance Shop	577,279	577,279	460,384	116,895
Total Highways and Streets	<u>4,314,777</u>	<u>4,314,777</u>	<u>4,192,736</u>	<u>122,041</u>
<b>CAPITAL OUTLAY</b>	5,700,154	5,700,154	8,554,117	(2,853,963)
<b>DEBT SERVICE</b>				
Principal Retirement	<u>-</u>	<u>-</u>	<u>55,092</u>	<u>(55,092)</u>
Total Expenditures	<u>10,014,931</u>	<u>10,014,931</u>	<u>12,801,945</u>	<u>(2,787,014)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,770,937)	(1,770,937)	(2,890,014)	(1,119,077)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,763,437	1,763,437	2,623,667	860,230
Transfers Out	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>
Issuance of Debt for Capital Lease	<u>-</u>	<u>-</u>	<u>64,591</u>	<u>64,591</u>
Proceeds from Sale of Assets	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>(7,500)</u>
Total Other Financing Sources (Uses)	<u>1,770,937</u>	<u>1,770,937</u>	<u>2,687,258</u>	<u>916,321</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(202,756)</u>	<u>\$ (202,756)</u>
Fund Balance - Beginning of Year			2,124,344	
Decrease in Inventory			<u>(145,421)</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,776,167</u>			

**BENTON COUNTY**  
**BUDGETARY COMPARISON SCHEDULE**  
**HUMAN SERVICES FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 4,886,529	\$ 4,886,529	\$ 4,961,512	\$ 74,983
Intergovernmental	8,521,640	8,521,640	8,316,313	(205,327)
Charges for Services	354,665	354,665	377,018	22,353
Gifts and Contributions	-	-	7,517	7,517
Investment Earnings	1,450	1,450	287	(1,163)
Miscellaneous	75,000	75,000	160,167	85,167
Total Revenues	<u>13,839,284</u>	<u>13,839,284</u>	<u>13,822,814</u>	<u>(16,470)</u>
<b>EXPENDITURES</b>				
Current:				
Human Services:				
Income Maintenance	3,927,490	3,927,490	3,520,169	407,321
Social Services	8,464,458	8,464,458	7,898,658	565,800
Total Human Services	<u>12,391,948</u>	<u>12,391,948</u>	<u>11,418,827</u>	<u>973,121</u>
Health:				
Public Health	<u>1,311,523</u>	<u>1,311,523</u>	<u>1,068,122</u>	<u>243,401</u>
<b>CAPITAL OUTLAY</b>				
Human Services	120,874	120,874	107,379	13,495
Health	<u>14,939</u>	<u>14,939</u>	<u>13,126</u>	<u>1,813</u>
Total Capital Outlay	<u>135,813</u>	<u>135,813</u>	<u>120,505</u>	<u>15,308</u>
<b>DEBT SERVICE</b>				
Principal Retirement	-	-	378,860	(378,860)
Total Expenditures	<u>13,839,284</u>	<u>13,839,284</u>	<u>12,986,314</u>	<u>852,970</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	836,500	836,500
<b>OTHER FINANCING USES</b>				
Transfers In	-	-	152,471	152,471
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>988,971</u>	<u>\$ 988,971</u>
Fund Balance - Beginning of Year,			<u>6,548,000</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 7,536,971</u>	

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**BENTON COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**I. BUDGETARY INFORMATION**

The County board adopts annual budgets for the General Fund, certain special revenue funds (Road and Bridge, and Human Services), Debt Service Fund, and Capital Projects Fund. These budgets are prepared on the modified accrual basis of accounting. Annual budgets are not adopted for the Economic Development, Miscellaneous, Ditch, Boundary Commission, and Gravel Pit Restoration Special Revenue Funds.

Based on a process established by the County board, all departments for the County submit requests for appropriations to the County Administrator each year. After review, analysis, and discussions with the departments, the County Administrator's proposed budget is presented to the County board for review. The County board holds public hearings and a final budget must be prepared and adopted no later than December 31.

The overall budget is prepared by fund and department. The legal level of budgetary control – the level at which expenditures may not legally exceed appropriations – is the department level. The Road and Bridge and Human Services Funds are considered departments of one for budgetary control purposes. Budgets may be amended during the year with proper approval.

**BENTON COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**

**II. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following major funds had expenditures in excess of budget at the department level for the year ended December 31, 2020:

Fund	Function	Expenditures	Budget	Excess
General	Current:			
	General Government:			
	Public Defender	\$ 150,775	\$ 147,000	\$ 3,775
	Auditor-Treasurer	620,158	605,479	14,679
	Assessor	563,276	559,035	4,241
	Public Safety			
	Emergency Management	871,729	97,498	774,231
	Probation	813,175	687,268	125,907
	Capital Outlay			
	General Government	32,602	28,000	4,602
	Public Safety	443,239	212,500	230,739
	Debt Service			
	Principal Retirement	14,339	-	14,339
Special Revenue Funds				
Road and Bridge	Current:			
	Highways and Streets:			
	Administration	473,053	462,223	10,830
	Construction	505,586	473,050	32,536
	Capital Outlay			
	Highways and Streets	8,554,117	5,700,154	2,853,963
	Debt Service			
	Principal Retirement	55,092	-	55,092
Human Services				
	Debt Service			
	Principal Retirement	378,860	-	378,860

The additional expenditures were financed by greater than anticipated grant revenues, greater than anticipated tax revenues, existing fund balance, and other additional revenues.

**BENTON COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

**A. General Employees Fund  
2020**

**Changes in Actuarial Assumptions**

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**Changes in Plan Provisions**

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**2019**

**Changes in Actuarial Assumptions**

- The mortality projection scale was changed from MP-2017 to MP-2018.

