

**LAC QUI PARLE COUNTY, MINNESOTA  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**



WEALTH ADVISORY | OUTSOURCING  
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**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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## **INTRODUCTORY SECTION**

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**ORGANIZATION SCHEDULE  
LAC QUI PARLE COUNTY**

**2020**

Office	Name	Term Expires
<b>Commissioners</b>		
1st District	Todd Patzer*	January 2021
2nd District	DeRon Brehmer**	January 2023
3rd District	John Maatz	January 2021
4th District	Benjamin Bothun	January 2023
5th District	Roy Marihart	January 2021
<b>Officers</b>		
<b>Elected</b>		
Attorney	Richard Stulz	January 2023
Sheriff	Allen Anderson	January 2023
<b>Appointed</b>		
Auditor-Treasurer-Coordinator	Jacob Sieg	Indefinite
Lands Record Director	Lori Schwendemann	Indefinite
Coroner	Ralph Gerbig, M.D.	January 2021
Environmental Officer	Jennifer Breberg	Indefinite
Highway Engineer	Sam Muntean	Indefinite
Recorder	Josh Amland (termed 8/20)	Indefinite
Veterans' Service Officer	Josh Beninga	Indefinite
<b>Welfare Board</b>		
Commissioner	Todd Patzer	January 2021
Commissioner	DeRon Brehmer	January 2023
Commissioner	John Maatz	January 2021
Commissioner	Benjamin Bothun	January 2023
Commissioner	Roy Marihart	January 2021
Member	Ann Jenson	June 2021
Member	Theresa Bly	June 2022
Director	Kristen Gloege	Indefinite

\*Chair 2020

\*\*Chair 2021

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**ORGANIZATION SCHEDULE  
LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT**

**2020**

<u>Position</u>	<u>Name</u>	<u>Term Expires</u>
Managers		
Chairman	Darrel Ellefson	March 2024
Vice-Chairman	John Cornell	March 2024
Treasurer	David Ludvigson	March 2023
Secretary	David Craigmile	March 2022
Publicity Chair	Michael Frank	January 2024
Staff		
Administrator	Trudy Hastad	Indefinite
Park Manager	Ron Fjerkenstad	Indefinite
Attorney	Matthew Haugen	Indefinite
Watershed Coordinator	Mitchell Enderson	Indefinite
Drainage Manager/Inspector	Jared Roiland	Indefinite

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Lac qui Parle County, Minnesota  
Madison, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lac qui Parle County (the County), as of and for the year ended December 31, 2020, 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. 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lac qui Parle County as of December 31, 2020, 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 Note 5.F. to the financial statement, the County restated beginning balances to correct accounting errors in the previously issued financial statements. Our opinion is not modified with respect to the restatements.

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

During the year ended December 31, 2020, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the County reported a restatement for the change in accounting principle (see note 5.E.). Our auditors' opinion was not modified with respect to the restatement.

***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 schedules, schedule of changes in total OPEB liability and related ratios, schedule of proportionate share of net pension liability and schedule of pension contributions 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 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 the Lac qui Parle County's basic financial statement. The combining statement of fiduciary net position, statement of changes in fiduciary net position, schedule of intergovernmental revenue and Lac qui Parle – Yellow Bank Watershed District statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required 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 taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2021, on our consideration of Lac qui Parle County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lac qui Parle 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 Lac qui Parle County's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Alexandria, Minnesota  
August 24, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020  
(Unaudited)**

The Management's Discussion and Analysis (MD&A) provides an overview and analysis of the County's financial activities for the fiscal year ended December 31, 2020. 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 financial statements. All amounts, unless otherwise indicated, are expressed in whole dollars.

**FINANCIAL HIGHLIGHTS**

- Governmental activities' total net position is \$79,004,706, of which \$53,763,280 represents investment in capital assets, and \$7,559,318 is restricted to specific purposes. The \$17,682,108 remaining may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's net position increased by \$3,639,762 for the year ended December 31, 2020. The increase is attributable to an increase in construction aid.
- The total cost of governmental activities for the current fiscal year was \$16,116,700. Program expenses exceeded revenues by \$4,305,912 due to an increase in costs to repair and improve the County Ditch system.
- The fund balances of the governmental funds increased by \$2,352,695 due to an increase in property tax and special assessment collections along with an increase in construction aid.
- For the year ended December 31, 2020, the unassigned, assigned, and committed fund balance of the General Fund was \$4,188,436, or 68.9% of the total General Fund expenditures for the year.
- The assigned and committed fund balance of the Road and Bridge Special Revenue Fund was \$12,714,385, or 200.4% of the total Road and Bridge Special Revenue Fund expenditures for the year.
- The assigned and committed fund balance of the Family Services Special Revenue Fund was \$5,444,569, or 172.7% of the total Family Services Special Revenue Fund expenditures for the year.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to the basic financial statements. The basic financial statements consist of three parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other required supplementary information.

**Government-Wide Financial Statements**

Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

The statement of net position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the County using the accrual basis of accounting, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the County is improving or deteriorating. It is important to consider other nonfinancial factors, such as changes in the County's property tax base and the condition of County roads and other capital assets, to assess the overall health of the County.

The statement of activities presents the County's governmental activities. Most of the basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities. The County has no business-type activities for which the County is legally accountable. The County has one discrete and one blended component unit for which it is legally accountable.

The government-wide statements are Exhibits 1 and 2 of this report.

**Fund Financial Statements**

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 or 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.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of these funds and the balances left at year-end available for spending. These funds are reported using modified accrual accounting. Such information may be useful in evaluating a government's near-term financial requirements.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County adopts an annual appropriated budget for its General Fund, Road and Bridge Special Revenue Fund, Family Services Special Revenue Fund, and Ditch Special Revenue Fund. A budgetary comparison schedule has been provided as required supplementary information for each of these funds to demonstrate compliance with this budget.

The County presents the Lac qui Parle County Economic Development Authority as a blended component unit.

The basic governmental fund financial statements are Exhibits 3 through 6 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide statements because the resources of these funds are not available to support the County's own programs or activities. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All fiduciary activities are reported in a separate statement of fiduciary net position and change in fiduciary net position on Exhibit 7 and Exhibit 8.

### **Notes to the Financial Statements**

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 82 of this report.

### **Other Information**

Other information is provided as supplementary information regarding Lac qui Parle County's intergovernmental revenue and financial statements and schedules for the Lac qui Parle-Yellow Bank Watershed District.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Over time, net position serves as a useful indicator of the County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$79,004,706 at the close of 2020. The largest portion of Lac qui Parle County's net position (71.1%) reflects the County's investment in capital assets (land, buildings, equipment, and infrastructure such as roads and bridges). However, it should be noted that these assets are not available for future spending. Comparative data with 2019 is presented.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**Governmental Activities  
Net Position**

	2020	2019
Assets		
Current and Other Assets	\$ 32,334,235	\$ 28,837,494
Capital Assets	53,971,011	52,785,280
Total Assets	86,305,246	81,622,774
Deferred Outflows of Resources	590,344	794,303
Liabilities		
Long-term Liabilities	5,724,942	4,412,005
Other Liabilities	1,383,117	777,731
Total Liabilities	7,108,059	5,189,736
Deferred Inflows of Resources	782,825	1,496,922
Net Position		
Investment in Capital Assets	53,763,280	52,712,274
Restricted	7,559,318	6,397,365
Unrestricted	17,682,108	16,620,780
Total Net Position	\$ 79,004,706	\$ 75,730,419

Unrestricted net position in the amount of \$17,682,108--the part of net position that may be used to meet the County's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements--was 22.4% of the net position.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**Governmental Activities**

The County's governmental activities increased net position by \$3,639,762 before restatement, (\$75,730,419 for 2019, compared to \$79,004,706 for 2020). Key elements in this increase in net position are as follows for 2020, with comparative data for 2019.

**Governmental Activities  
Changes in Net Position**

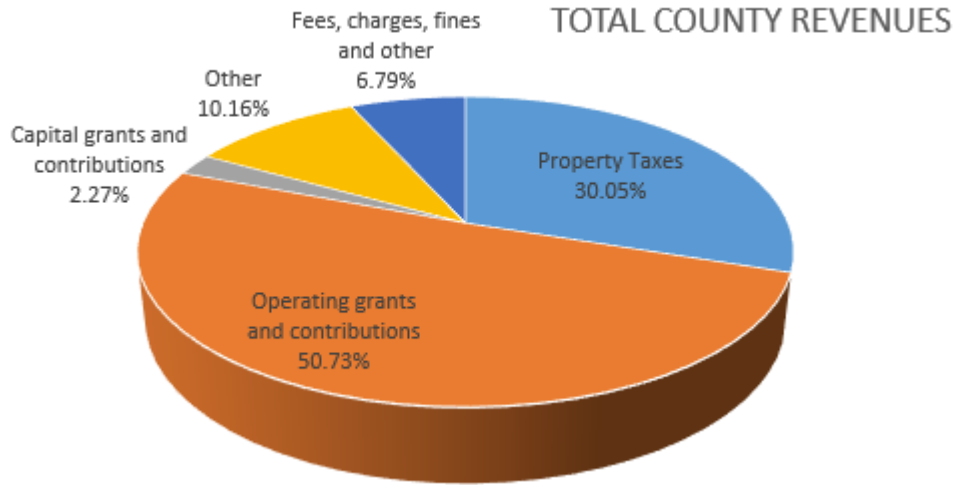
	2020	2019
Revenues		
Program Revenues		
Fees, Charges, Fines, and Other	\$ 1,341,486	\$ 1,618,574
Operating Grants and Contributions	10,020,279	7,522,414
Capital Grants and Contributions	449,023	53,882
General Revenues		
Property Taxes	5,937,528	5,636,412
Other	2,008,146	2,029,701
Total Revenues	19,756,462	16,860,983
Expenses		
General Government	2,622,934	2,196,825
Public Safety	2,473,418	1,796,769
Highways and Streets	5,922,761	5,684,183
Sanitation	200,638	196,482
Human Services	2,671,785	2,722,294
Culture and Recreation	167,346	159,070
Conservation of Natural Resources	1,851,351	1,189,010
Economic Development	152,882	125,202
Interest	53,585	35,730
Total Expenses	16,116,700	14,105,565
Increase in Net Position	3,639,762	2,755,418
Net Position - January 1, as Originally Stated	75,730,419	72,975,001
Restatement	(365,475)	-
Net Position - January 1, as Restated	75,364,944	72,975,001
Net Position - December 31	\$ 79,004,706	\$ 75,730,419



**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

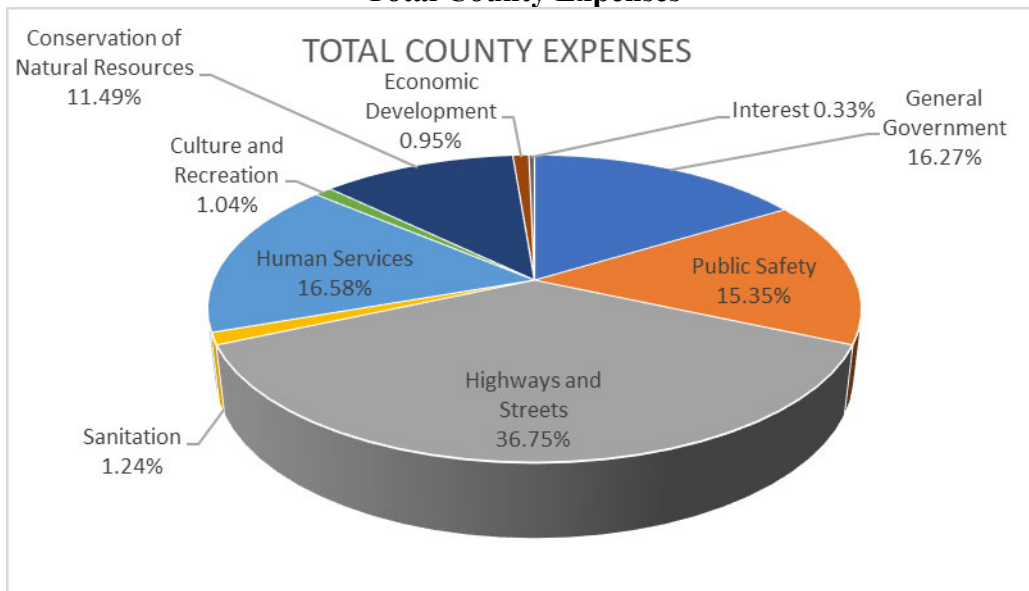
The County’s total revenues were \$19,756,462. Table 1 presents the percent of total County revenues by source for the year ended December 31, 2020.

**Table 1  
Total County Revenues**



Total expenses were \$16,116,700 while total revenues were \$19,756,462. This reflects a \$3,639,762 increase in net position for the year ended December 31, 2020. Table 2 presents the county costs by function.

**Table 2  
Total County Expenses**



**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

The cost of all governmental activities this year was \$16,116,700. However, as shown on the Statement of Activities on Exhibit 2, the amount that taxpayers ultimately financed for these activities through County taxes was only \$4,305,912 because some of the costs were paid by those who directly benefited from the programs (\$1,341,486) or by other governments and organizations that subsidized certain programs with grants and contributions (\$10,469,302). The County paid for the remaining “public benefit” portion of governmental activities with \$7,945,674 in general revenues such as grants and contributions not restricted to specific programs, and investment income.

Table 3 presents the cost of each of the County’s four largest program functions as well as each function’s net cost (total cost, less revenues generated by the activity). The net cost shows the financial burden placed on the County’s taxpayers by each of these functions.

**Table 3  
Governmental Activities**

	2020	
	Total Cost of Services	Net Cost of Services
General Government	\$ 2,622,934	\$ (2,130,933)
Public Safety	2,473,418	(1,209,007)
Highways and Streets	5,922,761	1,245,250
Human Services	2,671,785	(885,501)
All others	2,425,802	(1,325,721)
Totals	\$ 16,116,700	\$ (4,305,912)

**FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS**

**Governmental Funds**

The focus of the County’s governmental funds is to provide information on short-term inflows, outflows, and the balances left at year-end available for spending. Such information is useful in assessing the County’s financing requirements. In particular, unrestricted fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$24,738,299 an increase of \$2,352,695 in comparison with the prior year restated amount. Of the combined ending fund balances, \$22,466,740 represents unrestricted (committed, assigned, and unassigned) fund balance, which is available for spending at the County’s discretion. The remainder of the fund balance is classified as either nonspendable or restricted to indicate that it is not available for new spending because it has already been restricted for various reasons either by state law, grant agreements, bond covenants, or is not in spendable form.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

The General Fund is the main operating fund for the County. At the end of the current fiscal year, it had an unrestricted fund balance of \$4,188,436. As a measure of the General Fund's liquidity, it may be useful to compare unrestricted fund balance to total expenditures. The General Fund's unrestricted fund balance represents 68.9% of total General Fund expenditures. During 2020, the ending fund balance increased by \$509,974 due to an increase in property tax, special assessments and intergovernmental revenues.

The Road and Bridge Special Revenue Fund had an unrestricted fund balance of \$12,714,385 at fiscal year-end, representing 200.4% of its annual expenditures. The ending fund balance increased \$1,357,997 during 2020. The primary reason for the increase was the receipt of construction aid that will be expended in future years as project work is performed.

The Family Services Special Revenue Fund had an unrestricted fund balance of \$5,444,569 at fiscal year-end, representing 172.7% of its annual expenditures. The ending fund balance increased \$223,510 during 2020, primarily due to a decrease in out of home placement and social service wage expenditures.

The Ditch Special Revenue Fund had a restricted fund balance of \$308,189 at fiscal year-end. Beginning fund balance in the ditch fund was restated by \$365,475. The ending fund balance increased \$114,992 during 2020, primarily due to an increase in special assessment collections.

**General Fund Budgetary Highlights**

The actual charges to appropriations (expenditures) were \$571,995 over the final budget amounts due to expenses of CARES coronavirus relief funds.

Resources available for appropriation were \$1,050,790 above the final budgeted amount due to the CARES funds received that were not budgeted for.

