

BENTON COUNTY, MINNESOTA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2021



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BENTON COUNTY, MINNESOTA
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YEAR ENDED DECEMBER 31, 2021

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INTRODUCTORY SECTION

**BENTON COUNTY, MINNESOTA
ORGANIZATION
DECEMBER 31, 2021**

Office	Name	Term	
		From	To
Commissioners			
1 st District	Scott Johnson	January 2021	January 2025
2 nd District	Ed Popp*	January 2019	January 2023
3 rd District	Steve Heinen	January 2019	January 2023
4 th District	Jared J. Gapinski	January 2021	January 2025
5 th District	Beth Schlangen	January 2021	January 2025
Officers			
<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	January 2021	January 2022
Court Administrator	Megan Bergman	Indefinite	
Dept of Development Director	Roxanne Achman	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
Human Services Board			
Chair	Steve Heinen	January 2021	January 2025
Member	Ed Popp	January 2019	January 2023
Member	Beth Schlangen	January 2019	January 2023
Member	Jared J. Gapinski	January 2021	January 2025
Vice-Chair	Scott Johnson	January 2021	January 2025

* Chair

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Benton County, Minnesota
Foley, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, Minnesota (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Benton County, Minnesota's basic financial statements as listed in the table of contents.

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, Minnesota, as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 (asset), the schedule of county contributions, and notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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, Minnesota's basic financial statements. The supplementary information as listed in the table of contents and 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of County Commissioners
Benton County, Minnesota

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2022, on our consideration of the 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 results of that testing, and not to provide an opinion on the effectiveness of the 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 the County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
August 24, 2022

REQUIRED SUPPLEMENTARY INFORMATION

**BENTON COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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, 2021. 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, 2021, and the prior year, 2020, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal years include the following:

- ◆ Government-wide net position increased 6.0% from the prior year; this is primarily due to more revenue than expenses in 2021.
- ◆ Overall fund-level revenues totaled \$44,586,730 and were \$1,936,417 more than expenditures.
- ◆ The General Fund's fund balance decreased \$793,684 from the prior year, primarily due increased spending related to business relief grants.

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.

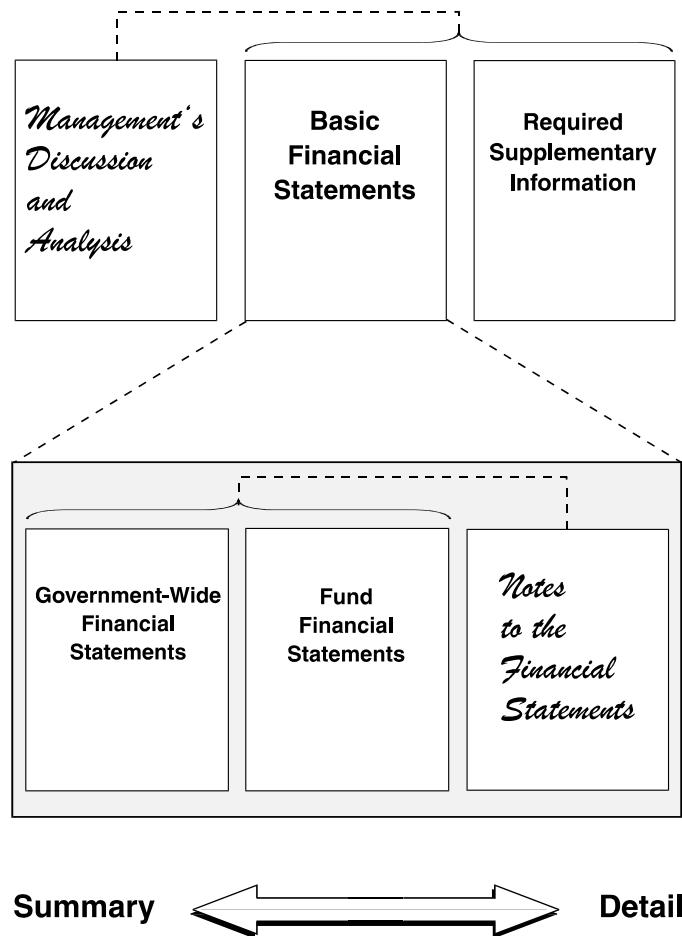
**BENTON COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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.

Figure A-2. Major Features of the County's Government-Wide and Fund Financial Statements				
Type of statements	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	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.
Required financial statements	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.
Accounting basis and measurement focus	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.
Type of asset/liability information	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.
Type of inflow/outflow information	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, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The County's net position was \$121,964,555 on December 31, 2021. (See Table A-1).

The increase in total net position was primarily due to total revenues being greater than expenses.

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

	Governmental Activities		Percent Change
	2021	2020	
Current and Other Assets	\$ 50,973,241	\$ 41,836,863	21.8 %
Capital Assets	<u>99,255,187</u>	<u>98,130,626</u>	1.1
Total Assets	150,228,428	139,967,489	7.3
Deferred Outflows of Resources	8,904,745	2,712,232	228.3
Other Liabilities	6,856,287	3,449,249	98.8
Long-Term Liabilities	<u>19,254,625</u>	<u>21,253,126</u>	(9.4)
Total Liabilities	26,110,912	24,702,375	5.7
Deferred Inflows of Resources	11,057,706	2,895,123	281.9
Net Position:			
Net investment in Capital Assets	93,061,738	92,672,812	0.4
Restricted	13,886,987	11,015,717	26.1
Unrestricted	<u>15,015,830</u>	<u>11,393,694</u>	31.8
Total Net Position	<u><u>\$ 121,964,555</u></u>	<u><u>\$ 115,082,223</u></u>	6.0

**BENTON COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Position

The government-wide total revenues were \$46,846,929 for the year ended December 31, 2021. Property taxes, wheelage taxes, and intergovernmental revenues accounted for 85.5% of total revenue for the year. Total revenues for 2021 decreased 10.8% from 2020, as intergovernmental revenues decreased from the prior year. Total expenses decreased by 5.1% due to a decrease in public safety, highways and streets, and economic development (see Table A-2).

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

	Governmental Activities		Total % Change
	2021	2020	
REVENUES			
<u>Program Revenues</u>			
Charges for Services	\$ 2,902,525	\$ 2,969,774	(2.3)%
Operating Grants and Contributions	15,608,545	19,790,166	(21.1)
Capital Grants and Contributions	486,198	2,709,265	(82.1)
<u>General Revenues</u>			
Property and Wheelage Taxes	20,903,287	20,743,945	0.8
Unrestricted State Aid	3,035,344	3,089,294	(1.7)
Investment Earnings	142,489	241,771	(41.1)
Other	3,768,541	3,002,691	25.5
Total Revenues	<u>46,846,929</u>	<u>52,546,906</u>	<u>(10.8)</u>
EXPENSES			
General Government	7,226,672	7,008,784	3.1
Public Safety	8,894,251	9,729,413	(8.6)
Highways and Streets	8,208,900	9,149,881	(10.3)
Human Services	11,942,273	11,614,538	2.8
Health	1,512,712	1,346,682	12.3
Culture and Recreation	559,384	557,919	0.3
Conservation of Natural Resources	1,121,245	961,478	16.6
Economic Development	404,960	1,622,998	(75.0)
Interest and Fiscal Charges on Long-Term Liabilities	94,200	108,530	(13.2)
Total Expenses	<u>39,964,597</u>	<u>42,100,223</u>	<u>(5.1)</u>
INCREASE IN NET POSITION			
	6,882,332	10,446,683	(34.1)
Net Position - Beginning of Year	<u>115,082,223</u>	<u>104,635,540</u>	<u>10.0</u>
NET POSITION - END OF YEAR			
	<u>\$ 121,964,555</u>	<u>\$ 115,082,223</u>	<u>6.0</u>

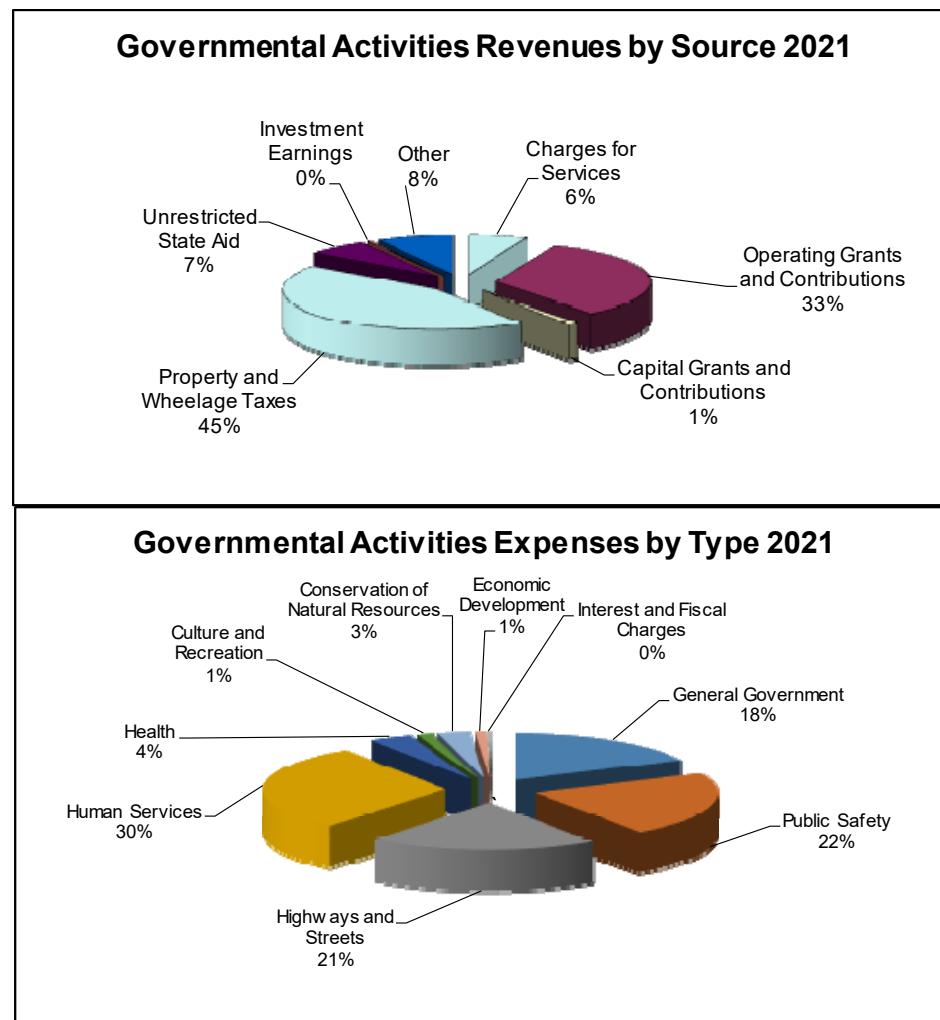
**BENTON COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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 \$39,964,597.

- ◆ Some of the cost was paid by the users of the County's programs (\$2,902,525).
- ◆ The federal and state governments contributed to certain programs with grants and contributions (\$16,094,743).
- ◆ A significant portion of the County's remaining costs (\$20,967,329) were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$24,359,840 in property and other taxes, \$3,035,344 of state aid, and \$454,477 from investment earnings and other general revenues.



**BENTON COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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
	2021	2020		2021	2020	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 7,226,672	\$ 7,008,784	3.1 %	\$ 5,399,514	\$ 4,841,953	11.5 %
Public Safety	8,894,251	9,729,413	(8.6)	7,369,004	5,371,007	37.2
Highways and Streets	8,208,900	9,149,881	(10.3)	2,355,105	1,717,726	37.1
Human Services	11,942,273	11,614,538	2.8	5,162,306	4,071,303	26.8
Health	1,512,712	1,346,682	12.3	(1,213,118)	(67,706)	1691.7
Culture and Recreation	559,384	557,919	0.3	448,021	478,181	(6.3)
Conservation of Natural Resources	1,121,245	961,478	16.6	1,017,403	(226,976)	(548.2)
Economic Development	404,960	1,622,998	(75.0)	334,894	337,000	(0.6)
Interest and Fiscal Charges on Long-Term Liabilities	94,200	108,530	(13.2)	94,200	108,530	(13.2)
Total	<u>\$ 39,964,597</u>	<u>\$ 42,100,223</u>	<u>(5.1)</u>	<u>\$ 20,967,329</u>	<u>\$ 16,631,018</u>	<u>26.1</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 \$40,174,752.

Revenues for the County's governmental funds were \$44,586,730, while total expenditures were \$42,650,313. The associated increase of \$1,936,417 resulted from revenues being higher than expenditures even though 2021 revenues decreased from 2020 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 decreased by \$793,684 from 2020, primarily due to a decrease in intergovernmental revenues and a planned use of fund balance.