**Changes in Plan Provisions**

- The employer supplemental contribution was changed prospectively, decreased from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**BENTON COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**A. General Employees Fund (Continued)**

2018

**Changes in Actuarial Assumption**

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

**Changes in Plan Provisions**

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

**Changes in Actuarial Assumption**

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

**Changes in Plan Provisions**

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**BENTON COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**A. General Employees Fund (Continued)**

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Actuarial Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**B. Police and Fire Fund**

2020

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**BENTON COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**B. Police and Fire Fund (Continued)**

2019

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.

**BENTON COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**B. Police and Fire Fund (Continued)**

2017 (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% % per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2037 and 2.50% per year thereafter.

Changes in Plan Provisions

- The postretirement benefit increase to be paid after the attainment of the 90.00% funding threshold was changed from inflation up to 2.50%, to a fixed rate of 2.50%.

**C. Correctional Fund**

2020

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**BENTON COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

C. Correctional Fund (Continued)

2019

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

- The Single Discount Rate was changed from 5.96% per annum to 7.50% per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed postretirement benefit increase was changed from 2.50% per year to 2.00% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.50% per year with a provision to reduce to 1.00% if the funding status declines to a certain level, to 100% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 2.50%, beginning January 1, 2019. If the funding status declines to 85.00% for two consecutive years or 80.00% for one year, the maximum increase will be lowered to 1.50%.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested, deferred members. The CSA has been changed to 35% for vested members and 1% for nonvested members.
- The Single Discount Rate was changed from 5.31% per annum to 5.96% per annum.

**BENTON COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

C. Correctional Fund (Continued)

2017

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.31%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**IV. OTHER POSTEMPLOYMENT BENEFITS**

As disclosed on the Schedule of Funding Progress, no assets have been irrevocably deposited in a trust to advance fund the employer's obligation. Therefore, the actuarial value of assets is zero.

Since the most recent valuation, the following assumption changes have been made:

2020

- The medical trend rates, mortality tables, and salary increase rates were updated.
- The discount rate was changed from 3.80% to 2.90%.

2019

- The discount rate was changed from 3.30% to 3.80%.

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## **SUPPLEMENTARY INFORMATION**



**BENTON COUNTY  
DECEMBER 31, 2020**

**NONMAJOR GOVERNMENTAL FUNDS**

The Ditch Special Revenue Fund is used to account for the cost of constructing and maintaining an agricultural drainage ditch system. Financing is provided by special assessments levied against benefited property.

The Boundary Commission Special Revenue Fund is used to account for the activities of the Boundary Commission.

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

The Gravel Pit Restoration Special Revenue Fund is used to account for the 5% of aggregate production taxes collected and retained by the County to restore abandoned pits on public or tax-forfeited land.

**BENTON COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

	Nonmajor Special Revenue Funds				Total Nonmajor Funds
	Ditch	Boundary Commission	Economic Development	Gravel Pit Restoration	
<b>ASSETS</b>					
Cash and Pooled Investments	\$ -	\$ -	\$ 403,315	\$ 210,348	\$ 613,663
Special Assessments Receivable:					
Delinquent	2,614	-	-	-	2,614
Loans Receivable, Net of Allowance	-	-	327,512	-	327,512
<b>Total Assets</b>	<b>\$ 2,614</b>	<b>\$ -</b>	<b>\$ 730,827</b>	<b>\$ 210,348</b>	<b>\$ 943,789</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 5,620	\$ -	\$ 31	\$ -	\$ 5,651
Due to Other Funds	101,147	66,815	-	-	167,962
Advances from Other Funds	150,260	-	-	-	150,260
<b>Total Liabilities</b>	<b>257,027</b>	<b>66,815</b>	<b>31</b>	<b>-</b>	<b>323,873</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	2,614	-	334,196	-	336,810
<b>FUND BALANCES</b>					
Restricted	7,694	-	396,600	210,348	614,642
Unassigned	(264,721)	(66,815)	-	-	(331,536)
<b>Total Fund Balances</b>	<b>(257,027)</b>	<b>(66,815)</b>	<b>396,600</b>	<b>210,348</b>	<b>283,106</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,614</b>	<b>\$ -</b>	<b>\$ 730,827</b>	<b>\$ 210,348</b>	<b>\$ 943,789</b>

**BENTON COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	Nonmajor Special Revenue Funds				Total Nonmajor Funds
	Ditch	Boundary Commission	Economic Development	Gravel Pit Restoration	
<b>REVENUES</b>					
Special Assessments	\$ 224,489	\$ -	\$ -	\$ -	\$ 224,489
Miscellaneous	-	-	31,760	21,402	53,162
<b>Total Revenues</b>	<b>224,489</b>	<b>-</b>	<b>31,760</b>	<b>21,402</b>	<b>277,651</b>
<b>EXPENDITURES</b>					
Current:					
General Government	-	22,392	-	-	22,392
Conservation of Natural Resources	94,034	-	-	-	94,034
Economic Development	-	-	37,676	-	37,676
<b>Total Expenditures</b>	<b>94,034</b>	<b>22,392</b>	<b>37,676</b>	<b>-</b>	<b>154,102</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>130,455</b>	<b>(22,392)</b>	<b>(5,916)</b>	<b>21,402</b>	<b>123,549</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Out	(9,454)	-	-	-	(9,454)
<b>NET CHANGE IN FUND BALANCES</b>	<b>121,001</b>	<b>(22,392)</b>	<b>(5,916)</b>	<b>21,402</b>	<b>114,095</b>
Fund Balances - Beginning of Year	(378,028)	(44,423)	402,516	188,946	169,011
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ (257,027)</b>	<b>\$ (66,815)</b>	<b>\$ 396,600</b>	<b>\$ 210,348</b>	<b>\$ 283,106</b>

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**BENTON COUNTY  
YEAR ENDED DECEMBER 31, 2020**

## **FIDUCIARY FUNDS**

### **Private-Purpose Trust Funds**

The Social Welfare Fund is used to account for the activity related to income received and payments made on behalf of individuals for whom the County is responsible to assist in accordance with Minn. Stat. § 256.8.

