

**BENTON COUNTY, MINNESOTA**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2022**



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**BENTON COUNTY, MINNESOTA**  
**TABLE OF CONTENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**INTRODUCTORY SECTION**

<b>ORGANIZATION</b>	<b>1</b>
<b>FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>2</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>6</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>19</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>21</b>
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>22</b>
<b>RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO                 THE GOVERNMENT-WIDE STATEMENT OF NET POSITION –                 GOVERNMENTAL ACTIVITIES</b>	<b>24</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND                 BALANCES – GOVERNMENTAL FUNDS</b>	<b>25</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,                 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO                 THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES –                 GOVERNMENTAL ACTIVITIES</b>	<b>27</b>
<b>STATEMENT OF NET POSITION – SELF-INSURANCE INTERNAL                 SERVICE FUND</b>	<b>28</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET                 POSITION – SELF-INSURANCE INTERNAL SERVICE FUND</b>	<b>29</b>
<b>STATEMENT OF CASH FLOWS – SELF-INSURANCE INTERNAL SERVICE                 FUND</b>	<b>30</b>
<b>STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS</b>	<b>31</b>
<b>STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY                 FUNDS</b>	<b>32</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>33</b>

**BENTON COUNTY, MINNESOTA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

**FINANCIAL SECTION (CONTINUED)**

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

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED RATIOS, AND NOTES	85
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	86
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	88
BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE FUND	90
BUDGETARY COMPARISON SCHEDULE – HUMAN SERVICES FUND	91
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	92
 <b>SUPPLEMENTARY INFORMATION</b>	
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	105
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	106
COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS – PRIVATE-PURPOSE TRUST FUNDS	108
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS – PRIVATE-PURPOSE TRUST FUNDS	109
COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS – CUSTODIAL FUNDS	110
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS – CUSTODIAL FUNDS	112
 <b>OTHER SUPPLEMENTARY INFORMATION</b>	
SCHEDULE OF INTERGOVERNMENTAL REVENUE	114

**BENTON COUNTY, MINNESOTA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

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

<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>116</b>
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</b>	<b>118</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>121</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>128</b>
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>130</b>
<b>INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE</b>	<b>131</b>

## **INTRODUCTORY SECTION**

**BENTON COUNTY, MINNESOTA  
ORGANIZATION  
DECEMBER 31, 2022**

Office	Name	Term	
		From	To
<b>Commissioners</b>			
1 <sup>st</sup> District	Scott Johnson	January 2021	January 2025
2 <sup>nd</sup> District	Ed Popp	January 2019	January 2023
3 <sup>rd</sup> District	Steve Heinen*	January 2019	January 2023
4 <sup>th</sup> District	Jared J. Gapinski	January 2021	January 2025
5 <sup>th</sup> District	Beth Schlangen	January 2021	January 2025
<b>Officers</b>			
<b><u>Elected</u></b>			
Attorney	Philip Miller	January 2019	January 2023
Auditor-Treasurer	Nadean Inman	January 2019	January 2023
Sheriff	Troy Heck	January 2019	January 2023
<b><u>Appointed</u></b>			
Administrator	Montgomery Headley	Indefinite	
Land Services Director	Roxanne Achman	Indefinite	
County Assessor	Brian Folden	March 2022	December 2024
Courts Administrator	Megan Bergman	Indefinite	
Highway Engineer	Christopher Byrd, P.E.	June 2020	May 2024
Human Services Director	Robert Cornelius	Indefinite	
Veterans Services Officer	George Fiedler	June 2020	May 2024
<b>Human Services Board</b>			
Chair	Scott Johnson	January 2021	January 2025
Member	Ed Popp	January 2019	January 2023
Member	Steve Heinen	January 2019	January 2023
Member	Jared J. Gapinski	January 2021	January 2025
Vice-Chair	Beth Schlangen	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, 2022, and the related notes to the financial statements, which collectively comprise the County'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, 2022, 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.

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

As discussed in Note 1.D.17. to the financial statements, effective January 1, 2022, the County adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

#### *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 the County'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 September 5, 2023, 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  
September 5, 2023

**REQUIRED SUPPLEMENTARY INFORMATION**

**BENTON COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

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, 2022. 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, 2022, and the prior year, 2021, is required to be presented in the MD&A.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2021-2022 fiscal years include the following:

- ◆ Government-wide net position increased 0.9% from the prior year; this is primarily due to more revenue than expenses in 2022.
- ◆ Overall fund-level revenues totaled \$49,955,351 and were \$666,599 less than expenditures.
- ◆ The General Fund's fund balance decreased \$1,735,959 from the prior year due to a \$1.2 million transfer of excess reserves for capital projects, with the balance due to a planned draw-down of reserves to fund the operating budget.

## **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.

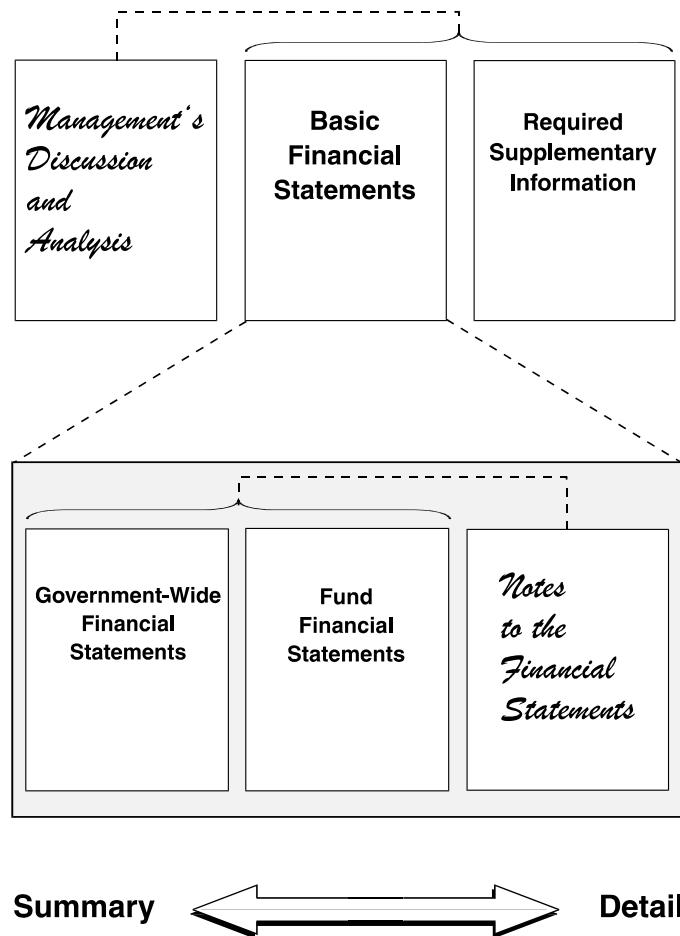
**BENTON COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**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, 2022**

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

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

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

**Government-Wide Statements**

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

**BENTON COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

## **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, 2022**

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

**Net Position**

The County's net position was \$123,121,576 on December 31, 2022. (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
	2022	2021	
Current and Other Assets	\$ 54,270,844	\$ 50,973,241	6.5 %
Capital Assets	<u>100,255,075</u>	<u>99,255,187</u>	1.0
Total Assets	154,525,919	150,228,428	2.9
Deferred Outflows of Resources	12,508,657	8,904,745	40.5
Other Liabilities	11,044,113	6,856,287	61.1
Long-Term Liabilities	<u>32,424,292</u>	<u>19,254,625</u>	68.4
Total Liabilities	43,468,405	26,110,912	66.5
Deferred Inflows of Resources	444,595	11,057,706	(96.0)
Net Position:			
Net investment in Capital Assets	97,228,653	93,061,738	4.5
Restricted	11,433,885	13,886,987	(17.7)
Unrestricted	<u>14,459,038</u>	<u>15,015,830</u>	(3.7)
Total Net Position	<u><u>\$ 123,121,576</u></u>	<u><u>\$ 121,964,555</u></u>	0.9

**BENTON COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

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

**Changes in Net Position**

The government-wide total revenues were \$49,846,683 for the year ended December 31, 2022. Property taxes, wheelage taxes, and intergovernmental revenues accounted for 84.9% of total revenue for the year. Total revenues for 2022 increased 6.4% from 2021, as property and wheelage taxes revenue increased from the prior year. Total expenses increased by 21.8% due to an increase in public safety, highways and streets, and human services (see Table A-2).

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

	Governmental Activities		Total % Change	
	2022	2021		
<b>REVENUES</b>				
<u>Program Revenues</u>				
Charges for Services	\$ 3,245,419	\$ 2,902,525	11.8 %	
Operating Grants and Contributions	14,380,926	15,608,545	(7.9)	
Capital Grants and Contributions	961,161	486,198	97.7	
<u>General Revenues</u>				
Property and Wheelage Taxes	22,373,879	20,903,287	7.0	
Unrestricted State Aid	4,599,982	3,035,344	51.5	
Investment Earnings	(281,820)	142,489	(297.8)	
Other	4,567,136	3,768,541	21.2	
Total Revenues	<u>49,846,683</u>	<u>46,846,929</u>	6.4	
<b>EXPENSES</b>				
General Government	8,466,954	7,226,672	17.2	
Public Safety	12,000,688	8,894,251	34.9	
Highways and Streets	10,284,357	8,208,900	25.3	
Human Services	13,426,182	11,942,273	12.4	
Health	1,693,377	1,512,712	11.9	
Culture and Recreation	570,706	559,384	2.0	
Conservation of Natural Resources	1,531,175	1,121,245	36.6	
Economic Development	716,223	404,960	76.9	
Interest and Fiscal Charges on Long-Term Liabilities	-	94,200	(100.0)	
Total Expenses	<u>48,689,662</u>	<u>39,964,597</u>	21.8	
<b>INCREASE IN NET POSITION</b>				
	1,157,021	6,882,332	(83.2)	
Net Position - Beginning of Year	<u>121,964,555</u>	<u>115,082,223</u>	6.0	
<b>NET POSITION - END OF YEAR</b>	<b><u>\$ 123,121,576</u></b>	<b><u>\$ 121,964,555</u></b>	0.9	

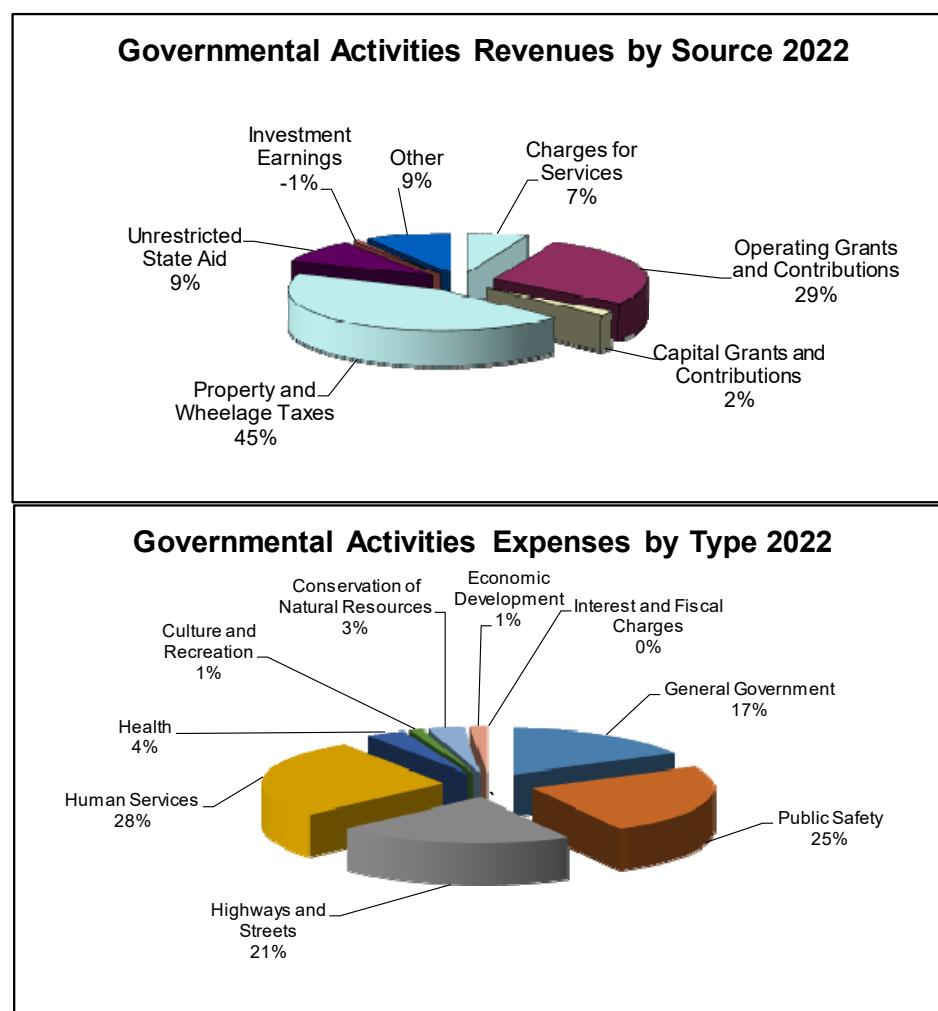
**BENTON COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**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 \$48,689,662.

- ◆ Some of the cost was paid by the users of the County's programs (\$3,245,419).
- ◆ The federal and state governments contributed to certain programs with grants and contributions (\$15,342,087).
- ◆ A significant portion of the County's remaining costs (\$30,102,156) were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$26,481,921 in property and other taxes, \$4,599,982 of state aid, and \$177,274 from investment earnings and other general revenues.



