

**SWIFT COUNTY  
BENSON, MINNESOTA**

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](http://CLAconnect.com)

**SWIFT COUNTY  
BENSON, MINNESOTA  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2021**

**FINANCIAL SECTION**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>5</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>15</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>17</b>
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>19</b>
<b>RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES</b>	<b>21</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS</b>	<b>22</b>
<b>RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES</b>	<b>24</b>
<b>STATEMENT OF NET POSITION – INTERNAL SERVICE FUND</b>	<b>25</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – INTERNAL SERVICE FUND</b>	<b>26</b>
<b>STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUND</b>	<b>27</b>
<b>STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS</b>	<b>28</b>
<b>STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS</b>	<b>29</b>
<b>STATEMENT OF NET POSITION – DISCRETELY PRESENTED COMPONENT UNITS</b>	<b>30</b>
<b>STATEMENT OF ACTIVITIES – DISCRETELY PRESENTED COMPONENT UNITS</b>	<b>31</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>33</b>

**SWIFT COUNTY**  
**BENSON, MINNESOTA**  
**TABLE OF CONTENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2021**

**FINANCIAL SECTION (CONTINUED)**

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	91
BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE SPECIAL REVENUE FUND	93
BUDGETARY COMPARISON SCHEDULE – WELFARE SPECIAL REVENUE FUND	94
BUDGETARY COMPARISON SCHEDULE – SOLID WASTE SPECIAL REVENUE FUND	95
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED RATIOS, AND NOTES	96
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	97
SCHEDULE OF CONTRIBUTIONS	99
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	101

**SUPPLEMENTARY INFORMATION**

DESCRIPTION OF FUNDS	111
COMBINING STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS – CUSTODIAL FUNDS	112
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS – CUSTODIAL FUNDS	114
SCHEDULE OF INTERGOVERNMENTAL REVENUE	116
SCHEDULE OF DEPOSITS AND INVESTMENTS	117
SCHEDULE OF LOANS RECEIVABLE – REVOLVING LOAN FUND	119

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	120
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	122
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	125
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	133
INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE	135

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Swift County  
Benson, Minnesota

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Swift County (the County), as of and for the year ended December 31, 2021, (except for the Swift County Housing and Redevelopment Authority (HRA) which is as of and for the year ended June 30, 2021), 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, based on our report and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, (except for the Swift County Housing and Redevelopment Authority which is as of and for the year ended June 30, 2021) and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Swift County-Benson Hospital (the Hospital) which represents 93%, 91%, and 91%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units as of December 31, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Hospital, are based solely on the report of the other auditors.

#### ***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Swift 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 Swift 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 schedules, schedule of changes in the total OPEB liability, related ratios, and notes, schedule of the proportionate share of the net pension liability, schedule of contributions, and notes to the required supplementary information 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 description of funds, combining statement of fiduciary net position – custodial funds, combining statement of changes in fiduciary net position – custodial funds, schedule of intergovernmental revenue, schedule of deposits and investments, schedule of loans receivable – revolving loan fund, 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 description of funds, combining statement of fiduciary net position – custodial funds, combining statement of changes in fiduciary net position – custodial funds, schedule of intergovernmental revenue, schedule of deposits and investments, schedule of loans receivable – revolving loan fund, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. The separate report does not include the Hospital, which is audited by other auditors.



**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
September 26, 2022

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SWIFT COUNTY  
BENSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

Swift County's (the County) management's discussion and analysis (MD&A) provides an overview of the County's financial activities for the year ended December 31, 2021. Since this information is designed to focus on the current-year's activities, resulting changes, and currently known facts, it should be read in conjunction with the County's financial statements (beginning on page 15).

### **Financial Highlights**

Key financial highlights for 2021 include the following:

- Governmental activities' total net position is \$91,758,885, of which \$67,299,501 is net investment in capital assets, and \$6,503,366 is restricted for specific purposes.
- Swift County's governmental activities net position increased by \$7,271,481 for the year ended December 31, 2021. Net position of the County's discretely presented component units for 2021 increased by \$4,230,754 from 2020 activity.
- The net cost of governmental activities was \$5,791,696 for the current fiscal year. The net cost was funded by general revenues and other items totaling \$13,063,177.
- Governmental funds' fund balances increased by \$8,896,710.

### **Overview of the Financial Statements**

This MD&A is intended to serve as an introduction to the basic financial statements. Swift County's basic financial statements consist of three parts: Government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A (this section) is required to accompany the basic financial statements and, therefore, is included as required supplementary information.

There are two government-wide statements. The statement of net position and the statement of activities (pages 15-18) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 19. These statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operation in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the government.

**Government-Wide Financial Statements – The Statement of Net Position and the Statement of Activities.** Our analysis of the County as a whole begins on page 15. The statement of net position and the statement of activities report information about the County as a whole and about its activities in a way that helps the reader to determine whether the County's financial condition has improved or declined as a result of the year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current-year's revenues and expenses are taken into account regardless of when cash is received or paid.

**SWIFT COUNTY  
BENSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Overview of the Financial Statements (Continued)**

These two financial statements report the County's net position and changes in them. You can think of the County's net position (the difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources) as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of the County roads, to assess the overall health of the County.

In the statement of net position and the statement of activities, the finances of the County are reported in two kinds of activities:

- **Governmental Activities** – The County's basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities.
- **Component Units** – The County includes two legally separate entities in its report, Swift County Housing and Redevelopment Authority and Swift County-Benson Hospital. These entities are presented in a separate column. Although legally separate, these "component units" are important because the County is financially accountable for them. In addition, these component units have separately issued financial statements.

**Fund Financial Statements**

Our analysis of the County's major funds begins on page 19. The fund financial statements provide detailed information about the significant funds, not the County as a whole. Some funds are required to be established by state law and by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County has three kinds of funds.

- **Governmental Funds** – The County's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or difference) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciling statement following each governmental fund financial statement.
- **Internal Service Fund** – The County uses this fund to manage the self-insurance activities.

**SWIFT COUNTY  
BENSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Overview of the Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

- **Fiduciary Funds** – The County is the trustee, or fiduciary, over assets which can be used only for the trust beneficiaries based on the trust arrangement. All of the County's fiduciary activities are reported in a Combining Statement of Fiduciary Net Position – Fiduciary Funds – Custodial Funds and a Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds – Custodial Funds (pages 111-115). We excluded these activities from the County's other financial statement because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Financial Analysis of the County as a Whole**

**Net Position.** The County's net position was \$91,758,885 on December 31, 2021 (see Table A-1).

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

	Governmental Activities	
	2021	2020
Current and Other Assets	\$ 45,643,490	\$ 34,910,435
Capital and Noncurrent Assets	72,689,473	71,482,139
Total Assets	<u>118,332,963</u>	<u>106,392,574</u>
Deferred Outflows of Resources	4,042,625	1,177,139
Current Liabilities	3,442,736	3,743,626
Long-Term Liabilities	22,167,539	18,250,429
Total Liabilities	<u>25,610,275</u>	<u>21,994,055</u>
Deferred Inflows of Resources	5,006,428	1,088,254
Net Position:		
Net Investment in Capital Assets	67,299,501	65,663,908
Restricted	6,503,366	4,458,710
Unrestricted	17,956,018	14,364,786
Total Net Position	<u>\$ 91,758,885</u>	<u>\$ 84,487,404</u>

**SWIFT COUNTY  
BENSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Financial Analysis of the County as a Whole (Continued)**

**Changes in Net Position**

The County-wide total revenues were \$28,129,052 for the year ended December 31, 2021. Property taxes and intergovernmental revenues accounted for 83% of total revenues for the year (see Table A-2).

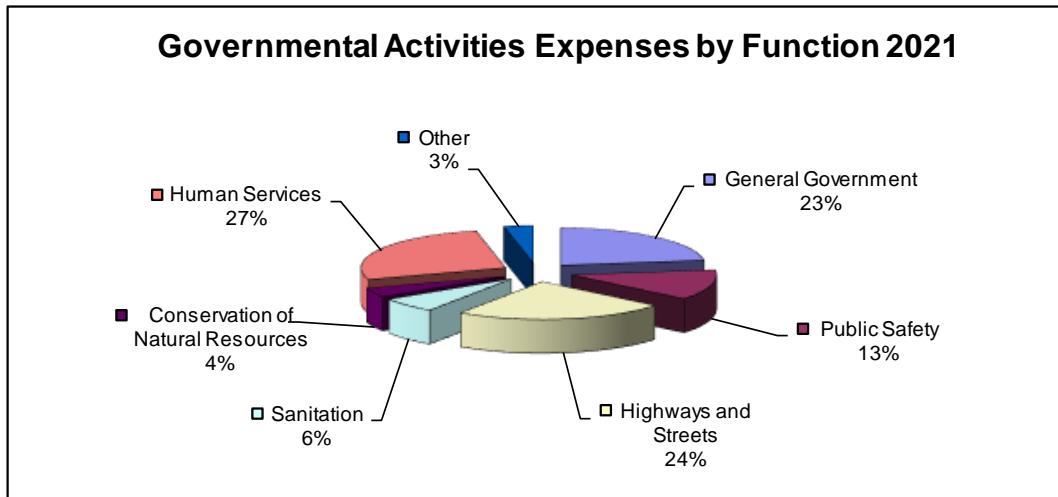
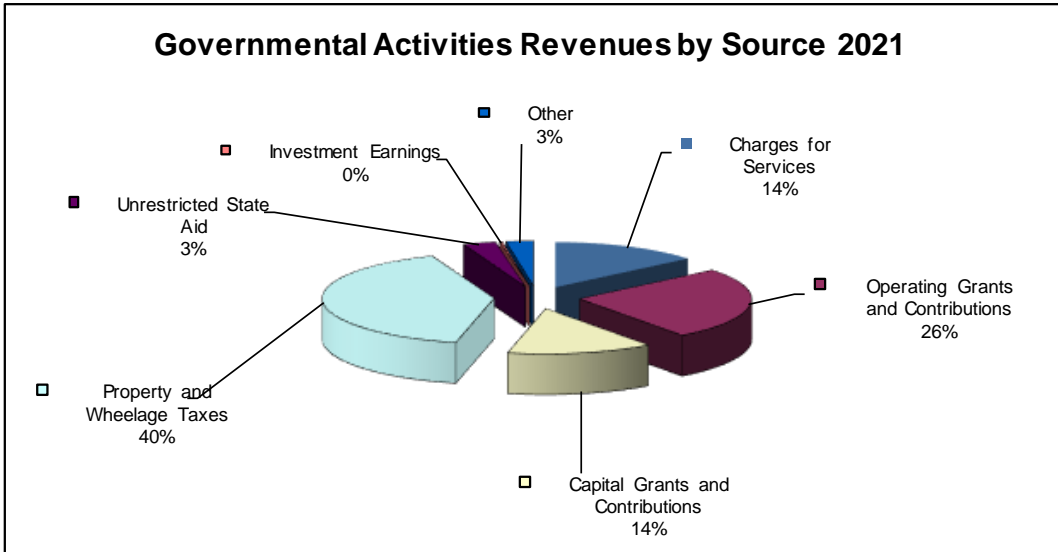
**Table A-2  
Change in Net Position**

	Governmental Activities	
	2021	2020
<b>REVENUES</b>		
Program Revenues:		
Fees, Charges, Fines, and Other	\$ 3,945,348	\$ 3,344,377
Operating Grants and Contributions	7,268,320	7,109,248
Capital Grants and Contributions	3,852,207	4,052,757
General Revenues:		
Property Taxes	11,281,169	11,187,251
Unrestricted State Aid	866,895	873,104
Investment Earnings	62,917	245,430
Other	852,196	573,554
Total Revenues	<u>28,129,052</u>	<u>27,385,721</u>
<b>EXPENSES</b>		
General Government	4,761,992	5,163,782
Public Safety	2,725,811	2,917,891
Highways and Streets	4,919,879	5,351,458
Sanitation	1,335,495	1,323,249
Human Services	5,586,601	5,647,784
Health	121,416	512,616
Culture and Recreation	166,924	484,018
Conservation of Natural Resources	843,069	234,365
Economic Development	-	388,000
Interest	396,384	336,122
Total Expenses	<u>20,857,571</u>	<u>22,359,285</u>
<b>CHANGE IN NET POSITION</b>	7,271,481	5,026,436
Net Position - Beginning of Year, As Previously Stated	<u>84,487,404</u>	<u>79,460,968</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 91,758,885</u></u>	<u><u>\$ 84,487,404</u></u>

**SWIFT COUNTY  
BENSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Financial Analysis of the County as a Whole (Continued)**

**Changes in Net Position (Continued)**



**SWIFT COUNTY  
BENSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Financial Analysis of the County as a Whole (Continued)**

**Changes in Net Position (Continued)**

The County-wide cost of all governmental activities this year was \$20,857,571.

- Some of the cost was paid by the users of the County's Programs (\$3,945,348).
- The federal and state governments subsidized certain programs with grants and contributions (\$11,120,527).
- The remainder of the County's costs, (\$5,791,696), however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with the \$11,410,456 taxes, \$866,895 of state aid, and with investment earnings and other general revenues.

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

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

	Total Cost of Services		Percentage Change	Net Revenue (Cost) of Services		Percentage Change
	2021	2020		2021	2020	
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 4,761,992	\$ 5,163,782	(7.8)%	\$ (1,684,468)	\$ (2,988,358)	43.6 %
Public Safety	2,725,811	2,917,891	(6.6)	(2,166,013)	(2,504,778)	13.5
Highways and Streets	4,919,879	5,351,458	(8.1)	654,994	973,529	(32.7)
Sanitation	1,335,495	1,323,249	0.9	168,257	(135,967)	223.7
Human Services	5,586,601	5,647,784	(1.1)	(2,822,321)	(2,716,204)	(3.9)
Health	121,416	512,616	(76.3)	177,006	(250,058)	170.8
Culture and Recreation	166,924	484,018	(65.5)	312,432	(361,529)	186.4
Conservation of Natural Resources	843,069	234,365	259.7	(47,081)	465,686	(110.1)
Economic Development	-	388,000	N/A	11,882	898	1223.2
Interest and Fiscal Charges on Long-Term Liabilities	396,384	336,122	17.9	(396,384)	(336,122)	(17.9)
<b>Total</b>	<b>\$ 20,857,571</b>	<b>\$ 22,359,285</b>	<b>(6.7)</b>	<b>\$ (5,791,696)</b>	<b>\$ (7,852,903)</b>	<b>26.2</b>

**SWIFT COUNTY  
BENSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**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 \$37,013,894. Revenues for the County's governmental funds were \$25,851,054, while total expenditures were \$23,324,257. During 2021, the County also sold capital assets and issued new bonds of which the proceeds are included in other financing sources and uses.

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects. Fund balance increased by \$1,304,895 during 2021. This increase was primarily due to increase in intergovernmental revenues and tax revenues in the current year.

The Road and Bridge Fund had a total fund balance of \$10,772,727. This fund balance total is a \$1,595,146 increase from the prior year.

The Welfare Fund's fund balance decreased by \$8,652, primarily due to an increase in payroll and benefit costs for 2021.

The Revolving Loan Fund's fund balance increased by \$100,742 due to repayments received in the current year and no expenditures.

The Solid Waste Fund's fund balance increased by \$222,653, primarily due to an increase in charges for services for the year.

The Ditch Fund's fund balance decreased by \$111,408, due to an increase in costs for ditch repairs.

The Debt Service Fund's fund balance increased by \$5,684,546 due to the issuance of the 2021A General Obligation Taxable Crossover Refunding Bonds.

The Capital Projects Fund's fund balance increased by \$108,788, due to closing out the fund in 2021.

**General Fund**

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects.

**SWIFT COUNTY  
BENSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**General Fund (Continued)**

Table A-4 presents a summary of General Fund revenues.

**Table A-4  
General Fund Revenues**

	Year Ended		Change	
	December 31, 2021	December 31, 2020	Increase (Decrease)	Percent
Taxes	\$ 6,286,885	\$ 5,871,654	\$ 415,231	7.1 %
Licenses and Permits	4,100	4,234	(134)	(3.2)
Intergovernmental	3,098,832	3,319,111	(220,279)	(6.6)
Charges for Services	754,130	787,174	(33,044)	(4.2)
Investment Earnings	53,706	214,966	(161,260)	(75.0)
Miscellaneous and Other	602,731	392,710	210,021	53.5
Total General Fund Revenues	<u>\$ 10,800,384</u>	<u>\$ 10,589,849</u>	<u>\$ 210,535</u>	2.0

The following schedule presents a summary of General Fund Expenditures:

**Table A-5  
General Fund Expenditures**

	Year Ended		Change	
	December 31, 2021	December 31, 2020	Increase (Decrease)	Percent
General Government	\$ 5,136,481	\$ 5,069,797	\$ 66,684	1.3 %
Public Safety	3,578,570	3,098,425	480,145	15.5
Health	121,416	512,616	(391,200)	(76.3)
Culture and Recreation	155,263	469,918	(314,655)	(67.0)
Conservation of Natural Resources	397,032	364,906	32,126	8.8
Economic Development	-	388,000	(388,000)	N/A
Total Expenditures	<u>\$ 9,388,762</u>	<u>\$ 9,903,662</u>	<u>\$ (514,900)</u>	(5.2)

**General Fund Budgetary Highlights**

- Actual revenues were approximately \$2,495,000 more than expected, due primarily to receiving American Rescue Plan Act grant that was not budgeted for.
- The actual expenditures were approximately \$950,000 more than budget. This is primarily due to disbursing \$256,000 of state revenues to local entities and increases in payroll costs not budgeted for.

**SWIFT COUNTY  
BENSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Capital Assets and Debt Administration**

**Capital Assets**

By the end of 2021, the County had invested approximately \$110,000,000 in a broad range of capital assets, including land, buildings, machinery, vehicles, furniture, equipment, and infrastructure (see Table A-6). The majority of current-year capital asset activity was a result of road projects. (More detailed information about capital assets can be found in Note 3.A.4 to the financial statements.) Total depreciation expense for the year was \$2,536,398.

**Table A-6  
The County's Capital Assets**

	Governmental Activities		Percent Change
	2021	2020	
Land	\$ 2,771,394	\$ 2,697,529	2.7 %
Construction-in-Progress	2,028,369	102,379	1881.2
Buildings	13,810,143	13,719,154	0.7
Machinery, Equipment, and Vehicles	9,114,038	8,508,251	7.1
Infrastructure	82,281,885	81,905,458	0.5
Less: Accumulated Depreciation	<u>(37,961,088)</u>	<u>(36,050,632)</u>	5.3
Total	<u>\$ 72,044,741</u>	<u>\$ 70,882,139</u>	1.6

**Debt Administration**

At year-end, the County's outstanding debt was \$17,210,000, which had an increase of \$5,579,528 as shown in Table A-7. This increase is due to the issuance of \$6,115,00 of General Obligation Taxable Crossover Refunding Bonds and is offset by current year repayments. The HRA decrease in debt is a result of the repayment of long-term debt. The Hospital's increase in debt is due to the issuance of the 2021A Revenue Refunding Bonds in 2021.