The Henkemeyer Fund is used to account for money put aside for potential environmental remediation at a local privately owned landfill.

The Missing Heirs Fund is used to account for estates recovered by the County that do not have an identifiable heir to remit funds to.

### **Custodial Funds**

The Taxes and Penalties Fund is used to account for the inflows of tax collections and the disbursement of taxes during the settlement process for municipalities within the County.

The Building Official Fund is used to account for the third-party building inspector's share of building permits sold by the County each year.

The Sheriff Investigation Fund is used to maintain compliance with State guidelines regarding the proper handling of seized currency.

The State Revenue Fund is used for the collection of fees on behalf of the state.

The License Center Fund is used to account for the collection of license fees on behalf of the state.

The Estate Recoveries Fund is used to hold the State's portion of estates from deceased parties within the County until such a time they can be analyzed and disbursed appropriately.

The Jail Canteen Fund is used to account for deposits and withdrawals made by inmates of the Benton County Jail.

The MH Initiative Community Project is used to account for the interagency funds used in order to provide support for persons experiencing mental health problems to enhance their contributions to the community.

The MCHHSA Regional Fund is used to account for the activity in planning and hosting the MCHHSA regional meeting.

The CMH Collaborative Fund is used to account for an interagency agreement between the County and school districts for the purpose of planning and coordination of family services within the County.

**BENTON COUNTY**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS – PRIVATE-PURPOSE TRUST FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	<b>Social Welfare Private-Purpose Trust Fund</b>	<b>Henkemeyer Private-Purpose Trust Fund</b>
<b>ASSETS</b>		
Cash and Pooled Investments	<u>\$ 161,227</u>	<u>\$ 115,594</u>
<b>NET POSITION</b>		
Restricted for: Individuals, Organizations, and Other Governments	<u>\$ 161,227</u>	<u>\$ 115,594</u>

**BENTON COUNTY**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS – PRIVATE-PURPOSE TRUST FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

<b>Missing Heirs</b>	<b>Total</b>
<b>Private-Purpose</b>	<b>Private-Purpose</b>
<b>Trust Fund</b>	<b>Trust Fund</b>

<u>\$</u>	<u>5,964</u>	<u>\$</u>	<u>282,785</u>
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<u>\$</u>	<u>5,964</u>	<u>\$</u>	<u>282,785</u>
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**BENTON COUNTY**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS – PRIVATE-PURPOSE TRUST FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	<b>Social Welfare Private-Purpose Trust Fund</b>	<b>Henkemeyer Private-Purpose Trust Fund</b>
<b>ADDITIONS</b>		
Contributions - Individuals	\$ 781,315	\$ -
Investment Earnings:		
Interest, Dividends and Other	- <hr/>	- <hr/>
Total Additions	<hr/> 781,315	<hr/> -
<b>DEDUCTIONS</b>		
Beneficiary Payments to Individuals	<hr/> 720,043	<hr/> -
Net Increase (Decrease) in Fiduciary Net Position	61,272	-
Fiduciary Net Position - Beginning of Year	- <hr/>	- <hr/>
Change in Accounting Principle	99,955 <hr/>	115,594 <hr/>
Fiduciary Net Position - Beginning of Year, as Restated	<hr/> 99,955	<hr/> 115,594
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<hr/> <b>\$ 161,227</b>	<hr/> <b>\$ 115,594</b>

**BENTON COUNTY**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS – PRIVATE-PURPOSE TRUST FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

<b>Missing Heirs Private-Purpose Trust Fund</b>	<b>Total Private-Purpose Trust Fund</b>
\$ -	\$ 781,315
<u>3</u>	<u>3</u>
<u>3</u>	<u>781,318</u>
<u>-</u>	<u>720,043</u>
3	61,275
<u>5,961</u>	<u>221,510</u>
<u>5,961</u>	<u>221,510</u>
<u>\$ 5,964</u>	<u>\$ 282,785</u>

**BENTON COUNTY**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS – CUSTODIAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	Custodial Funds			
	Taxes and Penalties	Building Official	Sheriff Investigation	State Revenue
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 785,675	\$ 2,926	\$ 5,151	\$ 245,386
Due from Other Governments	-	-	-	-
Taxes For Other Governments	679,474	-	-	-
Prepaid Items	-	-	-	-
<b>Total Assets</b>	<b>1,465,149</b>	<b>2,926</b>	<b>5,151</b>	<b>245,386</b>
<b>LIABILITIES</b>				
Due to Others	282	2,926	5,151	-
Unearned Revenue	-	-	-	-
Due to Other Governments	733,445	-	-	245,386
<b>Total Liabilities</b>	<b>733,727</b>	<b>2,926</b>	<b>5,151</b>	<b>245,386</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes Collected for Subsequent Period	6,899	-	-	-
<b>NET POSITION</b>				
Restricted for:				
Individuals, Organizations, and	\$ 724,523	\$ -	\$ -	\$ -
Other Governments				

