

**SWIFT COUNTY
BENSON, MINNESOTA**

**BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2016

**SWIFT COUNTY
BENSON, MINNESOTA
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DECEMBER 31, 2016**

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INTRODUCTORY SECTION

**SWIFT COUNTY
BENSON, MINNESOTA
ORGANIZATION
DECEMBER 31, 2016**

Office	Name	Term Expires
Commissioners		
1 st District	Gary Hendrickx	January 2017
2 nd District	Edward Pederson	January 2019
3 rd District	Peter Peterson*	January 2017
4 th District	Joe Fox	January 2019
5 th District	Eric Rudningen**	January 2017
Officers		
Elected		
Attorney	Danielle Olson	January 2019
County Sheriff	John Holtz	January 2019
Treasurer	Ronald A. Vadnais	January 2019
Appointed		
Assessor	Wayne Knutson	January 2017
Administrator	Mike Pogge-Weaver (January - October)	Indefinite
Interim Administrator	Janice Fransen (October - December)	Indefinite
Auditor	Kim Saterbak	Indefinite
Medical Examiner	Dr. A. Quinn Strobl-Anoka County	December 2016
County Recorder	Mary Amundson	Indefinite
Engineer	Andrew Sander	May 2018
Veterans Services Officer	Dave Barrett	January 2019
Welfare Director	Deanna Steckman (January - July)	Indefinite
Welfare Director	Catie Lee (August - December)	

* Chair 2016

** Vice-Chair 2016

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Swift County
Benson, Minnesota

Report on the Financial Statements

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. The financial statements include the Swift County Housing and Redevelopment Authority's (HRA) activities as of and for the year ended June 30, 2016. We did not audit the financial statements of the Swift County HRA, which represent 12.55%, 13.28%, and 7.24%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Swift County-Benson Hospital, which represent 87.45%, 86.72%, and 92.76%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Both sets of financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Swift County HRA and Swift County-Benson Hospital, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Auditors' Responsibility (Continued)

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of 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 Swift County as of December 31, 2016, 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

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


Other Matters (Continued)

Supplementary Information (continued)

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 8, 2017, on our consideration of Swift 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 to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 Swift County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
September 8, 2017

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REQUIRED SUPPLEMENTARY INFORMATION

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

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, 2016. 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 14).

FINANCIAL HIGHLIGHTS

Key financial highlights for 2016 include the following:

- Governmental activities' total net position is \$68,138,813, of which \$56,229,038 is net investment in capital assets, and \$4,010,155 is restricted for specific purposes.
- Swift County's net position increased by \$1,311,633 for the year ended December 31, 2016. Net position of the County's discretely presented component units decreased by \$2,011,312.
- The net cost of governmental activities was \$9,254,496 for the current fiscal year. The net cost was funded by general revenues and other items totaling \$10,566,129.
- Governmental funds' fund balances increased by \$10,575,947.

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 14-17) 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 18. 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 14. 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
YEAR ENDED DECEMBER 31, 2016**

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 non-financial 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 18. 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.
- 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 separate combining statement of change in assets and liabilities (pages 90-91). 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.

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The County's net position was \$68,138,813 on December 31, 2016 (see Table A-1).

Table A-1
The County's Net Position

	Governmental Activities		%
	2016	2015	
Current and Other Assets	\$ 27,153,063	\$ 16,035,592	69.3 %
Capital and Noncurrent Assets	56,829,038	57,256,320	(0.7)
Total Assets	83,982,101	73,291,912	14.6
Deferred Outflows of Resources	4,918,094	719,303	583.7
Current Liabilities	2,048,322	1,420,091	44.2
Long-Term Liabilities	17,763,121	5,184,684	242.6
Total Liabilities	19,811,443	6,604,775	200.0
Deferred Inflows of Resources	949,939	579,260	64.0
Net Position			
Net Investment in Capital Assets	56,229,038	57,256,320	(1.8)
Restricted	4,010,155	3,543,442	13.2
Unrestricted	7,899,620	6,027,418	31.1
Total Net Position	<u>\$ 68,138,813</u>	<u>\$ 66,827,180</u>	2.0

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Position

The County-wide total revenues were \$20,763,125 for the year ended December 31, 2016. Property taxes and intergovernmental revenues accounted for 82% of total revenues for the year (see Table A-2).

Table A-2
Change in Net Position

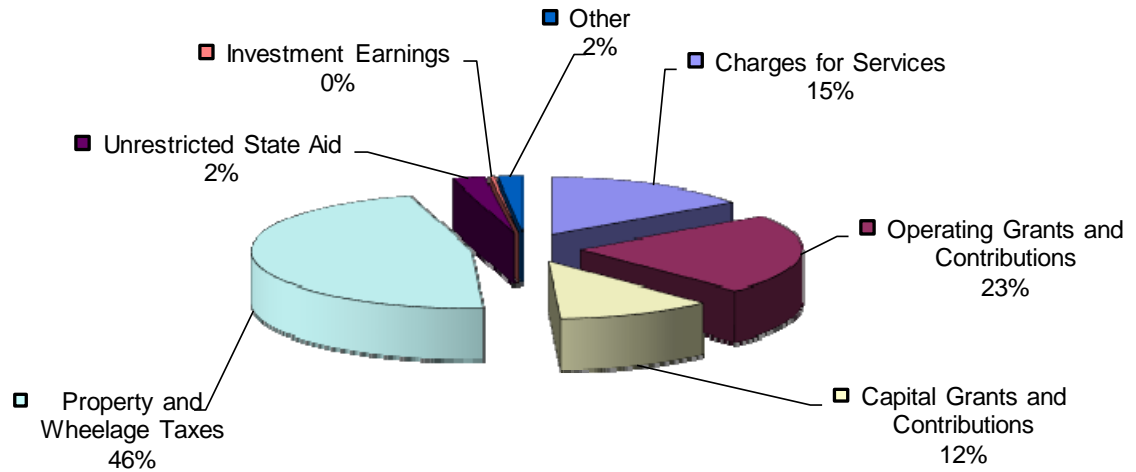
	Governmental Activities		Total % Change
	2016	2015	
REVENUES			
<u>Program Revenues</u>			
Fees, Charges, Fines, and Other	\$ 3,170,430	\$ 2,672,622	18.6 %
Operating Grants and Contributions	4,660,120	4,316,040	8.0
Capital Grants and Contributions	2,366,446	3,400,490	(30.4)
<u>General Revenues</u>			
Property Taxes	9,510,437	9,154,695	3.9
Unrestricted State Aid	490,702	472,587	3.8
Investment Earnings	68,108	66,082	3.1
Other	496,882	511,362	(2.8)
Total Revenues	<u>20,763,125</u>	<u>20,593,878</u>	0.8
EXPENSES			
General Government	3,718,313	3,196,449	16.3
Public Safety	3,315,410	2,505,578	32.3
Highways and Streets	5,391,911	5,020,821	7.4
Sanitation	1,053,823	969,893	8.7
Human Services	4,797,052	4,844,693	(1.0)
Health	137,825	91,524	50.6
Culture and Recreation	100,230	24,525	308.7
Conservation of Natural Resources	776,929	723,460	7.4
Interest	159,999	2,780	5655.4
Total Expenses	<u>19,451,492</u>	<u>17,379,723</u>	11.9
CHANGE IN NET POSITION	1,311,633	3,214,155	(59.2)
Net Position - Beginning of Year	<u>66,827,180</u>	<u>63,613,025</u>	5.1
NET POSTION - END OF YEAR	<u>\$ 68,138,813</u>	<u>\$ 66,827,180</u>	2.0

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

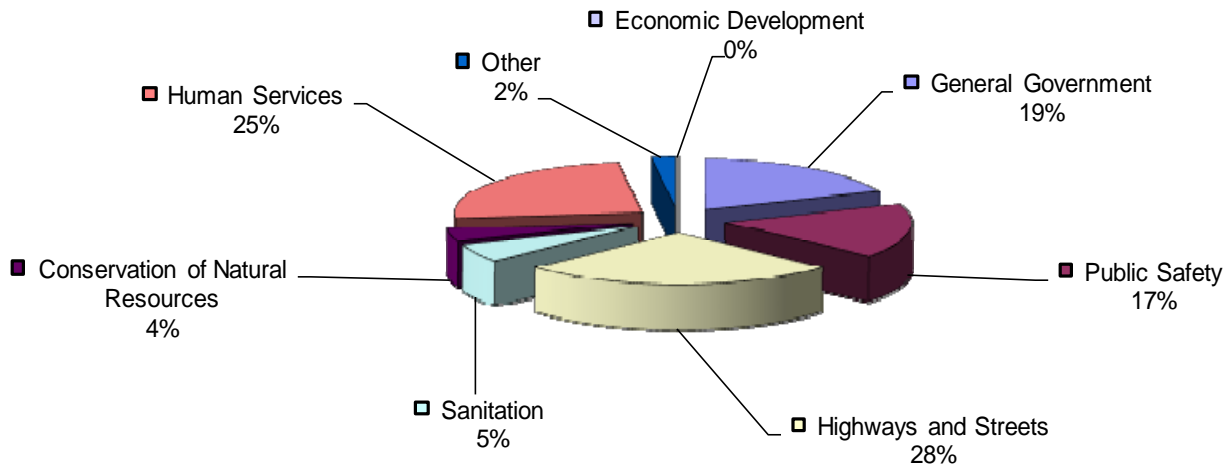
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

Governmental Activities Revenues by Source 2016



Governmental Activities Expenses by Function 2016



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**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

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 \$19,451,492.

- Some of the cost was paid by the users of the County's Programs (\$3,170,430).
- The federal and state governments subsidized certain programs with grants and contributions (\$7,026,566).
- The remainder of the County's costs, (\$9,254,496), however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with the \$9,628,797 taxes, \$490,702 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
	2016	2015		2016	2015	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 3,718,313	\$ 3,196,449	16.3 %	\$ (2,717,722)	\$ (2,533,676)	(7.3)%
Public Safety	3,315,410	2,505,578	32.3	(2,996,290)	(2,177,176)	(37.6)
Highways and Streets	5,391,911	5,020,821	7.4	(614,726)	409,900	(250.0)
Sanitation	1,053,823	969,893	8.7	(122,169)	(65,365)	(86.9)
Human Services	4,797,052	4,844,693	(1.0)	(2,120,548)	(2,336,926)	9.3
Health	137,825	91,524	50.6	(137,825)	(91,524)	(50.6)
Culture and Recreation	100,230	24,525	308.7	(60,615)	7,688	(888.4)
Conservation of Natural Resources	776,929	723,460	7.4	(341,566)	(225,275)	(51.6)
Economic Development	-	-	-	16,964	24,563	(30.9)
Interest and Fiscal Charges on Long-Term Liabilities	159,999	2,780	5655.4	(159,999)	(2,780)	(5655.4)
Total	<u>\$ 19,451,492</u>	<u>\$ 17,379,723</u>	11.9	<u>\$ (9,254,496)</u>	<u>\$ (6,990,571)</u>	(32.4)

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

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 \$22,009,823. Revenues for the County's governmental funds were \$20,273,375, while total expenditures were \$17,608,953. During 2016, the County also sold capital assets, issued bonds, and made interfund transfers, which 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 \$532,191 during 2016. This increase was primarily due to increased property tax revenue received in the current year.

The Road and Bridge Fund had a total fund balance of \$5,850,355. This fund balance total is a \$1,617,058 increase from the prior year.

The Welfare Fund's fund balance increased by \$706,995, primarily due to a decrease program expenditures for 2016.

The Revolving Loan Fund's fund balance increased by \$10,477 due to receipt of loan repayments exceeding new loans issued in the current year.

The Solid Waste Fund's fund balance decreased by \$118,453, as a result of less County sale of recyclables due to prices being in a declining trend.

The Ditch Fund's fund balance decreased by \$84,756, due to ditch repairs exceeding special assessment revenue collected for the year.

The 2016A Debt Service Fund had a total fund balance of \$7,912,435. This is a new fund for 2016 and reflects the issuance of a bond and a loan receivable from Federated Telephone for the principal of the bond.

GENERAL FUND

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

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

Table A-4
General Fund Revenues

	Year Ended		Change	
	December 31, 2016	December 31, 2015	Increase (Decrease)	Percent
Taxes	\$ 5,091,985	\$ 5,082,819	\$ 9,166	0.2 %
Licenses and Permits	4,330	5,970	(1,640)	(27.5)
Intergovernmental	841,576	877,435	(35,859)	(4.1)
Charges for Services	686,108	328,037	358,071	109.2
Investment Earnings	58,626	57,723	903	1.6
Miscellaneous and Other	514,097	590,250	(76,153)	(12.9)
Total General Fund Revenues	<u>\$ 7,196,722</u>	<u>\$ 6,942,234</u>	<u>\$ 254,488</u>	3.7

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Expenditures:

Table A-5
General Fund Expenditures

	Year Ended		Change	
	December 31, 2016	December 31, 2015	Increase (Decrease)	Percent
General Government	\$ 3,538,100	\$ 3,281,957	\$ 256,143	7.8 %
Public Safety	2,854,099	2,444,346	409,753	16.8
Health	137,825	91,524	46,301	50.6
Culture and Recreation	92,135	18,841	73,294	389.0
Conservation of Natural Resources	354,111	343,869	10,242	3.0
Total Expenditures	<u>\$ 6,976,270</u>	<u>\$ 6,180,537</u>	<u>\$ 795,733</u>	12.9

General Fund Budgetary Highlights

- Actual revenues were \$568,104 more than expected, due to some intergovernmental revenue and charges for services that were not budgeted for.
- The actual expenditures were \$54,630 more than budget. This is due primarily to public safety expenditures that were not budgeted for but spent.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

By the end of 2016, the County had invested over \$85,000,000 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 \$2,004,073.