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

	2021	2020	Percent Change
<b>GOVERNMENTAL ACTIVITIES</b>			
General Obligation Abatement Bonds	\$ 6,520,000	\$ 6,845,000	(4.7)%
General Obligation Capital Improvement Plan Bonds	4,575,000	4,780,000	(4.3)
General Obligation Taxable Crossover Refunding Bonds	6,115,000	-	N/A
Chippewa River Watershed Loans	-	5,472	N/A
Total	<u>\$ 17,210,000</u>	<u>\$ 11,630,472</u>	48.0
<b>DISCRETE COMPONENT UNITS</b>			
Swift County Housing and Redevelopment Authority	\$ 1,710,000	\$ 1,835,000	(6.8)
Swift County-Benson Hospital	<u>23,985,735</u>	<u>20,329,434</u>	18.0
Total	<u>\$ 25,695,735</u>	<u>\$ 22,164,434</u>	15.9

**SWIFT COUNTY  
BENSON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021**

**Economic Factors and Next Year's Budgets and Rates**

The County is dependent on the state of Minnesota for a significant portion of its revenue. Recent experience demonstrates that the legislature may decrease revenues once more. Due to the declaration of nation and local emergencies by the President of the United States and the Governor of Minnesota related to the COVID-19 pandemic there has been significant volatility in economic conditions and unemployment rates. The long-term impact of the pandemic on revenues and expenditures is unknown at this time. The county has not experienced lasting detrimental effects subsequent to year end. For further information, see Note 11.

**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 the County Auditor, Swift County Courthouse, P.O. Box 207, Benson, Minnesota 56215 or (320) 843-4069. Separate financial statements of the Swift County HRA can be obtained at P.O. Box 286, Benson, Minnesota 56215 and separate financial statements of the Swift County-Benson Hospital can be obtained at 1815 Wisconsin Avenue, Benson, Minnesota 56215.

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

## **BASIC FINANCIAL STATEMENTS**

**SWIFT COUNTY  
BENSON, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	Primary Government	Discretely Presented Component Units	Total Reporting Entity
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 24,451,260	\$ 11,060,526	\$ 35,511,786
Cash Held by Escrow Agent	5,989,847	-	5,989,847
Petty Cash and Change Funds	1,675	-	1,675
Taxes Receivable - Delinquent	117,344	-	117,344
Special Assessments Receivable - Delinquent	16,838	-	16,838
Special Assessments Receivable - Noncurrent	602,961	-	602,961
Accounts Receivable - Net	389,352	2,861,961	3,251,313
Loans Receivable - Current	6,925,386	5,048	6,930,434
Due from Component Unit	1,319,662	-	1,319,662
Accrued Interest Receivable	22,935	-	22,935
Due from Other Governments	5,206,547	18,750	5,225,297
Prepaid Items	181,786	170,132	351,918
Inventories	417,897	358,300	776,197
Restricted Assets:			
Cash and Investments	600,000	5,137,771	5,737,771
Internally Designated Cash and Investments	-	3,239,925	3,239,925
Investment in Joint Venture	-	422,363	422,363
Loans Receivable - Noncurrent	-	30,701	30,701
Net Pension Asset	44,732	-	44,732
Capital Assets - Nondepreciable:			
Land	2,771,394	905,894	3,677,288
Construction-in-Progress	2,028,369	693,424	2,721,793
Depreciable Capital Assets - Net of Depreciation:			
Buildings	9,334,284	17,147,892	26,482,176
Improvements Other than Buildings	-	122,652	122,652
Machinery, Vehicles, Furniture, and Equipment	3,129,923	2,148,917	5,278,840
Infrastructure	54,780,771	-	54,780,771
Total Assets	118,332,963	44,324,256	162,657,219
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related	4,033,780	-	4,033,780
Loss on Refunding	-	248,531	248,531
Other Postemployment Benefits Payable Related	8,845	-	8,845
Total Deferred Outflows of Resources	4,042,625	248,531	4,291,156

See accompanying Notes to Financial Statements.

**SWIFT COUNTY  
BENSON, MINNESOTA  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2021**

	Primary Government	Discretely Presented Component Units	Total Reporting Entity
<b>LIABILITIES</b>			
Accounts Payable	\$ 893,696	\$ 2,715,901	\$ 3,609,597
Salaries Payable	389,109	-	389,109
Accrued Payroll Taxes	45,235	-	45,235
Contracts Payable	77,419	-	77,419
Due to Other Governments	31,806	8,792	40,598
Accrued Interest Payable	216,958	198,593	415,551
Unearned Revenue	215,591	-	215,591
Customer Deposits - Current	-	25,838	25,838
Custodial Deposits	600,000	-	600,000
Other Current Liabilities	-	1,136,369	1,136,369
Compensated Absences Payable - Due Within One Year	401,848	-	401,848
CMS Advanced Payments - Current	-	1,397,355	1,397,355
Refundable Advance	-	100,000	100,000
General Obligation Bonds Payable - Due Within One Year	540,000	675,000	1,215,000
Due to Primary Government - Due Within One Year	-	98,352	98,352
Loans Payable - Due Within One Year	-	1,535,669	1,535,669
Total Other Postemployment Benefits Payable - Due Within One Year	31,074	-	31,074
Compensated Absences Payable - Due in More Than One Year	1,205,543	-	1,205,543
General Obligation Bonds Payable - Due in More Than One Year	16,773,129	17,546,831	34,319,960
Due to Primary Government - Due in More Than One Year	-	1,099,586	1,099,586
Loans Payable - Due in More Than One Year	-	4,740,297	4,740,297
Total Other Postemployment Benefits Payable - Due in More Than One Year	169,370	197,760	367,130
Net Pension Liability - Due in More Than One Year	4,019,497	-	4,019,497
<b>Total Liabilities</b>	<b>25,610,275</b>	<b>31,476,343</b>	<b>57,086,618</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related	4,897,749	-	4,897,749
Property Taxes Collected in Advance	18,422	-	18,422
Other Postemployment Benefits Payable Related	90,257	-	90,257
<b>Total Deferred Inflows of Resources</b>	<b>5,006,428</b>	<b>-</b>	<b>5,006,428</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	67,299,501	772,615	68,072,116
Restricted for:			
Debt Service	146,322	-	146,322
Recorder Equipment	64,478	-	64,478
E-911 Program	446,508	-	446,508
Transportation	3,200,283	-	3,200,283
Human Services	67,374	-	67,374
Economic Development Loans	1,101,932	-	1,101,932
Ditches	1,133,315	-	1,133,315
Pension Benefits	44,732	-	44,732
Opioid Remediation	298,422	-	298,422
Hospice	-	1,078,200	1,078,200
Unrestricted	17,956,018	11,245,629	29,201,647
<b>Total Net Position</b>	<b>\$ 91,758,885</b>	<b>\$ 13,096,444</b>	<b>\$ 104,855,329</b>

See accompanying Notes to Financial Statements.

**SWIFT COUNTY  
BENSON, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	\$ 4,761,992	\$ 976,343	\$ 2,101,181	\$ -
Public Safety	2,725,811	112,173	444,677	2,948
Highways and Streets	4,919,879	196,082	2,389,923	2,988,868
Sanitation	1,335,495	1,246,414	257,338	-
Human Services	5,586,601	987,501	1,776,779	-
Health	121,416	-	298,422	-
Culture and Recreation	166,924	31,785	-	447,571
Conversation of Natural Resources	843,069	383,168	-	412,820
Economic Development	-	11,882	-	-
Interest	396,384	-	-	-
Total Governmental Activities	<u>20,857,571</u>	<u>3,945,348</u>	<u>7,268,320</u>	<u>3,852,207</u>
<b>DISCRETE COMPONENT UNITS</b>				
Swift County - Housing and Redevelopment Authority	1,452,294	726,558	941,554	-
Swift County - Benson Hospital	20,483,183	20,199,033	-	10,000
Total Discretely Presented Component Units	<u>21,935,477</u>	<u>20,925,591</u>	<u>941,554</u>	<u>10,000</u>
Total Reporting Entity	<u>\$ 42,793,048</u>	<u>\$ 24,870,939</u>	<u>\$ 8,209,874</u>	<u>\$ 3,862,207</u>

**GENERAL REVENUES**

Property Taxes  
 Wheelage Tax  
 Mortgage and Registry Deed Taxes  
 Payments in Lieu of Tax  
 Rent  
 Insurance Dividends  
 Grants and Contributions Not Restricted for a  
 Particular Purpose  
 Investment Earnings  
 Miscellaneous  
 Gain on Sale of Capital Assets  
 Total General Revenues

**CHANGE IN NET POSITION**

Net Position - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying Notes to Financial Statements.

**SWIFT COUNTY  
BENSON, MINNESOTA  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Discretely Presented Component Units	Total
<b>FUNCTIONS/PROGRAMS</b>			
<b>PRIMARY GOVERNMENT</b>			
<b>GOVERNMENTAL ACTIVITIES</b>			
General Government	\$ (1,684,468)	\$ -	\$ (1,684,468)
Public Safety	(2,166,013)	-	(2,166,013)
Highways and Streets	654,994	-	654,994
Sanitation	168,257	-	168,257
Human Services	(2,822,321)	-	(2,822,321)
Health	177,006	-	177,006
Culture and Recreation	312,432	-	312,432
Conservation of Natural Resources	(47,081)	-	(47,081)
Economic Development	11,882	-	11,882
Interest	(396,384)	-	(396,384)
Total Governmental Activities	<u>(5,791,696)</u>	<u>-</u>	<u>(5,791,696)</u>
<b>DISCRETE COMPONENT UNITS</b>			
Swift County - Housing and Redevelopment Authority	-	215,818	215,818
Swift County - Benson Hospital	-	(274,150)	(274,150)
Total Discretely Presented Component Units	<u>-</u>	<u>(58,332)</u>	<u>(58,332)</u>
Total Reporting Entity	(5,791,696)	(58,332)	(5,850,028)
	11,281,169	-	11,281,169
	115,908	-	115,908
	13,379	-	13,379
	397,560	-	397,560
	57,400	-	57,400
	60,928	-	60,928
	866,895	-	866,895
	62,917	12,615	75,532
	67,312	4,276,471	4,343,783
	139,709	-	139,709
	<u>13,063,177</u>	<u>4,289,086</u>	<u>17,352,263</u>
	7,271,481	4,230,754	11,502,235
	<u>84,487,404</u>	<u>8,865,690</u>	<u>93,353,094</u>
	<u>\$ 91,758,885</u>	<u>\$ 13,096,444</u>	<u>\$ 104,855,329</u>

See accompanying Notes to Financial Statements.

**SWIFT COUNTY  
BENSON, MINNESOTA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

<b>ASSETS</b>	General	Road and Bridge	Welfare	Revolving Loan	Solid Waste
Cash and Pooled Investments	\$ 6,048,062	\$ 10,601,002	\$ 4,120,996	\$ 773,629	\$ 551,373
Cash Held with Escrow Agent	-	-	-	-	-
Petty Cash and Change Funds	1,600	-	25	-	50
Restricted Cash	-	-	-	-	-
Taxes Receivable - Delinquent	63,820	18,988	30,321	-	610
Special Assessments Receivable:					
Delinquent	-	-	-	-	15,554
Noncurrent	-	-	-	-	128,461
Accounts Receivable - Net	27,583	61,577	65,358	-	53,413
Accrued Interest Receivable	13,878	-	-	-	-
Loans Receivable	65,000	-	11,786	328,600	-
Due from Component Unit	1,319,662	-	-	-	-
Due from Other Funds	738,357	-	7,150	-	-
Due from Other Governments	1,118,899	3,281,271	431,570	-	-
Prepaid Items	82,974	21,842	69,228	-	7,742
Inventories	-	417,897	-	-	-
<b>Total Assets</b>	<b>\$ 9,479,835</b>	<b>\$ 14,402,577</b>	<b>\$ 4,736,434</b>	<b>\$ 1,102,229</b>	<b>\$ 757,203</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 347,468	\$ 28,702	\$ 135,259	\$ 297	\$ 45,290
Salaries Payable	171,078	58,803	142,064	-	17,164
Accrued Payroll Taxes	20,872	6,634	15,839	-	1,890
Contracts Payable	-	77,419	-	-	-
Due to Other Funds	7,150	-	2,888	-	-
Due to Other Governments	20,450	-	11,356	-	-
Custodial Deposits	-	-	-	-	-
Unearned Revenue	51,840	163,751	-	-	-
<b>Total Liabilities</b>	<b>618,858</b>	<b>335,309</b>	<b>307,406</b>	<b>297</b>	<b>64,344</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Taxes	63,820	18,988	30,321	-	610
Unavailable Special Assessments	-	-	-	-	144,015
Unavailable Grants	899,906	3,272,639	67,374	-	-
Unavailable Loans Receivable	-	-	-	328,541	-
Property Taxes Collected in Advance	10,182	2,914	4,667	-	99
<b>Total Deferred Inflows of Resources</b>	<b>973,908</b>	<b>3,294,541</b>	<b>102,362</b>	<b>328,541</b>	<b>144,724</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepays	82,974	21,842	69,228	-	7,742
Inventories	-	417,897	-	-	-
Loans Receivable	1,319,662	-	-	-	-
Restricted:					
Recorder Equipment	64,478	-	-	-	-
E-911	446,508	-	-	-	-
Future Loans	-	-	-	773,391	-
Ditches	-	-	-	-	-
Debt Service	-	-	-	-	-
Committed:					
Road and Bridge	-	10,332,988	-	-	-
Welfare Programs	-	-	4,257,438	-	-
Solid Waste	-	-	-	-	540,393
Assigned:					
Budgeted Spend Down	361,777	-	-	-	-
Unassigned	5,611,670	-	-	-	-
<b>Total Fund Balances</b>	<b>7,887,069</b>	<b>10,772,727</b>	<b>4,326,666</b>	<b>773,391</b>	<b>548,135</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 9,479,835</b>	<b>\$ 14,402,577</b>	<b>\$ 4,736,434</b>	<b>\$ 1,102,229</b>	<b>\$ 757,203</b>

See accompanying Notes to Financial Statements.

**SWIFT COUNTY  
BENSON, MINNESOTA  
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2021**

<b>ASSETS</b>	Ditch	Opioid Settlement	Debt Service	Capital Projects	Total Governmental Funds
Cash and Pooled Investments	\$ 363,786	\$ -	\$ 491,657	\$ -	\$ 22,950,505
Cash Held with Escrow Agent	-	-	5,989,847	-	5,989,847
Petty Cash and Change Funds	-	-	-	-	1,675
Restricted Cash	-	-	600,000	-	600,000
Taxes Receivable - Delinquent	-	-	3,605	-	117,344
Special Assessments Receivable:					
Delinquent	1,284	-	-	-	16,838
Noncurrent	474,500	-	-	-	602,961
Accounts Receivable - Net	-	-	-	-	207,931
Accrued Interest Receivable	-	-	9,057	-	22,935
Loans Receivable	-	-	6,520,000	-	6,925,386
Due from Component Unit	-	-	-	-	1,319,662
Due from Other Funds	-	-	-	-	745,507
Due from Other Governments	76,385	298,422	-	-	5,206,547
Prepaid Items	-	-	-	-	181,786
Inventories	-	-	-	-	417,897
<b>Total Assets</b>	<b>\$ 915,955</b>	<b>\$ 298,422</b>	<b>\$ 13,614,166</b>	<b>\$ -</b>	<b>\$ 45,306,821</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 7,384	\$ -	\$ 1,413	\$ -	\$ 565,813
Salaries Payable	-	-	-	-	389,109
Accrued Payroll Taxes	-	-	-	-	45,235
Contracts Payable	-	-	-	-	77,419
Due to Other Funds	735,469	-	-	-	745,507
Due to Other Governments	-	-	-	-	31,806
Custodial Deposits	-	-	600,000	-	600,000
Unearned Revenue	-	-	-	-	215,591
<b>Total Liabilities</b>	<b>742,853</b>	<b>-</b>	<b>601,413</b>	<b>-</b>	<b>2,670,480</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Taxes	-	-	3,605	-	117,344
Unavailable Special Assessments	475,784	-	-	-	619,799
Unavailable Grants	-	298,422	-	-	4,538,341
Unavailable Loans Receivable	-	-	-	-	328,541
Property Taxes Collected in Advance	-	-	560	-	18,422
<b>Total Deferred Inflows of Resources</b>	<b>475,784</b>	<b>298,422</b>	<b>4,165</b>	<b>-</b>	<b>5,622,447</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepays	-	-	-	-	181,786
Inventories	-	-	-	-	417,897
Loans Receivable	-	-	-	-	1,319,662
Restricted:					
Recorder Equipment	-	-	-	-	64,478
E-911	-	-	-	-	446,508
Future Loans	-	-	-	-	773,391
Ditches	657,531	-	-	-	657,531
Debt Service	-	-	13,000,358	-	13,000,358
Committed:					
Road and Bridge	-	-	-	-	10,332,988
Welfare Programs	-	-	-	-	4,257,438
Solid Waste	-	-	-	-	540,393
Assigned:					
Budgeted Spend Down	-	-	8,230	-	370,007
Unassigned	(960,213)	-	-	-	4,651,457
<b>Total Fund Balances</b>	<b>(302,682)</b>	<b>-</b>	<b>13,008,588</b>	<b>-</b>	<b>37,013,894</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 915,955</b>	<b>\$ 298,422</b>	<b>\$ 13,614,166</b>	<b>\$ -</b>	<b>\$ 45,306,821</b>

See accompanying Notes to Financial Statements

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

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

<b>Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)</b>	<b>\$ 37,013,894</b>
--	----------------------

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	72,044,741
--	------------

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

Net Pension Liability	\$ (4,019,497)	
Net Pension Asset	44,732	
Deferred Inflows of Resources - Pension Related	(4,897,749)	
Deferred Outflows of Resources - Pension Related	4,033,780	
	(4,838,734)	(4,838,734)

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

Total Other Postemployment Benefits Liability	(200,444)	
Deferred Inflows of Resources - OPEB Related	(90,257)	
Deferred Outflows of Resources - OPEB Related	8,845	
	(281,856)	(281,856)

Other long-term assets (deferred inflows of resources) are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Property Taxes	117,344	
Special Assessments	619,799	
Loans Receivable	328,541	
Grant Related	4,538,341	
	5,604,025	5,604,025

Internal service funds are used by management to account for the management of self-insurance to individual funds. The assets and liabilities that are included in governmental activities in the statement of net position are:

1,354,293

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	(17,210,000)	
Premium on General Obligation Bonds	(103,129)	
Compensated Absences	(1,607,391)	
Accrued Interest Payable	(216,958)	
	(19,137,478)	(19,137,478)

<b>Net Position of Governmental Activities (Statement of Net Position)</b>	<b>\$ 91,758,885</b>
--	----------------------

See accompanying Notes to Financial Statements.

**SWIFT COUNTY  
BENSON, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	General	Road and Bridge	Welfare	Revolving Loan	Solid Waste
<b>REVENUES</b>					
Taxes	\$ 6,286,885	\$ 1,885,676	\$ 2,833,883	\$ -	\$ 60,413
Special Assessments	-	-	-	-	304,719
Licenses and Permits	4,100	-	-	-	-
Intergovernmental	3,098,832	4,591,303	2,475,364	-	261,098
Charges for Services	754,130	165,116	366,150	-	746,939
Fines and Forfeits	3,716	-	-	-	-
Gifts and Contributions	6,825	-	26,257	-	-
Interest on Investments	53,706	(9)	-	11,882	-
Miscellaneous	592,190	31,210	1,724	88,860	188,931
Total Revenues	<u>10,800,384</u>	<u>6,673,296</u>	<u>5,703,378</u>	<u>100,742</u>	<u>1,562,100</u>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
General Government	5,136,481	-	-	-	-
Public Safety	3,578,570	-	-	-	-
Highways and Streets	-	5,325,681	-	-	-
Sanitation	-	-	-	-	1,333,918
Human Services	-	-	5,717,351	-	-
Health	121,416	-	-	-	-
Culture and Recreation	155,263	-	-	-	-
Conservation of Natural Resources	397,032	-	-	-	-
<b>DEBT SERVICE</b>					
Principal	-	-	-	-	5,472
Interest	-	-	-	-	57
Administrative (Fiscal) Charges	-	-	-	-	-
Total Expenditures	<u>9,388,762</u>	<u>5,325,681</u>	<u>5,717,351</u>	<u>-</u>	<u>1,339,447</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,411,622	1,347,615	(13,973)	100,742	222,653
<b>OTHER FINANCING SOURCES</b>					
Transfers In	-	17,168	5,321	-	-
Transfers Out	(136,815)	-	-	-	-
Issuance of Bonds	-	-	-	-	-
Proceeds from Sale of Assets	30,088	112,400	-	-	-
Total Other Financing Sources	<u>(106,727)</u>	<u>129,568</u>	<u>5,321</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,304,895	1,477,183	(8,652)	100,742	222,653
Fund Balances - Beginning of Year	6,582,174	9,177,581	4,335,318	672,649	325,482
<b>INCREASE IN INVENTORIES</b>	-	117,963	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 7,887,069</u>	<u>\$ 10,772,727</u>	<u>\$ 4,326,666</u>	<u>\$ 773,391</u>	<u>\$ 548,135</u>

See accompanying Notes to Financial Statements.

