

TODD COUNTY, MINNESOTA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020



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**TODD COUNTY, MINNESOTA
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YEAR ENDED DECEMBER 31, 2020**

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INTRODUCTORY SECTION

**TODD COUNTY, MINNESOTA
PRINCIPAL COUNTY OFFICIALS
DECEMBER 31, 2020**

Office	Name	Term Expires
Commissioners		
1 st District	Barb Becker**	December 2020
2 nd District	Gary Kneisl	December 2022
3 rd District	Rod Erickson	December 2020
4 th District	David Kircher*	December 2022
5 th District	Randy Neumann	December 2020
Officers		
Elected		
Attorney	Charles Rasmussen	December 2022
Auditor-Treasurer	Denise Gaida	December 2022
Recorder	Linda Daoust	December 2022
Registrar of Titles	Linda Daoust	December 2022
Sheriff	Steven Och	December 2022
Appointed		
Coordinator	Chris Pelzer	Indefinite
Assessor	Chris Odden	December 2022
Human Resources Director	Sara Ogren	Indefinite
Emergency Management Director	Michael Wisniewski	Indefinite
Examiner of Titles	Thomas Sellnow	Indefinite
Highway Engineer	Loren Fellbaum	May 2023
Medical Examiner	Dr. Quinn Strobl	Indefinite
Health and Human Services Director	Jackie Och	Indefinite
Veterans Service Officer	Pete Berscheit	December 2022

* Chair

** Vice-Chair

FINANCIAL SECITION



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Todd County, Minnesota
Long Prairie, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Todd County, Minnesota (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 statement 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 entity'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 entity'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 business-type activities, each major fund, and the aggregate remaining fund information of Todd County, Minnesota as of December 31, 2020, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the total OPEB liability, related ratios and notes, the schedule of the County's proportionate share of the net pension liability, the schedule of the County contributions, and the notes to the required supplementary information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 Todd County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of County Commissioners
Todd County, Minnesota

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2021, on our consideration of Todd County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Todd County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
April 27, 2021

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

This section of Todd County's (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended December 31, 2020. The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information per the Governmental Accounting Standards Board (GASB) Statement No. 34, as amended. Certain comparative information between the current year, 2020, and the prior year, 2019, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- County-wide net position increased 9.9% in 2020 over the prior year mainly due to the County increasing their tax levy as well as a conservative spending approach.
- Overall governmental fund-level revenues totaled \$41,903,078 and were \$4,479,131 more than expenditures in 2020.
- The General Fund's fund balance increased \$1,973,754 from the prior year due primarily due to an increase in the tax levy as well as a conservative spending approach.
- The Solid Waste Enterprise Fund total revenues exceeded total expenses by \$132,203.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – independent auditors' report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

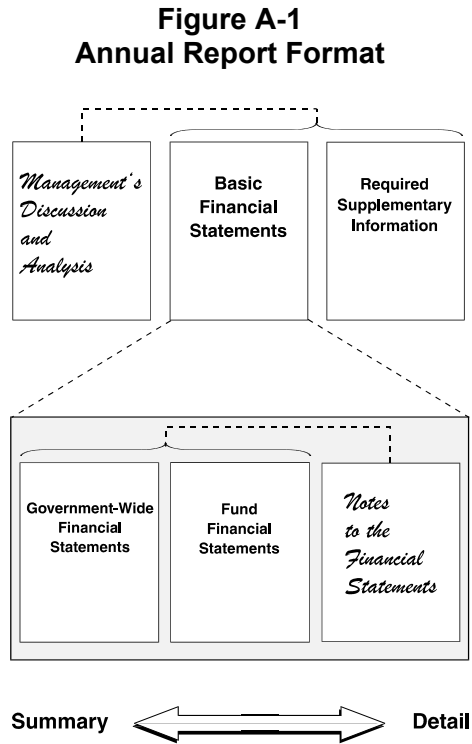
- The first two statements are County-wide financial statements which provide both short-term and long-term information about the County's overall financial status.
- The remaining statements are fund financial statements which focus on individual parts of the County, reporting the County's operations in more detail than the County-wide statements.
 - The governmental funds statements tell how basic services such as general government, human services, and highways and streets were financed in the short term as well as what remains for future spending.
 - Fiduciary funds statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others to whom the resources belong.

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

**Figure A-2
Major Features of the County's Government-Wide and
Fund Financial Statements**

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

County-Wide Statements

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

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

County-Wide Statements (Continued)

The two County-wide statements report the County's net position and how they have changed. Net position – the difference between the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the County, you need to consider additional nonfinancial factors such as changes in the County's property tax base and the condition of County buildings and other facilities.

In the County-wide financial statements, the County's activities are shown in two categories:

- Governmental activities – The County's basic services are included here. Property taxes and state aids finance most of these activities.
- Business-type activities – The County's solid waste operations are included here. Charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's funds – focusing on its most significant or "major" funds – not the County as a whole. Funds are accounting devices the County uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The County establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The County has three kinds of funds:

- Governmental funds – The County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the County-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- Proprietary funds – The County maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its solid waste transfer station. Proprietary fund financial statements provide the same type of information as the government-wide business-type financial statements, only in more detail.

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

- Fiduciary funds – The County is the fiscal agent, or fiduciary, for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the County-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The County's total net position was \$105,497,729 on December 31, 2020, an increase of \$9,512,343 from the prior year. The increase is primarily due positive operation results and conservative spending during the year (see Table A-1).

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 31,866,146	\$ 27,646,219	\$ 2,119,367	\$ 1,946,857	\$ 33,985,513	\$ 29,593,076
Capital Assets	90,228,654	86,668,552	624,674	648,143	90,853,328	87,316,695
Total Assets	122,094,800	114,314,771	2,744,041	2,595,000	124,838,841	116,909,771
Deferred Outflows of Resources	2,156,956	2,347,213	37,693	27,246	2,194,649	2,374,459
Current Liabilities	2,465,905	3,069,556	96,269	110,323	2,562,174	3,179,879
Long-Term Liabilities	16,428,275	15,725,542	414,968	365,989	16,843,243	16,091,531
Total Liabilities	18,894,180	18,795,098	511,237	476,312	19,405,417	19,271,410
Deferred Inflows of Resources	2,104,552	3,975,498	25,792	51,936	2,130,344	4,027,434
Net Position:						
Net Investment in						
Capital Assets	87,652,599	83,974,918	624,675	648,143	88,277,274	84,623,061
Restricted	5,968,338	4,498,720	-	-	5,968,338	4,498,720
Unrestricted	9,632,087	5,417,750	1,620,030	1,445,855	11,252,117	6,863,605
Total Net Position	\$ 103,253,024	\$ 93,891,388	\$ 2,244,705	\$ 2,093,998	\$ 105,497,729	\$ 95,985,386

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

CHANGE IN NET POSITION

The County-wide total revenues were \$44,563,883 for the year ended December 31, 2020 (an increase of \$5,388,919). This increase is primarily attributable to increases in federal funding as a result of the COVID-19 Pandemic and increases other state grants. Property taxes and intergovernmental revenues accounted for 68% of total revenue for the year (see Table A-2).