Table A-6
The County's Capital Assets

	Governmental Activities		Percent Change
	2016	2015	
Land	\$ 2,199,886	\$ 2,199,886	-
Buildings	8,087,730	8,072,165	0.2
Machinery, Equipment, and Vehicles	7,793,320	7,432,277	4.9
Infrastructure	67,210,047	66,782,100	0.6
Less: Accumulated Depreciation	<u>(29,061,945)</u>	<u>(27,230,108)</u>	6.7
Total	<u>\$ 56,229,038</u>	<u>\$ 57,256,320</u>	(1.8)

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

DEBT ADMINISTRATION

At year-end, the County's outstanding debt was \$7,865,021, which had an increase of \$7,748,113 as shown in Table A-7. This increase is due to the issuance of G.O. Abatement Bonds in the current year. The hospital and HRA decreases in debt are a result of the repayment of long-term debt.

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

	<u>2016</u>	<u>2015</u>	<u>Percent Change</u>
GOVERNMENTAL ACTIVITIES			
General Obligation Abatement Bonds	\$ 7,780,000	\$ -	100.0 %
Chippewa River Watershed Loans	85,021	116,908	(27.3)
DISCRETE COMPONENT UNITS			
Swift County Housing and Redevelopment Authority	2,305,000	2,420,000	(4.8)
Swift County-Benson Hospital	<u>10,102,815</u>	<u>10,589,804</u>	(4.6)
Total	<u>\$ 12,407,815</u>	<u>\$ 13,009,804</u>	(4.6)

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.

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.

BASIC FINANCIAL STATEMENTS

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2016**

	Primary Government	Discretely Presented Component Units	Total Reporting Entity
ASSETS			
Cash and Pooled Investments	\$ 13,427,010	\$ 2,910,595	\$ 16,337,605
Petty Cash and Change Funds	1,675	-	1,675
Taxes Receivable - Delinquent	82,282	-	82,282
Special Assessments Receivable - Delinquent	21,574	-	21,574
Special Assessments Receivable - Noncurrent	237,516	-	237,516
Accounts Receivable - Net	188,678	2,936,894	3,125,572
Loans Receivable	8,430,418	-	8,430,418
Due from Component Unit	1,661,267	-	1,661,267
Accrued Interest Receivable	17,159	-	17,159
Due from Other Governments	2,864,974	-	2,864,974
Advances to Other Governments	10,000	-	10,000
Prepaid Items	11,952	201,863	213,815
Inventories	198,558	304,819	503,377
Restricted Assets			
Cash and Investments	600,000	655,705	1,255,705
Internally Designated Cash and Investments	-	3,421,759	3,421,759
Investment in Joint Venture	-	213,426	213,426
Other Noncurrent Assets	-	2,931	2,931
Capital Assets - Non-Depreciable			
Land	2,199,886	599,394	2,799,280
Construction-in-Progress	-	977,685	977,685
Depreciable Capital Assets - Net of Depreciation			
Buildings	4,539,319	11,853,874	16,393,193
Improvements Other than Buildings	-	51,197	51,197
Machinery, Vehicles, Furniture and Equipment	2,638,879	741,270	3,380,149
Infrastructure	46,850,954	-	46,850,954
Total Assets	83,982,101	24,871,412	108,853,513
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	4,918,094	2,189,795	7,107,889
Loss on Refunding	-	69,169	69,169
Total Deferred Outflows of Resources	4,918,094	2,258,964	7,177,058

See accompanying Notes to Financial Statements.

	Primary Government	Discretely Presented Component Units	Total Reporting Entity
LIABILITIES			
Accounts Payable	\$ 544,712	\$ 1,468,523	\$ 2,013,235
Salaries Payable	358,325	-	358,325
Accrued Payroll Taxes	53,847	-	53,847
Due to Other Governments	34,734	-	34,734
Accrued Interest Payable	127,565	125,040	252,605
Unearned Revenue	64,485	-	64,485
Customer Deposits - Current	-	27,351	627,351
Custodial Deposits	600,000	-	-
Other Current Liabilities	-	592,356	592,356
Compensated Absences Payable - Due Within One Year	239,652	13,450	253,102
General Obligation Bonds Payable - Due Within One Year	-	525,000	525,000
Due to Primary Government - Due Within One Year	-	89,000	89,000
Loans Payable - Due Within One Year	25,002	-	25,002
Compensated Absences Payable - Due in More Than One Year	718,957	-	718,957
Due to Primary Government - Due in More Than One Year	-	1,572,267	1,572,267
General Obligation Bonds Payable - Due in More Than One Year	7,796,148	10,221,548	18,017,696
Loans Payable - Due in More Than One Year	60,019	-	60,019
Other Postemployment Benefits Payable - Due in More Than One Year	85,255	-	85,255
Net Pension Liability - Due in More Than One Year	9,102,742	6,008,434	15,111,176
Total Liabilities	<u>19,811,443</u>	<u>20,642,969</u>	<u>40,454,412</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related	949,939	659,639	1,609,578
NET POSITION			
Net Investment in Capital Assets	56,229,038	1,884,774	58,113,812
Restricted for			
Recorder Equipment	62,943	-	62,943
Recorder Technology	37,850	-	37,850
E-911 Program	310,944	-	310,944
Transportation	2,097,055	-	2,097,055
Economic Development Loans	1,038,279	-	1,038,279
Ditches	463,084	-	463,084
Hospice	-	692,341	692,341
Unrestricted	7,899,620	3,250,653	11,150,273
Total Net Position	<u>\$ 68,138,813</u>	<u>\$ 5,827,768</u>	<u>\$ 73,966,581</u>

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
General Government	\$ 3,718,313	\$ 806,235	\$ 194,356	\$ -
Public Safety	3,315,410	155,990	163,130	-
Highways and Streets	5,391,911	165,292	2,493,480	2,118,413
Sanitation	1,053,823	862,944	68,710	-
Human Services	4,797,052	948,178	1,728,326	-
Health	137,825	-	-	-
Culture and Recreation	100,230	20,068	-	19,547
Conservation of Natural Resources	776,929	194,759	12,118	228,486
Economic Development	-	16,964	-	-
Interest	159,999	-	-	-
Total Governmental Activities	19,451,492	3,170,430	4,660,120	2,366,446
DISCRETE COMPONENT UNITS				
Swift County - Housing and Redevelopment Authority	1,180,480	537,079	607,132	-
Swift County-Benson Hospital	16,660,541	14,579,535	-	37,275
Total Discretely Presented Component Units	17,841,021	15,116,614	607,132	37,275
Total Reporting Entity	\$ 37,292,513	\$ 18,287,044	\$ 5,267,252	\$ 2,403,721

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.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Discretely Presented Component Units	Total
\$ (2,717,722)	\$ -	\$ (2,717,722)
(2,996,290)	-	(2,996,290)
(614,726)	-	(614,726)
(122,169)	-	(122,169)
(2,120,548)	-	(2,120,548)
(137,825)	-	(137,825)
(60,615)	-	(60,615)
(341,566)	-	(341,566)
16,964	-	16,964
(159,999)	-	(159,999)
(9,254,496)	-	(9,254,496)
-	(36,269)	(36,269)
-	(2,043,731)	(2,043,731)
-	(2,080,000)	(2,080,000)
(9,254,496)	(2,080,000)	(11,334,496)
9,510,437	-	9,510,437
112,992	-	112,992
5,368	-	5,368
178,477	-	178,477
70,171	-	70,171
70,943	-	70,943
490,702	-	490,702
68,108	53,182	121,290
39,588	15,306	54,894
19,343	200	19,543
10,566,129	68,688	10,634,817
1,311,633	(2,011,312)	(699,679)
66,827,180	7,839,080	74,666,260
\$ 68,138,813	\$ 5,827,768	\$ 73,966,581

**SWIFT COUNTY
BENSON, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	General	Road and Bridge	Welfare
ASSETS			
Cash and Pooled Investments	\$ 3,327,175	\$ 5,503,784	\$ 1,918,060
Petty Cash and Change Funds	1,600	-	25
Restricted Cash	-	-	-
Taxes Receivable - Delinquent	43,635	16,288	22,317
Special Assessments Receivable			
Delinquent	-	-	-
Noncurrent	-	-	-
Accounts Receivable	17,873	9,413	53,865
Accrued Interest Receivable	10,362	4,006	2,298
Loans Receivable	-	-	-
Due from Component Unit	1,661,267	-	-
Due from Other Funds	28,774	-	-
Due from Other Governments	17,540	2,400,112	447,322
Advances to Other Governments	10,000	-	-
Prepaid Items	-	-	11,952
Inventories	-	198,558	-
Total Assets	\$ 5,118,226	\$ 8,132,161	\$ 2,455,839
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 91,554	\$ 72,545	\$ 109,079
Salaries Payable	162,154	70,947	109,553
Accrued Payroll Taxes	24,567	10,918	16,062
Due to Other Funds	-	-	3,774
Due to Other Governments	4,615	-	30,119
Custodial Deposits	-	-	-
Unearned Revenue	64,485	-	-
Total Liabilities	347,375	154,410	268,587
DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes	43,635	16,288	22,317
Unavailable Special Assessments	-	-	-
Unavailable Grants	-	2,111,108	80,799
Unavailable Loans Receivable	-	-	-
Total Deferred Inflows of Resources	43,635	2,127,396	103,116
FUND BALANCES			
Nonspendable			
Prepays	-	-	11,952
Inventories	-	198,558	-
Advances to Other Governments	10,000	-	-
Loans Receivable	1,661,267	-	-
Restricted			
Recorder Equipment	62,943	-	-
Recorder Technology	37,850	-	-
E-911	310,944	-	-
Future Loans	-	-	-
Ditches	-	-	-
Debt Service	-	-	-
Committed			
Road and Bridge	-	5,651,797	-
Welfare Programs	-	-	2,072,184
Solid Waste	-	-	-
Unassigned	2,644,212	-	-
Total Fund Balances	4,727,216	5,850,355	2,084,136
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,118,226	\$ 8,132,161	\$ 2,455,839

See accompanying Notes to Financial Statements.

Revolving Loan	Solid Waste	Ditch	2016A Debt Service	Total Governmental Funds
\$ 549,409	\$ 649,519	\$ 285,973	\$ 148,260	\$ 12,382,180
-	50	-	-	1,675
-	-	-	600,000	600,000
-	42	-	-	82,282
-	20,380	1,194	-	21,574
-	35,516	202,000	-	237,516
-	38,876	-	-	120,027
-	-	-	493	17,159
650,418	-	-	7,780,000	8,430,418
-	-	-	-	1,661,267
-	-	-	-	28,774
-	-	-	-	2,864,974
-	-	-	-	10,000
-	-	-	-	11,952
-	-	-	-	198,558
<u>\$ 1,199,827</u>	<u>\$ 744,383</u>	<u>\$ 489,167</u>	<u>\$ 8,528,753</u>	<u>\$ 26,668,356</u>
\$ -	\$ 44,167	\$ 1,008	\$ 16,318	\$ 334,671
-	15,671	-	-	358,325
-	2,300	-	-	53,847
-	-	25,000	-	28,774
-	-	-	-	34,734
-	-	-	600,000	600,000
-	-	-	-	64,485
-	62,138	26,008	616,318	1,474,836
-	-	-	-	82,240
-	55,938	203,194	-	259,132
-	-	-	-	2,191,907
650,418	-	-	-	650,418
650,418	55,938	203,194	-	3,183,697
-	-	-	-	11,952
-	-	-	-	198,558
-	-	-	-	10,000
-	-	-	-	1,661,267
-	-	-	-	62,943
-	-	-	-	37,850
-	-	-	-	310,944
549,409	-	-	-	549,409
-	-	259,965	-	259,965
-	-	-	7,912,435	7,912,435
-	-	-	-	5,651,797
-	-	-	-	2,072,184
-	626,307	-	-	626,307
-	-	-	-	2,644,212
<u>549,409</u>	<u>626,307</u>	<u>259,965</u>	<u>7,912,435</u>	<u>22,009,823</u>
<u>\$ 1,199,827</u>	<u>\$ 744,383</u>	<u>\$ 489,167</u>	<u>\$ 8,528,753</u>	<u>\$ 26,668,356</u>

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**SWIFT COUNTY
BENSON, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016**

