

**SWIFT COUNTY
BENSON, MINNESOTA**

**BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2019

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BENSON, MINNESOTA
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BENSON, MINNESOTA
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INTRODUCTORY SECTION

**SWIFT COUNTY
BENSON, MINNESOTA
ORGANIZATION
DECEMBER 31, 2019**

Office	Name	Term Expires
Commissioners		
1 st District	Gary Hendrickx (Feb - Dec)*	January 2021
2 nd District	Edward Pederson (Jan - Feb)*	January 2023
3 rd District	Peter Peterson	January 2021
4 th District	Joe Fox**	January 2023
5 th District	Eric Rudningen	January 2021
Officers		
Elected		
Attorney	Danielle Olson	January 2023
County Sheriff	John Holtz	January 2023
Treasurer	Ronald A. Vadnais	January 2023
Appointed		
Administrator	Kelsey Baker	Indefinite
Assessor	Wayne Knutson	Indefinite
Auditor	Kim Saterbak	Indefinite
County Recorder	Mary Amundson (Jan - October)	October 2019
County Recorder	Carla Roberts	Indefinite
Engineer	Andrew Sander	May 2022
Medical Examiner	Dr. A. Quinn Strobl-Anoka County	December 2019
Veterans Services Officer	Dave Barrett	January 2022
Welfare Director	Catie Lee	Indefinite

* Chair

** Vice-Chair

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, 2019, 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-Benson Hospital's activities as of and for the year ended December 31, 2019. We did not audit the financial statements of the Swift County-Benson Hospital, which represent 90.42%, 70.38%, and 95.29% of the assets, net position, and revenues of the aggregate discretely presented component units, respectively. The Swift County-Benson Hospital 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 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. 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding a Correction of an Error

As described in Notes 9 and 11 to the financial statements, the County and the HRA's restated beginning balances to correct accounting errors that occurred in previous years. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the total OPEB liability, related ratios, and notes, schedule of the proportionate share of the net pension liability, schedule of contributions, and notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards 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 July 30, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Swift County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Swift County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Brainerd, Minnesota
July 30, 2020

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REQUIRED SUPPLEMENTARY INFORMATION

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

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, 2019. Since this information is designed to focus on the current-year's activities, resulting changes, and currently known facts, it should be read in conjunction with the County's financial statements (beginning on page 15).

Financial Highlights

Key financial highlights for 2019 include the following:

- Governmental activities' total net position is \$79,460,968, of which \$63,501,892 is net investment in capital assets, and \$3,910,799 is restricted for specific purposes.
- Swift County's governmental activities net position increased by \$3,254,080 for the year ended December 31, 2019. Net position of the County's discretely presented component units for 2019 decreased by \$332,302 from 2018 activity.
- The net cost of governmental activities was \$9,046,884 for the current fiscal year. The net cost was funded by general revenues and other items totaling \$12,369,505.
- Governmental funds' fund balances increased by \$1,323,752.

Overview of the Financial Statements

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

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

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

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Overview of the Financial Statements (Continued)

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

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

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

Fund Financial Statements

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

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

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Overview of the Financial Statements (Continued)

Fund Financial Statements (Continued)

- **Fiduciary Funds** – The County is the trustee, or fiduciary, over assets which can be used only for the trust beneficiaries based on the trust arrangement. All of the County's fiduciary activities are reported in a separate combining statement of change in assets and liabilities (pages 101-102). We excluded these activities from the County's other financial statement because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Financial Analysis of the County as a Whole

Net Position. The County's net position was \$79,460,968 on December 31, 2019 (see Table A-1).

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

	Governmental Activities	
	2019	2018
Current and Other Assets	\$ 31,599,199	\$ 30,928,519
Capital and Noncurrent Assets	69,420,724	67,468,975
Total Assets	<u>101,019,923</u>	<u>98,397,494</u>
Deferred Outflows of Resources	1,173,573	2,073,888
Current Liabilities	2,974,224	3,179,878
Long-Term Liabilities	17,472,309	18,273,754
Total Liabilities	<u>20,446,533</u>	<u>21,453,632</u>
Deferred Inflows of Resources	2,285,995	2,810,862
Net Position:		
Net Investment in Capital Assets	63,501,892	61,296,128
Restricted	3,910,799	4,374,020
Unrestricted	12,048,277	10,536,740
Total Net Position	<u><u>\$ 79,460,968</u></u>	<u><u>\$ 76,206,888</u></u>

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Financial Analysis of the County as a Whole (Continued)

Changes in Net Position

The County-wide total revenues were \$23,806,968 for the year ended December 31, 2019. 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**

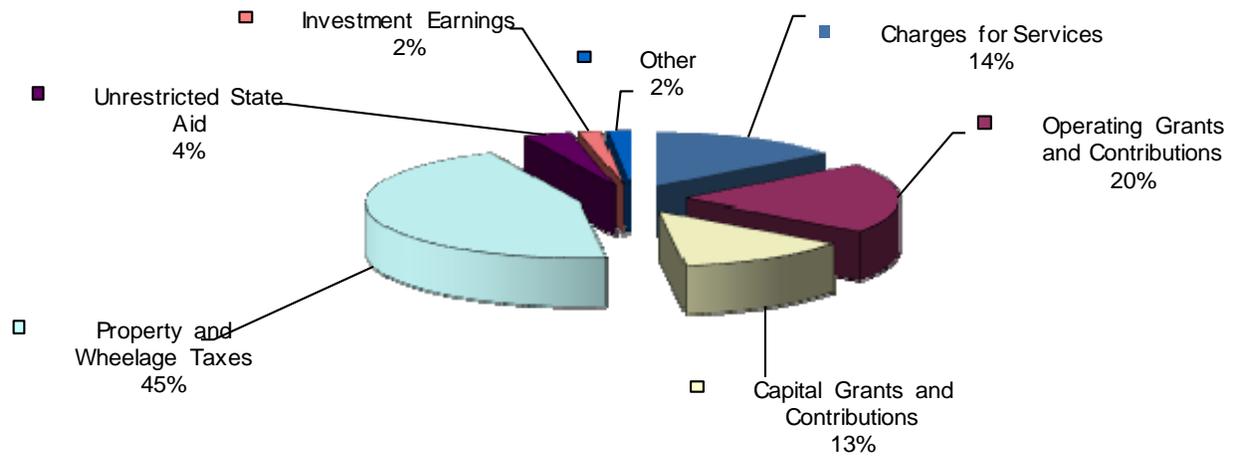
	Governmental Activities	
	2019	2018
REVENUES		
Program Revenues:		
Fees, Charges, Fines, and Other	\$ 3,461,830	\$ 3,499,587
Operating Grants and Contributions	4,874,964	4,894,228
Capital Grants and Contributions	3,100,669	3,027,402
General Revenues:		
Property Taxes	10,590,730	10,200,040
Unrestricted State Aid	848,425	890,446
Investment Earnings	408,195	318,970
Other	522,155	480,657
Total Revenues	<u>23,806,968</u>	<u>23,311,330</u>
EXPENSES		
General Government	4,420,397	4,248,788
Public Safety	3,015,833	2,842,352
Highways and Streets	4,822,902	4,788,204
Sanitation	1,239,874	1,145,031
Human Services	5,500,356	5,351,044
Health	114,544	112,851
Culture and Recreation	72,248	50,921
Conservation of Natural Resources	935,646	902,363
Economic Development	-	145,281
Interest	362,547	372,364
Total Expenses	<u>20,484,347</u>	<u>19,959,199</u>
CHANGE IN NET POSITION	3,322,621	3,352,131
Net Position - Beginning of Year	76,206,888	72,959,333
Restatement, Change in Accounting Principle	<u>(68,541)</u>	<u>(104,576)</u>
Net Position - Beginning of Year, As Restated	<u>76,138,347</u>	<u>72,854,757</u>
NET POSITION - END OF YEAR	<u><u>\$ 79,460,968</u></u>	<u><u>\$ 76,206,888</u></u>

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

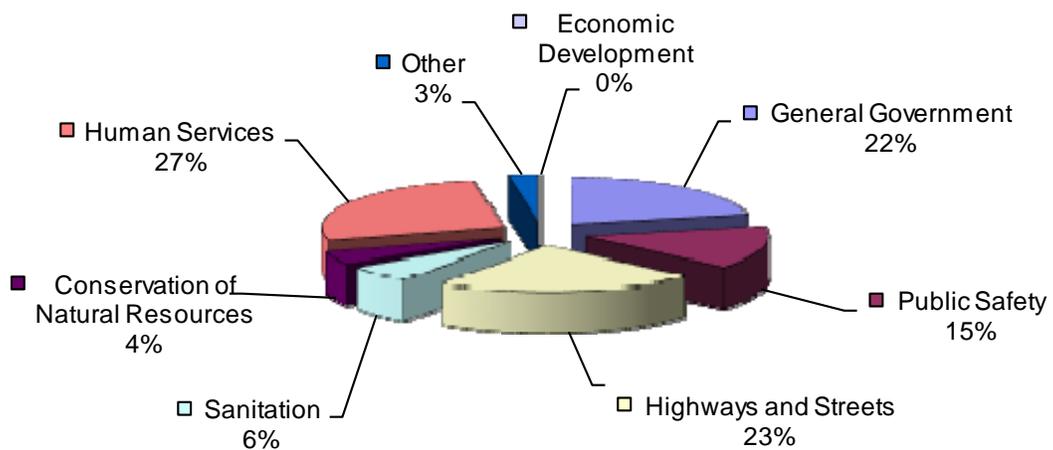
Financial Analysis of the County as a Whole (Continued)

Changes in Net Position (Continued)

Governmental Activities Revenues by Source 2019



Governmental Activities Expenses by Function 2019



**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Financial Analysis of the County as a Whole (Continued)

Changes in Net Position (Continued)

The County-wide cost of all governmental activities this year was \$20,484,347.

- Some of the cost was paid by the users of the County's Programs (\$3,461,830).
- The federal and state governments subsidized certain programs with grants and contributions (\$7,975,633).
- The remainder of the County's costs, (\$9,046,884), however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with the \$10,713,191 taxes, \$848,425 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
	2019	2018		2019	2018	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 4,420,397	\$ 4,248,788	4.0 %	\$ (3,182,632)	\$ (2,763,445)	(15.2)%
Public Safety	3,015,833	2,842,352	6.1	(2,729,826)	(2,491,007)	(9.6)
Highways and Streets	4,822,902	4,788,204	0.7	356,954	249,897	42.8
Sanitation	1,239,874	1,145,031	8.3	(161,385)	(121,346)	(33.0)
Human Services	5,500,356	5,351,044	2.8	(2,609,945)	(2,511,463)	(3.9)
Health	114,544	112,851	1.5	(114,544)	(112,851)	(1.5)
Culture and Recreation	72,248	50,921	41.9	(12,649)	(14,534)	13.0
Conservation of Natural Resources	935,646	902,363	3.7	(249,227)	(261,953)	4.9
Economic Development	-	145,281	(100.0)	18,917	(138,916)	113.6
Interest and Fiscal Charges on Long-Term Liabilities	362,547	372,364	(2.6)	(362,547)	(372,364)	2.6
Total	<u>\$ 20,484,347</u>	<u>\$ 19,959,199</u>	2.6	<u>\$ (9,046,884)</u>	<u>\$ (8,537,982)</u>	(6.0)

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

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 \$26,117,022. Revenues for the County's governmental funds were \$24,373,780, while total expenditures were \$22,915,524. During 2019, the County also sold capital assets 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 \$671,929 during 2019. This increase was primarily due to increase in investment earnings and tax revenues in the current year.

The Road and Bridge Fund had a total fund balance of \$8,310,922. This fund balance total is a \$571,032 increase from the prior year.

The Welfare Fund's fund balance increased by \$449,437, primarily due to a decrease in program expenditures for 2019.

The Revolving Loan Fund's fund balance increased by \$126,153 due to repayments received in the current year and no expenditures.

The Solid Waste Fund's fund balance decreased by \$141,617, primarily due to an increase in sanitation expenditures for the year.

The Ditch Fund's fund balance decreased by \$166,661, due to ditch repairs exceeding special assessment revenue collected for the year.

The Debt Service Fund's fund balance decreased by \$230,079 due to receipt of loan repayments from Federated Telephone for principal payments on the bond not exceeding bond payments.

The Capital Projects Fund's fund balance increased by \$43,558, due to the courthouse remodel project which was completed during 2019 and having minimal expenditures in 2019.

General Fund

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

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

General Fund (Continued)

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

**Table A-4
General Fund Revenues**

	Year Ended		Change	
	December 31, 2019	December 31, 2018	Increase (Decrease)	Percent
Taxes	\$ 5,418,364	\$ 4,924,969	\$ 493,395	10.0 %
Licenses and Permits	4,275	4,430	(155)	(3.5)
Intergovernmental	1,449,178	1,283,964	165,214	12.9
Charges for Services	737,874	768,918	(31,044)	(4.0)
Investment Earnings	303,741	87,717	216,024	246.3
Miscellaneous and Other	531,264	482,138	49,126	10.2
Total General Fund Revenues	<u>\$ 8,444,696</u>	<u>\$ 7,552,136</u>	<u>\$ 892,560</u>	11.8

The following schedule presents a summary of General Fund Expenditures:

**Table A-5
General Fund Expenditures**

	Year Ended		Change	
	December 31, 2019	December 31, 2018	Increase (Decrease)	Percent
General Government	\$ 4,133,962	\$ 4,213,897	\$ (79,935)	(1.9)%
Public Safety	2,978,271	3,027,637	(49,366)	(1.6)
Health	114,544	112,851	1,693	1.5
Culture and Recreation	57,195	32,534	24,661	75.8
Conservation of Natural Resources	348,497	385,881	(37,384)	(9.7)
Total Expenditures	<u>\$ 7,632,469</u>	<u>\$ 7,772,800</u>	<u>\$ (140,331)</u>	(1.8)

General Fund Budgetary Highlights

- Actual revenues were approximately \$713,000 more than expected, due to some taxes and charges for services that were not budgeted for.
- The actual expenditures were approximately \$273,000 less than budget. This is due primarily to sheriff's office expenditures that were budgeted for but not spent.

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Capital Assets and Debt Administration

Capital Assets

By the end of 2019, the County had invested approximately \$103,000,000 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 \$2,287,313.

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

	Governmental Activities		Percent Change
	2019	2018	
Land	\$ 2,278,360	\$ 2,199,886	3.6 %
Construction-in-Progress	-	2,461,526	(100.0)
Buildings	13,671,664	13,637,001	0.3
Machinery, Equipment, and Vehicles	8,391,425	8,178,212	2.6
Infrastructure	78,408,862	72,518,874	8.1
Less: Accumulated Depreciation	(34,234,587)	(32,431,524)	5.6
Total	<u>\$ 68,515,724</u>	<u>\$ 66,563,975</u>	2.9

Debt Administration

At year-end, the County's outstanding debt was \$12,161,258, which had an decrease of \$453,257 as shown in Table A-7. This decrease is due to current year repayments. The HRA decrease in debt is a result of the repayment of long-term debt. The Hospital increase in debt is a result of a new REED loan and an increase in the bank note.