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

	Governmental Activities		Total % Change	Business-Type Activities		Total % Change	Total		Total % Change
	2020	2019		2020	2019		2020	2019	
REVENUES									
Program Revenues:									
Charges for Services	\$ 3,459,470	\$ 3,554,110	(2.7)%	\$ 2,557,162	\$ 2,461,952	3.9 %	\$ 6,016,632	\$ 6,016,062	0.0 %
Operating Grants and Contributions	13,322,374	8,794,232	51.5	71,112	72,045	(1.3)	13,393,486	8,866,277	51.1
Capital Grants and Contributions	4,782,138	4,173,141	14.6	-	-	-	4,782,138	4,173,141	14.6
General Revenues:									
Property Taxes	15,812,585	15,864,660	(0.3)	-	-	-	15,812,585	15,864,660	(0.3)
Unrestricted State Aid	2,411,261	2,179,573	10.6	-	-	-	2,411,261	2,179,573	10.6
Investment Earnings	352,772	282,547	24.9	-	-	-	352,772	282,547	24.9
Other	1,787,117	1,787,125	(0.0)	7,892	5,579	41.5	1,795,009	1,792,704	0.1
Total Revenues	<u>41,927,717</u>	<u>36,635,388</u>	14.4	<u>2,636,166</u>	<u>2,539,576</u>	3.8	<u>44,563,883</u>	<u>39,174,964</u>	13.8
EXPENSES									
General Government	6,324,755	6,267,980	0.9	-	-	-	6,324,755	6,267,980	0.9
Public Safety	4,538,175	4,825,023	(5.9)	-	-	-	4,538,175	4,825,023	(5.9)
Highways and Streets	7,338,239	6,933,915	5.8	-	-	-	7,338,239	6,933,915	5.8
Sanitation	-	-	-	2,503,963	2,454,480	2.0	2,503,963	2,454,480	2.0
Human Services	7,963,057	8,273,054	(3.7)	-	-	-	7,963,057	8,273,054	(3.7)
Health	3,211,914	2,766,305	16.1	-	-	-	3,211,914	2,766,305	16.1
Culture and Recreation	370,368	354,919	4.4	-	-	-	370,368	354,919	4.4
Conservation of Natural Resources	1,300,073	1,096,387	18.6	-	-	-	1,300,073	1,096,387	18.6
Economic Development	1,427,047	92,155	1448.5	-	-	-	1,427,047	92,155	1448.5
Interest	73,949	84,737	(12.7)	-	-	-	73,949	84,737	(12.7)
Total Expenses	<u>32,547,577</u>	<u>30,694,475</u>	6.0	<u>2,503,963</u>	<u>2,454,480</u>	2.0	<u>35,051,540</u>	<u>33,148,955</u>	5.7
CHANGE IN NET POSITION									
BEFORE TRANSFERS	9,380,140	5,940,913	57.9	132,203	85,096	55.4	9,512,343	6,026,009	57.9
TRANSFERS IN (OUT)	<u>(18,504)</u>	<u>-</u>	100.0	<u>18,504</u>	<u>-</u>	100.0	<u>-</u>	<u>-</u>	-
CHANGE IN NET POSITION	9,361,636	5,940,913	57.6	150,707	85,096	77.1	9,512,343	6,026,009	57.9
Net Position - Beginning of Year	93,891,388	87,922,183	6.8	2,093,998	2,008,902	4.2	95,985,386	89,931,085	6.7
Change in Accounting Principle	<u>-</u>	<u>28,292</u>	(100.0)	<u>-</u>	<u>-</u>	-	<u>-</u>	<u>28,292</u>	(100.0)
Net Position - Beginning of Year, as Restated	<u>93,891,388</u>	<u>87,950,475</u>	6.8	<u>2,093,998</u>	<u>2,008,902</u>	4.2	<u>95,985,386</u>	<u>89,959,377</u>	6.7
NET POSITION - END OF YEAR	<u>\$103,253,024</u>	<u>\$ 93,891,388</u>	10.0	<u>\$ 2,244,705</u>	<u>\$ 2,093,998</u>	7.2	<u>\$ 105,497,729</u>	<u>\$ 95,985,386</u>	9.9

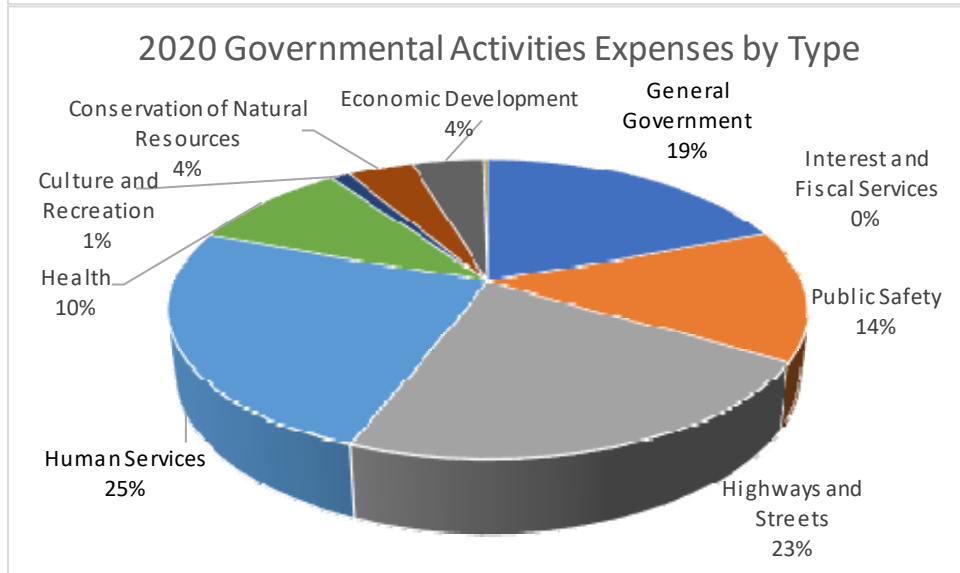
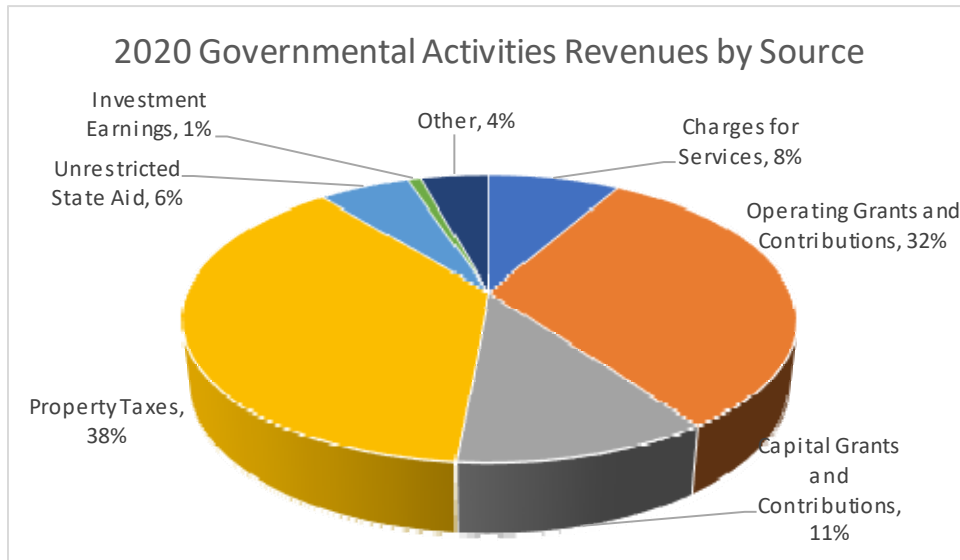
Total revenues surpassed expenses, increasing net position approximately \$9,512,343 over last year.

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

CHANGE IN NET POSITION (CONTINUED)

The County-wide cost of all governmental activities this year was approximately \$32,547,577.

- Some of the cost was paid by the users of the County's programs (\$3,459,470).
- The federal and state governments subsidized certain programs with grants and contributions (\$18,104,512).
- The remainder of the County's governmental activities costs of \$10,983,595, however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities and the increase in net position was covered by \$15,812,585 in property taxes, \$2,411,261 of state aid, \$1,076,532 in transit sales tax, and with investment earnings and other general revenues.



**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

CHANGE IN NET POSITION (CONTINUED)

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

	Total Cost of Services		Percentage Change	Net Revenue (Cost) of Services		Percentage Change
	2020	2019		2020	2019	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 6,324,755	\$ 6,267,980	0.9 %	\$ (4,643,414)	\$ (4,930,408)	5.8 %
Public Safety	4,538,175	4,825,023	(5.9)	(3,508,801)	(4,070,762)	13.8
Highways and Streets	7,338,239	6,933,915	5.8	527,451	(514,523)	202.5
Human Services	7,963,057	8,273,054	(3.7)	(3,073,901)	(2,802,578)	(9.7)
Health	3,211,914	2,766,305	16.1	487,212	(533,529)	191.3
Culture and Recreation	370,368	354,919	4.4	(361,368)	(345,907)	(4.5)
Conservation of Natural Resources	1,300,073	1,096,387	18.6	(736,332)	(798,393)	7.8
Economic Development	1,427,047	92,155	1448.5	399,507	(92,155)	533.5
Interest	73,949	84,737	(12.7)	(73,949)	(84,737)	12.7
Total	<u>\$ 32,547,577</u>	<u>\$ 30,694,475</u>	6.0	<u>\$ (10,983,595)</u>	<u>\$ (14,172,992)</u>	22.5
BUSINESS-TYPE ACTIVITIES						
Solid Waste	<u>\$ 2,503,963</u>	<u>\$ 2,454,480</u>	2.0 %	<u>\$ 124,311</u>	<u>\$ 79,517</u>	56.3 %

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$24,763,326. Revenues for the County's governmental funds were \$41,903,078, while total expenditures were \$37,423,947.

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects. Fund balance increased \$1,973,754 during 2020. This increase in fund balance is a result of an increase in intergovernmental revenue and interest revenues exceeding the increase in payroll and other purchases made in 2020.