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 22,009,823

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. 56,229,038

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	\$ (9,102,742)	
Deferred Inflows of Resources - Pension Related	(949,939)	
Deferred Outflows of Resources - Pension Related	<u>4,918,094</u>	(5,134,587)

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	82,240	
Special Assessments	259,132	
Loans Receivable	650,418	
Grant Related	<u>2,191,907</u>	3,183,697

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: 903,440

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 Abatement Bonds	(7,780,000)	
Premium on General Obligation Bonds	(16,148)	
Loans Payable	(85,021)	
Compensated Absences	(958,609)	
Other Postemployment Benefits	(85,255)	
Accrued Interest Payable	<u>(127,565)</u>	<u>(9,052,598)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 68,138,813**

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016**

	General	Road and Bridge	Welfare
REVENUES			
Taxes	\$ 5,091,985	\$ 1,930,679	\$ 2,609,047
Special Assessments	-	-	-
Licenses and Permits	4,330	-	-
Intergovernmental	841,576	3,849,178	2,418,047
Charges for Services	686,108	149,388	330,586
Fines and Forfeits	14,605	-	-
Gifts and Contributions	9,757	-	-
Interest on Investments	58,626	8,212	1,270
Miscellaneous	489,735	16,230	19,349
Total Revenues	7,196,722	5,953,687	5,378,299
EXPENDITURES			
CURRENT			
General Government	3,538,100	-	-
Public Safety	2,854,099	-	-
Highways and Streets	-	4,451,612	-
Sanitation	-	-	-
Human Services	-	-	4,671,304
Health	137,825	-	-
Culture and Recreation	92,135	-	-
Conservation of Natural Resources	354,111	-	-
DEBT SERVICE			
Principal	-	-	-
Interest	-	-	-
Administrative (Fiscal) Charges	-	-	-
Total Expenditures	6,976,270	4,451,612	4,671,304
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	220,452	1,502,075	706,995
OTHER FINANCING SOURCES (USES)			
Transfers In	311,739	-	-
Transfers Out	-	-	-
Bond Proceeds	-	-	-
Premium on Bonds Issued	-	-	-
Proceeds from Sale of Assets	-	85,400	-
Total Other Financing Sources (Uses)	311,739	85,400	-
NET CHANGE IN FUND BALANCES	532,191	1,587,475	706,995
Fund Balance - Beginning of Year	4,195,025	4,233,297	1,377,141
INCREASE IN INVENTORIES	-	29,583	-
FUND BALANCE - END OF YEAR	<u>\$ 4,727,216</u>	<u>\$ 5,850,355</u>	<u>\$ 2,084,136</u>

See accompanying Notes to Financial Statements.

Revolving Loan	Solid Waste	Ditch	2016A Debt Service	Total Governmental Funds
\$ -	\$ 120	\$ -	\$ -	\$ 9,631,831
-	309,663	324,002	-	633,665
-	-	-	-	4,330
-	68,710	-	-	7,177,511
-	474,003	-	-	1,640,085
-	-	-	-	14,605
-	-	-	-	9,757
16,964	-	-	-	85,072
305,252	97,916	1,394	146,643	1,076,519
322,216	950,412	325,396	146,643	20,273,375
-	-	-	-	3,538,100
-	-	-	-	2,854,099
-	-	-	-	4,451,612
-	1,034,798	-	-	1,034,798
-	-	-	-	4,671,304
-	-	-	-	137,825
-	-	-	-	92,135
-	-	410,152	-	764,263
-	31,887	-	-	31,887
-	2,180	-	-	2,180
-	-	-	30,750	30,750
-	1,068,865	410,152	30,750	17,608,953
322,216	(118,453)	(84,756)	115,893	2,664,422
-	-	-	-	311,739
(311,739)	-	-	-	(311,739)
-	-	-	7,780,000	7,780,000
-	-	-	16,542	16,542
-	-	-	-	85,400
(311,739)	-	-	7,796,542	7,881,942
10,477	(118,453)	(84,756)	7,912,435	10,546,364
538,932	744,760	344,721	-	11,433,876
-	-	-	-	29,583
<u>\$ 549,409</u>	<u>\$ 626,307</u>	<u>\$ 259,965</u>	<u>\$ 7,912,435</u>	<u>\$ 22,009,823</u>

**SWIFT COUNTY
BENSON, MINNESOTA
RECONCILIATION OF 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, 2016**

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 10,546,364
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.		442,624
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	\$ 1,042,848	
Net Book Value of Assets Disposed of	(66,057)	
Current Year Depreciation	<u>(2,004,073)</u>	(1,027,282)
Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.		
		(947,207)
Bond proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the statement of net assets. 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 assets		
Debt Proceeds	(7,780,000)	
Issuance Premium	<u>(16,542)</u>	(7,796,542)
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		31,887
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.		
		193,812
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	(127,463)	
Amortization of Discounts and Premiums	394	
Change in Compensated Absences	(10,143)	
Change in Other Postemployment Benefits	(24,394)	
Change in Inventories	<u>29,583</u>	<u>(132,023)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ 1,311,633

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
 BENSON, MINNESOTA
 STATEMENT OF NET POSITION
 INTERNAL SERVICE FUND
 DECEMBER 31, 2016**

	<u>Self-Insurance</u>
ASSETS	
Cash and Pooled Investments	\$ 1,044,830
Accounts Receivable	67,154
Accrued Interest Receivable	<u>1,497</u>
Total Assets	1,113,481
LIABILITIES	
Accounts Payable	<u>210,041</u>
NET POSITION	
Unrestricted	<u><u>\$ 903,440</u></u>

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
 BENSON, MINNESOTA
 STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION
 INTERNAL SERVICE FUND
 YEAR ENDED DECEMBER 31, 2016**

	<u>Self-Insurance</u>
OPERATING REVENUES	
Premiums	\$ 1,660,552
OPERATING EXPENSES	
Administrative and Fiscal Services	456,758
Other Services and Charges	<u>1,014,560</u>
Total Operating Expenses	<u>1,471,318</u>
OPERATING INCOME	189,234
NONOPERATING REVENUES (EXPENSES)	
Interest income	<u>4,578</u>
CHANGE IN NET POSITION	193,812
Net Position - Beginning of Year	<u>709,628</u>
NET POSITION - END OF YEAR	<u><u>\$ 903,440</u></u>

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
YEAR ENDED DECEMBER 31, 2016**

	<u>Self-Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Internal Services Provided	\$ 1,615,010
Payments to Suppliers	(374,034)
Payments for Claims	<u>(1,014,560)</u>
Net Cash Provided by Operating Activities	226,416
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Earning Received	<u>3,081</u>
Net Increase (Decrease) in Cash and Cash Equivalents	229,497
Cash and Cash Equivalents - Beginning of the Year	<u>815,333</u>
Cash and Cash Equivalents - End of the Year	<u><u>\$ 1,044,830</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 189,234
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
(Increase) Decrease in Accounts Receivable	(45,542)
Increase (Decrease) in Accounts Payable	<u>82,724</u>
Net Cash Provided by Operating Activities	<u><u>\$ 226,416</u></u>

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2016**

ASSETS

Cash and Pooled Investments	<u><u>\$ 528,400</u></u>
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LIABILITIES

Funds Held in Trust	\$ 14,824
Due to Other Governments	<u>513,576</u>
Total Liabilities	<u><u>\$ 528,400</u></u>

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2016**

	Housing and Redevelopment Authority	Swift County-Benson Hospital	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 823,303	\$ 2,087,292	\$ 2,910,595
Accounts Receivable - Net	3,680	2,933,214	2,936,894
Prepaid Items	-	201,863	201,863
Inventories	-	304,819	304,819
Total Current Assets	826,983	5,527,188	6,354,171
RESTRICTED ASSETS			
Cash and Investments	967	654,738	655,705
NONCURRENT ASSETS			
Internally Designated Cash and Investments	-	3,421,759	3,421,759
Investment in Joint Venture	-	213,426	213,426
Capital Assets			
Land	25,000	574,394	599,394
Construction-in-Progress	-	977,685	977,685
Buildings	2,256,695	9,597,179	11,853,874
Machinery, Vehicles, Furniture and Equipment	10,713	730,557	741,270
Land Improvements	-	51,197	51,197
Other Noncurrent Assets	-	2,931	2,931
Total Noncurrent Assets	2,292,408	15,569,128	17,861,536
Total Assets	3,120,358	21,751,054	24,871,412
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	-	69,169	69,169
Pension Related	-	2,189,795	2,189,795
Total Deferred Outflows of Resources	-	2,258,964	2,258,964
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	672	1,467,851	1,468,523
Accrued Expenses	-	592,356	592,356
Accrued Interest	-	125,040	125,040
Compensated Absences Payable - Current	13,450	-	13,450
Revenue Bonds Payable - Current	115,000	410,000	525,000
Due To Primary Government - Current	-	89,000	89,000
Customer Deposits	27,351	-	27,351
Total Current Liabilities	156,473	2,684,247	2,840,720
NONCURRENT LIABILITIES			
Net Pension Liability	-	6,008,434	6,008,434
Revenue Bonds Payable - Long-Term	2,190,000	8,031,548	10,221,548
Due To Primary Government - Long-Term	-	1,572,267	1,572,267
Total Noncurrent Liabilities	2,190,000	15,612,249	17,802,249
Total Liabilities	2,346,473	18,296,496	20,642,969
DEFERRED INFLOWS OF RESOURCES			
Pension Related	-	659,639	659,639
NET POSITION			
Net Investment in Capital Assets	(12,592)	1,897,366	1,884,774
Restricted	967	691,374	692,341
Unrestricted	785,510	2,465,143	3,250,653
Total Net Position	\$ 773,885	\$ 5,053,883	\$ 5,827,768

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2016**

	Expenses	Program Revenues		
		Fees, Charges Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
COMPONENT UNITS				
Housing and Redevelopment Authority	\$ 1,180,480	\$ 537,079	\$ 607,132	\$ -
Swift County-Benson Hospital	16,660,541	14,579,535	-	37,275
Total Component Units	<u>\$ 17,841,021</u>	<u>\$ 15,116,614</u>	<u>\$ 607,132</u>	<u>\$ 37,275</u>

GENERAL REVENUES

Investment Earnings

Miscellaneous

Gain on Disposal 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.

Net Expense (Revenue) and
Changes in Net Position

Housing and Redevelopment Authority	Swift County-Benson Hospital	Total
\$ (36,269)	\$ -	\$ (36,269)
-	(2,043,731)	(2,043,731)
(36,269)	(2,043,731)	(2,080,000)
2,205	50,977	53,182
-	15,306	15,306
-	200	200
2,205	66,483	68,688
(34,064)	(1,977,248)	(2,011,312)
807,949	7,031,131	7,839,080
<u>\$ 773,885</u>	<u>\$ 5,053,883</u>	<u>\$ 5,827,768</u>

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**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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, 2016. 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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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.

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

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 required to be 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.

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

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.

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.

2016A 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 County reports the following internal service fund:

Self-Insurance Internal Service Fund – is used to account for the County's self-insured insurance program. Financing is provided by charges to other County funds and individuals' insurance payments. The County's self-insurance program started in January 2014.

Additionally, the County reports the following fiduciary fund type:

Agency Funds – are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds in an agency capacity.

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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.

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.

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, 2016, 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, 2016**

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.

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

Unpaid taxes 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 and its general 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 2016A 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. 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.

5. 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.

6. 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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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)

7. 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 three years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

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

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

8. Compensated Absences

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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)

9. 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.

10. 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 two 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.

11. 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.

12. 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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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)

12. Long-Term Obligations (Continued)

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

13. 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.

14. 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, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The following funds had expenditures in excess of budget at the fund level for the year ended December 31, 2016:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 6,976,270	\$ 6,921,640	\$ 54,630
Special Revenue Funds			
Solid Waste	1,068,865	989,900	78,965

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

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	\$ 13,427,010
Petty Cash and Change Funds	1,675
Restricted Cash and Investments	600,000
Agency Funds	<u>528,400</u>
Total Cash and Investments	<u><u>\$ 14,557,085</u></u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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, 2016 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;
- (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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

As of December 31, 2016, 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	\$ 431,682	\$ 431,682	\$ -	\$ -
Government Securities Money Market Fund	2,622,116	2,622,116	-	-
Negotiable Certificates of Deposit	5,681,525	4,485,176	1,196,349	-
MAGIC External Investment Pool	748,261	748,261	-	-
Total	<u>\$ 9,483,584</u>	<u>\$ 8,287,235</u>	<u>\$ 1,196,349</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, 2016, 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.

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, 2016, the County had 27.6% of total investments in the Wells Fargo government securities money market fund.

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

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.
- 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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Fair Value Measurement (Continued)

Investments are measured as follows:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level				
Negotiable Certificates of Deposit	\$ -	\$ 5,681,525	\$ -	\$ 5,681,525
Government Securities Money Market Fund	2,622,116	-	-	2,622,116
U.S. Government Securities Mutual Fund	431,682	-	-	431,682
Investments Measured at Amortized Costs				
External Investment Pool - MAGIC				748,261
Total Investments				9,483,584
Deposits and Cash on Hand				5,073,501
Total				\$ 14,557,085

The MAGIC portfolio is valued using amortized cost. Shares of the MAGIC portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request. The MAGIC Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a portfolio's securities or determination of its net asset value not reasonably practical.