**CAPITAL ASSETS**

The County's capital assets at December 31, 2020, totaled \$53,971,011 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**Table 4  
Capital Assets at Year-End**

	2020	2019
Land	\$ 164,903	\$ 164,903
Right-of-Way	470,198	470,198
Construction in Progress	492,792	180,664
Buildings	2,465,407	2,432,945
Improvements Other than Building	74,996	77,714
Machinery, Furniture and Equipment	2,938,915	2,609,883
Infrastructure	47,363,800	46,848,973
Totals	\$ 53,971,011	\$ 52,785,280

Additional information about the County’s capital assets can be found in Note 3.A.3 to the financial statements.

**LONG-TERM DEBT**

At December 31, 2020, the County had total net outstanding debt of \$1,758,307, which was backed by the full faith and credit of the government.

Minnesota statutes limit the amount of debt a county may levy to 3% of its total market value. At the end of 2020, the County’s outstanding debt was less than 0.01% of its total estimated market value.

Additional information on the County’s long-term debt can be found in Notes 3.C.3 to 3.C.5 to the financial statements.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The County's elected and appointed officials considered many factors when setting the 2021 budget, tax rates, and fees that will be charged for the year.

- The unemployment rate for Lac qui Parle County at the end of 2020 was 4.5%. This is comparable with the state unemployment rate of 4.5% and shows a slight increase from the County's 3.8% rate of one year ago. The low unemployment rates, combined with a workforce that is aging and shrinking, has increased pressure on the County and other local employers to remain competitive in the job market. These factors did not have a tangible effect on the 2020 budget but the impact may be felt in future years.
- In 2020 the County completed a project to create a long-term Capital Facilities Plan. It is apparent that several of the County's major building assets are at or nearing replacement age, and the Plan provides a structured approach to address these needs. The Plan has been adopted by the County Board, and the implementation of the Plan calls for construction of a Highway Operations Center and a Law Enforcement/Family Services Center over the course of the next 2-3 years at a projected cost of \$18 million. \$10 million will be financed through bond issuance, and the remainder will be financed by spending down the County's cash reserves. This financing plan will allow for the necessary investments while keeping fund reserves at acceptable levels and also minimizing the impact on the County's annual property tax levy.
- Agriculture is the singularly dominant local industry, and tillable ag land makes up the biggest portion of the County's tax base. Land values had increased significantly from 2005 - 2014 following a temporary surge in grain commodity prices, but have stabilized or trended slightly downward overall since 2015. For assessment years 2015-2019, land values decreased. The assessment increased by .09% and 0.70% in the most recent years. The lack of diversification in the local economy, along with the historical volatility of commodity prices, adds an additional dimension of economic risk to the County's financial health.
- Investment returns for the County reached nearly 5% in the years leading up to 2007, but the Great Recession in the late 2000's and early 2010's resulted in rates bottoming out to near 0% for nearly a decade. Historically Lac qui Parle County's surplus fund balances have generated investment revenues which offset reliance on other revenue streams, most notably the County's annual property tax levy. Investment rates began recovering in 2018 and continued through 2019, at which time the County also elected to join the Minnesota Association of Governments Investing for Counties (MAGIC), a joint powers entity that allows counties to take advantage of pooled investment funds. MAGIC fund investment options generated favorable returns as high as 2.5% during 2019, which allowed the County to budget for 2020 returns using a rate of 2.0%. However, the COVID-19 pandemic starting in 2020 prompted the Federal Reserve to reduce interest rates to historic lows, which reduced the County's investment return rate to near 0%. Until investment rates increase, the County will not be able to rely on these investment returns as a significant revenue stream.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

- The COVID-19 pandemic reached Minnesota in early 2020, and the effects on the local, state, federal, and global economies is difficult to project. At the time of this writing, federal revenues have been able to offset many of the County’s direct expenses incurred to mitigate the impact of the pandemic. However, a state budget deficit is expected to bring change in the future. As the County’s work is driven largely by state directives and funding, this presents financial risk in the form of reduced program revenues, cost shifts, and unfunded mandates.
- The 2021 property tax levy for the County increased 1.75% from 2020, which is comparable with an average increase of 2.73% for the preceding 5 years. This period shows a trend of stable and manageable levy increases that the tax base can reasonably absorb, and the levies have been based on structurally sound and balanced budgets. The levy stability during this period is largely attributable to changes made by the legislature to fix structural problems with the formulas apportioning County Program Aid (CPA), which is the largest general-purpose aid received by the County. Lac qui Parle County's annual CPA allotment was abruptly reduced from \$663,236 in 2009 down to \$125,562 in 2011, but has since recovered to \$543,367 for 2021. Barring additional unfunded mandates, cost shifts, and aid reductions from the state, the County’s budget and financial health appear to be stabilized. However, this optimism should be tempered by the risk factors outside of County management control, most notably state intergovernmental revenues and other political actions.

**County Tax Rate and Levy History**

<u>Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Levy Increase</u>
2021	32.1%	\$6,155,803	1.75%
2020	32.3%	\$6,049,929	2.25%
2019	31.1%	\$5,916,814	2.93%
2018	32.3%	\$5,748,230	1.83%
2017	30.4%	\$5,645,179	6.77%
2016	27.8%	\$5,442,677	2.94%
2015	24.2%	\$5,287,221	3.99%
2014	27.1%	\$5,084,355	4.14%
2013	37.1%	\$4,882,431	8.76%
2012	38.7%	\$4,489,222	9.80%
2011	33.8%	\$4,088,544	12.80%
2010	31.3%	\$3,624,596	0.0%

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Lac qui Parle County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Mr. Jake Sieg, the County's Auditor-Treasurer-Coordinator, Lac qui Parle County Courthouse, 600 - 6th Street, Suite 6, Madison, Minnesota 56256.

## **BASIC FINANCIAL STATEMENTS**



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT 1**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	Primary Government	Discretely Presented Component Unit
	Governmental Activities	Lac qui Parle-Yellow Bank Watershed District
<b>ASSETS</b>		
Cash and Investments	\$ 24,719,260	\$ 2,049,071
Accounts Receivable, Net	7,015,383	924,365
Due from Primary Government	-	437,474
Note Receivable	117,144	-
Inventories	478,547	-
Prepaid Items	3,901	-
Capital Assets		
Non-Depreciable	1,127,893	628,458
Depreciable - Net of Accumulated Depreciation	52,843,118	4,018,545
Total Assets	86,305,246	8,057,913
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related	566,284	27,924
OPEB Related	24,060	-
Total Deferred Outflows of Resources	590,344	27,924
<b>LIABILITIES</b>		
Accounts Payable and Other Current Liabilities	883,167	67,351
Due to Component Unit	437,474	-
Unearned Revenue	49,599	155,267
Interest Payable	12,877	-
Long Term Liabilities:		
Due Within One Year	80,236	102,365
Due in More Than One Year	2,085,339	1,103,357
Net Pension Liability	3,177,772	173,868
Current Other Postemployment Benefits Liability	20,179	-
Other Postemployment Benefits Liability	361,416	-
Total Liabilities	7,108,059	1,602,208
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Related	670,973	7,104
OPEB Related	68,782	-
Taxes Collected for Subsequent Period	43,070	-
Total Deferred Inflows of Resources	782,825	7,104
<b>NET POSITION</b>		
Investment in Capital Assets	53,763,280	4,647,003
Restricted For:		
General Government	113,760	-
Public Safety	502,373	-
Highways and Streets	5,902,667	-
Conservation of Natural Resources	937,071	1,341,987
Economic Development	74,342	-
Other Purposes	29,105	-
Unrestricted	17,682,108	487,535
Total Net Position	\$ 79,004,706	\$ 6,476,525

The notes to the financial statements are an integral part of this statement.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT 2**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

FUNCTIONS/PROGRAMS	Program Revenues		
PRIMARY GOVERNMENT	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions
GOVERNMENTAL ACTIVITIES			
General Government	\$ 2,622,934	\$ 219,632	\$ 272,369
Public Safety	2,473,418	310,001	920,304
Highways and Streets	5,922,761	81,076	6,672,018
Sanitation	200,638	193,967	93,923
Human Services	2,671,785	129,586	1,656,698
Culture and Recreation	167,346	2,500	71,318
Conservation of Natural Resources	1,851,351	404,724	324,150
Economic Development	152,882	-	9,499
Interest	53,585	-	-
Total Governmental Activities	\$ 16,116,700	\$ 1,341,486	\$ 10,020,279
<b>COMPONENT UNIT</b>			
Lac qui Parle-Yellow Bank Watershed District	\$ 1,579,406	\$ 469,027	\$ 839,027
		<b>GENERAL REVENUES</b>	
		Property Taxes	
		Mortgage Registry and Deed Tax	
		Wheelage Tax	
		Payments in Lieu of Tax	
		Grants and Contributions not Restricted for a Particular Purpose	
		Investment Earnings	
		Miscellaneous	
		Total General Revenues	
		<b>CHANGE IN NET POSITION</b>	
		Net Position - Beginning of Year, as Originally Stated	
		Prior Period Adjustment	
		Net Position - Beginning of Year, As Restated	
		<b>NET POSITION - END OF YEAR</b>	

The notes to the financial statements are an integral part of this statement.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

***EXHIBIT 2  
(Continued)***

Net (Expense) Revenue and Changes in Net Position		
	Primary Government	Discretely Presented Component Unit
Capital Grants and Contributions	Governmental Activities	Lac qui Parle- Yellow Bank Watershed District
\$ -	\$ (2,130,933)	
34,106	(1,209,007)	
414,917	1,245,250	
-	87,252	
-	(885,501)	
-	(93,528)	
-	(1,122,477)	
-	(143,383)	
-	(53,585)	
\$ 449,023	(4,305,912)	
\$ -		\$ (271,352)
	5,937,528	273,565
	7,433	-
	84,735	-
	361,439	5,848
	800,814	9,427
	167,220	6,998
	586,505	69,164
	7,945,674	365,002
	3,639,762	93,650
	75,730,419	6,382,875
	(365,475)	-
	75,364,944	6,382,875
	\$ 79,004,706	\$ 6,476,525

The notes to the financial statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT 3**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Road and Bridge	Family Services	Ditch	EDA	Total Governmental Funds
<b>ASSETS</b>						
Cash and Investments	\$ 4,788,206	\$ 13,385,894	\$ 5,339,917	\$ 1,056,278	\$ 147,115	\$ 24,717,410
Petty Cash and Change Funds	1,650	-	200	-	-	1,850
Taxes Receivable - Delinquent	17,100	8,408	5,256	-	-	30,764
Special Assessments Receivable						
Delinquent	9,368	-	-	1,303	-	10,671
Noncurrent	-	-	-	641,759	-	641,759
Accounts Receivable	17,451	10,441	35,184	26	-	63,102
Notes Receivable	-	-	-	-	117,144	117,144
Interest Receivable	3,591	9,398	3,746	712	103	17,550
Due from Other Governments	186,189	5,791,623	187,870	80,856	4,999	6,251,537
Due From Other Funds	283,859	-	-	-	-	283,859
Inventory	-	478,547	-	-	-	478,547
Prepaid Items	3,901	-	-	-	-	3,901
Total Assets	<u>\$ 5,311,315</u>	<u>\$ 19,684,311</u>	<u>\$ 5,572,173</u>	<u>\$ 1,780,934</u>	<u>\$ 269,361</u>	<u>\$ 32,618,094</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 113,700	\$ 178,159	\$ 47,817	\$ 108,350	\$ 702	\$ 448,728
Salaries Payable	63,287	33,343	42,764	-	653	140,047
Contracts Payable	-	207,731	-	-	-	207,731
Due to Other Funds	-	-	-	283,859	-	283,859
Due to Other Governments	56,681	6,063	23,818	-	99	86,661
Due to Component Unit	-	-	-	437,474	-	437,474
Unearned Revenue	49,599	-	-	-	-	49,599
Total Liabilities	283,267	425,296	114,399	829,683	1,454	1,654,099
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Taxes Collected for Subsequent Period	23,977	11,677	6,652	-	764	43,070
Unavailable Revenue	128,248	5,293,064	6,006	643,062	112,246	6,182,626
Total Deferred Inflows of Resources	152,225	5,304,741	12,658	643,062	113,010	6,225,696

The notes to the financial statements are an integral part of this statement.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT 3  
(Continued)**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Road and Bridge	Family Services	Ditch	EDA	Total Governmental Funds
<b>FUND BALANCES</b>						
Nonspendable						
Inventory	\$ -	\$ 478,547	\$ -	\$ -	\$ -	\$ 478,547
Prepaid Items	3,901	-	-	-	-	3,901
Restricted						
Highway Allotments	-	761,342	-	-	-	761,342
Recorder's Compliance Fund	50,700	-	-	-	-	50,700
Recorder's Technology Fund	52,566	-	-	-	-	52,566
E-911	502,373	-	-	-	-	502,373
Forfeitures	10,494	-	-	-	-	10,494
Income Maintenance -EFSP	-	-	547	-	-	547
EDA Loans	38,795	-	-	-	-	38,795
Ditch Repairs and Maintenance	-	-	-	308,189	-	308,189
Small Cities Development Program	28,558	-	-	-	-	28,558
EDA Revolving Loans	-	-	-	-	24,870	24,870
Computer Commuter	-	-	-	-	10,677	10,677
Committed						
Solid Waste Assessments	373,143	-	-	-	-	373,143
Capital Equipment	-	701,970	-	-	-	701,970
Buildings and Grounds	-	476,453	-	-	-	476,453
Future Road Construction	-	7,021,331	-	-	-	7,021,331
Assigned						
Out of Home Placements	-	-	150,000	-	-	150,000
Rule 20	-	-	120,000	-	-	120,000
PrimeWest Health CBP	-	-	750,000	-	-	750,000
Recorder's Enhancements	13,811	-	-	-	-	13,811
Future Capital Purchases	-	1,290,239	-	-	-	1,290,239
City Contract Vehicle Purchases	4,036	-	-	-	-	4,036
Sheriff's Forfeiture	33,693	-	-	-	-	33,693
Sheriff's Contingency	2,960	-	-	-	-	2,960
County Park Board	21,635	-	-	-	-	21,635
Buffer Law	300,040	-	-	-	-	300,040
Road and Bridge	-	3,224,392	-	-	-	3,224,392
Human Services	-	-	4,424,569	-	-	4,424,569
Economic Development	-	-	-	-	119,350	119,350
Unassigned	3,439,118	-	-	-	-	3,439,118
<b>Total Fund Balances</b>	<b>4,875,823</b>	<b>13,954,274</b>	<b>5,445,116</b>	<b>308,189</b>	<b>154,897</b>	<b>24,738,299</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 5,311,315</b>	<b>\$ 19,684,311</b>	<b>\$ 5,572,173</b>	<b>\$ 1,780,934</b>	<b>\$ 269,361</b>	<b>\$ 32,618,094</b>

The notes to the financial statements are an integral part of this statement.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL  
ACTIVITIES  
DECEMBER 31, 2020**

<b>TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS</b>	\$ 24,738,299
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	53,971,011
Other long-term assets (deferred inflows of resources) are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.	6,182,626
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred Outflows of Resources Related to Pensions	566,284
Deferred Inflows of Resources Related to Pensions	(670,973)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.	
Deferred Outflows of Resources Related to OPEB	24,060
Deferred Inflows of Resources Related to OPEB	(68,782)
Long-term liabilities, including bonds payable and net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General Obligation Bonds and Notes	\$ (1,758,307)
Accrued Interest	(12,877)
Compensated Absences	(407,268)
Net Pension Liability	(3,177,772)
Total Other Postemployment Benefits	(381,595)
	(5,737,819)
<b>TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 79,004,706</b>
	<b>\$ 79,004,706</b>

The notes to the financial statements are an integral part of this statement.