The Public Works Fund has a total fund balance of \$4,585,722, representing a total increase of \$1,422,395 (before accounting for the change in inventory) from the prior year as a result of timing of project expenditures and revenues.

The Social Services Fund has a total fund balance of \$3,929,622, representing a total increase of \$843,838 primarily as a result of program revenues exceeding expenditures.

The Community Health Fund increased its fund balance by \$383,863 from 2019, which is due primarily to program revenues exceeding expenditures.

The Ditch Fund increased its fund balance by \$22,140 from 2019, which is due primarily to no large maintenance projects performed in the current year.

The Capital Projects Fund reported no change in fund balance from the prior year. Project expenditures in the fund in 2020 were covered by a transfer in from the general fund.

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL (CONTINUED)

The Solid Waste Enterprise Fund showed operating income of \$51,134. The increase in operating revenue over expenses was attributable to an increase in operating special assessments exceeding the increase in operating costs.

The following schedule presents a summary of General Fund revenues:

**Table A-4
General Fund Revenues**

	Year Ended		Change	
	December 31, 2020	December 31, 2019	Increase (Decrease)	Percent
Taxes	\$ 8,441,749	\$ 8,807,759	\$ (366,010)	(4.2)%
Intergovernmental	7,002,131	2,826,082	4,176,049	147.8
Charges for Services	737,270	716,327	20,943	2.9
Interest	254,543	281,870	(27,327)	(9.7)
Miscellaneous and Other	1,299,115	1,091,197	207,918	19.1
Total General Fund Revenues	<u>\$ 17,734,808</u>	<u>\$ 13,723,235</u>	<u>\$ 4,011,573</u>	29.2

Total General Fund revenues increased by \$4,011,573, or 29.2%, from the previous year due primarily due to a federal grant received as a result of the COVID-19 Pandemic, and increases in other state grants.

The following schedule presents a summary of General Fund expenditures:

**Table A-5
General Fund Expenditures**

	Year Ended		Change	
	December 31, 2020	December 31, 2019	Increase (Decrease)	Percent
General Government	\$ 6,228,268	\$ 5,651,428	\$ 576,840	10.2 %
Public Safety	4,985,737	4,446,542	539,195	12.1
Health	1,256,964	-	1,256,964	100.0
Culture and Recreation	358,319	346,097	12,222	3.5
Conservation	1,297,986	1,120,066	177,920	15.9
Economic Development	1,322,450	2,778	1,319,672	47504.4
Debt Service	57,331	57,330	1	-
Total Expenditures	<u>\$ 15,507,055</u>	<u>\$ 11,624,241</u>	<u>\$ 3,882,814</u>	33.4

The increase in General Fund expenditures is due to an increase in expenditures needed in response to the COVID-19 Pandemic. These costs included grants to small business affected by the pandemic, public health related expenditures, and payroll, which were covered by the Coronavirus Relief Fund grant.

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL (Continued)

General Fund Budgetary Highlights

Over the course of the year, the County revised the annual operating budget for the General Fund for planned increases in expenditures and other minor adjustments. In general, the County does not make a significant amount of budget amendments during the year.

- Actual revenues were \$4,819,266 more than expected; this is primarily due to the County receiving grants, such as the Coronavirus Relief Fund Grant, that were not known when the budget was approved.
- The actual expenditures were \$1,873,634 more than the budget, which is due to expenditures necessary to respond to the COVID-19 Pandemic in 2020.

CAPITAL ASSETS

By the end of 2020, the County had invested about \$142,173,000 in a broad range of capital assets, including buildings, computers, equipment, and infrastructure (see Table A-6). (More detailed information about capital assets can be found in Note 3.A.5 to the financial statements). Total depreciation expense for the year was \$3,416,404 (including the Solid Waste Enterprise Fund).

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

	Governmental Activities		Percent Change	Business-Type Activities		Percent Change	Total		Percent Change
	2020	2019		2020	2019		2020	2019	
Land	\$ 1,005,944	\$ 1,005,944	- %	\$ 37,316	\$ 37,316	- %	\$ 1,043,260	\$ 1,043,260	- %
Construction in Progress	159,813	1,391,232	(88.5)	-	-	-	159,813	1,391,232	(88.5)
Buildings	15,991,221	14,358,942	11.4	481,569	481,569	-	16,472,790	14,840,511	11.0
Improvements Other than Buildings	-	-	-	28,253	28,253	-	28,253	28,253	-
Machinery, Equipment, and Vehicles	10,110,086	9,746,597	3.7	1,513,251	1,440,356	5.1	11,623,337	11,186,953	3.9
Infrastructure	112,845,207	107,538,010	4.9	-	-	-	112,845,207	107,538,010	4.9
Less: Accumulated Depreciation	<u>(49,883,617)</u>	<u>(47,372,173)</u>	5.3	<u>(1,435,715)</u>	<u>(1,339,351)</u>	7.2	<u>(51,319,332)</u>	<u>(48,711,524)</u>	5.4
Total	<u>\$ 90,228,654</u>	<u>\$ 86,668,552</u>	4.1	<u>\$ 624,674</u>	<u>\$ 648,143</u>	(3.6)	<u>\$ 90,853,328</u>	<u>\$ 87,316,695</u>	4.1

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

LONG-TERM LIABILITIES

At year-end, the County had \$18,008,776 in long-term liabilities outstanding, including the current portion of long-term debt.

- The County's governmental activities total long-term liabilities increased \$640,680 largely due changes in actuarial assumptions and investment earning projects related to pensions. There were new loans payable of \$95,869 issued in 2020. These increases were partially offset by the pay down of G.O. Bonds.

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

	2020	2019	Percentage Change
GOVERNMENTAL ACTIVITIES			
G.O. Bonds	\$ 2,415,000	\$ 2,915,000	(17.2)%
Loans Payable	95,869	-	100.0
Capital Lease Obligations	55,456	109,099	(49.2)
Compensated Absences Payable	2,340,952	2,288,466	2.3
Net Pension Liability	9,839,033	8,658,529	13.6
Other Postemployment Benefits Liability	2,819,379	3,008,103	(6.3)
Total	<u>\$ 17,565,689</u>	<u>\$ 16,979,197</u>	3.5
BUSINESS-TYPE ACTIVITIES			
Compensated Absences Payable	\$ 70,695	\$ 58,356	21.1
Net Pension Liability	302,363	254,766	18.7
Other Postemployment Benefits Liability	70,029	75,777	(7.6)
Total	<u>\$ 443,087</u>	<u>\$ 388,899</u>	13.9

FACTORS BEARING ON THE COUNTY'S FUTURE

The County is dependent on the state of Minnesota for a significant portion of its revenue. On March 11, 2021 Todd County was allocated \$4,783,731 in additional aid from the American Rescue Plan Act of 2021.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Denise Gaida, County Auditor-Treasurer at (320) 732-4472.