2. Loans Receivable

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Receivables

Receivables at December 31, 2016, for the County, including any applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled For Collection in Subsequent Year
Taxes	\$ 82,282	\$ -
Special Assessments	259,090	-
Accounts	188,678	-
Loans	8,430,418	8,125,165
Due from Component Unit	1,661,267	1,572,266
Interest	17,159	-
Due from Other Governments	2,864,974	-
	<u>\$ 13,503,868</u>	<u>\$ 9,697,431</u>

4. Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

Government-Type Activities – Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Land and Right-of-Way	\$ 2,199,886	\$ -	\$ -	\$ 2,199,886
Capital Assets, Being Depreciated				
Buildings	8,072,165	15,565	-	8,087,730
Machinery, Furniture, and Equipment	7,432,277	599,336	238,293	7,793,320
Infrastructure	66,782,100	427,947	-	67,210,047
Total Capital Assets, Being Depreciated	<u>82,286,542</u>	<u>1,042,848</u>	<u>238,293</u>	<u>83,091,097</u>
Less Accumulated Depreciation for				
Buildings	3,456,809	91,602	-	3,548,411
Machinery, Furniture, and Equipment	4,685,314	641,363	172,236	5,154,441
Infrastructure	19,087,985	1,271,108	-	20,359,093
Total Accumulated Depreciation	<u>27,230,108</u>	<u>2,004,073</u>	<u>172,236</u>	<u>29,061,945</u>
Total Capital Assets, Being Depreciated, Net	<u>55,056,434</u>	<u>(961,225)</u>	<u>66,057</u>	<u>54,029,152</u>
Governmental Activities Capital Assets, Net	<u>\$ 57,256,320</u>	<u>\$ (961,225)</u>	<u>\$ 66,057</u>	<u>\$ 56,229,038</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets (Continued)

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

Government-Type Activities

General Government	\$	55,896
Public Safety		111,865
Highways and Streets, Including Depreciation of Infrastructure Assets		1,744,378
Human Services		17,644
Sanitation		52,473
Conservation of Natural Resources		113
Culture and Recreation		21,704
		21,704
Total Depreciation Expense - Governmental Activities	\$	2,004,073

B. Interfund Receivables and Payables

The composition of Due To/From Other Funds balances as of December 31, 2016, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Welfare Fund	\$ 3,774	Reimbursement for Services
	Ditch Fund	25,000	Ditch Expense Reimbursement
	Total	\$ 28,774	

The Due From Component Unit/Due To Primary Government as of December 31, 2016 is between Swift County and the Swift County Benson Hospital is \$1,661,267. The County Board approved a twenty year loan for \$2,000,000 with a 2% interest rate with repayment to begin in January 2013. Principal repayments in 2016 were \$89,000. The amount due in more than one year is \$1,572,267.

The composition of Transfers In/Out as of December 31, 2016, is as follows:

Transfer In	Transfer Out	Amount	Purpose
General Fund	Revolving Loan	\$ 311,739	Current Year CNH Payments

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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, 2016
General Obligation Bonds					
2016A Abatement Bonds	2037	\$305,000 \$510,000	2.00-3.45	\$ 7,780,000	\$ 7,780,000
Loans Payable					
Chippewa River Watershed/					
Continuation Clean Water Project	2021	\$16,259 - \$31,886	2.00	304,374	85,021
Total Indebtedness				<u>\$ 8,084,374</u>	<u>\$ 7,865,021</u>

2. Debt Service Requirements

Debt service requirements at December 31, 2016, were as follows:

Year Ending December 31	2016A General Obligaion Abatement Bonds		Loans Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ -	\$ 256,626	\$ 25,002	\$ 1,576	\$ 25,002	\$ 258,202
2018	305,000	216,915	25,504	1,074	330,504	217,989
2019	310,000	210,765	18,257	561	328,257	211,326
2020	320,000	204,465	10,786	272	330,786	204,737
2021	325,000	198,015	5,472	55	330,472	198,070
2022-2026	1,735,000	878,739	-	-	1,735,000	878,739
2027-2031	1,975,000	624,044	-	-	1,975,000	624,044
2032-2036	2,300,000	285,163	-	-	2,300,000	285,163
2037	510,000	8,798	-	-	510,000	8,798
Total	<u>\$ 7,780,000</u>	<u>\$ 2,883,530</u>	<u>\$ 85,021</u>	<u>\$ 3,538</u>	<u>\$ 7,865,021</u>	<u>\$ 2,887,068</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Liabilities

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2016, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2016A General Obligation					
Abatement Bonds	\$ -	\$ 7,780,000	\$ -	\$ 7,780,000	\$ -
Premium	-	16,542	394	16,148	-
Subtotal Bonds Payable	-	7,796,542	394	7,796,148	-
Loans Payable	116,908	-	31,887	85,021	25,002
Compensated Absences	948,466	597,778	587,635	958,609	239,652
Other Postemployment Benefits	60,861	38,814	14,420	85,255	-
Governmental Activity					
Long-Term Liabilities	<u>\$ 1,126,235</u>	<u>\$ 8,433,134</u>	<u>\$ 634,336</u>	<u>\$ 8,925,033</u>	<u>\$ 264,654</u>

The loans payable are liquidated by the Solid Waste Fund and compensated absences are liquidated by the General Fund. The other postemployment benefits are liquidated by the General Fund.

NOTE 4 PENSION PLANS

A. Pension Description

The County and the Swift County-Benson Hospital participate 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.

General Employees Retirement Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a graduated schedule starting with 50% after five years and increasing 10% for each year of service until fully vested after ten years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years and increasing 5% for each year of service until fully vested after twenty years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional facility and its inmates are covered by the Public Employees Correctional Plan (accounted for in the Correctional Fund). For members hired after June 30, 2010, benefits vest on a graduated schedule starting with 50% after five years and increasing 10% for each year of service until fully vested after ten years.

B. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0% post-retirement benefit increase. If the funding ratio reaches 90% for two consecutive years, the benefit increase will revert to 2.5%. If, after reverting to a 2.5% benefit increase, the funding ratio declines to less than 80% for one year or less than 85% for two consecutive years, the benefit increase will decrease to 1.0%.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

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 General Employees Retirement Plan Coordinated and Basic Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years of service and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Public Employees Police and Fire Plan members, the annuity accrual rate is 3.0% of average salary for each year of service. For Public Employees Correctional Plan members, the annuity accrual rate is 1.9% of average salary for each year of service.

For General Employees Retirement Plan 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. For Public Employees Police and Fire Plan and Public Employees Correctional Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

C. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Retirement Plan Basic members, and Coordinated members were required to contribute 9.10%, and 6.50%, respectively, of their annual covered salary in 2016. Public Employees Police and Fire Plan members were required to contribute 10.80% of their annual covered salary in 2016. Public Employees Correctional Plan members were required to contribute 5.83% of their annual covered salary in 2016.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

C. Contributions (Continued)

In 2016, the County and Swift County-Benson Hospital were required to contribute the following percentages of annual covered salary:

General Employees Retirement Plan	
Basic Plan Members	11.78 %
Coordinated Plan Members	7.50
Public Employees Police and Fire Plan	16.20
Public Employees Correctional Plan	8.75

The employee and employer contribution rates did not change from the previous year.

The County and Swift County-Benson Hospital's contributions for the year ended December 31, 2016 to the pension plans were:

The County's General Employees Retirement Plan	\$ 343,962
Swift County-Benson Hospital General Employees Retirement Plan	373,992
Public Employees Police and Fire Plan	95,222
Public Employees Correctional Plan	42,772

The contributions are equal to the contractually required contributions as set by state statute.

D. Pension Costs

1. General Employees Retirement Plan

At December 31, 2016, the County reported a liability of \$5,821,684 for its proportionate share of the General Employees Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2016, 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 proportion 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, 2015 through June 30, 2016, relative to the total employer contributions received from all PERA's participating employers. At June 30, 2016, the County's portion was 0.0711%. It was 0.0696% measured as of June 30, 2015. The County recognized pension expense of \$779,720 for its proportionate share of the General Employees Retirement Plan's pension expense.

The County also recognized \$22,473 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Retirement Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$6 million to the General Employees Retirement Plan each year, starting September 15, 2015, through September 15, 2031.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Retirement Plan (Continued)

At December 31, 2016, Swift County-Benson Hospital reported a liability of \$6,008,434 for its proportionate share of the General Employees Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Swift County-Benson Hospital's proportion of the net pension liability was based on their contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016, relative to the total employer contributions received from all PERA's participating employers. At June 30, 2016, Swift County-Benson Hospital's portion was 0.075%. It was 0.073% measured at June 30, 2015. Swift County-Benson Hospital recognized pension expense of \$695,468 for its proportionate share of the General Employees Retirement Plan's pension expense.

Swift County-Benson Hospital also recognized \$23,409 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Retirement Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$6 million to the General Employees Retirement Plan each year, starting September 15, 2015, through September 15, 2031.

County's Proportionate Share of the Net Pension Liability	\$ 5,821,684
State's Proportionate Share of the Net Pension Liability	<u>75,367</u>
Total	<u>\$ 5,897,051</u>
Swift County-Benson Hospital's Proportionate Share of the Net Pension Liability	\$ 6,008,434
State's Proportionate Share of the Net Pension Liability	<u>78,507</u>
Total	<u>\$ 6,086,941</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Retirement Plan (Continued)

At December 31, 2016, the proportionate share of General Employees Retirement Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources is as follows:

Description	Swift County		Swift County-Benson Hospital	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 472,925	\$ 627,304	\$ -
Changes in Actuarial Assumptions	1,139,891	-	1,305,717	-
Difference Between Projected and Actual Earnings on Pension Plan Investments	1,104,981	-	19,248	485,832
Changes in Proportion	78,013	157,366	50,530	173,807
County Contributions Paid to PERA Subsequent to the Measurement Date	173,038	-	186,996	-
Total	<u>\$ 2,495,923</u>	<u>\$ 630,291</u>	<u>\$ 2,189,795</u>	<u>\$ 659,639</u>

\$360,034 is reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	County Pension Expense Amount	Hospital Pension Expense Amount
2017	\$ 447,058	\$ 339,585
2018	447,058	191,075
2019	588,188	595,466
2020	210,290	217,034

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Public Employees Police and Fire Plan

At December 31, 2016, the County reported a liability of \$2,367,773 for its proportionate share of the Public Employees Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2016, 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 proportion 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 0.059%. It was 0.060% measured as of June 30, 2015. The County recognized pension expense of \$401,001 for its proportionate share of the Public Employees Police and Fire Plan's pension expense

The County also recognized \$5,310 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the Public Employees Police and Fire Plan. Legislation requires the State of Minnesota to contribute \$9 million to the Public Employees Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90% funded.

At December 31, 2016, the County reported its proportionate share of the Public Employees Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 271,628
Changes in Actuarial Assumptions	1,303,089	-
Difference Between Projected and Actual Earnings on Pension Plan Investments	361,338	-
Changes in Proportion	-	38,155
County Contributions Paid to PERA Subsequent to the Measurement Date	50,014	-
Total	<u>\$ 1,714,441</u>	<u>\$ 309,783</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Public Employees Police and Fire Plan (Continued)

\$50,014 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, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2017	\$ 290,507
2018	290,507
2019	290,507
2020	261,307
2021	221,816

3. Public Employees Correctional Plan

At December 31, 2016, the County reported a liability of \$913,285 for its proportionate share of the Public Employees Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2016, 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 proportion 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was 0.250%. It was 0.250% measured as of June 30, 2015. The County recognized pension expense of \$257,945 for its proportionate share of the Public Employees Correctional Plan's pension expense.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Public Employees Correctional Plan (Continued)

At December 31, 2016, the County reported its proportionate share of the Public Employees Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 716	\$ 9,865
Changes in Actuarial Assumptions	581,873	-
Difference Between Projected and Actual Earnings on Pension Plan Investments	102,612	-
County Contributions Paid to PERA Subsequent to the Measurement Date	22,529	-
Total	<u>\$ 707,730</u>	<u>\$ 9,865</u>

\$22,529 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, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2017	\$ 216,930
2018	216,930
2019	221,863
2020	19,613

The total pension expense for all plans recognized by the County for the year ended December 31, 2016 was \$1,466,449.

E. Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the individual entry-age normal actuarial cost-method and the following actuarial assumptions:

Inflation	2.50% per Year
Salary Increases	3.25% per Year
Investment Rate of Return	7.50%

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants in the General Employees Retirement Plan were based on RP-2014 tables, while mortality rates for Public Employees Police and Fire Plan and Public Employees Correctional Plan were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Plan and the Public Employees Police and Fire Plan, cost of living benefit increases for retirees are assumed to be 1.0%. Cost of living benefit increases for retirees are assumed to be 2.5% for the Public Employees Correctional Plan.