**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT 5**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Road and Bridge	Family Services	Ditch	EDA	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 3,276,450	\$ 1,618,140	\$ 947,072	\$ -	\$ 101,411	\$ 5,943,073
Other Taxes	7,433	84,735	-	-	-	92,168
Special Assessments	128,213	-	-	366,573	-	494,786
Licenses and Permits	19,515	-	-	-	-	19,515
Intergovernmental	2,319,096	6,687,740	1,624,569	116,533	8,463	10,756,401
Charges for Services	509,994	69,791	275,398	-	-	855,183
Fines and Forfeits	12,351	-	-	-	-	12,351
Gifts and Contributions	17,815	-	-	-	4,500	22,315
Interest on Investments	40,884	81,786	32,448	6,287	5,815	167,220
Miscellaneous	212,070	112,647	58,334	35,447	7,626	426,124
Total Revenues	<u>6,543,821</u>	<u>8,654,839</u>	<u>2,937,821</u>	<u>524,840</u>	<u>127,815</u>	<u>18,789,136</u>
<b>EXPENDITURES</b>						
<b>CURRENT</b>						
General Government	2,545,581	-	-	-	-	2,545,581
Public Safety	2,265,656	-	-	-	-	2,265,656
Highways and Streets	-	6,742,780	-	-	-	6,742,780
Sanitation	194,646	-	-	-	-	194,646
Human Services	-	-	2,716,544	-	-	2,716,544
Culture and Recreation	166,170	-	-	-	-	166,170
Conservation of Natural Resources	557,648	-	-	1,295,590	-	1,853,238
Economic Development	7,000	-	-	-	146,589	153,589
<b>INTERGOVERNMENTAL</b>	338,325	619,274	-	10,164	-	967,763
<b>DEBT SERVICE</b>						
Principal	-	-	-	48,782	-	48,782
Interest	-	-	-	41,361	-	41,361
Total Expenditures	<u>6,075,026</u>	<u>7,362,054</u>	<u>2,716,544</u>	<u>1,395,897</u>	<u>146,589</u>	<u>17,696,110</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	468,795	1,292,785	221,277	(871,057)	(18,774)	1,093,026
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	29,951	-	-	-	-	29,951
Transfers Out	-	-	-	(29,951)	-	(29,951)
Proceeds from Sale of Capital Assets	1,228	-	2,233	-	-	3,461
Insurance Proceeds	10,000	65,212	-	-	-	75,212
Proceeds from Bond Issuance	-	-	-	1,016,000	-	1,016,000
Total Other Financing Sources (Uses)	<u>41,179</u>	<u>65,212</u>	<u>2,233</u>	<u>986,049</u>	<u>-</u>	<u>1,094,673</u>
<b>NET CHANGE IN FUND BALANCES</b>	509,974	1,357,997	223,510	114,992	(18,774)	2,187,699
Fund Balances - Beginning of Year	4,365,849	12,431,281	5,221,606	558,672	173,671	22,751,079
Prior Period Adjustment	-	-	-	(365,475)	-	(365,475)
Fund Balances - Beginning of Year, As Restated	4,365,849	12,431,281	5,221,606	193,197	173,671	22,385,604
<b>INCREASE IN INVENTORY</b>	-	164,996	-	-	-	164,996
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,875,823</u>	<u>\$ 13,954,274</u>	<u>\$ 5,445,116</u>	<u>\$ 308,189</u>	<u>\$ 154,897</u>	<u>\$ 24,738,299</u>

The notes to the financial statements are an integral part of this statement.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT 6**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-  
WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>		<b>\$ 2,187,699</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Asset Adjustments	\$ 3,236,694	
Net Book Value of Capital Asset Disposals	(6,300)	
Current Year Depreciation	<u>(2,044,663)</u>	1,185,731
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		910,288
Governmental funds report expenditures as pension contributions are made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and the investment experience.		241,155
Other postemployment benefit expenditures on the governmental funds are measured by current year employer contributions. Other postemployment benefit expenses in the Statement of Activities are measured by the change in other postemployment benefit obligation and the related outflows of resources.		(31,207)
The issuance of long-term debt (e.g., bonds payable, loans payable) provides current financial resources to governmental funds.		
Proceeds from General Obligation Notes		(1,016,000)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal Repayments		
General Obligation Bonds and Notes		48,782
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	(2,059)	
Change in Compensated Absences	(49,623)	
Change in Inventory	<u>164,996</u>	<u>113,314</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 3,639,762</u></b>

The notes to the financial statements are an integral part of this statement.

**FIDUCIARY FUNDS**

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT 7**

**STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2020**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 19,415	\$ 414,486
Taxes Receivable - Delinquent	-	97,589
Due From Other Governments	-	12,866
Accrued Interest Receivable	-	98
Accounts Receivable	-	230
Total Assets	\$ 19,415	\$ 525,269
<b>LIABILITIES</b>		
Due to Others	\$ -	\$ 5,447
Due to Other Governments	-	212,928
Total Liabilities	\$ -	\$ 218,375
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Taxes Collected for Subsequent Period	\$ -	\$ 57,359
<b>NET POSITION</b>		
Restricted For:		
Individuals, Organizations and Other Governments	\$ 19,415	\$ 249,535

The notes to the financial statements are an integral part of this statement.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT 8**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Social Welfare Private Purpose Trust Fund</u>	<u>Custodial Funds</u>
<b>ADDITIONS</b>		
Contributions:		
Individuals	\$ 85,457	\$ 121,027
Property Tax Collections for Other Governments	-	8,007,193
License and Fees Collected for State	-	1,160,741
Grants for Other Entities	-	54,638
Miscellaneous	-	850
Total Additions	<u>85,457</u>	<u>9,344,449</u>
<b>DEDUCTIONS</b>		
Beneficiary Payments to Individuals	78,818	-
Payments of Property Taxes to Other Governments	-	8,058,032
Payments to State	-	1,281,768
Payments to Other Entities	-	53,858
Total Deductions	<u>78,818</u>	<u>9,393,658</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	6,639	(49,209)
Fiduciary Net Position, Beginning of Year	-	-
Change in Accounting Principle	12,776	298,744
Fiduciary Net Position, Beginning of Year, as Restated	<u>12,776</u>	<u>298,744</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u>\$ 19,415</u>	<u>\$ 249,535</u>

The notes to the financial statements are an integral part of this statement.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

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1. Summary of Significant Accounting Policies

The County’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as of and for the year ended December 31, 2020. The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in U.S. GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Lac qui Parle County was established in 1871 and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Lac qui Parle County (primary government) and its component units for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

The County has considered all potential units for which it is financially accountable and other organizations for which the nature and significant of the relationship with the County are such that the exclusion would cause the County’s financial statements to be misleading or incomplete. The Lac qui Parle County Economic Development Authority (the EDA) is considered to be part of the primary government and is presented as a blended component unit. At December 31, 2020 the County Board of Commissioners are members of the EDA board. Separate financial statements are not issued for the EDA.

Discretely Presented Component Unit

While part of the reporting entity, the discretely presently component unit is presented in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. The following component unit of Lac qui Parle County is discretely presented:

<u>Component Unit</u>	<u>Component Unit of Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Lac qui Parle-Yellow Bank Watershed District	County appoints a majority of the Board, and it is a financial burden to the County.	Separate financial statements are not prepared.

Significant accounting policies of the discretely presented component unit does not differ significantly from those of the County.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Joint Ventures

The County participates in several joint ventures which are described in Note 5.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. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately.

In the government-wide statement of net position, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) 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 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 restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

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

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

- The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- The Road and Bridge Special Revenue Fund accounts for restricted revenues from the federal and state government, as well as committed property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.
- The Family Services Special Revenue Fund accounts for restricted revenue resources from the federal, state, and other oversight agencies, as well as committed property tax revenues used for economic assistance and community social services programs.
- The Ditch Special Revenue Fund accounts for special assessment revenues levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.
- The EDA Special Revenue Fund accounts for restricted revenue resources from the federal, state, and other oversight agencies, as well as property tax revenues used for economic development programs.

Additionally, the County reports the following fiduciary fund type:

- Social Welfare Private Purpose Trust Fund – The Private Purpose Trust Fund is used to report all fiduciary activities that are held in a trust for social welfare accounts.
- Custodial Funds – are custodial in nature. The funds are used for a variety of purposes: to account for the collection and disbursement of taxes on behalf of other local governments within the County, as an agent for the local collaborative, estate recoveries and other state revenues.

C. Measurement Focus and Basis of Accounting

The government-wide 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.



**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The County considers all revenues as available if collected within 60 days after the end of the current period.

Property taxes are recognized as revenues in the year for which they are levied provided they are also available. Shared revenues are generally recognized in the period the appropriation goes into effect and the revenues are available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and are available. Property and other taxes, licenses, and interest are all considered 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer-Coordinator for the purpose of increasing earnings through investment activities. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2020 were \$167,220.

Lac qui Parle County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which was created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission. The County's investment in the pool is measured at the amortized cost per share provided by the pool. More information including the most recent audited financial statement is available on their website [www.magicfund.org](http://www.magicfund.org).

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

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

2. Receivables and Payables

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

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 May 15 and the second half payment due October 15 or November 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

Special assessments receivable consist of delinquent special assessments payable in the years 2013 through 2020 and deferred special assessments payable in 2021 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

No allowance for uncollectible taxes/special assessments has been provided because such amounts are not expected to be material.

The County had no accounts receivable scheduled to be collected beyond one year.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are recorded as expenses when consumed. 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.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

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

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. The County and the Lac qui Parle-Yellow Bank Watershed District define capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) on the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	30 - 66
Land improvements	20 - 35
Public domain infrastructure	15 - 70
Furniture, equipment, and vehicles	5 - 25

5. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual 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. A liability for compensated absences is reported in the governmental funds only if they have matured, for example as a result of employee resignations and retirements. Compensated absences are accrued when incurred in the government-wide statements. The government-wide statement of net position reports both current and noncurrent portions of compensated absences.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

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

5. Compensated Absences (Continued)

The current portion consists of an amount based on a trend analysis of current usage of vacation. The noncurrent portion consists of the remaining amount of vacation, total vested sick leave, and comp time. Compensated absences are liquidated by the General Fund, Road and Bridge Special Revenue Fund, the Family Services Special Revenue Fund, and the Ditch Special Revenue Fund. For the Lac qui Parle-Yellow Bank Watershed District, compensated absences are liquidated by the General Fund.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, if material, 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.

In the fund financial statements, governmental funds 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.

7. Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year-end is June 30. 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. Plan investments are reported at fair value. The County's net pension liability is liquidated through the General Fund and other governmental funds that have personal services. The Lac qui Parle-Yellow Bank Watershed District's net pension liability is liquidated by its General Fund.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The County has two items, deferred pension and deferred other postemployment benefits outflows that qualifies for this category. These outflows arise only under the accrual basis of accounting and consist of contributions paid subsequent to the measurement date, differences between expected and actual plan experience, changes in actuarial assumptions, pension plan changes in proportionate share, and differences between protected and actual earnings on pension plan investments.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent, deferred special assessments receivable, and grant monies receivable for amounts that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet.

The County reports a deferred inflow for taxes collected for the subsequent tax year levy in the fund level statements, the government wide statements and in the fiduciary fund statements. The County also has deferred pension and OPEB inflows. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension and OPEB plans economic experience and also pension plan changes in proportionate share and, accordingly, are reported only in the statement of net position.

9. Unearned Revenue

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received but not yet earned.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

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

10. Classification of Net Position

Net position in the government-wide and the component unit financial statements is classified in the following categories:

- Investment in capital assets - the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets. At December 31, 2020, Lac qui Parle County and the Lac qui Parle-Yellow Bank Watershed District reported no debt other than accounts payable related to acquisition, construction, or improvement of capital assets.
- Restricted net position - the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - the amount of net position that does not meet the definition of restricted or net investment in capital assets.

11. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which Lac qui Parle County and the Lac qui Parle-Yellow Bank Watershed District are bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- Nonspendable - amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- Restricted - amounts for which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

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

11. Classification of Fund Balances (Continued)

- Committed - amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board for the County or Board of Managers for the Lac qui Parle-Yellow Bank Watershed District. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.
- Assigned - amounts the County or the Lac qui Parle-Yellow Bank Watershed District intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the Auditor-Treasurer-Coordinator, who has been delegated that authority by Board resolution. The Lac qui Parle-Yellow Bank Watershed District Administrator has been delegated this authority for the District.
- Unassigned - the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

Lac qui Parle County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

12. Minimum Fund Balance

Lac qui Parle County has adopted a minimum fund balance policy for the General Fund. The General Fund is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined it needs to maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) of no less than five months of operating expenditures. At December 31, 2020, unrestricted fund balance for the General Fund exceeded the minimum fund balance level.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

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

13. 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 certain estimates and assumptions that affect the report amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources; 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.

2. Stewardship, Compliance, and Accountability

A. Excess of Expenditures Over Budget

The following fund had expenditures in excess of budget:

<u>Fund</u>	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Major Governmental Funds:			
General Fund	\$ 6,075,026	\$ 5,503,031	\$ 571,995
Ditch Fund	1,395,897	252,451	1,143,446



**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

Reconciliation of the County’s total deposits and cash on hand to the basic financial statements follows:

Government-wide Statement of Net Position	
Governmental activities	
Cash and Investments	\$ 24,719,260
Statement of Fiduciary Net Position	
Cash and Cash Equivalents	<u>433,901</u>
Total Cash and Investments	<u>\$ 25,153,161</u>
Petty Cash and Change Funds	\$ 1,850
Checking	4,574,969
Money Market Savings	18,809,047
Certificates of Deposit	1,264,512
Invested in MAGIC	<u>502,783</u>
Total Deposits and Investments	<u>\$ 25,153,161</u>

a. Deposits

The County is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The County is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least 10% more than the amount on deposit at the close of the financial institution’s banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better and revenue obligations rated “AA” or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments (Continued)

a. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. It is the County's policy to minimize deposit custodial credit risk by obtaining collateral or bond for all uninsured amounts on deposit and obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. As December 31, 2020, the County's deposits were not exposed to custodial credit risk.

b. Investments

The County may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the state of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries rated in the highest quality category by two nationally recognized rating agencies and maturing in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County has adopted a policy to minimize investment custodial credit risk by permitting brokers that obtain investments for the County to hold them only to the extent Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage are available, and that they qualify under Minn. Stat. § 118A.06 to hold investments.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy to minimize concentration of credit risk by diversifying the investment portfolio.

At December 31, 2020, the County had the following investments:

	<u>Less Than One Year</u>
MN Association of Governments Investing for Counties (MAGIC) Fund Portfolio	\$ 502,783

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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3. Detailed Notes on All Funds (Continued)

B. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Fair Value Measurements

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 new asset value not reasonably practical.

2. Receivables

Receivables as of December 31, 2020, for the County's governmental activities follow:

	Total Receivables
Governmental Activities	
Taxes	\$ 30,764
Special Assessments	652,430
Accounts Receivable	63,102
Notes Receivable	117,144
Interest Receivable	17,550
Due from Other Governments	6,251,537
Total Governmental Activities	\$ 7,132,527

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 164,903	\$ -	\$ -	\$ 164,903
Right-of-Way	470,198	-	-	470,198
Construction-in-Process	180,664	2,287,340	1,975,212	492,792
Total Capital Assets, Not Being Depreciated	815,765	2,287,340	1,975,212	1,127,893
Capital Assets, Being Depreciated				
Buildings	3,562,975	105,752	-	3,668,727
Improvements Other than Buildings	100,993	-	-	100,993
Machinery, Furniture, and Equipment	7,179,275	843,602	69,377	7,953,500
Infrastructure	71,043,930	1,975,212	-	73,019,142
Total Capital Assets, Being Depreciated	81,887,173	2,924,566	69,377	84,742,362
Less Accumulated Depreciation for				
Buildings	\$ 1,130,030	\$ 73,290	\$ -	\$ 1,203,320
Improvements Other than Buildings	23,279	2,718	-	25,997
Machinery, Furniture, and Equipment	4,569,392	508,270	63,077	5,014,585
Infrastructure	24,194,957	1,460,385	-	25,655,342
Total Accumulated Depreciation	29,917,658	2,044,663	63,077	31,899,244
Total Capital Assets, Being Depreciated, Net	51,969,515	879,903	6,300	52,843,118
Governmental Activities Capital Assets, Net	<u>\$ 52,785,280</u>	<u>\$ 3,167,243</u>	<u>\$ 1,981,512</u>	<u>\$ 53,971,011</u>

Construction in progress consists of road projects that are scheduled to be completed in 2021.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

3. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General Government	\$ 72,959
Public Safety	143,488
Highways and Streets, Including Depreciation of Infrastructure Assets	1,797,201 21,523
Sanitation	5,992
Conservation of Natural Resources	1,060
Culture and Recreation	1,176
Economic Development	1,264
Total Depreciation Expense	\$ 2,044,663

B. Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

Due to General Fund from Ditch Special Revenue Fund	\$ <u>283,859</u>	Provide cash flow for various drainage systems.
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The balance is expected to be liquidated within one year.