**BENTON COUNTY**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

Custodial Funds									Total Custodial Funds
License Center	Estate Recoveries	Jail Canteen	MH Initiative Community Project	MCHHSA Regional Fund	CMH Collaborative				
\$ 53,079	\$ 137,479	\$ 11,094	\$ 14,501	\$ 1,819	\$ 142,888	\$ 1,399,998			
-	-	-	544,728	-	20,456	565,184			
-	-	-	-	-	-	679,474			
-	-	-	83,798	-	-	83,798			
<u>53,079</u>	<u>137,479</u>	<u>11,094</u>	<u>643,027</u>	<u>1,819</u>	<u>163,344</u>	<u>2,728,454</u>			
-	-	-	28,370	-	26,573	63,302			
-	-	-	100,000	-	-	100,000			
<u>53,079</u>	<u>137,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,169,389</u>
<u>53,079</u>	<u>137,479</u>	<u>-</u>	<u>128,370</u>	<u>-</u>	<u>26,573</u>	<u>1,332,691</u>			
-	-	-	-	-	-	-	-	-	6,899
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,094</u>	<u>\$ 514,657</u>	<u>\$ 1,819</u>	<u>\$ 136,771</u>	<u>\$ 1,388,864</u>			

**BENTON COUNTY**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS – CUSTODIAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	Custodial Funds			
	Taxes and Penalties	Building Official	Sheriff Investigation	State Revenue
<b>ADDITIONS</b>				
Contributions:				
Individuals	\$ -	\$ -	\$ -	\$ -
Investment Earnings	- -	- -	- -	- -
Intergovernmental	- -	- -	- -	- -
Property Tax Collections for Other Governments	31,994,323	- -	- -	- -
Fee collections for Other Governments and Organizations	- -	188,503	- -	- -
License and Fees Collected for State	- -	- -	- -	1,851,748
Miscellaneous	- -	- -	- -	- -
Total Additions	<u>31,994,323</u>	<u>188,503</u>	<u>- -</u>	<u>1,851,748</u>
<b>DEDUCTIONS</b>				
Beneficiary Payments to Individuals	- -	- -	- -	- -
Payments of Property Tax to Other Governments	31,973,535	- -	- -	- -
Payments to State	- -	- -	- -	- -
Administrative Expense	- -	- -	- -	- -
Payments to Other Entities	- -	188,503	- -	1,851,748
Total Deductions	<u>31,973,535</u>	<u>188,503</u>	<u>- -</u>	<u>1,851,748</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>				
	20,788	- -	- -	- -
Fiduciary Net Position - Beginning of Year	- -	- -	- -	- -
Change in Accounting Principle	<u>703,735</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Fiduciary Net Position - Beginning of Year, as Restated	<u>703,735</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<b><u>\$ 724,523</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

**BENTON COUNTY**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

Custodial Funds							Total Custodial Funds
License Center	Estate Recoveries	Jail Canteen	MH Initiative Community Project	MCHHSA Regional Fund	CMH Collaborative		
\$ -	\$ -	\$ 129,106	\$ -	\$ -	\$ -	\$ 129,106	
-	-	-	10,440	-	3,214	13,654	
-	-	-	1,854,318	-	105,050	1,959,368	
-	-	-	-	-	-	31,994,323	
-	-	-	-	-	3,799	192,302	
4,134,527	428,968	-	-	-	-	6,415,243	
-	-	-	174	2,055	-	2,229	
<b>4,134,527</b>	<b>428,968</b>	<b>129,106</b>	<b>1,864,932</b>	<b>2,055</b>	<b>112,063</b>	<b>40,706,225</b>	
-	-	129,874	-	-	-	129,874	
-	-	-	-	-	-	31,973,535	
4,134,527	-	-	-	-	-	4,134,527	
-	-	-	-	-	9,178	9,178	
-	428,968	-	1,792,490	1,954	105,401	4,369,064	
<b>4,134,527</b>	<b>428,968</b>	<b>129,874</b>	<b>1,792,490</b>	<b>1,954</b>	<b>114,579</b>	<b>40,616,178</b>	
-	-	(768)	72,442	101	(2,516)	90,047	
-	-	-	-	-	-	-	
-	-	11,862	442,215	1,718	139,287	1,298,817	
-	-	11,862	442,215	1,718	139,287	1,298,817	
<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,094</b>	<b>\$ 514,657</b>	<b>\$ 1,819</b>	<b>\$ 136,771</b>	<b>\$ 1,388,864</b>	

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**OTHER SUPPLEMENTARY INFORMATION**

**BENTON COUNTY**  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
**YEAR ENDED DECEMBER 31, 2020**

	Special Revenue Funds			
	General	Road and Bridge	Human Services	Miscellaneous
<b>SHARED REVENUE AND APPROPRIATIONS</b>				
State:				
County Program Aid	\$ 1,429,063	\$ 245,851	\$ 585,034	\$ -
PERA Rate Reimbursement	24,492	3,183	12,776	-
Disparity Reduction Aid	7,441	-	-	-
Police Aid	226,825	-	-	-
Highway Users Tax	-	5,084,961	-	-
Market Value Credit	183,487	31,569	75,118	-
Aquatic Invasive Species Aid	-	-	-	34,723
Enhanced 911	-	-	-	117,849
Riparian Aid	58,853	-	-	-
Out of Home Placement Aid	-	-	4,668	-
SCORE	-	8,438	-	107,671
Total Shared Revenue and Appropriations	1,930,161	5,374,002	677,596	260,243
<b>REIMBURSEMENT FOR SERVICES</b>				
State:				
Minnesota Department of:				
Human Services	-	-	2,237,646	-
<b>LOCAL</b>				
Payments in Lieu of Tax	21,459	2,396	5,702	-
<b>GRANTS</b>				
State:				
Minnesota Department/Board of:				
Corrections	109,058	-	-	-
Public Safety	11,044	-	-	8,123
Health	-	-	383,242	-
Natural Resources	19,172	-	-	-
Human Services	-	-	1,334,586	-
Water and Soil Resources	13,271	-	-	31,598
Veterans Affairs	-	-	-	10,000
Finance	807,085	-	-	-
Secretary of State	-	-	-	74,956
Peace Officer's Board	25,405	-	-	-
Total State Grants	985,035	-	1,717,828	124,677
Federal:				
Department of:				
Agriculture	17,085	-	569,689	-
Election Assistance Commission	-	-	-	26,454
Justice	33,288	-	-	16,489
Transportation	27,360	1,818,483	-	-
Treasury	5,050,065	-	-	-
Education	-	-	3,119	-
Health and Human Services	82,091	-	3,104,733	-
Homeland Security	74,014	-	-	-
Total Federal Grants	5,283,903	1,818,483	3,677,541	42,943
Total State and Federal Grants	6,268,938	1,818,483	5,395,369	167,620
Total Intergovernmental Revenue	\$ 8,220,558	\$ 7,194,881	\$ 8,316,313	\$ 427,863