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

	2019	2018	Change
GOVERNMENTAL ACTIVITIES			
General Obligation Abatement Bonds	\$ 7,165,000	\$ 7,475,000	(4.1)%
General Obligation Capital Improvement Plan Bonds	4,980,000	5,105,000	(2.4)
Chippewa River Watershed Loans	16,258	34,515	(52.9)
Total	<u>\$ 12,161,258</u>	<u>\$ 12,614,515</u>	(3.6)
DISCRETE COMPONENT UNITS			
Swift County Housing and Redevelopment Authority	\$ 1,955,000	\$ 2,075,000	(5.8)
Swift County-Benson Hospital	16,615,841	14,955,132	11.1
Total	<u>\$ 18,570,841</u>	<u>\$ 17,030,132</u>	9.0

**SWIFT COUNTY
BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

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. In 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Swift County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown due to new daily developments.

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.

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BASIC FINANCIAL STATEMENTS

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Primary Government	Discretely Presented Component Units	Total Reporting Entity
ASSETS			
Cash and Pooled Investments	\$ 18,966,142	\$ 2,467,926	\$ 21,434,068
Petty Cash and Change Funds	1,675	-	1,675
Taxes Receivable - Delinquent	74,259	-	74,259
Special Assessments Receivable - Delinquent	23,825	-	23,825
Special Assessments Receivable - Noncurrent	492,579	-	492,579
Accounts Receivable - Net	157,934	2,838,206	2,996,140
Loans Receivable	7,332,851	-	7,332,851
Due from Component Unit	1,388,841	-	1,388,841
Accrued Interest Receivable	50,859	-	50,859
Due from Other Governments	2,753,612	-	2,753,612
Advances to Other Governments	4,000	-	4,000
Prepaid Items	133,256	110,078	243,334
Inventories	219,366	425,703	645,069
Restricted Assets:			
Cash and Investments	905,000	295,827	1,200,827
Internally Designated Cash and Investments	-	3,182,348	3,182,348
Investment in Joint Venture	-	257,545	257,545
Other Noncurrent Assets	-	2,931	2,931
Capital Assets - Nondepreciable:			
Land	2,278,360	905,894	3,184,254
Construction-in-Progress	-	324,366	324,366
Depreciable Capital Assets - Net of Depreciation:			
Buildings	9,641,727	18,481,595	28,123,322
Improvements Other than Buildings	-	69,625	69,625
Machinery, Vehicles, Furniture, and Equipment	2,600,283	909,117	3,509,400
Infrastructure	53,995,354	-	53,995,354
Total Assets	101,019,923	30,271,161	131,291,084
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	1,168,207	599,753	1,767,960
Loss on Refunding	-	53,633	53,633
Other Postemployment Benefits Payable Related	5,366	13,097	18,463
Total Deferred Outflows of Resources	1,173,573	666,483	1,840,056

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2019**

	Primary Government	Discretely Presented Component Units	Total Reporting Entity
LIABILITIES			
Accounts Payable	\$ 637,966	\$ 1,551,986	\$ 2,189,952
Salaries Payable	470,174	-	470,174
Accrued Payroll Taxes	91,170	-	91,170
Contracts Payable	162,186	-	162,186
Due to Other Governments	21,121	-	21,121
Accrued Interest Payable	148,017	188,781	336,798
Unearned Revenue	63,190	1,180	64,370
Customer Deposits - Current	-	20,526	20,526
Custodial Deposits	600,000	-	600,000
Other Current Liabilities	-	825,376	825,376
Compensated Absences Payable - Due Within One Year	249,614	-	249,614
General Obligation Bonds Payable - Due Within One Year	520,000	540,000	1,060,000
Due to Primary Government - Due Within One Year	-	94,498	94,498
Loans Payable - Due Within One Year	10,786	143,635	154,421
Compensated Absences Payable - Due in More Than One Year	748,842	-	748,842
General Obligation Bonds Payable - Due in More Than One Year	11,758,127	8,540,000	20,298,127
Due to Primary Government - Due in More Than One Year	-	1,294,343	1,294,343
Loans Payable - Due in More Than One Year	5,472	9,001,885	9,007,357
Other Postemployment Benefits Payable - Due in More Than One Year	184,858	146,952	331,810
Net Pension Liability - Due in More Than One Year	4,775,010	4,218,456	8,993,466
Total Liabilities	20,446,533	26,567,618	47,014,151
DEFERRED INFLOWS OF RESOURCES			
Pension Related	2,213,808	1,361,801	3,575,609
Property Taxes Levied for Subsequent Year	6,427	-	6,427
Other Postemployment Benefits Payable Related	65,760	51,453	117,213
Total Deferred Inflows of Resources	2,285,995	1,413,254	3,699,249
NET POSITION			
Net Investment in Capital Assets	63,501,892	937,288	64,439,180
Restricted for:			
Debt Service	459,928	-	459,928
Recorder Equipment	56,530	-	56,530
E-911 Program	384,747	-	384,747
Transportation	1,932,805	-	1,932,805
Economic Development Loans	1,076,789	-	1,076,789
Hospice	-	337,743	337,743
Unrestricted	12,048,277	1,681,741	13,730,018
Total Net Position	\$ 79,460,968	\$ 2,956,772	\$ 82,417,740

See accompanying Notes to Financial Statements

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
General Government	\$ 4,420,397	\$ 939,349	\$ 298,416	\$ -
Public Safety	3,015,833	96,660	189,347	-
Highways and Streets	4,822,902	179,997	2,315,701	2,684,158
Sanitation	1,239,874	950,655	127,834	-
Human Services	5,500,356	958,863	1,931,548	-
Health	114,544	-	-	-
Culture and Recreation	72,248	30,387	-	29,212
Conservation of Natural Resources	935,646	287,002	12,118	387,299
Economic Development	-	18,917	-	-
Interest	362,547	-	-	-
Total Governmental Activities	20,484,347	3,461,830	4,874,964	3,100,669
DISCRETE COMPONENT UNITS				
Swift County - Housing and Redevelopment Authority	994,649	478,974	467,712	-
Swift County - Benson Hospital	19,561,254	18,762,236	-	328,511
Total Discretely Presented Component Units	20,555,903	19,241,210	467,712	328,511
Total Reporting Entity	\$ 41,040,250	\$ 22,703,040	\$ 5,342,676	\$ 3,429,180

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
 Total General Revenues

CHANGE IN NET POSITION

Net Position - Beginning of Year

Restatement - See Notes 9 and 11

Net Position - Beginning of Year, as Restated

NET POSITION - END OF YEAR

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Discretely Presented Component Units	Total
FUNCTIONS/PROGRAMS			
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES			
General Government	\$ (3,182,632)	\$ -	\$ (3,182,632)
Public Safety	(2,729,826)	-	(2,729,826)
Highways and Streets	356,954	-	356,954
Sanitation	(161,385)	-	(161,385)
Human Services	(2,609,945)	-	(2,609,945)
Health	(114,544)	-	(114,544)
Culture and Recreation	(12,649)	-	(12,649)
Conservation of Natural Resources	(249,227)	-	(249,227)
Economic Development	18,917	-	18,917
Interest	(362,547)	-	(362,547)
Total Governmental Activities	<u>(9,046,884)</u>	<u>-</u>	<u>(9,046,884)</u>
DISCRETE COMPONENT UNITS			
Swift County - Housing and Redevelopment Authority	-	(47,963)	(47,963)
Swift County - Benson Hospital	-	(470,507)	(470,507)
Total Discretely Presented Component Units	<u>-</u>	<u>(518,470)</u>	<u>(518,470)</u>
Total Reporting Entity	(9,046,884)	(518,470)	(9,565,354)
	10,590,730	-	10,590,730
	114,408	-	114,408
	8,053	-	8,053
	207,013	-	207,013
	59,080	-	59,080
	51,816	-	51,816
	848,425	-	848,425
	408,195	101,741	509,936
	81,785	84,427	166,212
	<u>12,369,505</u>	<u>186,168</u>	<u>12,555,673</u>
	3,322,621	(332,302)	2,990,319
	76,206,888	3,334,063	79,540,951
	<u>(68,541)</u>	<u>(44,989)</u>	<u>(113,530)</u>
	<u>76,138,347</u>	<u>3,289,074</u>	<u>79,427,421</u>
	<u>\$ 79,460,968</u>	<u>\$ 2,956,772</u>	<u>\$ 82,417,740</u>

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
BENSON, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

ASSETS	<u>General</u>	<u>Road and Bridge</u>	<u>Welfare</u>	<u>Revolving Loan</u>
Cash and Pooled Investments	\$ 4,508,427	\$ 8,172,553	\$ 3,553,105	\$ 613,511
Petty Cash and Change Funds	1,600	-	25	-
Restricted Cash	-	-	-	-
Taxes Receivable - Delinquent	37,260	13,713	21,048	-
Special Assessments Receivable:				
Delinquent	1,210	-	-	-
Noncurrent	-	-	-	-
Accounts Receivable - Net	12,995	6,164	96,904	-
Accrued Interest Receivable	59,252	-	-	-
Loans Receivable	-	-	24,573	463,278
Due from Component Unit	1,388,841	-	-	-
Due from Other Funds	534,411	-	900	-
Due from Other Governments	8,992	2,245,722	498,898	-
Advances to Other Governments	4,000	-	-	-
Prepaid Items	57,106	21,059	49,672	-
Inventories	-	219,366	-	-
Total Assets	<u><u>\$ 6,614,094</u></u>	<u><u>\$ 10,678,577</u></u>	<u><u>\$ 4,245,125</u></u>	<u><u>\$ 1,076,789</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 210,239	\$ 9,316	\$ 160,722	\$ -
Salaries Payable	227,781	81,208	142,543	-
Accrued Payroll Taxes	40,787	26,265	21,399	-
Contracts Payable	-	162,186	-	-
Due to Other Funds	900	-	3,455	-
Due to Other Governments	4,615	-	16,506	-
Custodial Deposits	-	-	-	-
Unearned Revenue	63,190	-	-	-
Total Liabilities	<u>547,512</u>	<u>278,975</u>	<u>344,625</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Taxes	37,260	13,713	21,048	-
Unavailable Special Assessments	1,210	-	-	-
Unavailable Grants	-	2,073,909	146,886	-
Unavailable Loans Receivable	-	-	-	463,278
Property Taxes Levied for Subsequent Year	3,359	1,058	1,665	-
Total Deferred Inflows of Resources	<u>41,829</u>	<u>2,088,680</u>	<u>169,599</u>	<u>463,278</u>
FUND BALANCES				
Nonspendable:				
Prepays	57,106	21,059	49,672	-
Inventories	-	219,366	-	-
Advances to Other Governments	4,000	-	-	-
Loans Receivable	1,388,841	-	-	-
Restricted:				
Recorder Equipment	56,530	-	-	-
E-911	384,747	-	-	-
Future Loans	-	-	-	613,511
Debt Service	-	-	-	-
Road and Bridge	-	8,070,497	-	-
Welfare Programs	-	-	3,681,229	-
Solid Waste	-	-	-	-
Unassigned	4,133,529	-	-	-
Total Fund Balances	<u>6,024,753</u>	<u>8,310,922</u>	<u>3,730,901</u>	<u>613,511</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 6,614,094</u></u>	<u><u>\$ 10,678,577</u></u>	<u><u>\$ 4,245,125</u></u>	<u><u>\$ 1,076,789</u></u>

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
BENSON, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2019**

ASSETS	Solid Waste	Ditch	Debt Service	Capital Projects	Total Governmental Funds
Cash and Pooled Investments	\$ 331,934	\$ -	\$ 589,041	\$ -	\$ 17,768,571
Petty Cash and Change Funds	50	-	-	-	1,675
Restricted Cash	-	-	905,000	-	905,000
Taxes Receivable - Delinquent	13	-	2,225	-	74,259
Special Assessments Receivable:					
Delinquent	22,259	356	-	-	23,825
Noncurrent	108,079	384,500	-	-	492,579
Accounts Receivable - Net	-	-	-	-	116,063
Accrued Interest Receivable	-	-	-	-	59,252
Loans Receivable	-	-	6,845,000	-	7,332,851
Due from Component Unit	-	-	-	-	1,388,841
Due from Other Funds	-	-	-	-	535,311
Due from Other Governments	-	-	-	-	2,753,612
Advances to Other Governments	-	-	-	-	4,000
Prepaid Items	5,419	-	-	-	133,256
Inventories	-	-	-	-	219,366
Total Assets	\$ 467,754	\$ 384,856	\$ 8,341,266	\$ -	\$ 31,808,461
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 27,419	\$ 45,220	\$ 14,208	\$ -	\$ 467,124
Salaries Payable	18,642	-	-	-	470,174
Accrued Payroll Taxes	2,719	-	-	-	91,170
Contracts Payable	-	-	-	-	162,186
Due to Other Funds	-	395,152	-	135,804	535,311
Due to Other Governments	-	-	-	-	21,121
Custodial Deposits	-	-	600,000	-	600,000
Unearned Revenue	-	-	-	-	63,190
Total Liabilities	48,780	440,372	614,208	135,804	2,410,276
DEFERRED INFLOWS OF RESOURCES					
Unavailable Taxes	13	-	2,225	-	74,259
Unavailable Special Assessments	130,338	384,856	-	-	516,404
Unavailable Grants	-	-	-	-	2,220,795
Unavailable Loans Receivable	-	-	-	-	463,278
Property Taxes Levied for Subsequent Year	-	-	345	-	6,427
Total Deferred Inflows of Resources	130,351	384,856	2,570	-	3,281,163
FUND BALANCES					
Nonspendable:					
Prepays	5,419	-	-	-	133,256
Inventories	-	-	-	-	219,366
Advances to Other Governments	-	-	-	-	4,000
Loans Receivable	-	-	6,845,000	-	8,233,841
Restricted:					
Recorder Equipment	-	-	-	-	56,530
E-911	-	-	-	-	384,747
Future Loans	-	-	-	-	613,511
Debt Service	-	-	879,488	-	879,488
Road and Bridge	-	-	-	-	8,070,497
Welfare Programs	-	-	-	-	3,681,229
Solid Waste	283,204	-	-	-	283,204
Unassigned	-	(440,372)	-	(135,804)	3,557,353
Total Fund Balances	288,623	(440,372)	7,724,488	(135,804)	26,117,022
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 467,754	\$ 384,856	\$ 8,341,266	\$ -	\$ 31,808,461

See accompanying Notes to Financial Statements

**SWIFT COUNTY
BENSON, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION –
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019**

**Total Fund Balance - Governmental Funds
(Governmental Fund Balance Sheet)** \$ 26,117,022

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. 68,515,724

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

Net Pension Liability	\$ (4,775,010)	
Deferred Inflows of Resources - Pension Related	(2,213,808)	
Deferred Outflows of Resources - Pension Related	1,168,207	(5,820,611)

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

Other Postemployment Benefits Liability	(184,858)	
Deferred Inflows of Resources - OPEB Related	(65,760)	
Deferred Outflows of Resources - OPEB Related	5,366	(245,252)

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	74,259	
Special Assessments	516,404	
Loans Receivable	463,278	
Grant Related	2,220,795	3,274,736

Internal service funds are used by management to account for the management of self-insurance to individual funds. The assets and liabilities that are included in governmental activities in the statement of net position are: 1,060,207

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

General Obligation Bonds	(12,145,000)	
Premium on General Obligation Bonds	(133,127)	
Loans Payable	(16,258)	
Compensated Absences	(998,456)	
Accrued Interest Payable	(148,017)	(13,440,858)

**Net Position of Governmental Activities
(Statement of Net Position)** \$ 79,460,968

See accompanying Notes to Financial Statements.