Interfund Transfers

Fund Transferred To	Fund Transferred From	Amount	Purpose
General Fund	Ditch Fund	\$ 29,951	Ditch administrative and accounting services provided

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources

1. Payables

Payables at December 31, 2020, were as follows:

	Governmental Activities
Accounts payable	\$ 448,728
Salaries Payable	140,047
Contracts Payable	207,731
Due to Other Governments	86,661
Total Payables	\$ 883,167

2. Unearned Revenues/Deferred Inflows of Resources

Unearned revenues and deferred inflows of resources consist of special assessments, taxes, taxes levied for the subsequent period collected prior to year-end, and state grants not collected soon enough after year-end to pay liabilities of the current period, and state grants received but not yet earned. The fiduciary funds reported unavailable revenue of \$57,359 for taxes collected as prepayments for taxes levied for the subsequent year. Unearned revenues and unavailable revenues at December 31, 2020, are summarized below by fund:

	Special Assessments	Taxes	Taxes Collected for Subsequent Period	Grants	Loans and Interest	Total
Major governmental funds						
General	\$ 9,368	\$ 17,099	\$ 23,977	\$ 151,380	\$ -	\$ 201,824
Road and Bridge	-	8,408	11,677	5,284,656	-	5,304,741
Family Services	-	5,256	6,652	750	-	12,658
Ditch	643,062	-	-	-	-	643,062
EDA	-	-	764	-	112,246	113,010
Total	\$ 652,430	\$ 30,763	\$ 43,070	\$ 5,436,786	\$ 112,246	\$ 6,275,295
Liability						
Unearned Revenue	\$ -	\$ -	\$ -	\$ 49,599	\$ -	\$ 49,599
Deferred Inflows of Resources						
Unavailable Revenue	652,430	30,763	-	5,387,187	112,246	6,182,626
Taxes Collected for Subsequent Period	-	-	43,070	-	-	43,070
Total	\$ 652,430	\$ 30,763	\$ 43,070	\$ 5,436,786	\$ 112,246	\$ 6,275,295

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Bonds and Notes Payable

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
General Obligation Drainage Bonds, Series 2015A	2031	\$3,000 - \$10,000	3.5	\$308,000	<u>\$63,328</u>
General Obligation Drainage Notes, Series 2016A	2032	\$26,000 - \$35,000	2.75	\$465,000	<u>\$364,979</u>
General Obligation Drainage Notes, Series 2018A	2034	\$14,000 - \$29,000	3.95	\$328,000	<u>\$314,000</u>
General Obligation Drainage Notes, Series 2020A	2037	\$59,000 - \$77,000	1.9	\$1,061,000	<u>\$1,016,000</u>

4. Debt Service Requirements

Payments on the Series 2015A, Series 2016A, Series 2018A, and Series 2020A general obligation bonds and notes are made by the Ditch Special Revenue Fund. Debt service requirements at December 31, 2020, were as follows:

Year Ending December 31,	General Obligation Bonds		General Obligation Notes	
	Principal	Interest	Principal	Interest
2021	\$ 3,000	\$ 2,164	\$ 41,980	\$ 35,755
2022	4,000	2,041	45,000	39,658
2023	4,000	1,901	105,000	37,624
2024	4,000	1,761	107,000	34,989
2025	5,000	1,604	111,000	32,276
2026 - 2030	35,000	4,660	600,000	117,540
2031 - 2035	8,328	146	532,000	42,298
2036 - 2037	-	-	153,000	2,918
Total	<u>\$ 63,328</u>	<u>\$ 14,277</u>	<u>\$ 1,694,980</u>	<u>\$ 343,058</u>



**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

5. Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General Obligation Bonds	\$ 70,644	\$ -	\$ (7,316)	\$ 63,328	\$ 3,000
General Obligation Notes	720,445	1,016,000	(41,466)	1,694,979	41,980
Compensated Absences	<u>357,645</u>	<u>200,058</u>	<u>(150,435)</u>	<u>407,268</u>	<u>35,256</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 1,148,734</u>	<u>\$ 1,216,058</u>	<u>\$ (199,217)</u>	<u>\$ 2,165,575</u>	<u>\$ 80,236</u>

4. Pension Plans and Other Postemployment Benefits

A. Defined Benefit Pension Plans

1. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

1. Plan Description (Continued)

Local Government Correctional Plan

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

2. Benefits Provided

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

General Employees Plan Benefits

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

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

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

2. Benefits Provided (Continued)

Police and Fire Plan Benefits

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

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

Correctional Plan Benefits

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

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

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

3. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the County was required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2020, were \$238,576. The County's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.3% of their annual covered salary to 11.8% and employer rates increased from 16.95% to 17.70% on January 1, 2020. The County's contributions to the Police and Fire Fund for the year ended December 31, 2020, were \$107,942. The County's contributions were equal to the required contributions as set by state statute.

Correctional Fund 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 fiscal year 2020. The County's contributions to the Correctional Fund for the year ended December 31, 2020, were \$16,232. The County's contributions were equal to the required contributions as set by state statute.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs

General Employees Fund Pension Costs

At December 31, 2020, the County reported a liability of \$2,488,115 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the County totaled \$76,582. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.0415% at the end of the measurement period and 0.0414% for the beginning of the period.

County's Proportionate Share of the Net Pension Liability	\$	2,488,115
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County		76,582
Total	\$	2,564,697

For the year ended December 31, 2020, the County recognized pension expense of \$85,047 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$6,640 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.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

General Employees Retirement Fund (Continued)

At December 31, 2020, the County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 22,685	\$ 9,414
Changes in Actuarial Assumptions	-	92,244
Difference between Projected and Actual Investment Earnings	42,984	-
Changes in Proportion	4,778	13,827
Contributions paid to PERA Subsequent to the Measurement Date	120,085	-
Total	\$ 190,532	\$ 115,485

The \$120,085 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 ending December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (151,760)
2022	(2,289)
2023	48,898
2024	60,113

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Public Employees Police and Fire Fund

At December 31, 2020, the County reported a liability of \$665,644 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.0505% at the end of the measurement period and 0.0511% for the beginning of the period.

The state of Minnesota contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The state of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the County recognized pension expense of \$67,576 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$4,545 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$4.5 million to the Police and Fire Fund.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Public Employees Police and Fire Fund (Continued)

The state of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$4,545 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

County's Proportionate Share of the Net Pension Liability	\$	665,644
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County		15,685
Total	\$	681,329

At December 31, 2020, the County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 29,412		\$ 31,611
Changes in Actuarial Assumptions	223,071		415,139
Difference between Projected and Actual Investment Earnings	20,219		-
Changes in Proportion	29,387		34,350
Contributions paid to PERA Subsequent to the Measurement Date	53,836		-
Total	\$ 355,925		\$ 481,100



**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Public Employees Police and Fire Fund (Continued)

The \$53,836 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 ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	<u>Pension Expense Amount</u>
2021	\$ (54,573)
2022	(188,204)
2023	36,431
2024	28,582
2025	(1,247)

Public Employees Correctional Fund

At December 31, 2020, the County reported a liability of \$24,013 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.0885% at the end of the measurement period and 0.1004% for the beginning of the period.

For the year ended December 31, 2020, the County recognized pension expense of (\$44,270) for its proportionate share of the Correctional Plan's pension expense.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Public Employees Correctional Fund (Continued)

At December 31, 2020, the County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 226	\$ 8,834
Changes in Actuarial Assumptions	-	48,631
Difference between Projected and Actual Investment Earnings	4,567	-
Changes in Proportion	6,681	16,923
Contributions paid to PERA Subsequent to the Measurement Date	8,353	-
Total	\$ 19,827	\$ 74,388

The \$8,353 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 ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Pension Expense Amount
2021	\$ (55,199)
2022	(8,742)
2023	(3,310)
2024	4,337

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2020, was \$119,538.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

5. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

	General Employees Fund	Police and Fire Fund	Correctional Fund
Inflation	2.25% per year	2.50% per year	2.50% per year
Active Member Payroll Growth	3.00% per year	3.25% per year	3.25% 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 Pub-2010 General Employee Mortality table for the General Employees Plan and RP 2014 tables for the Police and Fire and the Correctional Plans 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 and 2.0% per year for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.0% per year as set by state statute.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The four-year experience study used for the Police and Fire Plan was completed in 2016. The five-year experience study used 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. Inflation and investment return assumptions for the Police and Fire Plan and the Correctional Plan are based on the General Employees Retirement Plan experience study completed in 2019. The most recent four-year experience studies for the Police and Fire Plan and the Correctional Plan were completed in 2020. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

5. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

5. Actuarial Assumptions (Continued)

Police and Fire Fund

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Correctional Fund

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2018 to MP-2019.

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 on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35.5%	5.10%
Private Markets	25	5.90
Fixed Income	20	0.75
International Equity	17.5	5.30
Cash Equivalents	2	-
Total	<u>100%</u>	

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

6. Discount Rate

The discount rate used to measure the total pension liability in 2020 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.

7. Pension Liability Sensitivity

The following presents the County’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	Proportionate Share of the					
	General Employees Retirement Plan		Public Employees Police and Fire Plan		Public Employees Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 3,987,585	6.50%	\$ 1,326,724	6.50%	\$ 149,242
Current	7.50	2,488,115	7.50	665,644	7.50	24,013
1% Increase	8.50	1,251,172	8.50	118,716	8.50	(76,251)

8. Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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4. Pension Plans and Other Postemployment Benefits (Continued)

B. Defined Contribution Plan

Five employees of Lac qui Parle County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (0.25%) of the assets in each member's account annually.

Total contributions made by the County during fiscal year 2020 were:

	<u>Employee</u>	<u>Employer</u>
Contribution Amount	\$ 6,453	\$ 6,453
Percentage of Covered Payroll	5%	5%

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB)

Plan Description

Employees retiring from County service with at least ten years of service and meeting the established requirements to receive a pension from the Public Employees Retirement Association may have their severance pay transferred to an individual health insurance account to pay their monthly health insurance premiums until this balance is exhausted or they reach age 65. The County finances the plan on a pay-as-you-go basis and made no payments in 2020.

The County pays the health insurance for qualified former elected officials. This is a single-employer defined benefit health care plan. To be eligible, elected officials must have been serving on or after the date of November 2, 2004, and must have served a minimum of eight years and one day as an elected official in Lac qui Parle County. Elected officials eligible for this benefit are limited to the County Attorney, County Sheriff, and County Commissioners. Those eligible are entitled to one year of individual health insurance coverage for each four-year term in an elected position, with additional coverage provided on a pro rata basis for partial terms served. If the former elected official becomes eligible for Medicare benefits, then that official is no longer eligible for this benefit. The County has three current elected officials eligible, and zero former elected officials receiving this benefit in 2020. The County finances the program on a pay-as-you-go basis.

The County also provides health insurance benefits for eligible retired employees and their dependents as required by Minnesota Statute §471.61 subd 2b. Retirees are required to pay the premium. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of December 31, 2020, the County had no inactive plan members entitled to but not receiving benefits.

Active Plan Members with Coverage	77
Inactive Plan Members with Coverage	<u>2</u>
Total	<u><u>79</u></u>

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the Lac qui Parle County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements.

The OPEB liability is liquidated through the General Fund and other governmental funds that have personal services.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.



**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions

The County's total OPEB liability was measured as of January 1, 2020 and was determined by an actuarial valuation as of that date. The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement unless otherwise specified:

Discount Rate	2.9%
Payroll Growth Rate	Service graded table
Healthcare Cost Trend Rates	6.50% in 2020 grading down to 5.00% over 6 years and then to 4.00% over the next 48 years

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weight Mortality Tables with MP-2019 Generational Improvement Scale.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

The salary scale used to value the liability is similar to the table used to value pension liabilities for Minnesota public employees. The rates are based on the four-year experience study for the Public Employees Retirement Association of Minnesota Police and Fire Plan completed in 2016 and the six-year experience study for the Public Employees Retirement Association of Minnesota General Employees Plan completed in 2015 and a review of inflation assumptions dated September 11, 2017.

The discount rate used to measure the total OPEB liability was 2.9% the discount rate is equal to the 20-year municipal bond yield.

Summary of Changes in Actuarial Assumptions

There have been no changes to plan provisions, assumptions, or methods since the prior report except for the following:

- The discount rate was changed from 3.8% to 2.9%.
- 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-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contact group.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

Total OPEB Liability

	Total OPEB Liability
Balances - December 31, 2019	\$ 416,448
Changes for the Year:	
Service Cost	45,512
Interest	16,967
Changes in Assumptions	4,528
Differences Between Expected and Actual Experience	(70,632)
Benefit Payments	(31,228)
Net Changes	(34,853)
Balances - December 31, 2020	\$ 381,595

Discount Rate Sensitivity

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 that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB Plan Discount Rate	1.9%	2.9%	3.9%
Total OPEB Liability	\$ 405,244	\$ 381,595	\$ 359,177

Healthcare Trend Rate Sensitivity

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Description	1% Decrease in Healthcare Cost Trend Rates	Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Medical Trend Rate			
Total OPEB Liability	\$ 345,922	\$ 381,595	\$ 423,262

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 20,179	\$ -
Changes in actuarial assumptions	3,881	8,241
Differences between actual and expected liability	-	60,541
Total	\$ 24,060	\$ 68,782

For the year ended December 31, 2020, the County recognized OPEB expense of \$51,386.

At December 31, 2020, the County reported \$20,179 in deferred outflows of resources resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the OPEB liability in the year ending December 31, 2021.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	OPEB Expense Amount
2021	\$ (11,093)
2022	(11,093)
2023	(11,093)
2024	(11,093)
2025	(11,089)
Thereafter	(9,440)

5. Summary of Significant Contingencies and Other Items

A. Risk Management

Lac qui Parle County and the Lac qui Parle-Yellow Bank Watershed District are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; or natural disasters for which the County and District carry commercial insurance. To manage these risks, the County and the Lac qui Parle-Yellow Bank Watershed District have entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). MCIT is a public entity risk pool currently operated as a common risk management and insurance program for its members.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items (Continued)

A. Risk Management (Continued)

The County and the Lac qui Parle-Yellow Bank Watershed District are members of both the MCIT Workers' Compensation and Property and Casualty Divisions. For group employee health benefits, the County has entered into a joint powers agreement, the Southwest/West Central Service Cooperative.

For all 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 2020 and 2021. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County and the District in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and the County and the District pay an annual premium to cover current and future losses. 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 or District in a method and amount to be determined by MCIT.

The Southwest/West Central Service Cooperative (Service Cooperative) is a joint powers entity which sponsors a plan to provide group employee health benefits to its participating members. All members pool premiums and losses; however, a particular member may receive increases or decreases depending on a good or bad year of claims experience. Premiums are determined annually by the Service Cooperative and are based partially on the experience of the County and partially on the experience of the group. The Service Cooperative solicits proposals from carriers and negotiates the contracts.

Amounts received or receivable from grantor 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.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items (Continued)

B. Contingent Liabilities

Lincoln-Pipestone Rural Water System

At December 31, 2020, the most recent information available, the Lincoln-Pipestone Rural Water System had \$36,782,000 of general obligation bonds and other loans outstanding through 2056. The bonds were issued by some of the participating counties in the Rural Water System to finance the construction of water system expansions and improvements.