**BENTON COUNTY**  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total All Funds</b>
\$ - \$ 475,844	\$ 2,735,792	
- - -	40,451	
- - -	7,441	
- - -	226,825	
169,750 -	5,254,711	
14,418 1,018	305,610	
- - -	34,723	
- - -	117,849	
- - -	58,853	
- - -	4,668	
- - -	116,109	
<hr/> 184,168	<hr/> 476,862	<hr/> 8,903,032
 - - -	 2,237,646	
 1,094	 77	 30,728
 - - -	 109,058	
- - -	19,167	
- - -	383,242	
- - -	19,172	
- - -	1,334,586	
- - -	44,869	
- - -	10,000	
- - -	807,085	
- - -	74,956	
- - -	25,405	
<hr/> - - -	<hr/> 2,827,540	
 - - -	 586,774	
- - -	26,454	
- - -	49,777	
- - -	1,845,843	
- - -	5,050,065	
- - -	3,119	
- - -	3,186,824	
- - -	74,014	
<hr/> - - -	<hr/> 10,822,870	
<hr/> - - -	<hr/> 13,650,410	
<hr/> \$ 185,262	<hr/> \$ 476,939	<hr/> \$ 24,821,816

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**REPORTS RELATED TO GOVERNMENT AUDITING STANDARDS  
AND SINGLE AUDIT**



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

Board of County Commissioners  
Benton County  
Foley, Minnesota

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Benton County's basic financial statements, and have issued our report thereon dated August 26, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Benton County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Benton County's internal control. Accordingly, we do not express an opinion on the effectiveness of Benton County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-001 to 2020-002 to be material weaknesses.

Board of County Commissioners  
Benton County

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-003 to be a significant deficiency.

**Compliance and Other Matters**

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

**Benton County's Responses to Findings**

Benton County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Benton County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Benton County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benton County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
August 26, 2021

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of County Commissioners  
Benton County  
Foley, Minnesota

### Report on Compliance for Each Major Federal Program

We have audited Benton County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Benton County's major federal programs for the year ended December 31, 2020. Benton County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Benton County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Benton County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Benton County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Benton County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-005 to 2020-007. Our opinion on each major federal program is not modified with respect to these matters.

Benton County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Benton County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of Benton County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Benton County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Benton County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-004 and 2020-005 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-006 and 2020-007 to be significant deficiencies.

Board of County Commissioners  
Benton County

Benton County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Benton County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
August 26, 2021

**BENTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2020**

***Financial Statements***

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  yes \_\_\_\_\_ no
- Significant deficiency(ies) identified?  yes \_\_\_\_\_ none noted

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?  yes \_\_\_\_\_ no
- Significant deficiency(ies) identified?  yes \_\_\_\_\_ none noted

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)? \_\_\_\_\_  yes \_\_\_\_\_ no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction (Highway Planning and Construction Cluster)
21.019	COVID-19 Coronavirus Relief Fund
93.778	Medical Assistance Program (Medicaid Cluster)
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_  yes \_\_\_\_\_ no

**BENTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2020**

**MATERIAL WEAKNESSES (FINANCIAL REPORTING):**

**AUDIT ADJUSTMENTS (2020-001)**

**Criteria:** County management is responsible for establishing and maintaining internal controls for the proper recording of all County's receipts and disbursements, including reclassifications between funds and activity of all investing and savings accounts.

**Condition and Context:** As part of the audit, we proposed material adjustments for closing the County's books at year-end, recording of accruals, recording of inventory adjustments, recording the issuance of capital leases, recording of prepaids, implementing GASB 84, net pension liability and related deferred inflows and outflows of resources, reclassifications of fund balances between categories and revenues and expenditures to the proper accounts.

**Cause:** The County has a limited number of personnel.

**Possible Effect:** The design of the internal controls over recording revenues and expenditures, including reclassifications, could affect the ability of the County to detect or prevent errors, a misappropriation of assets, or fraudulent activity.

**Repeat Finding:** Yes, 2019-001.

**Recommendation:** We recommend County management be consistently aware of all procedures and processes involved in recording receipts, disbursements, and reclassifications, and develop internal control policies to ensure proper recording of these items.

**Views of Responsible Officials and Planned Corrective Actions:** There is no disagreement with the audit finding. Management will continue to work at eliminating the need for audit adjustments through learning about new GASB standards and reviewing work performed by department personnel.

**BENTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2020**

**MATERIAL WEAKNESSES (FINANCIAL REPORTING) (CONTINUED):**

**FINANCIAL REPORTING PROCESS (2020-002)**

**Criteria:** County management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance applicable accounting and reporting standards.

**Condition and Context:** As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. The County does not have an internal control policy in place over preparation or review of the annual financial statements that would enable management to prepare the financial statements and related note disclosures in accordance with applicable accounting and reporting standards. Management reviews and accepts responsibility for the financial statements.