**BENTON COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**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
	2022	2021		2022	2021	
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 8,466,954	\$ 7,226,672	17.2 %	\$ 6,773,058	\$ 5,399,514	25.4 %
Public Safety	12,000,688	8,894,251	34.9	10,695,697	7,369,004	45.1
Highways and Streets	10,284,357	8,208,900	25.3	4,601,427	2,355,105	95.4
Human Services	13,426,182	11,942,273	12.4	5,824,269	5,162,306	12.8
Health	1,693,377	1,512,712	11.9	429,205	(1,213,118)	(135.4)
Culture and Recreation	570,706	559,384	2.0	507,663	448,021	13.3
Conservation of Natural Resources	1,531,175	1,121,245	36.6	792,591	1,017,403	(22.1)
Economic Development	716,223	404,960	76.9	478,246	334,894	42.8
Interest and Fiscal Charges on Long-Term Liabilities	-	94,200	(100.0)	-	94,200	(100.0)
Total	<u>\$ 48,689,662</u>	<u>\$ 39,964,597</u>	21.8	<u>\$ 30,102,156</u>	<u>\$ 20,967,329</u>	43.6

**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 \$39,760,297.

Revenues for the County's governmental funds were \$49,955,351, while total expenditures were \$50,621,950. Overall the fund balance decrease of \$414,455 resulted from an increase of debt service payments.

**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 \$1,735,959 from 2021, primarily due to an increase in transfers out for capital projects.

**Road and Bridge Fund**

The Road and Bridge Fund accounts for financial activity related to the construction and maintenance of the County road system, including County state-aid highways and County roads. The fund balance in the Road and Bridge Fund decreased by \$1,095,547 from 2021, due primarily to a large increase in highways and streets expenditures.

**BENTON COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**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 decreased by \$639,691 from 2021. This increase can be attributed primarily to an increase in transfers out for capital projects.

**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 \$434,045 from 2021. This increase can be attributed primarily to an increase in intergovernmental revenues and transfers in.

**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. The County began to use the money in 2022 relating to wages, as well as the planning phase of broadband projects.

**Opioid Remediation Fund**

The Opioid Remediation Fund was established in 2021, and accounts for the financial activity related to the County's share of the national opioid settlement agreement. The amounts due to the County total \$1,050,200, and will be paid over the next 17 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 decreased by \$2,842,009 in 2022 from 2021. This decrease is attributed to an increase in debt service payments due to the refunding payment for the 2014A General Obligation Tax Abatement Bonds.

**Capital Projects Fund**

The Capital Projects Fund accounts for the financing of multi-year capital projects, including those funded with Capital Improvement Plan bonds and local option sales tax revenues and reserves. The fund balance increase of \$5,144,797 was due to more revenues than expenditures and an increase in transfers in from reserves.

**BENTON COUNTY, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED DECEMBER 31, 2022**

**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,	December 31,	Increase (Decrease)	Percent
	2022	2021		
Taxes	\$ 13,088,834	\$ 12,030,802	\$ 1,058,032	8.8 %
Intergovernmental	2,673,213	2,689,128	(15,915)	(0.6)
Charges for Services	1,340,935	1,554,251	(213,316)	(13.7)
Investment Earnings	(289,009)	131,292	(420,301)	(320.1)
Miscellaneous and Other	522,075	569,283	(47,208)	(8.3)
<b>Total General Fund Revenues</b>	<b>\$ 17,336,048</b>	<b>\$ 16,974,756</b>	<b>\$ 361,292</b>	<b>2.1</b>

Total General Fund revenue increased by \$361,292, or 2.1%, from 2021. This increase was due primarily to increased tax revenue which was offset by a decrease in charges for services and investment earnings revenue.

The following schedule presents a summary of General Fund expenditures:

**Table A-5**  
**General Fund Expenditures**

	Year Ended		Change	
	December 31,	December 31,	Increase (Decrease)	Percent
	2022	2021		
General Government	\$ 7,163,642	\$ 6,584,074	\$ 579,568	8.8 %
Public Safety	9,450,582	9,607,924	(157,342)	(1.6)
Health	116,808	97,345	19,463	20.0
Culture and Recreation	539,388	543,904	(4,516)	(0.8)
Conservation of Natural Resources	439,352	476,541	(37,189)	(7.8)
Economic Development	432,818	358,477	74,341	20.7
Capital Outlay	337,793	80,350	257,443	320.4
Debt Service	6,104	14,849	(8,745)	(58.9)
<b>Total Expenditures</b>	<b>\$ 18,486,487</b>	<b>\$ 17,763,464</b>	<b>\$ 723,023</b>	<b>4.1</b>

Total General Fund expenditures increased by \$723,023, or 4.1%, from 2021 due primarily to increased general government and capital outlay expenditures.

**BENTON COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

- ◆ Actual revenues were \$277,091 less than budgeted. This is due primarily to lower than expected investment earnings and charges for services revenues offset by higher than expected intergovernmental and tax revenues.
- ◆ Actual expenditures were \$273,763 less than budgeted due to less general government expenditures than expected.

**CONSTRUCTION PROJECTS AND DEBT SERVICE**

The Capital Projects Fund accounts for the use of bond proceeds and other resources to finance the purchase or improvement of capital assets. Activity during 2022 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 2022, the County had invested over \$204 million (before depreciation/amortization) 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/amortization expense for the year was \$6,437,406.

**Table A-6  
Capital Assets**

	Governmental Activities		Percent Change
	2022	2021	
Land	\$ 3,805,393	\$ 3,550,393	7.2 %
Right-of-Way	16,193,663	16,181,631	0.1
Construction-in-Progress	392,653	1,922,075	(79.6)
Infrastructure	149,584,705	141,898,151	5.4
Land Improvements	493,077	493,077	-
Buildings	20,323,439	20,323,439	-
Machinery, Vehicles, Furniture, and Equipment	12,503,310	12,680,103	(1.4)
Right-to-Use Assets, Buildings	327,935	-	100.0
Right-to-Use Assets, Machinery, Vehicles, Furniture, and Equipment	134,243	-	100.0
Less: Accumulated Depreciation/Amortization	<u>(103,503,343)</u>	<u>(97,793,682)</u>	5.8
<b>Total</b>	<b><u>\$ 100,255,075</u></b>	<b><u>\$ 99,255,187</u></b>	<b>1.0</b>

**BENTON COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**LONG-TERM LIABILITIES**

At year-end, the County had \$32,424,292 in long-term liabilities outstanding.

- ◆ The County's total long-term liabilities increased \$13,169,667, mainly due to an increase in the net pension liability, offset by a decrease in General Obligation Bonds. The net pension liability fluctuates each year as assumptions change. See Note 5 for more information.

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

	2022	2021	Percent Change
<b>GOVERNMENTAL ACTIVITIES</b>			
General Obligation Bonds	\$ 2,832,254	\$ 6,347,220	(55.4)%
Lease Liability	383,325	-	100.0
Capital Lease	-	33,014	(100.0)
Compensated Absences	3,382,292	3,225,493	4.9
Net Pension Liability	24,101,418	8,112,678	197.1
Total Other Postemployment Benefits Payable	1,725,003	1,536,220	12.3
<b>Total</b>	<b><u>\$ 32,424,292</u></b>	<b><u>\$ 19,254,625</u></b>	<b>68.4</b>

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

*Labor Market*

Benton County draws most of its employees from the St. Cloud metropolitan area. The labor force in the St. Cloud region as of 2023 has not yet recovered to pre-COVID pandemic levels. This fact is evident in the smaller number of applicants the County has for open positions. Many employers in the region are offering significant incentives to attract workers, creating intense competition among organizations for available workers. This competition has and will continue to place pressure on the County to adjust wages and benefits to attract and retain employees. The County may need to offer starting pay above traditional levels to secure commitments from job applicants. These factors combined will drive budget and levy increases as long as the current labor market conditions persist.

*Slowdown in Development*

Rising interest rates and the cost of new construction have contributed to a dramatic slowdown in residential home construction in the County, despite a need for more housing. The County recently collaborated with the Benton Economic Partnership on a countywide housing study. It showed a need for most all forms of housing, including single family residential and multi-family housing. Another key factor inhibiting new construction is the lack of lots ready for home building. Given the current economics of home construction, builders are reluctant to invest in the infrastructure needed to serve new lots, nor is there a willingness to build homes on a speculative basis. For the County, this translates into a slow level of growth in the County's tax base.

**BENTON COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**FACTORS BEARING ON THE COUNTY'S FUTURE (CONTINUED)**

*New Government Center*

The County is currently in the design phase for a new Government Center in Foley. It would replace the existing Government Center, portions of which date back to 1903. The County expects that the majority of the cost associated with a new Government Center will be financed through Capital Improvement Plan bonds. This will translate into new debt service obligations beginning in 2025. Leading into this project, the County has very low debt levels and substantial capacity available within the debt limits established in State law. 2024 debt service on a remaining 2021 Tax Abatement Refunding bond totals \$296,800. State law allows counties to incur annual debt service payments up to 0.12% of estimated market value. This limit would allow the County up to \$5.5 million in total annual principal and interest payments on bonded debt. The County plans that a new Government Center would begin construction in 2024, with completion in 2025.

*End of Federal COVID Relief Funding*

The federal Coronavirus State and Local Fiscal Recovery Funds program (CSLFR) provided \$7.9 million in COVID relief funds to Benton County in 2021. The County limited its revenue losses declaration to \$1.4 million, opting to devote the majority of its CSLFR funding to rural broadband and water/sewer infrastructure. Acknowledging that CSLFR funds were one-time, the County has since increased its property tax levy to replace revenues lost during the pandemic. No further opportunities to use CSLFR funds for general County purposes exist since the deadline to declare a revenue loss treatment expired in April 2022.

*New State Funding*

The 2023 Minnesota Legislature enacted substantial increases in funding to counties, most notably in the areas of general purpose aid and corrections funding. In 2024, Benton County will receive \$3.4 million in County Program Aid, an increase of \$724,588 or 26.6% from 2023. State support for corrections will increase by \$534,000 in 2024. Both increases can help to offset local levy increases and provide property tax relief to residents.

**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) 968-5000.

## **BASIC FINANCIAL STATEMENTS**

**BENTON COUNTY, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and Pooled Investments	\$ 45,029,176
Restricted Cash	355,250
Petty Cash and Change Funds	2,800
Taxes Receivable:	
Delinquent	61,875
Special Assessments Receivable:	
Delinquent	10,329
Noncurrent	1,895,171
Accounts Receivable	1,157,216
Accrued Interest Receivable	65,905
Loans Receivable, Net of Allowance	711,754
Due from Other Governments	4,391,234
Prepaid Items	590,134
Nondepreciable Capital Assets:	
Land	3,805,393
Right-of-Way	16,193,663
Construction-in-Progress	392,653
Depreciable Capital Assets:	
Building (Net)	9,540,058
Machinery, Vehicles, Furniture, and Equipment (Net)	3,966,291
Land Improvements (Net)	262,207
Infrastructure (Net)	65,719,099
Amortizable Capital Assets:	
Right-to-Use Assets, Building (Net)	254,595
Right-to-Use Assets, Machinery, Vehicles, Furniture, and Equipment (Net)	121,116
Total Assets	<hr/> 154,525,919
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related	12,086,418
Total Other Postemployment Benefits Related	422,239
Total Deferred Outflows of Resources	<hr/> 12,508,657

See accompanying Notes to Basic Financial Statements.

**BENTON COUNTY, MINNESOTA**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**DECEMBER 31, 2022**

	<b>Governmental Activities</b>
<b>LIABILITIES</b>	
Accounts Payable	\$ 866,732
Salaries Payable	857,503
Contracts Payable	322,985
Due to Other Governments	2,458,998
Accrued Interest Payable	31,583
Unearned Revenue	6,506,312
Compensated Absences Payable - Due in Less than One Year	169,115
Total Other Postemployment Benefits Liability - Due in Less than One Year	103,536
General Obligation Bonds Payable - Due in Less than One Year	555,000
Lease Liability - Due in Less than One Year	99,439
Compensated Absences Payable - Due in More than One Year	3,213,177
Total Other Postemployment Benefits Liability - Due in More than One Year	1,621,467
General Obligation Bonds Payable - Due in More than One Year	2,277,254
Lease Liability - Due in More than One Year	283,886
Net Pension Liability - Due in More than One Year	<u>24,101,418</u>
Total Liabilities	43,468,405
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related	428,693
Total Other Postemployment Benefits Payable Related	<u>15,902</u>
Total Deferred Inflows of Resources	444,595
<b>NET POSITION</b>	
Net Investment in Capital Assets	97,228,653
Restricted for:	
General Government	195,368
Public Safety	670,137
Highways and Streets	1,639,426
Human Services	85,000
Culture and Recreation	84,286
Conservation of Natural Resources	3,643,047
Economic Development	1,254,367
Debt Service	2,532,380
Opioid Remediation	1,329,874
Unrestricted	<u>14,459,038</u>
Total Net Position	<u><u>\$ 123,121,576</u></u>

See accompanying Notes to Basic Financial Statements.

**BENTON COUNTY, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

FUNCTIONS/PROGRAMS	Program Revenues					Net (Expense) Revenue and Changes in Net Position
	Fees, Charges, Fines, and Other		Operating Grants and Contributions		Capital Grants and Contributions	
	Expenses				Governmental Activities	
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 8,466,954	\$ 1,546,976	\$ 146,920	\$ -	\$ (6,773,058)	
Public Safety	12,000,688	339,475	965,516	-	(10,695,697)	
Highways and Streets	10,284,357	416,712	4,693,793	572,425	(4,601,427)	
Human Services	13,426,182	556,691	7,045,222	-	(5,824,269)	
Health	1,693,377	116,443	1,147,729	-	(429,205)	
Culture and Recreation	570,706	50,093	12,950	-	(507,663)	
Conservation of Natural Resources	1,531,175	7,594	342,254	388,736	(792,591)	
Economic Development	716,223	211,435	26,542	-	(478,246)	
Total Governmental Activities	<b>\$ 48,689,662</b>	<b>\$ 3,245,419</b>	<b>\$ 14,380,926</b>	<b>\$ 961,161</b>	<b>(30,102,156)</b>	
<b>GENERAL REVENUES</b>						
Property Taxes					21,558,445	
Wheelage Taxes					815,434	
Gravel Taxes					58,203	
Mortgage Registry and Deed Tax					51,517	
Payments in Lieu of Taxes					31,175	
Sales Tax					3,967,147	
Grants and Contributions Not Restricted to Specific Programs					4,599,982	
Unrestricted Investment Earnings					(281,820)	
Miscellaneous					456,141	
Gain on Sale of Capital Assets					2,953	
Total General Revenues					<b>31,259,177</b>	
<b>CHANGE IN NET POSITION</b>						
Net Position - Beginning of Year					<b>1,157,021</b>	
<b>NET POSITION - END OF YEAR</b>	<b>\$ 121,964,555</b>					
					<b>\$ 123,121,576</b>	

See accompanying Notes to Basic Financial Statements.