BASIC FINANCIAL STATEMENTS

**TODD COUNTY, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and Cash Equivalents	\$ 23,273,816	\$ 1,885,337	\$ 25,159,153
Petty Cash and Change Funds	4,975	160	5,135
Taxes Receivable:			
Delinquent	375,874	-	375,874
Special Assessments Receivable:			
Delinquent	2,276	46,097	48,373
Noncurrent	159,648	-	159,648
Accounts Receivable - Net			
Due Within One Year	709,148	115,408	824,556
Due in More than One Year	1,743,944	-	1,743,944
Accrued Interest Receivable	90,367	-	90,367
Loans Receivable	90,000	-	90,000
Internal Balances	(2,065)	2,065	-
Due from Other Governments	4,510,995	70,300	4,581,295
Inventory	757,432	-	757,432
Prepays	149,736	-	149,736
Non-Depreciable Capital Assets:			
Land	1,005,944	37,316	1,043,260
Construction-in-Progress	159,813	-	159,813
Depreciable Capital Assets:			
Building (Net)	10,608,851	30,883	10,639,734
Machinery, Vehicles, Furniture, and Equipment (Net)	2,718,267	556,475	3,274,742
Infrastructure (Net)	75,735,779	-	75,735,779
Total Assets	<u>122,094,800</u>	<u>2,744,041</u>	<u>124,838,841</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	62,689	-	62,689
Pension Related	1,852,157	30,318	1,882,475
OPEB Related	242,110	7,375	249,485
Total Deferred Outflows of Resources	<u>2,156,956</u>	<u>37,693</u>	<u>2,194,649</u>
LIABILITIES			
Accounts Payable	485,700	52,264	537,964
Salaries Payable	559,328	14,996	574,324
Contracts Payable	28,702	-	28,702
Due to Other Governments	106,781	-	106,781
Accrued Interest Payable	29,075	-	29,075
Unearned Revenue	42,008	890	42,898
Compensated Absences Payable - Due Within One Year	674,033	24,149	698,182
Capital Leases Payable - Due Within One Year	55,456	-	55,456
General Obligation Bonds Payable - Due Within One Year	325,000	-	325,000
Other Postemployment Benefits Liability - Due Within One Year	159,822	3,970	163,792
Compensated Absences Payable - Due in More than One Year	1,666,919	46,546	1,713,465
Loans Payable - Due in More than One Year	95,869	-	95,869
General Obligation Bonds Payable - Due in More than One Year	2,166,897	-	2,166,897
Other Postemployment Benefits Liability - Due in More than One Year	2,659,557	66,059	2,725,616
Net Pension Liability - Due in More than One Year	9,839,033	302,363	10,141,396
Total Liabilities	<u>18,894,180</u>	<u>511,237</u>	<u>19,405,417</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related	1,749,642	15,341	1,764,983
Property Taxes Collected for Subsequent Period	11,840	-	11,840
OPEB Related	343,070	10,451	353,521
Total Deferred Inflows of Resources	<u>2,104,552</u>	<u>25,792</u>	<u>2,130,344</u>
NET POSITION			
Net Investment in Capital Assets	87,652,599	624,675	88,277,274
Restricted For:			
Veterans Services Purchases	178,693	-	178,693
Law Library Purchases	103,102	-	103,102
Recorder's Technology/Compliance Purchases	715,872	-	715,872
E-911 and Sheriff Programs	484,569	-	484,569
Debt Service	700,490	-	700,490
Revolving Loans	90,000	-	90,000
Development	19,241	-	19,241
Soil and Water Conservation Expenses	273,026	-	273,026
Planning and Zoning Grants	77,541	-	77,541
Economic Assistance	486,777	-	486,777
Transportation	2,839,027	-	2,839,027
Unrestricted	9,632,087	1,620,030	11,252,117
Total Net Position	<u>\$ 103,253,024</u>	<u>\$ 2,244,705</u>	<u>\$ 105,497,729</u>

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues		
		Fees, Charges Fines and Other	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 6,324,755	\$ 959,315	\$ 672,759	\$ 49,267
Public Safety	4,538,175	487,457	441,530	100,387
Highways and Streets	7,338,239	267,442	3,058,232	4,540,016
Human Services	7,963,057	811,573	4,077,583	-
Health	3,211,914	805,559	2,893,567	-
Culture and Recreation	370,368	9,000	-	-
Conservation of Natural Resources	1,300,073	119,124	352,149	92,468
Economic Development	1,427,047	-	1,826,554	-
Interest	73,949	-	-	-
Total Governmental Activities	32,547,577	3,459,470	13,322,374	4,782,138
BUSINESS-TYPE ACTIVITIES				
Solid Waste	2,503,963	2,557,162	71,112	-
Total Primary Government	\$ 35,051,540	\$ 6,016,632	\$ 13,393,486	\$ 4,782,138

GENERAL REVENUES

Property Taxes
Mortgage Registry and Deed Tax
Payments in Lieu of Tax
Transit Sales and Use Tax
Insurance Dividends
Grants and Contributions not Restricted for a Particular Purpose
Investment Earnings
Miscellaneous
Gain on Sale of Capital Assets

TRANSFERS

Total General Revenues and Transfers

CHANGE IN NET POSITION

Net Position - Beginning of Year

NET POSITION - END OF YEAR

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (4,643,414)	\$ -	\$ (4,643,414)
(3,508,801)	-	(3,508,801)
527,451	-	527,451
(3,073,901)	-	(3,073,901)
487,212	-	487,212
(361,368)	-	(361,368)
(736,332)	-	(736,332)
399,507	-	399,507
(73,949)	-	(73,949)
(10,983,595)	-	(10,983,595)
-	124,311	124,311
(10,983,595)	124,311	(10,859,284)
15,812,585	-	15,812,585
25,718	-	25,718
118,506	-	118,506
1,076,532	-	1,076,532
90,282	7,892	98,174
2,411,261	-	2,411,261
352,772	-	352,772
373,605	-	373,605
102,474	-	102,474
(18,504)	18,504	-
20,345,231	26,396	20,371,627
9,361,636	150,707	9,512,343
93,891,388	2,093,998	95,985,386
\$ 103,253,024	\$ 2,244,705	\$ 105,497,729

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	Major Funds		
	General	Public Works	Social Services
ASSETS			
Cash and Cash Equivalents	\$ 13,298,379	\$ 3,747,225	\$ 3,899,029
Petty Cash and Change Funds	4,330	475	100
Taxes Receivable:			
Delinquent	201,790	59,387	88,229
Special Assessments Receivable:			
Delinquent	-	-	-
Noncurrent	-	-	-
Accounts Receivable			
Due Within One Year	590,024	209	48,870
Due in More than One Year	1,743,944	-	-
Accrued Interest Receivable	90,367	-	-
Loans Receivable	-	-	-
Due from Other Funds	30,299	-	41,116
Due from Other Governments	681,118	3,036,787	462,546
Prepaid Assets	123,638	35	26,063
Inventories	-	757,432	-
Advances to Other Funds	195,725	-	-
	<u>\$ 16,959,614</u>	<u>\$ 7,601,550</u>	<u>\$ 4,565,953</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 134,441	\$ 16,113	\$ 313,969
Salaries Payable	290,408	62,227	128,560
Contracts Payable	-	28,702	-
Due to Other Funds	-	-	-
Due to Other Governments	36,978	1,463	9,899
Unearned Revenue	-	-	350
Advance from Other Funds	-	-	-
Total Liabilities	<u>461,827</u>	<u>108,505</u>	<u>452,778</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes	143,873	45,257	67,447
Unavailable Special Assessments	-	-	-
Unavailable Grants and Accounts Receivable	2,325,258	2,860,332	113,560
Property Taxes Collected for Subsequent Period	6,782	1,734	2,546
Total Deferred Inflows of Resources	<u>2,475,913</u>	<u>2,907,323</u>	<u>183,553</u>
FUND BALANCES			
Nonspendable:			
Advances to Other Funds	195,725	-	-
Prepays	123,638	35	26,063
Inventories	-	757,432	-
Restricted:			
Veterans Services Purchases	178,693	-	-
Law Library Purchases	103,102	-	-
Recorder Technology/Compliance Purchases	715,872	-	-
Planning and Zoning Department Grants	77,541	-	-
E-911 Equipment	277,757	-	-
Sheriff Contingency	937	-	-
Sheriff Canteen	8,276	-	-
Sheriff Forfeiture	19,773	-	-
Sheriff and Drone	11,392	-	-
Gun Permits	166,434	-	-
Debt Service	-	-	-
Revolving Loans	-	-	-
Development	-	-	-
Economic Assistance	486,777	-	-
Soil and Conservation District	273,026	-	-
Committed:			
Future Public Works Building	934,000	-	-
Road Projects	-	3,797,455	-
Social Services Operations	-	-	3,903,559
Community Health Operations	-	-	-
Capital Improvements	-	-	-
Parks and Trails Operations	-	-	-
Computer Equipment Maintenance	7,000	-	-
Retiree Severance	-	30,800	-
Assigned:			
Buildings and Grounds	398,020	-	-
Vehicle Purchases	68,181	-	-
Disaster Contingency	12,000	-	-
Unassigned	9,963,730	-	-
Total Fund Balances	<u>14,021,874</u>	<u>4,585,722</u>	<u>3,929,622</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,959,614</u>	<u>\$ 7,601,550</u>	<u>\$ 4,565,953</u>

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

Major Funds (Continued)			Other Governmental Funds	Total Governmental Funds
Community Health	County Ditch	Capital Projects		
\$ 1,339,328	\$ 70,954	\$ 5,905	\$ 912,996	\$ 23,273,816
70	-	-	-	4,975
12,534	-	-	13,934	375,874
-	2,276	-	-	2,276
-	159,648	-	-	159,648
70,045	-	-	-	709,148
-	-	-	-	1,743,944
-	-	-	-	90,367
-	-	-	90,000	90,000
-	-	-	-	71,415
291,368	-	-	39,176	4,510,995
-	-	-	-	149,736
-	-	-	-	757,432
-	-	-	-	195,725
<u>\$ 1,713,345</u>	<u>\$ 232,878</u>	<u>\$ 5,905</u>	<u>\$ 1,056,106</u>	<u>\$ 32,135,351</u>

\$ 21,177	\$ -	\$ -	\$ -	\$ 485,700
75,449	-	-	2,684	559,328
-	-	-	-	28,702
-	-	-	73,480	73,480
1,051	-	-	57,390	106,781
41,658	-	-	-	42,008
-	195,725	-	-	195,725
<u>139,335</u>	<u>195,725</u>	<u>-</u>	<u>133,554</u>	<u>1,491,724</u>