**Cause:** The County has a limited number of personnel.

**Possible Effect:** The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the County's internal controls.

**Repeat Finding:** Yes, 2019-002.

**Recommendation:** We recommend the County continue to evaluate their internal staff capacity to determine if an internal control policy over the preparation of the financial statements and other areas is beneficial.

**Views of Responsible Officials and Planned Corrective Actions:** There is no disagreement with the audit finding. The County will review the financial reporting requirements and undertake them if deemed cost-beneficial.

**BENTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2020**

**SIGNIFICANT DEFICIENCY (FINANCIAL REPORTING):**

**SEGREGATION OF DUTIES (2020-003)**

**Criteria:** Management should always be aware of the need to have adequate segregation of duties regarding the processing of transactions for the County. In addition, management should be aware that the concentration of duties and responsibilities in one or a very few individuals is not desirable from an internal control perspective.

**Condition and Context:** Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place for various departments/offices in the County. Also, some areas do not have proper review due to limited personnel resulting in the lack of some controls.

**Cause:** The County has a limited number of personnel within several departments/offices.

**Possible Effect:** The lack of adequate segregation of duties can result in incorrect financial information, failure to detect misstatements or misappropriations, and the lack of adherence to the County's procedures.

**Repeat Finding:** Yes, 2019-003.

**Recommendation:** We recommend management be aware of the lack of segregation of duties within the accounting functions and provide oversight to ensure the internal control policies and procedures are being implemented by organization staff.

**Views of Responsible Officials and Planned Corrective Actions:** There is no disagreement with the audit finding. The County will review the accounting functions and segregate them if deemed cost-beneficial.

**BENTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2020**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:**

**CASEFILE REVIEW (2020-004)**

**Federal Agency:** U.S. Department of Health and Human Services

**Federal Program Title:** Temporary Assistance for Needy Families and Medical Assistance Program (Medicaid Cluster)

**CFDA Number:** 93.558 and 93.778

**Pass-Through Agency:** Minnesota Department of Human Services and Minnesota Department of Health

**Pass-Through Numbers:** 2001MNTANF, 2005MN5ADM, 2005MN5MAP

**Compliance Requirement Affected:** Eligibility

**Award Period:** Year-Ended December 31, 2020

**Type of Finding:** Material Weakness in Internal Control over Compliance

**Criteria:** According to Uniform Guidance 2 CFR Part 200 and Appendix XI Compliance Supplement for CFDA 93.558 and CFDA 93.778, standard internal control procedures recommend internal reviews over case file eligibility determinations to ascertain case workers are complying with state and federal requirements.

**Condition and Context:** During inquiry and our statistically valid sample testing of case files reviews completed during 2020, it was noted that there were minimal to no case file reviews performed for both Temporary Assistance for Needy Families and Medical Assistance. The sample sizes were based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits* if there were case file reviews performed.

**Questioned Costs:** Unable to be determined.

**Cause:** Lack of personnel.

**Possible Effect:** Errors made in determining eligibility may not be discovered and benefits may be issued to clients who are not eligible.

**Repeat Finding:** Yes, 2019-004 related to CFDA Number 93.558.

**Recommendation:** We recommend the County review case files on a periodic basis throughout the year.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

**BENTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2020**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED):**

**ELIGIBILITY DOCUMENTATION – TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (2020-005)**

**Federal Agency:** U.S. Department of Health and Human Services

**Federal Program Title:** Temporary Assistance for Needy Families

**CFDA Number:** 93.558

**Pass-Through Agency:** Minnesota Department of Human Services

**Pass-Through Numbers:** 2001MNTANF

**Compliance Requirement Affected:** Eligibility

**Award Period:** Year-Ended December 31, 2020

**Type of Finding:** Material Weakness in Internal Control over Compliance and Other Matters

**Criteria:** According to Uniform Guidance 2 CFR Part 200 and Appendix XI Compliance Supplement for CFDA 93.558, the federal eligibility compliance requirements for Temporary Assistance for Needy Families require verification whether or not they or any member of their household has been convicted of a felony involving a controlled substance, an annual application, including a signature, and documentation of a medical exemption from the employment compliance requirement, if applicable.

**Condition and Context:** During our statistically valid sample testing of eligibility, it was noted that five of sixty casefiles had exceptions detected as follows:

- One of sixty casefiles did not have documentation whether or not they or any member of their household had been convicted of a felony involving a controlled substance.
- Two of sixty casefiles were transfer cases and were missing the annual application.
- One of sixty casefiles was missing the medical opinion form verifying the person was exempt from the employment compliance requirement.
- One of sixty casefiles was missing the signature page of the application.

The sample sizes were based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**Questioned Costs:** Not applicable. The County administers the program, but benefits to participants in this program are paid by the state of Minnesota.

**Cause:** Program personnel entering case information did not ensure all required information was input or updated correctly or that all required information was obtained and/or retained.

**Possible Effect:** The County could be providing benefits to ineligible clients.

**Repeat Finding:** Yes, 2019-005

**Recommendation:** We recommend the County implement procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations exist and issues are followed up on in a timely manner.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

**BENTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2020**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED):**

**ELIGIBILITY DOCUMENTATION – MEDICAL ASSISTANCE PROGRAM (MEDICAID CLUSTER)  
(2020-006)**

**Federal Agency:** U.S. Department of Health and Human Services

**Federal Program Title:** Medical Assistance Program (Medicaid Cluster)

**CFDA Number:** 93.778

**Pass-Through Agency:** Minnesota Department of Human Services

**Pass-Through Numbers:** 2005MN5ADM, 2005MN5MAP

**Compliance Requirement Affected:** Eligibility

**Award Period:** Year-Ended December 31, 2020

**Type of Finding:** Significant Deficiency in Internal Control over Compliance and Other Matters

**Criteria:** According to Uniform Guidance 2 CFR Part 200 and Appendix XI Compliance Supplement for CFDA 93.778, the federal eligibility compliance requirements for Medical Assistance require verification of specific assets owned by applicants. In order for benefit amounts to be calculated correctly, it's necessary for the information to be entered into the state eligibility system, MAXIS, accurately.