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**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

	General	Road and Bridge	Welfare	Revolving Loan
REVENUES				
Taxes	\$ 5,418,364	\$ 1,973,231	\$ 2,940,880	\$ -
Special Assessments	-	-	-	-
Licenses and Permits	4,275	-	-	-
Intergovernmental	1,449,178	5,444,643	2,634,590	-
Charges for Services	737,874	141,835	286,738	-
Fines and Forfeits	2,001	-	-	-
Gifts and Contributions	-	-	5,250	-
Interest on Investments	303,741	-	-	18,917
Miscellaneous	529,263	38,443	76,066	107,236
Total Revenues	<u>8,444,696</u>	<u>7,598,152</u>	<u>5,943,524</u>	<u>126,153</u>
EXPENDITURES				
CURRENT				
General Government	4,133,962	-	-	-
Public Safety	2,978,271	-	-	-
Highways and Streets	-	6,984,514	-	-
Sanitation	-	-	-	-
Human Services	-	-	5,542,487	-
Health	114,544	-	-	-
Culture and Recreation	57,195	-	-	-
Conservation of Natural Resources	348,497	-	-	-
DEBT SERVICE				
Principal	-	-	-	-
Interest	-	-	-	-
Administrative (Fiscal) Charges	-	-	-	-
Total Expenditures	<u>7,632,469</u>	<u>6,984,514</u>	<u>5,542,487</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	812,227	613,638	401,037	126,153
OTHER FINANCING SOURCES				
Transfers In	-	92,398	38,535	-
Transfers Out	(140,498)	-	-	-
Proceeds from Sale of Assets	200	-	9,865	-
Total Other Financing Sources	<u>(140,298)</u>	<u>92,398</u>	<u>48,400</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	671,929	706,036	449,437	126,153
Fund Balances - Beginning of Year	5,421,365	7,739,890	3,281,464	487,358
Prior Period Adjustment	(68,541)	-	-	-
Fund Balance - Beginning of Year As Restated	5,352,824	7,739,890	3,281,464	487,358
DECREASE IN INVENTORIES	-	(135,004)	-	-
FUND BALANCE - END OF YEAR	<u>\$ 6,024,753</u>	<u>\$ 8,310,922</u>	<u>\$ 3,730,901</u>	<u>\$ 613,511</u>

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019**

	Solid Waste	Ditch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Taxes	\$ 16,929	\$ -	\$ 358,917	\$ -	\$ 10,708,321
Special Assessments	273,780	476,207	-	-	749,987
Licenses and Permits	-	-	-	-	4,275
Intergovernmental	128,476	-	8,739	-	9,665,626
Charges for Services	582,945	-	-	-	1,749,392
Fines and Forfeits	-	-	-	-	2,001
Gifts and Contributions	-	-	-	-	5,250
Interest on Investments	-	-	2,950	119,462	445,070
Miscellaneous	79,435	5,750	207,665	-	1,043,858
Total Revenues	<u>1,081,565</u>	<u>481,957</u>	<u>578,271</u>	<u>119,462</u>	<u>24,373,780</u>
EXPENDITURES					
CURRENT					
General Government	-	-	-	75,904	4,209,866
Public Safety	-	-	-	-	2,978,271
Highways and Streets	-	-	-	-	6,984,514
Sanitation	1,204,364	-	-	-	1,204,364
Human Services	-	-	-	-	5,542,487
Health	-	-	-	-	114,544
Culture and Recreation	-	-	-	-	57,195
Conservation of Natural Resources	-	648,618	-	-	997,115
DEBT SERVICE					
Principal	18,257	-	435,000	-	453,257
Interest	561	-	371,104	-	371,665
Administrative (Fiscal) Charges	-	-	2,246	-	2,246
Total Expenditures	<u>1,223,182</u>	<u>648,618</u>	<u>808,350</u>	<u>75,904</u>	<u>22,915,524</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(141,617)	(166,661)	(230,079)	43,558	1,458,256
OTHER FINANCING SOURCES					
Transfers In	-	-	-	-	130,933
Transfers Out	-	-	-	-	(140,498)
Proceeds from Sale of Assets	-	-	-	-	10,065
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
NET CHANGE IN FUND BALANCES	(141,617)	(166,661)	(230,079)	43,558	1,458,756
Fund Balances - Beginning of Year	430,240	(273,711)	7,954,567	(179,362)	24,793,270
Prior Period Adjustment	-	-	-	-	(68,541)
Fund Balance - Beginning of Year As Restated	<u>430,240</u>	<u>(273,711)</u>	<u>7,954,567</u>	<u>(179,362)</u>	<u>24,793,270</u>
DECREASE IN INVENTORIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(135,004)</u>
FUND BALANCE - END OF YEAR	<u>\$ 288,623</u>	<u>\$ (440,372)</u>	<u>\$ 7,724,488</u>	<u>\$ (135,804)</u>	<u>\$ 26,117,022</u>

See accompanying Notes to Financial Statements

**SWIFT COUNTY
 BENSON, MINNESOTA
 RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES –
 GOVERNMENTAL ACTIVITIES
 YEAR ENDED DECEMBER 31, 2019**

Net Changes in Fund Balances - Total Governmental Funds
(Statement of Revenues, Expenditures, and Changes in Fund Balances) \$ 1,458,756

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. (545,876)

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	\$ 4,292,510	
Net Book Value of Assets Disposed of	(53,448)	
Current Year Depreciation	(2,287,313)	
		1,951,749

Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net position liability and the related deferred inflows and outflows of resources. (187,520)

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	18,257	
Principal Payment on Bonds	435,000	
		453,257

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. 225,942

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	4,125	
Amortization of Discounts and Premiums	7,239	
Change in Compensated Absences	97,736	
Change in Other Postemployment Benefits	61,195	
Change in Other Postemployment Benefits - Deferred Outflows	(3,218)	
Change in Other Postemployment Benefits - Deferred Inflows	(65,760)	
Change in Inventories	(135,004)	
		(33,687)

Change in Net Position of Governmental Activities
(Statement of Activities) \$ 3,322,621

**SWIFT COUNTY
 BENSON, MINNESOTA
 STATEMENT OF NET POSITION –
 INTERNAL SERVICE FUND
 DECEMBER 31, 2019**

	<u>Self-Insurance</u>
ASSETS	
Cash and Pooled Investments	\$ 1,197,571
Accounts Receivable	<u>33,478</u>
Total Assets	1,231,049
LIABILITIES	
Accounts Payable	<u>170,842</u>
NET POSITION	
Unrestricted	<u><u>\$ 1,060,207</u></u>

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
 BENSON, MINNESOTA
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –
 INTERNAL SERVICE FUND
 YEAR ENDED DECEMBER 31, 2019**

	<u>Self-Insurance</u>
OPERATING REVENUES	
Premiums	\$ 1,703,693
OPERATING EXPENSES	
Administrative and Fiscal Services	418,897
Other Services and Charges	1,068,419
Total Operating Expenses	1,487,316
OPERATING INCOME	216,377
NONOPERATING REVENUES (EXPENSES)	
Transfers In	9,565
CHANGE IN NET POSITION	225,942
Net Position - Beginning of Year	834,265
NET POSITION - END OF YEAR	\$ 1,060,207

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF CASH FLOWS –
INTERNAL SERVICE FUND
YEAR ENDED DECEMBER 31, 2019**

	<u>Self-Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Internal Services Provided	\$ 1,749,662
Payments to Suppliers	(495,018)
Payments for Claims	(1,068,419)
Net Cash Provided by Operating Activities	<u>186,225</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer of Interest Received	9,565
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Earning Received	<u>3,881</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	199,671
Cash and Cash Equivalents - Beginning of Year	<u>997,900</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,197,571</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 216,377
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Increase in Accounts Receivable	45,969
Decrease in Accounts Payable	(76,121)
Net Cash Provided by Operating Activities	<u><u>\$ 186,225</u></u>

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION –
AGENCY FUNDS
DECEMBER 31, 2019**

ASSETS

Cash and Pooled Investments	<u>\$ 526,985</u>
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LIABILITIES

Funds Held in Trust	\$ 23,244
Due to Other Governments	<u>503,741</u>
Total Liabilities	<u>\$ 526,985</u>

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF NET POSITION –
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2019**

ASSETS	Swift County Housing and Redevelopment Authority	Swift County-Benson Hospital	Total
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 862,325	\$ 1,605,601	\$ 2,467,926
Accounts Receivable - Net	37,680	2,800,526	2,838,206
Prepaid Items	-	110,078	110,078
Inventories	-	425,703	425,703
Total Current Assets	<u>900,005</u>	<u>4,941,908</u>	<u>5,841,913</u>
RESTRICTED ASSETS			
Cash and Investments	98,604	197,223	295,827
NONCURRENT ASSETS			
Internally Designated Cash and Investments	-	3,182,348	3,182,348
Investment in Joint Venture	-	257,545	257,545
Capital Assets:			
Land	25,000	880,894	905,894
Construction-in-Progress	-	324,366	324,366
Buildings	1,877,572	16,604,023	18,481,595
Machinery, Vehicles, Furniture, and Equipment	154	908,963	909,117
Land Improvements	-	69,625	69,625
Other Noncurrent Assets	-	2,931	2,931
Total Noncurrent Assets	<u>1,902,726</u>	<u>22,230,695</u>	<u>24,133,421</u>
Total Assets	2,901,335	27,369,826	30,271,161
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	-	53,633	53,633
Pension Related	-	599,753	599,753
OPEB Related	-	13,097	13,097
Total Deferred Outflows of Resources	-	<u>666,483</u>	<u>666,483</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	28,141	1,523,845	1,551,986
Accrued Expenses	-	825,376	825,376
Accrued Interest	20,688	168,093	188,781
Revenue Bonds Payable - Current	120,000	420,000	540,000
Due to Primary Government - Current	-	94,498	94,498
Loans Payable - Current	-	143,635	143,635
Unearned Revenues	1,180	-	1,180
Customer Deposits	20,526	-	20,526
Total Current Liabilities	<u>190,535</u>	<u>3,175,447</u>	<u>3,365,982</u>
NONCURRENT LIABILITIES			
Net Pension Liability	-	4,218,456	4,218,456
OPEB Liability	-	146,952	146,952
Revenue Bonds Payable - Long Term	1,835,000	6,705,000	8,540,000
Due to Primary Government - Long Term	-	1,294,343	1,294,343
Loans Payable - Long Term	-	9,001,885	9,001,885
Total Noncurrent Liabilities	<u>1,835,000</u>	<u>21,366,636</u>	<u>23,201,636</u>
Total Liabilities	<u>2,025,535</u>	<u>24,542,083</u>	<u>26,567,618</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related	-	1,361,801	1,361,801
OPEB Related	-	51,453	51,453
Total Deferred Inflows of Resources	-	<u>1,413,254</u>	<u>1,413,254</u>
NET POSITION			
Net Investment in Capital Assets	8,360	928,928	937,288
Restricted	97,453	240,290	337,743
Unrestricted	769,987	911,754	1,681,741
Total Net Position	<u>\$ 875,800</u>	<u>\$ 2,080,972</u>	<u>\$ 2,956,772</u>

See accompanying Notes to Financial Statements.

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF ACTIVITIES –
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2019**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Charges, Fines and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
COMPONENT UNITS				
Housing and Redevelopment Authority	\$ 994,649	\$ 478,974	\$ 467,712	\$ -
Swift County-Benson Hospital	19,561,254	18,762,236	-	328,511
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Component Units	<u>\$ 20,555,903</u>	<u>\$ 19,241,210</u>	<u>\$ 467,712</u>	<u>\$ 328,511</u>

GENERAL REVENUES

Investment Earnings
Miscellaneous

Total General Revenues

CHANGE IN NET POSITION

Net Position - Beginning of Year

Restatement - See Note 9

Net Position - Beginning of Year

NET POSITION - END OF YEAR

**SWIFT COUNTY
BENSON, MINNESOTA
STATEMENT OF ACTIVITIES – (CONTINUED)
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2019**

COMPONENT UNITS	Net Expense (Revenue) and Changes in Net Position		
	Housing and Redevelopment Authority	Swift County-Benson Hospital	Total
	Housing and Redevelopment Authority Swift County-Benson Hospital Total Component Units	\$ (47,963) - (47,963)	\$ - (470,507) (470,507)
	5,229 - 5,229	96,512 84,427 180,939	101,741 84,427 186,168
	(42,734)	(289,568)	(332,302)
	963,523	2,370,540	3,334,063
	(44,989)	-	(44,989)
	918,534	2,370,540	3,289,074
	\$ 875,800	\$ 2,080,972	\$ 2,956,772

See accompanying Notes to Financial Statements

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**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019. 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, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Swift County Housing and Redevelopment Authority (Continued)

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

Swift County-Benson Hospital

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

Other Organizations

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

B. Basic Financial Statements

1. Government-Wide Statements

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

In the government-wide statement of net position, the governmental activities column: (a) is presented on a consolidated basis; and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

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

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

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

2. Fund Financial Statements

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

Road and Bridge Special Revenue Fund – is used to account for revenues and expenditures of the County Highway Department, which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways. Property taxes and intergovernmental revenues are the primary funds committed for these projects.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

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

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

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

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

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

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

The County reports the following internal service fund:

Self-Insurance Internal Service Fund – is used to account for the County's self-insured insurance program. The financing is a combination of the county paid portion with the expense allocated by the fund the employee works in and the employee paid portion of the insurance. The County's self-insurance program started in January 2014.

Additionally, the County reports the following 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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

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

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

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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)

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, 2019, 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.

3. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent maturities of interfund loans).

All receivables, including those of the discretely reported component units, are shown net of an allowance for uncollectible accounts. The estimated allowance as of December 31, 2019 is \$545,000.

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

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

4. Loans Receivable

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

The Debt Service Fund presents loans receivable for the amount Federated Telephone Cooperative owes the County related to the issuance and repayment of the 2016A tax abatement bond and 2017A capital improvement 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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Prepaid Items

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

6. Inventories

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

7. Restricted Assets

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

8. Capital Assets

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

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

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Capital Assets (Continued)

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

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

9. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual paid time off, vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

10. Deferred Outflows of Resources

The County reports decreases in net position or fund balance, that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position or governmental fund balance sheet. The County will not recognize the related outflow until a future event occurs. More detailed information about pension related deferred outflows of resources can be found in Note 4 to the financial statements and more information about other postemployment benefit related deferred outflows of resources can be found in Note 6 to the financial statements.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Deferred Inflows of Resources

The County's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has three types of items which are reported as deferred inflows of resources. The first type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's year) under the modified accrual basis of accounting. The second type relates to pension liabilities as described in Note 4 to the financial statements. The final type occurs because the County collected property taxes prior to the year where levied for and, therefore, the County will report deferred inflows for these items.

12. Pensions

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

13. Long-Term Obligations

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

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Fund Balance and Net Position

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaids, inventories, and long-term receivables. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the County Board. The County Board has delegated authority to assign fund balances and their intended uses to the County Auditor. Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in other classifications.