9,338	-	-	10,732	276,647
-	161,164	-	-	161,164
131,500	-	-	-	5,430,650
400	-	-	378	11,840
<u>141,238</u>	<u>161,164</u>	<u>-</u>	<u>11,110</u>	<u>5,880,301</u>

-	-	-	-	195,725
-	-	-	-	149,736
-	-	-	-	757,432
-	-	-	-	178,693
-	-	-	-	103,102
-	-	-	-	715,872
-	-	-	-	77,541
-	-	-	-	277,757
-	-	-	-	937
-	-	-	-	8,276
-	-	-	-	19,773
-	-	-	-	11,392
-	-	-	-	166,434
-	-	-	719,154	719,154
-	-	-	90,000	90,000
-	-	-	19,241	19,241
-	-	-	-	486,777
-	-	-	-	273,026

-	-	-	-	934,000
-	-	-	-	3,797,455
-	-	-	-	3,903,559
1,432,772	-	-	-	1,432,772
-	-	5,905	-	5,905
-	-	-	85,012	85,012
-	-	-	-	7,000
-	-	-	-	30,800
-	-	-	-	398,020
-	-	-	-	68,181
-	-	-	-	12,000
-	(124,011)	-	(1,965)	9,837,754
<u>1,432,772</u>	<u>(124,011)</u>	<u>5,905</u>	<u>911,442</u>	<u>24,763,326</u>

<u>\$ 1,713,345</u>	<u>\$ 232,878</u>	<u>\$ 5,905</u>	<u>\$ 1,056,106</u>	<u>\$ 32,135,351</u>
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See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 24,763,326

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. 90,228,654

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

Net Pension Liability	\$ (9,839,033)	
Deferred Inflows of Resources - Pension Related	(1,749,642)	
Deferred Outflows of Resources - Pension Related	<u>1,852,157</u>	(9,736,518)

The County's Other Postemployment Benefit Liability and related deferred outflows are recorded only on the statement of net position. Balances at year-end are:

Other Postemployment Benefits Liability	(2,819,379)	
Deferred Inflows of Resources - OPEB Related	(343,070)	
Deferred Outflows of Resources - OPEB Related	<u>242,110</u>	(2,920,339)

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. 5,868,461

The loss on refunding is reported as a deferred outflow on the statement of net and amortized over the life of the bonds. 62,689

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

General Obligation Courthouse Bonds, Net	(2,491,897)	
Loans Payable	(95,869)	
Capital Leases	(55,456)	
Compensated Absences	(2,340,952)	
Accrued Interest Payable	<u>(29,075)</u>	<u>(5,013,249)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 103,253,024

TODD COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	Major Funds		
	General	Public Works	Social Services
REVENUES			
Taxes	\$ 8,441,749	\$ 2,515,693	\$ 3,695,747
Transit Sales and Use Tax	-	1,076,532	-
Special Assessments	4,606	-	-
Licenses and Permits	216,692	-	-
Intergovernmental	7,002,131	7,019,704	4,261,766
Charges for Services	737,270	258,459	350,785
Fines and Forfeits	37,422	-	-
Gifts and Contributions	1,079	-	-
Interest on Investments	254,543	382	55,481
Insurance Dividend	42,676	30,521	4,499
Miscellaneous	996,640	19,980	663,470
Total Revenues	<u>17,734,808</u>	<u>10,921,271</u>	<u>9,031,748</u>
EXPENDITURES			
Current:			
General Government	6,228,268	-	-
Public Safety	4,985,737	-	-
Highways and Streets	-	8,884,777	-
Human Services	-	-	7,807,967
Health	1,256,964	-	-
Culture and Recreation	358,319	-	-
Conservation of Natural Resources	1,297,986	-	-
Economic Development	1,322,450	-	-
Intergovernmental	-	704,974	-
Debt Service:			
Principal	53,643	-	-
Interest	3,688	-	-
Administrative (Fiscal) Charges	-	-	-
Total Expenditures	<u>15,507,055</u>	<u>9,589,751</u>	<u>7,807,967</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,227,753	1,331,520	1,223,781
OTHER FINANCING SOURCES (USES)			
Transfers In	684,139	875	-
Transfers Out	(1,073,449)	-	(379,943)
Proceeds from Sale of Assets	12,474	90,000	-
Proceeds from Insurance	26,968	-	-
Proceeds from Clean Water Partnership Loans	95,869	-	-
Total Other Financing Sources (Uses)	<u>(253,999)</u>	<u>90,875</u>	<u>(379,943)</u>
NET CHANGE IN FUND BALANCES	1,973,754	1,422,395	843,838
Fund Balances - Beginning of Year	12,048,120	3,050,996	3,085,784
INCREASE IN INVENTORY	-	112,331	-
FUND BALANCES - END OF YEAR	<u>\$ 14,021,874</u>	<u>\$ 4,585,722</u>	<u>\$ 3,929,622</u>

See accompanying Notes to Basic Financial Statements.

TODD COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Major Funds (Continued)			Other Governmental Funds	Total Governmental Funds
Community Health	County Ditch	Capital Projects		
\$ 578,229	\$ -	\$ -	\$ 666,780	\$ 15,898,198
-	-	-	-	1,076,532
-	56,151	-	-	60,757
-	-	-	-	216,692
1,200,376	-	-	211,352	19,695,329
1,075,041	-	-	-	2,421,555
-	-	-	-	37,422
-	-	-	-	1,079
42,748	-	-	-	353,154
12,204	-	-	-	89,900
300,226	-	-	72,144	2,052,460
<u>3,208,824</u>	<u>56,151</u>	<u>-</u>	<u>950,276</u>	<u>41,903,078</u>
-	-	805,594	100,493	7,134,355
-	-	-	-	4,985,737
-	-	-	-	8,884,777
-	-	-	185,529	7,993,496
2,707,911	-	-	-	3,964,875
-	-	-	12,049	370,368
-	28,341	-	-	1,326,327
-	-	-	104,597	1,427,047
-	-	-	-	704,974
-	-	-	500,000	553,643
-	-	-	73,310	76,998
-	-	-	1,350	1,350
<u>2,707,911</u>	<u>28,341</u>	<u>805,594</u>	<u>977,328</u>	<u>37,423,947</u>
500,913	27,810	(805,594)	(27,052)	4,479,131
181,476	-	805,594	67,000	1,739,084
(298,526)	(5,670)	-	-	(1,757,588)
-	-	-	-	102,474
-	-	-	-	26,968
-	-	-	-	95,869
<u>(117,050)</u>	<u>(5,670)</u>	<u>805,594</u>	<u>67,000</u>	<u>206,807</u>
383,863	22,140	-	39,948	4,685,938
1,048,909	(146,151)	5,905	871,494	19,965,057
-	-	-	-	112,331
<u>\$ 1,432,772</u>	<u>\$ (124,011)</u>	<u>\$ 5,905</u>	<u>\$ 911,442</u>	<u>\$ 24,763,326</u>

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 4,685,938

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

Transactions to report Investment in Joint Venture:

Return of Equity revenues in the statement of revenues, expenses and changes in fund balance (773,083)

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:

Asset Adjustments	\$ 6,880,142	
Current Year Depreciation	<u>(3,320,040)</u>	3,560,102

Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources. 711,957

OPEB expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds. (16,096)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 670,800

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	500,000	
Capital Lease	<u>53,643</u>	553,643

Proceeds from the issuance of loans are reported as liabilities on the statement of net assets. (95,869)

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	3,869	
Change in Unamortized Refunding Loss on Bonds	(12,970)	
Change in Unamortized Bond Premium	13,500	
Change in Compensated Absences	(52,486)	
Change in Inventories	<u>112,331</u>	<u>64,244</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 9,361,636

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
STATEMENT OF NET POSITION
SOLID WASTE ENTERPRISE FUND
DECEMBER 31, 2020**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 1,885,337
Petty Cash and Change Funds	160
Special Assessments Receivable Delinquent	46,097
Accounts Receivable (Net)	115,408
Due from Other Funds	2,065
Due from Other Governments	70,300
Total Current Assets	2,119,367

Noncurrent Assets:

Capital Assets:

Land	37,316
Building (Net)	30,883
Machinery, Vehicles, Furniture and Equipment (Net)	556,475
Total Noncurrent Assets	624,674

Total Assets	2,744,041
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DEFERRED OUTFLOWS OF RESOURCES

Pension Related	30,318
OPEB Related	7,375
Total Deferred Outflows of Resources	37,693

LIABILITIES

Current Liabilities:

Accounts Payable	52,264
Salaries Payable	14,996
Unearned Revenue	890
Compensated Absences Payable - Due Within One Year	24,149
Other Postemployment Benefits Liability - Due Within One Year	3,970
Total Current Liabilities	96,269

NONCURRENT LIABILITIES

Net Pension Liability	302,363
Compensated Absences - Due in More than One Year	46,546
Other Postemployment Benefits Liability - Due in More than One Year	66,059
Total Noncurrent Liabilities	414,968

Total Liabilities	511,237
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DEFERRED INFLOWS OF RESOURCES

Pension Related	15,341
OPEB Related	10,451
Total Deferred Inflows of Resources	25,792

NET POSITION

Net Investment in Capital Assets	624,674
Unrestricted	1,620,031
Total Net Position	\$ 2,244,705

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
SOLID WASTE ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2020**

OPERATING REVENUES	
Sales and Charges for Services	\$ 1,693,477
Operating Special Assessments	861,620
Total Operating Revenues	2,555,097
 OPERATING EXPENSES	
Sanitation	2,407,599
Depreciation	96,364
Total Operating Expenses	2,503,963
 OPERATING INCOME	 51,134
 NONOPERATING REVENUES (EXPENSES)	
Intergovernmental	71,112
Forfeit Land Sale Proceeds	2,065
Insurance Dividend	7,892
Total Nonoperating Revenues (Expenses)	81,069
 CHANGE IN NET POSITION BEFORE TRANSFERS	 132,203
Transfers In	18,504
 CHANGE IN NET POSITION	 150,707
Net Position - Beginning of Year	2,093,998
 NET POSITION - END OF YEAR	 \$ 2,244,705

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
STATEMENT OF CASH FLOWS
SOLID WASTE ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers and Users	\$ 1,631,837
Receipts from Operating Special Assessments	860,637
Payments to Suppliers	(1,866,448)
Payments to Employees	(543,708)
Net Cash Provided by Operating Activities	82,318

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Interfund Borrowing	1,144
Intergovernmental Receipts	71,112
Insurance Dividend	7,892
Transfers In	18,504
Net Cash Provided by Noncapital Financing Activities	98,652

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	(72,895)
Net Cash Used by Capital and Related Financing Activities	(72,895)

NET INCREASE IN CASH AND CASH EQUIVALENTS

108,075

Cash and Cash Equivalents - Beginning of Year

1,777,262

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,885,337

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ 51,134
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	96,364
(Increase) Decrease in Assets:	
Accounts Receivable	7,769
Due from Other Governments	(70,300)
Special Assessments Receivable	(983)
Deferred Outflows of Resources - Pension Related	(7,853)
Deferred Outflows of Resources - OPEB Related	(2,594)
Increase (Decrease) in Liabilities:	
Accounts Payable	(7,376)
Salaries Payable	(10,667)
Due to Other Governments	(2,111)
Unearned Revenue	890
Compensated Absences Payable	12,339
Net Pension Liability	47,597
Other Postemployment Benefits Liability	(5,748)
Deferred Inflows of Resources - Pension Related	(34,708)
Deferred Inflows of Resources - OPEB Related	8,565
Net Cash Provided by Operating Activities	\$ 82,318

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2020**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 72,367	\$ 2,194,043
Taxes for Other Governments	-	498,249
Due from Other Governments	-	87,410
Accounts Receivable	-	700
Total Assets	72,367	2,780,402
LIABILITIES		
Due to Others	-	9,472
Salaries Payable	-	45,333
Due to Other Governments	-	575,884
Total Liabilities	-	630,689
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Collected for Subsequent Period	-	11,839
NET POSITION		
Restricted for:		
Individuals, Organizations, and Other Governments	\$ 72,367	\$ 2,137,874

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2020**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Individuals	\$ 693,314	\$ 599,251
Property Tax Collections for Other Governments	-	16,218,276
License and Fees Collected for State	-	919,704
Miscellaneous	-	3,394,344
Total Additions	693,314	21,131,575
DEDUCTIONS		
Beneficiary Payments to Individuals	690,548	126,011
Payments to State	-	465,846
Miscellaneous	-	20,086,235
Total Deductions	690,548	20,678,092
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	2,766	453,483
Fiduciary Net Position - Beginning of Year	69,601	1,684,391
FIDUCIARY NET POSITION - END OF YEAR	\$ 72,367	\$ 2,137,874

See accompanying Notes to Basic Financial Statements.

TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Todd County's (the County) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). 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

Todd County, Minnesota was established February 20, 1855, as an organized county having the powers, duties, and privileges granted counties by Minnesota Statutes Ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Todd County, Minnesota (primary government) and its component units for which the County is financially accountable. There is financial accountability if the primary government appoints a voting majority of an organization's governing body and had the ability to impose its will on that governing body; or there is the potential for the organization to provide specific financial benefits or to impose specific financial burden on the primary government. Based on the criteria for determining component units, the County is not required to include any component units. The County is governed by a 5-member board of commissioners (the Board) 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 Auditor-Treasurer serves as the clerk of the Board but does not vote in its decisions.

Blended Component Unit

The Todd County Development Corporation is organized as a nonprofit, with Todd County as its sole corporate member. As a result, the financial statements of the Todd County Development Corporation have been included in the financial reporting entity as a blended component unit. The County accounts for these activities in its Todd County Development Special Revenue Fund.

Joint Ventures

The County participates in joint ventures which are described in Note 9.D. The County also participates in jointly-governed organizations which are described in Note 9.E, and a related organization is described in Note 9.F.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the primary government. 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 revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The 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 and different business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. 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, proprietary, and fiduciary--are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 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 required to be accounted for in another fund.

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

The Social Services Special Revenue Fund is used to account for economic assistance and community social services programs which are funded primarily by property taxes and intergovernmental revenues.

The Community Health Special Revenue Fund is used to account for the financial activities of the Todd County, Minnesota Nursing Service. Financing is provided by grants for health purposes and charges for nursing care.

The County Ditch Special Revenue Fund is used to account for the repair, maintenance, and construction of ditches within the County. Special assessment revenues are the primary revenue source restricted for this purpose.

The Capital Projects Fund is used to account for the construction of major capital improvements within the County, which are not related to business-type activities.

The County reports the following major enterprise fund:

The Solid Waste Fund is used to account for the operation, maintenance, and development of the County solid waste transfer station.

Additionally, the County reports the following fiduciary fund types:

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 – The Custodial Funds are used to report fiduciary activities that are not required to be reported in pension or OPEB trust funds, investment trust funds, or private purpose trust funds.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

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

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. Todd County considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. 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, then unrestricted resources as they are needed.

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

1. Cash and Cash Equivalents

Cash and cash equivalents are identified only for the purpose of the statement of cash flows reporting by the proprietary fund. The County has defined cash and cash equivalents to include cash on hand and demand deposits. Additionally, each fund's equity in the County's pooled cash is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Deposits

The cash balances of substantially all funds are pooled by the County Auditor-Treasurer for the purpose of increased interest earnings. Pursuant to Minnesota Statutes §385.07, interest earnings on cash are credited to the General Fund. Other funds received interest earnings based on other state statutes, grant agreements, contracts, and bond covenants. During the current year, the County collected taxes prepaid for the subsequent year. The County's portion of these taxes will be recognized as revenue in the year for which they were levied and are presented as Undistributed Cash in Custodial Fund on the fund level statements and offset with deferred inflows of resources.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Receivables and Payables

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

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are reflected in a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for spending.

Accounts receivable in the solid waste fund are offset by an allowance for doubtful accounts. The County estimated this balance to be \$994 at December 31, 2020. The County develops an estimate of this allowance based on specific identification. All other accounts receivable are considered to be collectible in full.

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

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

4. Long Term Receivables

The County has a receivable that is due in more than one year related to its surplus from its withdrawal from the South Country Health Alliance which was effective January 1, 2020.

5. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are recorded as expenses when consumed. The statement of revenues, expenditures, and changes in fund balances reports the change in inventory as a direct adjustment to fund balance in accordance with applicable accounting standards.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. In the case of the initial capitalization of infrastructure, the County retroactively implemented the reporting of this item when GASB #34 was implemented. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the County did not have any capitalized interest.

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

Buildings	20 to 40 Years
Infrastructure	15 to 50 Years
Machinery, Vehicles, Furniture, and Equipment	3 to 10 Years

7. Compensated Absences

The liability for compensated absences reported in financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Long-Term Obligations

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

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

9. Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period. The County will not recognize the related outflow until a future event occurs. More detailed information about pension related deferred outflows of resources can be found in Note 5 to the financial statements. More detailed information about OPEB related deferred outflows of resources can be found in Note 7 to the financial statements.