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Plan was for the period 2008 through 2015. The experience study for the Public Employees Police and Fire Plan was for the period 2004 through 2009. The experience study for the Public Employees Correctional Plan was for the period 2006 through 2011.

On August 16, 2016, an updated experience study was done for PERA's Public Employees Police and Fire Plan for the period 2011 through 2015, which would result in a larger pension liability. However, PERA will implement the changes in assumptions for its June 30, 2017, estimate of pension liability.

The long-term expected rate of return on pension plan investments is 7.5%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45 %	5.50 %
International Equity	15	6.00
Bonds	18	1.45
Alternative Assets	20	6.40
Cash	2	0.50
Totals	<u>100 %</u>	

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

F. Discount Rate

The discount rate used to measure the total pension liability was 7.50% in 2016, a reduction of the 7.90% used in 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Retirement Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In the Public Employees Police and Fire Plan and the Public Employees Correctional Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056, and June 30, 2058, respectively. Beginning in fiscal years ended June 30, 2057, for the Police and Fire Plan and June 30, 2059, for the Public Employees Correctional Plan, when projected benefit payments exceed the Plans' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85% based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60% for the Public Employees Police and Fire Plan and 5.31% for the Public Employees Correctional Plan was determined that produced approximately the same present value of the projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50% applied to all years of projected benefits through the point of asset depletion and 2.85% thereafter.

G. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2016:

General Employees Retirement Plan

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter, to 1.00% for all future years.
- The assumed investment rate was changed from 7.90% to 7.50%. The single discount rate was also changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25%. Payroll growth was reduced from 3.50% to 3.25%. Inflation was reduced from 2.75% to 2.50%.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

G. Changes in Actuarial Assumptions (Continued)

Public Employees Police and Fire Plan

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2037 and 2.50% per year thereafter, to 1.00% for all future years.
- The assumed investment rate was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 5.60%.
- The assumed payroll growth and inflation were decreased by 0.25%. Payroll growth was reduced from 3.50% to 3.25%. Inflation was reduced from 2.75% to 2.50%.

Public Employees Correctional Plan

- The assumed investment rate was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 5.31%.
- The assumed payroll growth and inflation were decreased by 0.25%. Payroll growth was reduced from 3.50% to 3.25%. Inflation was reduced from 2.75% to 2.50%.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

The following presents the County and Swift County-Benson Hospital'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 and Swift County-Benson Hospital's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

Description	1% Decrease In Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
County's Proportionate Share of the General Employees Retirement Plan Net Pension Liability	\$ 8,268,518	\$ 5,821,684	\$ 3,664,041
Hospital's Proportionate Share of the General Employees Retirement Plan Net Pension Liability	8,533,755	6,008,434	3,928,254

Description	1% Decrease In Discount Rate (4.60%)	Current Discount Rate (5.60%)	1% Increase in Discount Rate (6.60%)
County's Proportionate Share of the Public Employees Police and Fire Plan Net Pension Liability	\$ 3,314,567	\$ 2,367,773	\$ 1,594,169

Description	1% Decrease In Discount Rate (4.31%)	Current Discount Rate (5.31%)	1% Increase in Discount Rate (6.31%)
County's Proportionate Share of the Public Employees Correctional Plan Net Pension Liability	\$ 1,375,125	\$ 913,285	\$ 552,730

I. Pension Plan Fiduciary Net Position

Detailed information about General Employees Retirement Plan's fiduciary net position is available in a separately-issued PERA financial report. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

**SWIFT COUNTY
 BENSON, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
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NOTE 5 DEFINED CONTRIBUTION PLAN

The Commissioners of the County are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP 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% (.0025) of the assets in each member's account annually.

Total contributions made by the County during fiscal year 2016 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$9,967	\$9,967	5%	5%	5%

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured 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. Pursuant to the provisions of the plan, retirees are required to pay varying percentages of the total premium cost. As of January 1, 2014, there were nine retirees receiving health benefits from the County's health plan.

A. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of fund that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost of 2016, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC)	\$ 39,831
Interest on Net OPEB Obligation	2,434
Adjustment to ARC	(3,451)
Annual OPEB Cost	<u>38,814</u>
Contributions During the Year	<u>(14,420)</u>
Increase in Net OPEB Obligation	24,394
Net OPEB - Beginning of Year	60,861
Net OPEB - End of Year	<u><u>\$ 85,255</u></u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

A. Annual OPEB Cost and Net OPEB Obligation (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2016, 2015 and 2014 were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2016	\$ 38,814	\$ 14,420	37.2 %	\$ 85,255
December 31, 2015	40,042	15,474	38.6	60,861
December 31, 2014	39,826	3,928	9.9	36,293

B. Funding Status

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. No separate stand-alone financial statements are issued for the plan.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	\$ -	\$ 252,278	\$ 252,278	- %	\$ 5,411,699	4.7 %

C. Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.00% discount rate, which is based on the estimated long-term investment yield on the general assets of the County using an underlying long-term inflation assumption of 2.50%. The annual healthcare cost trend rate is 7.50% initially, reduced incrementally to an ultimate rate of 5.00% after ten years. The unfunded actuarial accrued liability is being amortized as a level dollar amount over an open thirty-year period.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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 2016. 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.

The County entered into a program 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 \$50,000 specific excess coverage per contract claim per year (\$1,093,605 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 pay-outs), and other economic and social factors.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 7 RISK MANAGEMENT (CONTINUED)

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

	Year Ended December 31	
	2016	2015
Unpaid Claims, Beginning of Year	\$ 127,317	\$ 191,942
Incurred Claims (including IBNR)	954,397	704,822
Claims Payments	(871,673)	(769,447)
Unpaid Claims, End of Year	\$ 210,041	\$ 127,317

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.

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, 2016.

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, 2016:

	<u>Bank Balance</u>
Insured or Collateralized with Securities Held by the HRA or Its Agent in the HRA's Name	\$ 824,270

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

A. Swift County Housing and Redevelopment Authority (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 fair market 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, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Capital Assets, not being Depreciated				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Capital Assets being Depreciated				
Buildings	3,626,539	-	-	3,626,539
Machinery, Furniture, and Equipment	<u>17,033</u>	<u>-</u>	<u>-</u>	<u>17,033</u>
Total Capital Assets being Depreciated	3,643,572	-	-	3,643,572
Less: Accumulated Depreciation for				
Buildings	1,265,575	104,269	-	1,369,844
Machinery, Furniture, and Equipment	<u>5,839</u>	<u>481</u>	<u>-</u>	<u>6,320</u>
Total Accumulated Depreciation	<u>1,271,414</u>	<u>104,750</u>	<u>-</u>	<u>1,376,164</u>
Total Capital Assets, Depreciated, Net	<u>2,372,158</u>	<u>(104,750)</u>	<u>-</u>	<u>2,267,408</u>
Total Capital Assets, Net	<u>\$ 2,397,158</u>	<u>\$ (104,750)</u>	<u>\$ -</u>	<u>\$ 2,292,408</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

A. Swift County Housing and Redevelopment Authority (Continued)

Long-Term Debt

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>June 30, 2016</u>
Limited Tax Housing and Development Revenue Refunding Bonds, Series 2013	2033	0.5-3.2%	<u>\$ 2,305,000</u>

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>
2017	\$ 115,000	\$ 53,738	\$ 168,738
2018	115,000	52,588	167,588
2019	120,000	51,150	171,150
2020	120,000	49,650	169,650
2021	125,000	47,550	172,550
2022-2026	650,000	215,938	865,938
2027-2031	735,000	106,375	841,375
2032-2033	325,000	10,480	335,480
Total	<u>\$ 2,305,000</u>	<u>\$ 587,469</u>	<u>\$ 2,892,469</u>

Compensated Absences Payable

Changes in compensated absences payable for the period ended June 30, 2016 are:

Balance - June 30, 2015	\$ 13,250
Net Changes	<u>200</u>
Balance - June 30, 2016	<u>\$ 13,450</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

A. Swift County Housing and Redevelopment Authority (Continued)

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.

Retirement Plan

The HRA has established a defined contribution pension plan through Life Associates Company. The plan is funded by employer and employee contributions of 6.00% and 4.00%, respectively. Current amounts are as follows:

	2016
Total Wages	\$ 44,810
Total Eligible Wages	35,152
Employer Contribution	2,109
Employee Contribution	2,303

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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 31 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.

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.

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 2016 was \$336,000.

Inventories

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

Noncurrent Cash and Investments

Noncurrent cash and investments include assets set aside by the board of directors for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes. Noncurrent cash and investments also include amounts that are restricted by donor for the hospice program.

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 the each depreciable asset. It is the Hospital's policy to include amortization expense on assets acquired under capital leases with depreciation on owned assets.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Net Patient Services Revenues

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. 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 Rice Memorial Hospital that provides an administrator, management consultant, and other 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, 2016, the Hospital paid \$97,000 for management services provided under the purchase agreement and approximately \$488,000 for services and equipment purchased through Rice Memorial Hospital. The Hospital had accounts payable of \$61,071 at December 31, 2016.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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 \$14,000 for the year ended December 31, 2016, 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, 2016 are as follows:

Deposits	\$ 2,884,400
Investments	3,279,379
Total	<u>\$ 6,163,779</u>

As of December 31, 2016, the Hospital's bank balances were adequately insured or collateralized as required by state law.

At December 31, 2016, 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 cost	\$ 1,493,006	\$ 1,112,554	\$ 380,452	\$ -	\$ -
Certificates of deposit - at fair value	458,340	-	400,108	58,232	-
Fixed income - Government securities - at fair value	1,328,043	277,046	933,586	91,086	26,325
	<u>\$ 3,279,389</u>	<u>\$ 1,389,600</u>	<u>\$ 1,714,146</u>	<u>\$ 149,318</u>	<u>\$ 26,325</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, 2016**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Capital Assets

A summary of capital assets at December 31, 2016, follows:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Capital Assets, not being				
Depreciated				
Land	\$ 574,394	\$ -	\$ -	\$ 574,394
Construction-in-Progress	37,767	939,918	-	977,685
Total Capital Assets Not Being				
Depreciated	612,161	939,918	-	1,552,079
Capital Assets Depreciated				
Buildings and Fixed Equipment	18,420,323	7,730	-	18,428,053
Movable Equipment and				
Ambulances	5,183,944	105,448	-	5,289,392
Land Improvements	281,330	-	-	281,330
Total Capital Assets being				
Depreciated	23,885,597	113,178	-	23,998,775
Less: Accumulated				
Depreciation for				
Buildings and Fixed Equipment	8,006,481	824,393	-	8,830,874
Movable Equipment and				
Ambulances	4,222,057	336,778	-	4,558,835
Land Improvements	214,653	15,480	-	230,133
Total Accumulated Depreciation	12,443,191	1,176,651	-	13,619,842
Total Capital Assets,				
Depreciated, Net	11,442,406	(1,063,473)	-	10,378,933
Total Capital Assets, Net	<u>\$ 12,054,567</u>	<u>\$ (123,555)</u>	<u>\$ -</u>	<u>\$ 11,931,012</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 \$171,775, which is an ownership interest of .50% as of December 31, 2016.

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 \$118,000 for the use for the equipment for the year ended December 31, 2016. Earnings of \$53,113 are included in other operating revenues. The Hospital received distributions from CMDI totaling \$53,133 during the year ended December 31, 2016, which is recorded as a reduction to the investment in CMDI.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Investment in Joint Venture (Continued)

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 \$103,467. The Hospital provides management services, leases space and pays expenses on behalf of BMS and has a receivable from BMS for \$15,039. Earnings of \$46,215 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 \$41,651 as of December 31, 2016.

Long-Term Debt

The following is a summary of transactions related to long-term debt for the year ended December 31, 2016:

	Balance January 1, 2016	Additions	Payments	Balance December 31, 2016	Amounts Due Within One Year
USDA Hospital Refunding					
2013 Revenue Bonds	\$ 2,610,000	\$ -	\$ 145,000	\$ 2,465,000	\$ 145,000
2014 Revenue Bonds	6,145,000	-	250,000	5,895,000	265,000
Loan from Swift County	1,748,504	-	87,237	1,661,267	89,000
Bond Premium	86,300	-	4,750	81,550	-
Total Noncurrent Liabilities	<u>\$ 10,589,804</u>	<u>\$ -</u>	<u>\$ 486,987</u>	<u>\$ 10,102,817</u>	<u>\$ 499,000</u>

The terms and due dates of the Hospital's long-term debt at December 31, 2016, are as follows:

- 2013 Revenue Bonds, principal payments of \$145,000 are due annually on February 1st; interest payments are due semi-annually on February 1st and August 1st, through February 2033. The initial interest rate ranges from 4.25% to 5.0%. The interest rate adjusts on February 1, 2018, and every five years afterward through February 1, 2028 to the five-year Treasury Rate, plus 300 basis points. The rate adjustment is subject to a minimum rate of 4.25% and a maximum rate of 15%.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Long-Term Debt (Continued)

- 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 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.
- 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.