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 increased by \$290,514 (excluding the adjustment for change in inventory) from 2020, due primarily to a large decrease in highways and streets expenditures.

**BENTON COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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 \$791,980 from 2020. This increase can be attributed primarily to 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 \$364,104 from 2020. This increase can be attributed primarily to a decrease in general government expenditures in 2021.

State and Local Fiscal Recovery Fund

The State and Local Fiscal Recovery Fund was established in 2021 and is used to account for the financial activity related to various projects the County plans to use the federal American Rescue Plan Act (ARPA) funding for. The funding received is considered to be unearned revenue until it is used. There were minimal projects undertaken by the County in 2021 as they determine the best use for the funding in the future.

Opioid Remediation Fund

The Opioid Remediation Fund was established in 2021, and is going to be used to account for the financial activity related to the County's share of the national opioid settlement agreement. The amounts due to the County total \$1,429,972, and will be paid over the next 18 years.

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 \$2,522,212 in 2021 from 2020. This increase is attributed to the issuance of the new 2021A G.O. Tax Abatement Bond.

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 \$1,467,168 was due to an increase in sales tax revenues with a decrease in public safety project expenditures.

BENTON COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021

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

The following schedule presents a summary of General Fund revenues:

Table A-4
General Fund Revenues

	Year Ended		Change	
	December 31, 2021	December 31, 2020	Increase (Decrease)	Percent
Taxes	\$ 12,030,802	\$ 12,333,455	\$ (302,653)	(2.5)%
Intergovernmental	2,689,128	8,220,558	(5,531,430)	(67.3)
Charges for Services	1,554,251	1,376,950	177,301	12.9
Investment Earnings	131,292	229,993	(98,701)	(42.9)
Miscellaneous and Other	569,283	543,213	26,070	4.8
Total General Fund Revenues	<u>\$ 16,974,756</u>	<u>\$ 22,704,169</u>	<u>\$ (5,729,413)</u>	<u>(25.2)</u>

Total General Fund revenue decreased by \$5,729,413, or 25.2%, from 2020. This decrease was due primarily to decreased taxes and intergovernmental revenue which was offset by an increase in charges for services revenue.

The following schedule presents a summary of General Fund expenditures:

Table A-5
General Fund Expenditures

	Year Ended		Change	
	December 31, 2021	December 31, 2020	Increase (Decrease)	Percent
General Government	\$ 6,584,074	\$ 6,491,619	\$ 92,455	1.4 %
Public Safety	9,607,924	9,313,351	294,573	3.2
Health	97,345	107,233	(9,888)	(9.2)
Culture and Recreation	543,904	547,979	(4,075)	(0.7)
Conservation of Natural Resources	476,541	462,090	14,451	3.1
Economic Development	358,477	1,611,039	(1,252,562)	(77.7)
Capital Outlay	80,350	475,841	(395,491)	(83.1)
Debt Service	14,849	14,339	510	100.0
Total Expenditures	<u>\$ 17,763,464</u>	<u>\$ 19,023,491</u>	<u>\$ (1,260,027)</u>	<u>(6.6)</u>

Total General Fund expenditures decreased by \$1,260,027, or 6.6%, from 2020 due primarily to decreased economic development expenditures.

**BENTON COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

GENERAL FUND BUDGETARY HIGHLIGHTS

- ◆ Actual revenues were \$9,267 less than budgeted. This is due primarily to lower than expected investment earnings and charges for services revenues offset by higher than expected intergovernmental revenues.
- ◆ Actual expenditures were \$212,570 more than budgeted due to unexpected spending related to emergency management offset by savings in the prisoner custodial and probation departments.

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 2021 was related to building improvements and infrastructure projects.

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

CAPITAL ASSETS

By the end of 2021, the County had invested over \$197 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 \$5,855,816.

**Table A-6
Capital Assets**

	Governmental Activities		Percent Change
	2021	2020	
Land	\$ 3,550,393	\$ 2,346,666	51.3 %
Right-of-Way	16,181,631	16,177,111	0.0
Construction-in-Progress	1,922,075	579,009	232.0
Infrastructure	141,898,151	139,046,733	2.1
Land Improvements	493,077	364,356	35.3
Buildings	20,323,439	19,821,501	2.5
Machinery, Vehicles, Furniture, and Equipment	12,680,103	12,099,135	4.8
Less: Accumulated Depreciation	(97,793,682)	(92,303,885)	5.9
Total	\$ 99,255,187	\$ 98,130,626	1.1

**BENTON COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

LONG-TERM LIABILITIES

At year-end, the County had \$19,254,625 in long-term liabilities outstanding.

- ◆ The County's total long-term liabilities decreased \$1,998,501, mainly due to a decrease in the net pension liability, offset by an increase in General Obligation Bonds.

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

	2021	2020	Percent Change
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>GOVERNMENTAL ACTIVITIES</u>	
General Obligation Bonds	\$ 6,347,220	\$ 4,860,525	30.6 %
Capital Lease	33,014	69,530	(52.5)
Compensated Absences	3,225,493	3,086,635	4.5
Net Pension Liability	8,112,678	11,835,973	(31.5)
Total Other Postemployment Benefits Payable	1,536,220	1,400,463	9.7
Total	\$ 19,254,625	\$ 21,253,126	(9.4)

FACTORS BEARING ON THE COUNTY'S FUTURE

Inflation

In the short term, price inflation will have the most significant effect on the County's financial condition. Price inflation has already occurred in virtually every aspect of the County's operating budget. Notable areas include the cost of fleet vehicles, major equipment for road maintenance, professional services, fuel and travel. Year over year increases have ranged from 15% to 25%. Unfortunately, the County has few options to help offset or avoid the effects of inflation. We must purchase fuel to operate snowplows in the Winter, or to keep our Sheriff's patrol cars on the road. We must replace vehicles or major equipment that have reached end of life. Otherwise, we would face higher maintenance costs if we were to defer replacements. Most professional services we contract for fulfil mandated functions.

Employee Compensation

Employee pay and benefits comprise the large majority of spending for most County Departments. With inflation mounting, employee expectations for higher pay will follow suit. In our collective bargaining environment, we expect aggressive demands for pay increases as a remedy for inflationary pressures on employees. The County's eight labor agreements expire at the end 2022, marking the start of negotiations on new agreements. Negotiated settlements may require wage adjustments above historical patterns, which will translate into corresponding increases in County taxes without additional state aid or other new revenue.

**BENTON COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

FACTORS BEARING ON THE COUNTY'S FUTURE (CONTINUED)

Labor Shortages

Benton County is among the 15 fastest growing counties in Minnesota. County government tends to be a personnel-intensive function, requiring additional staff to manage a growing workload. This factor is particularly true in Human Services functions. The County draws its workforce primarily from the St. Cloud metropolitan area, which is experiencing significant labor shortages. As predicted by the State of Minnesota's lead economic development agency, the St. Cloud area labor situation will not improve anytime soon. While the County can present itself as an attractive employer with competitive pay and excellent benefits, it will most likely struggle along with other regional employers to attract and retain an adequate workforce.

Risk of Recession

Rapidly escalating fuel prices and a sudden slowdown in home sales have increased predictions of a recession. The impact of a recession on Benton County can vary and much will depend on how State government responds. Past recessions have resulted in reductions to State general purpose aid and new cost-shifts. As we enter this period of economic uncertainty, the State has experienced historic budget surpluses as the economy has emerged from the COVID-19 pandemic, which may lessen the likelihood of State budget actions negatively affecting counties. County fund balances are in good condition too and can help the County to weather a recession, within limits of course. Another factor helping the County is low debt levels and corresponding less debt service levies.

Federal Pandemic Recovery Funds

Benton County, like counties across America, received an infusion of federal aid connected to the COVID-19 pandemic. Most recently, the County received \$7.9 million in federal American Rescue Plan Act funds, otherwise known as State and Local Fiscal Recovery Funds (SLFRF). While the County could have chosen to declare a revenue loss for its entire SLFRF allocation, it instead chose to declare just under \$1 million as lost revenue, devoting the remaining allocation primarily to countywide broadband projects and aid to cities for water/wastewater improvements. Taking this approach was an indication of the County's solid financial condition already and a focus on long-term investments that can help the County grow and prosper.

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, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities
ASSETS	
Cash and Pooled Investments	\$ 41,336,837
Restricted Cash	2,450,000
Petty Cash and Change Funds	2,800
Taxes Receivable:	
Delinquent	68,027
Special Assessments Receivable:	
Delinquent	9,712
Noncurrent	134,510
Accounts Receivable	289,106
Accrued Interest Receivable	9,462
Loans Receivable, Net of Allowance	308,614
Due from Other Governments	5,642,061
Inventories	190,982
Prepaid Items	380,141
Net Pension Asset	150,989
Nondepreciable Capital Assets:	
Land	3,550,393
Right-of-Way	16,181,631
Construction-in-Progress	1,922,075
Depreciable Capital Assets:	
Building (Net)	9,984,671
Machinery, Vehicles, Furniture, and Equipment (Net)	4,603,551
Land Improvements (Net)	283,432
Infrastructure (Net)	62,729,434
Total Assets	<hr/> 150,228,428
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	8,578,167
Total Other Postemployment Benefits Related	<hr/> 326,578
Total Deferred Outflows of Resources	<hr/> 8,904,745

See accompanying Notes to Basic Financial Statements.

BENTON COUNTY, MINNESOTA
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2021

	Governmental Activities
LIABILITIES	
Accounts Payable	\$ 514,656
Claims Payable	432,100
Salaries Payable	752,946
Contracts Payable	325,357
Due to Other Governments	676,063
Accrued Interest Payable	58,826
Unearned Revenue	4,096,339
Compensated Absences Payable - Due in Less than One Year	161,275
Total Other Postemployment Benefits Liability - Due in Less than One Year	108,606
General Obligation Bonds Payable - Due in Less than One Year	3,415,000
Capital Leases Payable - Due in Less than One Year	27,178
Compensated Absences Payable - Due in More than One Year	3,064,218
Total Other Postemployment Benefits Liability - Due in More than One Year	1,427,614
General Obligation Bonds Payable - Due in More than One Year	2,932,220
Capital Leases Payable - Due in More than One Year	5,836
Net Pension Liability - Due in More than One Year	8,112,678
Total Liabilities	26,110,912
DEFERRED INFLOWS OF RESOURCES	
Pension Related	11,036,503
Total Other Postemployment Benefits Payable Related	21,203
Total Deferred Inflows of Resources	11,057,706
NET POSITION	
Net Investment in Capital Assets	93,061,738
Restricted for:	
General Government	168,476
Public Safety	557,025
Highways and Streets	1,685,040
Human Services	156,833
Culture and Recreation	90,528
Conservation of Natural Resources	3,554,448
Economic Development	743,288
Debt Service	5,350,388
Opioid Epidemic Response	1,429,972
Pension Benefits	150,989
Unrestricted	15,015,830
Total Net Position	\$ 121,964,555

BENTON COUNTY, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

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	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 7,226,672	\$ 1,726,087	\$ 101,071	\$ -	\$ (5,399,514)	
Public Safety	8,894,251	355,208	848,080	321,959	(7,369,004)	
Highways and Streets	8,208,900	289,078	5,283,411	281,306	(2,355,105)	
Human Services	11,942,273	335,053	6,444,914	-	(5,162,306)	
Health	1,512,712	114,173	2,611,657	-	1,213,118	
Culture and Recreation	559,384	62,270	49,093	-	(448,021)	
Conservation of Natural Resources	1,121,245	8,550	212,359	(117,067)	(1,017,403)	
Economic Development	404,960	12,106	57,960	-	(334,894)	
Interest	94,200	-	-	-	(94,200)	
Total Governmental Activities	\$ 39,964,597	\$ 2,902,525	\$ 15,608,545	\$ 486,198	(20,967,329)	
GENERAL REVENUES						
Property Taxes					20,067,882	
Wheelage Taxes					835,405	
Gravel Taxes					52,786	
Mortgage Registry and Deed Tax					61,480	
Payments in Lieu of Taxes					30,772	
Sales Tax					3,311,515	
Grants and Contributions Not Restricted to Specific Programs					3,035,344	
Unrestricted Investment Earnings					142,489	
Miscellaneous					298,988	
Gain on Sale of Capital Assets					13,000	
Total General Revenues					27,849,661	
CHANGE IN NET POSITION						
Net Position - Beginning of Year					6,882,332	
NET POSITION - END OF YEAR					\$ 121,964,555	

See accompanying Notes to Basic Financial Statements.