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

	Ditch	Opioid Settlement	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 340,117	\$ -	\$ 11,406,974
Special Assessments	375,778	-	-	-	680,497
Licenses and Permits	-	-	-	-	4,100
Intergovernmental	-	-	16,927	-	10,443,524
Charges for Services	-	-	-	-	2,032,335
Fines and Forfeits	-	-	-	-	3,716
Gifts and Contributions	-	-	-	-	33,082
Interest on Investments	-	-	9,220	-	74,799
Miscellaneous	68,349	-	200,763	-	1,172,027
Total Revenues	<u>444,127</u>	<u>-</u>	<u>567,027</u>	<u>-</u>	<u>25,851,054</u>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
General Government	-	-	-	-	5,136,481
Public Safety	-	-	-	-	3,578,570
Highways and Streets	-	-	-	-	5,325,681
Sanitation	-	-	-	-	1,333,918
Human Services	-	-	-	-	5,717,351
Health	-	-	-	-	121,416
Culture and Recreation	-	-	-	-	155,263
Conservation of Natural Resources	555,535	-	-	-	952,567
<b>DEBT SERVICE</b>					
Principal	-	-	530,000	-	535,472
Interest	-	-	340,088	-	340,145
Administrative (Fiscal) Charges	-	-	127,393	-	127,393
Total Expenditures	<u>555,535</u>	<u>-</u>	<u>997,481</u>	<u>-</u>	<u>23,324,257</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(111,408)	-	(430,454)	-	2,526,797
<b>OTHER FINANCING SOURCES</b>					
Transfers In	-	-	-	108,788	131,277
Transfers Out	-	-	-	-	(136,815)
Issuance of Bonds	-	-	6,115,000	-	6,115,000
Proceeds from Sale of Assets	-	-	-	-	142,488
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>6,115,000</u>	<u>108,788</u>	<u>6,251,950</u>
<b>NET CHANGE IN FUND BALANCES</b>	(111,408)	-	5,684,546	108,788	8,778,747
Fund Balances - Beginning of Year	(191,274)	-	7,324,042	(108,788)	28,117,184
<b>INCREASE IN INVENTORIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,963</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ (302,682)</u>	<u>\$ -</u>	<u>\$ 13,008,588</u>	<u>\$ -</u>	<u>\$ 37,013,894</u>

See accompanying Notes to Financial Statements

**SWIFT COUNTY  
BENSON, MINNESOTA  
RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES –  
GOVERNMENTAL ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

**Net Changes in Fund Balances - Total Governmental Funds**  
**(Statement of Revenues, Expenditures, and Changes in Fund Balances)** \$ 8,778,747

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

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,143,347

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, in the statement of activities, only the gain or loss on the disposal of capital assets is reported; whereas in the governmental funds, the proceeds from the disposal increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets.

Expenditures for General Capital Assets and Infrastructure	\$ 3,701,779	
Net Book Value of Assets Disposed of	(2,779)	
Current Year Depreciation	<u>(2,536,398)</u>	1,162,602

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 position liability and the related deferred inflows and outflows of resources.

Change in Net Pension Liability	1,580,994	
Change In Net Pension Asset	44,732	
Change in Net Pension Liability - Deferred Outflows	(3,878,581)	
Change in Net Pension Liability - Deferred Inflows	<u>2,864,484</u>	611,629

Bond proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position.

Issuance of Bonds		(6,115,000)
-------------------	--	-------------

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

Principal Payment on Loans Payable	5,472	
Principal Payment on Bonds	<u>530,000</u>	535,472

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.		95,314
--	--	--------

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	(76,760)	
Amortization of Discounts and Premiums	22,761	
Change in Compensated Absences	27,196	
Change in Total Other Postemployment Benefits	2,666	
Change in Total Other Postemployment Benefits - Deferred Outflows	1,002	
Change in Total Other Postemployment Benefits - Deferred Inflows	(35,458)	
Change in Inventories	<u>117,963</u>	<u>59,370</u>

<b>Change in Net Position of Governmental Activities</b> <b>(Statement of Activities)</b>		<b>\$ <u>7,271,481</u></b>
--	--	----------------------------

See accompanying Notes to Financial Statements.

**SWIFT COUNTY  
 BENSON, MINNESOTA  
 STATEMENT OF NET POSITION –  
 INTERNAL SERVICE FUND  
 DECEMBER 31, 2021**

	<u>Self-Insurance</u>
<b>ASSETS</b>	
Cash and Pooled Investments	\$ 1,500,755
Accounts Receivable	<u>181,421</u>
Total Assets	1,682,176
<b>LIABILITIES</b>	
Accounts Payable	<u>327,883</u>
<b>NET POSITION</b>	
Unrestricted	<u><u>\$ 1,354,293</u></u>

*See accompanying Notes to Financial Statements.*

**SWIFT COUNTY  
 BENSON, MINNESOTA  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –  
 INTERNAL SERVICE FUND  
 YEAR ENDED DECEMBER 31, 2021**

	<u>Self-Insurance</u>
<b>OPERATING REVENUES</b>	
Premiums	\$ 1,759,827
<b>OPERATING EXPENSES</b>	
Administrative and Fiscal Services	391,999
Other Services and Charges	<u>1,278,052</u>
Total Operating Expenses	<u>1,670,051</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	89,776
Transfers In	<u>5,538</u>
<b>CHANGE IN NET POSITION</b>	95,314
Net Position - Beginning of Year	<u>1,258,979</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 1,354,293</u></u>

See accompanying Notes to Financial Statements.

**SWIFT COUNTY  
BENSON, MINNESOTA  
STATEMENT OF CASH FLOWS –  
INTERNAL SERVICE FUND  
YEAR ENDED DECEMBER 31, 2021**

	<u>Self-Insurance</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Internal Services Provided	\$ 2,238,878
Payments to Suppliers	(391,999)
Payments for Claims	(1,692,910)
Net Cash Provided by Operating Activities	153,969
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer of Interest Received	5,538
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	159,507
Cash and Cash Equivalents - Beginning of Year	1,341,248
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,500,755
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Income	\$ 89,776
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Increase in Accounts Receivable	479,051
Decrease in Accounts Payable	(414,858)
Net Cash Provided by Operating Activities	\$ 153,969

See accompanying Notes to Financial Statements.

**SWIFT COUNTY  
BENSON, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION –  
FIDUCIARY FUNDS  
DECEMBER 31, 2021**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<b>ASSETS</b>		
Cash and Pooled Investments	\$ 56,749	\$ 696,731
Taxes For Other Governments	-	242,779
Accounts Receivable	-	3,612
	56,749	943,122
<b>LIABILITIES</b>		
Due to Others	-	329,888
Due to Other Governments	-	339,208
	-	669,096
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Collected for Subsequent Period	-	12,218
	-	12,218
<b>NET POSITION</b>		
Restricted for:		
Individuals, Organizations, and Other Governments	\$ 56,749	\$ 261,808

See accompanying Notes to Financial Statements.

**SWIFT COUNTY  
BENSON, MINNESOTA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –  
FIDUCIARY FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<b>ADDITIONS</b>		
Contributions - Individuals	\$ 326,703	\$ 5,335
Intergovernmental	-	45,179
Fines and Forfeits	-	18,406
Property Tax Collections for Other Governments	-	11,582,641
License and Fees Collected for State	-	602,651
Miscellaneous	-	47,061
	<b>326,703</b>	<b>12,301,273</b>
<b>DEDUCTIONS</b>		
Beneficiary Payments to Individuals	324,729	5,127
Payments of Property Tax to Other Governments	-	11,596,916
Payments to State	-	417,353
Payments to Other Entities	-	270,795
	<b>324,729</b>	<b>12,290,191</b>
Net Increase (Decrease) in Fiduciary Net Position	1,974	11,082
Fiduciary Net Position - Beginning of Year	54,775	250,726
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<b>\$ 56,749</b>	<b>\$ 261,808</b>

See accompanying Notes to Financial Statements.

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**SWIFT COUNTY  
BENSON, MINNESOTA  
STATEMENT OF NET POSITION –  
DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2021**

	Swift County Housing and Redevelopment Authority	Swift County-Benson Hospital	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 955,420	\$ 10,105,106	\$ 11,060,526
Accounts Receivable - Net	144,803	2,717,158	2,861,961
Due From Other Governments	18,750	-	18,750
Loans Receivable - Current	5,048	-	5,048
Prepaid Items	-	170,132	170,132
Inventories	-	358,300	358,300
Total Current Assets	1,124,021	13,350,696	14,474,717
<b>RESTRICTED ASSETS</b>			
Cash and Investments	153,101	4,984,670	5,137,771
<b>NONCURRENT ASSETS</b>			
Internally Designated Cash and Investments	-	3,239,925	3,239,925
Investment in Joint Venture	-	422,363	422,363
Capital Assets:			
Land	25,000	880,894	905,894
Construction-in-Progress	-	693,424	693,424
Buildings	1,639,892	15,508,000	17,147,892
Machinery, Vehicles, Furniture, and Equipment	-	2,148,917	2,148,917
Land Improvements	-	122,652	122,652
Loans Receivable - Noncurrent	30,701	-	30,701
Total Noncurrent Assets	1,695,593	23,016,175	24,711,768
Total Assets	2,972,715	41,351,541	44,324,256
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on Refunding	-	248,531	248,531
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	33,814	2,682,087	2,715,901
Due to Other Governments	8,792	-	8,792
Accrued Expenses	-	1,136,369	1,136,369
Accrued Interest	18,901	179,692	198,593
CMS Advanced Payments	-	1,397,355	1,397,355
Refundable Advance	-	100,000	100,000
Revenue Bonds Payable - Current	125,000	550,000	675,000
Due to Primary Government - Current	-	98,352	98,352
Loans Payable - Current	-	1,535,669	1,535,669
Customer Deposits	25,838	-	25,838
Total Current Liabilities	212,345	7,679,524	7,891,869
<b>NONCURRENT LIABILITIES</b>			
Accrued Interest - Long Term	-	197,760	197,760
Revenue Bonds Payable - Long Term	1,585,000	15,961,831	17,546,831
Due to Primary Government - Long Term	-	1,099,586	1,099,586
Loans Payable - Long Term	-	4,740,297	4,740,297
Total Noncurrent Liabilities	1,585,000	21,999,474	23,584,474
Total Liabilities	1,797,345	29,678,998	31,476,343
<b>NET POSITION</b>			
Net Investment in Capital Assets	(45,108)	817,723	772,615
Restricted	177,263	900,937	1,078,200
Unrestricted	1,043,215	10,202,414	11,245,629
Total Net Position	\$ 1,175,370	\$ 11,921,074	\$ 13,096,444

See accompanying Notes to Financial Statements.

**SWIFT COUNTY  
 BENSON, MINNESOTA  
 STATEMENT OF ACTIVITIES –  
 DISCRETELY PRESENTED COMPONENT UNITS  
 YEAR ENDED DECEMBER 31, 2021**

<b>COMPONENT UNITS</b>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Charges, Fines and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Housing and Redevelopment Authority	\$ 1,452,294	\$ 726,558	\$ 941,554	\$ -
Swift County-Benson Hospital	20,483,183	20,199,033	-	10,000
Total Component Units	<u>\$ 21,935,477</u>	<u>\$ 20,925,591</u>	<u>\$ 941,554</u>	<u>\$ 10,000</u>

**GENERAL REVENUES**

Investment Earnings  
 Miscellaneous

Total General Revenues

**CHANGE IN NET POSITION**

Net Position - Beginning of Year

**NET POSITION - END OF YEAR**

**SWIFT COUNTY  
BENSON, MINNESOTA  
STATEMENT OF ACTIVITIES – (CONTINUED)  
DISCRETELY PRESENTED COMPONENT UNITS  
YEAR ENDED DECEMBER 31, 2021**

<b>COMPONENT UNITS</b>	Net Expense (Revenue) and Changes in Net Position		
	Housing and Redevelopment Authority	Swift County-Benson Hospital	Total
	Housing and Redevelopment Authority	\$ 215,818	\$ -
Swift County-Benson Hospital	-	(274,150)	(274,150)
Total Component Units	215,818	(274,150)	(58,332)
	3,841	8,774	12,615
	-	4,276,471	4,276,471
	3,841	4,285,245	4,289,086
	219,659	4,011,095	4,230,754
	955,711	7,909,979	8,865,690
	\$ 1,175,370	\$ 11,921,074	\$ 13,096,444

See accompanying Notes to Financial Statements

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Swift County's (the County) financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2021. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

**A. Financial Reporting Entity**

Swift County, Minnesota was established February 15, 1870, and has the powers, duties, and privileges granted counties by Minnesota Statutes § 373. Swift County is governed by a five-member Board of Commissioners elected from districts within the County and administrative officers elected on a County-wide basis. The Board is organized with a chair and a vice-chair elected at the annual meeting in January of each year. The County Administrator, who is appointed by the Board, serves as the Clerk of the Board of Commissioners but does not vote in its decisions.

For financial reporting purposes, Swift County has included all funds, organizations, agencies, boards, commissions, and authorities and has considered all potential component units for which the County is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause Swift County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial statement accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization; or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

As required by accounting principles generally accepted in the United States of America, these financial statements present Swift County (primary government) and its component units for which the County is financially accountable.

**Discretely Presented Component Units**

While part of the reporting entity, discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. The following component units of Swift County are discretely presented:

**Swift County Housing and Redevelopment Authority**

Swift County Housing and Redevelopment Authority (HRA) was created to administer the public housing programs authorized by the United States Housing Act of 1937, as amended, and to carry out other housing assistance programs. The HRA is currently governed by a seven-member Board of Directors appointed by the Swift County Board of Commissioners and has a June 30, 2021 year-end.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**A. Financial Reporting Entity (Continued)**

**Discretely Presented Component Units (Continued)**

Swift County Housing and Redevelopment Authority (Continued)

Although it is legally separate from the County, the activity of the HRA is included in the Swift County reporting entity, because the County Board appoints a voting majority of the HRA's Board of Directors, and the County is liable in the event that tax increments collected by the HRA are not sufficient to make the required debt service payments. See Note 9 for significant accounting policies and other disclosures. Separate financial statements of the Swift County HRA can be obtained at P.O. Box 286, Benson, Minnesota 56215.

Swift County-Benson Hospital

The Swift County-Benson Hospital was created for the purpose of providing or causing to be provided health and related medical services in the region covered by the district. The Hospital is currently governed by a nine-member Board of Directors, six of whom are appointed by the Swift County Board; the three remaining members are appointed by the Benson City Council. Although it is legally separate from the County, the activity of the Hospital is included in the Swift County reporting entity because the County Board appoints a voting majority of the Hospital's Board of Directors, and the Hospital is financially accountable to the County. See Note 9 for significant accounting policies and other disclosures. Separate financial statements of the Swift County-Benson Hospital can be obtained at 1815 Wisconsin Avenue, Benson, Minnesota 56215.

Other Organizations

The County participates in joint ventures which are described in Note 10.A. Jointly governed organizations are identified in Note 10.B, and a related organization is identified in Note 10.C.

**B. Basic Financial Statements**

**1. Government-Wide Statements**

The government-wide financial statements (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.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

**1. Government-Wide Statements (Continued)**

In the government-wide statement of net position, the governmental activities column: (a) is presented on a consolidated basis; and (b) is 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 County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities 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.

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary are presented. The emphasis of the governmental and proprietary fund financial statements is on major individual governmental and internal service funds, with each displayed as a separate column in the fund financial statements. The County reports all of its governmental funds as major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

**2. Fund Financial Statements**

General Fund – the General Fund is the general operating fund of the County. It accounts for all the financial resources of the general government, except those accounted for in another fund.

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.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

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

Welfare Special Revenue Fund – is used to account for economic assistance and community social services programs. These programs are funded primarily by property taxes, committed through the Board approved levy, and intergovernmental revenues.

Revolving Loan Special Revenue Fund – is used to account for the activities of the revolving loan program. Intergovernmental revenues were received for this program and are restricted for future loans.

Solid Waste Special Revenue Fund – is used to account for funds used in solid waste management. Financing is provided by special assessments, committed through Board action, against all parcels of property in the County that fit the predetermined special assessment parameters.

Ditch Special Revenue Fund – 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 through Board approval.

Debt Service Fund – is used to account for the payment of principal and interest payments on long-term debt, which are financed by a loan receivable with Federated Telephone Cooperative with payment terms to match the debt service requirements. The fund is also used to make principal and interest payments on the General Obligation Capital Improvement Plan Bonds, Series 2017A.

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

Opioid Epidemic Response Fund – is used to account for the activities related to the final settlement agreements reached with pharmaceutical companies and distributors as part of the National Prescription Opiate Litigation.

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. The financing is a combination of the county paid portion with the expense allocated by the fund the employee works in and the employee paid portion of the insurance. The County's self-insurance program started in January 2014.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

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

Additionally, the County reports the following fiduciary fund types:

Private-Purpose Trust Fund – is used to report trust arrangements, other than pensions and investment trust, under which principal and income benefit individuals, private organizations, and other governments. The County has one private-purpose trust fund, 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.

Custodial Funds – are custodial in nature. These funds are used for a variety of purposes; to account for the collection and disbursement of taxes on behalf of other governments within the County; as an agent for other collections; as an agent for estate recoveries; as an agent for the Northern Lights Snowmobile club, as an agent for civil process and forfeiture, as an agent for state revenue payments, and as an agent for the inmates of the Swift County Jail.

**C. Measurement Focus and Basis of Accounting**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Swift County considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources or uses.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

**1. Cash and Cash Equivalents**

The County has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

For the purpose of the statement of cash flows, all highly liquid investments with a maturity date of three months or less when purchased are considered to be cash equivalents.

The 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 MAGIC Fund is not registered with the Securities and Exchange Commission. The investment in the pool is measured at the amortized cost per share provided by the pool, which would closely approximate fair value. More information including the most recent audited financial statement is available on their website [www.magicfund.org](http://www.magicfund.org).

**2. Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2021, based on market prices. 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.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

**3. Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are 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 maturities of interfund loans).

All receivables, including those of the discretely reported component units, are shown net of an allowance for uncollectible accounts. The estimated allowance as of December 31, 2021 is \$280,000 and relates to the patient and resident estimated allowance for the Swift County-Benson Hospital.

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 (with agriculture paying the second half payment due November 15).

Unpaid taxes after December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

**4. Loans Receivable**

Loans receivable represents the unpaid principal portions of loans made by the County through its revolving loan fund. Principal and interest received by the County on these loans are recognized, at the fund level, in the period in which they are collected; accordingly, the unpaid principal portions are also reflected in deferred inflows of resources.

The Debt Service Fund presents loans receivable for the amount Federated Telephone Cooperative owes the County related to the issuance and repayment of the 2016A tax abatement bond, 2017A capital improvement bond, and 2021A taxable crossover refunding bonds. Principal payments received by the County are recorded as a reduction to the loan receivable balance, whereas interest payments received by the County on these loans are recognized, at the fund level, in the period in which they are collected.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

**5. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are expensed using the consumption method for both the government-wide and fund financial statements.