Schedule principal and interest payments on long-term debt and capital lease obligations are as follows:

Year Ending <u>December 31</u>	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 499,000	\$ 319,666
2018	500,796	305,469
2019	507,629	291,186
2020	514,498	276,765
2021	521,406	262,209
2022-2026	2,776,974	1,061,590
2027-2031	3,078,815	580,135
2032-2034	1,622,149	83,754
Total	<u>\$ 10,021,267</u>	<u>\$ 3,180,774</u>

Pensions

The Hospital contributes to the General Employment Retirement Fund (General Employees Retirement Plan), a cost-sharing multiple-employer defined benefit pension plan administered by PERA. See Note 4 for more information on the Hospital's Pension Plan.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

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 \$5 million. The Hospital also has a \$1 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.

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 2016 was \$97,825. 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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 10 OTHER ORGANIZATIONS

A. Joint Ventures (Continued)

Region 6W Community Corrections (Continued)

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, 2016, Swift County contributed \$212,509 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.

Minnesota River Board

Swift County entered into a joint powers agreement with other counties to promote the orderly water quality improvement and management of the 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.

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 2016, Swift County did not contribute any funds to the Board. Complete financial statements of the Minnesota River Board can be obtained from its administrative office at 184 Trafton Science Center South, Minnesota State University - Mankato, Mankato, Minnesota, 56001.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

A. Joint Ventures (Continued)

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 non-secure 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.

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

A. Joint Ventures (Continued)

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 ten cities are part of this coalition that began in the early 1980's. 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 \$13,584 to Prairie Waters for the year ended December 31, 2016. Separate financial information can be obtained at Western Minnesota Prairie Waters Convention and Visitors Bureau at 323 Schlieman Avenue, Appleton, Minnesota 56208.

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.

Swift County did not contribute to the Board for the year ended December 31, 2016. Separate financial information can be obtained at City of St. Cloud, Office of the Mayor, 400 Second Street South, St. Cloud, Minnesota 56303.

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

B. Jointly Governed Organizations (Continued)

Southwest Minnesota Chief Elected Officials Board (Continued)

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 2016, Swift County contributed \$2,500 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 \$22,789 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 \$124,087 to the Library System. Separate financial information for the Western Plains Library System is not available.

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 \$87,000. Financial information can be obtained from the Swift County RDFA, 1228 Atlantic Avenue, Benson, Minnesota 56215.

NOTE 11 SUBSEQUENT EVENT

On July 18, 2017, the County issued \$5,105,000 G.O. Capital Improvement Plan Bonds, Series 2017A to finance renovations of the County Courthouse, Law Enforcement Center, County Attorney Building, Benson Highway Shop, and County Public Health Building. The interest rates on the bond are 3.0% to 3.25% and it is set to mature in 2038.

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

**SWIFT COUNTY
BENSON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 5,110,387	\$ 5,110,387	\$ 5,091,985	\$ (18,402)
Licenses and Permits	3,390	3,390	4,330	940
Intergovernmental	734,311	734,311	841,576	107,265
Charges for Services	384,630	384,630	686,108	301,478
Fines and Forfeits	-	-	14,605	14,605
Gifts and Contributions	-	-	9,757	9,757
Investment Earnings	24,000	24,000	58,626	34,626
Miscellaneous	371,900	371,900	489,735	117,835
Total Revenues	6,628,618	6,628,618	7,196,722	568,104
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	248,010	248,010	231,842	16,168
Law Library	18,800	18,800	15,016	3,784
County Administration	229,005	229,005	261,939	(32,934)
County Auditor	250,550	250,550	245,634	4,916
County Treasurer	207,950	207,950	199,347	8,603
County Assessor	321,970	321,970	302,163	19,807
Elections	63,475	63,475	48,272	15,203
Data Processing	99,800	99,800	91,316	8,484
Attorney	414,610	414,610	361,571	53,039
Recorder	399,630	399,630	402,890	(3,260)
Planning and Zoning	87,598	87,598	70,203	17,395
Buildings and Plant	341,390	341,390	194,764	146,626
Technology	251,755	251,755	243,693	8,062
Veterans Service Officer	158,985	158,985	148,086	10,899
Appropriations - General Government	448,657	448,657	378,669	69,988
Other General Government	1,347	1,347	342,695	(341,348)
Total General Government	3,543,532	3,543,532	3,538,100	5,432

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

**SWIFT COUNTY
BENSON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
CURRENT (CONTINUED)				
PUBLIC SAFETY				
Sheriff	\$ 1,324,838	\$ 1,324,838	\$ 1,449,879	\$ (125,041)
Coroner	12,000	12,000	14,850	(2,850)
E-911 System	-	-	171,261	(171,261)
Restorative Justice Coordinator	63,110	63,110	61,065	2,045
Emergency Management	78,159	78,159	76,559	1,600
County Jail	1,017,730	1,017,730	867,976	149,754
Community Corrections	212,509	212,509	212,509	-
Total Public Safety	2,708,346	2,708,346	2,854,099	(145,753)
HEALTH				
Countryside Health Service	97,825	97,825	97,825	-
Ambulance	118,885	118,885	40,000	78,885
Total Health	216,710	216,710	137,825	78,885
CULTURE AND RECREATION				
Parks	72,000	72,000	92,135	(20,135)
CONSERVATION OF NATURAL RESOURCES				
County Extension	150,961	150,961	146,362	4,599
Parks and Drainage	206,591	206,591	189,702	16,889
Agricultural Inspection	13,500	13,500	13,500	-
Predator Control	10,000	10,000	4,547	5,453
Total Conservation of Natural Resources	381,052	381,052	354,111	26,941
Total Expenditures	6,921,640	6,921,640	6,976,270	(54,630)
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(293,022)	(293,022)	220,452	513,474
OTHER FINANCING SOURCES				
Transfers In	-	-	311,739	311,739
NET CHANGE IN FUND BALANCE	<u>\$ (293,022)</u>	<u>\$ (293,022)</u>	532,191	<u>\$ 825,213</u>
Fund Balance - Beginning of Year			4,195,025	
FUND BALANCE - END OF YEAR			<u>\$ 4,727,216</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,931,065	\$ 1,931,065	\$ 1,930,679	\$ (386)
Intergovernmental	5,760,464	5,760,464	3,849,178	(1,911,286)
Charges for Services	136,042	136,042	149,388	13,346
Investment Earnings	6,000	6,000	8,212	2,212
Miscellaneous	19,500	19,500	16,230	(3,270)
Total Revenues	7,853,071	7,853,071	5,953,687	(1,899,384)
EXPENDITURES				
CURRENT				
HIGHWAYS AND STREETS				
Administration	198,345	198,345	173,261	25,084
Engineering	96,954	96,954	101,856	(4,902)
Shared County Engineer	177,884	177,884	167,610	10,274
Maintenance	1,881,853	1,881,853	1,667,577	214,276
Construction	4,269,148	4,269,148	1,302,425	2,966,723
Equipment and Maintenance Shops	791,355	791,355	617,001	174,354
Other - Highways and Streets	415,318	415,318	421,882	(6,564)
Total Expenditures	7,830,857	7,830,857	4,451,612	3,379,245
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	22,214	22,214	1,502,075	1,479,861
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	-	-	85,400	85,400
NET CHANGE IN FUND BALANCE	\$ 22,214	\$ 22,214	1,587,475	\$ 1,565,261
Fund Balance - Beginning of Year			4,233,297	
Increase in Inventory			29,583	
FUND BALANCE - END OF YEAR			\$ 5,850,355	

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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,616,456	\$ 2,616,456	\$ 2,609,047	\$ (7,409)
Intergovernmental	2,211,970	2,211,970	2,418,047	206,077
Charges for Services	375,300	375,300	330,586	(44,714)
Investment Earnings	2,000	2,000	1,270	(730)
Miscellaneous	10,500	10,500	19,349	8,849
Total Revenues	5,216,226	5,216,226	5,378,299	162,073
EXPENDITURES				
CURRENT				
HUMAN SERVICES				
Income Maintenance	1,296,066	1,296,066	1,114,343	181,723
Social Services	3,920,160	3,920,160	3,556,961	363,199
Total Expenditures	5,216,226	5,216,226	4,671,304	544,922
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	706,995	<u>\$ 706,995</u>
Fund Balance - Beginning of Year			1,377,141	
FUND BALANCE - END OF YEAR			<u>\$ 2,084,136</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 120	\$ 120
Special Assessments	281,600	281,600	309,663	28,063
Intergovernmental	55,950	55,950	68,710	12,760
Charges for Services	388,000	388,000	474,003	86,003
Miscellaneous	90,700	90,700	97,916	7,216
 Total Revenues	 816,250	 816,250	 950,412	 134,162
EXPENDITURES				
CURRENT				
SANITATION				
Solid Waste	965,833	955,833	1,034,798	(78,965)
 DEBT SERVICE				
Principal	21,887	31,887	31,887	-
Interest	2,180	2,180	2,180	-
 Total Debt Service	 24,067	 34,067	 34,067	 -
 Total Expenditures	 989,900	 989,900	 1,068,865	 (78,965)
 NET CHANGE IN FUND BALANCE	 \$ (173,650)	 \$ (173,650)	 (118,453)	 \$ 55,197
 Fund Balance - Beginning of Year			 744,760	
 FUND BALANCE - END OF YEAR			 \$ 626,307	

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2016**

I. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except for the Ditch and Revolving Loan Special Revenue Funds and the 2016A Debt Service 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 funds had expenditures in excess of budget at the fund level for the year ended December 31, 2016:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 6,976,270	\$ 6,921,640	\$ 54,630
Special Revenue Funds			
Solid Waste	1,068,865	989,900	78,965

**SWIFT COUNTY
 BENSON, MINNESOTA
 SCHEDULE OF FUNDING PROGRESS
 OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS
 YEAR ENDED DECEMBER 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	\$ -	\$ 252,278	\$ 252,278	- %	\$ 5,411,699	4.7 %
1/1/2011	-	41,198	41,198	-	5,054,070	0.8
1/1/2008	-	71,556	71,556	-	4,635,160	1.5

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

	Measurement Date June 30, 2016	Measurement Date June 30, 2015
County - General Employees Retirement Plan		
County's Portion of the Net Pension Liability	0.071%	0.070%
County's Proportionate Share of the Net Pension Liability	\$ 5,821,684	\$ 3,607,033
State's Proportionate Share of the Net Pension Liability Associated with the County	75,367	-
County's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability	\$ 5,897,051	\$ 3,607,033
County's Covered-Employee Payroll	\$ 4,412,322	\$ 4,173,648
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	131.94%	86.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.91%	78.20%
Swift County-Benson Hospital - General Employees Retirement Plan		
Hospital's Portion of the Net Pension Liability	0.074%	0.073%
Hospital's Proportionate Share of the Net Pension Liability	\$ 6,008,434	\$ 3,767,691
State's Proportionate Share of the Net Pension Liability Associated with the Hospital	78,507	-
Hospital's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability	\$ 6,086,941	\$ 3,767,691
Hospital's Covered-Employee Payroll	\$ 4,887,928	\$ 4,567,486
Hospital's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	122.92%	82.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.91%	78.20%
Public Employees Police and Fire Plan		
County's Portion of the Net Pension Liability	0.059%	0.060%
County's Proportionate Share of the Net Pension Liability	\$ 2,367,773	\$ 681,740
County's Covered-Employee Payroll	\$ 564,970	\$ 590,331
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	419.10%	115.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.90%	86.60%
Public Employees Correctional Plan		
County's Portion of the Net Pension Liability	0.250%	0.250%
County's Proportionate Share of the Net Pension Liability	\$ 913,285	\$ 38,650
County's Covered-Employee Payroll	\$ 465,900	\$ 444,680
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	196.03%	8.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.20%	96.90%

This schedule is presented prospectively beginning with the fiscal year ended June 30, 2015. GASB 68 requires ten years of information to be presented in this table.

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

	2016	2015	2014
County - General Employees Retirement Plan			
Statutorily Required Contribution	\$ 343,962	\$ 313,896	\$ 281,024
Contributions in Relation to the Required Contribution	(343,962)	(313,896)	(281,024)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 4,586,154	\$ 4,185,281	\$ 3,876,191
Contributions as a Percentage of Covered Employee Payroll	7.50%	7.50%	7.25%
Swift County-Benson Hospital - General Employees Retirement Plan			
Statutorily Required Contribution	\$ 373,992	\$ 340,750	\$ 313,976
Contributions in Relation to the Statutorily Required Contribution	(373,992)	(340,750)	(313,976)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Hospital's Covered-Employee Payroll	\$ 4,986,560	\$ 4,543,333	\$ 4,330,703
Contributions as a Percentage of Covered Employee Payroll	7.50%	7.50%	7.25%
Public Employees Police and Fire Plan			
Statutorily Required Contribution	\$ 95,222	\$ 86,093	\$ 86,970
Contributions in Relation to the Required Statutorily Contribution	(95,222)	(86,093)	(86,970)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 587,789	\$ 531,442	\$ 568,431
Contributions as a Percentage of Covered Employee Payroll	16.20%	16.20%	15.30%
Public Employees Correctional Plan			
Statutorily Required Contribution	\$ 42,772	\$ 40,809	\$ 34,503
Contributions in Relation to the Statutorily Required Contribution	(42,772)	(40,809)	(34,503)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 488,819	\$ 466,383	\$ 394,318
Contributions as a Percentage of Covered Employee Payroll	8.75%	8.75%	8.75%

This schedule is presented prospectively beginning with the year ended December 31, 2014. GASB 68 requires ten years of information to be presented in this table.