BENTON COUNTY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

ASSETS	General	Road and Bridge	Human Services	Miscellaneous
Cash and Pooled Investments	\$ 10,142,020	\$ 3,392,003	\$ 7,469,105	\$ 4,675,342
Petty Cash and Change Funds	2,800	-	-	-
Restricted Cash	-	-	-	-
Taxes Receivable:				
Delinquent	29,562	7,787	26,596	-
Special Assessments Receivable:				
Delinquent	-	-	-	5,108
Noncurrent	-	-	-	-
Accounts Receivable	48,060	150	44,256	7,260
Accrued Interest Receivable	9,462	-	-	-
Due from Other Funds	387,945	6,916	-	42
Due from Other Governments	132,943	1,920,464	1,439,764	23,779
Inventories	-	190,982	-	-
Prepaid Items	190,936	7,594	64,377	45,280
Loans Receivable, Net of Allowance	-	-	-	-
Advances to Other Funds	120,009	-	-	1,203,727
Total Assets	\$ 11,063,737	\$ 5,525,896	\$ 9,044,098	\$ 5,960,538
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 109,555	\$ 130,235	\$ 192,380	\$ 55,002
Salaries Payable	382,803	53,143	307,426	9,574
Contracts Payable	-	325,357	-	-
Due to Other Funds	10,073	-	7,430	60
Due to Other Governments	504,613	1,997	148,554	20,899
Unearned Revenue	-	-	5,772	21,886
Advance from Other Funds	-	1,203,727	-	-
Total Liabilities	1,007,044	1,714,459	661,562	107,421
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	29,562	1,692,827	53,585	5,108
FUND BALANCES				
Nonspendable	310,945	198,576	64,377	1,249,007
Restricted	-	-	129,844	3,997,277
Committed	-	-	-	601,725
Assigned	690,993	1,920,034	8,134,730	-
Unassigned	9,025,193	-	-	-
Total Fund Balances	10,027,131	2,118,610	8,328,951	5,848,009
Total Liabilities, Deferred Infloows of Resources, and Fund Balances	\$ 11,063,737	\$ 5,525,896	\$ 9,044,098	\$ 5,960,538

See accompanying Notes to Basic Financial Statements.

BENTON COUNTY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021

<u>State and Local Fiscal Recovery</u>	<u>Opioid Remediation</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,915,265	\$ -	\$ 2,956,082	\$ 7,683,003	\$ 664,444	\$ 40,897,264
-	-	-	-	-	2,800
-	-	2,450,000	-	-	2,450,000
-	-	4,082	-	-	68,027
-	-	-	-	4,604	9,712
-	-	-	-	134,510	134,510
-	-	-	15,976	-	115,702
-	-	-	-	-	9,462
-	-	-	3,175	-	398,078
-	1,429,972	-	695,139	-	5,642,061
-	-	-	-	-	190,982
-	-	1,000	70,954	-	380,141
-	-	-	-	308,614	308,614
-	-	-	-	-	1,323,736
<u>\$ 3,915,265</u>	<u>\$ 1,429,972</u>	<u>\$ 5,411,164</u>	<u>\$ 8,468,247</u>	<u>\$ 1,112,172</u>	<u>\$ 51,931,089</u>
\$ 2,120	\$ -	\$ 950	\$ 13,702	\$ 10,712	\$ 514,656
-	-	-	-	-	752,946
-	-	-	-	-	325,357
-	-	-	-	380,515	398,078
-	-	-	-	-	676,063
3,913,145	-	-	155,536	-	4,096,339
-	-	-	-	120,009	1,323,736
<u>3,915,265</u>	<u>-</u>	<u>950</u>	<u>169,238</u>	<u>511,236</u>	<u>8,087,175</u>
-	1,429,972	4,082	-	454,026	3,669,162
-	-	1,000	70,954	-	1,894,859
-	-	5,405,132	512,142	657,354	10,701,749
-	-	-	7,715,913	-	8,317,638
-	-	-	-	-	10,745,757
-	-	-	-	(510,444)	8,514,749
<u>-</u>	<u>-</u>	<u>5,406,132</u>	<u>8,299,009</u>	<u>146,910</u>	<u>40,174,752</u>
<u>\$ 3,915,265</u>	<u>\$ 1,429,972</u>	<u>\$ 5,411,164</u>	<u>\$ 8,468,247</u>	<u>\$ 1,112,172</u>	<u>\$ 51,931,089</u>

See accompanying Notes to Basic Financial Statements.

BENTON COUNTY, MINNESOTA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 40,174,752

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. 99,255,187

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

Net Pension Liability	\$ (8,112,678)
Net Pension Asset	150,989
Deferred Inflows of Resources - Pension Related	(11,036,503)
Deferred Outflows of Resources - Pension Related	8,578,167
	(10,420,025)

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	(1,536,220)
Deferred Inflows of Resources - OPEB Related	(21,203)
Deferred Outflows of Resources - OPEB Related	326,578
	(1,230,845)

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. 3,669,162

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	(6,065,000)
Unamortized Bond Premium	(282,220)
Capital Leases	(33,014)
Compensated Absences	(3,225,493)
Accrued Interest Payable	(58,826)
	(9,664,553)

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:

180,877

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 121,964,555

BENTON COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General	Road and Bridge	Human Services	Miscellaneous
REVENUES				
Taxes	\$ 12,030,802	\$ 2,149,862	\$ 5,268,588	\$ -
Sales Tax	-	-	-	-
Special Assessments	-	-	-	378,154
Licenses and Permits	332,260	54,300	-	71,055
Intergovernmental	2,689,128	4,717,716	8,441,788	417,879
Charges for Services	1,554,251	209,527	340,060	130,034
Fines and Forfeits	12,355	-	-	40,136
Gifts and Contributions	2,500	-	-	5,657
Investment Earnings	131,292	-	606	137
Miscellaneous	222,168	43,936	1,992	81,532
Total Revenues	<u>16,974,756</u>	<u>7,175,341</u>	<u>14,053,034</u>	<u>1,124,584</u>
EXPENDITURES				
Current:				
General Government	6,584,074	-	-	179,180
Public Safety	9,607,924	-	-	158,395
Highways and Streets	-	5,445,283	-	-
Human Services	-	-	11,858,897	-
Health	97,345	-	1,272,189	-
Culture and Recreation	543,904	-	-	2,500
Conservation of Natural Resources	476,541	-	-	437,520
Economic Development	358,477	-	-	-
Capital Outlay:				
General Government	6,154	-	-	-
Public Safety	74,196	-	-	-
Highways and Streets	-	3,555,957	-	-
Human Services	-	-	106,175	-
Health	-	-	13,278	-
Debt Service:				
Principal	14,849	11,068	10,515	84
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	<u>17,763,464</u>	<u>9,012,308</u>	<u>13,261,054</u>	<u>777,679</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(788,708)	(1,836,967)	791,980	346,905
OTHER FINANCING SOURCES (USES)				
Transfers In	67,635	2,115,481	-	70,611
Transfers Out	(72,611)	(1,000)	-	(83,562)
Issuance of Long-Term Debt	-	-	-	-
Premium on Bonds Issued	-	-	-	-
Proceeds from Sale of Assets	-	13,000	-	30,150
Total Other Financing Sources (Uses)	<u>(4,976)</u>	<u>2,127,481</u>	<u>-</u>	<u>17,199</u>
NET CHANGE IN FUND BALANCES	(793,684)	290,514	791,980	364,104
Fund Balances - Beginning of Year	10,820,815	1,776,167	7,536,971	5,483,905
INCREASE (DECREASE) IN INVENTORIES	-	51,929	-	-
FUND BALANCES - END OF YEAR	\$ 10,027,131	\$ 2,118,610	\$ 8,328,951	\$ 5,848,009

See accompanying Notes to Basic Financial Statements.

BENTON COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

State and Local Fiscal Recovery	Opioid Remediation	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 944,848	\$ 670,439	\$ -	\$ 21,064,539
			3,311,515		3,311,515
				27,048	405,202
					457,615
57,960		185,934			16,510,405
					2,233,872
					52,491
			411		8,568
			10,454		142,489
				50,406	400,034
57,960		1,130,782	3,992,819	77,454	44,586,730
			301,662	220	7,065,136
			55,985		9,822,304
					5,445,283
					11,858,897
					1,369,534
					546,404
				205,241	1,119,302
57,960					416,437
					6,154
			95,615		169,811
					3,555,957
					106,175
					13,278
		930,000			966,516
		129,788			129,788
		59,337			59,337
57,960		1,119,125	453,262	205,461	42,650,313
		11,657	3,539,557	(128,007)	1,936,417
			22,627		2,276,354
			(2,110,992)	(8,189)	(2,276,354)
		2,300,000			2,300,000
		210,555			210,555
			15,976		59,126
		2,510,555	(2,072,389)	(8,189)	2,569,681
		2,522,212	1,467,168	(136,196)	4,506,098
		2,883,920	6,831,841	283,106	35,616,725
					51,929
\$ -	\$ -	\$ 5,406,132	\$ 8,299,009	\$ 146,910	\$ 40,174,752

See accompanying Notes to Basic Financial Statements.

BENTON COUNTY, MINNESOTA
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, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 4,506,098
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	\$ 6,980,377
Current Year Depreciation	<u>(5,855,816)</u>
	1,124,561
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	3,669,162
Deferred Inflows of Resources - January 1	<u>(1,790,048)</u>
	1,879,114
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	
Proceeds for Debt Issuance	(2,300,000)
Premium for the New Debt Issuance	<u>(210,555)</u>
	(2,510,555)
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.	
	1,843,287
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	930,000
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.	
Principal Payments for Capital Leases	36,516
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	1,065
Amortization of Discounts/Premiums	93,860
Change in Compensated Absences	<u>(138,858)</u>
Change in Total Other Postemployment Benefits	<u>(135,757)</u>
Change in Inventories	51,929
Change in Deferred Outflows of Resources - Other Postemployment Benefits	55,626
Change in Deferred Inflows of Resources - Other Postemployment Benefits	<u>5,301</u>
	(66,834)
The net revenues of the internal service fund is reported with governmental activities.	
	<u>(859,855)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 6,882,332

See accompanying Notes to Basic Financial Statements.

BENTON COUNTY, MINNESOTA
STATEMENT OF NET POSITION – SELF-INSURANCE INTERNAL SERVICE FUND
DECEMBER 31, 2021

	<u>Self-Insurance</u>
ASSETS	
Cash and Cash Equivalents	\$ 439,573
Accounts Receivable	173,404
Total Assets	<u>612,977</u>
LIABILITIES	
Claims Payable	<u>432,100</u>
NET POSITION	
Unrestricted	<u>\$ 180,877</u>

See accompanying Notes to Basic Financial Statements.

BENTON COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
SELF-INSURANCE INTERNAL SERVICE FUND
YEAR ENDED DECEMBER 31, 2021

	<u>Self-Insurance</u>
OPERATING REVENUES	
Premiums	\$ 3,274,924
Miscellaneous	1,093,053
Total Operating Revenues	4,367,977
OPERATING EXPENSES	
Administration and Reinsurance Premium	763,029
Claims Paid	4,464,803
Total Operating Expenses	5,227,832
CHANGE IN NET POSITION	(859,855)
Net Position - Beginning of Year	1,040,732
NET POSITION - END OF YEAR	<u>\$ 180,877</u>

See accompanying Notes to Basic Financial Statements.

BENTON COUNTY, MINNESOTA
STATEMENT OF CASH FLOWS – SELF-INSURANCE INTERNAL SERVICE FUND
YEAR ENDED DECEMBER 31, 2021

	<u>Self-Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Internal Services Provided	\$ 4,657,344
Payments to Suppliers	(763,029)
Payments for Claims	<u>(4,736,529)</u>
Net Cash Used by Operating Activities	<u>(842,214)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(842,214)
Cash and Cash Equivalents - Beginning of Year	<u>1,281,787</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 439,573</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (859,855)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Decrease in Accounts Receivable	283,888
Decrease in Due from Other Governments	5,479
Decrease in Claims Payable	<u>(271,726)</u>
Net Cash Used by Operating Activities	<u>\$ (842,214)</u>

See accompanying Notes to Basic Financial Statements.

BENTON COUNTY, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and Pooled Investments	\$ 263,071	\$ 865,778
Due From Other Governments	-	531,895
Taxes For Other Governments	-	783,267
Prepaid Items	-	3,205
Total Assets	<u><u>\$ 263,071</u></u>	<u><u>\$ 2,184,145</u></u>
LIABILITIES		
Due to Others	\$ -	\$ 53,056
Unearned Revenue	-	54,135
Due to Other Governments	-	612,435
Total Liabilities	<u><u>-</u></u>	<u><u>719,626</u></u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Collected for Subsequent Period	<u><u>-</u></u>	<u><u>38,113</u></u>
NET POSITION		
Restricted for:		
Individuals, Organizations, and Other Governments	<u><u>\$ 263,071</u></u>	<u><u>\$ 1,426,406</u></u>

See accompanying Notes to Basic Financial Statements.