**BENTON COUNTY, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2022**

<b>ASSETS</b>	<b>General</b>	<b>Road and Bridge</b>	<b>Human Services</b>	<b>Miscellaneous</b>
Cash and Pooled Investments	\$ 7,884,345	\$ 2,430,139	\$ 6,720,090	\$ 5,196,247
Petty Cash and Change Funds	2,800	-	-	-
Restricted Cash	-	-	-	-
Taxes Receivable:				
Delinquent	26,867	6,304	28,322	-
Special Assessments Receivable:				
Delinquent	-	-	-	6,479
Noncurrent	-	-	-	1,784,600
Accounts Receivable	41,361	7,118	21,124	21,793
Accrued Interest Receivable	65,905	-	-	-
Due from Other Funds	785,064	10,648	-	70
Due from Other Governments	266,727	1,750,543	1,544,096	30,976
Prepaid Items	176,114	221,737	75,399	51,042
Loans Receivable, Net of Allowance	326,209	-	-	-
Advances to Other Funds	92,134	-	-	1,143,541
<b>Total Assets</b>	<b>\$ 9,667,526</b>	<b>\$ 4,426,489</b>	<b>\$ 8,389,031</b>	<b>\$ 8,234,748</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 185,985	\$ 138,768	\$ 185,672	\$ 36,406
Salaries Payable	442,757	54,671	349,328	10,747
Contracts Payable	-	322,985	-	-
Due to Other Funds	16,069	44	10,115	33
Due to Other Governments	533,921	2,460	125,243	1,793,787
Unearned Revenue	-	-	1,091	105,242
Advance from Other Funds	-	1,143,541	-	-
<b>Total Liabilities</b>	<b>1,178,732</b>	<b>1,662,469</b>	<b>671,449</b>	<b>1,946,215</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	197,622	1,740,959	28,322	6,479
<b>FUND BALANCES</b>				
Nonspendable	268,248	221,737	75,399	1,194,583
Restricted	-	-	85,000	4,222,418
Committed	-	-	-	865,053
Assigned	500,000	801,324	7,528,861	-
Unassigned	7,522,924	-	-	-
<b>Total Fund Balances</b>	<b>8,291,172</b>	<b>1,023,061</b>	<b>7,689,260</b>	<b>6,282,054</b>
<b>Total Liabilities, Deferred Infloows of Resources, and Fund Balances</b>	<b>\$ 9,667,526</b>	<b>\$ 4,426,489</b>	<b>\$ 8,389,031</b>	<b>\$ 8,234,748</b>

See accompanying Notes to Basic Financial Statements.

**BENTON COUNTY, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2022**

State and Local Fiscal Recovery	Opioid Remediation	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 6,399,979	\$ 279,674	\$ 2,210,031	\$ 12,591,136	\$ 1,118,437	\$ 44,830,078
-	-	-	-	-	2,800
-	-	355,250	-	-	355,250
-	-	382	-	-	61,875
-	-	-	-	3,850	10,329
-	-	-	-	110,571	1,895,171
-	1,050,200	-	-	-	1,141,596
-	-	-	-	-	65,905
-	-	-	5,384	-	801,166
-	-	-	798,892	-	4,391,234
-	-	542	63,494	-	588,328
-	-	-	-	385,545	711,754
-	-	-	-	-	1,235,675
<b>\$ 6,399,979</b>	<b>\$ 1,329,874</b>	<b>\$ 2,566,205</b>	<b>\$ 13,458,906</b>	<b>\$ 1,618,403</b>	<b>\$ 56,091,161</b>

\$	-	\$	-	\$	1,700	\$	11,513	\$	64,251	\$	624,295
-	-	-	-	-	-	-	-	-	-	-	857,503
-	-	-	-	-	-	-	-	-	-	-	322,985
-	-	-	-	-	-	-	-	-	774,905	-	801,166
-	-	-	-	-	-	3,587	-	-	-	-	2,458,998
6,399,979	-	-	-	-	-	-	-	-	-	-	6,506,312
-	-	-	-	-	-	-	-	-	92,134	-	1,235,675
6,399,979	-	-	-	1,700	-	15,100	-	931,290	-	-	12,806,934

-	1,050,200	382	-	499,966	3,523,930
-	-	542	63,494	-	1,824,003
-	279,674	2,563,581	512,142	1,118,342	8,781,157
-	-	-	12,868,170	-	13,733,223
-	-	-	-	-	8,830,185
-	-	-	-	(931,195)	6,591,729
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	279,674	2,564,123	13,443,806	187,147	39,760,297
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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, 2022**

**TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS** \$ 39,760,297

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 100,255,074

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	\$ (24,101,418)
Deferred Inflows of Resources - Pension Related	(428,693)
Deferred Outflows of Resources - Pension Related	<u>12,086,418</u>
	(12,443,693)

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	(1,725,003)
Deferred Inflows of Resources - OPEB Related	(15,902)
Deferred Outflows of Resources - OPEB Related	<u>422,239</u>
	(1,318,666)

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. 3,523,930

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	(2,650,000)
Unamortized Bond Premium	(182,254)
Compensated Absences	(3,382,292)
Lease Liability	(383,325)
Accrued Interest Payable	<u>(31,583)</u>
	(6,629,454)

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:

(25,912)

**TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 123,121,576

**BENTON COUNTY, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	General	Road and Bridge	Human Services	Miscellaneous
<b>REVENUES</b>				
Taxes	\$ 13,088,834	\$ 2,249,855	\$ 5,792,132	\$ -
Sales Tax	-	-	-	-
Special Assessments	-	-	-	385,272
Licenses and Permits	341,811	52,100	-	45,326
Intergovernmental	2,673,213	5,455,245	9,171,549	607,564
Charges for Services	1,340,935	172,667	439,315	103,219
Fines and Forfeits	9,276	-	-	45,519
Gifts and Contributions	1,310	-	10,000	4,503
Investment Earnings	(289,009)	-	-	93
Miscellaneous	169,678	115,415	271,064	102,171
Total Revenues	<u>17,336,048</u>	<u>8,045,282</u>	<u>15,684,060</u>	<u>1,293,667</u>
<b>EXPENDITURES</b>				
Current:				
General Government	7,163,642	-	-	410,182
Public Safety	9,450,582	-	-	182,387
Highways and Streets	-	4,624,906	-	-
Human Services	-	-	12,668,206	-
Health	116,808	-	1,532,689	-
Culture and Recreation	539,388	-	-	7,591
Conservation of Natural Resources	439,352	-	-	622,983
Economic Development	432,818	-	-	-
Capital Outlay:				
General Government	90,764	-	-	-
Public Safety	247,029	-	-	-
Highways and Streets	-	6,522,530	-	-
Human Services	-	-	88,474	-
Health	-	-	9,244	-
Debt Service:				
Principal	6,104	6	72,743	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	<u>18,486,487</u>	<u>11,147,442</u>	<u>14,371,356</u>	<u>1,223,143</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(1,150,439)	(3,102,160)	1,312,704	70,524
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,454,985	2,087,875	-	383,118
Transfers Out	(2,111,983)	(176,000)	(2,000,000)	(57,684)
Issuance of Leases	65,782	188	47,605	-
Insurance Proceeds	-	94,548	-	-
Proceeds from Sale of Assets	5,696	-	-	38,087
Total Other Financing Sources (Uses)	<u>(585,520)</u>	<u>2,006,611</u>	<u>(1,952,395)</u>	<u>363,521</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	(1,735,959)	(1,095,549)	(639,691)	434,045
Fund Balances - Beginning of Year	<u>10,027,131</u>	<u>2,118,610</u>	<u>8,328,951</u>	<u>5,848,009</u>
<b>FUND BALANCES - END OF YEAR</b>	<b><u>\$ 8,291,172</u></b>	<b><u>\$ 1,023,061</u></b>	<b><u>\$ 7,689,260</u></b>	<b><u>\$ 6,282,054</u></b>

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, 2022**

State and Local Fiscal Recovery	Opioid Remediation	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 677,580	\$ 652,783	\$ 50,895	\$ 22,512,079
			3,967,147	-	3,967,147
			-	27,179	412,451
			-	-	439,237
1,529,846	-	10,261	155,536	-	19,603,214
		-	-	-	2,056,136
		-	-	-	54,795
		-	12,950	-	28,763
		-	7,096	-	(281,820)
	279,674	-	57,705	167,642	1,163,349
<u>1,529,846</u>	<u>279,674</u>	<u>687,841</u>	<u>4,853,217</u>	<u>245,716</u>	<u>49,955,351</u>
			255,671	-	7,829,495
			-	-	9,632,969
			-	-	4,624,906
			-	-	12,668,206
			-	-	1,649,497
			-	-	546,979
			-	475,651	1,537,986
118,495	-	-	-	206,654	757,967
			408,423	-	499,187
			7,822	-	254,851
			390,956	-	6,913,486
			-	-	88,474
			-	-	9,244
		3,415,000	-	-	3,493,853
		110,693	-	-	110,693
		4,157	-	-	4,157
<u>118,495</u>	<u>-</u>	<u>3,529,850</u>	<u>1,062,872</u>	<u>682,305</u>	<u>50,621,950</u>
1,411,351	279,674	(2,842,009)	3,790,345	(436,589)	(666,599)
			3,196,790	500,000	7,622,768
(1,411,351)	-	-	(1,842,576)	(23,174)	(7,622,768)
			-	-	113,575
			-	-	94,548
			238	-	44,021
<u>(1,411,351)</u>	<u>-</u>	<u>-</u>	<u>1,354,452</u>	<u>476,826</u>	<u>252,144</u>
	279,674	(2,842,009)	5,144,797	40,237	(414,455)
		5,406,132	8,299,009	146,910	40,174,752
<u>\$ -</u>	<u>\$ 279,674</u>	<u>\$ 2,564,123</u>	<u>\$ 13,443,806</u>	<u>\$ 187,147</u>	<u>\$ 39,760,297</u>

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, 2022**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ (414,455)

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/amortization expense.

Expenditures for General Capital Assets, Infrastructure, and Other

Related Capital Asset Adjustments	\$ 7,424,415	
Net Book Value of Capital Assets Disposed	(302,711)	
Current Year Depreciation/Amortization	<u>(6,437,406)</u>	684,298

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	3,523,930	
Deferred Inflows of Resources - January 1	<u>(3,669,162)</u>	(145,232)

Issuance of leases provide current financial resources to governmental funds, but issuing the lease liability increases long-term liabilities in the Statement of Net Position.

Issuance of Lease Liability	(113,575)	
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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.

(2,023,668)

Repayment of debt and lease 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	3,415,000	
Lease Liability	<u>78,853</u>	3,493,853

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	27,243	
Amortization of Discounts/Premiums	99,966	
Change in Compensated Absences	(156,799)	
Change in Total Other Postemployment Benefits	(188,783)	
Change in Deferred Outflows of Resources - Other Postemployment Benefits	95,661	
Change in Deferred Inflows of Resources - Other Postemployment Benefits	<u>5,301</u>	(117,411)

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

(206,789)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES**

\$ 1,157,021

**BENTON COUNTY, MINNESOTA**  
**STATEMENT OF NET POSITION – SELF-INSURANCE INTERNAL SERVICE FUND**  
**DECEMBER 31, 2022**

	<u>Self-Insurance</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 199,098
Accounts Receivable	15,620
Prepaid Items	1,806
Total Assets	<u>216,524</u>
<b>LIABILITIES</b>	
Claims Payable	<u>242,436</u>
<b>NET POSITION</b>	
Unrestricted	<u>\$ (25,912)</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, 2022**

	<u>Self-Insurance</u>
<b>OPERATING REVENUES</b>	
Employee and Employer Contributions	\$ 3,628,694
Miscellaneous	721,715
Total Operating Revenues	<u>4,350,409</u>
<b>OPERATING EXPENSES</b>	
Administration and Reinsurance Premium	1,011,171
Claims Paid	3,546,027
Total Operating Expenses	<u>4,557,198</u>
<b>CHANGE IN NET POSITION</b>	(206,789)
Net Position - Beginning of Year	<u>180,877</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ (25,912)</u>

See accompanying Notes to Basic Financial Statements.

**BENTON COUNTY, MINNESOTA**  
**STATEMENT OF CASH FLOWS – SELF-INSURANCE INTERNAL SERVICE FUND**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Self-Insurance</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Internal Services Provided	\$ 4,508,193
Payments to Suppliers	(1,011,171)
Payments for Claims	(3,735,691)
Payments for Prepaid Items	(1,806)
Net Cash Used by Operating Activities	<u>(240,475)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(240,475)</b>
Cash and Cash Equivalents - Beginning of Year	<u>439,573</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 199,098</u></b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (206,789)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Decrease in Accounts Receivable	157,784
Increase in Prepaid Items	(1,806)
Decrease in Claims Payable	<u>(189,664)</u>
Net Cash Used by Operating Activities	<u>\$ (240,475)</u>

**BENTON COUNTY, MINNESOTA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2022**

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
<b>ASSETS</b>		
Cash and Pooled Investments	\$ 236,382	\$ 1,126,021
Due from Other Governments	-	764,453
Taxes for Other Governments	-	731,168
Accounts Receivable	-	19,707
Prepaid Items	-	50,421
Total Assets	<u>\$ 236,382</u>	<u>\$ 2,691,770</u>
<b>LIABILITIES</b>		
Due to Others	\$ -	\$ 38,929
Unearned Revenue	-	10,022
Loans Payable	-	326,209
Due to Other Governments	<u>-</u>	<u>885,369</u>
Total Liabilities	<u>-</u>	<u>1,260,529</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Collected for Subsequent Period	<u>-</u>	<u>35,768</u>
<b>NET POSITION</b>		
Restricted for:		
Individuals, Organizations, and Other Governments	<u>\$ 236,382</u>	<u>\$ 1,395,473</u>

See accompanying Notes to Basic Financial Statements.