10. Deferred Inflows of Resources

The County's governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The County will not recognize the related revenue until a future event occurs. More detailed information about pension related deferred inflows of resources can be found in Note 5 to the financial statements. More detailed information about OPEB related deferred outflows of resources can be found in Note 7 to the financial statements.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Net Pension Liability

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. Investments are reported at fair value.

12. Other Postemployment Benefits Liability (OPEB Liability)

For purposes of measuring the OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit term.

13. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaids, inventories, and long term receivables, as applicable. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board. The County reports \$3,147,975 of restricted fund balance on the governmental fund balance sheet due to enabling legislation. The Board passed a resolution authorizing the County Auditor-Treasurer to assign fund balances and their intended uses. Unassigned fund balance is the residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications.

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

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

The following funds had deficit fund balance as of December 31, 2020:

County Ditch Fund	\$ (124,011)
Energy Assistance	(1,940)
Forfeited Sales Tax	(25)

The County Ditch Fund's deficit will be eliminated with future special assessment revenues. The Energy Assistance Fund's deficit will be eliminated with future grant revenues. The Forfeited Sales Tax Fund's deficit will be eliminated with future tax revenues

B. Expenditures in Excess of Budget

The following fund had expenditures in excess of budget at the fund level for the year ended December 31, 2020:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 15,507,055	\$ 13,633,421	\$ 1,873,634

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

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits

As of December 31, 2020, Todd County had the following deposits:

Statement of Net Position	
Cash and Cash Equivalents	\$ 25,159,153
Petty Cash	5,135
Statement of Fiduciary Net Position	
Social Welfare Private Purpose Trust Fund	72,367
Other Custodial Funds	2,194,043
Total Deposits	\$ 27,430,698

Custodial Credit Risk – Deposits

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

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110 % of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral includes: U.S. government treasury bills, notes, or bonds, issues of U.S. government agency; general obligation of the state or local government rated “A” or better; revenue obligations of the state or local government rated “AA” or better; irrevocable standby letters of credit issue by the Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository. As of December 31, 2020, the County’s deposits are fully collateralized and insured.

2. Short Term Receivables

Receivables as of December 31, 2020, for the County governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Short Term Receivables (Continued)

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes	\$ 375,874	\$ -
Special Assessments	161,924	136,841
Accounts	709,148	-
Interest	90,367	-
Loans	90,000	-
Due from Other Governments	4,510,995	-
Total Governmental Activities	\$ 5,938,308	\$ 136,841
Business-Type Activities		
Special Assessments	\$ 46,097	\$ -
Accounts	115,408	-
Due from Other Governments	70,300	-
Total Business-Type Activities	\$ 231,805	\$ -

3. Long Term Receivables

The County has a receivable related to its surplus from its withdrawal from the South Country Health Alliance which was effective January 1, 2020 and receivable over 5 years, with the last payment being received in 2024. Payments received during the year ended December 31, 2020 totaled \$581,314. The ending balance of the receivable at December 31, 2020 totaled \$2,325,258, of which \$1,743,944 is considered long term. Scheduled payments from this receivable are as follows:

Year Ending December 31	Amount
2021	\$ 581,314
2022	581,314
2023	581,314
2024	581,316
Total	\$ 2,325,258

4. Loans Receivable

Loans receivable consist of cash loans to private enterprises, as described below:

The Reichert Place, Long Prairie, Minnesota; Original Loan of \$90,000 at 1% Interest, Due in One Lump Sum on September 1, 2031.

\$ 90,000

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

5. Capital Assets

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

	Beginning Balance	Additions and Transfers	Deletions and Transfers	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land and Right of Way	\$ 1,005,944	\$ -	\$ -	\$ 1,005,944
Construction-in-Progress	1,391,232	4,075,778	5,307,197	159,813
Total Capital Assets, Not Being Depreciated	2,397,176	4,075,778	5,307,197	1,165,757
Capital Assets, Being Depreciated:				
Buildings	14,358,942	1,632,279	-	15,991,221
Machinery, Vehicles, Furniture, and Equipment	9,746,597	1,172,085	808,596	10,110,086
Infrastructure	107,538,010	5,307,197	-	112,845,207
Total Capital Assets, Being Depreciated	131,643,549	8,111,561	808,596	138,946,514
Less: Accumulated Depreciation For:				
Buildings	5,073,837	308,533	-	5,382,370
Machinery, Vehicles, Furniture, and Equipment	7,350,609	849,806	808,596	7,391,819
Infrastructure	34,947,727	2,161,701	-	37,109,428
Total Accumulated Depreciation	47,372,173	3,320,040	808,596	49,883,617
Total Capital Assets, Being Depreciated, Net	84,271,376	4,791,521	-	89,062,897
Governmental Activities Capital Assets, Net	<u>\$ 86,668,552</u>	<u>\$ 8,867,299</u>	<u>\$ 5,307,197</u>	<u>\$ 90,228,654</u>
BUSINESS-TYPE ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 37,316	\$ -	\$ -	\$ 37,316
Capital Assets, Being Depreciated:				
Buildings	481,569	-	-	481,569
Improvements Other than Buildings	28,253	-	-	28,253
Machinery and Vehicles	1,440,356	72,895	-	1,513,251
Total Capital Assets, Being Depreciated	1,950,178	72,895	-	2,023,073
Less: Accumulated Depreciation For:				
Buildings	449,343	1,343	-	450,686
Improvements Other than Buildings	28,253	95,021	-	123,274
Machinery and Vehicles	861,755	-	-	861,755
Total Accumulated Depreciation	1,339,351	96,364	-	1,435,715
Total Capital Assets, Being Depreciated, Net	610,827	(23,469)	-	587,358
Business-Type Activities Capital Assets, Net	<u>\$ 648,143</u>	<u>\$ (23,469)</u>	<u>\$ -</u>	<u>\$ 624,674</u>

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

5. Capital Assets (Continued)

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

Governmental Activities:			
General Government	\$	463,348	
Public Safety		257,789	
Highways and Streets, Including Depreciation of Infrastructure Assets		2,579,801	
Conservation of Natural Resources		17,922	
Human Services		1,180	
Total Depreciation Expense - Governmental Activities		<u>3,320,040</u>	
Business-Type Activities:			
Solid Waste	\$	<u>96,364</u>	

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2020, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
Major Funds:			
General Fund	Forfeited Tax Land	\$ 30,299	Forfeited Land Settlement
Solid Waste Fund	Forfeited Tax Land	2,065	Forfeited Land Settlement
Social Services Fund	Energy Assistance	<u>41,116</u>	Reimbursement for Expenses
Total Due To/From Other Funds		<u>\$ 73,480</u>	

2. Advances From/To Other Funds

The following are not expected to be repaid within one year:

Receivable Fund	Payable Fund	Amount	Purpose
Major Funds:			
General	County Ditch	<u>\$ 195,725</u>	Negative Cash
Total Advances From/To Other Funds		<u>\$ 195,725</u>	

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables, and Transfers (Continued)

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2020, consisted of the following:

Funds	Amount	Purpose
Transfer to General Fund from:		
Social Services	\$ 379,943	To allocate funds from the SCHA return of capital to general fund
Community Health	298,526	To allocate funds from the SCHA return of capital to general fund
Ditch	5,670	Payment for ditch inspector services
Transfer to Public Works Fund from:		
General Fund	875	To provide funds for COVID-19 related expenditures financed by the Coronavirus Relief Funds
Transfer to Community Health Fund from:		
General Fund	181,476	To provide funds for COVID-19 related expenditures financed by the Coronavirus Relief Funds
Transfer to Solid Waste Fund from:		
General Fund	18,504	To provide funds for COVID-19 related expenditures financed by the Coronavirus Relief Funds
Transfers to Nonmajor Special Revenue Fund from:		
General Fund	67,000	Forfeited settlement and appropriations
Transfer to Capital Projects Fund from:		
General Fund	<u>805,594</u>	To provide funds for the 2020 Expo Building project
Total Transfers In/Out	<u>\$ 1,757,588</u>	

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities

1. Long-Term Debt

Governmental Activities

	Final Maturity	Annual Installment Amounts	Interest Rate (%)	Original Issues Amount	Outstanding Balance December 31, 2020
Types of Indebtedness:					
2010 GO Courthouse Bonds	2027	\$180,000- 345,000	5.85 - 6.00%	\$ 525,000	\$ 525,000
2013 GO Refunding Bonds	2020	170,000- 180,000	0.40 - 1.20	1,050,000	-
2016 GO Refunding bonds	2026	185,000- 355,000	2.00	<u>3,140,000</u>	<u>1,890,000</u>
Total General Obligation Bonds				<u>\$ 4,715,000</u>	2,415,000
Add: Unamortized Premium					76,897
Total Bonds					<u>\$ 2,491,897</u>
Clean Water Partnership Loans Payable	Not Finalized	Not Finalized	Not Finalized	<u>\$ 450,000</u>	<u>\$ 95,869</u>