The debt is paid by the Lincoln-Pipestone Rural Water System from special assessments levied against property benefited by the applicable expansion, extension, or enlargement of the system and from the net revenues from time to time received in excess of the current costs of operating and maintaining the system. The bonds are general obligations of the issuing counties for which their full faith, credit, and unlimited taxing powers are pledged. The participating counties (Jackson, Lac qui Parle, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, and Yellow Medicine) have adopted Board resolutions and have signed joint powers agreements to define their liability for a proportional share of the debt should the issuing counties make any debt service payments. In such a situation, each of the other counties will promptly reimburse the paying counties in proportion to the percentage of Lincoln-Pipestone Rural Water System customers located in such county, in accordance with Minn. Stat. § 116A.24, subd. 3. The outstanding bonds are reported as liabilities in the annual financial statements of the Lincoln-Pipestone Rural Water System and are not reported as liabilities in the financial statements of any of the ten participating counties. The participating counties disclose a contingent liability due to the guarantee of indebtedness.

C. Joint Ventures

Countryside Public Health Service

The Countryside Public Health Service was established July 1, 1979, by a joint powers agreement among Big Stone, Chippewa, Lac qui Parle, Swift, and Yellow Medicine Counties. The agreement was established to provide community health care for the residents of the five-county area. Each county's proportionate share of the total responsibility of the project is established on a per capita basis as determined by the most recent statistical estimates provided by the Minnesota Board of Health.

In the event of termination of the joint powers agreement, any property acquired as a result of the agreement and any surplus monies on hand at that time shall be divided among the counties in the same proportions as their respective proportionate financial responsibilities.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items (Continued)

C. Joint Ventures (Continued)

Countryside Public Health Service (Continued)

Control is vested in the Countryside Public Health Service Board of Health. The Board consists of 11 persons, 3 from Yellow Medicine County, and 2 from each of the other participating counties. Each member of the Board is appointed by the County Commissioners of the county represented.

Financing is provided by state and federal grants, appropriations from member counties, and charges for services. Lac qui Parle County's contribution for 2020 was \$102,574.

Complete financial statements for the Countryside Public Health Service can be obtained from its administrative office at P. O. Box 313, Benson, Minnesota 56215.

Region 6W Community Corrections

Lac qui Parle County participates with Chippewa, Swift, and Yellow Medicine Counties to provide community corrections services. Region 6W Community Corrections develops and implements humane and effective methods of prevention, control, punishment, and rehabilitation of offenders.

The County Boards of the participating counties have direct authority over and responsibility for the Community Corrections' activities.

Lac qui Parle County's contribution for 2020 was \$235,626.

Complete financial statements for Region 6W Community Corrections can be obtained at 1215 Black Oak Avenue, P. O. Box 551, Montevideo, Minnesota 56265.

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

The 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 (PLYP)), pursuant to Minn. Stat. § 471.59. The PLYP provides detention services to juveniles under the jurisdiction of the counties which are parties to the agreement (Chippewa, Lac qui Parle, Swift, and Yellow Medicine--which are served by Region 6W Community Corrections) and Kandiyohi County.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items (Continued)

C. Joint Ventures (Continued)

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

Control of the PLYP is vested in a joint board composed of one Commissioner from each participating county. An advisory board has also been established, composed of the directors of the Kandiyohi County Community Corrections Agency and Region 6W Community Corrections and the directors of the family services or human services departments of the counties participating in the agreement. The PLYP is located at the Willmar Regional Treatment Center in space rented from the state of Minnesota.

Financing is provided by charges for services to member and nonmember counties. Complete financial information can be obtained from the PLYP Office, P. O. Box 894, Willmar, Minnesota 56201.

Lincoln-Pipestone Rural Water System

Lac qui Parle County, along with Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, and Yellow Medicine Counties, jointly established the Lincoln-Pipestone Rural Water System pursuant to Minn. Stat. ch. 116A. The Rural Water System is responsible for storing, treating, and distributing water for domestic, commercial, and industrial use within the area it serves. The cost of providing these services is recovered through user charges. The Lincoln-Pipestone Rural Water System is governed by a Board appointed by the District Court. The Rural Water System's Board is solely responsible for the budgeting and financing of the Rural Water System.

Bonds were issued by Lincoln, Nobles, and Yellow Medicine Counties to finance the construction of the Rural Water System. Costs assessed to municipalities and special assessments levied against benefitted properties pay approximately 85% of the amount necessary to retire principal and interest on the bonds. The remainder of the funds necessary to retire the outstanding bonds and interest will be provided by appropriations from the Lincoln-Pipestone Rural Water System. Outstanding obligations at December 31, 2020, (the latest information available) were \$36,782,000.

Complete financial statements of the Lincoln-Pipestone Rural Water System can be obtained at East Highway 14, P. O. Box 188, Lake Benton, Minnesota 56149-0188.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items (Continued)

C. Joint Ventures (Continued)

Southwest Minnesota Regional Emergency Communications Board

As of August 23, 2013, the Southwest Minnesota Regional Radio Board changed its name to the Southwest Minnesota Regional Emergency Communication Joint Powers Board. The Southwest Minnesota Regional Emergency Communications Joint Powers Board was established April 22, 2008, between Lac qui Parle County, the Cities of Marshall and Worthington, and 12 other counties under the authority of Minn. Stat. §§ 471.59 and 403.39. The purpose of the agreement is to formulate a regional radio board to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER).

Control is vested in a Joint Powers Board consisting of one County Commissioner and one City Council member for each party to the agreement. The members representing counties and cities shall be appointed by their respective governing bodies for the membership of that governing body. In addition, voting members of the Board include a member of the Southwest Minnesota Regional Advisory Committee, a member of the Southwest Minnesota Regional Radio System User Committee, and a member of the Southwest Minnesota Owners and Operators Committee.

Financing is provided by the appropriations from member parties and by state and federal grants. During 2020, Lac qui Parle County contributed \$1,977 to the Joint Powers Board.

Minnesota Counties Information Systems (MCIS)

Aitkin, Carlton, Cass, Chippewa, Cook, Itasca, Koochiching, Lac qui Parle, Lake, Sherburne, and St. Louis Counties entered into a joint powers agreement, pursuant to Minn. Stat. § 471.59, for the purpose of operating and maintaining data processing facilities and management information systems for use by its members.

MCIS is governed by an 11-member Board, composed of a member appointed by each of the participating county's Board of Commissioners. Financing is obtained through user charges to the member. Cass County is the fiscal agent for MCIS.

Each county's share of the assets and liabilities cannot be accurately determined since it will depend on the number of counties that are members when the agreement is dissolved.

Separate financial information for the Minnesota Counties Information Systems can be obtained at 413 Southeast 7th Avenue, Grand Rapids, Minnesota 55744.



**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items (Continued)

C. Joint Ventures (Continued)

Pioneerland Library System

Lac qui Parle County, along with 32 cities and 9 other counties, participates in the Pioneerland Library System in order to provide efficient and improved regional public library service. The Pioneerland Library System is governed by the Pioneerland Library System Board, composed of 35 members appointed by member cities and counties. During the year, the County contributed \$75,697 to the System.

Separate financial information for the Pioneerland Library System can be obtained from its administrative office at Pioneerland Regional Library, 410 - 5th Street Southwest, Willmar, Minnesota 56201.

Southwestern Minnesota Adult Mental Health Consortium Board

The County entered into a joint powers agreement with Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, McLeod, Meeker, Pipestone, Redwood, Renville, Rock, Swift, 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 (the Board) under the authority of Minnesota Statutes §471.59. The Board is headquartered in Windom, Minnesota, where Cottonwood County acts as fiscal host.

The Board takes actions and enters into such agreements as 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 following is a summary of the Consortium Board's annual financial report for the year ended December 31, 2020 (the most recently issued financial statement):

Total Assets	\$	1,489,959
Total Liabilities		176,078
Total Net Position		1,313,881
Total Revenues		2,826,552
Total Expenditures		2,714,833
Net Change in Net Position		111,719

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

5. Summary of Significant Contingencies and Other Items (Continued)

D. Tax Abatement

The County has entered into a tax abatement agreement with Puris Proteins LLC, under Minnesota Statutes §469.1812 through 469.1815. The abatement agreement shall be for 20 years and shall apply to the property taxes payable in the years 2022 through 2041. The abatement shall be for 100% of the County’s share of the increase in ad valorem property taxes generated by the Property resulting from development on the parcels which are attributable to the Project. The County will recapture the abated taxes through continued operations of local business and increased employment. As of December 31, 2020, the County had not abated any taxes related to this program. The County has not made any commitments as part of the agreement other than to reduce taxes.

E. Restatement for Change in Accounting Principle

During the year ended December 31, 2020, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board Statement (GASB) No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by moving activity previously reported as agency funds to the Governmental Activities, recording the Social Welfare Private Purpose Trust Fund that was not previously reported and including accruals and ending net position in custodial funds not previously required.

	Social Welfare Private Purpose Trust Fund	Custodial Funds
Net Position, January 1, 2020, as Previously Reported	\$ -	\$ -
Change in Accounting Principle	12,776	298,744
Net Position, January 1, 2020, as Restated	\$ 12,776	\$ 298,744

F. Prior Period Adjustment

During the current year, it was determined that certain County ditch repairs payable to the Lac qui Parle-Yellow Bank Watershed District were not recognized as expenditures were incurred in prior periods. Beginning fund balance of the ditch fund and beginning net position of governmental activities were each restated by \$365,475 for the year ended December 31, 2020.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items (Continued)

G. Subsequent Event

On March 11, 2021, the President of the United State signed an amended version of the COVID Relief Package, the American Rescue Plan, which includes \$65.1 billion in direct, flexible aid for counties in America. The U.S. Department of the Treasury will oversee and administer payments of the State and Local Coronavirus Recovery Funds to state and local governments, for which every county is eligible to receive a direct allocation from the Treasury. Counties will receive funds in two tranches – 50 percent in 2021 and the remaining 50 percent no earlier than 12 months from the first payment. The U.S. Treasury is required to pay the first tranche to counties no later than 60-days after enactment. The County’s projected allocation of the State and Local Coronavirus Recovery Funds is \$1,284,489.

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District

A. Summary of Significant Accounting Policies

In addition to those policies identified in Note 1, the Lac qui Parle-Yellow Bank Watershed District has the following significant accounting policies.

Reporting Entity

The Lac qui Parle-Yellow Bank Watershed District is governed by a five-member Board of Managers, with three members appointed by the Lac qui Parle County Board, one member appointed by the Yellow Medicine County Board, and one member appointed by the Lincoln County Board.

Because of the significance of the financial relationship, Lac qui Parle County considers this entity a major component unit.

The Lac qui Parle-Yellow Bank Watershed District does not prepare separate financial statements. The District has the following major governmental funds:

- The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another 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 benefitted property.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

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6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds

1. Assets and Deferred Outflows of Resources

Deposits

The cash balances of the General Fund and the Ditch Special Revenue are pooled and invested for the purpose of increasing earnings through interest-bearing activities.

Reconciliation of the District's total deposits to the basic financial statements follows:

Cash and Cash Equivalents	<u>\$ 2,049,071</u>
Checking	\$ 1,255,491
Money Market Savings	623,782
Non-Negotiable Certificates of Deposit	<u>169,798</u>
Total Deposits	<u>\$ 2,049,071</u>

The District is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least 10% more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral. The District does not have a policy addressing custodial credit risk. As of December 31, 2020, the District was undercollateralized by \$60,284. This deficit put the District at a higher risk for custodial credit risk. The deficit was covered in the subsequent months.

The District had no investments at December 31, 2020.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

1. Assets and Deferred Outflows of Resources (Continued)

Receivables

Receivables as of December 31, 2020, for the Lac qui Parle-Yellow Bank Watershed District follow:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	\$ 14,813	\$ -
Special Assessments	880,945	750,583
Accounts, Net	28,607	-
Due from Primary Government	437,474	-
Total Governmental Activities	\$ 1,361,839	\$ 750,583

All receivables are reported net of an allowance for uncollectible accounts which is calculated on a case-by-case basis. As of December 31, 2020 the allowance for doubtful accounts is \$3,179.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

1. Assets and Deferred Outflows of Resources (Continued)

Capital Assets

The Lac qui Parle-Yellow Bank Watershed District capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 628,458	\$ -	\$ -	\$ 628,458
Capital Assets, Being Depreciated				
Buildings	201,731	-	-	201,731
Machinery, Furniture and Equipment	90,846	23,661	6,511	107,996
Land Improvements	304,212	5,230	-	309,442
Infrastructure	5,334,207	-	-	5,334,207
Total Capital Assets, Being Depreciated	5,930,996	28,891	6,511	5,953,376
Less Accumulated Depreciation For				
Buildings	56,017	4,445	-	60,462
Machinery, Furniture and Equipment	51,790	10,156	6,511	55,435
Land Improvements	187,014	6,586	-	193,600
Infrastructure	1,571,993	53,341	-	1,625,334
Total Accumulated Depreciation	1,866,814	74,528	6,511	1,934,831
Total Capital Assets, Being Depreciated, Net	4,064,182	(45,637)	-	4,018,545
Capital Assets, Net	\$ 4,692,640	\$ (45,637)	\$ -	\$ 4,647,003

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

Conservation of Natural Resources	\$ 55,340
Culture and Recreation	19,188
Total Depreciation Expense	\$ 74,528

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

2. Liabilities and Deferred Inflows of Resources

Payables

Payables at December 31, 2020, were as follows:

Accounts Payable	\$	13,927
Contracts Payable		36,491
Due to Other Governments		877
Salaries Payable		16,056
Total Payables	\$	<u>67,351</u>

Construction Commitments

The Lac qui Parle-Yellow Bank Watershed District had the following in outstanding construction commitments as of December 31, 2020:

<u>Project Description</u>	<u>Original Contract Amount</u>	<u>Remaining Balance</u>
County Ditch #54	\$ 691,049	\$ 4,375
County Ditch #42	574,700	574,700

Long-Term Debt - Loans Payable

The Lac qui Parle-Yellow Bank Watershed District entered into a loan agreement with the Minnesota Pollution Control Agency for funding Clean Water Partnership (CWP) Projects. The loans are secured by special assessments placed on the individual parcels. Loan payments are reported in the General Fund.

Long-term debt outstanding at December 31, 2020, for the Lac qui Parle-Yellow Bank Watershed District consists of the following:

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

2. Liabilities and Deferred Inflows of Resources (Continued)

Long-Term Debt - Loans Payable (Continued)

Types of Indebtedness	Final Maturity	Semi Annual Installment Amounts	Interest Rate (%)	Original Issues Amount	Outstanding Balance December 31, 2020
Lac qui Parle River Water Mainstem Quality Enhancement Project	2022	\$ 8,304	2.00%	\$ 149,859	\$ 32,404
North and South Fork Yellow Bank Rivers	2026	24,840	2.00%	448,248	279,574
Clean Water Partnership Project	2029	23,274	2.00%	419,997	362,200
Lac qui Parle Yellow Bank CWP Project	Not Finalized	Not Finalized	Not Finalized	<u>900,000</u>	<u>520,006</u>
Total Loans Payable				<u>\$ 1,918,104</u>	<u>\$ 1,194,184</u>

Debt service requirements at December 31, 2020, were as follows:

Year Ending December 31,	Loans Payable	
	Principal	Interest
2021	\$ 99,851	\$ 12,986
2022	101,857	10,980
2023	87,213	9,016
2024	88,965	7,262
2025	90,754	5,475
2026-2029	205,538	7,062
Total	<u>\$ 674,178</u>	<u>\$ 52,781</u>

Loans of \$520,006 for the Clean Water Partnership Project were not included in the debt service requirements because fixed repayment schedules are not available.



**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

3. Liabilities and Deferred Inflows of Resources (Continued)

Changes in Long-Term Liabilities

Changes in long-term liabilities of the Lac qui Parle-Yellow Bank Watershed District for the year ended December 31, 2020, were:

	Balance January 1	Additions	Deductions	Balance December 31	Amount Due Within One Year
Loans Payable	\$ 1,034,243	\$ 257,824	\$ 97,883	\$ 1,194,184	\$ 99,851
Compensated Balances	9,995	18,758	17,215	11,538	2,514
Total	\$ 1,044,238	\$ 276,582	\$ 115,098	\$ 1,205,722	\$ 102,365

C. Defined Benefit Pension Plans

1. Plan Description

All full-time and certain part-time employees of the Lac qui Parle-Yellow Bank Watershed District are covered by defined benefit pension plans administered by PERA. See Note 4.A. for information on PERA.