**BENTON COUNTY, MINNESOTA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
<b>ADDITIONS</b>		
Contributions - Individuals	\$ 694,434	\$ 197,710
Investment Earnings	-	7,863
Intergovernmental	-	2,123,356
Property Tax Collections for Other Governments	-	33,743,752
Fee Collections for Other Governments and Organizations	-	220,614
License and Fees Collected for State	-	5,867,371
Gifts and Contributions	-	44,113
Miscellaneous	-	100,537
Total Additions	<u>694,434</u>	<u>42,305,316</u>
<b>DEDUCTIONS</b>		
Beneficiary Payments to Individuals	721,123	195,696
Payments of Property Tax to Other Governments	-	33,814,591
Payments to State	-	5,503,081
Administrative Expense	-	9,390
Payments to Other Entities	-	2,813,491
Total Deductions	<u>721,123</u>	<u>42,336,249</u>
<b>NET DECREASE IN FIDUCIARY NET POSITION</b>	<b>(26,689)</b>	<b>(30,933)</b>
Fiduciary Net Position - Beginning of Year	<u>263,071</u>	<u>1,426,406</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<b><u>\$ 236,382</u></b>	<b><u>\$ 1,395,473</u></b>

See accompanying Notes to Basic Financial Statements.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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, 2022. 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 2022.

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, 2022**

**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, with each displayed as a separate column in the fund financial statements. All remaining governmental funds and the internal service fund are aggregated and reported as nonmajor funds.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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 and 2022. 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 17 years. These programs will be funded primarily through revenues received from the opioid settlements.

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, local option sales tax, and reserves.

**BENTON COUNTY, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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 employer and employee contributions.

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 two 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 and the Henkemeyer Trust which accounts for money held for potential environmental remediation at a local privately owned landfill.

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, a child protection team, a regional meeting fund, 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, 2022**

**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, lease liability, 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 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, 2022, 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 2022 were a loss of \$281,820, based on fair market value as of December 31, 2022.

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 amortized cost.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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 \$7,901. 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 2017 through 2022, and noncurrent special assessments payable in 2022, 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. Prepaid Items**

The Road and Bridge Special Revenue fund has prepaid supplies held for consumption.

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, 2022**

**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)**

5. 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/amortized 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

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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. 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.

**7. 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.

**8. 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.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

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

9. 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.

10. Leases

The County determines if an agreement is a lease at inception. Leases are included in right-to-use assets and lease liabilities in the Statement of Net Position.

Right-to-use assets represent the County's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Right-to-use assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Right-to-use assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the County's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the County will exercise the option.

The County has recognized payments for short-term leases with a lease term of 12 months or less as expenses are incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the Statement of Net Position.

The County accounts for contracts containing both lease and nonlease components, as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the County treats the component as a single lease unit.

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, 2022**

**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 GASB Statement No. 75.

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

**13. Pension**

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

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

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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/amortization, 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. Classification of Fund Balances**

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaids 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, 2022**

**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)**

**17. Adoption of New Accounting Standards**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease asset and liabilities for leases that were previously classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The County adopted the requirements of the guidance effective January 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. Beginning fund balance/net position was not restated due to the implementation of GASB 87. The implementation of this standard resulted in the County reporting right-to-use assets and a lease liability as disclosed in Note 3.A.3. and Note 3.D.

**NOTE 2 STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY**

**A. Deficit Fund Balance**

The Ditch Special Revenue Fund had a deficit fund balance of \$915,055 as of December 31, 2022, which consisted of thirteen 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 \$16,140 as of December 31, 2022. The Boundary Commission's deficit will be eliminated with future special assessments.

The Self-Insurance Fund had a deficit fund balance of \$25,912 as of December 31, 2022. The Self-Insurance Fund's deficit will be eliminated with future contributions from the County and employees.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 2 STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY (CONTINUED)**

**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, 2022:

Fund	Function	Expenditures	Budget	Excess
General	Current:			
	General Government:			
	Commissioners	\$ 286,650	\$ 285,425	\$ 1,225
	Other Outside Agencies	188,797	183,728	5,069
	Other General Government	979,868	971,508	8,360
	Public Safety:			
	Probation	897,409	811,000	86,409
	Economic Development:			
	Economic Development	74,000	7,500	66,500
	Planning and Zoning	358,818	343,958	14,860
	Capital Outlay			
	General Government	90,764	55,800	34,964
	Public Safety	247,029	217,500	29,529
	Debt Service:			
	Principal	6,104	-	6,104
Special Revenue Funds:				
Road and Bridge	Current:			
	Highways and Streets:			
	Equipment and Maintenance Shop	827,796	601,229	226,567
	Capital Outlay:			
	Highways and Streets	6,522,530	6,212,675	309,855
	Debt Service:			
	Principal	6	-	6
Human Services	Current:			
	Human Services			
	Income Maintenance	4,584,899	4,365,356	219,543
	Health:			
	Nursing Service	1,532,689	1,430,432	102,257
	Debt Service:			
	Principal	72,743	-	72,743

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, 2022**

**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	\$ 45,029,176
Petty Cash and Change Funds	2,800
Restricted Cash	355,250

Statement of Fiduciary Net Position

Cash and Pooled Investments	1,362,403
Total Cash and Investments	<u>\$ 46,749,629</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, 2022, none of the County's deposits were exposed to custodial credit risk.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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, 2022**

**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, 2022, 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	22.2%*	N/A	\$ 3,334,696
U.S. Government Agency Securities:					
Federal Home Loan Bank	AAA	Moody	<5.0%	2/18/2026	218,410
Federal Home Loan Bank	AAA	Moody	<5.0%	2/25/2026	213,672
Federal Home Loan Bank	AAA	Moody	<5.0%	3/16/2026	187,362
Federal Home Loan Bank	AAA	Moody	<5.0%	3/16/2026	223,050
Federal Home Loan Bank	AAA	Moody	<5.0%	3/30/2026	406,512
Federal Home Loan Bank	AAA	Moody	<5.0%	4/14/2026	180,864
Federal Home Loan Bank	AAA	Moody	<5.0%	6/15/2026	444,381
Federal Home Loan Bank	AAA	Moody	<5.0%	7/29/2026	400,371
Federal Home Loan Bank	AAA	Moody	<5.0%	8/19/2026	393,954
Federal Home Loan Bank	AAA	Moody	<5.0%	9/30/2026	218,498
Federal Home Loan Bank	AAA	Moody	<5.0%	11/18/2024	231,226
Total Federal Home Loan Bank					3,118,300
Federal Home Loan Mortgage Corporation	AAA	Moody	<5.0%	6/28/2024	457,018
Federal Farm Credit Bank	AAA	Moody	<5.0%	11/30/2023	469,861
Total U.S. Government Agency Securities					4,045,179
Investment Pools/Mutual Funds:					
MAGIC Fund	N/R	N/A	50.8%*	N/A	7,624,147
Total Investments					15,004,022
Deposits					31,387,557
Restricted Cash					355,250
Petty Cash					2,800
Total Deposits and Investments					\$ 46,749,629

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, 2022**

**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, 2022**

**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	\$ -	\$ 457,018	\$ -	\$ 457,018
Federal Farm Credit Bank	-	469,861	-	469,861
Federal Home Loan Bank	-	3,118,300	-	3,118,300
Negotiable Certificates of Deposit	-	3,334,696	-	3,334,696
Total Investments at Fair Market Value	<u>\$ -</u>	<u>\$ 7,379,875</u>	<u>\$ -</u>	<u>7,379,875</u>
Investments Measured at Amortized Cost:				
MAGIC Fund:				7,624,147
Deposits				31,387,557
Restricted Cash				355,250
Petty Cash				2,800
Total Deposits and Investments				<u>\$ 46,749,629</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, 2022**

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

**A. Assets (Continued)**

**2. Receivables**

Receivables as of December 31, 2022, for the County's governmental activities are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes - Delinquent	\$ 61,875	\$ -
Special Assessments - Delinquent	10,329	-
Special Assessments - Noncurrent	1,895,171	-
Accounts	1,157,216	1,001,653
Accrued Interest	65,905	-
Due from Other Governments	4,391,234	-
Loans (Net)	711,754	366,638
Total Governmental Activities	<u><u>\$ 8,293,484</u></u>	<u><u>\$ 1,368,291</u></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. Loans receivables also relate to a loan given to the MH Initiative Community Project Custodial Fund by the General Fund to eliminate negative cash balances. The \$1,001,653 not scheduled to be collected during the subsequent year in Accounts relates to the National Opioid Epidemic Settlement receivable the County participated in. The County will receive these funds over a period of the next 17 years. All other receivables are considered collectible in full.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**A. Assets (Continued)**

**3. Capital Assets**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance*	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 3,550,393	\$ 255,000	\$ -	\$ 3,805,393
Infrastructure, Right-of-Way	16,181,631	12,032	- -	16,193,663
Construction-in-Progress	1,922,075	6,157,132	7,686,554	392,653
Total Capital Assets, not Being Depreciated	21,654,099	6,424,164	7,686,554	20,391,709
Capital Assets being Depreciated/Amortized:				
Buildings	20,323,439	- -	- -	20,323,439
Land Improvements	493,077	- -	- -	493,077
Machinery, Vehicles, Furniture, and Equipment	12,680,103	853,663	1,030,456	12,503,310
Infrastructure	141,898,151	7,686,554	- -	149,584,705
Right-to-Use Assets, Buildings	327,935	- -	- -	327,935
Right-to-Use Assets, Machinery, Vehicles, Furniture, and Equipment	20,668	113,575	- -	134,243
Total Capital Assets Being Depreciated/Amortized	175,743,373	8,653,792	1,030,456	183,366,709
Less Accumulated Depreciation/Amortization for:				
Buildings	10,338,768	444,613	- -	10,783,381
Land Improvements	209,645	21,225	- -	230,870
Machinery, Vehicles, Furniture, and Equipment	8,076,552	1,188,212	727,745	8,537,019
Infrastructure	79,168,717	4,696,889	- -	83,865,606
Right-to-Use Assets, Buildings	- -	73,340	- -	73,340
Right-to-Use Assets, Machinery, Vehicles, Furniture, and Equipment	- -	13,127	- -	13,127
Total Accumulated Depreciation/Amortization	<u>97,793,682</u>	<u>6,437,406</u>	<u>727,745</u>	<u>103,503,343</u>
Total Capital Assets, Depreciated/Amortized, Net	<u>77,949,691</u>	<u>2,216,386</u>	<u>302,711</u>	<u>79,863,366</u>
Governmental Activities Capital Assets, Net	<u>\$ 99,603,790</u>	<u>\$ 8,640,550</u>	<u>\$ 7,989,265</u>	<u>\$ 100,255,075</u>

\* The beginning balance of capital assets were restated to record right-to-use assets due to the implementation of GASB Statement No. 87.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**A. Assets (Continued)**

3. Capital Assets (Continued)

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

Governmental Activities:

General Government	\$ 227,159
Public Safety	672,793
Highway and Streets	5,380,218
Health	8,763
Human Services	127,245
Culture and Recreation	21,228
<b>Total</b>	<b><u>\$ 6,437,406</u></b>

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

The composition of interfund balances as of December 31, 2022 is as follows:

1. Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Road and Bridge Fund	\$ 44
	Human Services Fund	10,115
	Other Governmental Funds	774,905
<b>Total Due to General Fund</b>		<b><u>785,064</u></b>
Road and Bridge Fund	General Fund	10,615
	Miscellaneous Fund	33
<b>Total Due to Road and Bridge Fund</b>		<b><u>10,648</u></b>
Miscellaneous Fund	General Fund	<u>70</u>
Capital Projects Fund	General Fund	<u>5,384</u>
<b>Total</b>		<b><u>\$ 801,166</u></b>

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 2022 interest for the Capital Projects Fund; and (5) allocation of 2022 interest for the Miscellaneous Fund.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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, 2022 consisted of the following:

Interfund Transfer	Amount	Description
<b>Transfer to General Fund from:</b>		
Miscellaneous Fund	\$ 5,040	To cover assessor's web costs.
Miscellaneous Fund	11,445	To transfer year-end excess funding from the sheriff department drug, alcohol, and DWI investigations to General Fund.
Miscellaneous Fund	27,149	From permit to carry account to cover administration expenditures.
State and Local Fiscal Recovery Fund	<u>1,411,351</u>	Pandemic response costs.
	<u>1,454,985</u>	
<b>Transfer to Road and Bridge Fund from:</b>		
General Fund	225,825	To replace state and revenue losses.
Capital Projects Fund	1,838,876	For 2022 spending on local road projects.
Other Governmental Fund	<u>23,174</u>	To reimburse for ditch cleaning.
	<u>2,087,875</u>	
<b>Transfer to Miscellaneous Fund from:</b>		
General Fund	70,000	To record 2022 budgeted transfers.
General Fund	7,320	To restore the sheriff contingency account to the required year-end balance.
General Fund	2,050	To restore the balance in the county attorney's contingency account to the required year-end balance.
General Fund	59,500	VEGA 3 grant match.
General Fund	239,548	County board contingency.
Road and Bridge Fund	1,000	To fund pictometry.
Capital Projects	<u>3,700</u>	To fund pictometry.
	<u>383,118</u>	
<b>Transfer to Capital Projects Fund from:</b>		
General Fund	1,000,000	Future capital projects.
General Fund	7,740	Transfer tax forfeited proceeds for parks.
Road and Bridge	175,000	Future capital projects.
Human Services Fund	2,000,000	Future capital projects.
Miscellaneous Fund	10,000	Future capital projects.
Miscellaneous Fund	<u>4,050</u>	Future capital projects.
	<u>3,196,790</u>	
<b>Transfer to Other Governmental Fund from:</b>		
General Fund	<u>500,000</u>	For future economic development loans.
	<u><u>\$ 7,622,768</u></u>	

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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, 2022 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Other Governmental	\$ 92,134
Miscellaneous	Roads and Bridge	<u>1,143,541</u>
Total		<u>\$ 1,235,675</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 14 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, 2022 are summarized below by fund:

	Special Assessments	Delinquent Taxes	Grants	Loans	Other	Total
Major Governmental Funds:						
General	\$ -	\$ 26,867	\$ 125,232	\$ -	\$ 45,523	\$ 197,622
Road and Bridge	-	6,304	1,639,426	-	95,229	1,740,959
Human Services	-	28,322	-	-	-	28,322
Miscellaneous	6,479	-	-	-	-	6,479
Opioid Remediation	-	-	-	-	1,050,200	1,050,200
Debt Service Fund	-	382	-	-	-	382
Total Major Governmental Funds	6,479	61,875	1,764,658	-	1,190,952	3,023,964
Other Governmental Funds	114,421	-	-	385,545	-	499,966
Deferred Inflows of Resources	<u>\$ 120,900</u>	<u>\$ 61,875</u>	<u>\$ 1,764,658</u>	<u>\$ 385,545</u>	<u>\$ 1,190,952</u>	<u>\$ 3,523,930</u>

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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, 2022
2021A G.O. Tax Abatement Refunding Bonds	2030	\$205,000- \$370,000	2.00-3.00	\$ 2,300,000	\$ 2,300,000
2017A G.O. Refunding Bonds	2023	\$350,000- \$745,000	3.00	3,590,000	350,000
Total General Obligation Bonds				<u>\$ 5,890,000</u>	<u>2,650,000</u>
Add: Unamortized Bond Premium					182,254
Total General Obligation Bonds, Net					<u><u>\$ 2,832,254</u></u>

The County entered into a lease liability agreement for copiers in November 2022 for 60 months. The County also has lease liability agreements for two buildings (one of which ends in 2024 and the other in 2029) and a three postage related machines (two of which ends in 2023 and the other in 2024).