**6. Inventories**

All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed.

**7. Restricted Assets**

Certain funds of the County are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

**8. Capital Assets**

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

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

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

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

**8. Capital Assets (Continued)**

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

Assets	Years
Buildings	40 to 100
Infrastructure	40 to 75
Machinery, Vehicles, Furniture, and Equipment	5 to 20

**9. Compensated Absences**

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual paid time off, 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.

**10. Deferred Outflows of Resources**

The County reports decreases in net position or fund balance, that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position or governmental fund balance sheet. 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 4 to the financial statements and more information about other postemployment benefits related deferred outflows of resources can be found in Note 6 to the financial statements. A third deferred outflow of resources reported by the County is a loss on refunding.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

**11. 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 four types of items which are reported as deferred inflows of resources. The first type of deferred inflow 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) under the modified accrual basis of accounting. The second type relates to pension liabilities as described in Note 4 to the financial statements. The third type relates to other postemployment benefits related deferred inflows of resources can be found in Note 6 to the financial statements. The final type occurs because the County collected property taxes prior to the year they were levied for and, therefore, the County will report deferred inflows for these items.

**12. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net pension 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.

**13. Long-Term Obligations**

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

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

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

**14. Fund Balance and Net Position**

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaids, inventories, and long-term receivables. 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 County Board. The County Board has delegated authority to assign fund balances and their intended uses to the County Auditor. Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in other classifications.

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

**15. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Balance**

The County has deficit fund balance at December 31, 2021 as follows:

Ditch Fund	\$ 302,682
------------	------------

The County intends to fund these deficits through future special assessment levies.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. 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.

Governmental Activities:	
Cash and Pooled Investments	\$ 24,451,260
Petty Cash and Change Funds	1,675
Cash with fiscal agent	5,989,847
Restricted Cash and Investments	600,000
Fiduciary Funds	753,480
Total Cash and Investments	<u>\$ 31,796,262</u>

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letters of credit issue by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

Custodial Credit Risk – Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

The County's deposits in banks at December 31, 2021 were entirely covered by federal depository insurance or by pledged collateral held by the bank's agent in Swift County's name in amounts equal to at least 110% of the amount in excess of the federal depository insurance, as required by Minnesota Statutes.

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

- (a) 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;
- (b) Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

Custodial Credit Risk – Deposits (Continued)

- (c) 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;
- (d) Bankers' acceptances of United States banks;
- (e) 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
- (f) With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts. As of December 31, 2021, the County had the following investments:

Investment Type	Carrying Value	Less Than 1 Year	1-5 Years	6-10 Years
U.S. Government Securities Mutual Fund	\$ 404,452	\$ 404,452	\$ -	\$ -
Government Securities Money Market Fund	1,658	1,658	-	-
Negotiable Certificates of Deposit	3,644,539	2,899,981	744,558	-
MAGIC External Investment Pool	17,012,755	17,012,755	-	-
Taxable General Obligation Bond	5,985,737	90,000	5,895,737	-
Total	<u>\$ 27,049,141</u>	<u>\$ 20,408,846</u>	<u>\$ 6,640,295</u>	<u>\$ -</u>

Interest Rate Risk

The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The table above shows the maturities of the County's various fixed rate securities.

Credit Risk

Minnesota Statutes restrict the types of investments that the County may invest in. The County's investment policy does not further limit its investment choices. As of December 31, 2021, the County's U.S. government securities mutual funds through Franklin Templeton Investments were rated AAA, through inquiry of customer service representatives. The government securities money market fund held with Wells Fargo was rated AAA by S&P. The negotiable certificates of deposit were not rated.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

Concentration Credit Risk

The County's investment policy places no limit on the amount the County may invest in any one issuer. As of December 31, 2021, the County had no investments with one issuer over 5%.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of failure by the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy further limits its investments by limiting the amount of investments with any one broker to the amount SPIC and excess SPIC coverage available.

Fair Value Measurement

The County uses fair value measurements to record fair value adjustments to certain assets 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 fair value 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 recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

Fair Value Measurement (Continued)

*Level 2* – Financial assets 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 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.

Investments are measured as follows:

	Level 1	Level 2	Level 3	Total
<b>Investments by Fair Value Level</b>				
Negotiable Certificates of Deposit	\$ -	\$ 3,644,539	\$ -	\$ 3,644,539
Government Securities Money Market Fund	1,658	-	-	1,658
U.S. Government Securities Mutual Fund	-	404,452	-	404,452
Taxable General Obligation Bond	5,985,737	-	-	5,985,737
Total Investments by Fair Value Level	<u>\$ 5,987,395</u>	<u>\$ 4,048,991</u>	<u>\$ -</u>	10,036,386
<b>Investments Measured at Amortized Costs</b>				
MAGIC Portfolio				8,519,076
<b>Investments Measured at NAV</b>				
MAGIC TERM				8,493,679
Total Investments				<u>27,049,141</u>
Deposits and Cash on Hand				4,747,121
Total				<u>\$ 31,796,262</u>

MAGIC is a local government investment pool. The County invests in this pool for the purpose of joint investments of the County’s money with those of other counties to enhance the investment earnings accruing to each member. The MAGIC fund currently consists of MAGIC Portfolio and the MAGIC Term Series.

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.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

Fair Value Measurement (Continued)

Shares of MAGIC Term Series are valued at a net asset value (NAV). Shares are purchased to mature upon pre-determined maturity dates selected by the County at the time of purchase. Should the County need to redeem shares in a MAGIC Term Series prematurely they must provide notice at least seven days prior to the premature redemption date. The value of premature redemption is equal to the original price for such share, plus dividends thereon at the projected yield less such share's allocation of any losses incurred by the series, less a premature redemption penalty, if any.

**2. Loans Receivable**

During 2016, the County issued the 2016A General Obligation Tax Abatement Bonds to provide funds to Federated Telephone Cooperative for financing of a county-wide broadband project. The County reports a loans receivable in the amount of the principal of the 2016A bonds as Federated Telephone Cooperative will repay the loan to the County in an amount sufficient to pay, in full and when due, all the bond payments. In addition, Federated Telephone Cooperative deposited \$600,000 with the County as a custodial deposit to be held through the life of the bond payments. The County reports this as restricted cash and custodial deposits on the financial statements. These bonds were refunded via the 2021A General Obligation Taxable Crossover Refunding bonds which were issued during 2021 for \$6,115,000.

**3. Receivables**

Receivables at December 31, 2021, for the County, including any applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection in Subsequent Year
Taxes	\$ 117,344	\$ -
Special Assessments	619,799	-
Accounts	389,352	-
Loans	6,925,386	6,456,836
Due from Component Unit	1,319,662	1,197,938
Interest	22,935	-
Due from Other Governments	5,206,547	-
Total	<u>\$ 14,601,025</u>	<u>\$ 7,654,774</u>

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**A. Assets (Continued)**

**4. Capital Assets**

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

Government-Type Activities – Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated:				
Land and Right-of-Way	\$ 2,697,529	\$ 73,865	\$ -	\$ 2,771,394
Construction-in-Progress	102,379	2,347,946	421,956	2,028,369
Total Capital Assets, Not Being Depreciated:	2,799,908	2,421,811	421,956	4,799,763
Capital Assets, Being Depreciated:				
Buildings	13,719,154	90,989	-	13,810,143
Machinery, Furniture, and Equipment	8,508,251	1,234,508	628,721	9,114,038
Infrastructure	81,905,458	376,427	-	82,281,885
Total Capital Assets, Being Depreciated	104,132,863	1,701,924	628,721	105,206,066
Less Accumulated Depreciation for:				
Buildings	4,251,720	224,139	-	4,475,859
Machinery, Furniture, and Equipment	5,871,070	738,987	625,942	5,984,115
Infrastructure	25,927,842	1,573,272	-	27,501,114
Total Accumulated Depreciation	36,050,632	2,536,398	625,942	37,961,088
Total Capital Assets, Being Depreciated, Net	68,082,231	(834,474)	2,779	67,244,978
Governmental Activities Capital Assets, Net	<u>\$ 70,882,139</u>	<u>\$ 1,587,337</u>	<u>\$ 424,735</u>	<u>\$ 72,044,741</u>

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

Government-Type Activities

General Government	\$ 229,554
Public Safety	174,601
Highways and Streets, Including Depreciation of Infrastructure Assets	2,031,595
Human Services	43,315
Sanitation	43,400
Conservation of Natural Resources	1,247
Culture and Recreation	12,686
Total Depreciation Expense - Governmental Activities	<u>\$ 2,536,398</u>

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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

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

**1. Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Welfare Fund	\$ 2,888	Reimbursement for Services
	Ditch Fund	735,469	Ditch Expenditure Reimbursement
Welfare Fund	General Fund	7,150	Daycare Loan Reimbursement
Total		<u>\$ 745,507</u>	

**2. Interfund Transfers**

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
Road & Bridge Fund	General Fund	\$ 17,168	Transfer for Operations
Welfare Fund	General Fund	5,321	Transfer for Operations
Self-Insurance Fund	General Fund	5,538	Transfer for Operations
Capital Projects Fund	General Fund	108,788	To close out capital projects fund
		<u>\$ 136,815</u>	

The Due from Component Unit/Due to Primary Government as of December 31, 2021 is between Swift County and the Swift County-Benson Hospital is \$1,197,938. The County Board approved a 20-year loan for \$2,000,000 with a 2% interest rate with repayment to begin in January 2013. Principal repayments in 2021 are \$98,352. The amount due in more than one year is \$1,099,586. The remaining amount is due from the Swift County HRA which reports on a June 30 year-end.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**C. Liabilities**

**1. Long-Term Debt**

Governmental Activities

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issued Amount	Outstanding Balance December 31, 2021
General Obligation Bonds:					
2016A Abatement Bonds	2037	\$305,000 - \$510,000	2.00-3.45	\$ 7,780,000	\$ 6,520,000
General Obligation Bonds:					
2017A Capital Improvement Bonds	2038	\$125,000 - \$340,000	3.00-3.25	5,105,000	4,575,000
General Obligation Bonds:					
2021A Taxable Crossover Refunding Bonds	2037	\$400,000 - \$490,000	2.00	6,115,000	6,115,000
Total Indebtedness				<u>\$ 19,000,000</u>	<u>\$ 17,210,000</u>

**2. Debt Service Requirements**

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

Year Ending December 31,	2016A G.O. Abatement Bonds		2017A G.O. Capital Improvement Plan Bonds		2021A G.O. Crossover Taxable Refunding Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 330,000	\$ 191,465	\$ 210,000	\$ 135,356	\$ -	\$ 99,298	\$ 540,000	\$ 426,119
2023	340,000	184,425	215,000	128,981	-	99,852	555,000	413,258
2024	345,000	176,545	225,000	122,381	400,000	98,753	970,000	397,679
2025	355,000	167,879	230,000	115,556	405,000	96,134	990,000	379,569
2026	365,000	158,425	235,000	108,581	410,000	92,668	1,010,000	359,674
2027-2031	1,975,000	624,044	1,295,000	430,406	2,110,000	381,203	5,380,000	1,435,653
2032-2036	2,300,000	285,163	1,500,000	221,531	2,300,000	182,688	6,100,000	689,382
2037-2038	510,000	8,798	665,000	21,651	490,000	5,758	1,665,000	36,207
Total	<u>\$ 6,520,000</u>	<u>\$ 1,796,744</u>	<u>\$ 4,575,000</u>	<u>\$ 1,284,443</u>	<u>\$ 6,115,000</u>	<u>\$ 1,056,354</u>	<u>\$ 17,210,000</u>	<u>\$ 4,137,541</u>

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**C. Liabilities (Continued)**

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

Long-term liability activity for the year ended December 31, 2021 was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2016A General Obligation					
Abatement Bonds	\$ 6,845,000	\$ -	\$ 325,000	\$ 6,520,000	\$ 330,000
Premium	12,997	-	2,689	10,308	-
Total 2016A General Obligation					
Abatement Bonds	6,857,997	-	327,689	6,530,308	330,000
2017A General Obligation					
Capital Improvement Bonds	4,780,000	-	205,000	4,575,000	210,000
Premium	112,893	-	20,072	92,821	-
Total 2017A General Obligation					
Capital Improvement Bonds	4,892,893	-	225,072	4,667,821	210,000
2021A General Obligation Taxable					
Crossover Refunding Bonds	-	6,115,000	-	6,115,000	-
Subtotal Bonds Payable	11,750,890	-	552,761	17,313,129	540,000
Loans Payable - Direct Borrowings	5,472	-	5,472	-	-
Compensated Absences	1,634,587	343,416	370,612	1,607,391	401,848
Governmental Activity					
Long-Term Liabilities	<u>\$ 13,390,949</u>	<u>\$ 343,416</u>	<u>\$ 928,845</u>	<u>\$ 18,920,520</u>	<u>\$ 941,848</u>

The loans payable are liquidated by the Solid Waste Fund and compensated absences are liquidated by the General Fund, Road and Bridge Fund, and Welfare Fund.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 PENSION PLANS**

**A. Pension Description**

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

**1. General Employees Retirement Plan**

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

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

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

**3. Local Government Correctional Plan**

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

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 PENSION PLANS (CONTINUED)**

**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.

**1. General Employees Plan Benefits**

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

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

**2. Police and Fire Plan Benefits**

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

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

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

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

**3. Correctional Plan Benefits**

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

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

**C. Contributions**

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

**1. General Employees Plan Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021 and the County was required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2021, were \$456,077. The County's contributions were equal to the required contributions as set by state statute.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 PENSION PLANS (CONTINUED)**

**C. Contributions (Continued)**

**2. Police and Fire Plan Contributions**

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the County was required to contribute 17.70% for Police and Fire Plan members. The County contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$143,609. The County's contributions were equal to the required contributions as set by state statute.

**3. Correctional Plan Contributions**

Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2021 and the County was required to contribute 8.75% for Correctional Plan members. The County's contributions to the Correctional Fund for the year ended December 31, 2021, were \$52,367. The County's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**1. General Employees Fund Pension Costs**

At December 31, 2021, the County reported a liability of \$3,531,660 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 nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$107,817.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The county's proportionate share was .0827% at the end of the measurement period and .0781% for the beginning of the period.

County's Proportionate Share of the Net Pension Liability	\$ 3,531,660
State's Proportionate Share of the Net Pension Liability	
Associated with the County	107,817
Total	<u>\$ 3,639,477</u>

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

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

For the year ended December 31, 2021, the County recognized pension expense of \$162,462 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$8,699 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2021, the County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Swift County	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 21,698	\$ 108,079
Changes in Actuarial Assumptions	2,156,358	78,123
Difference Between Projected and Actual Earnings on Pension Plan Investments	-	3,058,567
Changes in Proportion	343,616	40,448
Subsequent Contributions Paid to PERA Subsequent to the Measurement Date	230,480	-
	<u>\$ 2,752,152</u>	<u>\$ 3,285,217</u>

The \$230,480 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>County Pension Expense Amount</u>
2022	\$ (55,550)
2023	83,801
2024	42,435
2025	(834,231)

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

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

At December 31, 2021, the County reported a liability of \$487,837 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was .0632% at the end of the measurement period and .0645% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a nonemployer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2021, the County recognized pension expense of (\$24,214) for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$3,992 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.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

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

The State of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$5,688 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

County's Proportionate Share of the Net Pension Liability	\$	487,837
State's Proportionate Share of the Net Pension Liability Associated with the County		21,918
Total		<u>\$ 509,755</u>

At December 31, 2021, the County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 93,695	\$ -
Changes in Actuarial Assumptions	716,992	268,036
Difference Between Projected and Actual Earnings on Pension Plan Investments	-	932,133
Changes in Proportion	70,719	23,522
County Contributions Paid to PERA Subsequent to the Measurement Date	78,021	-
Total	<u>\$ 959,427</u>	<u>\$ 1,223,691</u>

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

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

The \$78,021 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2022	\$ (315,530)
2023	(42,682)
2024	(46,002)
2025	(91,431)
2026	153,360

**3. Correctional Plan Pension Costs**

At December 31, 2021, the County reported a Asset of \$44,732 for its proportionate share of the Correctional Plan's net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension asset was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was .272% at the end of the measurement period and .250% for the beginning of the period.

For the year ended December 31, 2021 the County recognized pension expense of (\$114,520) for its proportionate share of the Correctional Plan's pension expense.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

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

At December 31, 2021, the County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ -	\$ 25,511
Changes in Actuarial Assumptions	280,019	4,192
Difference Between Projected and Actual Earnings on Pension Plan Investments	-	359,138
Changes in Proportion Contributions Paid to PERA and Proportionate Share of Contributions	15,643	-
County Contributions Paid to PERA Subsequent to the Measurement Date	26,539	-
Total	<u>\$ 322,201</u>	<u>\$ 388,841</u>

The \$26,539 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2022	\$ (9,180)
2023	2,360
2024	11,254
2025	(97,613)

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**4. Summary**

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the County's defined benefit pension plans are summarized below.

	General Employee Fund	Police and Fire Fund	Correctional Fund	Total
Net Pension Liability	\$ 3,531,660	\$ 487,837	\$ -	\$ 4,019,497
Net Pension Asset	-	-	(44,732)	(44,732)
Deferred Outflows of Resources Related to Pension	2,752,152	959,427	322,201	4,033,780
Deferred Inflows of Resources Related to Pension	3,285,217	1,223,691	388,841	4,897,749
Pension Expense	171,161	(20,222)	(114,520)	36,419

**E. 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Totals	<u>100.0 %</u>	

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 PENSION PLANS (CONTINUED)**

**F. Actuarial Methods and Assumptions**

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

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

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

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

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

**General Employees Fund**

Changes in Actuarial Assumptions:

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

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 PENSION PLANS (CONTINUED)**

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

**General Employees Fund (Continued)**

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

**Police and Fire Fund**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 PENSION PLANS (CONTINUED)**

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

**Correctional Fund**

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-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 increases 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 were no changes in plan provisions since the previous valuation.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 PENSION PLANS (CONTINUED)**

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2021 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. 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 (asset) would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<b>Sensitivity Analysis</b>						
<i>Net Pension Liability (Asset) at Different Discount Rates</i>						
	General Employee Fund		Police and Fire Fund		Correctional Fund	
1% Lower	5.50%	\$ 7,202,785	5.50%	\$ 1,548,800	5.50%	\$ 465,554
Current Discount Rate	6.50%	3,531,660	6.50%	487,837	6.50%	-
1% Higher	7.50%	519,279	7.50%	(381,890)	7.50%	(449,701)

**I. Pension Plan Fiduciary Net Position**

Detailed information about each 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).

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 5 DEFINED CONTRIBUTION PLAN**

The five Commissioners of the County 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. 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 2021 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 10,683	\$ 10,683	5%	5%	5%

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS**

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 the Public Employees Retirement Association (PERA) of Minnesota (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. As of January 1, 2021, the latest valuation date, there were 125 active participants and no retirees or inactive participants receiving health benefits from the County’s health plan. Pursuant to the provisions of the plan, retirees are required to pay 100% of the total premium cost.

**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.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**B. Actuarial Methods and Assumptions**

The County's OPEB liability was measured as of January 1, 2021, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2021.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Salary	Varies
Health Care Trend Rates	6.5% Decreasing to 5.0% Over 6 Years

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale. The actuarial assumptions used in the January 1, 2021 valuation were based on PERA actuarial experience studies.

The discount rate used to measure the total OPEB liability was 2.00%. The discount rate is equal to the 20-Year Municipal Bond Yield.