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

15. Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

The County has deficit fund balance at December 31, 2019 as follows:

Ditch Fund	\$ 440,372
Capital Projects Fund	135,804

The County intends to fund these deficits through future tax levies, special assessment levies, transfers from other funds, and various other sources.

**SWIFT COUNTY
 BENSON, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019**

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	\$ 18,966,142
Petty Cash and Change Funds	1,675
Restricted Cash and Investments	905,000
Agency Funds	526,985
Total Cash and Investments	\$ 20,399,802

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, 2019 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:

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits (Continued)

- (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. As of December 31, 2019, 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	\$ 418,836	\$ 418,836	\$ -	\$ -
Government Securities Money Market Fund	607,681	607,681	-	-
Negotiable Certificates of Deposit	6,753,344	6,154,695	598,649	-
MAGIC External Investment Pool	10,730,838	10,730,838	-	-
Total	<u>\$ 18,510,699</u>	<u>\$ 17,912,050</u>	<u>\$ 598,649</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, 2019, the County’s U.S. government securities mutual funds through Franklin Templeton Investments were rated AAA, through inquiry of customer service representatives. The government securities money market fund held with Wells Fargo was rated AAA by S&P. The negotiable certificates of deposit were not rated.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Concentration Credit Risk

The County's investment policy places no limit on the amount the County may invest in any one issuer. As of December 31, 2019, the County had no investments with one issuer over 5%.

Custodial Credit Risk – Investments

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

Fair Value Measurement

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

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

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

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Fair Value Measurement (Continued)

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

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

Investments are measured as follows:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level				
Negotiable Certificates of Deposit	\$ -	\$ 6,753,344	\$ -	\$ 6,753,344
Government Securities Money Market Fund	607,681	-	-	607,681
U.S. Government Securities Mutual Fund	-	418,836	-	418,836
Investments Measured at Amortized Costs				
External Investment Pool - MAGIC				10,730,838
Total Investments				18,510,699
Deposits and Cash on Hand				1,889,103
Total				\$ 20,399,802

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

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Fair Value Measurement (Continued)

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

2. Loans Receivable

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

3. Receivables

Receivables at December 31, 2019, for the County, including any applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection in Subsequent Year
	<u> </u>	<u> </u>
Taxes	\$ 74,259	\$ -
Special Assessments	516,404	-
Accounts	157,934	-
Loans	7,332,851	7,308,277
Due from Component Unit	1,388,841	1,294,343
Interest	50,859	-
Due from Other Governments	2,753,612	-
Advance to Other Governments	4,000	-
Total	<u>\$ 12,278,760</u>	<u>\$ 8,602,620</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2019 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	\$ 78,474	\$ -	\$ 2,278,360
Construction-in-Progress	2,461,526	3,506,936	5,968,462	-
Total Capital Assets, Not Being Depreciated:	4,661,412	3,585,410	5,968,462	2,278,360
Capital Assets, Being Depreciated:				
Buildings	13,637,001	34,663	-	13,671,664
Machinery, Furniture, and Equipment	8,178,212	750,911	537,698	8,391,425
Infrastructure	72,518,874	5,889,988	-	78,408,862
Total Capital Assets, Being Depreciated	94,334,087	6,675,562	537,698	100,471,951
Less Accumulated Depreciation for:				
Buildings	3,809,386	220,551	-	4,029,937
Machinery, Furniture, and Equipment	5,597,993	677,399	484,250	5,791,142
Infrastructure	23,024,145	1,389,363	-	24,413,508
Total Accumulated Depreciation	32,431,524	2,287,313	484,250	34,234,587
Total Capital Assets, Being Depreciated, Net	61,902,563	4,388,249	53,448	66,237,364
Governmental Activities Capital Assets, Net	<u>\$ 66,563,975</u>	<u>\$ 7,973,659</u>	<u>\$ 6,021,910</u>	<u>\$ 68,515,724</u>

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

Government-Type Activities

Government-Type Activities

General Government	\$ 211,992
Public Safety	95,311
Highways and Streets, Including Depreciation of Infrastructure Assets	1,863,445
Human Services	59,760
Sanitation	37,811
Conservation of Natural Resources	1,360
Culture and Recreation	17,634
Total Depreciation Expense - Governmental Activities	<u>\$ 2,287,313</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2019 is as follows:

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Welfare Fund	\$ 3,455	Reimbursement for Services
	Ditch Fund	395,152	Ditch Expenditure Reimbursement and to Cover Negative Cash
	Capital Projects	135,804	To Cover Negative Cash
Total Due to General Fund		<u>534,411</u>	
Welfare Fund	General Fund	<u>900</u>	FEMA/Insurance Reimbursements
Total		<u><u>\$ 535,311</u></u>	

2. Interfund Transfers

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
Road & Bridge Fund	General Fund	\$ 92,398	Transfer of Interest
Welfare Fund	General Fund	38,535	Transfer of Interest
Self-Insurance Fund	General Fund	9,565	Transfer of Interest
		<u><u>\$ 140,498</u></u>	

The Due from Component Unit/Due to Primary Government as of December 31, 2019 is between Swift County and the Swift County-Benson Hospital is \$1,388,841. The County Board approved a 20-year loan for \$2,000,000 with a 2% interest rate with repayment to begin in January 2013. Principal repayments in 2019 are \$94,498. The amount due in more than one year is \$1,294,343.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019
General Obligation Bonds:					
2016A Abatement Bonds	2037	\$305,000 - \$510,000	2.00-3.45	\$ 7,780,000	\$ 7,165,000
General Obligation Bonds:					
2017A Capital Improvement Bonds	2038	\$125,000 - \$340,000	3.00-3.25	5,105,000	4,980,000
Loans Payable - Direct Borrowings					
Chippewa River Watershed:					
Continuation Clean Water Project	2021	\$16,259 - \$31,886	2.00	304,374	16,258
Total Indebtedness				<u>\$ 13,189,374</u>	<u>\$ 12,161,258</u>

2. Debt Service Requirements

Debt service requirements at December 31, 2019 were as follows:

Year Ending	2016A General Obligation Abatement Bonds		2017A General Obligation Capital Improvement Plan Bonds		Loans Payable Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
December 31, 2020	\$ 320,000	\$ 304,465	\$ 200,000	\$ 147,656	\$ 10,786	\$ 272	\$ 530,786	\$ 452,393
2021	325,000	198,015	205,000	141,581	5,472	55	535,472	339,651
2022	330,000	191,465	210,000	135,356	-	-	540,000	326,821
2023	340,000	184,425	215,000	128,981	-	-	555,000	313,406
2024	345,000	176,545	225,000	122,381	-	-	570,000	298,926
2025-2029	1,870,000	737,085	1,220,000	505,781	-	-	3,090,000	1,242,866
2030-2034	2,160,000	430,289	1,410,000	308,831	-	-	3,570,000	739,120
2035-2038	1,475,000	76,934	1,295,000	83,114	-	-	2,770,000	160,048
Total	<u>\$ 7,165,000</u>	<u>\$ 2,299,223</u>	<u>\$ 4,980,000</u>	<u>\$ 1,573,681</u>	<u>\$ 16,258</u>	<u>\$ 327</u>	<u>\$ 12,161,258</u>	<u>\$ 3,873,231</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019 was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2016A General Obligation					
Abatement Bonds	\$ 7,475,000	\$ -	\$ 310,000	\$ 7,165,000	\$ 320,000
Premium	14,572	-	788	13,784	-
Total 2016A General Obligation					
Abatement Bonds	7,489,572	-	310,788	7,178,784	320,000
2017A General Obligation					
Capital Improvement Bonds	5,105,000	-	125,000	4,980,000	200,000
Premium	125,794	-	6,451	119,343	-
Total 2017A General Obligation					
Capital Improvement Bonds	5,230,794	-	131,451	5,099,343	200,000
Subtotal Bonds Payable	12,720,366	-	442,239	12,278,127	520,000
Loans Payable - Direct Borrowings	34,515	-	18,257	16,258	10,786
Compensated Absences	1,096,192	628,160	725,896	998,456	249,614
Governmental Activity					
Long-Term Liabilities	<u>\$ 13,851,073</u>	<u>\$ 628,160</u>	<u>\$ 1,186,392</u>	<u>\$ 13,292,841</u>	<u>\$ 780,400</u>

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 PENSION PLANS

A. Pension Description

The County and the Swift County-Benson Hospital participate in the following 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 (IRC).

1. General Employees Retirement Plan (GERF)

All full-time and certain part-time employees of the County are covered by the defined pension plans administered by PERA. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Plan (PEPFP)

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

3. Local Government Correction Plan (PECF)

The Local Government Correctional Plan, referred to as the Public Employees Correctional Fund (PECF), was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 PENSION PLANS (CONTINUED)

B. Benefits Provided

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

1. General Employees Plan Benefits

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

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010 but before July 1, 2014 vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3.0% of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989 when age plus years of service equal is at least 90.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. Police and Fire Plan Benefits (Continued)

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

3. Correctional Plan Benefits

Benefits for Correction Plan members first hired after June 30, 2010 vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. The annuity accrual rate is 1.9% of average salary for each year of service in that plan. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989 when age plus years of service equals at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 100% of the COLA announced by SSA, with a minimum increase of at least 1% and a maximum of 2.5%. If the plan's funding status declines to 85% or below for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

1. General Employees Plan Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in calendar year 2019. The County and Swift County-Benson Hospital were required to contribute 7.50% for Coordinated Plan members in calendar year 2019. The County and Swift County-Benson Hospital's contributions to the General Employees Fund for the year ended December 31, 2019 were \$399,478 and \$411,711, respectively. The County and Swift County-Benson Hospital's contributions were equal to the required contributions as set by state statute.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. Police and Fire Plan Contributions

Police and Fire member's contribution rates increased from 10.8% of pay to 11.3% and employer rates increased from 16.2% to 16.95% on January 1, 2019. The County's contributions to the Police and Fire Fund for the year ended December 31, 2019 were \$117,220. The County's contributions were equal to the required contributions as set by state statute.

3. Correctional Plan Contributions

Plan members were required to contribute 5.83% of their annual covered salary and the County was required to contribute 8.75% of pay for plan members in calendar year 2019. The County's contributions to the Correction Fund for the year ended December 31, 2019 were \$45,669. The County's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2019, Swift County reported a liability of \$4,085,765 for its proportionate share of the General Employees Fund's net pension liability. Swift County's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with Swift County totaled \$126,994. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Swift County's proportionate share of the net pension liability was based on Swift County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, Swift County's proportionate share was .0739% which was decrease of .0026% from its proportionate share measured as of June 30, 2018.

County's Proportionate Share of the Net Pension Liability	\$	4,085,765
State's Proportionate Share of the Net Pension Liability		
Associated with the County		126,994
Total		\$ 4,212,759

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2019, the County recognized pension expense of \$560,181 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$9,511 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2019, the Swift County-Benson Hospital reported a liability of \$4,218,456 for its proportionate share of the General Employees Fund's net pension liability. The Swift County-Benson Hospital's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund in 2019. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the Swift County-Benson Hospital totaled \$131,161 for a total net pension liability of \$4,349,617 associated with Swift County-Benson Hospital. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Swift County-Benson Hospital's proportion of the net pension liability was based on the Swift County-Benson Hospital's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019 relative to the total employer contributions received from all PERA's participating employers. At June 30, 2019, the Swift County-Benson Hospital's proportionate share was 0.076% which was an increase of 0.012% from its proportion measured as of June 30, 2018.

Swift County-Benson Hospital's Proportionate Share of the Net Pension Liability	\$ 4,218,456
State's Proportionate Share of the Net Pension Liability Associated with the Hospital	131,161
Total	<u>\$ 4,349,617</u>

For the year ended December 31, 2019, the Swift County-Benson Hospital recognized pension expense of \$488,302 for its proportionate share of the General Employees Plan's pension expense. In addition, the Swift County-Benson Hospital recognized an additional \$9,823 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At December 31, 2019, 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	\$ 113,232	\$ -	\$ 125,169	\$ -
Changes in Actuarial Assumptions	-	321,144	-	369,544
Difference Between Projected and Actual Earnings on Pension Plan Investments	-	414,140	-	532,358
Changes in Proportion	130,684	121,345	272,004	459,899
Subsequent Contributions Paid to PERA Subsequent to the Measurement Date	200,799	-	202,580	-
	<u>\$ 444,715</u>	<u>\$ 856,629</u>	<u>\$ 599,753</u>	<u>\$ 1,361,801</u>

\$403,379 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 ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	County Pension Expense Amount	Hospital Pension Expense Amount
2020	\$ (178,242)	\$ (179,648)
2021	(318,813)	(543,532)
2022	(122,243)	(248,246)
2023	6,585	6,798

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2019, the County reported a liability of \$654,730 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 0.0615% which was an increase of 0.0034% from its proportion measured as of June 30, 2018. The County also recognized \$8,302 for the year ended December 31, 2019 as revenue and an offsetting reduction to net pension liability for its proportionate share of the state of Minnesota's on-behalf contribution to the Police and Fire Fund. Legislation passed in 2013 required the state of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90% funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

There were no benefit changes during the current measurement period.

For the year ended December 31, 2019, the County recognized pension expense of \$91,910 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2019, 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:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 27,799	\$ 99,657
Changes in Actuarial Assumptions	543,322	735,060
Difference Between Projected and Actual Earnings on Pension Plan Investments	-	136,365
Changes in Proportion	62,913	27,467
County Contributions Paid to PERA Subsequent to the Measurement Date	62,762	-
Total	<u>\$ 696,796</u>	<u>\$ 998,549</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

The \$62,762 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2020	\$ (46,071)
2021	(87,541)
2022	(252,966)
2023	12,691
2024	9,372

3. Correctional Plan Pension Costs

At December 31, 2019, the County reported a liability of \$34,515 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 0.249% which was an increase of 0.062% from its proportion measured as of June 30, 2018.

There were no benefit changes during the current measurement period.

For the year ended December 31, 2019, the County recognized pension expense of \$65,387 for its proportionate share of the Correctional Plan's pension expense.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Correctional Plan Pension Costs (Continued)

At December 31, 2019, 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:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 1,268	\$ 5,643
Changes in Actuarial Assumptions	-	306,439
Difference Between Projected and Actual Earnings on Pension Plan Investments	-	44,414
Changes in Proportion Contributions Paid to PERA and Proportionate Share of Contributions	1,783	2,134
County Contributions Paid to PERA Subsequent to the Measurement Date	23,645	-
Total	<u>\$ 26,696</u>	<u>\$ 358,630</u>

The \$23,645 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2020	\$ (184,796)
2021	(160,939)
2022	(10,180)
2023	336

The total pension expense for all plans recognized by the County for the year ended December 31, 2019 was \$726,989.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the individual entry-age normal actuarial cost-method and the following actuarial assumptions:

	<u>GERF</u>	<u>PEFP</u>	<u>PECF</u>
Inflation	2.50% per Year	2.50% per Year	2.00% per Year
Active Member Payroll Growth	3.25% per Year	3.25% per Year	3.50% per Year
Investment Rate of Return	7.50%	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan, 1% per year for the Police and Fire Plan, and 2% per year for the Correctional Plan.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. The five-year experience study for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

Correctional Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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:

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

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 PENSION PLANS (CONTINUED)

G. 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:

<u>Description</u>	<u>1% Decrease in Discount Rate (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase in Discount Rate (8.50%)</u>
County's Proportionate Share of the General Employees Retirement Plan Net Pension Liability	\$ 6,716,778	\$ 4,085,765	\$ 1,913,341
Hospital's Proportionate Share of the General Employees Retirement Plan Net Pension Liability	6,934,915	4,218,456	1,975,479
<u>Description</u>	<u>1% Decrease in Discount Rate (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase in Discount Rate (8.50%)</u>
County's Proportionate Share of the Public Employees Police and Fire Plan Net Pension Liability	\$ 1,431,117	\$ 654,730	\$ 13
<u>Description</u>	<u>1% Decrease in Discount Rate (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase in Discount Rate (8.50%)</u>
County's Proportionate Share of the Public Employees Correctional Plan Net Pension Liability	\$ 367,865	\$ 34,515	\$ (232,218)

H. 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 includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 5 DEFINED CONTRIBUTION PLAN

The five 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 (IRC) and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (0.25%) of the assets in each member's account annually.