BENTON COUNTY, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Contributions - Individuals	\$ 699,824	\$ 154,721
Investment Earnings:		
Interest, Dividends and Other	3	10,496
Intergovernmental	-	1,835,405
Property Tax Collections for Other Governments	-	32,080,513
Fee Collections for Other Governments and Organizations	-	124,888
License and Fees Collected for State	-	5,511,162
Gifts and Contributions	-	45,865
Miscellaneous	60	1,653
Total Additions	<u>699,887</u>	<u>39,764,703</u>
DEDUCTIONS		
Beneficiary Payments to Individuals	719,601	158,054
Payments of Property Tax to Other Governments	-	31,976,720
Payments to State	-	5,216,683
Administrative Expense	-	12,630
Payments to Other Entities	-	2,363,074
Total Deductions	<u>719,601</u>	<u>39,727,161</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(19,714)	37,542
Fiduciary Net Position - Beginning of Year	<u>282,785</u>	<u>1,388,864</u>
FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 263,071</u>	<u>\$ 1,426,406</u>

See accompanying Notes to Basic Financial Statements.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021. 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 2021.

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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 State and Local Fiscal Recovery Fund is used to account for the economic assistance programs related to the American Recovery Plan Act funding the County received in 2021. These programs are funded primarily through intergovernmental revenues.

The Opioid Remediation Fund is used to account for the County's share of the national opioid epidemic settlement the County will be receiving over the next 18 years. These programs will be funded primarily through intergovernmental revenues.

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.

**BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

3. Fund Financial Statements (Continued)

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.

Additionally, the County reports the following fund types:

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 collaborative and estate recoveries; as an agent for an adult mental health delivery system organization, as an agent for various state revenue payments, as an agent for the building official and sheriff investigation funds, 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.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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.

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, 2021, 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 2021 were \$142,489.

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 or fair value per share provided by the pool.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

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 \$6,298. 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.

Special assessments receivable consist of delinquent special assessments payable in the years 2016 through 2021, and noncurrent special assessments payable in 2021, 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.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

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 and infrastructure, 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.

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.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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)

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.

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 benefits 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 discounts are amortized over the life of the bonds using 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.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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)

11. Long-Term Obligations (Continued)

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

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 (asset), 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.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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)

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.

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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. Deficit Fund Balance

The Ditch Special Revenue Fund had a deficit fund balance of \$443,409 as of December 31, 2021, which consisted of twelve ditches with deficit balances. There were no ditches with a positive fund balance. The Ditch Fund's deficit will be eliminated with future special assessment revenue.

The Boundary Commission Fund had a deficit fund balance of \$67,035 as of December 31, 2021. 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, 2021:

Fund	Function	Expenditures	Budget	Excess
General	Current: General Government: Other Outside Agencies	\$ 132,348	\$ 130,230	\$ 2,118
	Public Safety: Emergency Management	986,701	100,781	885,920
	Economic Development: Department of Development	349,492	342,308	7,184
	Debt Service: Principal	14,849	-	14,849
Special Revenue Funds:				
Road and Bridge	Current: Highways and Streets: Administration	1,649,685	497,347	1,152,338
	Maintenance	2,792,684	2,772,700	19,984
	Capital Outlay: Highways and Streets	3,555,957	2,428,380	1,127,577
	Debt Service: Principal	11,068	-	11,068
Human Services	Current: Health: Nursing Service	1,272,189	1,240,707	31,482
	Debt Service: Principal	10,515	-	10,515

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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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	\$ 41,336,837
Petty Cash and Change Funds	2,800
Restricted Cash	2,450,000

Statement of Fiduciary Net Position

Cash and Pooled Investments	1,128,849
Total Cash and Investments	<u>\$ 44,918,486</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, 2021, none of the County's deposits were exposed to custodial credit risk.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, 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	21.1%*	N/A	\$ 3,560,835
U.S. Government Agency Securities:					
Federal Home Loan Mortgage Corporation	AAA	Moody	<5.0%	6/28/2024	485,051
Federal Home Loan Bank	AAA	Moody	<5.0%	2/18/2026	240,120
Federal Home Loan Bank	AAA	Moody	<5.0%	2/25/2026	235,500
Federal Home Loan Bank	AAA	Moody	<5.0%	3/16/2026	246,845
Federal Home Loan Bank	AAA	Moody	<5.0%	3/16/2026	207,350
Federal Home Loan Bank	AAA	Moody	<5.0%	3/30/2026	446,630
Federal Home Loan Bank	AAA	Moody	<5.0%	4/14/2026	198,398
Federal Home Loan Bank	AAA	Moody	<5.0%	6/15/2026	486,335
Federal Home Loan Bank	AAA	Moody	<5.0%	7/29/2026	440,376
Federal Home Loan Bank	AAA	Moody	<5.0%	8/19/2026	440,697
Federal Home Loan Bank	AAA	Moody	<5.0%	9/30/2026	242,339
Federal Home Loan Bank	AAA	Moody	<5.0%	11/18/2024	243,760
Total Federal Home Loan Bank					3,428,350
Federal Farm Credit Bank	AAA	Moody	<5.0%	11/30/2023	486,129
Total U.S. Government Agency Securities					4,399,530
Investment Pools/Mutual Funds:					
MAGIC Fund	N/R	N/A	52.9%*	N/A	8,957,637
Total Investments					16,918,002
Deposits					
Restricted Cash					25,547,684
Petty Cash					2,450,000
Total Deposits and Investments					2,800
					\$ 44,918,486

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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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	\$ -	\$ 485,051	\$ -	\$ 485,051
Federal Farm Credit Bank	-	486,129	-	486,129
Federal Home Loan Bank	-	3,428,350	-	3,428,350
Negotiable Certificates of Deposit	-	3,560,835	-	3,560,835
Total Investments at Fair Market Value	<u>\$ -</u>	<u>\$ 7,960,365</u>	<u>\$ -</u>	<u>\$ 7,960,365</u>
Investments Measured at Amortized Cost:				
MAGIC Fund:				
Deposits				8,957,637
Restricted Cash				25,547,684
Petty Cash				2,450,000
Total Deposits and Investments				<u>\$ 44,918,486</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.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2021, for the County's governmental activities are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes - Delinquent	\$ 68,027	\$ -
Special Assessments - Delinquent	9,712	-
Special Assessments - Noncurrent	134,510	-
Accounts	115,702	-
Accrued Interest	9,462	-
Due from Other Governments	5,642,061	1,349,972
Loans (net)	308,614	193,104
Total Governmental Activities	<u>\$ 6,288,088</u>	<u>\$ 1,543,076</u>

Loans receivables relate to the amount of operating loans given to local businesses by the Economic Development Fund anticipated to be collected as part of the County's development programs. Loans receivable are offset by an allowance for doubtful accounts. The County developed an estimate of this allowance based on specific identifications. All other receivables are considered collectible in full. The \$1,349,972 not scheduled to be collected during the subsequent year in Due from Other Governments relates to the National Opioid Epidemic Settlement receivable the County participated in. The County will receive these funds over a period of 18 years beginning in 2022.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 2,346,666	\$ 1,203,727	\$ -	\$ 3,550,393
Infrastructure, Right-of-Way	16,177,111	4,520	-	16,181,631
Construction-in-Progress	579,009	4,194,484	2,851,418	1,922,075
Total Capital Assets, not Being Depreciated	<u>19,102,786</u>	<u>5,402,731</u>	<u>2,851,418</u>	<u>21,654,099</u>
Capital Assets being Depreciated:				
Buildings	19,821,501	501,938	-	20,323,439
Land Improvements	364,356	128,721	-	493,077
Machinery, Vehicles, Furniture, and Equipment	12,099,135	946,987	366,019	12,680,103
Infrastructure	139,046,733	2,851,418	-	141,898,151
Total Capital Assets Being Depreciated	<u>171,331,725</u>	<u>4,429,064</u>	<u>366,019</u>	<u>175,394,770</u>
Less Accumulated Depreciation for:				
Buildings	9,954,562	384,206	-	10,338,768
Land Improvements	192,174	17,471	-	209,645
Machinery, Vehicles, Furniture, and Equipment	7,367,795	1,074,776	366,019	8,076,552
Infrastructure	74,789,354	4,379,363	-	79,168,717
Total Accumulated Depreciation	<u>92,303,885</u>	<u>5,855,816</u>	<u>366,019</u>	<u>97,793,682</u>
Total Capital Assets, Depreciated, Net	<u>79,027,840</u>	<u>(1,426,752)</u>	<u>-</u>	<u>77,601,088</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 98,130,626</u></u>	<u><u>\$ 3,975,979</u></u>	<u><u>\$ 2,851,418</u></u>	<u><u>\$ 99,255,187</u></u>

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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	\$ 356,368
Public Safety	632,421
Highway and Streets	4,775,514
Human Services	81,032
Culture and Recreation	10,481
Total	<u>\$ 5,855,816</u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2021 is as follows:

1. Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Fund	\$ 7,430
	Other Governmental Funds	<u>380,515</u>
Total Due to General Fund		<u>387,945</u>
Road and Bridge Fund	General Fund	6,856
	Miscellaneous Fund	<u>60</u>
Total Due to Road and Bridge Fund		<u>6,916</u>
Miscellaneous Fund	General Fund	<u>42</u>
Capital Projects Fund	General Fund	<u>3,175</u>
Total		<u><u>\$ 398,078</u></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 2021 interest for the Capital Projects Fund; and (5) allocation of 2021 interest for the Miscellaneous Fund.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021 consisted of the following:

Interfund Transfer	Amount	Description
Transfer to General Fund from:		
Miscellaneous Fund	\$ 5,040	To cover Assessor's web costs.
Miscellaneous Fund	9,669	To transfer year-end excess funding from the Sheriff Department drug, alcohol, and DWI investigations to General Fund.
Miscellaneous Fund	52,926	From permit to carry account to cover administration expenditures.
	<u>67,635</u>	
Transfer to Road and Bridge Fund from:		
Capital Projects Fund	2,107,292	For 2021 spending on local road projects.
Other Governmental Fund	8,189	To reimburse for ditch cleaning.
	<u>2,115,481</u>	
Transfer to Miscellaneous Fund from:		
General Fund	25,000	To record 2021 budgeted transfers.
General Fund	7,500	To restore the Sheriff contingency account to the required year-end balance.
General Fund	1,149	To restore the balance in the county attorney's contingency account to the required year-end balance.
General Fund	7,842	To restore the balance in the county's suspense account to \$75,000.
General Fund	24,420	2021 payment for records and dispatch system.
Road and Bridge Fund	1,000	To fund pictometry.
Capital Projects	3,700	To fund pictometry.
	<u>70,611</u>	
Transfer to Capital Projects Fund from:		
General Fund	6,700	Budgeted for 2021 capital projects.
Miscellaneous Fund	15,927	Budgeted for 2021 capital projects.
	<u>22,627</u>	
Total	<u>\$ 2,276,354</u>	

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Other Governmental	\$ 120,009
Miscellaneous	Roads and Bridge	<u>1,203,727</u>
Total		<u>\$ 1,323,736</u>

The advance from the General Fund to the Ditch fund is for cash flow purposes. The balance is expected to be liquidated with special assessments over the next 15 years. The advance from the Miscellaneous Fund to the Roads and Bridges fund was for a loan to purchase a gravel pit to be used in future Highway Department projects. The Highway Department previously purchased gravel for their projects from outside vendors, and the loan will be liquidated through those previously budgeted expenditures.

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, 2021 are summarized below by fund:

	Special Assessments	Delinquent Taxes	Grants	Loans	Other	Total
Major Governmental Funds:						
General	\$ -	\$ 29,562	\$ -	\$ -	\$ -	\$ 29,562
Road and Bridge	-	7,787	1,685,040	-	-	1,692,827
Human Services	-	26,596	26,989	-	-	53,585
Miscellaneous	5,108	-	-	-	-	5,108
Opioid Remediation	-	-	-	-	1,429,972	1,429,972
Debt Service Fund	-	4,082	-	-	-	4,082
Total Major Governmental Funds	5,108	68,027	1,712,029	-	1,429,972	3,215,136
Other Governmental Funds	139,114	-	-	314,912	-	454,026
Deferred Inflows of Resources	\$ 144,222	\$ 68,027	\$ 1,712,029	\$ 314,912	\$ 1,429,972	\$ 3,669,162

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021
2021A G.O. Tax Abatement Refunding Bonds	2030	\$205,000- \$370,000	2.00-3.00	\$ 2,300,000	\$ 2,300,000
2014A G.O. Tax Abatement Bonds	2030	\$190,000- \$390,000	2.50-3.50	4,500,000	2,670,000
2017A G.O. Refunding Bonds	2023	\$350,000- \$745,000	3.00	3,590,000	1,095,000
Total General Obligation Bonds				<u>\$ 10,390,000</u>	6,065,000
Add: Unamortized Bond Premium					282,220
Total General Obligation Bonds, Net					<u>\$ 6,347,220</u>

In 2021, the County issued \$2,300,000 in General Obligation Tax Abatement Refunding Bonds, Series 2021A. Proceeds of this issue will be used to refund the 2014A General Obligation Tax Abatement Bonds on February 1, 2022. The present value of cash savings attributable to the refunding of these bonds is \$214,765.