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 RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.
- The inflation rate was changed 2.50% to 2.00%.
- The discount rate was changed from 3.80% to 2.00%.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service.
- The retirement and withdrawal rates for nonpublic-safety employees were updated to reflect the latest experience study.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**C. Changes in Total OPEB Liability**

	Total OPEB liability
Balance as of January 1, 2021	\$ 203,110
Changes for the Year:	
Service Cost	18,389
Interest	8,269
Changes in Assumptions	1,244
Plan Changes	32,978
Differences Between Expected and Actual Experience	(55,703)
Benefit Payments	(7,843)
Net Change in Total OPEB Liability	(2,666)
Balance as of December 31, 2021	\$ 200,444

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 (1.0%)	Discount Rate (2.0%)	1% Increase (3.0%)
Total OPEB Liability	\$ 211,946	\$ 200,444	\$ 189,432

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 health care cost trend rates that are 1% lower (5.5% decreasing to 4.0% over 6 years) or 1% higher (7.5% decreasing to 6.0% over 6 years) than the current health care costs trend rates:

	1% Decrease (5.5% Decreasing to 4.0% over 6 years)	Current Trend Rates (6.5% Decreasing to 5.0% over 6 years)	1% Increase (7.5% Decreasing to 6.0% over 6 years)
Medical Trend Rate			
Total OPEB Liability	\$ 182,850	\$ 200,444	\$ 221,235

For the year ended December 31, 2021, the County recognized OPEB expense of \$39,599. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 1,036	\$ 2,572
Liability Gain or Loss	-	87,685
County Contributions Subsequent to the Measurement Date	7,809	-
	\$ 8,845	\$ 90,257

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

The \$7,809 reported as deferred outflows of resources related to County contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>OPEB Expense Amount</u>
2022	\$ (20,037)
2023	(20,037)
2024	(20,037)
2025	(20,031)
2026	(9,079)
Total	<u>\$ (89,221)</u>

**NOTE 7 RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2021. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 7 RISK MANAGEMENT (CONTINUED)**

On October 15, 2013, the County entered into a joint powers agreement with four other counties (Benton, Lyon, Murray, and Redwood) and Southwest Health and Human Services to form the Minnesota Public Section Collaborative to self-insure medical and pharmacy benefits for its employees. 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.

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

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

	Year Ended December 31,	
	2021	2020
Unpaid Claims, Beginning of Year	\$ 742,741	\$ 170,842
Incurred Claims (including IBNR)	1,582,483	2,325,180
Claims Payments	(1,997,341)	(1,753,281)
Unpaid Claims, End of Year	\$ 327,883	\$ 742,741

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS**

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 DISCRETE COMPONENT UNITS**

**A. Swift County Housing and Redevelopment Authority (HRA)**

Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Swift County HRA. The HRA's fiscal year ended on June 30, 2021.

Basis of Accounting

The HRA component unit is accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. The accounts are organized as a proprietary fund. Revenues are recorded when earned, and expenses are recorded when incurred.

Deposits

Minnesota Statutes and HUD regulations require that all deposits with financial institutions be covered by insurance, surety bond, or collateral.

Following is a summary of deposits covered by insurance or collateral at June 30, 2021:

	<u>Carrying Amount</u>
Insured or Collateralized with Securities Held by the HRA or its Agent in the HRA's Name	\$ 1,108,521

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)**

**A. Swift County Housing and Redevelopment Authority (HRA) (Continued)**

Restricted Assets

The HRA maintains restricted cash in the amount of housing assistance payment equity as required by the grantor.

Capital Assets

Buildings and equipment are recorded at cost or at acquisition value on the date received, if donated. Repairs and maintenance are reported as expenses. Depreciation is provided on a straight-line basis over the estimated useful lives of the individual assets, which range from 3 to 40 years.

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Capital Assets Being Depreciated:				
Buildings	3,558,539	-	-	3,558,539
Machinery, Furniture, and Equipment	1,500	-	-	1,500
Total Capital Assets Being Depreciated	3,560,039	-	-	3,560,039
Less: Accumulated Depreciation for:				
Buildings	1,799,789	118,858	-	1,918,647
Machinery, Furniture, and Equipment	1,441	59	-	1,500
Total Accumulated Depreciation	1,801,230	118,917	-	1,920,147
Total Capital Assets, Depreciated, Net	1,758,809	(118,917)	-	1,639,892
Total Capital Assets, Net	\$ 1,783,809	\$ (118,917)	\$ -	\$ 1,664,892

**Long-Term Debt**

The long-term debt obligations outstanding at year-end are summarized as follows:

	Maturity	Interest Rate	June 30, 2021
Limited Tax Housing and Development Revenue Refunding Bonds, Series 2013	2033	0.5-3.2%	\$ 1,710,000

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)**

**A. Swift County Housing and Redevelopment Authority (HRA) (Continued)**

Long-Term Debt (Continued)

Annual debt service requirements to maturity, including interest payments, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 125,000	\$ 45,363	\$ 170,363
2023	125,000	42,862	167,862
2024	130,000	40,363	170,363
2025	135,000	37,437	172,437
2026	135,000	34,400	169,400
2027-2031	735,000	116,688	851,688
2032-2033	325,000	15,680	340,680
Total	<u>\$ 1,710,000</u>	<u>\$ 332,793</u>	<u>\$ 2,042,793</u>

Risk Management

The HRA is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; workers' compensation claims; and natural disasters. Property, casualty, and workers' compensation liabilities are insured. The HRA retains risk for the deductible portions of the insurance.

Economic Dependency

The programs of the HRA are economically dependent on annual contributions and grants from the U.S. Department of Housing and Urban Development (HUD). The HRA operates at a loss prior to receiving contributions and grants from HUD.

Loans Receivable

The HRA previously received funds from the state and federal governments for various home ownership programs. The Program provided funds to the HRA to purchase and/or rehabilitate homes for resale at affordable prices to eligible low-income homebuyers. The program requires the HRA to maintain the homes as affordable for 15.5 years. The homebuyer signed a contract for deed with the HRA establishing monthly payments based on their income. The monthly payments are applied first to real estate taxes and insurance premiums, then to the payment of principal. The loans have an interest rate of 1.0% to 3.5%. At June 30, 2021 the HRA had three outstanding loan receivable. Activity on the loans during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Repayments</u>	<u>Ending Balance</u>
Homeowner Loan Receivable	\$ 33,803	\$ 6,402	\$ 4,456	\$ 35,749

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)**

**B. Swift County-Benson Hospital**

Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Swift County-Benson Hospital (Hospital):

Blended Component Unit

In August 2016, the Hospital became sole member of Residential Options, Inc. (ROI), which operates Scofield Place, a 77-unit senior living apartment. ROI is organized as a Minnesota nonprofit corporation by the Internal Revenue Code Section as a 501(c)(3) entity. ROI is a blended component unit of the Hospital. As a requirement for refinancing existing debt with the Congregate Senior Housing Revenue Bonds, Series 2020A on July 28, 2020, the senior living facility became a department of the Hospital. There was no change to beginning net position from the senior living facility becoming a department of the Hospital.

Basis of Accounting

The Hospital component unit is accounted for using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposit accounts, unexpended construction funds, and saving accounts. For purposes of the statement of cash flows, the Hospital considers all cash and investments with an original maturity of three months or less as cash and cash equivalents.

Accounts Receivable

Patient and resident receivables are uncollateralized customer and third-party payor obligations. The Hospital does not charge interest on unpaid balances. The carrying amount of patient and resident receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected. The allowance for 2021 was \$280,000.

Inventories

Inventories are stated at lower of cost (first-in, first-out) or market and are expensed when used.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)**

**B. Swift County-Benson Hospital (Continued)**

Noncurrent Cash and Investments

Noncurrent cash and investments include assets restricted by trustee for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes. Noncurrent cash and investments that are required for obligations classified as current liabilities are reported as current assets.

Capital Assets

Capital expenditures, greater than \$5,000, are capitalized and recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of each depreciable asset. It is the Hospital's policy to include amortization expense on assets acquired under capital leases with depreciation on owned assets.

Net Patient and Resident Service Revenues

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlement are determined.

Grants and Contributions

The Hospital may receive contributions from individuals and private organizations. Revenue contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Contributions may be restricted for either specific operating purposes or for capital purposes. Amounts unrestricted or restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after expenses in excess of revenues.

Management Agreement

The Hospital has a management agreement with CentraCare Health System (CentraCare) to provide management services to the Hospital. The agreement does not alter the authority or responsibility of the Board of Directors of the Hospital. For the year ended December 31, 2021, the Hospital paid \$100,000 for management services provided under the agreement. Effective January 1, 2020, all hospital employees became employees of Carris Health, a wholly-owned subsidiary of CentraCare, and all employees participate in Carris Health benefits. The salaries and benefits are reimbursed by the Hospital.

The Hospital also had a management agreement with an unrelated entity to manage the senior living facility. For the year ended December 31, 2021, the Hospital paid management fees of \$141,724.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)**

**B. Swift County-Benson Hospital (Continued)**

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collections of amounts determined to qualify as charity care, they are not reported as revenue. The estimated cost of providing these services was \$33,000 for the year ended December 31, 2021, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to its patients.

Deposits and Investments

The carrying amount of deposits and investments as of December 31, 2021 is as follows:

Deposits	\$ 16,368,921
Investments	1,960,780
Total	<u><u>\$ 18,329,701</u></u>

As of December 31, 2021, the Hospital's bank balances were adequately insured or collateralized as required by state law.

At December 31, 2021, the Hospital had the following investments and maturities, all of which were held in the Hospital's name by a custodial bank that is an agent of the Hospital:

	Carrying Value	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
Certificates of Deposit - at Fair Value	\$ 510,847	\$ 510,847	\$ -	\$ -	\$ -
Fixed Income - Government Securities - at Fair Value	1,449,933	216,912	1,006,773	225,122	1,126
Total	<u><u>\$ 1,960,780</u></u>	<u><u>\$ 727,759</u></u>	<u><u>\$ 1,006,773</u></u>	<u><u>\$ 225,122</u></u>	<u><u>\$ 1,126</u></u>

The fair value of the government securities and the certificates of deposits measured at fair value are determined by reference to market prices of similar securities, which is considered Level 2 input.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)**

**B. Swift County-Benson Hospital (Continued)**

Capital Assets

A summary of capital assets at December 31, 2021 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 880,894	\$ -	\$ -	\$ 880,894
Construction-in-Progress	551,830	571,501	429,907	693,424
Total Capital Assets Not Being Depreciated	1,432,724	571,501	429,907	1,574,318
Capital Assets Being Depreciated:				
Buildings and Fixed Equipment Movable Equipment and Ambulances	28,629,304	654,943	-	29,284,247
Land Improvements	7,969,392	38,164	698,687	7,308,869
Total Capital Assets Being Depreciated	390,804	25,924	-	416,728
	36,989,500	719,031	698,687	37,009,844
Less: Accumulated Depreciation for:				
Buildings and Fixed Equipment Movable Equipment and Ambulances	12,667,183	1,158,965	49,901	13,776,247
Land Improvements	5,336,945	521,694	698,687	5,159,952
Total Accumulated Depreciation	280,830	14,343	1,097	294,076
	18,284,958	1,695,002	749,685	19,230,275
Total Capital Assets, Depreciated, Net	18,704,542	(975,971)	(50,998)	17,779,569
Total Capital Assets, Net	<u>\$ 20,137,266</u>	<u>\$ (404,470)</u>	<u>\$ 378,909</u>	<u>\$ 19,353,887</u>

Investment in Joint Venture

Central Minnesota Diagnostic, Inc. (CMDI), a nonprofit corporation, was organized to provide certain agreed-upon shared services to those hospitals which are members of the corporation (all of which are unrelated parties of the Hospital). The Hospital's investment in CMDI was \$314,829, which is an ownership interest of 0.78% as of December 31, 2021.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)**

**B. Swift County-Benson Hospital (Continued)**

Investment in Joint Venture (Continued)

CMDI provides the equipment for CT scans for Hospital patients. The Hospital billed and collected the revenues for these services to patients and reimbursed CMDI approximately \$331,981 for the use for the equipment for the year ended December 31, 2021. Earnings of \$155,080 are included in other operating revenues. The Hospital received distributions from CMDI totaling \$72,961 during the year ended December 31, 2021, which is recorded as a reduction to the investment in CMDI.

Benson Medical Services, LLC (BMS), was organized to provide certain agreed upon radiology services to the Hospital. The Hospital and a local clinic (which is unrelated party of the Hospital) each have a 50% interest in this joint venture.

BMS provides the equipment and technicians for ultrasound and echocardiogram services for Hospital patients. The Hospital billed and collected revenues for these services and has a liability to BMS for \$293,408. The Hospital provides management services, leases space and pays expenses on behalf of BMS and has a receivable from BMS for \$25,595. Earnings of \$107,534 are included in other operating revenue. The net amounts receivable from and payable to BMS are included in due to related party payable on the statement of net position. The Hospital's investment in BMS was \$107,534 as of December 31, 2021. The Hospital received distributions from BMS totaling \$58,582 during the year ended December 31, 2021, which is recorded as a reduction to the investment in BMS.

SISU Medical Solutions, LLC is a Minnesota Limited Liability Company. Its principal business is managing health care information systems for its members and other health care organizations in Northern Minnesota. The majority of its revenue is from member organizations. The investment balance in SISU Medical Solutions is \$-0- for the year ended December 31, 2021. The Hospital has a liability to SISU Medical Solutions of \$-0- for the year ended December 31, 2021.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)**

**B. Swift County-Benson Hospital (Continued)**

Long-Term Debt

The following is a summary of transactions related to long-term debt for the year ended December 31, 2021:

	Balance January 1, 2021	Additions	Payments	Balance December 31, 2021	Amounts Due Within One Year
USDA Hospital Refunding:					
2014 Revenue Bonds	\$ 4,820,000	\$ -	\$ 280,000	\$ 4,540,000	\$ 290,000
2020A Revenue Bonds	7,360,000	-	120,000	7,240,000	260,000
2021A Revenue Refunding Bonds	-	4,035,000	-	4,035,000	-
Loan from Swift County - Direct Borrowing	1,294,343	-	96,405	1,197,938	98,352
Sonsteg Foundation Loan - Direct Borrowing	750,000	-	-	750,000	50,827
REED Loan - Direct Borrowing	941,767	-	35,106	906,661	36,610
City of Benson					
Appropriation	1,842,706	-	134,441	1,708,265	137,192
CentraCare Health Loan - Direct Borrowing	1,600,000	-	-	1,600,000	-
PPP Note Payable - Direct Borrowing	1,311,040	1,311,040	1,311,040	1,311,040	1,311,040
Accrued Interest	96,000	101,760	-	197,760	-
Bond Premium	409,578	307,003	19,750	696,831	-
Total Noncurrent Liabilities	<u>\$ 20,425,434</u>	<u>\$ 5,754,803</u>	<u>\$ 1,996,742</u>	<u>\$ 24,183,495</u>	<u>\$ 2,184,021</u>

The terms and due dates of the Hospital's long-term debt at December 31, 2021 are as follows:

- 2013 Revenue Bonds, which were refinanced with the City of Benson appropriation note in 2020. The rate ranges from 4.0% to 6.25%.
- The 2014 Revenue Bonds were issued, in conjunction with the County, to advance refund the outstanding series 2007 revenue bonds. The County backed the bonds as a General Obligation of the County in the event the hospital is unable to generate the revenue to cover the bond payments. The 2014 Revenue Bonds have varying annual principal payments on February 1, interest payments are due semi-annually on February 1 and August 1, through February 2034. The interest rate ranges from .5% to 3.5%. The net proceeds were used to provide the future debt service on the refunding portion of the 2007 series bonds. The outstanding principal of the bonds not defeased as a part of the refunding is \$205,000 which was due and payable February 1, 2015; the advance refunding reduced total debt service payments over the next 19 years by \$488,548. This results in an economic gain of \$367,833.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)**

**B. Swift County-Benson Hospital (Continued)**

Long-Term Debt (Continued)

- Loan from Swift County (Due To Primary Government), principal and interest payments of \$10,118 due monthly and began January 1, 2013 through November 2033. The interest rate is initially set at 2% for a period of five years; the rate is then variable and adjusts at each five-year interval based on various conditions including prevailing interest rates in the community at the time.
- Sonsteg Foundation Loan, interest-only payments due annually until July 2022 when annual installments of \$77,613, including interest, commence until maturity in July 2033. The note will have an initial interest rate of 3.50%.
- Rural Electric Economic Development (REED) loan disbursement of \$1,000,000 is due in monthly installments of \$6,166 including interest at 4.2%. The loan will be amortized over 20 years with a balloon payment of approximately \$603,000 in April 2029.
- 2020A Revenue Bonds were issued, in conjunction with the County, to refinance the bank note. The County backed the bonds as a General Obligation of the County in the event the hospital is unable to generate the revenue to cover the bond payments. The bonds are due in varying annual installments, plus interest due semi-annually at 2% to 4% through February 2044. The total debt service payments related to the refinance debt with decrease approximately \$4,810,000 over the next 29 years and results in an economic gain of approximately \$3,200,000.
- 2021A Revenue Refunding bonds were issued, in conjunction with the County, to advance refund the 2014 revenue bonds in February 2022. The advance refunding does not qualify as a defeasance, therefore, the 2014 revenue bonds will be reported until paid. The 021A bonds are due in varying annual installments, plus interest due semi-annually at 2% to 4.5% through February 2034. The yield on the bonds is approximately 15%. The 2021A bonds are secured by the County's ability to levy general ad valorem taxes.
- City of Benson Appropriation Repayment, principal and interest payments of \$14,213 due monthly through February 2033. The interest rate is 2%. The total debt service payments relating to the refinanced debt will decrease approximately \$518,000 over the next 14 years and will result in an economic gain of approximately \$450,000.
- CentraCare Health Loan, principal and interest is due on January 1, 2023. Interest accrues at 6% per year with \$96,000 accrued interest reported in long-term debt. Should the Hospital satisfy the terms of the management services agreement with CentraCare Health System, the principal and interest will be forgiven on January 1, 2023.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)**

**B. Swift County-Benson Hospital (Continued)**

Long-Term Debt (Continued)

- The Hospital was granted loans of \$1,311,040 and \$175,923 under the Paycheck Protection Program (PPP) administered by Small Business Administration (SBA) approved partners. The loan is uncollateralized and is fully guaranteed by the Federal government. The Hospital is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Hospital has recorded a note payable and will record the forgiveness upon being legally released from the loan obligation by the SBA. The Hospital recognized \$175,923 of loan forgiveness income for the year 2020 and the remaining loan forgiveness of \$1,311,040 in 2021. The Hospital recorded revenue for the forgiveness in nonoperating revenues on the statement of revenues, expenses and changes in net position.

Scheduled principal and interest payments on long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,184,021	\$ 540,320
2023	2,959,436	532,582
2024	1,224,982	496,917
2025	1,263,680	458,689
2026	1,312,542	418,777
2027-2031	7,545,941	1,388,157
2032-2036	4,286,062	486,160
2037-2041	1,640,000	215,653
2042-2045	1,070,000	38,475
Total	<u>\$ 23,486,664</u>	<u>\$ 4,575,730</u>

Lease Obligations

The Hospital entered into operating leases and service contracts for various pieces of equipment. Total lease and rental expense for the year ended December 31, 2021 was \$306,746. Minimum future lease payments for the operating leases are as follows:

2022	\$ 58,070
2023	58,070
2024	14,518
Total	<u>\$ 130,658</u>

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)**

**B. Swift County-Benson Hospital (Continued)**

Retirement Plan

All Hospital employees participate in the Carris Health defined contribution retirement plan. The Hospital contributes from 3.5% to 6.0% of employee compensation depending on length of service. Total retirement plan expense was \$335,438 for the year ended December 31, 2021.

Medical Malpractice Insurance

The Hospital has medical malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and an aggregate limit of \$3 million. The Hospital also has a \$50 million umbrella policy on a fixed premium basis. Should this policy lapse and not be replaced with equivalent coverage, claims based upon occurrence during its term, but reported subsequent thereto, will be uninsured.