Total contributions made by the County during fiscal year 2019 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 10,213	\$ 10,213	5%	5%	5%

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. As of January 1, 2019, there were 116 active participants and no retirees or inactive participants receiving health benefits from the County's health plan. Pursuant to the provisions of the plan, retirees are required to pay 100% of the total premium cost.

A. Funding Policy

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Actuarial Methods and Assumptions

The County's OPEB liability was measured as of January 1, 2019, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2018.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary	3.0%
Health Care Trend Rates	6.50% Decreasing to 5.00% Over 6 Years

Mortality rates were based on the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale.

The discount rate used to measure the total OPEB liability was 3.80%. The discount rate is equal to the 20-Year Municipal Bond Yield.

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

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables with MP-2016 Generational Improvement Scale to the RP-2014 Mortality Tables with MP-2018 Generational Improvement Scale.
- The retirement and withdrawal tables for public safety employees were updated.
- The discount rate was changed from 3.30% to 3.80%.
- These changes decreased the liability \$4,504.

C. Changes in Total OPEB Liability

	<u>Total OPEB liability</u>
Balance as of January 1, 2019	\$ 246,053
Changes for the Year:	
Service Cost	15,615
Interest	8,495
Changes in Assumptions	(4,504)
Differences Between Expected and Actual Experience	(72,217)
Benefit Payments	(8,584)
Net Change in Total OPEB Liability	<u>(61,195)</u>
Balance as of December 31, 2019	<u>\$ 184,858</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

C. Changes in Total OPEB Liability (Continued)

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.80%)	Discount Rate (3.80%)	1% Increase (4.80%)
Total OPEB Liability	\$ 198,021	\$ 184,858	\$ 172,445

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower (5.50% decreasing to 4.00% over 6 years) or 1% higher (7.50% decreasing to 6.00% over 6 years) than the current health care costs trend rates:

	1% Decrease (5.50% Decreasing to 4.00% over 6 years)	Current Trend Rates (6.50% Decreasing to 5.00% over 6 years)	1% Increase (7.50% Decreasing to 6.00% over 6 years)
Medical Trend Rate			
Total OPEB Liability	\$ 166,969	\$ 184,858	\$ 205,634

For the year ended December 31, 2019, the County recognized OPEB expense of \$13,149. At December 31, 2019, the County reported \$65,760 of deferred inflows and \$5,366 in deferred outflows of resources resulting from County contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2020.

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 2019. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 7 RISK MANAGEMENT (CONTINUED)

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

On October 15, 2013, the County entered into a joint powers agreement with five counties (Swift, Benton, Lyon, Murray, and Redwood) and Southwest Health and Human Services to form the Minnesota Public Section Collaborative to self-insure medical and pharmacy benefits for its employees. Currently, the County contracts with Preferred One to administer employee and dependent group health coverage. Claims are paid by Preferred One and reimbursed by the County on a weekly basis.

Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County has retained risk up to a \$50,000 specific excess coverage per contract claim per year (\$1,000,000 aggregate) for the health plan. Liabilities of the fund are reported when it is probable that the loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount, as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors.

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

	Year Ended December 31,	
	2019	2018
Unpaid Claims, Beginning of Year	\$ 246,963	\$ 192,721
Incurred Claims (including IBNR)	916,177	1,304,850
Claims Payments	(992,298)	(1,250,608)
Unpaid Claims, End of Year	<u>\$ 170,842</u>	<u>\$ 246,963</u>

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

Contingent Liabilities

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019.

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, 2019:

	<u>Carrying Amount</u>
Insured or Collateralized with Securities Held by the HRA or its Agent in the HRA's Name	\$ 960,929

Restricted Assets

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

Capital Assets

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

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

Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Capital Assets Being Depreciated:				
Buildings	3,558,539	-	-	3,558,539
Machinery, Furniture, and Equipment	17,183	-	15,683	1,500
Total Capital Assets Being Depreciated	3,575,722	-	15,683	3,560,039
Less: Accumulated Depreciation for:				
Buildings	1,584,410	118,672	22,115	1,680,967
Machinery, Furniture, and Equipment	1,269	95	18	1,346
Total Accumulated Depreciation	1,585,679	118,767	22,133	1,682,313
Total Capital Assets, Depreciated, Net	1,990,043	(118,767)	(6,450)	1,877,726
Total Capital Assets, Net	<u>\$ 2,015,043</u>	<u>\$ (118,767)</u>	<u>\$ (6,450)</u>	<u>\$ 1,902,726</u>

Long-Term Debt

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

	Maturity	Interest Rate	June 30, 2019
Limited Tax Housing and Development Revenue Refunding Bonds, Series 2013	2033	0.5-3.2%	<u>\$ 1,955,000</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

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

Long-Term Debt (Continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 120,000	\$ 49,650	\$ 169,650
2021	125,000	47,550	172,550
2022	125,000	45,363	170,363
2023	125,000	42,862	167,862
2024	130,000	40,363	170,363
2025-2029	700,000	153,924	853,924
2030-2033	630,000	50,280	680,280
Total	<u>\$ 1,955,000</u>	<u>\$ 429,992</u>	<u>\$ 2,384,992</u>

Compensated Absences Payable

Changes in compensated absences payable for the period ended June 30, 2019 are:

Balance - June 30, 2018	\$ 22,771
Net Changes	(22,771)
Balance - June 30, 2019	<u>\$ -</u>

Risk Management

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

Economic Dependency

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

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

Prior Period Adjustment

Buildings, loans receivable, compensated absences, and restricted net position were misstated at June 30, 2018 as a result of omissions in recording transactions relating to the loan program funded by the Minnesota Housing Finance Agency. The following table reflects the effect of the restatement adjustments as of and for the year ended June 30, 2018:

	<u>As Previously Reported</u>	<u>Restatements</u>	<u>As Restated</u>
Buildings	\$ 3,626,539	\$ (68,000)	\$ 3,558,539
Loans Receivable	-	48,150	48,150
Compensated Absences	25,139	(25,139)	-
Net Position	963,523	44,989	918,534

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 2019 was \$545,000.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

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.

Net Patient Services Revenues

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

Grants and Contributions

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

Management Agreement

The Hospital has a management agreement with 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, 2019, the Hospital paid \$100,000 for management services provided under the purchase agreement and approximately \$362,000 for services and equipment purchased through Rice Memorial Hospital. The Hospital had accounts payable of \$8,936 at December 31, 2019.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 \$49,000 for the year ended December 31, 2019, 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, 2019 is as follows:

Deposits	\$ 3,472,916
Investments	<u>1,512,256</u>
Total	<u><u>\$ 4,985,172</u></u>

As of December 31, 2019, the Hospital's bank balances were adequately insured or collateralized as required by state law, except for deposits of \$36,164 which were undercollateralized.

At December 31, 2019, 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:

	<u>Carrying Value</u>	<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>More Than Ten Years</u>
Certificates of Deposit - at Fair Value	\$ 195,049	\$ 130,242	\$ 64,807	\$ -	\$ -
Fixed Income - Government Securities - at Fair Value	1,317,207	300,213	918,363	94,288	4,343
Total	<u><u>\$ 1,512,256</u></u>	<u><u>\$ 430,455</u></u>	<u><u>\$ 983,170</u></u>	<u><u>\$ 94,288</u></u>	<u><u>\$ 4,343</u></u>

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Capital Assets

A summary of capital assets at December 31, 2019 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 574,394	\$ 306,500		\$ 880,894
Construction-in-Progress	8,899,649	2,162,162	10,737,445	324,366
Total Capital Assets Not Being Depreciated	9,474,043	2,468,662	10,737,445	1,205,260
Capital Assets Being Depreciated:				
Buildings and Fixed Equipment	18,428,053	9,735,630	-	28,163,683
Movable Equipment and Ambulances	5,397,863	634,921	-	6,032,784
Land Improvements	281,330	60,394	-	341,724
Total Capital Assets Being Depreciated	24,107,246	10,430,945	-	34,538,191
Less: Accumulated Depreciation for:				
Buildings and Fixed Equipment	10,416,592	1,143,068	-	11,559,660
Movable Equipment and Ambulances	5,068,290	55,531	-	5,123,821
Land Improvements	265,601	6,498	-	272,099
Total Accumulated Depreciation	15,750,483	1,205,097	-	16,955,580
Total Capital Assets, Depreciated, Net	8,356,763	9,225,848	-	17,582,611
Total Capital Assets, Net	<u>\$ 17,830,806</u>	<u>\$ 11,694,510</u>	<u>\$ 10,737,445</u>	<u>\$ 18,787,871</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 \$196,599, which is an ownership interest of .50% as of December 31, 2019.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Investment in Joint Venture (Continued)

CMDI provides the equipment for CT scans for Hospital patients. The Hospital billed and collected the revenues for these services to patients and reimbursed CMDI approximately \$140,219 for the use for the equipment for the year ended December 31, 2019. Earnings of \$53,000 are included in other operating revenues. The Hospital received distributions from CMDI totaling \$31,013 during the year ended December 31, 2019, which is recorded as a reduction to the investment in CMDI.

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

BMS provides the equipment and technicians for ultrasound and echocardiogram services for Hospital patients. The Hospital billed and collected revenues for these services and has a liability to BMS for \$235,951. The Hospital provides management services, leases space and pays expenses on behalf of BMS and has a receivable from BMS for \$38,453. Earnings of \$60,946 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 \$60,946 as of December 31, 2019. The Hospital received distributions from BMS totaling \$61,689 during the year ended December 31, 2019, which is recorded as a reduction to the investment in BMS.

SISU Medical Solutions, LLC is a Minnesota Limited Liability Company. Its principal business is managing health care information systems for its members and other health care organizations in Northern Minnesota. The majority of its revenue is from member organizations. The investment balance in SISU Medical Solutions is \$-0- for the year ended December 31, 2019. The Hospital has a liability to SISU Medical Solutions of \$-0- for the year ended December 31, 2019.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Long-Term Debt

The following is a summary of transactions related to long-term debt for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Payments	Balance December 31, 2019	Amounts Due Within One Year
USDA Hospital Refunding:					
2013 Revenue Bonds	\$ 2,175,000	\$ -	\$ 145,000	\$ 2,030,000	\$ 145,000
2014 Revenue Bonds	5,365,000	-	270,000	5,095,000	275,000
Loan from Swift County	1,481,470	-	92,629	1,388,841	94,498
Bank Note	5,183,662	2,168,338	-	7,352,000	109,969
Sonsteg Foundation Loan	750,000	-	-	750,000	-
REED Loan	-	1,000,000	24,570	975,430	33,666
Bond Premium	72,048	-	3,958	68,090	-
Total Noncurrent Liabilities	<u>\$ 15,027,180</u>	<u>\$ 3,168,338</u>	<u>\$ 536,157</u>	<u>\$ 17,659,361</u>	<u>\$ 658,133</u>

The terms and due dates of the Hospital's long-term debt at December 31, 2019 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%. On February 1, 2018, the rate reset from 4.0% to 6.25%. The 2013 revenue bonds are secured solely by the revenue of the Hospital.
- 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 processed were used to provide the future debt service on the refunding portion of the 2007 series bonds. The outstanding principal of the bonds not defeased as a part of the refunding is \$205,000 which was due and payable February 1, 2015; the advance refunding reduced total debt service payments over the next 19 years by \$488,548. This results in an economic gain of \$367,833.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Long-Term Debt (Continued)

- Loan from Swift County (Due To Primary Government), principal and interest payments of \$10,118 due monthly and began January 1, 2013 through November 2033. The interest rate is initially set at 2% for a period of five years; the rate is then variable and adjusts at each five-year interval based on various conditions including prevailing interest rates in the community at the time.
- Bank Note, interest-only payments due monthly until April 2020 when monthly installments of \$46,881, including interest, commence until maturity in February 2049. The note will have an initial interest rate of 5.77%. The Hospital can borrow up to \$6,704,000 on this note to finance the construction project.
- Sonsteg Foundation Loan, interest-only payments due annually until July 2022 when annual installments of \$77,613, including interest, commence until maturity in July 2033. The note will have an initial interest rate of 3.50%.
- Rural Electric Economic Development (REED) loan disbursement of \$1,000,000 is due in monthly installments of \$6,166 including interest at 4.2%. The loan will be amortized over 20 years with a balloon payment of approximately \$603,000 in April 2029.

Schedule principal and interest payments on long-term debt is as follows:

<u>Year Ending December 31,</u>	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 658,133	\$ 755,634
2021	705,107	763,972
2022	778,723	736,382
2023	803,399	705,418
2024	823,799	673,164
2025-2029	5,098,440	2,770,451
2030-2034	4,112,990	1,763,768
2035-2039	1,220,159	1,165,522
2040-2044	1,627,085	758,597
2045-2049	1,763,436	224,677
Total	<u>\$ 17,591,271</u>	<u>\$ 10,317,585</u>

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

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.

Other Post-Employment Benefits

The Hospital provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. Active employees who retire from the Hospital 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 Hospital's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay varying percentages of the total premium cost.

Funding Policy

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

Actuarial Methods and Assumptions:

The Hospital's OPEB liability was measured as of January 1, 2019, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2018.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary	3.0%
Health Care Trend Rates	6.50% Decreasing to 5.00% Over 6 Years

Mortality rates were based on the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale.

The discount rate used to measure the total OPEB liability was 3.80%. The discount rate is equal to the 20-Year Municipal Bond Yield.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 DISCRETE COMPONENT UNITS (CONTINUED)

B. Swift County-Benson Hospital (Continued)

Other Post-Employment Benefits (Continued)

	Total OPEB liability
Balance as of January 1, 2019	\$ 211,618
Changes for the Year:	
Service Cost	7,734
Interest	6,950
Changes in Assumptions	(1,816)
Differences Between Expected and Actual Experience	(59,928)
Benefit Payments	(17,606)
Net Change in Total OPEB Liability	(64,666)
Balance as of December 31, 2019	\$ 146,952

The following presents the total OPEB liability of the Hospital, as well as what the Hospital's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.80%)	Discount Rate (3.80%)	1% Increase (4.80%)
Total OPEB Liability	\$ 156,486	\$ 146,952	\$ 138,049

The following presents the total OPEB liability of the Hospital, as well as what the Hospital's total OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower (5.50% decreasing to 4.00% over 6 years) or 1% higher (7.50% decreasing to 6.00% over 6 years) than the current health care costs trend rates:

	1% Decrease (5.50% Decreasing to 4.00% over 6 years)	Current Trend Rates (6.50% Decreasing to 5.00% over 6 years)	1% Increase (7.50% Decreasing to 6.00% over 6 years)
Medical Trend Rate			
Total OPEB Liability	\$ 135,033	\$ 146,952	\$ 160,891

For the year ended December 31, 2019, the Hospital recognized OPEB expense of \$7,653. At December 31, 2019, the Hospital reported \$51,453 of deferred inflows and \$13,097 in deferred outflows of resources resulting from Hospital contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2020.