2. Debt Service Requirements

Debt service requirements at December 31, 2021 were as follows:

Governmental Activities

Year Ending December 31,	General Obligation Bonds	
	Principal	Interest
2022	\$ 3,415,000	\$ 148,886
2023	555,000	67,475
2024	240,000	55,550
2025	255,000	48,125
2026	275,000	40,175
2027-2030	<u>1,325,000</u>	<u>70,075</u>
Total	<u>\$ 6,065,000</u>	<u>\$ 430,286</u>

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021 was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General Obligation Bonds	\$ 4,695,000	\$ 2,300,000	\$ 930,000	\$ 6,065,000	\$ 3,415,000
Bond Premium	165,525	210,555	93,860	282,220	-
Total Bonds Payable	<u>4,860,525</u>	<u>2,510,555</u>	<u>1,023,860</u>	<u>6,347,220</u>	<u>3,415,000</u>
Capital Lease	69,530	-	36,516	33,014	27,178
Compensated Absences	3,086,635	3,125,562	2,986,704	3,225,493	161,275
Governmental Activity					
Long-Term Liabilities	<u>\$ 8,016,690</u>	<u>\$ 5,636,117</u>	<u>\$ 4,047,080</u>	<u>\$ 9,605,727</u>	<u>\$ 3,603,453</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 \$110,113 of related accumulated depreciation.

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

Year Ending December 31	<u>Capital Lease</u>	
	Principal	Interest
2022	\$ 27,178	\$ 727
2023	5,836	81
Total	<u>\$ 33,014</u>	<u>\$ 808</u>

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021 was \$71,472.

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

Year Ending December 31	Operating Lease
2022	\$ 73,608
2023	75,816
2024	78,096
Total	<u>\$ 227,520</u>

6. Construction Commitments

The County has active construction projects as of December 31, 2021. The projects include the following:

Project Description	Spent-to-Date	Remaining Commitment
County Road Projects	<u>\$ 1,415,215</u>	<u>\$ 5,783,873</u>

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 FUND BALANCES

At December 31, 2021, 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
Nonspendable:								
Advances to Other Funds	\$ 120,009	\$ -	\$ -	\$ 1,203,727	\$ -	\$ -	\$ -	\$ 1,323,736
Prepaid Items	190,936	7,594	64,377	45,280	1,000	70,954	-	380,141
Inventories	-	190,982	-	-	-	-	-	190,982
Total Nonspendable	310,945	198,576	64,377	1,249,007	1,000	70,954	-	1,894,859
Restricted:								
E-911	-	-	-	499,237	-	-	-	499,237
SCORE Grant	-	-	-	318,814	-	-	-	318,814
Outreach Grant	-	-	-	2,410	-	-	-	2,410
Aquatic Invasive Species Grant	-	-	-	186,338	-	-	-	186,338
Recorders' Equipment	-	-	-	168,475	-	-	-	168,475
Solid Waste Contingency	-	-	-	2,673,686	-	-	-	2,673,686
Forfeitures	-	-	-	26,373	-	-	-	26,373
Permit to Carry Guns	-	-	-	1,000	-	-	-	1,000
Electronic Home Monitoring Grant	-	-	-	30,416	-	-	-	30,416
Park Dedication Fees	-	-	-	90,528	-	-	-	90,528
Child Protection Grant	-	-	129,844	-	-	-	-	129,844
Gravel Pit Closure Costs	-	-	-	-	-	-	228,978	228,978
Economic Development Loan Program	-	-	-	-	-	428,376	-	428,376
Debt Service	-	-	-	-	5,405,132	-	-	5,405,132
Bonded Construction Projects	-	-	-	-	-	512,142	-	512,142
Total Restricted	-	-	129,844	3,997,277	5,405,132	512,142	657,354	10,701,749
Committed:								
Attorney Contingent	-	-	-	5,000	-	-	-	5,000
Sheriff Contingent	-	-	-	12,500	-	-	-	12,500
Major Trial Expense	-	-	-	21,000	-	-	-	21,000
Motor Pool	-	-	-	23,868	-	-	-	23,868
K-9 Program	-	-	-	23,020	-	-	-	23,020
Jail Inmate Capital Expenditures	-	-	-	130,973	-	-	-	130,973
Juvenile Work Crew	-	-	-	2,545	-	-	-	2,545
Juvenile Diversion Program	-	-	-	21,603	-	-	-	21,603
Emergency Management Donations	-	-	-	559	-	-	-	559
County Board Contingency	-	-	-	75,000	-	-	-	75,000
Elections Equipment	-	-	-	3,173	-	-	-	3,173
Technology	-	-	-	282,484	-	-	-	282,484
Future Construction Projects	-	-	-	-	-	7,715,913	-	7,715,913
Total Committed	-	-	-	601,725	-	7,715,913	-	8,317,638
Assigned:								
General Fund Operations	690,993	-	-	-	-	-	-	690,993
Road and Bridge Operations	-	1,920,034	-	-	-	-	-	1,920,034
Health and Human Services Programs	-	-	8,134,730	-	-	-	-	8,134,730
Total Assigned	690,993	1,920,034	8,134,730	-	-	-	-	10,745,737
Unassigned								
	9,025,193	-	-	-	-	-	(510,444)	8,514,749
Total Fund Balances	\$ 10,027,131	\$ 2,118,610	\$ 8,328,951	\$ 5,848,009	\$ 5,406,132	\$ 8,299,009	\$ 146,910	\$ 40,174,752

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

All full-time and certain part-time employees of Benton County are covered by the General Employees Plan. 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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 ten 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 ten years up to 100% after twenty 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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 is 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 ten 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 2021 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, 2021 were \$897,738. The County's contributions were equal to the required contributions as set by state statute.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the County was required to contribute 17.70% for Police and Fire Plan members. The County's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$371,229. The County's contributions were equal to the required contributions as set by state statute.

3. Correctional Fund Contributions

Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2021 and the County was required to contribute 8.75% for Correctional Plan members. The County's contributions to the Correctional Fund for the year ended December 31, 2021 were \$177,148. 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, 2021, the County reported a liability of \$6,794,283 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. The State of Minnesota is considered a non-employer 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 \$207,536.

The net pension liability was measured as of June 30, 2021, 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1591% at the end of the measurement period and 0.155% for the beginning of the period.

County's Proportionate Share of the Net Pension Liability	\$ 6,794,283
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>207,536</u>
Total	<u><u>\$ 7,001,819</u></u>

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2021, the County recognized pension expense of \$73,973 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$16,745 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2021, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 41,742	\$ 207,924
Changes in Actuarial Assumptions	4,148,448	150,294
Net Collective Difference Between Projected and Actual Investment Earnings	-	5,884,136
Changes in Proportion	339,920	85,564
Contributions Paid to PERA Subsequent to the Measurement Date	465,533	-
Total	\$ 4,995,643	\$ 6,327,918

The \$465,533 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, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Pension Expense Amount
2022	\$ (239,074)
2023	36,760
2024	9,418
2025	(1,604,912)

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2021, the County reported a liability of \$1,318,395 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1708% at the end of the measurement period and 0.1739% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. 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. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer 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 \$9 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 June 30, 2021, the County recognized pension expense (revenue) of (\$96,148) for its proportionate share of the Police and Fire Plan's pension expense (revenue). The County recognized \$10,796 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$15,372 for the year ended December 31, 2021 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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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	\$ 1,318,395
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>59,278</u>
Total	<u><u>\$ 1,377,673</u></u>

At December 31, 2021, 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	\$ 253,213	\$ -
Changes in Actuarial Assumptions	1,937,696	724,377
Net Collective Difference Between Projected and Actual Investment Earnings	- 2,519,119	
Changes in Proportion	158,524	124,796
Contributions Paid to PERA Subsequent to the Measurement Date	196,720	-
Total	<u><u>\$ 2,546,153</u></u>	<u><u>\$ 3,368,292</u></u>

The \$196,720 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, 2022. 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>	Pension Expense Amount
2022	\$ (889,676)
2023	(147,902)
2024	(124,049)
2025	(272,840)
2026	415,608

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Correctional Plan Pension Costs

At December 31, 2021, the County reported an asset of \$150,989 for its proportionate share of the Correctional Plan's net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension asset was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.919% at the end of the measurement period and 0.924% for the beginning of the period.

For the year ended December 31, 2021 the County recognized pension expense (revenue) of (\$411,507) for its proportionate share of the Correctional Plan's pension expense (revenue).

At December 31, 2021, 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	\$ -	\$ 86,114
Changes in Actuarial Assumptions	945,154	14,153
Net Collective Difference Between Projected and Actual Investment Earnings	-	1,212,214
Changes in Proportion	-	27,812
Contributions Paid to PERA Subsequent to the Measurement Date	91,217	-
Total	\$ 1,036,371	\$ 1,340,293

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Correctional Plan Pension Costs (Continued)

The \$91,217 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an addition of the net pension asset in the year ended December 31, 2022. 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>
2022	\$ (68,323)
2023	(17,930)
2024	20,609
2025	(329,495)

E. Summary

The aggregate amount of net pension liability, net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense (revenue) 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	\$ 6,794,283	\$ 1,318,395	\$ -	\$ 8,112,678
Net Pension Asset	-	-	150,989	150,989
Deferred Outflows of Resources				
Related to Pensions	4,995,643	2,546,153	1,036,371	8,578,167
Deferred Inflows of Resources				
Related to Pensions	6,327,918	3,368,292	1,340,293	11,036,503
Pension Expense (Revenue)	90,718	(85,352)	(411,507)	(406,141)

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Long-Term Expected Return on Investment

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	33.5 %	5.10 %
International Equity	16.5	5.30
Private Markets	25.0	5.90
Fixed Income	25.0	0.75
Totals	100.0 %	

G. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan, 2.25% for the Police and Fire Plan, and 2.25% for the Correctional Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 2% for the Correction Plan. The Police and Fire Plan benefit increase is fixed at 1% per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0% at age 20 to 3.0% at age 60.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan and the Correctional Plans are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Actuarial Assumptions (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. 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 most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Actuarial Assumptions (Continued)

Correctional Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability lowered.
- Assumed percent married for active members was lowered from 85% to 75%.
- Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

H. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.5%. 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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 DEFINED BENEFIT PENSION PLANS (CONTINUED)

I. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability (asset) for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's 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 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
County's Proportionate Share of GERF Net Pension Liability	\$ 13,856,869	\$ 6,794,283	\$ 999,000
County's Proportionate Share of PEPFP Net Pension Liability (Asset)	4,185,681	1,318,395	(1,032,069)
County's Proportionate Share of PECF Net Pension Liability (Asset)	1,571,394	(150,989)	(1,517,884)

J. 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.

NOTE 6 DEFINED CONTRIBUTION PLAN

Four 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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 DEFINED CONTRIBUTION PLAN (CONTINUED)

Total contributions made by the County during fiscal year 2021 were:

Contribution Amount		Contribution Rate		Required Rates
Employee	Employer	Employee	Employer	
\$ 7,284	\$ 7,284	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 the January 1, 2020 valuation, 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, 2021, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2020. Updating procedures were performed to roll forward the total OPEB liability to the measurement date.

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	6.25% Decreasing to 5.00% over 5 years then to 4.00% Over 48 Years

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 2.00%. 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 2.90% to 2.00%.