2. Debt Service Requirements

Debt service requirements at December 31, 2022 were as follows:

Governmental Activities

Year Ending December 31,	General Obligation Bonds		Lease Liability	
	Principal	Interest	Principal	Interest
2023	\$ 555,000	\$ 67,475	\$ 99,439	\$ 8,275
2024	240,000	55,550	100,331	5,933
2025	255,000	48,125	43,584	4,238
2026	275,000	40,175	45,450	3,084
2027	300,000	31,550	43,358	891
2028-2030	1,025,000	38,525	51,163	1,376
Total	<u>\$ 2,650,000</u>	<u>\$ 281,400</u>	<u>\$ 383,325</u>	<u>\$ 23,797</u>

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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, 2022 was as follows:

**Governmental Activities**

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General Obligation Bonds	\$ 6,065,000	\$ -	\$ 3,415,000	\$ 2,650,000	\$ 555,000
Bond Premium	282,220	-	99,966	182,254	-
Total Bonds Payable	<u>6,347,220</u>	<u>-</u>	<u>3,514,966</u>	<u>2,832,254</u>	<u>555,000</u>
Compensated Absences	3,225,493	3,218,730	3,061,931	3,382,292	169,115
Lease Liability	348,603	113,575	78,853	383,325	99,439
Governmental Activity					
Long-Term Liabilities	<u>\$ 9,921,316</u>	<u>\$ 3,332,305</u>	<u>\$ 6,655,750</u>	<u>\$ 6,597,871</u>	<u>\$ 823,554</u>

\*The beginning balance of long-term liabilities were restated due to the implementation of GASB Statement No. 87.

Compensated absences are typically liquidated in the General Fund and applicable Special Revenue Funds. Bonds payable is liquidated in the Debt Service Fund.

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

Right-to-Use, Building	\$ 327,935
Right-to-Use, Machinery, Vehicles, Furniture, and Equipment	134,243
Less: Accumulated Amortization	(86,467)
	<u>\$ 375,711</u>

**4. Construction Commitments**

The County has active construction projects as of December 31, 2022. The projects include the following:

Project Description	Spent-to-Date	Remaining Commitment
County Road Projects	<u>\$ 2,571,119</u>	<u>\$ 57,425</u>

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 4 FUND BALANCES**

At December 31, 2022, 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	Opioid Remediation	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Funds
<b>Nonspendable:</b>									
Advances to Other Funds	\$ 92,134	\$ -	\$ -	\$ 1,143,541	\$ -	\$ -	\$ -	\$ -	\$ 1,235,675
Prepaid Items	176,114	221,737	75,399	51,042	-	542	63,494	-	588,328
<b>Total Nonspendable</b>	<b>268,248</b>	<b>221,737</b>	<b>75,399</b>	<b>1,194,583</b>		<b>542</b>	<b>63,494</b>		<b>1,824,003</b>
<b>Restricted:</b>									
Law Library	-	-	-	48,030	-	-	-	-	48,030
E-911	-	-	-	604,396	-	-	-	-	604,396
SCORE Grant	-	-	-	291,646	-	-	-	-	291,646
Outreach Grant	-	-	-	2,562	-	-	-	-	2,562
Aquatic Invasive Species Grant	-	-	-	97,042	-	-	-	-	97,042
Recorders' Equipment	-	-	-	147,338	-	-	-	-	147,338
Solid Waste Contingency	-	-	-	2,881,377	-	-	-	-	2,881,377
Forfeitures	-	-	-	34,325	-	-	-	-	34,325
Permit to Carry Guns	-	-	-	1,000	-	-	-	-	1,000
Electronic Home Monitoring Grant	-	-	-	30,416	-	-	-	-	30,416
Park Dedication Fees	-	-	-	84,286	-	-	-	-	84,286
Opioid Remediation	-	-	-	-	279,674	-	-	-	279,674
Health Partners Grant	-	-	85,000	-	-	-	-	-	85,000
Gravel Pit Closure Costs	-	-	-	-	-	-	-	249,520	249,520
Economic Development Loan Program	-	-	-	-	-	-	-	868,822	868,822
Debt Service	-	-	-	-	-	2,563,581	-	-	2,563,581
Bonded Construction Projects	-	-	-	-	-	-	512,142	-	512,142
<b>Total Restricted</b>	<b>-</b>	<b>-</b>	<b>85,000</b>	<b>4,222,418</b>	<b>279,674</b>	<b>2,563,581</b>	<b>512,142</b>	<b>1,118,342</b>	<b>8,781,157</b>
<b>Committed:</b>									
Attorney Contingent	-	-	-	5,000	-	-	-	-	5,000
Attorney Forfeitures	-	-	-	9,236	-	-	-	-	9,236
Sheriff Contingent	-	-	-	12,500	-	-	-	-	12,500
Major Trial Expense	-	-	-	21,000	-	-	-	-	21,000
Motor Pool	-	-	-	54,303	-	-	-	-	54,303
K-9 Program	-	-	-	24,661	-	-	-	-	24,661
Jail Inmate Capital Expenditures	-	-	-	97,956	-	-	-	-	97,956
Juvenile Work Crew	-	-	-	2,545	-	-	-	-	2,545
Juvenile Diversion Program	-	-	-	21,603	-	-	-	-	21,603
Police Activities League	-	-	-	371	-	-	-	-	371
Emergency Management Donations	-	-	-	559	-	-	-	-	559
County Board Contingency	-	-	-	276,722	-	-	-	-	276,722
Elections Equipment	-	-	-	13,648	-	-	-	-	13,648
Technology	-	-	-	324,949	-	-	-	-	324,949
Future Construction Projects	-	-	-	-	-	-	12,868,170	-	12,868,170
<b>Total Committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>865,053</b>	<b>-</b>	<b>-</b>	<b>12,868,170</b>	<b>-</b>	<b>13,733,223</b>
<b>Assigned:</b>									
General Fund Operations	500,000	-	-	-	-	-	-	-	500,000
Road and Bridge Operations	-	801,324	-	-	-	-	-	-	801,324
Health and Human Services Programs	-	-	7,528,861	-	-	-	-	-	7,528,861
<b>Total Assigned</b>	<b>500,000</b>	<b>801,324</b>	<b>7,528,861</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,830,185</b>
<b>Unassigned</b>									
	7,522,924	-	-	-	-	-	-	(931,195)	6,591,729
<b>Total Fund Balances</b>	<b>\$ 8,291,172</b>	<b>\$ 1,023,061</b>	<b>\$ 7,689,260</b>	<b>\$ 6,282,054</b>	<b>\$ 279,674</b>	<b>\$ 2,564,123</b>	<b>\$ 13,443,806</b>	<b>\$ 187,147</b>	<b>\$ 39,760,297</b>

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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, 2022**

**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, 2022**

**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 2022 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, 2022 were \$985,466. 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, 2022**

**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 2022 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, 2022 were \$381,774. 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 2022 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, 2022 were \$179,077. 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, 2022, the County reported a liability of \$13,440,296 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 \$394,085.

The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1697% at the end of the measurement period and 0.1591% for the beginning of the period.

County's Proportionate Share of the Net Pension Liability	\$ 13,440,296
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>394,085</u>
Total	<u><u>\$ 13,834,381</u></u>

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**D. Pension Costs (Continued)**

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

For the year ended December 31, 2022, the County recognized pension expense of \$1,970,302 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$58,885 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, 2022, 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	\$ 112,264	\$ 143,574
Changes in Actuarial Assumptions	3,041,783	54,664
Net Difference Between Projected and Actual Investment Earnings	233,129	-
Changes in Proportion	643,175	-
Contributions Paid to PERA Subsequent to the Measurement Date	497,563	-
Total	<u>\$ 4,527,914</u>	<u>\$ 198,238</u>

The \$497,563 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, 2023. 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
2023	\$ 1,460,836
2024	1,436,766
2025	(280,964)
2026	1,215,475

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**D. Pension Costs (Continued)**

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

At December 31, 2022, the County reported a liability of \$7,619,660 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1751% at the end of the measurement period and 0.1708% 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, 2022. The contribution consisted of \$9 million in direct state aid that meets 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, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$332,961.

County's Proportionate Share of the Net Pension Liability	\$ 7,619,660
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>332,961</u>
Total	<u><u>\$ 7,952,621</u></u>

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, 2022, the County recognized pension expense of \$582,231 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$64,586 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.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**D. Pension Costs (Continued)**

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

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 \$15,759 for the year ended December 31, 2022 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.

At December 31, 2022, 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	\$ 465,397	\$ -
Changes in Actuarial Assumptions	4,485,344	45,806
Net Difference Between Projected and Actual Investment Earnings	102,129	-
Changes in Proportion	155,425	69,361
Contributions Paid to PERA Subsequent to the Measurement Date	<u>201,988</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 5,410,283</u></b>	<b><u>\$ 115,167</u></b>

The \$201,988 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, 2023. 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
2023	\$ 993,594
2024	1,017,447
2025	866,240
2026	1,571,927
2027	643,920

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**D. Pension Costs (Continued)**

**3. Correctional Plan Pension Costs**

At December 31, 2022, the County reported a liability of \$3,041,462 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.915% at the end of the measurement period and 0.919% for the beginning of the period.

For the year ended December 31, 2022, the County recognized pension expense of \$1,034,718 for its proportionate share of the Correctional Plan's pension expense.

At December 31, 2022, 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	\$ -	\$ 100,279
Changes in Actuarial Assumptions	1,969,737	4,522
Net Difference Between Projected and Actual Investment Earnings	84,072	-
Changes in Proportion	-	10,487
Contributions Paid to PERA Subsequent to the Measurement Date	94,412	-
<b>Total</b>	<b>\$ 2,148,221</b>	<b>\$ 115,288</b>

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**D. Pension Costs (Continued)**

3. Correctional Plan Pension Costs (Continued)

The \$94,412 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, 2023. 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>
2023	\$ 869,855
2024	908,255
2025	(83,932)
2026	244,343

**E. Summary**

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

Description	General Employees Fund	Police and Fire Fund	Correctional Fund	Total
Net Pension Liability	\$ 13,440,296	\$ 7,619,660	\$ 3,041,462	\$ 24,101,418
Deferred Outflows of Resources				
Related to Pensions	4,527,914	5,410,283	2,148,221	12,086,418
Deferred Inflows of Resources				
Related to Pensions	198,238	115,167	115,288	428,693
Pension Expense	2,029,187	646,817	1,034,718	3,710,722

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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	<u>100.0 %</u>	

**G. Actuarial Assumptions**

The total pension liability in the June 30, 2022, 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 through December 31, 2054 and 1.5% thereafter. 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 27 years of service. 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, 2022**

**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 2022:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**Police and Fire Fund**

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**Correctional Fund**

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP 2021.
- The single discount rate changed from 6.50% to 5.42%.
- The benefit increase assumption was changed from 2.00% per annum to 2.00% per annum through December 31, 2054 and 1.5% per annum thereafter.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**H. Discount Rate**

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 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 position of the General Employees Fund was 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.

In the Police and Fire Fund and Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060 and June 30, 2061 respectively. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund and June 30, 2062 for the Correctional Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40% for the Police and Fire Fund and 5.42% for the Correctional Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

**I. Pension Liability Sensitivity**

The following presents the County's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what 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:

	Proportionate Share of the Net Pension Liability					
	General Employees		Police and Fire		Correctional	
	Retirement Plan		Retirement Plan		Retirement Plan	
	Discount	Net Pension	Discount	Net Pension	Discount	Net Pension
	Rate	Liability	Rate	Liability	Rate	Liability
1% Decrease	5.50 %	\$ 21,229,652	4.40 %	\$ 11,531,379	4.42 %	\$ 5,357,380
Current	6.50	13,440,296	5.40	7,619,660	5.42	3,041,462
1% Increase	7.50	7,051,822	6.40	4,457,270	6.42	1,220,628

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

**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](http://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.

Total contributions made by the County during fiscal year 2022 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 7,412	\$ 7,412	5 %	5 %	5 %

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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, 2022 valuation, there were 31 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, 2022, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2022.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Salary	Service Graded Table
Health Care Trend Rates	6.5% Decreasing to 5.00% over 6 Years then to 4.00% Over 48 Years

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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-2021 Generational Improvement Scale. The actuarial assumptions used in the January 1, 2022 valuation were based on the PERA actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The most recent four-year experience study for the Police and Fire Plan was completed in 2020.