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.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 2019 was \$114,544. Complete financial statements of Countryside Public Health Service can be obtained at 201- 13th Street South, Benson, Minnesota 56215.

Region 6W Community Corrections

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

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

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

For the year ended December 31, 2019, Swift County contributed \$286,659 to Region 6W Community Corrections. Complete financial statements of Region 6W Community Corrections can be obtained at 1215 Black Oak Avenue, P.O. Box 551, Montevideo, Minnesota 56265.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

A. Joint Ventures (Continued)

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

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

During 2019, 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.

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

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

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

A. Joint Ventures (Continued)

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

Swift County contributed \$286,659 of funds to the entity for the year ended December 31, 2019. The County has no ongoing financial interest in this entity. The objective of the entity is to coordinate self-funded efforts of its member organizations. There is no accumulation of resources or fiscal stress related to this entity.

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

Southwest Minnesota Adult Mental Health Consortium Board

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

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

Western Minnesota Prairie Waters Regional Tourism Board

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

Swift County contributed \$17,597 of funds to Prairie Waters for the year ended December 31, 2019. Separate financial information can be obtained at Western Minnesota Prairie Waters Convention and Visitors Bureau at 323 Schlieman Avenue, Appleton, Minnesota 56208.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

A. Joint Ventures (Continued)

Central Minnesota Emergency Services Board

The Central Minnesota Emergency Services Board (previously the Central Minnesota Regional Radio Board) was established in 2007, under the authority conferred upon the member parties by Minnesota Statutes §§ 471.59 and 403.39, and includes the City of St. Cloud and the Counties of Benton, Big Stone, Douglas, Grant, Kandiyohi, Meeker, Mille Lacs, Morrison, Otter Tail, Pope, Sherburne, Stearns, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Wright.

The purpose of the Central Minnesota Emergency Services Board is to provide for regional administration of enhancements to the statewide public safety radio and communication system (ARMER) owned and operated by the state of Minnesota. The Central Minnesota Emergency Services Board is composed of one commissioner of each county appointed by the respective County Board and one City Council Member from each city appointed by the respective City Council, as provided in the entity's bylaws. The Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. There is no accumulation of resources or fiscal stress related to this entity.

Swift County did not contribute to the Board for the year ended December 31, 2019. Separate financial information can be obtained at City of St. Cloud, Office of the Mayor, 400 Second Street South, St. Cloud, Minnesota 56303.

Counties Providing Technology

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

The County did not contribute to Counties Providing Technology for the year ended December 31, 2019. Complete financial information can be obtained from Counties Providing Technology office at 400 Colorado Avenue, Suite 303, Morris, MN 56267. CPT's first audit will be for the year ending December 31, 2019 and will include 2018 activity.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

B. Jointly Governed Organizations

Southwest Minnesota Chief Elected Officials Board

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

The joint powers board is comprised of one elected official appointed by each member of the County Board. Each representative of the joint powers board shall be appointed for one-year terms. Annually, the joint powers board reviews the financial contribution made by each county. The contribution level is determined by the percent of WIA eligible individuals in each county. In 2019, Swift County contributed \$-0- to the board. Financial information can be obtained from the Southwestern Minnesota Private Industry Council, Inc. office, 607 West Main Street, Marshall, MN 56258.

Coordinated Enforcement Effort (CEE) VI Task Force

Swift County, in conjunction with other local governments, appoints one member to the Board of Directors for the CEE VI Task Force. The Task Force was established to receive and expend federal, state, and local grants and other related funds for the purpose of investigation of burglary, theft, narcotics, stolen property, and crimes of violence. Swift County has no operational or financial control over the CEE VI Task Force. During the year, Swift County paid \$45,343 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 \$137,593 to the Library System. Separate financial information for the Western Plains Library System is not available.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

C. Related Organization

Swift County Rural Development Finance Authority

The Board members of the Swift County Rural Development Finance Authority (RDFA) are appointed by the Swift County Board of Commissioners. During the year, Swift County approved a levy for the RDFA in the amount of \$117,000. Financial information can be obtained from the Swift County RDFA, 1228 Atlantic Avenue, Benson, Minnesota 56215.

NOTE 11 PRIOR PERIOD ADJUSTMENT

During the current year it was determined that PERA Indirect Aid was not passed through to Countryside Public Health Services for their portion of the aid for several years. Therefore to correct this error, the beginning fund balance of the General Fund and beginning net position of governmental activities were each restated by a decrease of \$68,541.

NOTE 12 SUBSEQUENT EVENTS

Subsequent to the year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. Specific to the County, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to the year-end and are still developing.

Swift County-Benson Hospital

On January 1, 2020, all employees of the Hospital, excluding employees of ROI which are already employees of ROI's management company, became employees of Carris Health. Since the employees will be covered under Carris Health employee benefits, the Hospital has no future obligation with respect to PERA and OPEB. The Hospital has conducted a privatization study by PERA which determined that the Hospital has no future funding obligation as a result of employees exiting PERA. An estimate of the financial effects to the Hospital's financial statements of no longer being subject to PERA and OPEB has not yet been determined.

Subsequent to year-end, the Hospital has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Hospital is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of the issuance of the Hospital's financial statements, the full impact to the Hospital's financial position was not known.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 12 SUBSEQUENT EVENTS (CONTINUED)

Swift County-Benson Hospital (Continued)

In April 2020, the Hospital applied for and was granted a \$1,311,038 loan under the Paycheck Protection Program administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan accrues interest, but payments are not required to begin for six months to one year after the funding of the loan. The Hospital is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Hospital intends to take measures to maximize the loan forgiveness but cannot reasonably determine the portion of the loan that will ultimately be forgiven.

As part of the grant under the Coronavirus Aid, Relief, and Economic Security (CARES) Act the Hospital received \$3,777,162 from the U.S. Department of Health and Human Services in April and May 2020.

The Hospital evaluated subsequent events through July 30, 2020, the date which the financial statements were available to be issued.

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

**SWIFT COUNTY
BENSON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 5,546,666	\$ 5,546,666	\$ 5,418,364	\$ (128,302)
Licenses and Permits	4,370	4,370	4,275	(95)
Intergovernmental	1,310,263	1,310,263	1,449,178	138,915
Charges for Services	425,000	425,000	737,874	312,874
Fines and Forfeits	-	-	2,001	2,001
Investment Earnings	50,000	50,000	303,741	253,741
Miscellaneous	395,550	395,550	529,263	133,713
Total Revenues	<u>7,731,849</u>	<u>7,731,849</u>	<u>8,444,696</u>	<u>712,847</u>
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	232,857	232,857	227,480	5,377
Law Library	18,800	18,800	15,676	3,124
County Administration	292,732	292,732	279,168	13,564
County Auditor	283,393	283,393	271,852	11,541
County Treasurer	218,069	218,069	234,678	(16,609)
County Assessor	346,172	346,172	279,624	66,548
Elections	67,540	67,540	65,741	1,799
Data Processing	87,600	87,600	87,996	(396)
Attorney	471,305	471,305	413,584	57,721
Recorder	409,659	409,659	361,684	47,975
Planning and Zoning	104,128	104,128	101,159	2,969
Buildings and Plant	630,220	630,220	272,957	357,263
Technology	314,835	314,835	304,934	9,901
Veterans Service Officer	173,944	173,944	169,304	4,640
Appropriations - General Government	467,404	467,404	513,496	(46,092)
Other General Government	33,898	33,898	534,629	(500,731)
Total General Government	<u>4,152,556</u>	<u>4,152,556</u>	<u>4,133,962</u>	<u>18,594</u>

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

**SWIFT COUNTY
BENSON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
CURRENT (CONTINUED)				
PUBLIC SAFETY				
Sheriff	\$ 1,489,498	\$ 1,489,498	\$ 1,366,018	\$ 123,480
Coroner	15,000	15,000	22,078	(7,078)
E-911 System	73,567	73,567	71,188	2,379
Restorative Justice Coordinator	74,852	74,852	101,982	(27,130)
Emergency Management	104,854	104,854	85,789	19,065
County Jail	1,120,704	1,120,704	1,044,557	76,147
Community Corrections	286,659	286,659	286,659	-
Total Public Safety	<u>3,165,134</u>	<u>3,165,134</u>	<u>2,978,271</u>	<u>186,863</u>
HEALTH				
Countryside Health Service	114,544	114,544	114,544	-
Ambulance	40,000	40,000	-	40,000
Total Health	<u>154,544</u>	<u>154,544</u>	<u>114,544</u>	<u>40,000</u>
CULTURE AND RECREATION				
Parks	53,000	53,000	57,195	(4,195)
CONSERVATION OF NATURAL RESOURCES				
County Extension	145,551	145,551	150,125	(4,574)
Parks and Drainage	210,691	210,691	177,171	33,520
Agricultural Inspection	13,500	13,500	13,500	-
Predator Control	10,000	10,000	7,701	2,299
Total Conservation of Natural Resources	<u>379,742</u>	<u>379,742</u>	<u>348,497</u>	<u>31,245</u>
Total Expenditures	<u>7,904,976</u>	<u>7,904,976</u>	<u>7,632,469</u>	<u>272,507</u>
EXCESS OF REVENUES OVER EXPENDITURES	(173,127)	(173,127)	812,227	985,354
OTHER FINANCING SOURCES				
Transfers Out	-	-	(140,498)	(140,498)
Proceeds from Sale of Assets	-	-	200	200
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>(140,298)</u>	<u>(140,298)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (173,127)</u>	<u>\$ (173,127)</u>	671,929	<u>\$ 845,056</u>
Fund Balance - Beginning of Year			5,421,365	
Prior Period Adjustment			<u>(68,541)</u>	
Fund Balance - Beginning of Year As Restated			<u>5,352,824</u>	
FUND BALANCE - END OF YEAR			<u>\$ 6,024,753</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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,977,927	\$ 1,977,927	\$ 1,973,231	\$ (4,696)
Intergovernmental	5,949,012	5,949,012	5,444,643	(504,369)
Charges for Services	99,997	99,997	141,835	41,838
Investment Earnings	30,000	30,000	-	(30,000)
Miscellaneous	11,500	11,500	38,443	26,943
Total Revenues	<u>8,068,436</u>	<u>8,068,436</u>	<u>7,598,152</u>	<u>(470,284)</u>
EXPENDITURES				
CURRENT				
HIGHWAYS AND STREETS				
Administration	171,041	171,041	160,010	11,031
Engineering	111,556	111,556	81,860	29,696
Shared County Engineer	175,793	175,793	174,361	1,432
Maintenance	1,851,683	1,851,683	1,645,833	205,850
Construction	5,067,674	5,067,674	3,648,765	1,418,909
Equipment and Maintenance Shops	730,800	730,800	785,830	(55,030)
Other - Highways and Streets	494,800	494,800	487,855	6,945
Total Highways and Streets	<u>8,603,347</u>	<u>8,603,347</u>	<u>6,984,514</u>	<u>1,618,833</u>
EXCESS OF REVENUES OVER EXPENDITURES	(534,911)	(534,911)	613,638	1,148,549
OTHER FINANCING SOURCES				
Transfers In	-	-	92,398	92,398
NET CHANGE IN FUND BALANCE	<u>\$ (534,911)</u>	<u>\$ (534,911)</u>	706,036	<u>\$ 1,240,947</u>
Fund Balance - Beginning of Year			7,739,890	
Decrease in Inventory			<u>(135,004)</u>	
FUND BALANCE - END OF YEAR			<u>\$ 8,310,922</u>	

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

**SWIFT COUNTY
BENSON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE –
WELFARE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,932,925	\$ 2,932,925	\$ 2,940,880	\$ 7,955
Intergovernmental	2,225,850	2,225,850	2,634,590	408,740
Charges for Services	337,200	337,200	286,738	(50,462)
Gifts and Contributions	-	-	5,250	5,250
Investment Earnings	23,000	23,000	-	(23,000)
Miscellaneous	10,000	10,000	76,066	66,066
Total Revenues	<u>5,528,975</u>	<u>5,528,975</u>	<u>5,943,524</u>	<u>414,549</u>
EXPENDITURES				
CURRENT				
HUMAN SERVICES				
Income Maintenance	1,314,140	1,314,140	1,304,494	9,646
Social Services	4,686,335	4,686,335	4,237,993	448,342
Total Expenditures	<u>6,000,475</u>	<u>6,000,475</u>	<u>5,542,487</u>	<u>457,988</u>
EXCESS OF REVENUES OVER EXPENDITURES	(471,500)	(471,500)	401,037	872,537
OTHER FINANCING SOURCES				
Transfers In	-	-	38,535	38,535
Proceeds from Sale of Assets	-	-	9,865	9,865
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>48,400</u>	<u>48,400</u>
NET CHANGE IN FUND BALANCE	<u>\$ (471,500)</u>	<u>\$ (471,500)</u>	449,437	<u>\$ 920,937</u>
Fund Balance - Beginning of Year			<u>3,281,464</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,730,901</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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 16,929	\$ 16,929
Special Assessments	295,000	295,000	273,780	(21,220)
Intergovernmental	300,950	300,950	128,476	(172,474)
Charges for Services	428,000	428,000	582,945	154,945
Miscellaneous	77,200	77,200	79,435	2,235
Total Revenues	<u>1,101,150</u>	<u>1,101,150</u>	<u>1,081,565</u>	<u>(19,585)</u>
EXPENDITURES				
CURRENT				
SANITATION				
Solid Waste	1,333,126	1,333,126	1,204,364	128,762
DEBT SERVICE				
Principal	18,257	18,257	18,257	-
Interest	561	561	561	-
Total Debt Service	<u>18,818</u>	<u>18,818</u>	<u>18,818</u>	<u>-</u>
Total Expenditures	<u>1,351,944</u>	<u>1,351,944</u>	<u>1,223,182</u>	<u>128,762</u>
NET CHANGE IN FUND BALANCE	<u>\$ (250,794)</u>	<u>\$ (250,794)</u>	<u>(141,617)</u>	<u>\$ 109,177</u>
Fund Balance - Beginning of Year			<u>430,240</u>	
FUND BALANCE - END OF YEAR			<u>\$ 288,623</u>	

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

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

Swift County:

	<u>Measurement Date January 1, 2019</u>	<u>Measurement Date January 1, 2018</u>
Total OPEB Liability		
Service Cost	\$ 15,615	\$ 21,378
Interest	8,495	7,924
Changes of Assumptions	(4,504)	
Differences Between Expected and Actual Experience	(72,217)	
Benefit Payments	(8,584)	(3,937)
Net Change in Total OPEB Liability	<u>(61,195)</u>	<u>25,365</u>
Total OPEB Liability - Beginning	246,053	220,688
Total OPEB Liability - Ending	<u>\$ 184,858</u>	<u>\$ 246,053</u>
Covered Employee Payroll	\$ 6,287,392	\$ 6,334,266
County's OPEB Liability as a Percentage of Covered Employee Payroll	3%	4%

Swift County-Benson Hospital:

	<u>Measurement Date January 1, 2019</u>	<u>Measurement Date January 1, 2018</u>
Total OPEB Liability		
Service Cost	\$ 7,734	\$ 12,239
Interest	6,950	7,415
Changes of Assumptions	(1,816)	-
Differences Between Expected and Actual Experience	(59,928)	-
Benefit Payments	(17,606)	(40,669)
Net Change in Total OPEB Liability	<u>(64,666)</u>	<u>(21,015)</u>
Total OPEB Liability - Beginning	211,618	232,633
Total OPEB Liability - Ending	<u>\$ 146,952</u>	<u>\$ 211,618</u>
Covered Employee Payroll	\$ 5,302,631	\$ 4,413,576
County's OPEB Liability as a Percentage of Covered Employee Payroll	3%	5%

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

Note 2: No assets are accumulated in a trust.