2. Contributions

The District's contributions for the General Employees Retirement Plan for the year ended December 31, 2020, were \$15,654. The contributions are equal to the contractually required contributions as set by state statute.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

C. Defined Benefit Pension Plans (Continued)

3. Pension Costs

At December 31, 2020, the District reported a liability of \$173,868 for its proportionate share of the General Employees Fund’s net pension liability. The District’s net pension liability reflected a reduction due to the state of Minnesota’s contribution of \$16 million to the fund in 2020. 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 District totaled \$5,380. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA’s participating employers. The District’s proportionate share was 0.0029% at the end of the measurement period and 0.0028% for the beginning of the period.

District’s Proportionate Share of the Net Pension Liability	\$	173,868
State of Minnesota’s Proportionate Share of the Net Pension Liability Associated with the District		5,380
Total	\$	179,248

For the year ended December 31, 2020, the District recognized pension expense of \$16,089 for its proportionate share of the General Employees Plan’s pension expense. In addition, the District recognized an additional \$468 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.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

C. Defined Benefit Pension Plans (Continued)

3. Pension Costs (Continued)

The District reported its proportionate share of the General Employees Retirement Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 1,585	\$ 658
Changes in Actuarial Assumptions	-	6,446
Difference between Projected and Actual Investment Earnings	3,004	-
Changes in Proportion	15,643	-
Contributions paid to PERA Subsequent to the Measurement Date	7,692	-
Total	\$ 27,924	\$ 7,104

The \$7,692 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (2,068)
2022	6,097
2023	4,898
2024	4,201

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

C. Defined Benefit Pension Plan (Continued)

4. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Proportionate share of the General Employees Retirement Fund net pension liability	\$ 278,651	\$ 173,868	\$ 87,431

**REQUIRED SUPPLEMENTARY INFORMATION**

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT A-1**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,421,187	\$ 3,421,187	\$ 3,276,450	\$ (144,737)
Other Taxes	4,000	4,000	7,433	3,433
Special Assessments	135,000	135,000	128,213	(6,787)
Licenses and Permits	11,980	11,980	19,515	7,535
Intergovernmental	1,227,138	1,227,138	2,319,096	1,091,958
Charges for Services	450,040	450,040	509,994	59,954
Fines and Forfeits	-	-	12,351	12,351
Gifts and Contributions	3,000	3,000	17,815	14,815
Interest on Investments	92,734	92,734	40,884	(51,850)
Miscellaneous	147,952	147,952	212,070	64,118
Total Revenues	5,493,031	5,493,031	6,543,821	1,050,790
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>GENERAL GOVERNMENT</b>				
Commissioners	234,984	234,984	270,287	(35,303)
Courts	20,000	20,000	6,815	13,185
Jury Manager	-	-	2,171	(2,171)
Auditor-Treasurer	671,372	671,372	723,057	(51,685)
Administrator	-	-	4,686	(4,686)
Data Processing	143,441	143,441	120,070	23,371
Elections	44,800	44,800	211,889	(167,089)
County Car	672	672	472	200
Attorney	259,541	259,541	263,571	(4,030)
Recorder	182,743	182,743	135,095	47,648
Assessor	290,465	290,465	254,705	35,760
GIS	9,000	9,000	31,524	(22,524)
Planning and Zoning	48,805	48,805	36,470	12,335
Building and Plant	162,742	162,742	291,043	(128,301)
Veterans Service Officer	102,061	102,061	87,096	14,965
Employee Wellness	-	-	4,275	(4,275)
Other General Government	459,898	459,898	102,355	357,543
Total General Government	2,630,524	2,630,524	2,545,581	84,943
<b>PUBLIC SAFETY</b>				
Sheriff	691,283	691,283	600,614	90,669
Safety/AWAIR	8,500	8,500	4,816	3,684
Sheriff's Forfeiture Activity	-	-	1,775	(1,775)
County Sheriff (City)	254,735	254,735	276,580	(21,845)
Boat and Water Safety	1,511	1,511	5,239	(3,728)
Snowmobile Safety	3,987	3,987	582	3,405

The notes to the required supplementary information are an integral part of this statement.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT A-1  
(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>PUBLIC SAFETY (CONTINUED)</b>				
Coroner	\$ 11,600	\$ 11,600	\$ 12,882	\$ (1,282)
Federal Safe and Sober	2,493	2,493	1,934	559
Crisis Transportation	-	-	6,275	(6,275)
Community Corrections	-	-	298	(298)
E-911 System	85,404	85,404	27,711	57,693
County Jail	495,405	495,405	444,065	51,340
Civil Defense	35,745	35,745	874,526	(838,781)
Ambulance	6,000	6,000	6,000	-
Other	4,234	4,234	2,359	1,875
Total Public Safety	1,600,897	1,600,897	2,265,656	(664,759)
<b>SANITATION</b>				
Solid Waste	61,652	61,652	60,451	1,201
Recycling	158,129	158,129	134,195	23,934
Total Sanitation	219,781	219,781	194,646	25,135
<b>CULTURE AND RECREATION</b>				
Historical Society	13,000	13,000	13,000	-
Parks	17,887	17,887	22,886	(4,999)
Senior Citizens	1,000	1,000	1,000	-
County/Regional Library	75,697	75,697	75,697	-
Other	50,000	50,000	53,587	(3,587)
Total Culture and Recreation	157,584	157,584	166,170	(8,586)
<b>CONSERVATION OF NATURAL RESOURCES</b>				
Extension	97,602	97,602	95,486	2,116
Riparian Project	139,942	139,942	126,864	13,078
Soil and Water Conservation	148,767	148,767	148,767	-
Water Quality	24,231	24,231	24,529	(298)
Agricultural Society/County Fair	19,550	19,550	19,550	-
Ditch Record Modernization	-	-	20,737	(20,737)
Environmental Officer	38,505	38,505	36,846	1,659
Planning and Zoning	40,000	40,000	34,995	5,005
Feedlot Administration	34,421	34,421	38,041	(3,620)
Minnesota River Basin	11,833	11,833	11,833	-
Total Conservation of Natural Resources	554,851	554,851	557,648	(2,797)

The notes to the required supplementary information are an integral part of this statement.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT A-1**

**(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>ECONOMIC DEVELOPMENT</b>				
Airport	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
<b>INTERGOVERNMENTAL</b>				
Public Safety	235,626	235,626	235,626	-
Health	96,768	96,768	102,699	(5,931)
Total Intergovernmental	332,394	332,394	338,325	(5,931)
Total Expenditures	5,503,031	5,503,031	6,075,026	(571,995)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(10,000)	(10,000)	468,795	478,795
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	10,000	10,000	29,951	19,951
Insurance Proceeds	-	-	10,000	10,000
Proceeds from Sale of Capital Assets	-	-	1,228	1,228
Total Other Financing Sources (Uses)	10,000	10,000	41,179	31,179
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	509,974	<u>\$ 509,974</u>
Fund Balance - Beginning of Year			4,365,849	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 4,875,823</u>	

The notes to the required supplementary information are an integral part of this statement.



**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT A-2**

**BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,835,203	\$ 1,835,203	\$ 1,618,140	\$ (217,063)
Other Taxes	85,000	85,000	84,735	(265)
Intergovernmental	5,624,000	5,624,000	6,687,740	1,063,740
Charges for Services	67,000	67,000	69,791	2,791
Interest on Investments	85,000	85,000	81,786	(3,214)
Miscellaneous	128,500	128,500	112,647	(15,853)
Total Revenues	7,824,703	7,824,703	8,654,839	830,136
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HIGHWAY AND STREETS</b>				
Administration	253,494	253,494	267,327	(13,833)
Construction	3,710,584	3,710,584	3,249,225	461,359
Maintenance	2,432,032	2,432,032	2,821,762	(389,730)
Equipment and Maintenance Shops	482,093	482,093	404,466	77,627
Total Highways and Streets	6,878,203	6,878,203	6,742,780	135,423
<b>INTERGOVERNMENTAL</b>				
Highways and Streets	600,000	600,000	619,274	(19,274)
Total Expenditures	7,478,203	7,478,203	7,362,054	116,149
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>346,500</u>	<u>346,500</u>	<u>1,292,785</u>	<u>946,285</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	-	-	65,212	65,212
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 346,500</u>	<u>\$ 346,500</u>	1,357,997	<u>\$ 1,011,497</u>
Fund Balance - Beginning of Year			12,431,281	
Increase in Inventory			164,996	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 13,954,274</u>	

The notes to the required supplementary information are an integral part of this statement.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT A-3**

**BUDGETARY COMPARISON SCHEDULE  
FAMILY SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,072,506	\$ 1,072,506	\$ 947,072	\$ (125,434)
Intergovernmental	1,662,471	1,662,471	1,624,569	(37,902)
Charges for Services	274,584	274,584	275,398	814
Interest on Investments	80,000	80,000	32,448	(47,552)
Miscellaneous	35,969	35,969	58,334	22,365
Total Revenues	3,125,530	3,125,530	2,937,821	(187,709)
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HUMAN SERVICES</b>				
Income Maintenance	854,962	854,962	838,686	16,276
Social Services	2,270,568	2,270,568	1,877,858	392,710
Total Expenditures	3,125,530	3,125,530	2,716,544	408,986
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Capital Assets	-	-	2,233	2,233
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	223,510	<u>\$ 223,510</u>
Fund Balance - Beginning of Year			5,221,606	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 5,445,116</u>	

The notes to the required supplementary information are an integral part of this statement.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT A-4**

**BUDGETARY COMPARISON SCHEDULE  
DITCH SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ 250,000	\$ 250,000	\$ 366,573	\$ 116,573
Intergovernmental	-	-	116,533	116,533
Interest on Investments	12,451	12,451	6,287	(6,164)
Miscellaneous	-	-	35,447	35,447
Total Revenues	262,451	262,451	524,840	262,389
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>CONSERVATION OF NATURAL RESOURCES</b>				
Other	252,451	252,451	1,295,590	(1,043,139)
<b>INTERGOVERNMENTAL</b>				
Conservation	-	-	10,164	(10,164)
<b>DEBT SERVICE</b>				
Principal	-	-	48,782	(48,782)
Interest	-	-	24,771	(24,771)
Bond Issuance Costs	-	-	16,590	(16,590)
Total Debt Service	-	-	90,143	(90,143)
Total Expenditures	252,451	252,451	1,395,897	(1,143,446)
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	10,000	10,000	(871,057)	(881,057)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(10,000)	(10,000)	(29,951)	(19,951)
Proceeds from Bond Issuance	-	-	1,016,000	1,016,000
Total Other Financing Sources (Uses)	(10,000)	(10,000)	986,049	996,049
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	114,992	\$ 114,992
Fund Balance - Beginning of Year			558,672	
Prior Period Adjustment			(365,475)	
Fund Balances - Beginning of Year, As Restated			193,197	
<b>FUND BALANCE - END OF YEAR</b>			\$ 308,189	

The notes to the required supplementary information are an integral part of this statement.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT A-5**

**SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL  
OPEB LIABILITY AND RELATED RATIOS  
LAST TEN MEASUREMENT PERIODS**

Plan Reporting Period Ended	12/31/2020	12/31/2019	12/31/2018
Employer Measurement Date	<u>1/1/2020</u>	<u>1/1/2019</u>	<u>1/1/2018</u>
Total OPEB Liability			
Service Cost	\$ 45,512	\$ 42,682	\$ 44,428
Interest	16,967	14,107	13,737
Difference Between Expected and Actual Experience	(70,632)	-	-
Changes of Assumptions	4,528	(11,539)	-
Benefit Payments	<u>(31,228)</u>	<u>(26,985)</u>	<u>(63,142)</u>
Net Change in Total OPEB Liability	(34,853)	18,265	(4,977)
Total OPEB Liability - Beginning	416,448	398,183	403,160
Total OPEB Liability - Ending	<u>\$ 381,595</u>	<u>\$ 416,448</u>	<u>\$ 398,183</u>
Covered Employee Payroll	\$ 3,853,769	\$ 3,267,157	\$ 3,171,997
Total OPEB Liability as a Percentage of the Covered Employee Payroll	9.9%	12.7%	12.6%

Notes to Schedule:

The OPEB plan is not administered through a trust, and there are no assets accumulated in trust for payment of benefits.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT A-6**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
LAC QUI PARLE COUNTY  
LAST TEN MEASUREMENT PERIODS**

	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
<b>PERA - General Employees Retirement Plan</b>						
County's Proportion of the Net Pension Liability	0.0415%	0.0414%	0.0415%	0.0422%	0.0424%	0.0407%
County's Proportionate Share of the Net Pension Liability	\$ 2,488,115	\$ 2,288,913	\$ 2,302,250	\$ 2,694,020	\$ 3,442,670	\$ 2,109,285
State's Proportionate Share of the Net Pension Liability	\$ 76,582	\$ 71,164	\$ 78,581	\$ 33,843	\$ 45,011	\$ -
Total Proportionate Share of the Net Pension Liability	\$ 2,564,697	\$ 2,360,077	\$ 2,380,831	\$ 2,727,863	\$ 3,487,681	\$ 2,109,285
County's Covered Payroll	\$ 2,958,198	\$ 2,929,563	\$ 2,792,289	\$ 2,716,091	\$ 2,631,796	\$ 2,394,275
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	84.11%	78.13%	82.45%	99.19%	130.81%	88.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.10%	80.20%	79.50%	75.90%	68.90%	78.20%
<b>PERA - Public Employees Police and Fire Plan</b>						
County's Proportion of the Net Pension Liability	0.0505%	0.0511%	0.0506%	0.0480%	0.0520%	0.0540%
County's Proportionate Share of the Net Pension Liability	\$ 665,644	\$ 544,011	\$ 539,344	\$ 648,057	\$ 2,086,850	\$ 613,566
State's Proportionate Share of the Net Pension Liability	\$ 15,685	\$ -	\$ -	\$ -	\$ -	\$ -
Total Proportionate Share of the Net Pension Liability	\$ 681,329	\$ 544,011	\$ 539,344	\$ 648,057	\$ 2,086,850	\$ 613,566
County's Covered Payroll	\$ 570,127	\$ 538,809	\$ 504,975	\$ 495,557	\$ 499,799	\$ 492,919
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	116.75%	100.97%	106.81%	130.77%	417.54%	124.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.20%	89.30%	88.80%	85.43%	63.90%	82.30%
<b>PERA - Local Government Correctional Plan</b>						
County's Proportion of the Net Pension Liability	0.0885%	0.1004%	0.1044%	0.0900%	0.0900%	0.0900%
County's Proportionate Share of the Net Pension Liability	\$ 24,013	\$ 13,899	\$ 17,172	\$ 256,501	\$ 328,783	\$ 13,914
County's Covered Payroll	\$ 192,558	\$ 214,153	\$ 212,544	\$ 180,906	\$ 164,570	\$ 161,567
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	12.47%	6.49%	8.08%	141.79%	199.78%	8.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.70%	98.20%	97.60%	67.89%	58.20%	96.90%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The measurement date for each year-end is June 30.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT A-7**