Concentration of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients as of December 31, 2021 were as follows:

	<u>2021</u>
Medicare	49%
Medicaid	14%
Other Third-Party Vendors	24%
Patient Pay	<u>13%</u>
	<u>100%</u>

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 10 OTHER ORGANIZATIONS**

**A. Joint Ventures**

Countryside Public Health Service

Swift County entered into a joint powers agreement with Big Stone, Chippewa, Lac qui Parle, and Yellow Medicine Counties creating and operating the Countryside Public Health Service pursuant to Minnesota Statutes §471.59. The Public Health Service is headquartered in Benson, Minnesota, and has offices at the county seats of the member counties.

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

Financing is provided by state grants, appropriations from member counties, and charges for services. Swift County's contribution for 2021 was \$121,416. Complete financial statements of Countryside Public Health Service can be obtained at 201- 13th Street South, Benson, Minnesota 56215.

Region 6W Community Corrections

Swift County participates with Chippewa, Lac qui Parle, and Yellow Medicine Counties to provide community corrections services. Region 6W Community Corrections develops and implements humane and effective methods of prevention, control, and rehabilitation of offenders and also offers a Sentencing to Serve service pursuant to Minnesota Statutes §471.59. The County Boards of the participating counties have direct authority over and responsibility for Region 6W Community Corrections' activities.

The Department of Corrections is responsible for recordkeeping and financial accounting responsibilities with respect to contract administration, work performance, and financial participation verification of the parties involved. Swift County has no operational or financial control over the joint venture.

The County has no ongoing financial interest in this entity. The objective of the entity is to coordinate self-funded efforts of its member organizations. There is no accumulation of resources or fiscal stress related to this entity.

For the year ended December 31, 2021, Swift County contributed \$297,275 to Region 6W Community Corrections. Complete financial statements of Region 6W Community Corrections can be obtained at 1215 Black Oak Avenue, P.O. Box 551, Montevideo, Minnesota 56265.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 10 OTHER ORGANIZATIONS (CONTINUED)**

**A. Joint Ventures (Continued)**

Upper Minnesota River Watershed District

Swift County entered into a joint powers agreement with other counties to promote the orderly water quality improvement and management of the Upper Minnesota River watershed through information sharing, education, coordination, and related support to the member counties by assisting in the implementation and goal achievement of comprehensive water plans which counties may develop and implement pursuant to Minnesota Statutes §§ 103B.311 and 103B.315.

The County is responsible for its proportionate share of the administrative budget and for its share of benefits from any special project. In the event of termination of the agreement, all property, real, and personal, held by the Board shall be distributed by resolution of the policy committee to best accomplish the continuing purpose of the project. There is no accumulation of resources or fiscal stress related to this entity.

Control is vested in an executive board of five officers elected from the membership of the board, consisting of one representative and alternate from each County Board of commissioners included in this agreement. According to the latest information available, 37 counties are members under this agreement.

During 2021, Swift County did not contribute any funds to the Board. Complete financial statements of the Upper Minnesota River Board can be obtained from its administrative office at 184 Trafton Science Center South, Minnesota State University - Mankato, Mankato, Minnesota, 56001.

Kandiyohi-Region 6W Community Corrections Agencies Detention Center (Prairie Lakes Youth Programs)

Swift County entered into a joint powers agreement to create and operate the Kandiyohi-Region 6W Community Corrections Agencies Detention Center (commonly referred to as the Prairie Lakes Youth Programs) pursuant to Minnesota Statutes §471.59. Prairie Lakes Youth Programs provide corrections, detention, and nonsecure alternative programs to juveniles under the jurisdiction of the counties which are parties to the agreement.

Control of the Prairie Lakes Youth Programs is vested in a Joint Board, which is composed of one commissioner from each participating county. An Advisory Board has also been established, which is composed of the directors of the Kandiyohi County Community Corrections Agency and the Region 6W Community Corrections Agency and the directors of the family services or human services departments of the counties participating in the agreement. The Prairie Lakes Youth Programs is located at the Willmar Regional Treatment Center in space rented from the state of Minnesota.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 10 OTHER ORGANIZATIONS (CONTINUED)**

**A. Joint Ventures (Continued)**

Kandiyohi-Region 6W Community Corrections Agencies Detention Center (Prairie Lakes Youth Programs) (Continued)

Swift County contributed \$0 funds to the entity for the year ended December 31, 2021. The County has no ongoing financial interest in this entity. The objective of the entity is to coordinate self-funded efforts of its member organizations. There is no accumulation of resources or fiscal stress related to this entity.

Complete financial statements of the Prairie Lakes Youth Programs can be obtained at P.O. Box 894, Willmar, Minnesota 56201.

Southwest Minnesota Adult Mental Health Consortium Board

In November 1997, the County entered into a joint powers agreement with Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, McLeod, Meeker, Nobles, Pipestone, Redwood, Renville, Rock, and Yellow Medicine Counties; and Lincoln, Lyon, and Murray Counties, represented by the Lincoln, Lyon & Murray Human Services Board, creating and operating the Southwestern Minnesota Adult Mental Health Consortium Board under the authority of Minnesota Statutes §471.59. The board is headquartered in Willmar, Minnesota, where Des Moines Valley Health and Human Services acts as fiscal host. The board shall take actions and enter into such agreements as may be necessary to plan and develop within the board's geographic jurisdiction a system of care that will serve the needs of adults with serious and persistent mental illness. The governing board is composed of one board member from each of the participating counties. Financing is provided by state proceeds or appropriations for the development of the system of care. The County has no ongoing financial interest in this entity. There is no accumulation of resources or fiscal stress related to this entity.

A complete financial report of the Southwestern Minnesota Adult Mental Health Consortium Board can be obtained at the Des Moines Valley Health and Human Services, 407 5th St., Jackson, Minnesota 56143.

Western Minnesota Prairie Waters Regional Tourism Board

Swift County entered into a joint powers agreement with other counties to promote the area as a great place to visit, work, and live. Five counties and 10 cities are part of this coalition that began in the early 1980s. The County has no ongoing financial interest in this entity. The objective of the entity is to coordinate self-funded efforts of its member organizations. There is no accumulation of resources or fiscal stress related to this entity.

Swift County contributed \$8,975 of funds to Prairie Waters for the year ended December 31, 2021. Separate financial information can be obtained at Western Minnesota Prairie Waters Convention and Visitors Bureau at 323 Schlieman Avenue, Appleton, Minnesota 56208.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 10 OTHER ORGANIZATIONS (CONTINUED)**

**A. Joint Ventures (Continued)**

Central Minnesota Emergency Services Board

The Central Minnesota Emergency Services Board (previously the Central Minnesota Regional Radio Board) was established in 2007, under the authority conferred upon the member parties by Minnesota Statutes §§ 471.59 and 403.39, and includes 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 the respective County Board and one City Council Member from each city appointed by the respective City Council, as provided in the entity's bylaws. 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. There is no accumulation of resources or fiscal stress related to this entity.

Swift County did not contribute to the Board for the year ended December 31, 2021. Separate financial information can be obtained at City of St. Cloud, Office of the Mayor, 400 Second Street South, St. Cloud, Minnesota 56303.

Counties Providing Technology

In 2018, 23 counties created a joint powers organization named Counties Providing Technology (CPT) for the purpose of purchasing their former software vendor, Computer Professionals Unlimited, Inc. (CPUI) and then provide for the development, operation and maintenance of technology applications and systems, and the support and management of such systems for the use and benefit of the members and other governmental units. There is no accumulation of resources or fiscal stress related to this entity.

The County contributed \$91,940 to Counties Providing Technology for the year ended December 31, 2021. In 2021, the County received a \$25,000 return of capital. Complete financial information can be obtained from Counties Providing Technology office at 400 Colorado Avenue, Suite 303, Morris, MN 56267.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 10 OTHER ORGANIZATIONS (CONTINUED)**

**B. Jointly Governed Organizations**

Southwest Minnesota Chief Elected Officials Board

Swift County entered into a joint powers agreement with 13 other counties to establish a joint community to carry out the purpose of the Workforce Investment Act (WIA), which includes programming to prepare youth and adults facing serious barriers to employment for participation in the labor force and by providing job training and other such services that will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency.

The joint powers board is comprised of one elected official appointed by each member of the County Board. Each representative of the joint powers board shall be appointed for one-year terms. Annually, the joint powers board reviews the financial contribution made by each county. The contribution level is determined by the percent of WIA eligible individuals in each county. In 2021, Swift County contributed \$-0- to the board. Financial information can be obtained from the Southwestern Minnesota Private Industry Council, Inc. office, 607 West Main Street, Marshall, MN 56258.

Coordinated Enforcement Effort (CEE) VI Task Force

Swift County, in conjunction with other local governments, appoints one member to the Board of Directors for the CEE VI Task Force. The Task Force was established to receive and expend federal, state, and local grants and other related funds for the purpose of investigation of burglary, theft, narcotics, stolen property, and crimes of violence. Swift County has no operational or financial control over the CEE VI Task Force. During the year, Swift County paid \$46,870 to the Task Force. Separate financial information for the CEE VI Task Force is not available.

Western Plains Regional Library

Swift County, along with several cities and other counties, participate in the Western Plains Library System in order to provide efficient and improved regional public library service.

The financial activities of the Western Plains Library System are reported as part of the Pioneerland Regional Library System. During the year, Swift County paid \$139,661 to the Library System. Separate financial information for the Western Plains Library System is not available.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 10 OTHER ORGANIZATIONS (CONTINUED)**

**C. Related Organization**

Swift County Rural Development Finance Authority

The Board members of the Swift County Rural Development Finance Authority (RDFA) are appointed by the Swift County Board of Commissioners. During the year, Swift County approved a levy for the RDFA in the amount of \$145,000. Financial information can be obtained from the Swift County RDFA, 1228 Atlantic Avenue, Benson, Minnesota 56215.

**NOTE 11 SUBSEQUENT EVENTS**

During 2022, final settlement agreements were reached with pharmaceutical companies and distributors as part of the National Prescription Opiate Litigation. For Swift County, the amount to be received as a result of this litigation is \$298,422, to be received over 18 years, which has been recorded as due from other governments in the current year.

Swift County-Benson Hospital

On May 11, 2022, the Hospital received forgiveness for the \$1,311,040 PPP loan initially recorded as a note payable at December 31, 2021.

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER THAN MD&A**

**SWIFT COUNTY  
BENSON, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE –  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 6,084,168	\$ 6,084,168	\$ 6,286,885	\$ 202,717
Licenses and Permits	4,370	4,370	4,100	(270)
Intergovernmental	1,326,970	1,326,970	3,098,832	1,771,862
Charges for Services	478,288	478,288	754,130	275,842
Fines and Forfeits	-	-	3,716	3,716
Gifts and Contributions	-	-	6,825	6,825
Investment Earnings	50,000	50,000	53,706	3,706
Miscellaneous	361,100	361,100	592,190	231,090
Total Revenues	8,304,896	8,304,896	10,800,384	2,495,488
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>GENERAL GOVERNMENT</b>				
Commissioners	233,164	233,164	229,729	3,435
Law Library	15,000	15,000	16,537	(1,537)
County Administration	279,839	279,839	278,066	1,773
County Auditor	332,180	332,180	279,846	52,334
County Treasurer	221,638	221,638	264,735	(43,097)
County Assessor	357,896	357,896	273,750	84,146
Elections	10,205	10,205	11,415	(1,210)
Data Processing	87,000	87,000	93,125	(6,125)
Attorney	517,013	517,013	490,738	26,275
Recorder	360,762	360,762	330,270	30,492
Planning and Zoning	85,128	85,128	74,879	10,249
Buildings and Plant	1,038,765	1,038,765	990,198	48,567
Technology	314,770	314,770	309,303	5,467
Veterans Service Officer	184,233	184,233	177,908	6,325
Appropriations - General Government	509,391	509,391	536,807	(27,416)
Other General Government	48,732	48,732	779,175	(730,443)
Total General Government	4,595,716	4,595,716	5,136,481	(540,765)

Notes to Required Supplementary Information are an Integral Part of this Schedule.

**SWIFT COUNTY  
BENSON, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE –  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
<b>CURRENT (CONTINUED)</b>				
<b>PUBLIC SAFETY</b>				
Sheriff	\$ 1,572,398	\$ 1,572,398	\$ 2,007,976	\$ (435,578)
Coroner	15,000	15,000	15,215	(215)
E-911 System	48,000	48,000	82,730	(34,730)
Restorative Justice Coordinator	102,945	102,945	100,666	2,279
Emergency Management	85,520	85,520	83,967	1,553
County Jail	1,054,205	1,054,205	990,741	63,464
Community Corrections	297,275	297,275	297,275	-
Total Public Safety	<u>3,175,343</u>	<u>3,175,343</u>	<u>3,578,570</u>	<u>(403,227)</u>
<b>HEALTH</b>				
Countryside Health Service	121,416	121,416	121,416	-
Ambulance	40,000	40,000	-	40,000
Total Health	<u>161,416</u>	<u>161,416</u>	<u>121,416</u>	<u>40,000</u>
<b>CULTURE AND RECREATION</b>				
Parks	72,016	72,016	155,263	(83,247)
<b>CONSERVATION OF NATURAL RESOURCES</b>				
County Extension	164,494	164,494	158,649	5,845
Parks and Drainage	246,475	246,475	219,072	27,403
Agricultural Inspection	13,500	13,500	9,000	4,500
Predator Control	10,000	10,000	10,311	(311)
Total Conservation of Natural Resources	<u>434,469</u>	<u>434,469</u>	<u>397,032</u>	<u>37,437</u>
Total Expenditures	<u>8,438,960</u>	<u>8,438,960</u>	<u>9,388,762</u>	<u>(949,802)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(134,064)	(134,064)	1,411,622	1,545,686
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(136,815)	(136,815)
Proceeds from Sale of Assets	-	-	30,088	30,088
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(106,727)</u>	<u>(106,727)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (134,064)</u>	<u>\$ (134,064)</u>	1,304,895	<u>\$ 1,438,959</u>
Fund Balance - Beginning of Year			<u>6,582,174</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 7,887,069</u>	

Notes to Required Supplementary Information are an Integral Part of this Schedule.

**SWIFT COUNTY  
BENSON, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE –  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,934,721	\$ 1,934,721	\$ 1,885,676	\$ (49,045)
Intergovernmental	4,339,019	4,339,019	4,591,303	252,284
Charges for Services	106,747	106,747	165,116	58,369
Investment Earnings	75,000	75,000	(9)	(75,009)
Miscellaneous	14,500	14,500	31,210	16,710
Total Revenues	<u>6,469,987</u>	<u>6,469,987</u>	<u>6,673,296</u>	<u>203,309</u>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HIGHWAYS AND STREETS</b>				
Administration	199,877	199,877	299,900	(100,023)
Engineering	105,237	105,237	152,050	(46,813)
Shared County Engineer	183,199	183,199	181,200	1,999
Maintenance	2,097,395	2,097,395	1,645,474	451,921
Construction	2,622,799	2,622,799	1,866,311	756,488
Equipment and Maintenance Shops	750,046	750,046	704,544	45,502
Other - Highways and Streets	435,351	435,351	476,202	(40,851)
Total Highways and Streets	<u>6,393,904</u>	<u>6,393,904</u>	<u>5,325,681</u>	<u>1,068,223</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	76,083	76,083	1,347,615	1,271,532
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	17,168	17,168
Proceeds from Sale of Assets	-	-	112,400	112,400
Total Other Financing Sources (Uses)	-	-	<u>129,568</u>	<u>129,568</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 76,083</u>	<u>\$ 76,083</u>	1,477,183	<u>\$ 1,401,100</u>
Fund Balance - Beginning of Year			9,177,581	
Increase in Inventory			<u>117,963</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 10,772,727</u>	

Notes to Required Supplementary Information are an Integral Part of this Schedule.

**SWIFT COUNTY  
BENSON, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE –  
WELFARE SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,913,569	\$ 2,913,569	\$ 2,833,883	\$ (79,686)
Intergovernmental	2,579,606	2,579,606	2,475,364	(104,242)
Charges for Services	375,750	375,750	366,150	(9,600)
Gifts and Contributions	6,000	6,000	26,257	20,257
Investment Earnings	36,000	36,000	-	(36,000)
Miscellaneous	10,000	10,000	1,724	(8,276)
Total Revenues	<u>5,920,925</u>	<u>5,920,925</u>	<u>5,703,378</u>	<u>(217,547)</u>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HUMAN SERVICES</b>				
Income Maintenance	1,309,655	1,309,655	1,275,299	34,356
Social Services	4,676,520	4,676,520	4,442,052	234,468
Total Expenditures	<u>5,986,175</u>	<u>5,986,175</u>	<u>5,717,351</u>	<u>268,824</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(65,250)	(65,250)	(13,973)	51,277
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	5,321	5,321
Proceeds from Sale of Assets	1,500	1,500	-	(1,500)
Total Other Financing Sources (Uses)	<u>1,500</u>	<u>1,500</u>	<u>5,321</u>	<u>3,821</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (63,750)</u>	<u>\$ (63,750)</u>	(8,652)	<u>\$ 55,098</u>
Fund Balance - Beginning of Year			<u>4,335,318</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 4,326,666</u>	

Notes to Required Supplementary Information are an Integral Part of this Schedule.

**SWIFT COUNTY  
BENSON, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE –  
SOLID WASTE SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 65,000	\$ 65,000	\$ 60,413	\$ (4,587)
Special Assessments	295,000	295,000	304,719	9,719
Intergovernmental	300,950	300,950	261,098	(39,852)
Charges for Services	552,000	552,000	746,939	194,939
Miscellaneous	59,700	59,700	188,931	129,231
Total Revenues	<u>1,272,650</u>	<u>1,272,650</u>	<u>1,562,100</u>	<u>289,450</u>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>SANITATION</b>				
Solid Waste	1,241,668	1,241,668	1,333,918	(92,250)
<b>DEBT SERVICE</b>				
Principal	5,472	5,472	5,472	-
Interest	57	57	57	-
Total Debt Service	<u>5,529</u>	<u>5,529</u>	<u>5,529</u>	<u>-</u>
Total Expenditures	<u>1,247,197</u>	<u>1,247,197</u>	<u>1,339,447</u>	<u>(92,250)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 25,453</u>	<u>\$ 25,453</u>	222,653	<u>\$ 197,200</u>
Fund Balance - Beginning of Year			<u>325,482</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 548,135</u>	

Notes to Required Supplementary Information are an Integral Part of this Schedule.

**SWIFT COUNTY  
BENSON, MINNESOTA  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY,  
RELATED RATIOS, AND NOTES**

	Measurement Date <u>January 1, 2021</u>	Measurement Date <u>January 1, 2020</u>	Measurement Date <u>January 1, 2019</u>	Measurement Date <u>January 1, 2018</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 18,389	\$ 16,083	\$ 15,615	\$ 21,378
Interest	8,269	7,535	8,495	7,924
Changes of Assumptions	1,244	-	(4,504)	-
Plan Changes	32,978	-	-	-
Differences Between Expected and Actual Experience	(55,703)	-	(72,217)	-
Benefit Payments	<u>(7,843)</u>	<u>(5,366)</u>	<u>(8,584)</u>	<u>(3,937)</u>
Net Change in Total OPEB Liability	(2,666)	18,252	(61,195)	25,365
Total OPEB Liability - Beginning	<u>203,110</u>	<u>184,858</u>	<u>246,053</u>	<u>220,688</u>
Total OPEB Liability - Ending	<u>\$ 200,444</u>	<u>\$ 203,110</u>	<u>\$ 184,858</u>	<u>\$ 246,053</u>
Covered Employee Payroll	\$ 7,398,551	\$ 6,476,014	\$ 6,287,392	\$ 6,334,266
County's OPEB Liability as a Percentage of Covered Employee Payroll	3%	3%	3%	4%

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

Note 2: No assets are accumulated in a trust.