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

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

	Measurement Date				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
County - General Employees Retirement Plan					
County's Portion of the Net Pension Liability	0.074 %	0.077 %	0.073 %	0.071 %	0.070 %
County's Proportionate Share of the Net Pension Liability	\$ 4,085,765	\$ 4,243,906	\$ 4,673,040	\$ 5,821,684	\$ 3,607,033
State's Proportionate Share of the Net Pension Liability Associated with the County	126,994	139,191	58,782	75,367	-
County's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability	\$ 4,212,759	\$ 4,383,097	\$ 4,731,822	\$ 5,897,051	\$ 3,607,033
County's Covered Payroll	\$ 5,229,794	\$ 5,139,816	\$ 4,717,513	\$ 4,412,322	\$ 4,173,648
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	78.12%	82.57%	99.06%	131.94%	86.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.20 %	79.50 %	75.90 %	68.91 %	78.20 %
Swift County-Benson Hospital - General Employees Retirement Plan					
Hospital's Portion of the Net Pension Liability	0.076 %	0.087 %	0.087 %	0.074 %	0.073 %
Hospital's Proportionate Share of the Net Pension Liability	\$ 4,218,456	\$ 4,837,489	\$ 5,579,559	\$ 6,008,434	\$ 3,767,691
State's Proportionate Share of the Net Pension Liability Associated with the Hospital	131,161	158,749	70,194	78,507	-
Hospital's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability	\$ 4,349,617	\$ 4,996,238	\$ 5,649,753	\$ 6,086,941	\$ 3,767,691
Hospital's Covered Payroll	\$ 5,508,567	\$ 5,887,973	\$ 6,156,985	\$ 4,887,928	\$ 4,567,486
Hospital's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	76.58%	82.16%	90.62%	122.92%	82.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.20 %	79.53 %	75.90 %	68.91 %	78.20 %
Public Employees Police and Fire Plan					
County's Portion of the Net Pension Liability	0.062 %	0.058 %	0.057 %	0.059 %	0.060 %
County's Proportionate Share of the Net Pension Liability	\$ 654,730	\$ 619,286	\$ 769,568	\$ 2,367,773	\$ 681,740
County's Covered Payroll	\$ 648,961	\$ 612,358	\$ 587,344	\$ 564,970	\$ 590,331
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	100.89%	101.13%	131.03%	419.10%	115.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.30%	88.80%	85.40%	63.90%	86.60%
Public Employees Correctional Plan					
County's Portion of the Net Pension Liability	0.249%	0.248%	0.250%	0.250%	0.250%
County's Proportionate Share of the Net Pension Liability	\$ 34,515	\$ 40,741	\$ 712,503	\$ 913,285	\$ 38,650
County's Covered Payroll	\$ 531,681	\$ 505,818	\$ 502,917	\$ 465,900	\$ 444,680
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	6.49%	8.05%	141.67%	196.03%	8.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.20%	97.60%	67.90%	58.20%	96.90%

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

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

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

	2019	2018	2017	2016	2015	2014
County - General Employees Retirement Plan						
Statutorily Required Contribution	\$ 399,478	\$ 387,832	\$ 371,985	\$ 343,962	\$ 313,896	\$ 281,024
Contributions in Relation to the Required Contribution	(399,478)	(387,832)	(371,985)	(343,962)	(313,896)	(281,024)
Contribution Deficiency (Excess)	<u>\$ -</u>					
County's Covered Payroll	\$ 5,326,374	\$ 5,171,093	\$ 4,959,798	\$ 4,586,154	\$ 4,185,281	\$ 3,876,191
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.25%
Swift County-Benson Hospital - General Employees Retirement Plan						
Statutorily Required Contribution	\$ 411,711	\$ 414,574	\$ 468,622	\$ 373,992	\$ 340,750	\$ 313,976
Contributions in Relation to the Required Contribution	(411,711)	(414,574)	(468,622)	(373,992)	(340,750)	(313,976)
Contribution Deficiency (Excess)	<u>\$ -</u>					
Hospital's Covered Payroll	\$ 5,489,480	\$ 5,527,653	\$ 6,248,293	\$ 4,986,560	\$ 4,543,333	\$ 4,330,703
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.25%
Public Employees Police and Fire Plan						
Statutorily Required Contribution	\$ 117,220	\$ 102,343	\$ 95,008	\$ 95,222	\$ 86,093	\$ 86,970
Contributions in Relation to the Required Contribution	(117,220)	(102,343)	(95,008)	(95,222)	(86,093)	(86,970)
Contribution Deficiency (Excess)	<u>\$ -</u>					
County's Covered Payroll	\$ 691,566	\$ 631,748	\$ 586,399	\$ 587,789	\$ 531,442	\$ 568,431
Contributions as a Percentage of Covered Payroll	16.95%	16.20%	16.20%	16.20%	16.20%	15.30%
Public Employees Correctional Plan						
Statutorily Required Contribution	\$ 45,669	\$ 46,685	\$ 43,549	\$ 42,772	\$ 40,809	\$ 34,503
Contributions in Relation to the Required Contribution	(45,669)	(46,685)	(43,549)	(42,772)	(40,809)	(34,503)
Contribution Deficiency (Excess)	<u>\$ -</u>					
County's Covered Payroll	\$ 521,925	\$ 533,539	\$ 497,699	\$ 488,819	\$ 466,383	\$ 394,318
Contributions as a Percentage of Covered Payroll	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%

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

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

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 Debt Service Fund and the Capital Projects Fund. All annual appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within the department. Transfers of appropriations between departments require approval of the board of commissioners. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the fund level. The Board of Commissioners made minimal budget appropriations at the fund, function, and department level throughout the year. Budgets may be amended during the year with proper approval.

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

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

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

A. General Employees Fund

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

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

A. General Employees Fund (Continued)

2018 (Continued)

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024
- Interest credited on member contributions decreased from 4% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0% for active member liability, 15% for vested deferred member liability and 3% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1% per year for all years to 1% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

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

A. General Employees Fund (Continued)

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1% per year through 2035 and 2.5% per year thereafter to 1% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan provisions

- There have been no changes since the prior valuation.

B. Police and Fire Fund

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.0% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.8% to 11.3% of pay, effective January 1, 2019 and 11.8% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.2% to 16.95% of pay, effective January 1, 2019 and 17.7% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

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

B. Police and Fire Fund (Continued)

2017

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan provisions

- There have been no changes since the prior valuation

2016

Changes in Actuarial Assumptions

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

Changes in Plan provisions

- There have been no changes since the prior valuation

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

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

C. Correctional Fund

2019

Changes in Actuarial Assumptions

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

Changes in Plan provisions

- There have been no changes since the prior valuation

2018

Changes in Actuarial Assumptions

- The Single Discount Rate was changed from 5.96% per annum to 7.50% per annum.
- The morality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50% per year to 2% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.50% per year with a provision to reduce to 1.0% if the funding status declines to a certain level, to 100% of the Social Security Cost of Living Adjustment, not less than 1% and not more than 2.5%, beginning January 1, 2019. If the funding status declines to 85.0% for two consecutive years or 80% for one year, the maximum increase will be lowered to 1.5%.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions

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

**SWIFT COUNTY
BENSON, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

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

C. Correctional Fund (Continued)

2017 (Continued)

Changes in Plan provisions

- There have been no changes since the prior valuation

2016

Changes in Actuarial Assumptions

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

Changes in Plan provisions

- There have been no changes since the prior valuation

2015

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation

Changes in Plan provisions

- There have been no changes since the prior valuation

IV. Other Post-employment Benefits

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

2019

Changes in Actuarial Assumptions

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

2018

Changes in Actuarial Assumptions

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

SUPPLEMENTARY INFORMATION

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**SWIFT COUNTY
BENSON, MINNESOTA
DESCRIPTION OF FUNDS
DECEMBER 31, 2019**

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, 2019**

	Balance January 1	Additions	Deductions	Balance December 31
<u>STATE DEED</u>				
ASSETS				
Cash and Pooled Investments	\$ 18,627	\$ 1,841,208	\$ 1,836,927	\$ 22,908
LIABILITIES				
Due to Other Governments	\$ 18,627	\$ 1,841,208	\$ 1,836,927	\$ 22,908
<u>TAXES AND PENALTIES</u>				
ASSETS				
Cash and Investments	\$ 322,350	\$ 23,621,464	\$ 23,612,244	\$ 331,570
LIABILITIES				
Due to Other Governments	\$ 322,350	\$ 23,621,464	\$ 23,612,244	\$ 331,570
<u>REGION 6W</u>				
ASSETS				
Cash and Pooled Investments	\$ 641	\$ 77,823	\$ 77,282	\$ 1,182
LIABILITIES				
Due to Other Governments	\$ 641	\$ 77,823	\$ 77,282	\$ 1,182
<u>SCHOOL DISTRICTS</u>				
ASSETS				
Cash and Pooled Investments	\$ 31,773	\$ 4,176,064	\$ 4,141,410	\$ 66,427
LIABILITIES				
Due to Other Governments	\$ 31,773	\$ 4,176,064	\$ 4,141,410	\$ 66,427
<u>TOWNS AND CITIES</u>				
ASSETS				
Cash and Pooled Investments	\$ 33,133	\$ 6,127,522	\$ 6,081,367	\$ 79,288
LIABILITIES				
Due to Other Governments	\$ 33,133	\$ 6,127,522	\$ 6,081,367	\$ 79,288

**SWIFT COUNTY
BENSON, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – (CONTINUED)
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2019**

	Balance January 1	Additions	Deductions	Balance December 31
<u>MINNESOTA RIVER WATERSHED</u>				
ASSETS				
Cash and Pooled Investments	\$ -	\$ 16,601	\$ 15,979	\$ 622
LIABILITIES				
Due to Other Governments	\$ -	\$ 16,601	\$ 15,979	\$ 622
<u>RURAL DEVELOPMENT AUTHORITY</u>				
ASSETS				
Cash and Pooled Investments	\$ 834	\$ 114,480	\$ 113,570	\$ 1,744
LIABILITIES				
Due to Other Governments	\$ 834	\$ 114,480	\$ 113,570	\$ 1,744
<u>SOCIAL WELFARE FUND</u>				
ASSETS				
Cash and Pooled Investments	\$ 11,710	\$ 225,245	\$ 213,711	\$ 23,244
LIABILITIES				
Funds Held in Trust	\$ 11,710	\$ 225,245	\$ 213,711	\$ 23,244
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Pooled Investments	\$ 419,068	\$ 36,200,407	\$ 36,092,490	\$ 526,985
LIABILITIES				
Funds Held in Trust	\$ 11,710	\$ 225,245	\$ 213,711	\$ 23,244
Due to Other Governments	407,358	35,975,162	35,878,779	503,741
Total Liabilities	\$ 419,068	\$ 36,200,407	\$ 36,092,490	\$ 526,985

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**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2019**

	Special Revenue Funds					Total All Funds
	General Fund	Road and Bridge	Welfare Fund	Solid Waste Fund	Debt Service Fund	
SHARED REVENUES						
INTERGOVERNMENTAL STATE						
Disparity Reduction Aid	\$ 11,859	\$ 4,094	\$ 6,480	\$ -	\$ 792	\$ 23,225
Highway Users Tax	-	5,397,490	-	-	-	5,397,490
County Program Aid	533,206	-	-	-	-	533,206
Market Value Credits	119,057	41,100	65,050	-	7,947	233,154
PERA Rate Increase Aid	48,950	1,959	4,942	642	-	56,493
State Police Aid	76,329	-	-	-	-	76,329
Aquatic Invasive Species	33,498	-	-	-	-	33,498
Riparian Protection Aid	138,779	-	-	-	-	138,779
Enhanced 911	80,921	-	-	-	-	80,921
Out-of-Home Placement Aid	-	-	4,960	-	-	4,960
Total Shared Revenues	1,042,599	5,444,643	81,432	642	8,739	6,578,055
REIMBURSEMENT FOR SERVICES						
STATE						
Minnesota Department of Human Services	-	-	665,885	-	-	665,885
STATE GRANTS						
MINNESOTA DEPARTMENT OF						
Human Services	-	-	696,655	-	-	696,655
Natural Resources	76,201	-	-	-	-	76,201
Peace Officers (POST)	9,942	-	-	-	-	9,942
Public Safety	13,155	-	-	-	-	13,155
Pollution Control Agency	5,200	-	-	127,834	-	133,034
Veteran's Affairs	7,500	-	-	-	-	7,500
Water and Soil Resources	42,031	-	-	-	-	42,031
Total State Grants	154,029	-	696,655	127,834	-	978,518
FEDERAL GRANTS						
FEDERAL DEPARTMENT OF						
Agriculture	4,615	-	108,747	-	-	113,362
Interior	719	-	-	-	-	719
Justice	3,973	-	-	-	-	3,973
Health and Human Services	18,767	-	1,081,871	-	-	1,100,638
Homeland Security	18,182	-	-	-	-	18,182
Total Federal Grants	46,256	-	1,190,618	-	-	1,236,874
PAYMENTS IN LIEU OF TAXES						
	206,294	-	-	-	-	206,294
Total Intergovernmental Revenues	\$ 1,449,178	\$ 5,444,643	\$ 2,634,590	\$ 128,476	\$ 8,739	\$ 9,665,626