**Condition and Context:** During our statistically valid sample testing of eligibility, it was noted that two out of sixty transactions did not have asset documentation to support the amount that was entered into the state system MAXIS. The sample sizes were based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**Questioned Costs:** Not applicable. The County administers the program, but benefits to participants in this program are paid by the state of Minnesota.

**Cause:** Program personnel entering case information in MAXIS did not ensure all required information was input or updated in MAXIS correctly or that all required information was obtained and/or retained.

**Possible Effect:** The County could be providing benefits to ineligible clients.

**Repeat Finding:** Yes, 2019-006.

**Recommendation:** We recommend the County implement procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations exist and are properly input or updated in MAXIS and issues are followed up on in a timely manner.

**Views of Responsible Officials:** There is no disagreement with the audit finding.

**BENTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2020**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED):**

**CONTROLS OVER REPORTING (2020-007)**

**Federal Agency:** U.S. Department of Treasury

**Federal Program Title:** COVID-19 Coronavirus Relief Fund

**CFDA Number:** 21.019

**Pass-Through Agency:** Minnesota Department of Revenue

**Pass-Through Numbers:** SLT0016

**Compliance Requirement Affected:** Reporting

**Award Period:** Year-Ended December 31, 2020

**Type of Finding:** Significant Deficiency in Internal Control over Compliance and Other Matters

**Criteria:** Standard internal control and compliance procedures dictate that all reports should have supporting documentation kept on file.

**Condition and Context:** During our statistically valid sample testing of reporting, it was noted that 4 out of 5 monthly reports tested did not save the monthly general ledger detail for their spreadsheet used to create the monthly reports submitted. The County did however have support for their final report submitted to Minnesota Management and Budget (MMB). The sample sizes were based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*. We did note during our audit that the overall/final report did have the supporting detail.

**Questioned Costs:** None.

**Cause:** Oversight by management due to it being a new grant.

**Possible Effect:** The County could have submitted inaccurate reports for reimbursement.

**Repeat Finding:** Not applicable.

**Recommendation:** We recommend the County implement procedures to ensure any future reports have the detail retained for each report.

**Views of Responsible Officials:** There is no disagreement with the finding. The County maintains that general ledger detail in the County's financial system was retained. The County utilized a spreadsheet tracking system to complete required State Coronavirus Relief Fund reporting. This spreadsheet was updated monthly and tied to our final report. However monthly versions of the spreadsheet were not saved.

**BENTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2020**

**OTHER ITEMS FOR CONSIDERATION – MINNESOTA LEGAL COMPLIANCE**

**DITCH SPECIAL REVENUE FUND – CASH DEFICIT (2020-008)**

**Criteria:** Minnesota Statutes §103E.655 subd. 2 requires active ditch systems to maintain sufficient funds to pay for project costs.

**Condition and Context:** The County reported 9 out of 12 active ditch systems as having deficit cash balances as of December 31, 2020, totaling \$112,806.

**Cause:** Expenditures to upgrade ditches are incurred prior to revenue stream.

**Possible Effect:** The County is not in compliance with Minnesota Statutes §103E.655 subd. 2.

**Repeat Finding:** Yes, 2019-009.

**Recommendation:** We recommend the County continue to try to eliminate the deficit cash balances in the active ditch systems by borrowing from an eligible ditch system or fund with a surplus cash balance.

**CLIENT'S RESPONSE:**

*The County has made the managerial decision to accumulate expenditures related to ditch cleaning projects, establishing loans to ditch accounts once all final expenditures are known. Ditch cleaning projects can span two-three years, creating short-term deficits in ditch accounts. Delaying loans until all ditch expenditures are known eliminates the need to make interim loans, or loan amount adjustments.*

**BENTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2020**

**PREVIOUSLY REPORTED ITEMS RESOLVED – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**ACCURATE LISTING OF EMPLOYEES FOR RANDOM MOMENT STUDIES (2019-007)**

The County had an employee included in a random moment study listing after they terminated.

Resolution: During current year testing, no similar instances were noted.

**CONTROLS OVER REPORT (2019-008)**

The County had two reports for the Medical Assistance Program that did not have a documented review before submission.

Resolution: During current year testing, no similar instances were noted.

**PREVIOUSLY REPORTED ITEM RESOLVED – MINNESOTA LEGAL COMPLIANCE**

**PUBLISHING OF CREDIT CARD CLAIMS (2019-010)**

The County did not publish individual vendors providing goods and services to the County.

Resolution: During current year testing, no similar instances were noted.