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 health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The retirement, withdrawal and salary increase rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%

**C. Changes to Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance as of January 1, 2022	\$ 1,536,220
Changes for the Year:	
Service Cost	99,966
Interest	31,643
Assumption Changes	3,540
Differences between Expected and Actual Experience	162,240
Benefit Payments	(108,606)
Net Change in Total OPEB Liability	<u>188,783</u>
Balance as of December 31, 2022	<u>\$ 1,725,003</u>

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 7 OPEB DISCLOSURE (CONTINUED)**

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

Of the \$1,725,003 total OPEB liability, \$103,536 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	<u>\$ 1,855,122</u>	<u>\$ 1,725,003</u>	<u>\$ 1,603,729</u>

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

	1% Decrease (5.50% Decreasing to 4.00% then 3.00%)	Current Trend Rates (6.50% Decreasing to 5.00% then 4.00%)	1% Increase (7.50% Decreasing to 6.00% then 5.00%)
Medical Trend Rate			
Total OPEB Liability	<u>\$ 1,566,880</u>	<u>\$ 1,725,003</u>	<u>\$ 1,908,671</u>

For the year ended December 31, 2022, the County recognized OPEB expense of \$191,357. 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	\$ 92,520	\$ 15,902
Liability Gain or Loss	226,183	-
County Contributions Subsequent to the Measurement Date	103,536	-
<b>Total</b>	<b><u>\$ 422,239</u></b>	<b><u>\$ 15,902</u></b>

\$103,536 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, 2023. 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:

<u>Year Ended December 31,</u>	OPEB Expense Amount
2023	\$ 59,748
2024	59,748
2025	59,749
2026	65,043
2027	34,837
Thereafter	23,676

**BENTON COUNTY, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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 2022. 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, 2022**

**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. 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,	
	2022	2021
Unpaid Claims, Beginning of Year	\$ 432,100	\$ 703,826
Incurred Claims (including IBNR)	3,356,363	4,193,077
Claims Payments	(3,546,027)	(4,464,803)
Unpaid Claims, End of Year	<u>\$ 242,436</u>	<u>\$ 432,100</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, 2022**

**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 2022. 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 \$31,463 during 2022. 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, 2022**

**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 2022. 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 2022 contribution to the Great River Regional Library of \$526,318 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, 2022**

**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 2022. 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  
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 2022, the County contributed \$7,348 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, 2022**

**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 2022, Benton County contributed \$5,621 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, 2022**

**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 2022. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Complete financial information can be obtained from:

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

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 2022. 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, 2022**

**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 2022. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Stearns-Benton Multidisciplinary Child Protection Team

The Stearns-Benton Multidisciplinary Child Protection Team was established in 2022 pursuant to Minnesota Statute, §§ 626.556 for the purpose of protecting children whose health or welfare may be jeopardized through physical abuse, neglect or sexual abuse; as well as to strengthen the family and make the home safe for the children through improvement of parental and guardian capacity for responsible child care; and finally to provide a safe temporary or permanent home environment for physically or sexually abused children.

The Stearns-Benton Multidisciplinary Child Protection Team is composed of the following: Benton County Health and Human Services Director, Stearns County Health and Human Services Director, Benton County Attorney, Stearns County Attorney, Benton County Sheriff, Stearns County Sheriff, Stearns-Benton schools, Stearns-Benton law enforcement agencies, Central Minnesota Mental Health Center, physicians, Benton County Public Health nursing services, Stearns County Community Health services, and community representatives. The chair shall be a Benton or Stearns employee and shall rotate between the counties every two years.

The County contributed their yearly required amount of \$500 during 2022. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Benton County is the fiscal agent for the Stearns-Benton Multidisciplinary Child Protection Team.

**BENTON COUNTY, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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

**A. Joint Ventures (Continued)**

Rum River Comprehensive Water Management Plan

The Rum River Watershed Partnership was established through a joint powers agreement, pursuant to Minn. Stat. §§ 471.59, to prepare, develop, adopt, implement, and administer a comprehensive local water management plan and carry out implementation actions, programs, and projects toward achievement of goals and objectives of such plans.

The joint powers are the Counties of Aitkin, Benton, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, and Sherburne, the Mille Lacs Band of Ojibwe, and the Soil and Water Conservation Districts of Aitkin, Anoka, Benton, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, and Sherburne Counties, and the Lower Rum River and Upper Rum River Watershed Management Organizations. Control of the Rum River Watershed Partnership is vested in a Board of Directors composed of one individual selected by each party. Each board member has one vote.

Anoka Soil and Water Conservation District is the fiscal agent for the Rum River Watershed Partnership. Funding is provided by grants and contributions from participating members. Benton County contributed no funding in 2022. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Anoka Soil and Water Conservation District  
1318 McKay Drive Northeast  
Ham Lake, Minnesota 55304

**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, 2022**

**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 2022
Economic Development	TIF District 1-9	Foley	89 %	12/31/25	\$ 57,845
Housing District for Low to Moderate Income	TIF District 1-8	Rice	99	12/31/38	28,672
Housing District for Low to Moderate Income	TIF District 1-8	Foley	39	12/31/39	2,905
Redevelopment	TIF District 23	Sauk Rapids	90	12/31/41	100,403
Redevelopment	TIF District 5-6	Sartell	71	12/31/29	135,576

For the year ended December 31, 2022, the County paid excess tax increment in the amount of \$325,401. The County's tax revenues were reduced by \$245,401 during 2022.

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.

**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, 2022	Measurement Date January 1, 2021	Measurement Date January 1, 2020	Measurement Date January 1, 2019	Measurement Date January 1, 2018
<b>Total OPEB Liability</b>					
Service Cost	\$ 99,966	\$ 105,005	\$ 87,961	\$ 60,559	\$ 64,133
Interest	31,643	42,367	44,760	37,893	36,202
Assumption Changes	3,540	78,095	58,986	(37,106)	-
Differences Between Expected and Actual Experience	162,240	-	152,464	-	-
Benefit Payments	(108,606)	(89,710)	(66,658)	(51,819)	(39,308)
Net Change in Total OPEB Liability	188,783	135,757	277,513	9,527	61,027
Total OPEB Liability - Beginning	1,536,220	1,400,463	1,122,950	1,113,423	1,052,396
Total OPEB Liability - Ending	<b>\$ 1,725,003</b>	<b>\$ 1,536,220</b>	<b>\$ 1,400,463</b>	<b>\$ 1,122,950</b>	<b>\$ 1,113,423</b>
Covered Employee Payroll	\$ 15,316,847	\$ 14,198,720	\$ 13,751,787	\$ 13,393,190	\$ 13,003,097
County's OPEB Liability as a Percentage of Covered Employee Payroll	11 %	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, 2022**

**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
		Employer's Proportionate Share of the Net Pension Liability	Associated with Benton County					
2022	0.170 %	\$ 13,440,296	\$ 394,085	\$ 13,834,381	\$ 12,712,470	105.73 %	76.70 %	
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
		Employer's Proportionate Share of the Net Pension Liability	Associated with Benton County					
2022	0.175 %	\$ 7,619,660	\$ 332,961	\$ 7,952,621	\$ 2,127,152	358.21 %	70.50 %	
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)
		Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll			
2022	0.915 %	\$ 3,041,462	\$ 2,010,075	151.31 %	74.60 %	
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, 2022**

**PERA GENERAL EMPLOYEES RETIREMENT PLAN**

Year Ended	Actual Contributions in Relation to Statutorily Required Contributions			Contribution (Deficiency) Excess	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
	Statutorily Required Contributions	Statutorily Required Contributions	Contribution (Deficiency) Excess			
2022	\$ 985,466	\$ 985,466	\$ -	\$ 13,139,545		7.50 %
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			Contribution (Deficiency) Excess	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
	Statutorily Required Contributions	Statutorily Required Contributions	Contribution (Deficiency) Excess			
2022	\$ 381,774	\$ 381,774	\$ -	\$ 2,156,914		17.70 %
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			Contribution (Deficiency) Excess	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
	Statutorily Required Contributions	Statutorily Required Contributions	Contribution (Deficiency) Excess			
2022	\$ 179,077	\$ 179,077	\$ -	\$ 2,046,589		8.75 %
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, 2022**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 12,831,594	\$ 12,831,594	\$ 13,088,834	\$ 257,240
Licenses and Permits	369,950	369,950	341,811	(28,139)
Intergovernmental	2,510,563	2,510,563	2,673,213	162,650
Charges for Services	1,509,352	1,509,352	1,340,935	(168,417)
Fines and Forfeits	9,500	4,500	9,276	4,776
Gifts and Contributions	1,000	1,000	1,310	310
Investment Earnings	200,000	200,000	(289,009)	(489,009)
Miscellaneous	186,180	186,180	169,678	(16,502)
Total Revenues	<u>17,618,139</u>	<u>17,613,139</u>	<u>17,336,048</u>	<u>(277,091)</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Commissioners	285,425	285,425	286,650	(1,225)
Public Defender	152,000	152,000	141,200	10,800
Administration	822,829	822,829	746,686	76,143
Auditor-Treasurer	733,491	733,491	709,108	24,383
Assessor	627,630	627,630	552,716	74,914
Information Technology	1,082,347	1,082,347	985,830	96,517
Attorney	1,476,380	1,476,380	1,424,520	51,860
Recorder	237,626	237,626	233,317	4,309
Property Management	847,921	847,921	831,113	16,808
Veterans Service Officer	91,858	91,858	83,837	8,021
Other Outside Agencies	183,728	183,728	188,797	(5,069)
Other General Government	971,508	971,508	979,868	(8,360)
Total General Government	<u>7,512,743</u>	<u>7,512,743</u>	<u>7,163,642</u>	<u>349,101</u>
Public Safety:				
Sheriff	4,728,321	4,728,321	4,701,146	27,175
Emergency Management	104,347	104,347	99,418	4,929
Prisoner Custodial	3,857,565	3,857,565	3,752,609	104,956
Probation	811,000	811,000	897,409	(86,409)
Total Public Safety	<u>9,501,233</u>	<u>9,501,233</u>	<u>9,450,582</u>	<u>50,651</u>
Health:				
Groundwater Management	120,710	120,710	116,808	3,902

**BENTON COUNTY, MINNESOTA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Current (Continued):				
Culture and Recreation:				
Historical Society	\$ 13,070	\$ 13,070	\$ 13,070	\$ -
Regional Library	526,318	526,318	526,318	-
Total Culture and Recreation	539,388	539,388	539,388	-
Conservation of Natural Resources:				
University of Minnesota Extension	216,918	216,918	194,852	22,066
Soil and Water Conservation	244,500	244,500	244,500	-
Total Conservation of Natural Resources	461,418	461,418	439,352	22,066
Economic Development:				
Economic Development	7,500	7,500	74,000	(66,500)
Planning and Zoning	343,958	343,958	358,818	(14,860)
Total Economic Development	351,458	351,458	432,818	(81,360)
Capital Outlay:				
General Government	55,800	55,800	90,764	(34,964)
Public Safety	217,500	217,500	247,029	(29,529)
Total Capital Outlay	273,300	273,300	337,793	(64,493)
Debt Service:				
Principal	-	-	6,104	(6,104)
Total Expenditures	<u>18,760,250</u>	<u>18,760,250</u>	<u>18,486,487</u>	<u>273,763</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(1,142,111)	(1,147,111)	(1,150,439)	(3,328)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	598,918	598,918	1,454,985	856,067
Transfers Out	(172,800)	(172,800)	(2,111,983)	(1,939,183)
Issuance of Leases	-	-	65,782	65,782
Proceeds from Sale of Assets	-	-	5,696	5,696
Total Other Financing Sources (Uses)	<u>426,118</u>	<u>426,118</u>	<u>(585,520)</u>	<u>(1,011,638)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (715,993)</u></u>	<u><u>\$ (720,993)</u></u>	<u><u>(1,735,959)</u></u>	<u><u>\$ (1,014,966)</u></u>
Fund Balance - Beginning of Year			<u><u>10,027,131</u></u>	
<b>FUND BALANCE - END OF YEAR</b>			<u><u>\$ 8,291,172</u></u>	

**BENTON COUNTY, MINNESOTA**  
**BUDGETARY COMPARISON SCHEDULE**  
**ROAD AND BRIDGE FUND**  
**YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,232,991	\$ 2,232,991	\$ 2,249,855	\$ 16,864
Licenses and Permits	50,000	50,000	52,100	2,100
Intergovernmental	6,183,913	6,183,913	5,455,245	(728,668)
Charges for Services	91,500	91,500	172,667	81,167
Miscellaneous	30,000	30,000	115,415	85,415
Total Revenues	<u>8,588,404</u>	<u>8,588,404</u>	<u>8,045,282</u>	<u>(543,122)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and Streets:				
Administration	505,687	505,687	461,890	43,797
Maintenance	2,958,737	3,008,737	2,800,352	208,385
Construction	601,902	601,902	534,868	67,034
Equipment and Maintenance Shop	601,229	601,229	827,796	(226,567)
Total Highways and Streets	<u>4,667,555</u>	<u>4,717,555</u>	<u>4,624,906</u>	<u>92,649</u>
Capital Outlay	6,212,675	6,212,675	6,522,530	(309,855)
Debt Service:				
Principal	<u>-</u>	<u>-</u>	<u>6</u>	<u>(6)</u>
Total Expenditures	<u>10,880,230</u>	<u>10,930,230</u>	<u>11,147,442</u>	<u>(217,212)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,291,826)</b>	<b>(2,341,826)</b>	<b>(3,102,160)</b>	<b>(760,334)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,326,826	2,326,826	2,087,875	(238,951)
Transfers Out	(175,000)	(175,000)	(176,000)	(1,000)
Issuance of Leases	<u>-</u>	<u>-</u>	<u>188</u>	<u>188</u>
Insurance Proceeds	<u>-</u>	<u>-</u>	<u>94,548</u>	<u>94,548</u>
Total Other Financing Sources (Uses)	<u>2,151,826</u>	<u>2,151,826</u>	<u>2,006,611</u>	<u>(145,215)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ (140,000)</u></b>	<b><u>\$ (190,000)</u></b>	<b><u>(1,095,549)</u></b>	<b><u>\$ (905,549)</u></b>
Fund Balance - Beginning of Year			<u>2,118,610</u>	
<b>FUND BALANCE - END OF YEAR</b>			<b><u>\$ 1,023,061</u></b>	