SUPPLEMENTARY INFORMATION

**SWIFT COUNTY
BENSON, MINNESOTA
DESCRIPTION OF FUNDS
DECEMBER 31, 2016**

AGENCY FUNDS

Agency funds account for assets held in a custodial capacity for others.

State Deed Fund – to account for the collection and payment of funds due to the State of Minnesota.

Taxes and Penalties Fund – to account for the collection of taxes and penalties and their payment to the various taxing districts.

Region 6W Fund – to account for the collection and payment of funds due to the Regional Development Commission.

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

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

Minnesota River Watershed Fund – to account for the collection and payment of funds due the Minnesota River Watershed District.

Rural Development Authority Fund – to account for the collection and payment of funds due to the Rural Development Authority.

Social Welfare Fund – to account for collection and payment of funds for the County's Social Welfare Fund clients.

**SWIFT COUNTY
BENSON, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2016**

	Balance January 1	Additions	Deductions	Balance December 31
<u>STATE DEED</u>				
ASSETS				
Cash and Pooled Investments	\$ 52,242	\$ 1,911,185	\$ 1,933,712	\$ 29,715
LIABILITIES				
Due to Other Governments	\$ 52,242	\$ 1,911,185	\$ 1,933,712	\$ 29,715
<u>TAXES AND PENALTIES</u>				
ASSETS				
Cash and Investments	\$ 332,776	\$ 20,941,746	\$ 20,918,833	\$ 355,689
LIABILITIES				
Due to Other Governments	\$ 332,776	\$ 20,941,746	\$ 20,918,833	\$ 355,689
<u>REGION 6W</u>				
ASSETS				
Cash and Pooled Investments	\$ 577	\$ 67,649	\$ 67,459	\$ 767
LIABILITIES				
Due to Other Governments	\$ 577	\$ 67,649	\$ 67,459	\$ 767
<u>SCHOOL DISTRICTS</u>				
ASSETS				
Cash and Pooled Investments	\$ 33,212	\$ 3,089,676	\$ 3,073,198	\$ 49,690
LIABILITIES				
Due to Other Governments	\$ 33,212	\$ 3,089,676	\$ 3,073,198	\$ 49,690
<u>TOWNS AND CITIES</u>				
ASSETS				
Cash and Pooled Investments	\$ -	\$ 5,630,295	\$ 5,554,076	\$ 76,219
LIABILITIES				
Due to Other Governments	\$ -	\$ 5,630,295	\$ 5,554,076	\$ 76,219

**SWIFT COUNTY
BENSON, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2016**

	Balance January 1	Additions	Deductions	Balance December 31
<u>MINNESOTA RIVER WATERSHED</u>				
ASSETS				
Cash and Pooled Investments	\$ 174	\$ 19,198	\$ 18,843	\$ 529
LIABILITIES				
Due to Other Governments	\$ 174	\$ 19,198	\$ 18,843	\$ 529
<u>RURAL DEVELOPMENT AUTHORITY</u>				
ASSETS				
Cash and Pooled Investments	\$ -	\$ 967	\$ -	\$ 967
LIABILITIES				
Due to Other Governments	\$ -	\$ 967	\$ -	\$ 967
<u>SOCIAL WELFARE FUND</u>				
ASSETS				
Cash and Pooled Investments	\$ 28,470	\$ 206,802	\$ 220,448	\$ 14,824
LIABILITIES				
Funds Held in Trust	\$ 28,470	\$ 206,802	\$ 220,448	\$ 14,824
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Pooled Investments	\$ 447,451	\$ 31,867,518	\$ 31,786,569	\$ 528,400
LIABILITIES				
Funds Held in Trust	\$ 28,470	\$ 206,802	\$ 220,448	\$ 14,824
Due to Other Governments	418,981	31,660,716	31,566,121	513,576
Total Liabilities	\$ 447,451	\$ 31,867,518	\$ 31,786,569	\$ 528,400

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**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2016**

	Special Revenue Funds				Total All Funds
	General Fund	Road and Bridge	Welfare Fund	Solid Waste Fund	
SHARED REVENUES					
INTERGOVERNMENTAL STATE					
Disparity Reduction Aid	\$ 12,420	\$ 4,434	\$ 6,371	\$ -	\$ 23,225
Highway Users Tax	-	3,707,654	-	-	3,707,654
County Program Aid	100,690	35,948	51,649	-	188,287
Market Value Credits	134,228	47,914	68,846	-	250,988
PERA Rate Increase Aid	36,367	-	-	-	36,367
State Police Aid	66,150	-	-	-	66,150
Aquatic Invasive Species	35,324	-	-	-	35,324
Enhanced 911	80,921	-	-	-	80,921
Total Shared Revenues	<u>466,100</u>	<u>3,795,950</u>	<u>126,866</u>	<u>-</u>	<u>4,388,916</u>
REIMBURSEMENT FOR SERVICES STATE					
Minnesota Department of Human Services	-	-	593,560	-	593,560
STATE GRANTS MINNESOTA DEPARTMENT OF					
Human Services	-	-	586,503	-	586,503
Natural Resources	62,397	-	-	-	62,397
Public Safety	2,671	1,220	-	-	3,891
Pollution Control Agency	-	-	-	68,710	68,710
Veteran's Affairs	7,500	-	-	-	7,500
Water and Soil Resources	79,240	-	-	-	79,240
Total State Grants	<u>151,808</u>	<u>1,220</u>	<u>586,503</u>	<u>68,710</u>	<u>808,241</u>
FEDERAL GRANTS FEDERAL DEPARTMENT OF					
Agriculture	8,220	-	91,698	-	99,918
Interior	24,754	-	-	-	24,754
Justice	2,701	-	-	-	2,701
Transportation	7,338	52,008	-	-	59,346
Health and Human Services	26,932	-	1,019,420	-	1,046,352
Total Federal Grants	<u>69,945</u>	<u>52,008</u>	<u>1,111,118</u>	<u>-</u>	<u>1,233,071</u>
Total State and Federal Grants	221,753	53,228	1,697,621	68,710	2,041,312
PAYMENTS IN LIEU OF TAXES					
	153,723	-	-	-	153,723
Total Intergovernmental Revenues	<u>\$ 841,576</u>	<u>\$ 3,849,178</u>	<u>\$ 2,418,047</u>	<u>\$ 68,710</u>	<u>\$ 7,177,511</u>

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF DEPOSITS AND INVESTMENTS
YEAR ENDED DECEMBER 31, 2016**

	Interest Rate (%)	Maturity Date	Amount
Pooled Deposits and Investments			
Checking Accounts			
State Bank of Danvers	0.06 %	-	\$ 1,082,329
Money Market Savings			
Citizens Alliance Bank - Murdock	0.05	-	51,041
First Security Bank - Benson	0.20	-	1,105,839
Prairie Sun Bank - Appleton	0.22	-	21,241
Wells Fargo	-	-	2,622,116
Total Money Market Savings			<u>3,800,237</u>
Negotiable Certificates of Deposit			
Compass Bank	0.70	January 9, 2017	99,961
Bank of India, NY	0.65	January 25, 2017	199,449
Whitney Bank	0.85	January 27, 2017	243,128
Synchrony Bank	0.60	February 21, 2017	99,777
Blue Hills Bank	0.55	February 28, 2017	99,854
Beal Bank USA	0.75	March 8, 2017	247,574
United Bank	0.80	March 29, 2017	99,999
Bank of Baroda	0.75	March 30, 2017	99,460
Bank of North Carolina	0.65	March 30, 2017	200,005
Farmers and Merchant Savings	0.85	April 21, 2017	100,088
Beal Bank SSB	0.70	April 26, 2017	200,011
Bar Harbor Bank and Trust	0.65	May 26, 2017	99,923
Mercantile Commerce Bank	1.00	June 12, 2017	100,027
ZB NA	0.70	June 13, 2017	248,471
Bank of China	0.75	June 14, 2017	248,308
Patriot Bank NA	0.85	June 30, 2017	200,100
Investors Bank	0.90	July 3, 2017	200,147
Wells Fargo	1.00	July 20, 2017	200,403
First Merit Bank	1.05	July 28, 2017	99,238
Riverwind Bank	0.65	August 4, 2017	99,918
Franklin Synergy Bank	0.75	September 11, 2017	99,938
Everbank, Jacksonville	0.80	September 14, 2017	99,718
Xenith Bank	0.90	September 28, 2017	199,999
Hamni Bank	0.90	September 29, 2017	100,003
Capital One Bank USA	1.15	October 2, 2017	99,927
Capital Bank Corp, NC	0.75	October 30, 2017	99,665
Santander Bank NA	0.80	November 22, 2017	199,524
Signature Bank	1.05	November 24, 2017	100,331
American Express Century Bank	1.50	December 4, 2017	100,102
Bank United NA	1.10	December 29, 2017	200,129
Key Bank NA	1.30	January 22, 2018	99,874
Sallie Mae Bank	1.25	January 22, 2018	199,691
Customers Bank	1.00	March 28, 2018	99,402
BBCN Bank	0.90	April 27, 2018	99,656
Discover Bank	1.10	May 9, 2018	199,562
Comenity Capital Bank	1.10	July 2, 2018	99,662
Ally Bank	1.15	September 24, 2018	99,108
Ally Bank	1.35	November 26, 2018	99,910
Berkshire Bank	1.25	November 29, 2018	199,483
Total Negotiable Certificates of Deposit			<u>5,681,525</u>
Total Pooled Deposits and Investments			10,564,091

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF DEPOSITS AND INVESTMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

	Interest Rate (%)	Maturity Date	Amount
Fund Investments			
General Fund			
Departmental Checking Accounts			
First Security Bank - Benson	-	-	\$ 1,684
Mutual Fund			
Franklin U.S. Government Securities Fund	-	-	431,682
Certificate of Deposit			
Riverwood Bank	1.05	January 10, 2017	99,956
Total General Fund			<u>533,322</u>
Special Revenue Funds			
Road and Bridge Fund			
Certificate of Deposit			
Riverwood Bank	1.05	January 10, 2017	50,000
Money Market Savings			
First Security Bank Benson	0.20	-	1,911,409
Total Road and Bridge Fund			1,961,409
Welfare Fund			
Departmental Checking Accounts			
Bank of the West	-	-	14,824
Savings			
Co-op Credit Union	0.25	-	249,472
Certificates of Deposit			
Riverwood Bank	1.05	January 10, 2017	50,000
Money Market Savings			
First Security Bank Benson	0.20	-	426,992
Total Welfare Fund			741,288
Solid Waste Fund			
Departmental Checking Accounts			
First Security State - Benson	0.20	-	7,039
Total Special Revenue Funds			<u>2,709,736</u>
2016A Debt Service Fund			
MAGIC External Investment Pool	-	N/A	748,261
Total Fund Investments			<u>3,991,319</u>
Total Deposits and Investments			<u>\$ 14,555,410</u>

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF LOANS RECEIVABLE – REVOLVING LOAN FUND
DECEMBER 31, 2016**

Loan Recipient	Date of Loan	Loan Issue Amount	Principal Balance	Repayment Terms
Revolving Loan Special Revenue Fund				
SpecSys, Inc.	October 31, 2008	\$ 50,000	\$ 33,137	Principal Payments Monthly, 4.0% Interest, Ten-Year Term.
Appleton Meat Center	June 30, 2009	30,000	18,689	Principal Payments Monthly, 4.0% Interest, Five-Year Term.
Appleton Hardware Hank	September 1, 2009	50,000	15,794	Principal Payments Monthly, 4.0% Interest, Five-Year Term.
Honebrink, LLC	October, 2009	20,000	6,500	Principal Payments Monthly, 4.0% Interest, Five-Year Term.
H&H Veterinary Clinic	July, 2010	38,649	1,606	Principal Payments Monthly, 4.0% Interest, Five-Year Term.
Clark/McDonald Heavy Industries, Inc.	December 6, 2012	25,000	16,575	Principal Payments Monthly, 4.0% Interest, Ten-Year Term.
K-Bid JAX	December 6, 2012	26,100	20,907	Principal Payments Monthly, 4.0% Interest, Ten-Year Term.
Case Farm Equipment	September 17, 2012	400,000	161,548	Principal Payments Monthly, 1.75% Interest, Seven-Year Term.
Headwaters Media	September 3, 2013	30,000	22,766	Principal Payments Monthly, 3.5% Interest, Ten-Year Term
Ace Ag, Inc.	November 19, 2013	75,000	65,409	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	27,309	Principal Payments Monthly, 3.0% Interest, Fifteen-Year Term.
Northern Geo, LLC	May 15, 2014	125,000	95,238	Principal Payments Monthly, 3.0% Interest, Ten-Year Term.
Brink's 104 Club	September 20, 2014	40,000	31,541	Principal Payments Monthly, 4.0% Interest, Five-Year Term.
Matthieson/Domats	September 1, 2016	125,000	125,000	Principal Payments Monthly, 3.0% Interest, Ten-Year Term.
Total Loans Receivable - Revolving Loan Fund		<u>\$ 1,077,749</u>	<u>\$ 650,418</u>	

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



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

Board of County Commissioners
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, as of and for the year ended December 31, 2016, 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 8, 2017. Our report includes a reference to other auditors who audited the financial statements of Swift County Housing and Redevelopment Authority (HRA) and the 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. The financial statements of the Swift County-Benson Hospital were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Swift County's internal control over financial reporting (internal control) to determine the 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 Swift County's internal control. Accordingly, we do not express an opinion on the effectiveness of Swift County's internal control.