**SCHEDULE OF PENSION CONTRIBUTIONS  
LAC QUI PARLE COUNTY  
LAST TEN YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>PERA - General Employees Retirement Plan</b>						
Contractually Required Contribution	\$ 238,576	\$ 232,204	\$ 215,615	\$ 204,271	\$ 202,193	\$ 186,855
Contributions in Relation to the Contractually Required Contribution	<u>(238,576)</u>	<u>(232,204)</u>	<u>(215,615)</u>	<u>(204,271)</u>	<u>(202,193)</u>	<u>(186,855)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 3,181,013	\$ 3,096,053	\$ 2,874,867	\$ 2,723,613	\$ 2,695,883	\$ 2,491,400
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
<b>PERA - Public Employees Police and Fire Plan</b>						
Contractually Required Contribution	\$ 107,942	\$ 100,043	\$ 82,719	\$ 86,276	\$ 80,604	\$ 80,893
Contributions in Relation to the Contractually Required Contribution	<u>(107,942)</u>	<u>(100,043)</u>	<u>(82,719)</u>	<u>(86,276)</u>	<u>(80,604)</u>	<u>(80,893)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 666,309	\$ 617,549	\$ 510,611	\$ 532,568	\$ 497,554	\$ 499,343
Contributions as a Percentage of Covered Payroll	16.20%	16.20%	16.20%	16.20%	16.20%	16.20%
<b>PERA - Local Government Correctional Plan</b>						
Contractually Required Contribution	\$ 16,232	\$ 19,601	\$ 18,993	\$ 17,472	\$ 14,664	\$ 14,134
Contributions in Relation to the Contractually Required Contribution	<u>(16,232)</u>	<u>(19,601)</u>	<u>(18,993)</u>	<u>(17,472)</u>	<u>(14,664)</u>	<u>(14,134)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 185,509	\$ 224,011	\$ 217,063	\$ 199,680	\$ 167,592	\$ 161,527
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. The County's year-end is December 31.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT A-8**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT  
LAST TEN MEASUREMENT PERIODS**

	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
<b>PERA - General Employees Retirement Plan</b>						
District's Proportion of the Net Pension Liability	0.0029%	0.0028%	0.0025%	0.0024%	0.0023%	0.0022%
District's Proportionate Share of the Net Pension Liability	\$ 173,868	\$ 154,806	\$ 138,690	\$ 153,214	\$ 186,749	\$ 114,015
State's Proportionate Share of the Net Pension Liability	\$ 5,380	\$ 4,666	\$ 4,581	\$ 1,910	\$ 2,408	-
Total Proportionate Share of the Net Pension Liability	\$ 179,248	\$ 159,472	\$ 143,271	\$ 155,124	\$ 189,157	\$ 114,015
District's Covered Payroll	\$ 205,105	\$ 199,550	\$ 150,487	\$ 148,867	\$ 137,077	\$ 133,986
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	84.77%	77.58%	92.16%	102.92%	136.24%	85.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.10%	80.20%	79.50%	75.90%	68.90%	78.20%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The measurement date for each year-end is June 30.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT A-9**

**SCHEDULE OF PENSION CONTRIBUTIONS  
LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT  
LAST TEN YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>PERA - General Employees Retirement Plan</b>						
Contractually Required Contribution	\$ 15,654	\$ 14,779	\$ 14,354	\$ 10,312	\$ 11,016	\$ 10,077
Contributions in Relation to the Contractually Required Contribution	<u>(15,654)</u>	<u>(14,779)</u>	<u>(14,354)</u>	<u>(10,312)</u>	<u>(11,016)</u>	<u>(10,077)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 208,720	\$ 197,053	\$ 191,387	\$ 137,493	\$ 146,883	\$ 134,353
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The Watershed District's year-end is December 31.



**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020

1. General Budget Policies

The Lac qui Parle County Board adopts estimated revenue and expenditure budgets for the General Fund and the special revenue funds, except the EDA Fund. The expenditure budget is approved at the fund level.

The budgets may be amended or modified at any time by the County Board. Expenditures may not legally exceed budgeted appropriations. Comparison of the final budgeted revenues and expenditures to actual are presented in required supplementary information for the General Fund and special revenue funds, except the EDA Fund.

2. Budget Basis of Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

3. Budget Amendments

The County did not amend the budgets for the General Fund or any of the special revenue funds.

4. Excess of Expenditures Over Budget

Expenditures exceeded final budgets in the following funds:

Fund	Expenditures	Budget	Excess
Major Governmental Funds:			
General Fund	\$ 6,075,026	\$ 5,503,031	\$ 571,995
Ditch Fund	1,395,897	252,451	1,143,446

5. Defined Benefit Pension Plans

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

General Employees Fund

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

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

2019 Changes

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

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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General Employees Fund (Continued)

2018 Changes

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, 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

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

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

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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General Employees Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions:

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

Police and Fire Fund

2020 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

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.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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Police and Fire Fund (Continued)

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

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 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and nonvested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent 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 3.00 percent 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 65.00 percent to 60.00 percent.
- 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.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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Police and Fire Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

Changes in Plan Provisions:

- The postretirement benefit increase to be paid after the attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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Correctional Fund

2020 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

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

Changes in Actuarial Assumptions

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The morality projection scale was changed from MP-2016 to MP-2017.
- The assumed postretirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85.00 percent for two consecutive years or 80.00 percent for one year, the maximum increase will be lowered to 1.50 percent.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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Correctional Fund (Continued)

2017 Changes

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 30.00 percent for vested and nonvested, deferred members. The CSA has been changed to 35.00 percent for vested members and 1.00 percent for nonvested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 5.31 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.5 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

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.



**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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5. Other Postemployment Benefit Plans

The following changes were reflected for the year ended December 31:

2020

- The discount rate was changed from 3.8% to 2.9%.
- 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-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contact group.

2019

- The discount rate was changed from 3.30% to 3.80%.

2018

Benefit Changes

- There have been no substantive plan provision changes since the last full valuation.

Assumption Changes

- The healthcare trend rates were changed to better anticipate short-term and long term medical increases.
- The mortality tables were updated from the RP-2000 Combined Healthy Tables projected to 2012 with Scale BB (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal table for all employees were updated.
- The discount rate was changed from 4.50% to 3.30%.

**SUPPLEMENTARY INFORMATION**

## **FIDUCIARY FUNDS**

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**DESCRIPTION OF THE FUNDS  
CUSTODIAL FUNDS**

The Collaborative Fund is used to account for the collection and payments to the local collaborative.

The State Revenue Fund is used to account for the collection and payments to the state of Minnesota.

The Taxes and Penalties Fund is used to account for the receipts and disbursements of taxes and penalties in the various taxing districts.

The Estate Recoveries Fund is used to account for the State's portion of funds that are recovered from estates for clients that are on Medical Assistance and other programs.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT B-1**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
DECEMBER 31, 2020**

	Custodial Funds				Total Custodial Funds
	Collaborative	State Revenue	Taxes and Penalties	Estate Recoveries	
<b>ASSETS</b>					
Cash and Investments	\$ 138,982	\$ 20,310	\$ 249,747	5,447	\$ 414,486
Taxes Receivable - Delinquent	-	-	97,589	-	97,589
Due From Other Governments	12,866	-	-	-	12,866
Accrued Interest Receivable	98	-	-	-	98
Accounts Receivable	-	230	-	-	230
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 151,946</u>	<u>\$ 20,540</u>	<u>\$ 347,336</u>	<u>\$ 5,447</u>	<u>\$ 525,269</u>
<b>LIABILITIES</b>					
Due to Others	\$ -	\$ -	\$ -	\$ 5,447	\$ 5,447
Due to Other Governments	-	20,540	192,388	-	212,928
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>\$ -</u>	<u>\$ 20,540</u>	<u>\$ 192,388</u>	<u>\$ 5,447</u>	<u>\$ 218,375</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes Collected for Subsequent Period	\$ -	\$ -	\$ 57,359	\$ -	\$ 57,359
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET POSITION</b>					
Restricted For:					
Individuals, Organizations and Other					
Governments	\$ 151,946	\$ -	\$ 97,589	\$ -	\$ 249,535
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT B-2**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Custodial Funds				Total Custodial Funds
	Collaborative	State Revenue	Taxes and Penalties	Estate Recoveries	
<b>ADDITIONS</b>					
Contributions:					
Individuals	\$ -	\$ -	\$ -	\$ 121,027	\$ 121,027
Property Tax Collections for Other Governments	-	-	8,007,193	-	8,007,193
License and Fees Collected for State	-	1,160,741	-	-	1,160,741
Grants for Other Entities	54,638	-	-	-	54,638
Miscellaneous	850	-	-	-	850
Total Additions	<u>55,488</u>	<u>1,160,741</u>	<u>8,007,193</u>	<u>121,027</u>	<u>9,344,449</u>
<b>DEDUCTIONS</b>					
Payments of Property Taxes to Other Governments	\$ -	\$ -	\$ 8,058,032	\$ -	\$ 8,058,032
Payments to State	-	1,160,741	-	121,027	1,281,768
Payments to Other Entities	53,858	-	-	-	53,858
Total Deductions	<u>53,858</u>	<u>1,160,741</u>	<u>8,058,032</u>	<u>121,027</u>	<u>9,393,658</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	<u>\$ 1,630</u>	<u>\$ -</u>	<u>\$ (50,839)</u>	<u>\$ -</u>	<u>\$ (49,209)</u>
Fiduciary Net Position, Beginning of Year	-	-	-	-	-
Change in Accounting Principle	150,316	-	148,428	-	298,744
Fiduciary Net Position, Beginning of Year, as Restated	<u>150,316</u>	<u>-</u>	<u>148,428</u>	<u>-</u>	<u>298,744</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u>\$ 151,946</u>	<u>\$ -</u>	<u>\$ 97,589</u>	<u>\$ -</u>	<u>\$ 249,535</u>

## **OTHER SCHEDULES**

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT C-1**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Primary Government</b>	<b>Discretely Presented Component Unit Lac qui Parle- Yellow Bank Watershed District</b>
<b>Appropriations and Shared Revenue</b>		
<b>State</b>		
Highway Users Tax	\$ 5,904,002	\$ -
Market Value Credit	199,192	9,427
PERA Indirect Aid	11,185	-
Disparity Reduction Aid	51,195	-
County Program Aid	532,602	-
County Aquatic Inspection Aid	41,422	-
Police Aid	74,820	-
E-911	79,283	-
Riparian Protection Aid	142,254	-
SCORE	69,692	-
<b>Total Appropriations and Shared Revenue</b>	<b>\$ 7,105,647</b>	<b>\$ 9,427</b>
<b>Reimbursement for Services</b>		
<b>State</b>		
Minnesota Department of Human Services	\$ 268,865	\$ -
Minnesota Department of Public Safety	7,527	-
<b>Local</b>		
Lac qui Parle County	-	698,370
<b>Total Reimbursements for Services</b>	<b>\$ 276,392</b>	<b>\$ 698,370</b>
<b>Payments</b>		
<b>Local</b>		
Payments in Lieu of Taxes	\$ 361,439	\$ -
<b>Grants</b>		
<b>State</b>		
Minnesota Department/Board of Education	\$ 4,275	\$ -
Human Services	587,830	-
Natural Resources	56,887	-
Public Safety	39,868	-
Veterans Affairs	7,500	-
Water and Soil Resources	81,122	14,242
Secretary of State	19,680	-
Transportation	63,389	-
Pollution Control Agency	20,856	23,574
<b>Total State</b>	<b>\$ 881,407</b>	<b>\$ 37,816</b>
<b>Federal</b>		
Department of Agriculture	\$ 87,502	\$ -
Election	8,878	-
Finance	941,563	-
Justice	22,971	-
Transportation	406,182	-
Health and Human Services	561,525	-
Homeland Security	102,895	-
<b>Total Federal</b>	<b>\$ 2,131,516</b>	<b>\$ -</b>
<b>Total State and Federal Grants</b>	<b>\$ 3,012,923</b>	<b>\$ 37,816</b>
<b>Total Intergovernmental Revenue</b>	<b>\$ 10,756,401</b>	<b>\$ 745,613</b>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.



**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2020**

**EXHIBIT C-2**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Agriculture</b>				
Passed Through Minnesota Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	192MN101S2514	\$ 87,502	\$ -
<b>U.S. Department of Justice</b>				
Passed Through Minnesota Department of Public Safety				
Crime Victim Assistance	16.575	F-CVS-2020- LACCAO-6684	28,583	-
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Public Safety				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	SAP 037-070-007	406,182	-
<b>U.S. Department of Treasury</b>				
Passed Through Minnesota Department of Management and Budget				
COVID-19 Coronavirus Relief Fund	21.019	STL0016	941,563	124,113
<b>U.S. Federal Election Assistance Commission</b>				
Passed Through Minnesota Department of Management and Budget				
COVID-19 2018 HAVA Election Security Grants	90.404	EAC201908MN	8,878	-
<b>U.S. Department of Health and Human Services</b>				
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	2001MNFPS	1,167	-
Temporary Assistance for Needy Families	93.558	2001MNTANF	21,497	-
Child Support Enforcement	93.563	2001MNCES	20,569	-
Child Support Enforcement	93.563	2001MNCSES	78,465	-
(Total Child Support Enforcement 93.563 \$99,034)				
Refugee and Entrant Assistance State/Replacement				
Designee Administered Programs	93.566	2001MNRCA	102	-
Child Care and Development Block Cluster				
Child Care and Development Block Grant	93.575	2001MNCCDF	673	-
Parental Support Outreach Program - Children's Trust Fund	93.590	1901MNBCAP	1,607	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	1,011	-
Foster Care Title IV-E	93.658	2001MNFOS	23,537	-
Social Services Block Grant	93.667	2001MNSOS	65,169	-

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

**EXHIBIT C-2  
(Continued)**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Health and Human Services (Continued)</b>				
Children Health Insurance Program Medicaid Cluster	93.767	2005MN5021	\$ 186	\$ -
Medical Assistance Program	93.778	2005MN5ADM	341,860	-
Passed Through Minnesota River Area Agency on Aging Aging Cluster				
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	316-10-CARE-073	4,999	-
<b>Total U.S. Department of Health and Human Services</b>			<u>560,842</u>	<u>-</u>
<b>U.S. Department of Homeland Security</b>				
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	FBE-090820	3,537	-
Passed Through Minnesota Department of Public Safety Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	EMGP-2020- -3834	203,263	-
Emergency Management Performance Grants	97.042	LACQUICO-039	16,148	-
Passed Through Emergency Food and Shelter National Board Emergency Food and Shelter	97.024	4859-19	3,593	-
<b>Total U.S. Department of Homeland Security</b>			<u>226,541</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,260,091</u>	<u>\$ 124,113</u>
<b>Totals by Cluster</b>				
Total Expenditures for SNAP Cluster			\$ 87,502	
Total Expenditures for Highway Planning and Construction Cluster			406,182	
Total Expenditures for Child Care and Development Block Cluster			673	
Total Expenditures for Medicaid Cluster			341,860	
Total Expenditures for Aging Cluster			4,999	

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2020**

1. Reporting Entity

The schedule of expenditures of federal awards presents the activities of federal award programs expended by Lac qui Parle County. The County’s reporting entity is defined in Notes 1 to the financial statements.