**SWIFT COUNTY  
BENSON, MINNESOTA  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION  
LIABILITY (ASSET) LAST TEN FISCAL YEARS**

	Measurement Date			
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>County - General Employees Retirement Plan</b>				
County's Portion of the Net Pension Liability	0.083 %	0.078 %	0.074 %	0.077 %
County's Proportionate Share of the Net Pension Liability	\$ 3,531,660	\$ 4,682,452	\$ 4,085,765	\$ 4,243,906
State's Proportionate Share of the Net Pension Liability Associated with the County	107,817	144,375	126,994	139,191
County's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability	\$ 3,639,477	\$ 4,826,827	\$ 4,212,759	\$ 4,383,097
County's Covered Payroll	\$ 5,954,065	\$ 5,567,148	\$ 5,229,794	\$ 5,139,816
County'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	59.32%	84.11%	78.12%	82.57%
	87.00 %	79.06 %	80.20 %	79.50 %
<b>Public Employees Police and Fire Plan</b>				
County's Portion of the Net Pension Liability	0.063 %	0.065 %	0.062 %	0.058 %
County's Proportionate Share of the Net Pension Liability	\$ 487,837	\$ 850,179	\$ 654,730	\$ 619,286
State's Proportionate Share of the Net Pension Liability Associated with the County	21,918	20,023	-	-
County's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability	\$ 509,755	\$ 870,202	\$ 654,730	\$ 619,286
County's Covered Payroll	\$ 746,908	\$ 728,465	\$ 648,961	\$ 612,358
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	65.31%	116.71%	100.89%	101.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.70%	87.19%	89.30%	88.80%
<b>Public Employees Correctional Plan</b>				
County's Portion of the Net Pension Liability	0.272%	0.250%	0.249%	0.248%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ (44,732)	\$ 67,860	\$ 34,515	\$ 40,741
County's Covered Payroll	\$ 602,037	\$ 543,644	\$ 531,681	\$ 505,818
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	7.43%	12.48%	6.49%	8.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	101.60%	96.67%	98.20%	97.60%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**SWIFT COUNTY  
BENSON, MINNESOTA  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION  
LIABILITY (ASSET) LAST TEN FISCAL YEARS (CONTINUED)**

	Measurement Date		
	June 30, 2017	June 30, 2016	June 30, 2015
<b>County - General Employees Retirement Plan</b>			
County's Portion of the Net Pension Liability	0.073 %	0.071 %	0.070 %
County's Proportionate Share of the Net Pension Liability	\$ 4,673,040	\$ 5,821,684	\$ 3,607,033
State's Proportionate Share of the Net Pension Liability Associated with the County	58,782	75,367	-
County's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability	\$ 4,731,822	\$ 5,897,051	\$ 3,607,033
County's Covered Payroll	\$ 4,717,513	\$ 4,412,322	\$ 4,173,648
County'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	99.06%	131.94%	86.42%
	75.90 %	68.91 %	78.20 %
<b>Public Employees Police and Fire Plan</b>			
County's Portion of the Net Pension Liability	0.057 %	0.059 %	0.060 %
County's Proportionate Share of the Net Pension Liability	\$ 769,568	\$ 2,367,773	\$ 681,740
State's Proportionate Share of the Net Pension Liability Associated with the County	-	-	-
County's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability	\$ 769,568	\$ 2,367,773	\$ 681,740
County's Covered Payroll	\$ 587,344	\$ 564,970	\$ 590,331
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	131.03%	419.10%	115.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.40%	63.90%	86.60%
<b>Public Employees Correctional Plan</b>			
County's Portion of the Net Pension Liability	0.250%	0.250%	0.250%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 712,503	\$ 913,285	\$ 38,650
County's Covered Payroll	\$ 502,917	\$ 465,900	\$ 444,680
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	141.67%	196.03%	8.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	67.90%	58.20%	96.90%

*Notes to Required Supplementary Information are an Integral Part of this Schedule.*

**SWIFT COUNTY  
BENSON, MINNESOTA  
SCHEDULE OF CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018
<b>County - General Employees Retirement Plan</b>				
Statutorily Required Contribution	\$ 456,077	\$ 454,308	\$ 399,478	\$ 387,832
Contributions in Relation to the Required Contribution	(456,077)	(454,308)	(399,478)	(387,832)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 6,081,028	\$ 6,057,442	\$ 5,326,374	\$ 5,171,093
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%
<b>Public Employees Police and Fire Plan</b>				
Statutorily Required Contribution	\$ 143,608	\$ 135,154	\$ 117,220	\$ 102,343
Contributions in Relation to the Required Contribution	(143,608)	(135,154)	(117,220)	(102,343)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 811,350	\$ 763,582	\$ 691,566	\$ 631,748
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	16.95%	16.20%
<b>Public Employees Correctional Plan</b>				
Statutorily Required Contribution	\$ 52,367	\$ 52,609	\$ 45,669	\$ 46,685
Contributions in Relation to the Required Contribution	(52,367)	(52,609)	(45,669)	(46,685)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 598,480	\$ 601,245	\$ 521,925	\$ 533,539
Contributions as a Percentage of Covered Payroll	8.75%	8.75%	8.75%	8.75%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**SWIFT COUNTY  
BENSON, MINNESOTA  
SCHEDULE OF CONTRIBUTIONS  
LAST TEN FISCAL YEARS (CONTINUED)**

	2017	2016	2015	2014
<b>County - General Employees Retirement Plan</b>				
Statutorily Required Contribution	\$ 371,985	\$ 343,962	\$ 313,896	\$ 281,024
Contributions in Relation to the Required Contribution	(371,985)	(343,962)	(313,896)	(281,024)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 4,959,798	\$ 4,586,154	\$ 4,185,281	\$ 3,876,191
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.25%
<b>Public Employees Police and Fire Plan</b>				
Statutorily Required Contribution	\$ 95,008	\$ 95,222	\$ 86,093	\$ 86,970
Contributions in Relation to the Required Contribution	(95,008)	(95,222)	(86,093)	(86,970)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 586,399	\$ 587,789	\$ 531,442	\$ 568,431
Contributions as a Percentage of Covered Payroll	16.20%	16.20%	16.20%	15.30%
<b>Public Employees Correctional Plan</b>				
Statutorily Required Contribution	\$ 43,549	\$ 42,772	\$ 40,809	\$ 34,503
Contributions in Relation to the Required Contribution	(43,549)	(42,772)	(40,809)	(34,503)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 497,699	\$ 488,819	\$ 466,383	\$ 394,318
Contributions as a Percentage of Covered Payroll	8.75%	8.75%	8.75%	8.75%

*Notes to Required Supplementary Information are an Integral Part of this Schedule.*

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2021**

**I. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except for the Ditch, Revolving Loan, and Opioid Settlement Special Revenue Funds and the Debt Service Fund and the Capital Projects Fund. All annual appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within the department. Transfers of appropriations between departments require approval of the board of commissioners. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the fund level. The Board of Commissioners made minimal budget appropriations at the fund, function, and department level throughout the year. Budgets may be amended during the year with proper approval.

Encumbrance accounting, under which commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriation, is used in the governmental funds. Encumbrances outstanding at year-end are reported as committed fund balances since they do not constitute expenditures or liabilities. Encumbrances lapse at year-end and are re-budgeted the following year.

**II. Excess of Expenditures Over Appropriations**

The following major fund had expenditures in excess of budget for the year ended December 31, 2021:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 9,388,762	\$ 8,438,960	\$ 949,802
Special Revenue Funds			
Solid Waste	1,339,447	1,247,197	92,250

The excess expenditures were funded with existing fund balance and greater than anticipated revenues.

**III. Changes in Significant Pension Plan Provisions, Actuarial Methods, and Assumptions**

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

A. General Employees Fund

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2021**

**III. Changes in Significant Pension Plan Provisions, Actuarial Methods, and Assumptions  
(Continued)**

A. General Employees Fund (Continued)

2020

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2021**

**III. Changes in Significant Pension Plan Provisions, Actuarial Methods, and Assumptions  
(Continued)**

A. General Employees Fund (Continued)

2018

Changes in Actuarial Assumptions

- 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 2.5% 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% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0%, 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% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions

- 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% for active member liability, 15% for vested deferred member liability and 3% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1% per year for all years to 1% 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 million in 2017 and 2018, and \$6 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21 million to \$31 million in calendar years 2019 to 2031. The state's contribution changed from \$16 million to \$6 million in calendar years 2019 to 2031.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2021**

**III. Changes in Significant Pension Plan Provisions, Actuarial Methods, and Assumptions  
(Continued)**

A. General Employees Fund (Continued)

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1% per year through 2035 and 2.5% per year thereafter to 1% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- 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 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% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% 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 increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015.

B. Police and Fire Fund

2021

Changes in Actuarial Assumptions:

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

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2021**

**III. Changes in Significant Pension Plan Provisions, Actuarial Methods, and Assumptions  
(Continued)**

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

2021

Changes in Actuarial Assumptions (Continued)

- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assume 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.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2021**

**III. Changes in Significant Pension Plan Provisions, Actuarial Methods, and Assumptions  
(Continued)**

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

2018

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.0% 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 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.8% to 11.3% of pay, effective January 1, 2019 and 11.8% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.2% to 16.95% of pay, effective January 1, 2019 and 17.7% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0%, 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% for all years to 1% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2021**

**III. Changes in Significant Pension Plan Provisions, Actuarial Methods, and Assumptions  
(Continued)**

B. Police and Fire Fund (Continued)

2017

Changes in Plan provisions

- There have been no changes since the prior valuation

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1% per year through 2037 and 2.5% thereafter to 1% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan provisions

- There have been no changes since the prior valuation

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1% per year through 2030 and 2.5% thereafter to 1% per year through 2037 and 2.5% per year thereafter.

Changes in Plan provisions

- The postretirement benefit increase to be paid after the attainment of the 90% funding threshold was changed from inflation up to 2.5%, to a fixed rate of 2.5%.

C. Correctional Fund

2021

Changes in Actuarial Assumptions:

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

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2021**

**III. Changes in Significant Pension Plan Provisions, Actuarial Methods, and Assumptions  
(Continued)**

C. Correctional Fund (Continued)

2021

Changes in Actuarial Assumptions (Continued)

- Assumed rates of 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% per year.

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2021**

**III. Changes in Significant Pension Plan Provisions, Actuarial Methods, and Assumptions  
(Continued)**

C. Correctional Fund (Continued)

2018

Changes in Plan Provisions

- 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 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, 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 1.0% if the funding status declines to a certain level, to 100% of the Social Security Cost of Living Adjustment, not less than 1% and not more than 2.5%, beginning January 1, 2019. If the funding status declines to 85.0% for two consecutive years or 80% for one year, the maximum increase will be lowered to 1.5%.
- 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

**SWIFT COUNTY  
BENSON, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2021**

**III. Changes in Significant Pension Plan Provisions, Actuarial Methods, and Assumptions  
(Continued)**

C. Correctional Fund (Continued)

2015

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation

Changes in Plan provisions

- There have been no changes since the prior valuation

**IV. Other Postemployment Benefits**

As disclosed on the Schedule of Changes in the Total OPEB Liability, Related Ratios, and Notes, no assets have been irrevocably deposited in a trust to advance fund the employer's obligation. Therefore, the actuarial value of assets is zero. The following changes were reflected in the valuation performed:

2021

Changes in Actuarial Assumptions

- The health care trend rates, mortality tables, salary increase rates, and retirement and withdrawal rates were updated.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 3.80% to 2.00%.

2020

Changes in Actuarial Assumptions

- None

2019

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2016 Generational Improvement Scale to the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale.
- The retirement and withdrawal tables for public safety employees were updated.
- The discount rate was changed from 3.30% to 3.80%.

2018

Changes in Actuarial Assumptions

- The discount rate was changed from 3.50% to 3.30%.

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

## **SUPPLEMENTARY INFORMATION**

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**SWIFT COUNTY  
BENSON, MINNESOTA  
DESCRIPTION OF FUNDS  
DECEMBER 31, 2021**

**CUSTODIAL FUNDS**

Towns and Cities Fund – to account for the collection of taxes and penalties and their distribution to the various towns and cities.

School Districts Fund – to account for the collection of taxes and penalties and their distribution to the various school districts.

Region 6W Fund – to account for the collection of taxes and penalties and their distribution the Regional Development Commission.

Minnesota River Watershed Fund – to account for the collection of taxes and penalties and their distribution the Minnesota River Watershed District.

Rural Development Authority Fund – to account for the collection of taxes and penalties and their distribution the Rural Development Authority.

State Revenue Fund – to account for the collection and payment of taxes and fees on behalf of the state.

Other Custodial Fund – to account for the collection and payment of funds of various other entities.

Forfeiture Fund – to maintain compliance with state guidelines regarding the proper handling of seized currency and property.

Estate Recoveries Fund – to account for the collection and payment of the state's portion of estate recoveries from deceased parties within the county.

Jail Inmate Fund – to account for deposits and withdrawals made by inmates of the Swift County Jail.

Northern Lights Snowmobile Fund – to account for the collection and payment of funds for the Northern Lights Snowmobile club.

Civil Process Fund – to account for the collection and payment of funds related to the delivery of legal and court documents by the Sheriff's Office.

**SWIFT COUNTY  
BENSON, MINNESOTA  
COMBINING STATEMENT OF FIDUCIARY NET POSITION—  
FIDUCIARY FUNDS – CUSTODIAL FUNDS  
DECEMBER 31, 2021**

	Custodial Funds				
	Towns and Cities	School Districts	Region 6W	Minnesota River Watershed	Rural Development Authority
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 71,355	\$ 76,031	\$ 2,020	\$ 158	\$ 5,505
Taxes For Other Governments	153,085	70,303	847	23	3,260
Accounts Receivable	-	-	-	-	-
Total Assets	<u>224,440</u>	<u>146,334</u>	<u>2,867</u>	<u>181</u>	<u>8,765</u>
<b>LIABILITIES</b>					
Due to Others	-	-	-	-	-
Due to Other Governments	64,980	71,220	1,269	158	5,224
Total Liabilities	<u>64,980</u>	<u>71,220</u>	<u>1,269</u>	<u>158</u>	<u>5,224</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes Collected for Subsequent Period	6,375	4,811	751	-	281
<b>NET POSITION</b>					
Restricted for:					
Individuals, Organizations, and Other Governments	<u>\$ 153,085</u>	<u>\$ 70,303</u>	<u>\$ 847</u>	<u>\$ 23</u>	<u>\$ 3,260</u>

**SWIFT COUNTY  
BENSON, MINNESOTA  
COMBINING STATEMENT OF FIDUCIARY NET POSITION—  
FIDUCIARY FUNDS – CUSTODIAL FUNDS (CONTINUED)  
DECEMBER 31, 2021**

Custodial Funds								Total
State Revenue	Other Custodial	Forfeiture	Estate Recoveries	Jail Inmate	Northern Lights Snowmobile	Civil Process	Custodial Funds	Custodial Funds
\$ 139,472	\$ 325,086	\$ 15,148	\$ 36,436	\$ 269	20,449	\$ 4,802	\$ 696,731	
15,261	-	-	-	-	-	-	242,779	
-	-	3,612	-	-	-	-	3,612	
<u>154,733</u>	<u>325,086</u>	<u>18,760</u>	<u>36,436</u>	<u>269</u>	<u>20,449</u>	<u>4,802</u>	<u>943,122</u>	
-	325,086	-	-	-	-	4,802	329,888	
<u>139,472</u>	<u>-</u>	<u>-</u>	<u>36,436</u>	<u>-</u>	<u>20,449</u>	<u>-</u>	<u>339,208</u>	
139,472	325,086	-	36,436	-	20,449	4,802	669,096	
-	-	-	-	-	-	-	12,218	
<u>\$ 15,261</u>	<u>\$ -</u>	<u>\$ 18,760</u>	<u>\$ -</u>	<u>\$ 269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,808</u>	

**SWIFT COUNTY  
BENSON, MINNESOTA  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION—  
FIDUCIARY FUNDS – CUSTODIAL FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	Custodial Funds				
	Towns and Cities	School Districts	Region 6W	Minnesota River Watershed	Rural Development Authority
<b>ADDITIONS</b>					
Contributions:					
Individuals	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-
Property Tax Collections for Other Governments	5,267,701	4,618,974	79,449	16,471	376,358
License and Fees Collected for State	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Additions	<u>5,267,701</u>	<u>4,618,974</u>	<u>79,449</u>	<u>16,471</u>	<u>376,358</u>
<b>DEDUCTIONS</b>					
Beneficiary Payments to Individuals	-	-	-	-	-
Payments of Property Tax to Other Governments	5,284,662	4,619,765	79,437	16,517	376,009
Payments to State	-	-	-	-	-
Payments to Other Entities	-	-	-	-	-
Total Deductions	<u>5,284,662</u>	<u>4,619,765</u>	<u>79,437</u>	<u>16,517</u>	<u>376,009</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	(16,961)	(791)	12	(46)	349
Fiduciary Net Position - Beginning of Year	<u>170,046</u>	<u>71,094</u>	<u>835</u>	<u>69</u>	<u>2,911</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u>\$ 153,085</u>	<u>\$ 70,303</u>	<u>\$ 847</u>	<u>\$ 23</u>	<u>\$ 3,260</u>

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

Custodial Funds							
State Revenue	Other Custodial	Forfeiture	Estate Recoveries	Jail Inmate	Northern Lights Snowmobile	Civil Process	Total Custodial Funds
\$ -	\$ -	\$ -	\$ -	\$ 5,335	\$ -	\$ -	\$ 5,335
-	-	-	-	-	45,179	-	45,179
-	-	18,406	-	-	-	-	18,406
1,223,688	-	-	-	-	-	-	11,582,641
426,929	-	-	175,722	-	-	-	602,651
-	-	-	-	-	-	47,061	47,061
<u>1,650,617</u>	<u>-</u>	<u>18,406</u>	<u>175,722</u>	<u>5,335</u>	<u>45,179</u>	<u>47,061</u>	<u>12,301,273</u>
-	-	-	-	5,127	-	-	5,127
1,220,526	-	-	-	-	-	-	11,596,916
417,353	-	-	-	-	-	-	417,353
-	-	2,833	175,722	-	45,179	47,061	270,795
<u>1,637,879</u>	<u>-</u>	<u>2,833</u>	<u>175,722</u>	<u>5,127</u>	<u>45,179</u>	<u>47,061</u>	<u>12,290,191</u>
12,738	-	15,573	-	208	-	-	11,082
2,523	-	3,187	-	61	-	-	250,726
<u>\$ 15,261</u>	<u>\$ -</u>	<u>\$ 18,760</u>	<u>\$ -</u>	<u>\$ 269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,808</u>

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**SWIFT COUNTY  
BENSON, MINNESOTA  
SCHEDULE OF INTERGOVERNMENTAL REVENUE  
YEAR ENDED DECEMBER 31, 2021**