**BENTON COUNTY, MINNESOTA**  
**BUDGETARY COMPARISON SCHEDULE**  
**HUMAN SERVICES FUND**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 5,783,270	\$ 5,783,270	\$ 5,792,132	\$ 8,862
Intergovernmental	8,961,683	8,961,683	9,171,549	209,866
Charges for Services	556,872	556,872	439,315	(117,557)
Gifts and Contributions	-	-	10,000	10,000
Investment Earnings	1,150	1,150	-	(1,150)
Miscellaneous	96,200	96,200	271,064	174,864
Total Revenues	<u>15,399,175</u>	<u>15,399,175</u>	<u>15,684,060</u>	<u>284,885</u>
<b>EXPENDITURES</b>				
Current:				
Human Services:				
Income Maintenance	4,365,356	4,365,356	4,584,899	(219,543)
Social Services	9,550,566	9,550,566	8,083,307	1,467,259
Total Human Services	<u>13,915,922</u>	<u>13,915,922</u>	<u>12,668,206</u>	<u>1,247,716</u>
Health:				
Public Health	1,430,432	1,430,432	1,532,689	(102,257)
Capital Outlay:				
Human Services	116,421	116,421	88,474	27,947
Health	14,389	14,389	9,244	5,145
Total Capital Outlay	<u>130,810</u>	<u>130,810</u>	<u>97,718</u>	<u>33,092</u>
Debt Service:				
Principal	-	-	72,743	(72,743)
Total Expenditures	<u>15,477,164</u>	<u>15,477,164</u>	<u>14,371,356</u>	<u>1,105,808</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(77,989)</b>	<b>(77,989)</b>	<b>1,312,704</b>	<b>1,390,693</b>
<b>OTHER FINANCING USES</b>				
Transfers Out	-	-	(2,000,000)	(2,000,000)
Issuance of Leases	-	-	47,605	47,605
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,952,395)</u>	<u>(1,952,395)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ (77,989)</u></b>	<b><u>\$ (77,989)</u></b>	<b><u>(639,691)</u></b>	<b><u>\$ (561,702)</u></b>
Fund Balance - Beginning of Year			<u>8,328,951</u>	
<b>FUND BALANCE - END OF YEAR</b>			<b><u>\$ 7,689,260</u></b>	

**BENTON COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2022**

**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, 2022**

**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, 2022:

Fund	Function	Expenditures	Budget	Excess
General	Current:			
	General Government:			
	Commissioners	\$ 286,650	\$ 285,425	\$ 1,225
	Other Outside Agencies	188,797	183,728	5,069
	Other General Government	979,868	971,508	8,360
	Public Safety:			
	Probation	897,409	811,000	86,409
	Economic Development:			
	Economic Development	74,000	7,500	66,500
	Planning and Zoning	358,818	343,958	14,860
	Capital Outlay			
	General Government	90,764	55,800	34,964
	Public Safety	247,029	217,500	29,529
	Debt Service:			
	Principal	6,104	-	6,104
Special Revenue Funds:				
Road and Bridge	Current:			
	Highways and Streets:			
	Equipment and Maintenance Shop	827,796	601,229	226,567
	Capital Outlay:			
	Highways and Streets	6,522,530	6,212,675	309,855
	Debt Service:			
	Principal	6	-	6
Human Services	Current:			
	Human Services			
	Income Maintenance	4,584,899	4,365,356	219,543
	Health:			
	Nursing Service	1,532,689	1,430,432	102,257
	Debt Service:			
	Principal	72,743	-	72,743

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, 2022**

**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  
2022**

**Changes in Actuarial Assumptions:**

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

**Changes in Actuarial Plan Provisions**

- There have been no changes since the prior valuation.

**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.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2022**

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

A. General Employees Fund (Continued)  
2020 (Continued)

Changes in Actuarial Assumptions (Continued)

- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2022**

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

A. General Employees Fund (Continued)

2018 (Continued)

Changes in Plan Provisions (Continued)

- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumption

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

Changes in Plan Provisions

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

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.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2022**

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

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

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**

2022

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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).
- 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.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2022**

**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)**

- 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.
- 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.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2022**

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

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

**2018 (Continued)**

**Changes in Plan Provisions (Continued)**

- 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.

**Changes in Plan Provisions**

- There have been no changes since the prior valuation.

**BENTON COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2022**

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

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

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**

2022

**Changes in Actuarial Assumptions**

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.42%.
- The benefit increase assumption was changed from 2.00% per annum to 2.00% per annum through December 31, 2054 and 1.50% per annum thereafter.

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, 2022**

**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, 2022**

**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, 2022**

**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:

2022

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (Generation, Safety) with MP-2021 Generational Improvement Scale.
- The retirement, withdrawal and salary increase rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%

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, 2022**

## **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, 2022**

	Nonmajor Special Revenue Funds				Total Nonmajor Funds
	Ditch	Boundary Commission	Economic Development	Gravel Pit Restoration	
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 64	\$ -	\$ 868,853	\$ 249,520	\$ 1,118,437
Special Assessments Receivable:					
Delinquent	3,850	-	-	-	3,850
Noncurrent	110,571	-	-	-	110,571
Loans Receivable, Net of Allowance	-	-	385,545	-	385,545
<b>Total Assets</b>	<b>\$ 114,485</b>	<b>\$ -</b>	<b>\$ 1,254,398</b>	<b>\$ 249,520</b>	<b>\$ 1,618,403</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 64,220	\$ -	\$ 31	\$ -	\$ 64,251
Due to Other Funds	758,765	16,140	-	-	774,905
Advances from Other Funds	92,134	-	-	-	92,134
<b>Total Liabilities</b>	<b>915,119</b>	<b>16,140</b>	<b>31</b>	<b>-</b>	<b>931,290</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	114,421	-	385,545	-	499,966
<b>FUND BALANCES</b>					
Restricted	-	-	868,822	249,520	1,118,342
Unassigned	(915,055)	(16,140)	-	-	(931,195)
<b>Total Fund Balances</b>	<b>(915,055)</b>	<b>(16,140)</b>	<b>868,822</b>	<b>249,520</b>	<b>187,147</b>
<b>Total Liabilities, Deferred Infloows of Resources, and Fund Balances</b>	<b>\$ 114,485</b>	<b>\$ -</b>	<b>\$ 1,254,398</b>	<b>\$ 249,520</b>	<b>\$ 1,618,403</b>

**BENTON COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	Nonmajor Special Revenue Funds				Total Nonmajor Funds
	Ditch	Boundary Commission	Economic Development	Gravel Pit Restoration	
<b>REVENUES</b>					
Taxes	\$ -	\$ 50,895	\$ -	\$ -	\$ 50,895
Special Assessments	27,179	-	-	-	27,179
Miscellaneous	-	-	147,100	20,542	167,642
<b>Total Revenues</b>	<b>27,179</b>	<b>50,895</b>	<b>147,100</b>	<b>20,542</b>	<b>245,716</b>
<b>EXPENDITURES</b>					
Current:					
Conservation of Natural Resources	475,651	-	-	-	475,651
Economic Development	-	-	206,654	-	206,654
<b>Total Expenditures</b>	<b>475,651</b>	<b>-</b>	<b>206,654</b>	<b>-</b>	<b>682,305</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	(448,472)	50,895	(59,554)	20,542	(436,589)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	500,000	-	500,000
Transfers Out	(23,174)	-	-	-	(23,174)
<b>NET CHANGE IN FUND BALANCES</b>	<b>(471,646)</b>	<b>50,895</b>	<b>440,446</b>	<b>20,542</b>	<b>40,237</b>
Fund Balances - Beginning of Year	(443,409)	(67,035)	428,376	228,978	146,910
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ (915,055)</b>	<b>\$ (16,140)</b>	<b>\$ 868,822</b>	<b>\$ 249,520</b>	<b>\$ 187,147</b>

**BENTON COUNTY, MINNESOTA**  
**DECEMBER 31, 2022**

## **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.

### **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.

The Child Protection Fund is used to account for the Stearns-Benton Multidisciplinary Child Protection activity.

**BENTON COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS – PRIVATE PURPOSE TRUST FUNDS**  
**DECEMBER 31, 2022**

	Social Welfare Private-Purpose Trust Fund	Henkemeyer Private-Purpose Trust Fund	Total Private-Purpose Trust Fund
<b>ASSETS</b>			
Cash and Pooled Investments	<u>\$ 120,788</u>	<u>\$ 115,594</u>	<u>\$ 236,382</u>
<b>NET POSITION</b>			
Restricted for:			
Individuals, Organizations, and Other Governments	<u>\$ 120,788</u>	<u>\$ 115,594</u>	<u>\$ 236,382</u>

**BENTON COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS – PRIVATE PURPOSE TRUST FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Social Welfare Private-Purpose Trust Fund</u>	<u>Henkemeyer Private-Purpose Trust Fund</u>	<u>Total Private-Purpose Trust Fund</u>
<b>ADDITIONS</b>			
Contributions - Individuals	\$ 694,434	\$ -	\$ 694,434
<b>DEDUCTIONS</b>			
Beneficiary Payments to Individuals	<u>721,123</u>	<u>-</u>	<u>721,123</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>			
	(26,689)	-	(26,689)
Fiduciary Net Position - Beginning of Year	<u>147,477</u>	<u>115,594</u>	<u>263,071</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>			
	<u>\$ 120,788</u>	<u>\$ 115,594</u>	<u>\$ 236,382</u>

**BENTON COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS – CUSTODIAL FUNDS**  
**DECEMBER 31, 2022**

	Custodial Funds			
	Taxes and Penalties	Building Official	Sheriff Investigation	State Revenue
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 411,611	\$ 1,663	\$ 5,151	\$ 102,778
Due from Other Governments	-	-	-	-
Taxes for Other Governments	731,168	-	-	-
Accounts Receivable	-	-	-	-
Prepaid Items	-	-	-	-
<b>Total Assets</b>	<b>1,142,779</b>	<b>1,663</b>	<b>5,151</b>	<b>102,778</b>
<b>LIABILITIES</b>				
Due to Others	-	1,663	5,151	-
Unearned Revenue	-	-	-	-
Loans Payable	-	-	-	-
Due to Other Governments	349,534	-	-	102,778
<b>Total Liabilities</b>	<b>349,534</b>	<b>1,663</b>	<b>5,151</b>	<b>102,778</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes Collected for Subsequent Period	35,768	-	-	-
<b>NET POSITION</b>				
Restricted for:				
Individuals, Organizations, and				
Other Governments	\$ 757,477	\$ -	\$ -	\$ -

**BENTON COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)**  
**DECEMBER 31, 2022**

Custodial Funds									
License Center	Estate Recoveries	Jail Canteen	MH Initiative Community Project	MCHHSA Regional Fund	CMH Collaborative	Child Protection	Total Custodial Funds		
\$ 52,600	\$ 370,712	\$ 9,775	\$ -	\$ 1,934	\$ 158,277	\$ 11,520	\$ 1,126,021		
-	7,726	-	724,914	-	31,813	-		764,453	
-	-	-	-	-	-	-		731,168	
-	391	-	19,316	-	-	-		19,707	
-	-	-	50,421	-	-	-		50,421	
52,600	378,829	9,775	794,651	1,934	190,090	11,520		2,691,770	
			3,443	-	28,672	-		38,929	
			10,022	-	-	-		10,022	
			326,209	-	-	-		326,209	
52,600	378,829	-	28	-	1,600	-		885,369	
52,600	378,829	-	339,702	-	30,272	-		1,260,529	
								35,768	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,775</u>	<u>\$ 454,949</u>	<u>\$ 1,934</u>	<u>\$ 159,818</u>	<u>\$ 11,520</u>	<u>\$ 1,395,473</u>		

**BENTON COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS – CUSTODIAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	Custodial Funds			
	Taxes and Penalties	Building Official	Sheriff Investigation	State Revenue
<b>ADDITIONS</b>				
Contributions:				
Individuals	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-
Intergovernmental	-	-	-	-
Property Tax Collections for Other Governments	33,743,752	-	-	-
Fee Collections for Other Governments and Organizations	-	214,914	-	-
License and Fees Collected for State	-	-	-	1,788,897
Gifts and Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Additions	33,743,752	214,914	-	1,788,897
<b>DEDUCTIONS</b>				
Beneficiary Payments to Individuals	-	-	-	-
Payments of Property Tax to Other Governments	33,814,591	-	-	-
Payments to State	-	-	-	1,788,897
Administrative Expense	-	-	-	-
Payments to Other Entities	-	214,914	-	-
Total Deductions	33,814,591	214,914	-	1,788,897
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>				
	(70,839)	-	-	-
Fiduciary Net Position - Beginning of Year	828,316	-	-	-
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<b>\$ 757,477</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**BENTON COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

License Center	Custodial Funds							Total Custodial Funds
	Estate Recoveries	Jail Canteen	MH Initiative Community Project	MCHHSA Regional Fund	CMH Collaborative	Child Protection		
\$ -	\$ -	\$ 197,710	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,710
-	-	-	6,532	-	1,331	-	-	7,863
-	-	-	2,002,400	-	120,956	-	-	2,123,356
-	-	-	-	-	-	-	-	33,743,752
3,714,184	364,290	-	-	-	5,700	-	-	220,614
-	-	-	-	-	-	-	-	5,867,371
-	-	-	44,113	-	-	-	-	44,113
-	-	-	86,438	740	-	13,359	-	100,537
<b>3,714,184</b>	<b>364,290</b>	<b>197,710</b>	<b>2,139,483</b>	<b>740</b>	<b>127,987</b>	<b>13,359</b>	<b>42,305,316</b>	
3,714,184	364,290	195,696	-	-	-	-	-	195,696
-	-	-	-	-	-	-	-	33,814,591
-	-	-	-	-	-	-	-	5,503,081
-	-	-	-	-	9,390	-	-	9,390
-	364,290	-	2,149,636	699	82,113	1,839	-	2,813,491
<b>3,714,184</b>	<b>364,290</b>	<b>195,696</b>	<b>2,149,636</b>	<b>699</b>	<b>91,503</b>	<b>1,839</b>	<b>42,336,249</b>	
-	-	2,014	(10,153)	41	36,484	11,520	(30,933)	
-	-	7,761	465,102	1,893	123,334	-	1,426,406	
<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,775</b>	<b>\$ 454,949</b>	<b>\$ 1,934</b>	<b>\$ 159,818</b>	<b>\$ 11,520</b>	<b>\$ 1,395,473</b>	