C. Changes to Total OPEB Liability

	<u>Total OPEB liability</u>
Balance as of January 1, 2021	\$ 1,400,463
Changes for the Year:	
Service Cost	105,005
Interest	42,367
Assumption Changes	78,095
Benefit Payments	(89,710)
Net Change in Total OPEB Liability	<u>135,757</u>
Balance as of December 31, 2021	<u>\$ 1,536,220</u>

Of the \$1,536,220 total OPEB liability, \$108,606 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 (1.00%)	Discount Rate (2.00%)	1% Increase (3.00%)
Total OPEB Liability	\$ 1,645,162	\$ 1,536,220	\$ 1,433,554

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 (5.25% decreasing to 4.00% then 3.00%) or 1% higher (7.25% decreasing to 6.00% then 5.00%) than the current healthcare costs trend rates:

Medical Trend Rate	1% Decrease (5.25% Decreasing to 4.00% then 3.00%)	Current Trend Rates (6.25% Decreasing to 5.00% then 4.00%)	1% Increase (7.25% Decreasing to 6.00% then 5.00%)
Total OPEB Liability	\$ 1,375,854	\$ 1,536,220	\$ 1,726,027

For the year ended December 31, 2021, the County recognized OPEB expense of \$183,436. 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	\$ 109,070	\$ 21,203
Liability Gain or Loss	108,902	-
County Contributions Subsequent to the Measurement Date	108,606	-
Total	\$ 326,578	\$ 21,203

\$108,606 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized over 6 years and will be recognized in OPEB expense as follows:

Year Ended December 31,	OPEB Expense Amount
2022	\$ 36,064
2023	36,064
2024	36,064
2025	36,065
2026	41,359
Thereafter	11,153

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2021. 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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 \$70,000 specific excess coverage per contract claim per year for all employees (\$1,000,000 aggregate) for the health plan with the exception of one individual who has specific excess coverage up to \$750,000. 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:

	Year Ended December 31,	
	2021	2020
Unpaid Claims, Beginning of Year	\$ 703,826	\$ 300,824
Incurred Claims (including IBNR)	4,193,077	4,100,313
Claims Payments	(4,464,803)	(3,697,311)
Unpaid Claims, End of Year	<u>\$ 432,100</u>	<u>\$ 703,826</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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

A. Joint Ventures (Continued)

Career Solutions (Continued)

Benton County, Minnesota pays a contractual amount through Human Services for its administrative costs, but the amounts contributed are considered immaterial. The County contributed \$0 in 2021. 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 \$31,965 during 2021. 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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 2021. 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 2021 contribution to the Great River Regional Library of \$531,834 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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 2021. 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 2021, the County contributed \$6,792 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, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

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 2021, 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

**BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

A. Joint Ventures (Continued)

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 2021. 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 7th Street
P.O. Box 720
Monticello, MN 55362

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 2021. 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

**BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

A. Joint Ventures (Continued)

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 2021. There is no accumulation of significant financial resources or fiscal stress related to this entity.

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.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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; one to promote economic development, two to promote housing districts for low to moderate income, and two 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 five TIF Districts that exist within Benton County, Minnesota boundaries which are listed below by city.

Purpose	Name	City	Percentage of Increment Collected to Be Returned	Decertification Date	Excess Tax Increment Paid During 2021
Economic Development	TIF District 1-9	Foley	89 %	12/31/25	\$ 57,211
Housing District for Low to Moderate Income	TIF District 1-8	Rice	99	12/31/38	28,460
Housing District for Low to Moderate Income	TIF District 1-8	Foley	38	12/31/39	2,879
Redevelopment	TIF District 23	Sauk Rapids	90	12/31/41	97,413
Redevelopment	TIF District 5-6	Sartell	63	12/31/29	97,041

For the year ended December 31, 2021, the County paid excess tax increment in the amount of \$283,004. The County's tax revenues were reduced by \$210,701 during 2021.

During 2021, the County entered into a tax abatement agreement with the Performance Food Group, Inc (the Company) along with the City of Rice, Minnesota dated May 3, 2021. In this agreement, the Company agreed to complete a two-phase project consisting of the acquisition, construction, and equipping of an expansion to an renovation of an existing manufacturing facility within the City of Rice. Pursuant to Minn. Stat. §§ 469.1812-1815 and §§ 116J.993-995, the City and County agreed to provide tax abatement assistance in order to assist in financing a portion of the costs of the project. The Company agrees that it intends to maintain the existing 175 full-time equivalent jobs at the existing facility, and create at least 22 additional full-time equivalent jobs with an average wage of \$45,000 per year during both phases of the project as it adds approximately 26,500 square feet to its facilities. The Tax Abatement program will exist for a period of up to 14 years beginning with the tax year 2023 through 2038. The phase one abatement will be determined by taking the County tax rate multiplied by the difference between the Net Tax Capacity of the property as improved by phase one project, less the Net Tax Capacity of the existing land. The phase two abatement will be determined by taking the County tax rate multiplied by the Net Tax Capacity of the property as improved by the phase two project. The County agreed to reimburse the Company for the costs of construction up to \$250,000 in semi-annual installments from 2023-2034 for phase one and \$150,000 in semi-annual installments from 2027-2038 for phase two pursuant to the terms of the tax abatement program. If the Company fails to maintain its agreed upon employment numbers they will be required to pay a penalty based on predetermined rates.

No other commitments were made by the County as part of these agreements.

BENTON COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 SUBSEQUENT EVENTS

During 2022, final settlement agreements were reached with pharmaceutical companies and distributors as part of the National Prescription Opiate Litigation. For Benton County, the amount to be received as a result of this litigation is \$1,429,972, to be received over 18 years, which has been recorded as due from other governments in the current year.

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

BENTON COUNTY, MINNESOTA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED
RATIOS, AND NOTES
LAST TEN FISCAL YEARS

	Measurement Date January 1, 2021	Measurement Date January 1, 2020	Measurement Date January 1, 2019	Measurement Date January 1, 2018
Total OPEB Liability				
Service Cost	\$ 105,005	\$ 87,961	\$ 60,559	\$ 64,133
Interest	42,367	44,760	37,893	36,202
Assumption Changes	78,095	58,986	(37,106)	-
Differences Between Expected and Actual Experience	-	152,464	-	-
Benefit Payments	(89,710)	(66,658)	(51,819)	(39,308)
Net Change in Total OPEB Liability	135,757	277,513	9,527	61,027
Total OPEB Liability - Beginning	1,400,463	1,122,950	1,113,423	1,052,396
Total OPEB Liability - Ending	\$ 1,536,220	\$ 1,400,463	\$ 1,122,950	\$ 1,113,423
 Covered Employee Payroll	 \$ 14,198,720	 \$ 13,751,787	 \$ 13,393,190	 \$ 13,003,097
County's OPEB Liability as a Percentage of Covered Employee Payroll	11 %	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, MINNESOTA
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
DECEMBER 31, 2021

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
2021	0.159 %	\$ 6,794,283	\$ 207,536	\$ 7,001,819	\$ 11,890,370	57.14 %	87.00 %
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	-	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
2021	0.171 %	\$ 1,318,395	\$ 59,278	\$ 1,377,673	\$ 2,090,971	63.05 %	93.66 %
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 (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2021	0.919 %	\$ (150,989)	\$ 2,107,655	(7.16)%	101.61 %
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, MINNESOTA
SCHEDULE OF COUNTY CONTRIBUTIONS
DECEMBER 31, 2021

PERA GENERAL EMPLOYEES RETIREMENT PLAN

Year Ended	Actual Contributions in Relation to Statutorily Required Contributions			Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
	Statutorily Required Contributions	Statutorily Required Contributions	Contribution (Deficiency) Excess		
2021	\$ 897,738	\$ 897,738	\$ -	\$ 11,969,834	7.50 %
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	Actual Contributions in Relation to Statutorily Required Contributions			Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
	Statutorily Required Contributions	Statutorily Required Contributions	Contribution (Deficiency) Excess		
2021	\$ 371,229	\$ 371,229	\$ -	\$ 2,097,340	17.70 %
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	Actual Contributions in Relation to Statutorily Required Contributions			Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
	Statutorily Required Contributions	Statutorily Required Contributions	Contribution (Deficiency) Excess		
2021	\$ 177,148	\$ 177,148	\$ -	\$ 2,024,543	8.75 %
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.

BENTON COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 12,014,657	\$ 12,014,657	\$ 12,030,802	\$ 16,145
Licenses and Permits	327,650	327,650	332,260	4,610
Intergovernmental	2,446,653	2,446,653	2,689,128	242,475
Charges for Services	1,628,883	1,628,883	1,554,251	(74,632)
Fines and Forfeits	13,500	13,500	12,355	(1,145)
Gifts and Contributions	1,000	1,000	2,500	1,500
Investment Earnings	350,000	350,000	131,292	(218,708)
Miscellaneous	201,680	201,680	222,168	20,488
Total Revenues	16,984,023	16,984,023	16,974,756	(9,267)
EXPENDITURES				
Current:				
General Government:				
Commissioners	303,446	303,446	266,327	37,119
Public Defender	152,000	152,000	142,200	9,800
Administration	702,285	702,285	695,348	6,937
Auditor-Treasurer	659,270	659,270	649,652	9,618
Assessor	600,210	600,210	587,694	12,516
Information Technology	913,313	913,313	834,609	78,704
Attorney	1,378,485	1,378,485	1,360,640	17,845
Recorder	221,399	221,399	217,227	4,172
Property Management	795,101	795,101	722,264	72,837
Veterans Service Officer	85,898	85,898	77,092	8,806
Other Outside Agencies	130,230	130,230	132,348	(2,118)
Other General Government	950,760	950,760	898,673	52,087
Total General Government	6,892,397	6,892,397	6,584,074	308,323
Public Safety:				
Sheriff	4,424,330	4,424,330	4,419,476	4,854
Emergency Management	100,781	100,781	986,701	(885,920)
Prisoner Custodial	3,664,812	3,664,812	3,564,385	100,427
Probation	778,600	778,600	637,362	141,238
Total Public Safety	8,968,523	8,968,523	9,607,924	(639,401)
Health:				
Groundwater Management	114,950	114,950	97,345	17,605

See accompanying Notes to Required Supplementary Information.

BENTON COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Current (Continued):				
Culture and Recreation:				
Historical Society	\$ 12,070	\$ 12,070	\$ 12,070	\$ -
Regional Library	531,834	531,834	531,834	-
Total Culture and Recreation	<u>543,904</u>	<u>543,904</u>	<u>543,904</u>	<u>-</u>
Conservation of Natural Resources:				
University of Minnesota Extension	238,812	238,812	237,041	1,771
Soil and Water Conservation	239,500	239,500	239,500	-
Total Conservation of Natural Resources	<u>478,312</u>	<u>478,312</u>	<u>476,541</u>	<u>1,771</u>
Economic Development:				
Economic Development	10,000	10,000	8,985	1,015
Department of Development	342,308	342,308	349,492	(7,184)
Total Economic Development	<u>352,308</u>	<u>352,308</u>	<u>358,477</u>	<u>(6,169)</u>
Capital Outlay:				
General Government	29,000	29,000	6,154	22,846
Public Safety	171,500	171,500	74,196	97,304
Total Capital Outlay	<u>200,500</u>	<u>200,500</u>	<u>80,350</u>	<u>120,150</u>
Debt Service:				
Principal	<u>-</u>	<u>-</u>	<u>14,849</u>	<u>(14,849)</u>
Total Expenditures	<u>17,550,894</u>	<u>17,550,894</u>	<u>17,763,464</u>	<u>(212,570)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(566,871)	(566,871)	(788,708)	(221,837)
OTHER FINANCING SOURCES (USES)				
Transfers In	104,650	104,650	67,635	(37,015)
Transfers Out	(95,000)	(95,000)	(72,611)	22,389
Total Other Financing Sources (Uses)	<u>9,650</u>	<u>9,650</u>	<u>(4,976)</u>	<u>(14,626)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (557,221)</u>	<u>\$ (557,221)</u>	<u>(793,684)</u>	<u>\$ (236,463)</u>
Fund Balance - Beginning of Year			<u>10,820,815</u>	
FUND BALANCE - END OF YEAR			<u>\$ 10,027,131</u>	

BENTON COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,125,046	\$ 2,125,046	\$ 2,149,862	\$ 24,816
Licenses and Permits	45,000	45,000	54,300	9,300
Intergovernmental	2,364,090	2,364,090	4,717,716	2,353,626
Charges for Services	141,500	141,500	209,527	68,027
Miscellaneous	30,000	30,000	43,936	13,936
Total Revenues	<u>4,705,636</u>	<u>4,705,636</u>	<u>7,175,341</u>	<u>2,469,705</u>
EXPENDITURES				
Current:				
Highways and Streets:				
Administration	497,347	497,347	1,649,685	(1,152,338)
Maintenance	2,772,700	2,772,700	2,792,684	(19,984)
Construction	464,914	464,914	423,280	41,634
Equipment and Maintenance Shop	588,385	588,385	579,634	8,751
Total Highways and Streets	<u>4,323,346</u>	<u>4,323,346</u>	<u>5,445,283</u>	<u>(1,121,937)</u>
Capital Outlay	2,350,380	2,428,380	3,555,957	(1,127,577)
Debt Service:				
Principal	<u>-</u>	<u>-</u>	<u>11,068</u>	<u>(11,068)</u>
Total Expenditures	<u>6,673,726</u>	<u>6,751,726</u>	<u>9,012,308</u>	<u>(2,260,582)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,968,090)	(2,046,090)	(1,836,967)	209,123
OTHER FINANCING SOURCES (USES)				
Transfers In	1,968,090	1,968,090	2,115,481	147,391
Transfers Out	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>
Proceeds from Sale of Assets	<u>-</u>	<u>-</u>	<u>13,000</u>	<u>13,000</u>
Total Other Financing Sources (Uses)	<u>1,968,090</u>	<u>1,968,090</u>	<u>2,127,481</u>	<u>159,391</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (78,000)</u>	<u>290,514</u>	<u>\$ 368,514</u>
Fund Balance - Beginning of Year			1,776,167	
Increase in Inventory			<u>51,929</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,118,610</u>	