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF DEPOSITS AND INVESTMENTS
YEAR ENDED DECEMBER 31, 2019**

	Interest Rate (%)	Maturity Date	Amount
Pooled Deposits and Investments			
Checking Accounts			
State Bank of Danvers	0.40 %	-	\$ 1,445,176
Money Market Savings			
Citizens Alliance Bank - Murdock	0.40	-	109,777
Prairie Sun Bank - Appleton	0.85	-	76,937
Wells Fargo	-	-	35,787
Total Money Market Savings			222,501
Negotiable Certificates of Deposit			
Wells Fargo	2.10	January 21, 2020	198,156
Wells Fargo	2.50	January 23, 2020	245,003
Wells Fargo	2.15	January 27, 2020	198,217
Wells Fargo	2.50	January 31, 2020	195,569
Wells Fargo	2.35	April 24, 2020	197,080
Wells Fargo	2.20	June 18, 2020	198,138
Wells Fargo	1.65	July 20, 2020	199,885
Wells Fargo	1.75	September 18, 2020	199,147
Wells Fargo	1.70	November 18, 2020	199,110
Wells Fargo	2.05	July 19, 2021	199,227
Total Negotiable Certificates of Deposit			2,029,532
Bond Debt			
PFM Asset Management MAGIC Bond Debt	N/A	N/A	5,511,801
PFM Asset Management MAGIC General Revenue	N/A	N/A	1,642,734
PFM Asset Management MAGIC Term	N/A	N/A	498,339
Total Bond Debt			7,652,874
Total Pooled Deposits and Investments			11,350,083
Fund Investments			
General Fund			
Departmental Checking Accounts			
First Security Bank - Benson	-	-	1,008
Mutual Fund			
Franklin U.S. Government Securities Fund	-	-	418,836
Certificate of Deposit			
MAGIC CD Program	3.00	January 22, 2020	235,178
Total General Fund			655,022

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF DEPOSITS AND INVESTMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019**

	Interest Rate (%)	Maturity Date	Amount
Special Revenue Funds			
Road and Bridge Fund			
Money Market Savings			
PFM Asset Management MAGIC	N/A	-	\$ 2,842,786
Wells Fargo MM Savings	N/A	-	250,481
Total Money Market Savings			<u>3,093,267</u>
Negotiable Certificates of Deposit			
Wells Fargo	2.60 %	January 9, 2020	233,970
Wells Fargo	2.50	January 30, 2020	200,133
Wells Fargo	2.30	March 27, 2020	249,325
Wells Fargo	2.45	March 27, 2020	235,947
Wells Fargo	2.35	April 17, 2020	241,260
Wells Fargo	2.45	June 5, 2020	237,447
Wells Fargo	1.80	September 30, 2020	243,791
Wells Fargo	1.80	October 19, 2020	245,135
Wells Fargo	1.70	October 28, 2020	199,476
Wells Fargo	1.60	November 16, 2020	199,774
Wells Fargo	1.70	December 18, 2020	247,970
Total Money Market Savings			<u>2,534,228</u>
Total Road and Bridge Fund			<u>5,627,495</u>
Welfare Fund			
Departmental Checking Accounts			
Bank of the West	-	-	23,244
Certificates of Deposit			
Wells Fargo	1.95	January 13, 2020	198,185
Wells Fargo	2.45	February 28, 2020	196,149
Wells Fargo	1.95	April 23, 2020	200,097
Wells Fargo	1.60	May 18, 2020	199,871
Wells Fargo	1.95	May 29, 2020	198,574
Wells Fargo	1.95	July 17, 2020	198,531
Wells Fargo	1.80	September 10, 2020	199,103
Wells Fargo	1.55	October 13, 2020	199,770
Wells Fargo	1.65	December 18, 2020	199,882
Wells Fargo	1.90	January 25, 2021	200,426
Wells Fargo	1.75	March 1, 2021	198,996
Total Certificates of Deposit			<u>2,189,584</u>
Money Market Savings			
Co-op Credit Union	1.05	-	227,924
Wells Fargo	-	-	321,413
Total Money Market Savings			<u>549,337</u>
Total Welfare Fund			<u>2,762,165</u>
Solid Waste Fund			
Departmental Checking Accounts			
First Security State - Benson	N/A	-	5,037
Total Special Revenue Funds			<u>8,394,697</u>
Total Fund Investments			<u>9,049,719</u>
Total Deposits and Investments			<u>\$ 20,399,802</u>

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF LOANS RECEIVABLE – REVOLVING LOAN FUND
DECEMBER 31, 2019**

Loan Recipient	Date of Loan	Loan Issue Amount	Principal Balance	Repayment Terms
Revolving Loan Special Revenue Fund				
Appleton Meat Center	June 30, 2009	\$ 30,000	\$ 18,689	Principal Payments Monthly, 4.0% Interest, Five-Year Term.
Clark/McDonald Heavy Industries, Inc.	December 6, 2012	25,000	9,018	Principal Payments Monthly, 4.0% Interest, Ten-Year Term.
K-Bid JAX	December 6, 2012	26,100	20,357	Principal Payments Monthly, 4.0% Interest, Ten-Year Term.
Headwaters Media	September 3, 2013	30,000	13,989	Principal Payments Monthly, 3.5% Interest, Ten-Year Term
Ace Ag, Inc.	November 19, 2013	75,000	67,044	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	21,568	Principal Payments Monthly, 3.0% Interest, Fifteen-Year Term.
Northern Geo, LLC	May 15, 2014	125,000	58,787	Principal Payments Monthly, 3.0% Interest, Ten-Year Term.
Brink's 104 Club	September 20, 2014	40,000	19,911	Principal Payments Monthly, 4.0% Interest, Five-Year Term.
Matthieson/Domats	September 1, 2016	125,000	91,348	Principal Payments Monthly, 3.0% Interest, Ten-Year Term.
Mi Mexico	March 20, 2017	105,000	97,066	Principal Payments Monthly, 4.0% Interest, Fifteen-Year Term.
Appleton Power Loan	November 6, 2018	70,000	64,190	Principal Payments Monthly, 4.0% Interest, Ten-Year Term.
Less: Allowance for Doubtful Accounts		-	(27,088)	
Total Loans Receivable - Revolving Loan Fund		<u>\$ 694,100</u>	<u>\$ 463,278</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, 2019, and the related notes to the financial statements, which collectively comprise Swift County's basic financial statements, and have issued our report thereon dated July 30, 2020. Our report includes a reference to other auditors who audited the financial statements of Swift County-Benson Hospital (Hospital), as described in our report on Swift County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses as items 2019-001 through 2019-004.

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 Swift 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
July 30, 2020



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, 2019. 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 \$207,786 in federal awards during the year ended June 30, 2019. The federal awards for the HRA are not included in the schedule of expenditures of federal awards for Swift County. Our audit, described below, did not include these activities because the HRA was not required to have a single audit. Swift County's financial statements also include the activities of the Swift County-Benson Hospital, a component unit, which did not expend any federal awards during the year ended December 31, 2019. 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, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-005. Our opinion on each major federal program is not modified with respect to this matter.

Swift County's response to the noncompliance 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.

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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-005 that we consider to be a significant deficiency.

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
July 30, 2020

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2019**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.778	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, 2019**

MATERIAL WEAKNESSES - FINANCIAL REPORTING

SEGREGATION OF DUTIES (2019-001)

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 and Context: 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: Yes – prior year finding 2018-001.

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

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

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2019**

MATERIAL WEAKNESSES - FINANCIAL REPORTING (CONTINUED)

AUDIT ADJUSTMENTS (2019-002)

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

Condition and Context: As part of the audit, we proposed account reclassification entries relating to the coding of receipts and disbursements, accruals, capital asset adjustments, prior period 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: Yes – prior year finding 2018-002.

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

Views of Responsible Officials and Planned Corrective Actions: There is no disagreement with the audit finding. Management will continue to work at eliminating the need for audit adjustment through continued commitment to ongoing learning and review of work performed by departmental personnel.

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2019**

MATERIAL WEAKNESSES - FINANCIAL REPORTING (CONTINUED)

FINANCIAL REPORTING PROCESS (2019-003)

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

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: Yes – prior year finding 2018-003.

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: There is no disagreement with the audit finding. The County will review the financial reporting requirements and undertake them if deemed cost-beneficial.

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2019**

MATERIAL WEAKNESSES - FINANCIAL REPORTING (CONTINUED)

FORMAL POLICY FOR YEAR END PROCEDURES (2019-004)

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 and Context: 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 payables, 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: Yes – prior year finding 2018-004.

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

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

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2019**

SIGNIFICANT DEFICIENCY - FINANCIAL REPORTING

None noted.

MAJOR PROGRAM SIGIFICANT DEFICIENCY OVER INTERNAL CONTROL OVER COMPLIANCE AND COMPLIANCE

ELIGIBILITY DOCUMENTATION (2019-005)

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

Federal Program Title: Medical Assistance Program (Medicaid Cluster)

CFDA Number: 93.778

Pass-Through Agency: Minnesota Department of Human Services

Pass-Through Numbers: 1905MN5ADM, 1905MN5MAP

Compliance Requirement Affected: Eligibility

Award Period: Year-Ended December 31, 2019

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

Criteria: According to Uniform Guidance 2 CFR Part 200, Appendix XI Compliance Supplement for CFDA 93.778 and 42 CFR section 431.10, the federal eligibility compliance requirements for Medical Assistance require verification of specific assets owned by applicants, verification of the income of applicants, and all applications be retained. In order for benefit amounts to be calculated correctly, it's necessary for the information to be entered into the state eligibility system, MAXIS, accurately.

Condition and Context: During our testing, it was noted that three out of sixty case files were not updated in the state MAXIS system based on the verification of assets noted on file, and one out of sixty case files did not have asset documentation to support the amount that was entered into the state MAXIS system. The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits* and was a statistically valid sample.

Questioned Costs: None noted, no change in eligibility or benefits.

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

Cause: Oversight by management.

Repeat Finding: Yes – prior year finding 2018-005.

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

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

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2019**

OTHER ITEMS FOR CONSIDERATION – MINNESOTA LEGAL COMPLIANCE

DITCH SPECIAL REVENUE FUND – CASH DEFICITS (2019-006)

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

Condition and Context: The County reported 30 of the 56 active ditch systems as having deficit cash balances as of December 31, 2019, totaling \$872,201.

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

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

Repeat Finding: Yes – prior year finding 2018-006.

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

CLIENT RESPONSE:

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

UNALLOWED ITEMS PURCHASED WITH PUBLIC FUNDS (2019-007)

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

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

Cause: Unknown.

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

Repeat Finding: Yes – prior year finding 2018-007.

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

CLIENT RESPONSE:

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

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2019**

OTHER ITEMS FOR CONSIDERATION – MINNESOTA LEGAL COMPLIANCE (CONTINUED)

PROMPT PAYMENT OF BILLS (2019-008)

Criteria: Minnesota Statutes §471.25 requires invoices to be paid within 35 days of receipt.

Condition and Context: During disbursement testing, it was noted that 1 of 40 invoices tested were not paid within 35 days and was paid 45 days after the invoice was received.

Cause: Staff oversight.

Possible Effect: The County is not in compliance with Minnesota Statutes §471.25

Repeat Finding: Not applicable.

Recommendation: We recommend County management review their processes and procedures to ensure all invoices are paid within 35 days.

CLIENT RESPONSE:

The County will review their processes to ensure that invoices are paid within 35 days.

DITCH SPECIAL REVENUE FUND – DRAINAGE SYSTEM COSTS (2019-009)

Criteria: Minnesota Statute §103E.665 states that the board must approved by unanimous resolution, the transfer of funds from another drainage system account or from the county general revenue fund to the drainage system account.

Condition and Context: The County did not board approve the transfer of funds from the general fund to the ditch fund.

Cause: The County's policy has not been updated since 2009.

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

Repeat Finding: Not applicable.

Recommendation: We recommend the County reviews their policy to require the board to approve all transfers from the general fund to the ditch fund.

CLIENT RESPONSE:

The County will review their policy and approve transfers going forward.

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2019**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

2018-001 SEGREGATION OF DUTIES

See current year finding 2019-001

Reason for finding's recurrence: The County has no segregated duties due to it not being cost beneficial.

2018-002 AUDIT ADJUSTMENTS

See current year finding 2019-002

Reason for finding's recurrence: The County has a limited number of personnel and there were unique transactions in 2019 that needed to be adjusted.

2018-003 FINANCIAL REPORTING PROCESS

See current year finding 2019-003

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

2018-004 FORMAL POLICY OVER PROCEDURES

See current year finding 2019-004

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

2018-005 ELIGIBILITY DOCUMENTATION

See current year finding 2019-005

Reason for finding's recurrence: During testing verification of income was not documented within MAXIS

2018-006 DITCH SPECIAL REVENUE FUND – CASH DEFICITS

See current year finding 2019-006

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

2018-007 UNALLOWED ITEMS PURCHASED WITH PUBLIC FUNDS

See current year finding 2019-007

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

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**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2019**

Federal Grantor Pass Through Agency Grant Program Title	Pass-Through Grantor ID	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	192MN101S2514	10.561	\$ 113,362	\$ -
U.S. Department of Interior				
Direct Award Payments in Lieu of Taxes	N/A	15.226	719	-
U.S. Department of Justice				
Direct Award Bulletproof Vest Partnership Program	N/A	16.607	3,973	-
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	G-1901MNFPS	93.556	3,244	-
Temporary Assistance for Needy Families (Part of TANF Cluster)	1901MNTANF	93.558	30,088	-
Child Support Enforcement	1904MNCEST 1904MNCSES	93.563	\$ 158,917 <u>30,675</u>	189,592 -
Refugee and Entrant Assistance State Administered Programs	1701MNRCA	93.566	129	-
Community-Based Child Abuse Prevention Grants	G-1901MNBCAP	93.590	2,548	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Part of CCDF Cluster)	G1901MNCDF	93.596	3,380	-
Stephanie Tubbs Jones Child Welfare Services Program	G-1901MNCWSS	93.645	2,437	-
Foster Care Title IV-E	1901MNFOST	93.658	214,787	-
Social Services Block Grant	G-1901MNSOSR	93.667	81,194	-

**SWIFT COUNTY
BENSON, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
DECEMBER 31, 2019**

Federal Grantor Pass Through Agency Grant Program Title	Pass-Through Grantor ID	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Passed Through Minnesota Department of Human Services (Continued)				
Chafee Foster Care Independence Program	G-1901MNCILP	93.674	\$ 2,082	\$ -
State Children's Insurance Program	2005MN5021	93.767	107	-
Medical Assistance Program (Part of Medicaid Cluster)	1905MN5ADM 1905MN5MAP	93.778	\$ 594,252 7,170	-
Total Department of Health and Human Services			<u>1,131,010</u>	-
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety Emergency Management Performance Grants				
	F-EMPG-2017-SWIFTCO- 2436	97.042	<u>18,182</u>	-
Total Federal Awards			<u>\$ 1,267,246</u>	<u>\$ -</u>

Notes:

- The schedule of expenditures of federal awards presents the federal award programs expended by Swift County. The County's reporting entity is defined in Note 1 to the financial statements. The schedule does not include \$207,786 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, 2019. 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 credit made in the normal course of business to amounts reported as expenditures in prior years. Swift County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation to the Schedule of Intergovernmental Revenue:

Federal Grant Revenue per Schedule of Intergovernmental Revenue	\$ 1,236,874
Expenditures in the Schedule of Federal Expenditures, not Included as Revenues Reported in the Schedule of Intergovernmental Revenue	35,027
Revenues included on the Schedule of Intergovernmental Revenue that are not considered Federal Grant Expenditures	<u>(4,655)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 1,267,246</u>



CliftonLarsonAllen LLP
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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, 2019 and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 30, 2020. Our report includes references to other auditors who audited the financial statements of Swift County-Benson Hospital, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of compliance and other matters that are reported on separately by those auditors.

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the Minnesota Legal Compliance Audit Guide for Counties, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, except as described in the Schedule of Findings and Questioned Costs as items 2019-008 and 2019-009. 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 the County's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

Brainerd, Minnesota
July 30, 2020