**OTHER SUPPLEMENTARY INFORMATION**

**BENTON COUNTY, MINNESOTA**  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Miscellaneous</u>
<b>SHARED REVENUE AND APPROPRIATIONS</b>				
State:				
County Program Aid	\$ 1,656,663	\$ 265,230	\$ 758,720	\$ -
PERA Rate Reimbursement	41,778	2,735	14,156	-
Disparity Reduction Aid	7,441	-	-	-
Police Aid	244,568	-	-	-
Highway Users Tax	-	5,118,825	-	-
Market Value Credit	193,533	30,984	88,635	-
Aquatic Invasive Species Aid	-	-	-	34,549
Enhanced 911	-	-	-	238,666
Riparian Aid	58,531	-	-	-
Out of Home Placement Aid	-	-	515	-
SCORE	-	35,767	-	120,962
Total Shared Revenue and Appropriations	<u>2,202,514</u>	<u>5,453,541</u>	<u>862,026</u>	<u>394,177</u>
<b>REIMBURSEMENT FOR SERVICES</b>				
State:				
Minnesota Department of:				
Human Services	-	-	2,363,148	-
<b>LOCAL</b>				
Payments in Lieu of Tax	31,175	-	-	-
<b>GRANTS</b>				
State:				
Minnesota Department/Board of:				
Corrections	114,732	-	-	-
Public Safety	16,481	-	-	3,040
Health	-	-	452,676	-
Natural Resources	6,966	-	-	-
Human Services	-	-	1,460,897	-
Water and Soil Resources	26,542	-	-	95,041
Veterans Affairs	-	-	-	10,000
Transportation	-	-	-	-
Secretary of State	-	-	-	37,180
Peace Officer's Board	26,385	-	-	-
Total State Grants	<u>191,106</u>	<u>-</u>	<u>1,913,573</u>	<u>145,261</u>
Federal:				
Department of:				
Agriculture	27,950	-	702,435	-
Election Assistance Commission	-	-	-	33,171
Justice	53,998	-	-	34,955
Transportation	29,482	1,704	-	-
Treasury	-	-	-	-
Education	-	-	2,725	-
Health and Human Services	71,790	-	3,327,642	-
Homeland Security	65,198	-	-	-
Total Federal Grants	<u>248,418</u>	<u>1,704</u>	<u>4,032,802</u>	<u>68,126</u>
Total State and Federal Grants	<u>439,524</u>	<u>1,704</u>	<u>5,946,375</u>	<u>213,387</u>
Total Intergovernmental Revenue	<u>\$ 2,673,213</u>	<u>\$ 5,455,245</u>	<u>\$ 9,171,549</u>	<u>\$ 607,564</u>

**BENTON COUNTY, MINNESOTA**  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

State & Local Fiscal Recovery	Debt Service	Capital Projects	Total
----------------------------------	-----------------	---------------------	-------

\$	-	\$	-	\$	-	\$	2,680,613
	-		-		-		58,669
	-		-		-		7,441
	-		-		-		244,568
	-		-		-		5,118,825
	-	10,261			-		323,413
	-		-		-		34,549
	-		-		-		238,666
	-		-		-		58,531
	-		-		-		515
	-		-		-		156,729
	-		10,261		-		8,922,519

- - - 2,363,148

- - - 31,175

-	-	-	114,732
-	-	-	19,521
-	-	-	452,676
-	-	-	6,966
-	-	-	1,460,897
-	-	-	121,583
-	-	-	10,000
45,575	-	-	45,575
-	-	-	37,180
-	-	-	26,385
<b>45,575</b>	<b>-</b>	<b>-</b>	<b>2,295,515</b>

				730,385
				33,171
				88,953
		155,536		186,722
1,484,271				1,484,271
				2,725
				3,399,432
				65,198
<u>1,484,271</u>		<u>155,536</u>		<u>5,990,857</u>
1,529,846		155,536		8,286,372
<u>\$ 1,529,846</u>	<u>\$ 10,261</u>	<u>\$ 155,536</u>		<u>\$ 19,603,214</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, 2022, 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 September 5, 2023.

***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 2022-001 and 2022-002 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 2022-003 to be a significant deficiency.

***Report on Compliance and Other Matters***

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

***The County's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the County'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  
September 5, 2023



## 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 (the County) 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 the County's major federal programs for the year ended December 31, 2022. The County'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, the County 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, 2022.

#### ***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 the County 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 the County'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 the County'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 the County'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 the County'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 the County'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 the County'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.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-004. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the noncompliance finding identified in our compliance audit 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 compliance and, accordingly, we express no opinion on the response.

### **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.

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 2022-004, 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. The County'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**

Brainerd, Minnesota  
September 5, 2023

**BENTON COUNTY, MINNESOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2022**

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***Section I – Summary of Auditors' Results***

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***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 checked="" type="checkbox"/>	yes	<input type="checkbox"/>	no

***Identification of Major Federal Programs***

<b>Assistance Listing Numbers</b>	<b>Name of Federal Program or Cluster</b>
93.563	Child Support Enforcement
93.778	Medical Assistance Program (Medicaid Cluster)
21.027	COVID-19 State & Local Fiscal Recovery Funds
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, 2022**

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***Section II – Financial Statement Findings***

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**AUDIT ADJUSTMENTS (2022-001)**

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

**Condition:** As part of the audit, we proposed material adjustments for closing the County's books at year-end, recording of accruals, recording of OPEB, recording of lease liability and right-to-use assets related to GASB 87, net pension liability and related deferred inflows and outflows of resources, reclassifications of fund balances between categories and revenues and expenditures to the proper accounts.

**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.

**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.

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

**Repeat Finding:** Yes, 2021-001.

**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, 2022**

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***Section II – Financial Statement Findings (Continued)***

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**FINANCIAL REPORTING PROCESS (2022-002)**

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

**Condition:** 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.

**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.

**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.

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

**Repeat Finding:** Yes, 2021-002.

**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, 2022**

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***Section II – Financial Statement Findings (Continued)***

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**SEGREGATION OF DUTIES (2022-003)**

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

**Condition:** Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place for various departments/offices in the County.

**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.

**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.

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

**Repeat Finding:** Yes, 2021-003.

**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 as deemed cost-beneficial.

**BENTON COUNTY, MINNESOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

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***Section III –Major Program Findings and Compliance***

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**PROCUREMENT, SUSPENSION AND DEBARMENT (2022-004)**

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

**Federal Program Name:** COVID-19 Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

**Assistance Listing Number:** 21.027

**Federal Award Identification Number and Year:** SLFRP2889, 2022

**Compliance Requirement Affected:** Procurement, Suspension and Debarment

**Award Period:** Year Ended December 31, 2022

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

**Criteria or Specific Requirement:** According to Uniform Guidance 2 CFR 180.300, the County must check for federally suspended or debarred vendors prior to entering a covered transaction and the County must also comply with procurement requirements in accordance with Uniform Guidance 2 CFR 200.318.

**Condition:** Support for the procurement method used by the County was not retained for one of two contracts tested. For suspension and debarment testing, the County did not verify one of two vendors were not suspended or debarred before entering into the contract.

**Questioned Costs:** Unknown.

**Context:** For one of two procurement contracts tested, support for the use of the noncompetitive proposal method was not retained. For one of two contracts tested for suspension and debarment, the County did not verify the vendor was not suspended or debarred before entering the contract.

**Cause:** Lack of management oversight.

**Effect:** The County could be using a vendor that is suspended or debarred at the time of the transaction or they could be overpaying for the transaction if not properly procured.

**Repeat Finding:** No.

**Recommendation:** We recommend the County adhere to its procurement policy.

**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, 2022**

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***Section IV – Items for Consideration – Minnesota Legal Compliance***

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**DITCH SPECIAL REVENUE FUND – CASH DEFICIT (2022-005)**

**Condition:** The County reported 13 out of 13 active ditch systems as having deficit cash balances as of December 31, 2022, totaling \$758,765.

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

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

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

**Repeat Finding:** Yes, 2021-005.

**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.

**View of Responsible Officials and Planned Corrective Actions:** 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 to 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, 2022**

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***Section IV – Items for Consideration – Minnesota Legal Compliance (Continued)***

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**TIMELY PAYMENT OF CLAIMS (2022-006)**

**Condition:** The County did not pay one of 40 invoices tested within 35 days of receipt from the outside vendor.

**Criteria or Specific Requirement:** Minnesota Statutes §471.425 subd. 2 specifies that a County must make all payments promptly within 35 days after receiving the invoice.

**Effect:** The County is not in compliance with Minnesota Statutes §471.425 subd. 2.

**Cause:** Management oversight of emailed invoice.

**Repeat Finding:** No.

**Recommendation:** We recommend the County pay all bills within 35 days as required by state statute.

**View of Responsible Officials and Planned Corrective Actions:** The County will review their processes in place and ensure prompt payment in the future.

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***Section V – Previously Reported Item Resolved***

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**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**CASEFILE REVIEW (2021-004)**

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

Resolution: During current year testing, case file reviews were performed for Temporary Assistance for Needy Families.

**BENTON COUNTY, MINNESOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2022**

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
<b>U.S. Department of Agriculture</b>				
Passed Through Minnesota Department of Health WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	222MN004W1003	\$ 269,012	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	222MN101S2520	461,373	-
Total Department of Agriculture			730,385	-
<b>U.S. Department of Justice</b>				
Direct: State Criminal Alien Assistance Program	16.606	Not Applicable	8,446	-
Bulletproof Vest Partnership Program	16.607	Not Applicable	2,968	-
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	F-CVS-2022-BENTONAO	77,539	-
Total Department of Justice			88,953	-
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Transportation Highway Planning and Construction (Part of Highway Planning and Construction Cluster)	20.205	P9253103 005-070-008	\$ 1,704 155,536	157,240
Passed Through City of St. Cloud State and Community Highway Safety (Part of Highway Safety Cluster)	20.600	F-ENFRC22-2022- STCLOUDP-014	4,867	-
E-911 Grant Program	20.615	A-DECN-NGGIS-2019- CMESB-1	5,636	-
National Priority Safety Programs (Part of Highway Safety Cluster)	20.616	F-ENFRC22-2022- STCLOUDP-014	8,809	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC22-2022- STCLOUDPD-014	7,657	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC23-2023- STCLOUDP-026	2,513	10,170
Total Department of Transportation			186,722	-
<b>U.S. Department of Treasury</b>				
Direct COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Applicable	1,484,271	-
<b>U.S. Department of Education</b>				
Passed Through Minnesota Department of Health Special Education-Grants for Infants and Families	84.181	91-0300-0-1-501	2,725	-
<b>U.S. Election Assistance Commission</b>				
Passed Through Minnesota Secretary of State COVID-19 2018 HAVA Election Security Grants	90.404	EAC201908MNCovid	33,171	-
<b>U.S. Department of Health and Human Services</b>				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	202MN004W1003	41,896	-
Early Hearing Detection and Intervention	93.251	H6100035	825	-
Immunization Cooperative Agreements	93.268	NH231P922628	500	-
COVID-19 Immunization Cooperative Agreements	93.268	NH231P922628	22,852	23,352
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NUY50000508	128,552	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families AL 93.558 \$544,439)	93.558	2201MNTANF	13,297	-
Maternal and Child Health Services Block Grant to the States	93.994	80440142	29,276	-
Passed Through Minnesota Department of Human Services	93.556	2101MNFPSS	3,958	-
MaryLee Allen Promoting Safe and Stable Families	93.556	2201MNTANF	531,142	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families AL 93.558 \$544,439)	93.558	2201MNTANF	13,297	-
Child Care and Development Block Grant (Part of CCDF Cluster)	93.575	2101MNCCDF	38,772	-
Child Support Enforcement	93.563	2201MNCSSES	130,315	-
Child Support Enforcement	93.563	2201MNCEST	650,635	780,950
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2201MNRCPMA	730	-
Community-Based Child Abuse Prevention Grants	93.590	2102MNBCAP	12,419	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2101MNCWSS	4,511	-

**BENTON COUNTY, MINNESOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

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
<b>U.S. Department of Health and Human Services (Continued)</b>				
Passed Through Minnesota Department of Human Services (Continued)				
Foster Care Title IV-E	93.658	2201MNFOST	\$ 260,105	\$ -
Social Services Block Grant	93.667	2201MNSOSR	195,818	-
Child Abuse and Neglect State Grants	93.669	2101MNNCAN	5,842	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2201MNCLP	\$ 2,059	-
COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2201MNCLP	7,540	9,599
Children's Health Insurance Program	93.767	2205MN5021	2,318	-
Medical Assistance Program (Part of Medicaid Cluster)	93.778	2105MN5ADM	1,282,975	-
Medical Assistance Program (Part of Medicaid Cluster)	93.778	2105MN5MAP	12,644	1,295,619
Block Grants for Community Mental Health Services	93.958	B09SM010027-18	478	-
Total Department of Health and Human Services			3,379,459	-
<b>U.S. Department of Homeland Security</b>				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	R29G70CGBLA19	6,341	-
Passed Through Minnesota Department of Public Safety				
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4531-MN	9,387	-
Emergency Management Performance Grants	97.042	F-EMPG-2020-BENTONCO-3830	49,470	-
Total Department of Homeland Security			65,198	-
Total Expenditures of Federal Awards			\$ 5,970,884	\$ -

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

Total expenditures by cluster are:

CCDF Cluster	\$ 38,772
Medicaid Cluster	1,295,619
SNAP Cluster	461,373
Highway Planning and Construction Cluster	157,240
Highway Safety Cluster	13,676

**BENTON COUNTY, MINNESOTA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2022**

**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, 2022. 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**

<u>Reconciliation to the Schedule of Intergovernmental Revenue</u>		
Federal Grant Revenue per Schedule of Intergovernmental Revenue:		\$ 5,990,857
Grants Unavailable in 2021, Recognized as Revenue in 2022:		
Public Health Emergency Preparedness		(15,666)
John H. Chafee Foster Care Program for Successful Transition to Adulthood		(4,307)
Expenditures per Schedule of Expenditures of Federal Awards		<u>\$ 5,970,884</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 (the County) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 5, 2023.

In connection with our audit, we noted that Benton County, Minnesota failed to comply with provisions of the claims and disbursements and 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 items 2022-005 and 2022-006. Also, in connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the provisions of the depositories of public funds and public investments, contracting – bid laws, conflicts of interest and public indebtedness 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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the legal compliance 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.

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  
September 5, 2023



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