BENTON COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES FUND
YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 5,275,455	\$ 5,275,455	\$ 5,268,588	\$ (6,867)
Intergovernmental	8,629,497	8,629,497	8,441,788	(187,709)
Charges for Services	405,111	405,111	340,060	(65,051)
Investment Earnings	1,150	1,150	606	(544)
Miscellaneous	147,277	147,277	1,992	(145,285)
Total Revenues	14,458,490	14,458,490	14,053,034	(405,456)
EXPENDITURES				
Current:				
Human Services:				
Income Maintenance	4,177,650	4,177,650	4,104,523	73,127
Social Services	8,921,921	8,921,921	7,754,374	1,167,547
Total Human Services	13,099,571	13,099,571	11,858,897	1,240,674
Health:				
Public Health	1,240,707	1,240,707	1,272,189	(31,482)
Capital Outlay:				
Human Services	107,879	107,879	106,175	1,704
Health	13,333	13,333	13,278	55
Total Capital Outlay	121,212	121,212	119,453	1,759
Debt Service:				
Principal	-	-	10,515	(10,515)
Total Expenditures	<u>14,461,490</u>	<u>14,461,490</u>	<u>13,261,054</u>	<u>1,200,436</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,000)</u>	<u>\$ (3,000)</u>	<u>791,980</u>	<u>\$ 794,980</u>
Fund Balance - Beginning of Year			<u>7,536,971</u>	
FUND BALANCE - END OF YEAR			<u>\$ 8,328,951</u>	

BENTON COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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, State and Local Fiscal Recovery, Opioid Remediation, 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, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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, 2021:

Fund	Function	Expenditures	Budget	Excess
General	Current:			
	General Government:			
	Other Outside Agencies	\$ 132,348	\$ 130,230	\$ 2,118
	Public Safety:			
	Emergency Management	986,701	100,781	885,920
	Economic Development:			
	Department of Development	349,492	342,308	7,184
	Debt Service:			
	Principal	14,849	-	14,849
Special Revenue Funds:				
Road and Bridge	Current:			
	Highways and Streets:			
	Administration	1,649,685	497,347	1,152,338
	Maintenance	2,792,684	2,772,700	19,984
	Capital Outlay:			
	Highways and Streets	3,555,957	2,428,380	1,127,577
	Debt Service:			
	Principal	11,068	-	11,068
Human Services	Current:			
	Health:			
	Nursing Service	1,272,189	1,240,707	31,482
	Debt Service:			
	Principal	10,515	-	10,515

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, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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
2021**

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Actuarial Plan Provisions

- There have been no changes since the prior valuation.

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.

BENTON COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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

A. General Employees Fund (Continued)

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.

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.

BENTON COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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

A. General Employees Fund (Continued)

2017

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.

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 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

B. Police and Fire Fund

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.

BENTON COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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

B. Police and Fire Fund (Continued)

2021 (Continued)

Changes in Actuarial Assumptions (Continued)

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.

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.

BENTON COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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

B. Police and Fire Fund (Continued)

2018

Changes in Plan Provisions (Continued)

- 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%.
- 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.

BENTON COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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

B. Police and Fire Fund (Continued)

2017

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 1.00% per year through 2037 and 2.50% 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 changed from 7.90% to 5.60%.
- 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

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).

BENTON COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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

C. Correctional Fund (Continued)

2021

Changes in Actuarial Assumptions (Continued)

- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability lowered.
- Assumed percent married for active members was lowered from 85% to 75%.
- Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.

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.

BENTON COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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

C. Correctional Fund (Continued)

2018

Changes in Plan Provisions (Continued)

- 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.

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.

BENTON COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

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:

2021

- The discount rate was changed from 2.90% to 2.00%.

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%.

SUPPLEMENTARY INFORMATION

BENTON COUNTY, MINNESOTA
DECEMBER 31, 2021

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, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Nonmajor Special Revenue Funds				Total Nonmajor Funds
	Ditch	Boundary Commission	Economic Development	Gravel Pit Restoration	
ASSETS					
Cash and Pooled Investments	\$ 761	\$ -	\$ 434,705	\$ 228,978	\$ 664,444
Special Assessments Receivable:					
Delinquent	4,604	-	-	-	4,604
Noncurrent	134,510	-	-	-	134,510
Loans Receivable, Net of Allowance	-	-	308,614	-	308,614
Total Assets	\$ 139,875	\$ -	\$ 743,319	\$ 228,978	\$ 1,112,172
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 10,681	\$ -	\$ 31	\$ -	\$ 10,712
Due to Other Funds	313,480	67,035	-	-	380,515
Advances from Other Funds	120,009	-	-	-	120,009
Total Liabilities	444,170	67,035	31	-	511,236
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	139,114	-	314,912	-	454,026
FUND BALANCES					
Restricted	-	-	428,376	228,978	657,354
Unassigned	(443,409)	(67,035)	-	-	(510,444)
Total Fund Balances	(443,409)	(67,035)	428,376	228,978	146,910
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 139,875	\$ -	\$ 743,319	\$ 228,978	\$ 1,112,172

BENTON COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Nonmajor Special Revenue Funds				Total Nonmajor Funds
	Ditch	Boundary Commission	Economic Development	Gravel Pit Restoration	
REVENUES					
Special Assessments	\$ 27,048	\$ -	\$ -	\$ -	\$ 27,048
Miscellaneous	-	-	31,776	18,630	50,406
Total Revenues	27,048	-	31,776	18,630	77,454
EXPENDITURES					
Current:					
General Government	-	220	-	-	220
Conservation of Natural Resources	205,241	-	-	-	205,241
Total Expenditures	205,241	220	-	-	205,461
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(178,193)	(220)	31,776	18,630	(128,007)
OTHER FINANCING USES					
Transfers Out	(8,189)	-	-	-	(8,189)
NET CHANGE IN FUND BALANCES	(186,382)	(220)	31,776	18,630	(136,196)
Fund Balances - Beginning of Year	(257,027)	(66,815)	396,600	210,348	283,106
FUND BALANCES - END OF YEAR	<u><u>\$ (443,409)</u></u>	<u><u>\$ (67,035)</u></u>	<u><u>\$ 428,376</u></u>	<u><u>\$ 228,978</u></u>	<u><u>\$ 146,910</u></u>

BENTON COUNTY, MINNESOTA
DECEMBER 31, 2021

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, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – PRIVATE PURPOSE TRUST FUNDS
DECEMBER 31, 2021

	Social Welfare Private-Purpose Trust Fund	Henkemeyer Private-Purpose Trust Fund	Missing Heirs Private-Purpose Trust Fund	Total Private-Purpose Trust Fund
ASSETS				
Cash and Pooled Investments	\$ 147,477	\$ 115,594	\$ -	\$ 263,071
NET POSITION				
Restricted for:				
Individuals, Organizations, and Other Governments	\$ 147,477	\$ 115,594	\$ -	\$ 263,071

BENTON COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – PRIVATE PURPOSE TRUST FUNDS
DECEMBER 31, 2021

	Social Welfare Private-Purpose Trust Fund	Henkemeyer Private-Purpose Trust Fund	Missing Heirs Private-Purpose Trust Fund	Total Private-Purpose Trust Fund
ADDITIONS				
Contributions - Individuals	\$ 699,824	\$ -	\$ -	\$ 699,824
Investment Earnings:				
Interest, Dividends, and Other	-	-	3	3
Miscellaneous	-	-	60	60
Total Additions	699,824	-	63	699,887
DEDUCTIONS				
Beneficiary Payments to Individuals	713,574	-	6,027	719,601
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION				
	(13,750)	-	(5,964)	(19,714)
Fiduciary Net Position - Beginning of Year	161,227	115,594	5,964	282,785
FIDUCIARY NET POSITION - END OF YEAR	\$ 147,477	\$ 115,594	\$ -	\$ 263,071

BENTON COUNTY, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2021

	Custodial Funds			
	Taxes and Penalties	Building Official	Sheriff Investigation	State Revenue
ASSETS				
Cash and Pooled Investments	\$ 417,637	\$ 6,160	\$ 5,151	\$ 155,055
Due from Other Governments	-	-	-	-
Taxes for Other Governments	783,267	-	-	-
Prepaid Items	-	-	-	-
Total Assets	1,200,904	6,160	5,151	155,055
LIABILITIES				
Due to Others	3,805	6,160	5,151	-
Unearned Revenue	-	-	-	-
Due to Other Governments	330,670	-	-	155,055
Total Liabilities	334,475	6,160	5,151	155,055
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Collected for Subsequent Period	38,113	-	-	-
NET POSITION				
Restricted for:				
Individuals, Organizations, and Other Governments	\$ 828,316	\$ -	\$ -	\$ -

BENTON COUNTY, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)
DECEMBER 31, 2021

License Center	Custodial Funds						Total Custodial Funds
	Estate Recoveries	Jail Canteen	MH Initiative Community Project	MCHHSA Regional Fund	CMH Collaborative		
\$ 37,103	\$ 89,572	\$ 7,761	\$ 15,358	\$ 1,873	\$ 130,108	\$ 865,778	
-	-	-	507,897	20	23,978	531,895	
-	-	-	-	-	-	783,267	
-	-	-	3,205	-	-	3,205	
<u>37,103</u>	<u>89,572</u>	<u>7,761</u>	<u>526,460</u>	<u>1,893</u>	<u>154,086</u>	<u>2,184,145</u>	
			7,188	-	30,752	53,056	
			54,135	-	-	54,135	
<u>37,103</u>	<u>89,572</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>612,435</u>	
<u>37,103</u>	<u>89,572</u>	<u>-</u>	<u>61,358</u>	<u>-</u>	<u>30,752</u>	<u>719,626</u>	
							<u>38,113</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,761</u>	<u>\$ 465,102</u>	<u>\$ 1,893</u>	<u>\$ 123,334</u>	<u>\$ 1,426,406</u>	

BENTON COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	Custodial Funds			
	Taxes and Penalties	Building Official	Sheriff Investigation	State Revenue
ADDITIONS				
Contributions:				
Individuals	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-
Intergovernmental	-	-	-	-
Property Tax Collections for Other Governments	32,080,513	-	-	-
Fee Collections for Other Governments and Organizations	-	122,513	-	-
License and Fees Collected for State	-	-	-	2,102,504
Gifts and Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Additions	32,080,513	122,513	-	2,102,504
DEDUCTIONS				
Beneficiary Payments to Individuals	-	-	-	-
Payments of Property Tax to Other Governments	31,976,720	-	-	-
Payments to State	-	-	-	2,102,504
Administrative Expense	-	-	-	-
Payments to Other Entities	-	122,513	-	-
Total Deductions	31,976,720	122,513	-	2,102,504
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION				
	103,793	-	-	-
Fiduciary Net Position - Beginning of Year	724,523	-	-	-
FIDUCIARY NET POSITION - END OF YEAR	\$ 828,316	\$ -	\$ -	\$ -

BENTON COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

License Center	Custodial Funds						Total Custodial Funds
	Estate Recoveries	Jail Canteen	MH Initiative Community Project	MCHHSA Regional Fund	CMH Collaborative		
\$ -	\$ -	\$ 154,721	\$ -	\$ -	\$ -	\$ -	\$ 154,721
-	-	-	9,621	-	-	875	10,496
-	-	-	1,757,390	-	-	78,015	1,835,405
-	-	-	-	-	-	-	32,080,513
3,114,179	294,479	-	-	-	-	2,375	124,888
-	-	-	-	-	-	-	5,511,162
-	-	-	45,865	-	-	-	45,865
-	-	-	273	1,380	-	-	1,653
3,114,179	294,479	154,721	1,813,149	1,380	81,265	39,764,703	
3,114,179	294,479	158,054	-	-	-	158,054	
-	-	-	-	-	-	31,976,720	
-	-	-	-	-	-	5,216,683	
-	-	-	-	-	12,630	12,630	
-	294,479	-	1,862,704	1,306	82,072	2,363,074	
3,114,179	294,479	158,054	1,862,704	1,306	94,702	39,727,161	
-	-	(3,333)	(49,555)	74	(13,437)	37,542	
-	-	11,094	514,657	1,819	136,771	1,388,864	
\$ -	\$ -	\$ 7,761	\$ 465,102	\$ 1,893	\$ 123,334	\$ 1,426,406	