2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lac qui Parle County under programs of the federal government for the year ended December 31, 2020. 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 Lac qui Parle County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lac qui Parle County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on a modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards, with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowability costs. Under these principles, certain types of expenditures were not allowable or are limited as to reimbursements. Lac qui Parle County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation to Schedule of Intergovernmental Revenue

**Reconciliation of SEFA to Schedule of Intergovernmental Revenue**

Total federal revenue per Schedule of Intergovernmental Revenue	\$	2,131,516
Grants received more than 60 days after year-end deferred in 2020		
Department of Transportation		123,646
Department of Justice		5,612
Health and Human Services		143
Grants deferred in 2019, recognized as revenue in 2020		
Health and Human Services		(826)
<b>Total Federal Awards per Schedule of Expenditures of Federal Awards</b>	<b>\$</b>	<b><u>2,260,091</u></b>

**LAC QUI PARLE – YELLOW BANK  
WATERSHED DISTRICT**

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT D-1**

**LAC QUI PARLE – YELLOW BANK WATERSHED DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,049,071
Taxes Receivable	14,813
Special Assessments Receivable	
Noncurrent	880,945
Accounts Receivable - Net	28,607
Due from Primary Government	437,474
Capital Assets	
Non-depreciable	628,458
Depreciable (Net)	<u>4,018,545</u>
Total Assets	<u>\$ 8,057,913</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related	<u>\$ 27,924</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 13,927
Contracts Payable	36,491
Salaries Payable	16,056
Due to Other Governments	877
Unearned Revenue	155,267
ISTS Loans	
Due Within One Year	99,851
Due in More than One Year	1,094,333
Compensated Absences Payable	
Due Within One Year	2,514
Due in More than One Year	9,024
Net Pension Liability	<u>173,868</u>
Total Liabilities	<u>\$ 1,602,208</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related	<u>\$ 7,104</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 4,647,003
Restricted For:	
Conservation of Natural Resources	1,341,987
Unrestricted	<u>487,535</u>
Total Net Position	<u>\$ 6,476,525</u>

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT D-2**

**LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense)
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
<b>GOVERNMENTAL ACTIVITIES</b>					
Culture and Recreation	\$ 128,579	\$ 189,290	\$ -	\$ -	\$ 60,711
Conservation of Natural Resources	1,435,873	279,737	839,027	-	(317,109)
Interest	14,954	-	-	-	(14,954)
Total Governmental Activities	\$ 1,579,406	\$ 469,027	\$ 839,027	\$ -	\$ (271,352)
<b>GENERAL REVENUES</b>					
Property Taxes					\$ 273,565
Payments in Lieu of Tax					5,848
Grants and Contributions not Restricted for a Particular Purpose					9,427
Investment Earnings					6,998
Miscellaneous					69,164
Total General Revenues					365,002
<b>CHANGE IN NET POSITION</b>					93,650
Net Position - Beginning of Year					6,382,875
<b>NET POSITION - END OF YEAR</b>					\$ 6,476,525

**LAC QUI PARLE COUNTY**  
**MADISON, MINNESOTA**

**EXHIBIT D-3**

**LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT**  
**GOVERNMENTAL FUNDS – BALANCE SHEET**  
**DECEMBER 31, 2020**

	General	Ditch Special Revenue	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,966,567	\$ 82,504	\$ 2,049,071
Taxes Receivable	14,813	-	14,813
Special Assessments Receivable			
Noncurrent	880,945	-	880,945
Accounts Receivable	28,607	-	28,607
Due from Other Governments	437,474	-	437,474
Total Assets	\$ 3,328,406	\$ 82,504	\$ 3,410,910
<b>LIABILITIES</b>			
Accounts Payable	\$ 12,637	\$ 1,290	\$ 13,927
Contracts Payable	36,491		36,491
Salaries Payable	16,056	-	16,056
Due to Other Governments	877	-	877
Unearned Revenue	155,267	-	155,267
Total Liabilities	221,328	1,290	222,618
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue	1,353,694	-	1,353,694
<b>FUND BALANCES</b>			
Restricted			
Septic/Sewer Loans	381,113	-	381,113
Ditch Repairs and Maintenance	-	81,214	81,214
Assigned			
Flood Control	242,669	-	242,669
Unassigned	1,129,602	-	1,129,602
Total Fund Balances	1,753,384	81,214	1,834,598
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,328,406	\$ 82,504	\$ 3,410,910

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT D-4**

**LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL  
ACTIVITIES  
DECEMBER 31, 2020**

<b>TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS</b>	\$	1,834,598
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
		4,647,003
The Watershed'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	\$	(173,868)
Deferred Inflows of Resources - Pension Related		(7,104)
Deferred Outflows of Resources - Pension Related		27,924
		(153,048)
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.		
		1,353,694
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Loans Payable		(1,194,184)
Compensated Absences		(11,538)
		<u>(1,205,722)</u>
<b>TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	\$	<u><u>6,476,525</u></u>



**LAC QUI PARLE COUNTY**  
**MADISON, MINNESOTA**

**EXHIBIT D-5**

**LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Ditch Special Revenue	Total
<b>REVENUES</b>			
Taxes	\$ 282,049	\$ -	\$ 282,049
Special Assessments	151,633	656	152,289
Intergovernmental	745,613	-	745,613
Charges for Services	195,073	-	195,073
Interest on Investments	6,980	18	6,998
Miscellaneous	61,950	10,000	71,950
Total Revenues	1,443,298	10,674	1,453,972
<b>EXPENDITURES</b>			
<b>CURRENT</b>			
Culture and Recreation	117,105	-	117,105
Conservation of Natural Resources	1,378,521	21,076	1,399,597
<b>DEBT SERVICE</b>			
Principal	97,883	-	97,883
Interest	14,954	-	14,954
Total Expenditures	1,608,463	21,076	1,629,539
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(165,165)	(10,402)	(175,567)
<b>OTHER FINANCING SOURCES (USES)</b>			
Loans Issued	257,824	-	257,824
<b>NET CHANGE IN FUND BALANCES</b>	92,659	(10,402)	82,257
Fund Balances - Beginning of Year	1,660,725	91,616	1,752,341
<b>FUND BALANCES - END OF YEAR</b>	\$ 1,753,384	\$ 81,214	\$ 1,834,598

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT D-6**

**LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-  
WIDE STATEMENT OF ACTIVITIES GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS** \$ 82,257

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

In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease as unavailable.

Unavailable revenue - December 31	\$ 1,353,694	
Unavailable revenue - January 1	<u>(1,134,610)</u>	219,084

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Current Year Depreciation		28,891 (74,528)
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Governmental funds report loans issued as other financing sources. However, in the statement of activities, the loans are reported as a liability.		(257,824)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		97,883
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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 Compensated Absences	(1,544)	
Change in Net Pension Liability	(19,062)	
Change in Deferred Pension Outflows	(2,262)	
Change in Deferred Pension Inflows	<u>20,755</u>	<u>(2,113)</u>

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<u><u>\$ 93,650</u></u>
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**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**EXHIBIT D-7**

**LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 290,000	\$ 290,000	\$ 282,049	\$ (7,951)
Special Assessments	-	-	151,633	151,633
Intergovernmental	516,426	516,426	745,613	229,187
Charges for Services	189,000	189,000	195,073	6,073
Interest on Investments	2,650	2,650	6,980	4,330
Miscellaneous	37,500	37,500	61,950	24,450
Total Revenues	1,035,576	1,035,576	1,443,298	407,722
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>CULTURE AND RECREATION</b>				
Parks	133,823	133,823	117,105	16,718
<b>CONSERVATION OF NATURAL RESOURCES</b>				
Watershed	388,471	388,471	1,378,521	(990,050)
<b>DEBT SERVICE</b>				
Principal	-	-	97,883	(97,883)
Interest	-	-	14,954	(14,954)
Total Debt Service	-	-	112,837	(112,837)
Total Expenditures	522,294	522,294	1,608,463	(1,086,169)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	513,282	513,282	(165,165)	(678,447)
<b>OTHER FINANCING SOURCES (USES)</b>				
Loans Issued	500,000	500,000	257,824	(242,176)
Total Other Financing Sources (Uses)	500,000	500,000	257,824	(242,176)
<b>NET CHANGE IN FUND BALANCE</b>	\$ 1,013,282	\$ 1,013,282	92,659	\$ (920,623)
Fund Balance - Beginning of Year			1,660,725	
<b>FUND BALANCE - END OF YEAR</b>			\$ 1,753,384	



**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  
Lac qui Parle County, Minnesota  
Madison, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Lac qui Parle County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Lac qui Parle County's (the County) basic financial statements, and have issued our report thereon dated August 24, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lac qui Parle County's internal control. Accordingly, we do not express an opinion on the effectiveness of Lac qui Parle County's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-003 to be a significant deficiency.

### **Compliance and Other Matters**

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

### **County's Response to Findings**

Lac qui Parle County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lac qui Parle County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Alexandria, Minnesota  
August 24, 2021



**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  
Lac qui Parle County  
Madison, Minnesota

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

We have audited Lac qui Parle County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Lac qui Parle County's major federal program for the year ended December 31, 2020. Lac qui Parle County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***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 Lac qui Parle 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 Lac qui Parle 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 Lac qui Parle County's compliance.

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

In our opinion, Lac qui Parle County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

***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 2020-004. Our opinion on the major federal program is not modified with respect to these matters.

Lac qui Parle County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of finding and questioned costs. Lac qui Parle County's response was not subjected 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 Lac qui Parle 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 Lac qui Parle 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 Lac qui Parle 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-004, that we consider to be a material weakness.

**Lac qui Parle County's Responses to Findings**

Lac qui Parle 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. Lac qui Parle County's response was not subjected 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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Alexandria, Minnesota  
August 24, 2021



LAC QUI PARLE COUNTY  
MADISON, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2020

SECTION I – SUMMARY OF AUDITORS’ RESULTS

*Financial Statements*

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?            yes     X     no

*Federal Awards*

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee?            yes     X     No

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2020-001 – MATERIAL AUDIT ADJUSTMENTS AND A PRIOR PERIOD ADJUSTMENT – COUNTY AND THE WATERSHED DISTRICT**

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

**Condition:** There were material audit adjustments to record additional receivables and unavailable revenue in the general and road and bridge fund, record additional expenditures and due to component unit in the ditch fund, and material audit adjustments related to the implementation of GASB 84. There was also a prior period adjustment in the ditch fund for amounts paid to the Watershed District in 2020 that related to 2017-2019 for costs that were not expensed in these years. In the Watershed District, there were material audit adjustments to record additional retainage payable and to record additional receivables and unavailable revenue.

**Criteria:** The County and the District's management are responsible for establishing and maintaining internal controls for the proper recording of all the entity's receipts and disbursements, including applicable accruals.

**Cause:** The County did not have a process in place to track costs accruing by the watershed on behalf of the County. The implementation of the new standard required the collection of data that was not readily available in IFS.

**Effect:** Errors in the preparation of year-end balances increases the risk related to financial statement misstatements.

**Repeat Finding:** Yes, reported originally as 2017-001

**Recommendation:** We recommend management be aware of all procedures and processes involved in recording year-end balances and develop internal controls to ensure proper recording of these items. Considering reviewing the accounting changes for fiduciary activities and updating the tracking for these activities in IFS to allow for smooth year-end reconciliation and reporting.

**Views of Responsible Officials:** Management agrees and will ensure all year-end balances are reconciled.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2020-002 - LACK OF SEGREGATION OF DUTIES – WATERSHED DISTRICT**

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

**Condition:** The Lac qui Parle-Yellow Bank Watershed District lacks proper segregation of duties. Throughout 2020, one person was primarily responsible for billing, collecting, recoding, and reconciling the financial transactions.

**Criteria:** Effective internal control provides an adequate segregation of duties so that no one individual regularly handles a transaction from its inception to its completion.

**Cause:** The District and authority have a limited number of employees and therefore is not able to adequately segregate duties.

**Effect:** Inadequate segregation of duties could adversely affect the entity's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

**Repeat Finding:** Yes, reported originally as 2007-001

**Recommendation:** We recommend the Board be aware of the lack of segregation of duties within the accounting functions and continue to provide oversight by thoroughly reviewing financial data on a monthly basis.

**Views of Responsible Officials:** Management agrees and will look for ways to further segregate duties in 2021.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2020-003 – ACCOUNTING POLICIES AND PROCEDURES – WATERSHED DISTRICT**

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

**Condition:** The Lac qui Parle-Yellow Bank Watershed District does not have written accounting policies and procedures.

**Criteria:** District management is responsible for the District's internal control over financial reporting. Documentation of the internal controls should occur in the form of an accounting manual or through formal policies. These policies should be designed to help detect and deter fraud and include monitoring procedures.

**Cause:** No formal action has been taken to provide District personnel with procedures to perform consistent treatment of accounting transactions.

**Effect:** A lack of formal accounting policies and procedures could result in inconsistent accounting from year to year. In addition, should a key individual terminate employment, the procedures would not be documented to allow for a smooth transition.

**Repeat Finding:** Yes, reported originally as 2016-001

**Recommendation:** We recommend the District develop and approve written accounting policies and procedures.

**Views of Responsible Officials:** Management agrees and will continue to develop accounting policies and procedures.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

**SECTION III – MAJOR PROGRAM FINDINGS AND COMPLIANCE**

**2020-004 – REPORTING**

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

**Federal Program Title:** COVID-19 Coronavirus Relief Fund

**CFDA Number:** 21.019

**Pass-Through Agency:** Minnesota Department of Management and Budget

**Pass-Through Number(s):** SLT0016

**Award Period:** March 1, 2020 – December 1, 2020

**Type of Finding:** Material Weakness in Internal Control Over Compliance and Other Matters

**Condition:** In a statistically valid sample of reports tested, it was noted that three of the five reports tested were not submitted timely. Five of five reports did not have documentation of review, and documentation from the accounting system to support the expenditures submitted was not retained.

**Criteria:** The granting agency required an expenditure report within seven business days of the end of the previous month. Title 2 U.S. Code of Federal Regulations § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

**Questioned Costs:** Not applicable.

**Cause:** The program was a new source of funding and the County did not have proper internal control procedures in place.

**Effect:** The County did not have controls in place to prevent or detect errors in the monthly expenditure reports or ensure the reports were submitted on time.

**Repeat Finding:** No.

**Recommendation:** We recommend County management implement internal controls over federal grant reporting. Reports should be reviewed by someone other than the preparer prior to submitting to the pass-through agency to ensure accuracy and completeness, and the documentation of the review and approval of the reports should be retained along with the support. Both the preparer and reviewer should ensure that the reports are submitted in a timely matter.

**Views of Responsible Officials:** Concur.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

**SECTION IV – MINNESOTA LEGAL COMPLIANCE**

**2020-005 – TRAVEL POLICY – WATERSHED DISTRICT**

**Condition:** The Lac qui Parle-Yellow Bank Watershed District does not have travel policy.

**Criteria:** Minnesota Statute §471.661 specifies the governing body must have on record a policy that controls travel outside the state of Minnesota for the applicable elected officials of the relevant unit of government. The policy must be approved by a recorded vote.

**Cause:** Lack of policies and procedures.

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

**Repeat Finding:** Yes, reported originally as 2017-004

**Recommendation:** We recommend the District develop a travel policy that governs out of state travel for elected officials.

**2020-006 – PUBLISHED COUNTY BOARD MEETING MINUTES - COUNTY**

**Condition:** County Board meeting minutes are not published within 30 days of each meeting.

**Criteria:** State statute 375.12 states that within 30 days of each meeting, the County Board should have the official proceedings of its sessions or a summary published in a qualified newspaper of general circulation in the county.

**Cause:** Lack of personnel resources.

**Effect:** Noncompliance with Minnesota Statutes.

**Repeat Finding:** Yes, reported originally as 2018-005

**Recommendation:** We recommend County management cross train employees to allow for adequate back of up necessary county functions to ensure compliance with state statutes.

**LAC QUI PARLE COUNTY  
MADISON, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

**SECTION IV – MINNESOTA LEGAL COMPLIANCE (CONTINUED)**

**2020-007 – INSUFFICIENT COLLATERAL – WATERSHED DISTRICT**

**Condition:** The Lac qui Parle Yellow Bank Watershed District did not have sufficient collateral for one financial institution at December 31, 2020.

**Criteria:** State Statute 118A.03 requires the entity to maintain collateral sufficient to cover at least ten percent more than the amount on deposit at the close of the financial institutions banking day.

**Cause:** A lack of review of collateral coverage.

**Effect:** Noncompliance with Minnesota Statutes.

**Repeat Finding:** No

**Recommendation:** We recommend the District work with the financial institution to furnish collateral sufficient to cover the deposit balance.

**PREVIOUSLY REPORTED ITEMS RESOLVED**

**- 2019-006 Prompt Payment of Bills -**



## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners  
Lac qui Parle County, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lac qui Parle County (the County) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 24, 2021.

In connection with our audit, we noted that Lac qui Parle County failed to comply with provisions of the deposits and investments and miscellaneous provisions of Minnesota Legal Compliance Audit Guide for Counties, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, in so far as they relate to accounting matters as described in the schedule of findings and questioned costs as items 2020-005 through 2020-007). Also, in connection with our audit, nothing came to our attention that caused us to believe that Lac qui Parle County failed to comply with the provisions of the contracting and bidding, conflicts of interest, public indebtedness, and claims and disbursements sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

Lac qui Parle County's written responses to the legal compliance findings identified in our audit is described in the schedule of findings and questioned costs. Lac qui Parle County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Alexandria, Minnesota  
August 24, 2021





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