**BENTON COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Numbers	Federal Expenditures		Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>					
Passed Through Minnesota Department of Health:					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202MN004W1003	\$	300,540	\$ -
WIC Grants to States (WGS)	10.558	202MN004W1003		5,672	-
Passed Through Minnesota Department of Human Services:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	202MN101S2520		280,562	-
Total Department of Agriculture				586,774	-
<b>U.S. Department of Justice</b>					
Direct:					
Bulletproof Vest Partnership Program	16.607	N/A		2,207	-
Passed Through City of St. Cloud					
Crime Victim Assistance	16.575	F-CVS-2020-BENTONAO		47,570	-
Total Department of Justice				49,777	-
<b>U.S. Department of Transportation</b>					
Passed Through Minnesota Department of Transportation					
Highway Planning and Construction (Part of Highway Planning and Construction Cluster)	20.205	0520195		1,818,483	-
Passed Through City of St. Cloud					
State and Community Highway Safety (Part of Highway Safety Cluster total \$16,108)	20.600	F-ENFRC20-2020- STCLOUDPD-023		5,116	-
E-911 Grant Program	20.615	A-DECN-NGGIS- 2019-CMESB		846	-
National Priority Safety Programs (Part of Highway Safety Cluster total \$16,108)	20.616	F-ENFRC20-2020- STCLOUDPD-023	\$ 9,387		
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC21-2020- STCLOUDPD-023	1,605	10,992	-
		F-ENFRC20-2020- STCLOUDPD-023	8,116		
		F-ENFRC21-2020- STCLOUDPD-023	2,290	10,406	-
Total Department of Transportation				1,845,843	-
<b>U.S. Department of Treasury</b>					
Passed Through Minnesota Department of Revenue					
COVID-19 Coronavirus Relief Fund	21.019	SLT0016		5,050,065	102,287
<b>U.S. Department of Education</b>					
Passed Through Minnesota Department of Health:					
Special Education-Grants for Infants and Families	84.181	H181A180029		3,119	-
<b>U.S. Election Assistance Commission</b>					
Passed Through Minnesota Secretary of State					
COVID-19 2018 HAVA Election Security Grants	90.404	EAC201908MNCovid		26,454	-
<b>U.S. Department of Health and Human Services</b>					
Passed Through Minnesota Department of Health:					
Public Health Emergency Preparedness	93.069	NU90TP922026		30,871	-
Early Hearing Detection and Intervention	93.251	H6100035		2,700	-
Early Hearing Detection and Intervention Information System (EHDI-IS)	93.314	NU50DD00096		150	-
Surveillance Program					
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	68583		300	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$515,949)	93.558	2001MNTANF		21,838	-
Maternal and Child Health Services Block Grant to the States	93.994	BO33847		32,953	-
Passed Through Minnesota Department of Human Services:					
MaryLee Allen Promoting Safe and Stable Families	93.556	2001MNFSS		9,236	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$515,949)	93.558	2001MNTANF		494,111	-
Child Care Development Block Grant (Part of CCDF Cluster)	93.575	2001MNCCDF		31,218	-
Child Support Enforcement	93.563	2001MNCSES 2001MNCEST	143,795 682,704	826,499	-
Refugee and Entrant Assistance-State/Replacement Designee Administered Programs	93.566	2001MNRCMA		345	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP		8,881	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS		5,894	-

**BENTON COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass - Through Agency Grant Program Title (Program or Cluster Title)	Federal CFDA Number	Pass - Through Grant Numbers	Expenditures		Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services (Continued)</b>					
Passed Through Minnesota Department of Human Services (Continued):					
Foster Care Title IV-E	93.658	2001MINFOST	\$ 291,258	\$ -	
Social Services Block Grant	93.667	2001MNSOSR	207,563	-	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001MNCILP	7,481	-	
Children's Health Insurance Program	93.767	2005MNP021	465	-	
Medical Assistance Program (Part of Medicaid Cluster)	93.778	2005MN5ADM 2005MN5MAP	\$ 1,193,049 15,581	1,208,630	-
Total Department of Health and Human Services			<u>3,180,393</u>	<u>-</u>	
<b>U.S. Department of Homeland Security</b>					
Passed Through Minnesota Department of Public Safety:					
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4531-MN	49,210	-	
Emergency Management Performance Grants	97.042	F-EMPG-2019- BENTONCO-3148	24,804	-	
Total Department of Homeland Security			<u>74,014</u>	<u>-</u>	
Total Expenditures of Federal Awards			<u>\$ 10,816,439</u>	<u>\$ -</u>	

Clusters of programs are groupings of closely related programs that share common compliance requirements.

Total expenditures by cluster are:

Medicaid Cluster	\$ 1,208,630
SNAP Cluster	280,562
Highway Planning and Construction Cluster	1,818,483
CCDF Cluster	31,218
Highway Safety Cluster	16,108

**Notes to the Schedule of Expenditures of Federal Awards**

1. The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Benton County. The County's reporting entity is defined in Note 1 to the financial statements.
2. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Benton County under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) from the Office of Management and Budget (OMB). Because the schedule presents only a selected portion of the operations of Benton County, it is not intended to and does not present the financial position or changes in net position of Benton County.
3. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, for all awards with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Benton County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**4. Reconciliation to the Schedule of Intergovernmental Revenue**

Federal Grant Revenue per Schedule of Intergovernmental Revenue:	\$ 10,822,870
Grants Received More than 90 Days After Year-End, Unavailable in 2020:	
MaryLee Allen Promoting Safe and Stable Families Program	2,391
Stephanie Tubbs Jones Child Welfare Services Program	841
Grants Unavailable in 2019, Recognized as Revenue in 2020:	
MaryLee Allen Promoting Safe and Stable Families Program	(1,731)
Community-Based Child Abuse Prevention Grants	(6,791)
Stephanie Tubbs Jones Child Welfare Services Program	(1,141)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 10,816,439</u>

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## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners  
Benton County  
Foley, Minnesota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's financial statements as listed in the table of contents and have issued our report thereon dated August 26, 2021.

In connection with our audit, we noted that Benton County failed to comply with provisions of the miscellaneous provisions of *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, in so far as they relate to accounting matters as described in the schedule of findings and questioned costs as item 2020-008. Also, in connection with our audit, nothing came to our attention that caused us to believe that Benton County failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, and claims and disbursements sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

Benton County's written response to the legal compliance finding identified in our audit is described in the schedule of findings and questioned costs. Benton County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
August 26, 2021

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