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

Internal Control Over Financial Reporting (Continued)

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course or performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiencies 2016-001 through 2016-005 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2016-006 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Swift 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 determination of financial statement amounts. 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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of 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 Swift County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Brainerd, Minnesota
September 8, 2017



CliftonLarsonAllen

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

Board of County Commissioners
Swift County
Benson, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Swift County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Swift County's major federal programs for the year ended December 31, 2016. Swift County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Swift County's financial statements include the activities of the Swift County Housing and Redevelopment Authority (HRA), a component unit, which expended \$299,257 in federal awards during the year ended June 30, 2016. 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 other auditors were engaged to perform a separate audit. Swift County's financial statements also include the activities of the Swift County-Benson Hospital, a component unit, which did not expend any federal awards during the year ended December 31, 2016. Our audit, described below, did not include these activities because other auditors were engaged to perform a separate audit.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Swift County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of Swift County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Swift County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Swift County's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-007 that we consider to be a significant deficiency.

Swift County's Response to Finding

Swift County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Swift County's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result 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 8, 2017

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**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2016**

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? X yes no

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? X yes no

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? X yes no

Identification of major programs:

CFDA Numbers
93.778

Name of Federal Program or Cluster
Medical Assistance Program (Medicaid Cluster)

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

Auditee qualified as low-risk auditee? yes X no

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2016**

MATERIAL WEAKNESSES - FINANCIAL REPORTING

SEGREGATION OF DUTIES (2016-001)

Criteria: 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.

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

Repeat Finding: Finding was a repeat finding from the prior year identified as Finding 2015-001.

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:

Contact Person: Kim Saterbak, County Auditor

Corrective Action Planned: A corrective action plan is in place.

Anticipated Completion Date: December 31, 2017

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2016**

MATERIAL WEAKNESSES - FINANCIAL REPORTING (CONTINUED)

AUDIT ADJUSTMENTS (2016-002)

Criteria: 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, 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.

Possible 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: Finding was a repeat finding from the prior year identified as Finding 2015-002.

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:

Contact Person: Kim Saterbak, County Auditor

Corrective Action Planned: A corrective action plan is in place.

Anticipated Completion Date: December 31, 2017

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2016**

MATERIAL WEAKNESSES - FINANCIAL REPORTING (CONTINUED)

FINANCIAL REPORTING PROCESS (2016-003)

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

Condition: As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements.

Cause: The County has a limited number of personnel.

Possible Effect: The design of the controls over the financial reporting process would affect the ability of the County to report their financial data consistently with the assertions of management in the financial statements.

Repeat Finding: Finding was a repeat finding from the prior year identified as Finding 2015-003.

Recommendation: We recommend County management be aware of the responsibilities regarding financial reporting and continue to evaluate the cost/benefit of outsourcing this function. If management chooses to undertake these financial reporting responsibilities, a number of policies, procedures, and reviews will need to be developed and implemented.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Contact Person: Kim Saterbak, County Auditor

Corrective Action Planned: A corrective action plan is in place.

Anticipated Completion Date: December 31, 2017

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2016**

MATERIAL WEAKNESSES - FINANCIAL REPORTING (CONTINUED)

INVENTORY CONTROL (2016-004)

Criteria: County management is responsible for establishing and maintaining an accurate inventory system in order to track inventory levels and value the inventory on hand.

Condition: During year-end observation procedures over highway department inventory, it was noted that the County's inventory records were not properly maintained for road signs and fuel. Fuel inventory levels were inconsistent between the physical measurements and the withdrawal forms. In addition, stockpiles were not measured for quantity near year-end.

Cause: Past practice and limitations of manual tracking systems.

Possible Effect: The inventory balances on the financial statements could be materially misstated and there is an increased risk for misappropriation of inventory with lack of controls.

Repeat Finding: Not applicable.

Recommendation: We recommend County management review inventory procedures and establish a system that will ensure timely and accurate tracking of inventory levels on an ongoing basis to ensure proper monitoring of inventory levels and valuation throughout the year.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Contact Person: Andrew Sander, County Engineer

Corrective Action Planned: A corrective action plan is in place.

Anticipated Completion Date: December 31, 2017

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2016**

MATERIAL WEAKNESSES - FINANCIAL REPORTING (CONTINUED)

FORMAL POLICY FOR YEAR END PROCEDURES (2016-005)

Criteria: 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 over ensuring receivables, capital assets, interfund balances, and self-insurance liabilities are complete and accurate.

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

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

Repeat Finding: Not applicable.

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:

Contact Person: Kim Saterbak, County Auditor

Corrective Action Planned: A corrective action plan is in place.

Anticipated Completion Date: December 31, 2017

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2016**

SIGNIFICANT DEFICIENCY - FINANCIAL REPORTING

UNAUTHORIZED BANK SIGNER (2016-006)

Criteria: Upon retirement or termination of County personnel, financial institutions should be notified immediately in order to remove signers that are no longer County employees.

Condition: We noted that a former County employee was not removed as an authorized signed on one of the County's bank accounts.

Cause: Turnover of County employee.

Possible Effect: The County is at an increased risk of misuse or loss of assets.

Repeat Finding: Not applicable.

Recommendation: We recommend County management contact the financial institution and ensure the proper signers are on file at each institution.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Contact Person: Kim Saterbak, County Auditor

Corrective Action Planned: A corrective action plan is in place.

Anticipated Completion Date: December 31, 2017

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2016**

INTERNAL CONTROL OVER COMPLIANCE RELATED TO UNIFORM GUIDANCE:

INTERNAL CONTROL OVER REVIEW OF CASEFILES (2016-007)

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

Federal Program Title: Medical Assistance Program

CFDA Numbers: 93.778

Pass-Through Agency: Minnesota Department of Human Services

Pass-Through Numbers: 05-1605MN5ADM; 05-1605MN5MAP

Award Period: Year-Ended December 31, 2016

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria: Standard internal control procedures recommend internal reviews over case file eligibility determinations to ascertain case workers are complying with state and federal requirements.

Condition: During inquiry and testing of case files reviews completed during 2016, it was noted that only three case file reviews were performed at the beginning of the award period.

Cause: Turnover of personnel causing supervisor to have an increased caseload.

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

Repeat Finding: Not applicable.

Questioned Costs: Unable to be determined.

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Contact Person: Catherine Lee, Human Services Director

Corrective Action Planned: A corrective action plan is in place.

Anticipated Completion Date: December 31, 2017

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2016**

OTHER ITEM FOR CONSIDERATION – MINNESOTA LEGAL COMPLIANCE

DITCH SPECIAL REVENUE FUND – CASH DEFICITS (2016-008)

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

Condition: The County reported 17 of the 39 active ditch systems as having deficit cash balances as of December 31, 2016, totaling \$486,677.

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: Finding is a repeat finding from the prior year identified as Finding 2015-004.

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.

TIMELY PAYMENT OF CLAIMS (2016-009)

Criteria: Minnesota Statutes §471.425 requires prompt payment of local government bills with the standard timeline of 35 days from the receipt of the invoice.

Condition: During audit procedures, it was noted that one out of forty invoices was not paid within the standard timeline of 35 days. The invoice was paid 39 days after receipt of the invoice.

Cause: Invoice was paid after year-end so it would be paid in the year of service.

Possible Effect: The County is not in compliance with Minnesota Statutes §471.425 and is at an increased risk of incurring late fees by not paying items in a timely manner.

Repeat Finding: Not applicable.

Recommendation: We recommend the County implement procedures to ensure timely payment of all claims.

CLIENT RESPONSE:

The County has reviewed the statute and will ensure timely payment on claims.

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2016**

Federal Grantor Pass Through Agency Grant Program Title	Pass-Through Grantor ID	Federal CFDA Number	Expenditures
U.S. Department of Agriculture			
Passed Through Minnesota Department of Human Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	16162MN101S2514	10.561	\$ 99,918
U.S. Department of Interior			
Direct Award			
Payments in Lieu of Taxes	N/A	15.226	581
National Wildlife Refugee Fund	N/A	15.659	<u>24,173</u>
Total Department of Interior			24,754
U.S. Department of Justice			
Direct Award			
Bulletproof Vest Partnership Program	N/A	16.607	2,701
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction (Part of Highway Planning and Construction Cluster)	STPM 7613(225)	20.205	52,008
Passed Through Kandiyohi County			
State and Community Highway Safety (Part of Highway Safety Cluster) (Total Highway Safety Cluster \$3,449)	F-SAFE15-2015-KANDICO- 0862/0982/1124	20.600	1,773
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	F-ENFRC15-2015-KANDICO- 0856/0973/1254	20.608	3,889
National Priority Safety Programs (Part of Highway Safety Cluster) (Total Highway Safety Cluster \$3,449)	F-ENFRC15-2015-KANDICO- 0856/1093	20.616	<u>1,676</u>
Total Department of Transportation			59,346
U.S. Department of Health and Human Services			
Passed Through Chippewa County			
Temporary Assistance for Needy Families (Part of TANF Cluster) (Total Temporary Assistance for Needy Families 93.558 \$84,766)	1601MFTANF	93.558	60,109
Passed Through Minnesota Department of Human Services			
Promoting Safe and Stable Families	G-1601MNFPS	93.556	5,528
Temporary Assistance for Needy Families (Part of TANF Cluster) (Total Temporary Assistance for Needy Families 93.558 \$84,766)	1601MNTANF	93.558	24,657
Child Support Enforcement	1604MNCSES 1604MNCES	93.563	\$ 4,704
			<u>175,806</u>
Refugee and Entrant Assistance State Administered Programs	1601MNRCA	93.566	268
Child Care and Development Block Grant (Part of Child Care Cluster)	G-1601MNCCDF	93.575	1,945
Community-Based Child Abuse Prevention Grants	G-1502MNFPG	93.590	4,656
Stephanie Tubbs Jones Child Welfare Services Program	G-1601MNCWSS	93.645	3,001
Foster Care Title IV-E	1601MNFOS	93.658	143,957
Social Services Block Grant	1601MNSOSR	93.667	89,370

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016**

Federal Grantor Pass Through Agency Grant Program Title	Pass-Through Grantor ID	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services (Continued)			
Passed Through Minnesota Department of Human Services (Continued)			
Chafee Foster Care Independence Program	G-1601MNCILP	93.674	\$ 1,244
Medical Assistance Program (Part of Medicaid Cluster)	05-1605MN5ADM 05-1605MN5MAP	93.778	\$ 512,127 <u>7,092</u> 519,219
Block Grants for Community Mental Health Services	SM010027-16	93.958	<u>5,872</u>
Total Department of Health and Human Services			<u>1,040,336</u>
Total Federal Awards			<u>\$ 1,227,055</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 \$299,257 in federal awards expended by the Swift County Housing and Redevelopment Authority, which had a separate audit performed by other auditors.
- 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, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Swift County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
- During 2016, there were no payments to subrecipients.

Reconciliation to the Schedule of Intergovernmental Revenue:

Federal Grant Revenue per Schedule of Intergovernmental Revenue	\$ 1,233,071
Expenditures in the Schedule of Federal Expenditures, not Included as Revenues Reported in the Schedule of Intergovernmental Revenue	1,484
Revenues included on the Schedule of Intergovernmental Revenue that are not considered Federal Grant Expenditures	<u>(7,500)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 1,227,055</u>

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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 *Governmental Auditing Standards* issued by the Comptroller of the United States, 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), Minnesota, as of December 31, 2016 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 8, 2017. Our report includes references to other auditors who audited the financial statements of the Swift County HRA and the 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.

The *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minnesota Statute, § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing. Our audit considered all of the listed categories except that we did not test for compliance with tax increment financing as the County has no tax increment financing districts.

In connection with our audit, nothing came to our attention that caused us to believe that Swift County, Minnesota failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* except for the item described in detail in the attached schedule of findings and questioned costs as items 2016-008 to 2016-009. 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 Swift County, Minnesota's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
September 8, 2017