OTHER SUPPLEMENTARY INFORMATION

BENTON COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2021

	General	Road and Bridge	Human Services	Miscellaneous
SHARED REVENUE AND APPROPRIATIONS				
State:				
County Program Aid	\$ 1,649,627	\$ 269,721	\$ 737,695	\$ -
PERA Rate Reimbursement	40,511	2,761	12,928	-
Disparity Reduction Aid	7,441	-	-	-
Police Aid	225,984	-	-	-
Highway Users Tax	-	4,379,576	-	-
Market Value Credit	186,116	30,431	83,229	-
Aquatic Invasive Species Aid	-	-	-	34,662
Enhanced 911	-	-	-	176,783
Riparian Aid	58,805	-	-	-
Out of Home Placement Aid	-	-	660	-
SCORE	-	-	-	118,892
Total Shared Revenue and Appropriations	<u>2,168,484</u>	<u>4,682,489</u>	<u>834,512</u>	<u>330,337</u>
REIMBURSEMENT FOR SERVICES				
State:				
Minnesota Department of:				
Human Services	-	-	2,106,608	-
LOCAL				
Payments in Lieu of Tax	21,277	2,247	6,148	-
GRANTS				
State:				
Minnesota Department/Board of:				
Corrections	105,262	-	-	-
Public Safety	13,958	-	-	9,523
Health	-	-	364,458	-
Natural Resources	13,240	-	-	-
Human Services	-	-	1,378,032	-
Water and Soil Resources	-	-	-	48,682
Veterans Affairs	-	-	-	10,000
Peace Officer's Board	27,820	-	-	-
Total State Grants	<u>160,280</u>	<u>-</u>	<u>1,742,490</u>	<u>68,205</u>
Federal:				
Department of:				
Agriculture	15,371	-	605,707	-
Justice	37,507	-	-	19,337
Transportation	48,652	32,980	-	-
Treasury	-	-	-	-
Education	-	-	1,710	-
Health and Human Services	75,700	-	3,144,613	-
Homeland Security	161,857	-	-	-
Total Federal Grants	<u>339,087</u>	<u>32,980</u>	<u>3,752,030</u>	<u>19,337</u>
Total State and Federal Grants	<u>499,367</u>	<u>32,980</u>	<u>5,494,520</u>	<u>87,542</u>
Total Intergovernmental Revenue	<u><u>\$ 2,689,128</u></u>	<u><u>\$ 4,717,716</u></u>	<u><u>\$ 8,441,788</u></u>	<u><u>\$ 417,879</u></u>

BENTON COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

<u>State & Local Fiscal Recovery</u>	<u>Debt Service</u>	<u>Total</u>
\$ - \$ -	\$ - \$ 2,657,043	
- -	- 56,200	
- -	- 7,441	
- -	- 225,984	
- 169,950	4,549,526	
- 14,884	314,660	
- -	34,662	
- -	176,783	
- -	58,805	
- -	660	
<u>- -</u>	<u>118,892</u>	
<u>- 184,834</u>	<u>8,200,656</u>	
 - -	 2,106,608	
 - 1,100	 30,772	
 - -	 105,262	
- -	23,481	
- -	364,458	
- -	13,240	
- -	1,378,032	
- -	48,682	
- -	10,000	
<u>- -</u>	<u>27,820</u>	
<u>- -</u>	<u>1,970,975</u>	
 - -	 621,078	
- -	56,844	
- -	81,632	
57,960 -	57,960	
- -	1,710	
- -	3,220,313	
- -	161,857	
<u>57,960 -</u>	<u>4,201,394</u>	
<u>57,960 -</u>	<u>6,172,369</u>	
<u>\$ 57,960</u>	<u>\$ 185,934</u>	<u>\$ 16,510,405</u>

**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, Minnesota
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, Minnesota (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Benton County, Minnesota's basic financial statements, and have issued our report thereon dated August 24, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 were not 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 County'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 2021-001 and 2021-002 to be material weaknesses.

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 2021-003 to be a significant deficiency.

Board of County Commissioners
Benton County, Minnesota

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benton County, Minnesota'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, Minnesota's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Benton County, Minnesota's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 results of that testing, and not to provide an opinion on the effectiveness of the 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 the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
August 24, 2022



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, Minnesota
Foley, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Benton County, Minnesota's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Benton County, Minnesota's major federal programs for the year ended December 31, 2021. Benton County, Minnesota's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Benton County, Minnesota complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Benton County, Minnesota and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Benton County, Minnesota's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Benton County, Minnesota's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Benton County, Minnesota's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Benton County, Minnesota's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Benton County, Minnesota's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Benton County Minnesota's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Benton County, Minnesota's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

Board of County Commissioners
Benton County, Minnesota

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. 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-004, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Benton County, Minnesota's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Benton County, Minnesota's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 24, 2022

BENTON COUNTY, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified			
2. Internal control over financial reporting:				
• Material weakness(es) identified?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	no
• Significant deficiency(ies) identified?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	none reported
3. Noncompliance material to financial statements noted?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

Federal Awards

1. Internal control over major federal programs:				
• Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
• Significant deficiency(ies) identified?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	none reported
2. Type of auditors' report issued on compliance for major federal programs:	Unmodified			
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

Identification of Major Federal Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families
93.778	Medical Assistance Program (Medicaid Cluster)
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

BENTON COUNTY, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Section II – Financial Statement Findings

AUDIT ADJUSTMENTS (2021-001)

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria or Specific Requirement: 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 bonds, recording of OPEB, net pension liability and asset 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, 2020-001.

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, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Section II – Financial Statement Findings (Continued)

FINANCIAL REPORTING PROCESS (2021-002)

Type of Finding: Material Weakness in Internal Control over Financial Reporting

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

Condition and Context: The County engages CLA to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the County's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the County has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the County's activities and operations.

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, 2020-002.

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, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Section II – Financial Statement Findings (Continued)

SEGREGATION OF DUTIES (2021-003)

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria or Specific Requirement: 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 various 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, 2020-003.

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, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Section III –Major Program Findings and Compliance

CASEFILE REVIEW (2021-004)

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

Federal Program Title: Temporary Assistance for Needy Families

Assistance Listing Number: 93.558

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

Pass-Through Number: 2101MNTANF

Compliance Requirement Affected: Eligibility

Award Period: Year Ended December 31, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or Specific Requirement: 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 testing of case files reviews completed during 2021, it was noted that there were no documented case file reviews performed for the public health component of Temporary Assistance for Needy Families. The Human Services component of Temporary Assistance of Needy Families did have some documented reviews. 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, 2020-004 related to Assistance Listing 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, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Section IV – Items for Consideration – Minnesota Legal Compliance

DITCH SPECIAL REVENUE FUND – CASH DEFICIT (2021-005)

Criteria or Specific Requirement: 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 10 out of 12 active ditch systems as having deficit cash balances as of December 31, 2021, totaling \$313,480.

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, 2020-008.

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, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section V – Previously Reported Item Resolved

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CASEFILE REVIEW (2020-004)

The County had minimal to no case file reviews performed for both Temporary Assistance for Needy Families and Medical Assistance.

Resolution: During current year testing, case file reviews were performed for Medical Assistance. See finding 2021-004 for continuation of the Temporary Assistance of Needy Families component of this finding.

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

The County did not have appropriate documentation kept for Temporary Assistance for Needy Families eligibility requirements.

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

ELIGIBILITY DOCUMENTATION – MEDICAL ASSISTANCE PROGRAM (2020-006)

The County did not have appropriate documentation kept for Medical Assistance Program eligibility requirements.

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

CONTROLS OVER REPORTING (2020-007)

The County had four of five monthly reports for the COVID-19 Coronavirus Relief Fund program that did not have supporting detail by month saved.

Resolution: This was a one-time grant. No funding received in 2021.

BENTON COUNTY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	222MN004W1003	\$ 267,195	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	212MN101S2520	353,883	-
Total Department of Agriculture			621,078	-
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	A-CVS-2020-BENTONAO-052	56,844	-
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction (Part of Highway Planning and Construction Cluster)	20.205	1030005	32,980	-
Passed Through City of St. Cloud State and Community Highway Safety (Total Expenditures for Highway Safety Cluster \$18,170)	20.600	F-ENFRC21-2021- STCLOUDPD-012	\$ 8,039	-
State and Community Highway Safety (Total Expenditures for Highway Safety Cluster \$18,170)	20.600	F-SPEED21-2021- STCLOUDPD-4828	3,513	11,552
E-911 Grant Program	20.615	A-DECN-NGGIS- 2019-CMESB	19,727	-
National Priority Safety Programs (Total Expenditures for Highway Safety Cluster \$18,170)	20.616	F-ENFRC21-2021- STCLOUDPD-012	\$ 6,125	-
National Priority Safety Programs (Total Expenditures for Highway Safety Cluster \$18,170)	20.616	F-ENFRC2-2022- STCLOUDPD-014	493	6,618
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC21-2021- STCLOUDPD-023	9,548	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC2-2022- STCLOUDPD-014	1,207	10,755
Total Department of Transportation			81,632	-
U.S. Department of Treasury				
Direct COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	57,960	-
U.S. Department of Education				
Passed Through Minnesota Department of Health Special Education-Grants for Infants and Families	84.181	BO4MC32551	1,710	-
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	3000067101	54,687	-
Early Hearing Detection and Intervention	93.251	H6100035	225	-
Immunization Cooperative Agreements	93.268	NH23IP922628	101,848	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	NUR3DD000842-05-01	150	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000508	85,436	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families AL 93.558 \$487,974)	93.558	2101MNTANF	43,341	-
Maternal and Child Health Services Block Grant to the States	93.994	BO4MC32551	38,445	-
Passed Through Minnesota Department of Human Services MaryLee Allen Promoting Safe and Stable Families	93.556	2101MNPSS	6,522	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families AL 93.558 \$487,974)	93.558	2101MNTANF	444,633	-
Child Care and Development Block Grant (Part of CCDF Cluster)	93.575	2101MNCCDF	33,671	-
Child Support Enforcement	93.563	2101MNCSES	\$ 135,652	-
Child Support Enforcement	93.563	2101MNCEST	612,915	748,567
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2101MNRCMA	702	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP	11,480	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	2,776	-
COVID-19 Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	4,696	-

BENTON COUNTY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Passed Through Minnesota Department of Human Services (Continued)				
Foster Care Title IV-E	93.658	2101MNFOST	\$ 208,493	\$ -
Social Services Block Grant	93.667	2101MNSOSR	205,744	-
Child Abuse and Neglect State Grants	93.669	2101MNNCAN	978	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2101MNCILP	5,998	-
Children's Health Insurance Program	93.767	2105MN5021	1,701	-
Medical Assistance Program (Part of Medicaid Cluster)	93.778	2105MNSADM	\$ 1,223,760	
Medical Assistance Program (Part of Medicaid Cluster)	93.778	2105MNSMAP	13,201	
Total Department of Health and Human Services			1,236,961	
			3,237,054	
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety				
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4531-MN	161,857	-
Total Expenditures of Federal Awards			\$ 4,218,135	\$ -
Clusters of programs are groupings of closely related programs that share common compliance requirements.				
Total expenditures by cluster are:				
CCDF Cluster			\$ 33,671	
Medicaid Cluster			1,236,961	
SNAP Cluster			353,883	
Highway Planning and Construction Cluster			32,980	
Highway Safety Cluster			18,170	

BENTON COUNTY, MINNESOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

NOTE 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.

NOTE 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, 2021. 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). 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.

NOTE 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. 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.

NOTE 4 RECONCILIATION TO THE SCHEDULE OF INTERGOVERNMENTAL REVENUE

Federal Grant Revenue per Schedule of Intergovernmental Revenue:	\$ 4,201,394
Grants Received More than 90 Days After Year-End, Unavailable in 2021:	
Public Health Emergency Preparedness	15,666
John H. Chafee Foster Care Program for Successful Transition to Adulthood	4,307
Grants Unavailable in 2020, Recognized as Revenue in 2021:	
MaryLee Allen Promoting Safe and Stable Families Program	(2,391)
Stephanie Tubbs Jones Child Welfare Services Program	(841)
Expenditures per Schedule of Expenditures of Federal Awards	<u><u>\$ 4,218,135</u></u>



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Benton County, Minnesota
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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 24, 2022.

In connection with our audit, we noted that Benton County, Minnesota 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 2021-005. Also, in connection with our audit, nothing came to our attention that caused us to believe that Benton County, Minnesota failed to comply with the provisions of the depositories of public funds and public investments, contracting – bid laws, 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, Minnesota's written response to the legal compliance finding identified in our audit is described in the schedule of findings and questioned costs. Benton County, Minnesota'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 24, 2022



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