	Special Revenue Funds						Total All Funds	
	General Fund	Road and Bridge	Welfare Fund	Ditch Fund	Solid Waste Fund	Opioid Settlement Fund		Debt Service Fund
<b>SHARED REVENUES</b>								
<b>INTERGOVERNMENTAL STATE</b>								
Disparity Reduction Aid	\$ 12,563	\$ 3,770	\$ 6,037	\$ -	\$ 129	\$ -	\$ 724	\$ 23,223
Highway Users Tax	-	4,385,264	-	-	-	-	-	4,385,264
County Program Aid	465,924	47,468	77,966	-	1,623	-	9,124	602,105
Market Value Credits	128,703	36,838	58,990	-	1,258	-	7,079	232,868
PERA Rate Increase Aid	4,436	2,615	5,431	-	750	-	-	13,232
State Police Aid	87,329	-	-	-	-	-	-	87,329
Aquatic Invasive Species	33,332	-	-	-	-	-	-	33,332
Riparian Protection Aid	139,060	-	-	-	-	-	-	139,060
Enhanced 911	107,347	-	-	-	-	-	-	107,347
Total Shared Revenues	978,694	4,475,955	148,424	-	3,760	-	16,927	5,623,760
<b>REIMBURSEMENT FOR SERVICES</b>								
<b>STATE</b>								
Minnesota Department of Human Services	-	-	668,455	-	-	-	-	668,455
<b>STATE GRANTS</b>								
<b>MINNESOTA DEPARTMENT OF</b>								
Human Services	-	-	545,622	-	-	-	-	545,622
Natural Resources	375,519	-	-	-	-	-	-	375,519
Peace Officers (POST)	13,395	-	-	-	-	-	-	13,395
Public Safety	221,651	28,838	-	-	-	-	-	250,489
Pollution Control Agency	2,100	-	-	-	257,338	-	-	259,438
Veteran's Affairs	7,500	-	-	-	-	-	-	7,500
Water and Soil Resources	48,513	-	-	-	-	-	-	48,513
Total State Grants	668,678	28,838	545,622	-	257,338	-	-	1,500,476
<b>FEDERAL GRANTS</b>								
<b>FEDERAL DEPARTMENT OF</b>								
Agriculture	12,106	-	120,017	-	-	-	-	132,123
Interior	745	-	-	-	-	-	-	745
Transportation	75,000	-	-	-	-	-	-	75,000
Health and Human Services	49,542	-	992,846	-	-	-	-	1,042,388
Homeland Security	17,346	86,510	-	-	-	-	-	103,856
Treasury	899,906	-	-	-	-	-	-	899,906
Total Federal Grants	1,054,645	86,510	1,112,863	-	-	-	-	2,254,018
<b>PAYMENTS IN LIEU OF TAXES</b>	396,815	-	-	-	-	-	-	396,815
Total Intergovernmental Revenues	<u>\$ 3,098,832</u>	<u>\$ 4,591,303</u>	<u>\$ 2,475,364</u>	<u>\$ -</u>	<u>\$ 261,098</u>	<u>\$ -</u>	<u>\$ 16,927</u>	<u>\$ 10,443,524</u>

**SWIFT COUNTY  
BENSON, MINNESOTA  
SCHEDULE OF DEPOSITS AND INVESTMENTS  
DECEMBER 31, 2021**

	Interest Rate (%)	Maturity Date	Amount
<b>Pooled Deposits and Investments</b>			
<b>Checking Accounts</b>			
State Bank of Danvers	0.25 %	-	\$ 4,098,054
<b>Money Market Savings</b>			
Citizens Alliance Bank - Murdock	0.40	-	218,212
Prairie Sun Bank - Appleton	0.85	-	107,043
Wells Fargo	-	-	1,658
Total Money Market Savings			<u>326,913</u>
<b>Negotiable Certificates of Deposit</b>			
Wells Fargo	0.20	November 17, 2022	224,797
<b>Bond Debt</b>			
PFM Asset Management MAGIC Bond Debt	N/A	N/A	600,155
PFM Asset Management MAGIC General Revenue	N/A	N/A	4,303,659
PFM Asset Management MAGIC Term	N/A	N/A	8,493,679
Total Bond Debt			<u>13,397,493</u>
Total Pooled Deposits and Investments			<u>18,047,257</u>
<b>Fund Investments</b>			
<b>General Fund</b>			
<b>Departmental Checking Accounts</b>			
First Security Bank - Benson	-	-	5,063
<b>Mutual Fund</b>			
Franklin U.S. Government Securities Fund	-	-	404,452
<b>Certificate of Deposit</b>			
MAGIC CD Program	0.27	February 14, 2022	247,083
MAGIC CD Program	0.30	February 14, 2022	246,981
MAGIC CD Program	0.30	February 14, 2022	246,981
MAGIC CD Program	0.35	May 24, 2022	247,455
MAGIC CD Program	0.25	May 31, 2022	199,703
MAGIC CD Program	0.25	July 20, 2022	247,721
MAGIC CD Program	0.20	June 17, 2022	247,732
Total General Fund			<u>2,093,171</u>

**SWIFT COUNTY  
BENSON, MINNESOTA  
SCHEDULE OF DEPOSITS AND INVESTMENTS (CONTINUED)  
DECEMBER 31, 2021**

	Interest Rate (%)	Maturity Date	Amount
<b>Special Revenue Funds</b>			
<b>Road and Bridge Fund</b>			
<b>Money Market Savings</b>			
PFM Asset Management MAGIC	N/A	-	\$ 3,615,262
<b>Negotiable Certificates of Deposit</b>			
Wells Fargo	1.35	March 31, 2022	244,839
Total Road and Bridge Fund			<u>3,860,101</u>
<b>Welfare Fund</b>			
<b>Departmental Checking Accounts</b>			
Bank of the West	-	-	61,094
<b>Savings</b>			
Co-op Credit Union	-	-	158
<b>Negotiable Certificates of Deposit</b>			
Bank of China New York	-	September 20, 2022	246,435
Goldman Sachs BK USA New York	-	September 22, 2022	248,863
Sallie Mae Bk Murray Utah	-	September 22, 2022	248,898
State Bk India New York NY	-	September 22, 2022	249,239
Synchrony Bank CD	-	November 22, 2022	248,927
UBS Bk USA Salt Lake City UT	-	December 1, 2022	248,884
Total Certificates of Deposit			<u>1,491,246</u>
<b>Money Market Savings</b>			
Co-op Credit Union	1.05	-	250,260
Wells Fargo	-	-	227
Total Money Market Savings			<u>250,487</u>
Total Welfare Fund			<u>1,802,985</u>
<b>Solid Waste Fund</b>			
<b>Departmental Checking Accounts</b>			
First Security State - Benson	N/A	-	5,336
Total Special Revenue Funds			<u>5,668,422</u>
<b>Debt Service Fund</b>			
Northland Trust Services - Cash Held by Escrow	-	N/A	5,985,737
Total Fund Investments			<u>13,747,330</u>
Total Petty Cash			<u>1,675</u>
Total Deposits and Investments			<u>\$ 31,796,262</u>

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**SWIFT COUNTY  
BENSON, MINNESOTA  
SCHEDULE OF LOANS RECEIVABLE – REVOLVING LOAN FUND  
DECEMBER 31, 2021**

Loan Recipient	Date of Loan	Loan Issue Amount	Principal Balance	Repayment Terms
<b>Revolving Loan Special Revenue Fund</b>				
Appleton Meat Center	June 30, 2009	\$ 30,000	\$ 18,689	Principal Payments Monthly, 4.0% Interest, Five-Year Term.
Clark/McDonald Heavy Industries, Inc.	December 6, 2012	25,000	3,455	Principal Payments Monthly, 4.0% Interest, Ten-Year Term.
Ace Ag, Inc.	November 19, 2013	75,000	45,894	Principal Payments Monthly, 3.5% Interest, Fifteen-Year Term.
R & R Outdoors	September 15, 2013	11,000	8,399	Principal Payments Monthly, 4.0% Interest, Ten-Year Term.
Lamecker General Store	February 28, 2014	32,000	17,437	Principal Payments Monthly, 3.0% Interest, Fifteen-Year Term.
Northern Geo, LLC	May 15, 2014	125,000	38,186	Principal Payments Monthly, 3.0% Interest, Ten-Year Term.
Brink's 104 Club	September 20, 2014	40,000	13,750	Principal Payments Monthly, 4.0% Interest, Five-Year Term.
Matthieson/Domats	September 1, 2016	125,000	67,173	Principal Payments Monthly, 3.0% Interest, Ten-Year Term.
Mi Mexico	March 20, 2017	105,000	88,203	Principal Payments Monthly, 4.0% Interest, Fifteen-Year Term.
Appleton Power Loan	November 6, 2018	70,000	54,502	Principal Payments Monthly, 4.0% Interest, Ten-Year Term.
Less: Allowance for Doubtful Accounts		-	(27,088)	
Total Loans Receivable - Revolving Loan Fund		<u>\$ 694,100</u>	<u>\$ 328,600</u>	

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**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  
Swift County  
Benson, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Swift County (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Swift County's basic financial statements, and have issued our report thereon dated September 26, 2022. Our report includes a reference to other auditors who audited the financial statements of Swift County-Benson Hospital (Hospital), as described in our report on Swift County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

***Report on Internal Control Over Financial Reporting (Continued)***

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 through 2021-004 that we consider to be material weaknesses.

***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*.

***Swift County’s Responses to Findings***

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

***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**

Brainerd, Minnesota  
September 26, 2022

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK



**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  
Swift County  
Benson, Minnesota

**Report on Compliance for Each Major Federal Program**

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

We have audited Swift County'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, 2021. 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, 2021.

The County's financial statements include the activities of the Swift County Housing and Redevelopment Authority (HRA), a component unit, which expended \$273,133 in federal awards during the year ended June 30, 2021. The federal awards for the HRA are not included in the schedule of expenditures of federal awards for Swift County. Our audit, described below, did not include these activities because the HRA was not required to have a single audit. Swift County's financial statements also include the activities of the Swift County-Benson Hospital, a component unit, which expended \$3,766,713 in federal awards during the year ended December 31, 2021. The federal awards for the Swift County-Benson Hospital are not included in the schedule of expenditures of federal awards for Swift County. Our audit, described below, did not include these activities because the Swift County-Benson Hospital engaged to have its own single audit performed for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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 the County'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.

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

*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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 26, 2022

**SWIFT COUNTY  
BENSON, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2021**

---

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

---

***Financial Statements***

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?     X     yes            no
- Significant deficiency(ies) identified?            yes     X     none reported

Noncompliance material to financial statements noted?            yes     X     no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?            yes     X     no
- Significant deficiency(ies) identified?            yes     X     none reported

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

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

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance (Medicaid Cluster)
93.563	Child Support Enforcement
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee?            yes     X     no

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

---

**Section II – Financial Statement Findings**

---

**2021-001 SEGREGATION OF DUTIES**

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

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

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

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

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

**Repeat Finding:** Yes, 2020-001.

**Recommendation:** We recommend County 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 County staff.

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

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

---

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

---

**2021-002 AUDIT ADJUSTMENTS**

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

**Criteria or Specific Requirement:** County management is responsible for establishing and maintaining internal controls for the proper recording of all the County's financial transactions.

**Condition:** As part of the audit, we proposed account reclassification entries relating to the coding of receipts and disbursements, accruals, capital asset adjustments, accounting for fiduciary funds, and other reclassifications. These entries indicate a lack of controls over the year-end financial reporting process. The absence of this control procedure is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the County's internal control structure.

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

**Effect:** The design of the internal controls over recording receipts and disbursements, including reclassifications, could affect the County's ability to detect or prevent a misappropriation of assets or fraudulent activity.

**Repeat Finding:** Yes, 2020-002.

**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 adjustment through continued commitment to ongoing learning and review of work performed by departmental personnel.

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

---

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

---

**2021-003 FINANCIAL REPORTING PROCESS**

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

**Criteria or Specific Requirement:** Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

**Condition:** The board of county commissioners and management of the County share the ultimate responsibility for the County's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. 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 the preparation of the 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 generally accepted accounting principles and knowledge of the County's activities and operations.

**Cause:** The County personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the County's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

**Effect:** The lack of internal controls over annual financial reporting may result in misstatement of the financial statements.

**Repeat Finding:** Yes, 2020-003.

**Recommendation:** The County should evaluate their financial reporting processes and controls, including the expertise of its internal staff, to determine whether additional controls over the preparation of annual financial statements can be implemented to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

**Views of Responsible Officials and Planned Corrective Actions:** There is no disagreement with the audit finding. Management will continue to rely on the audit firm to draft the financial statements and the related notes to the financial statements, and will review, approve, and accept responsibility for the annual financial statements prior to their issuance.

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

---

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

---

**2021-004 FORMAL POLICY FOR YEAR-END PROCEDURES**

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

**Criteria or Specific Requirement:** County management is responsible for establishing and maintaining internal controls, including reviewing year-end balances and accruals to ensure they are not materially misstated on the financial statements.

**Condition:** As part of the audit, key controls over significant audit areas are reviewed to ensure they are properly performed. It was noted in our testing that there are no documented controls ensuring revenues, expenditures/payables, inventory, fund balance, pensions, OPEB related items, interfund balances, and self-insurance liabilities exist or they are complete, accurate, properly valued, recorded in the proper period, or properly presented in the financial statements.

**Cause:** The County has a limited number of personnel and relies on the data entered by departments into the general ledger system.

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

**Repeat Finding:** Yes, 2020-004.

**Recommendation:** We recommend County implement procedures to review the accruals each year to ensure they are complete.

**Views of Responsible Officials and Planned Corrective Actions:** There is no disagreement with the audit finding. The County will review accrual listings to ensure accruals are complete.

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

---

**Section III – Findings and Questioned Costs – Major Federal Programs**

---

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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

---

**Section IV – Other Item for Consideration – Minnesota Legal Compliance**

---

**2021-005 DITCH REVENUE FUND – CASH DEFICITS**

**Criteria:** In accordance with state statutes, active ditch systems must maintain sufficient funds to pay for project costs.

**Condition and Context:** The County reported 23 of the 56 active ditch systems as having deficit cash balances as of December 31, 2021, totaling \$615,698.

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

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

**Repeat Finding:** Yes, 2020-006.

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

**CLIENT RESPONSE:**

*The County will continue to monitor the individual ditch deficits and eliminate them when feasible.*

**2021-006 UNALLOWED ITEMS PURCHASED WITH PUBLIC FUNDS**

**Criteria:** The Public Purpose Doctrine provides guidelines on purchases of items using public funds.

**Condition and Context:** The County paid for a recognition banquet and used public funds.

**Cause:** Unknown.

**Possible Effect:** The County is not in compliance with Minnesota Statutes.

**Repeat Finding:** Yes, 2020-007.

**Recommendation:** We recommend the County implement procedures to ensure County funds are spent in accordance with state statutes.

**CLIENT RESPONSE:**

*The County will review state statutes and ensure County funds are spent in accordance with state statutes.*

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

---

**Section V – Summary Schedule of Prior Year Audit Findings**

---

**2020-001 SEGREGATION OF DUTIES**

See current year finding 2021-001

**Reason for finding's recurrence:** The County has not segregated duties due to it not being cost beneficial.

**2020-002 AUDIT ADJUSTMENTS**

See current year finding 2021-002

**Reason for finding's recurrence:** The County has a limited number of personnel and there were unique transactions in 2021 that needed to be adjusted.

**2020-003 FINANCIAL REPORTING PROCESS**

See current year finding 2021-003

**Reason for finding's recurrence:** The County has a limited number of personnel due to it not being cost beneficial.

**2020-004 FORMAL POLICY OVER PROCEDURES**

See current year finding 2020-004

**Reason for finding's recurrence:** The County has a limited number of personnel and relies on the data entered by departments into the general ledger system.

**2020-005 SUBRECIPIENT MONITORING**

**Resolution:** During current year follow-up, no similar instances noted.

**2020-006 DITCH SPECIAL REVENUE FUND – CASH DEFICITS**

See current year finding 2021-005

**Reason for finding's recurrence:** The County did not eliminate ditch deficits as it was not feasible.

**2020-007 UNALLOWED ITEMS PURCHASED WITH PUBLIC FUNDS**

See current year finding 2021-006

**Reason for finding's recurrence:** The County has not implemented a process to ensure funds are spent in accordance with state statutes.

**2020-008 LACK OF BROKER CERTIFICATIONS**

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

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**SWIFT COUNTY  
BENSON, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2021**

Federal Grantor Pass Through Agency Grant Program Title or Cluster Name	Federal Award Identification Number and Pass-Through Grantor ID	Federal Assistance Listing Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	212MN101S2514	10.561	\$ 132,123	\$ -
<b>U.S. Department of Interior</b>				
Direct Award Payments in Lieu of Taxes	N/A	15.226	745	-
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Natural Resources Recreational Trails Program (Part of Highway and Construction Cluster)	0018-18-4A #1	20.219	75,000	-
<b>U.S. Department of Treasury</b>				
Direct Award COVID-19 State and Local Fiscal Recovery	N/A	21.027	1,799,812	-
<b>U.S. Department of Health and Human Services</b>				
Passed Through Minnesota Department of Human Services MaryLee Allen Promoting Safe and Stable Families Program	2101MNFPS	93.556	2,257	-
Temporary Assistance for Needy Families	2101MNTANF	93.558	28,451	-
Child Support Enforcement	2101MNCES 2101MNCSES	93.563	\$ 175,424 <u>38,552</u>	- -
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	2101MNRCA	93.566	293	-
Community-Based Child Abuse Prevention Grants	1901MNBCAP	93.590	209	-
Child Care and Development Block Grant (Part of CCDF Cluster)	2101MNCDF	93.575	1,880	-
Stephanie Tubbs Jones Child Welfare Services Program	2001MNCWSS	93.645	953	-
COVID-19 Stephanie Tubbs Jones Child Welfare Services Program	2001MNCWC3		<u>1,459</u>	-
Foster Care Title IV-E	2101MNFOS	93.658	119,839	-
Social Services Block Grant	2101MNSOS	93.667	80,594	-

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

Federal Grantor Pass Through Agency Grant Program Title or Cluster Name	Federal Award Identification Number and Pass-Through Grantor ID	Federal Assistance Listing 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)				
Child Abuse and Neglect State Grants	2101MNNCAN	93.669	\$ 681	\$ -
Children's Health Insurance Program	2105MN5021	93.767	671	-
Medical Assistance Program (Part of Medicaid Cluster)	2105MN5ADM 2105MN5MAP	93.778	\$ 578,247 7,477	- -
Total Department of Health and Human Services			<u>1,036,987</u>	-
<b>U.S. Department of Homeland Security</b>				
Passed Through Minnesota Department of Public Safety				
Boat and Water Safety	R29G70CGBLA19	97.012	\$ 18,856	\$ -
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DR4442	97.036	<u>86,510</u>	-
Total Department of Homeland Security			<u>105,366</u>	-
Total Federal Expenditures			<u>\$ 3,150,033</u>	<u>\$ -</u>

Notes:

- The schedule of expenditures of federal awards presents the federal award programs expended by Swift County. The County's reporting entity is defined in Note 1 to the financial statements. The schedule does not include \$273,133 in federal awards expended by the Swift County Housing and Redevelopment Authority, which has a separate audit. The schedule also does not include \$3,766,713 in federal awards expended by the Swift County-Benson Hospital which engaged to have its own single audit.
- The accompanying schedule of expenditures of federal awards includes the federal grant activity of Swift County under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) from the Office of Management and Budget (OMB). Because the schedule presents only a selected portion of the operations of Swift County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Swift County.
- 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. Swift County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation to the Schedule of Intergovernmental Revenue:

Federal Grant Revenue per Schedule of Intergovernmental Revenue	\$ 2,254,018
Expenditures in the Schedule of Federal Expenditures, not Included as Revenues Reported in the Schedule of Intergovernmental Revenue	901,956
Revenues included on the Schedule of Intergovernmental Revenue that are not considered Federal Grant Expenditures	<u>(5,941)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 3,150,033</u>



## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners  
Swift County  
Benson, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Swift County (the County) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 26, 2022. Our report includes references to other auditors who audited the financial statements of Swift County-Benson Hospital, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of compliance and other matters that are reported on separately by those auditors.

In connection with our audit, we noted that the County failed to comply with provisions of the miscellaneous provisions of *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, in so far as they relate to accounting matters as described in the schedule of findings and questioned costs as items 2021-005 and 2021-006. 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 contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness and claims and disbursements sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Board of County Commissioners  
Swift County

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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
September 26, 2022



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.