2. Debt Service Requirements

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

Governmental Activities

Year Ending December 31,	2010 GO Courthouse Bonds		2016 GO Refunding Bonds		CWP Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ -	\$ 31,230	\$ 325,000	\$ 34,550	\$ -	\$ -
2022	-	31,230	335,000	27,950	-	-
2023	-	31,230	340,000	21,200	22,500	-
2024	-	31,230	350,000	14,300	45,000	-
2025	-	31,230	355,000	7,250	45,000	-
2026-2030	525,000	36,315	185,000	1,850	225,000	-
2031-2033	-	-	-	-	112,500	-
Total	<u>\$ 525,000</u>	<u>\$ 192,465</u>	<u>\$ 1,890,000</u>	<u>\$ 107,100</u>	<u>\$ 450,000</u>	<u>\$ -</u>

The County has not met the draw down requirements for the Clean Water Partnership Loan as of December 31, 2020, and the loan is not finalized. As of December 31, 2020 the County had drawn down \$95,869 of the \$450,000 maximum amount.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
2010 GO Courthouse Bonds	\$ 525,000	\$ -	\$ -	\$ 525,000	\$ -
2013 GO Refunding Bonds	180,000	-	180,000	-	-
2016 GO Refunding Bonds	2,210,000	-	320,000	1,890,000	325,000
Unamortized Premiums	90,397	-	13,500	76,897	-
Clean Water Partnership Loans Payable - Loans from Direct Borrowings and Direct Placements	-	95,869	-	95,869	-
Capital Lease Obligation	109,099	-	53,643	55,456	55,456
Compensated Absences	2,288,466	1,387,018	1,334,532	2,340,952	674,033
	<u>\$ 5,402,962</u>	<u>\$ 1,482,887</u>	<u>\$ 1,901,675</u>	<u>\$ 4,984,174</u>	<u>\$ 1,054,489</u>
Governmental Activity Long-Term Liabilities					
BUSINESS-TYPE ACTIVITIES					
Compensated Absences	\$ 58,356	\$ 40,368	\$ 28,029	\$ 70,695	\$ 24,149
	<u>\$ 58,356</u>	<u>\$ 40,368</u>	<u>\$ 28,029</u>	<u>\$ 70,695</u>	<u>\$ 24,149</u>
Business-Type Activity Long-Term Liabilities					

The GO Bonds are liquidated by the Debt Service Fund. The compensated absences and capital leases are liquidated by the General Fund for governmental activities and the compensated absences of the business-type activities are liquidated by the Solid Waste Fund.

The County's outstanding notes from direct borrowings related to governmental activities of \$95,869 contain (1) a provision that if the County is unable to make a payment when due, an interest penalty may be imposed and one or more of the following remedies may be exercised (a) withhold approval of any disbursement request (b) reject any pending application by the County for financial assistance (c) to the extent permitted by law, demand immediate payment of the note in full and upon such demand, the outstanding principal amount of the note will be immediately due and payable with interest accrued thereon to the date of payment (d) exercise any other remedy availability under law and (2) a provision that if the County fails to comply with any other provision within the note agreement an immediate increase in the interest rate on the loan by eliminating all interest rate discounts that were originally applied, in addition, the default remedies for failure to make a payment as listed above may be exercised.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 LEASES

A. Capital Leases

The County entered into a lease agreement for financing the acquisition of Motorola microwave radios.

At December 31, 2020, the County had total assets under capital lease of \$401,312 with the related accumulated depreciation of \$401,312. Details about the capital lease at December 31, 2020 are as follows:

Lease	Maturity	Installment	Payment Amount	Original Issue	12/31/20 Balance
Motorola Microwave Radios	11/1/2021	Annual	\$ 57,330	\$ 352,124	\$ 55,456

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020, were as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2021	\$ 57,330
Total Minimum Lease Payments	57,330
Less: Amount Representing Interest	(1,874)
Present Value of Minimum Lease Payments	<u>\$ 55,456</u>

B. Operating Leases

The County entered into lease agreements for copier leases for various departments within the County. The 2020 expenditures (including maintenance and supplies) under this lease agreement totaled \$33,518. Minimum lease payments over the term of these leases are as follows:

<u>Year Ending December 31</u>	<u>Minimum Amount</u>
2021	\$ 15,355
2022	5,716
Total Minimum	<u>\$ 21,071</u>

NOTE 5 PENSION PLANS

A. Plan Description

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

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

1. General Employees Retirement Plan

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

2. Public Employees Police and Fire Plan

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

3. Local Government Correctional Plan

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

B. Benefits Provided

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

1. General Employees Plan Benefits

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

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

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

2. Police and Fire 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 post-retirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

3. Correctional Plan Benefits

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

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

3. Correctional Plan Benefits (Continued)

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

C. Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 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 \$886,129. The County's contributions were equal to the required contributions as set by state statute.

2. 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 \$252,574. The County's contributions were equal to the required contributions as set by state statute.

3. 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 \$84,264. The County's contributions were equal to the required contributions as set by state statute.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2020, the County reported a liability of \$8,485,059 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 \$261,714. 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 0.1576% at the end of the measurement period and 0.1536% for the beginning of the period.

County's Proportionate Share of the Net Pension Liability	\$ 8,485,059
State's Proportionate Share of the Net Pension Liability	261,714
Total	\$ 8,746,773

There were no provision changes during the measurement period.

For the year ended December 31, 2020, the County recognized pension expense of \$399,996 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized \$22,777 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

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:

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 77,363	\$ 32,103
Changes in Actuarial Assumptions	-	314,574
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	146,586	-
Changes in Proportion	210,661	83,821
County Contributions Subsequent to the Measurement Date	416,163	-
Total	<u>\$ 850,773</u>	<u>\$ 430,498</u>

The \$416,163 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:

<u>Year Ended December 31</u>	Pension Expense Amount
2021	\$ (426,786)
2022	7,366
2023	218,529
2024	205,003

2. Police and Fire Pension Costs

At December 31, 2020, the County reported a liability of \$1,542,185 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 0.1170% at the end of the measurement period and 0.1139% for the beginning of the period.

**TODD COUNTY, MINNESOTA
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Pension Costs (Continued)

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 \$215,051 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$10,530 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.

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 \$10,530 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	\$ 1,542,185
State's Proportionate Share of the Net Pension Liability	36,344
Total	\$ 1,578,529

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Pension Costs (Continued)

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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 68,142	\$ 73,237
Changes in Actuarial Assumptions	516,818	961,806
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	46,843	-
Changes in Proportion	132,626	26,261
County Contributions Subsequent to the Measurement Date	132,864	-
Total	<u>\$ 897,293</u>	<u>\$ 1,061,304</u>

The \$132,864 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 Ended December 31	Pension Expense Amount
2021	\$ (91,940)
2022	(401,510)
2023	102,188
2024	84,442
2025	9,945

3. Correctional Plan Pension Costs

At December 31, 2020, the County reported a liability of \$114,152 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 0.421% at the end of the measurement period and 0.417% for the beginning of the period.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Correctional Plan Pension Costs (Continued)

There were no provision changes during the measurement period.

For the year ended December 31, 2020 the County recognized pension expense of \$156,388 for its proportionate share of the Correctional Plan's pension expense.

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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 1,070	\$ 42,007
Changes in Actuarial Assumptions	-	231,174
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	21,721	-
Changes in Proportion	66,897	-
County Contributions Subsequent to the Measurement Date	44,721	-
Total	<u>\$ 134,409</u>	<u>\$ 273,181</u>

The \$44,721 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 Ended December 31	Pension Expense Amount
2021	\$ (223,370)
2022	11,471
2023	7,816
2024	20,590

The total pension expense for all plans recognized by the County for the year ended December 31, 2020 was \$804,742.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.25%, Per Year
Salary Increases	3.00%, Per Year
Investment Rate of Return	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.

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.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

General Employees Fund (Continued)

Changes in actuarial assumptions (continued):

- 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.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Correctional Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.50%	5.10%
Alternative Assets (Private Markets)	25.00%	5.90%
Bonds (Fixed Income)	20.00%	0.75%
International Stocks	17.50%	5.30%
Cash	2.00%	0.00%
Totals	100.00% %	

F. 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.

G. 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:

Description	General Employees Fund		Police and Fire Fund		Correctional Fund	
1% Lower	6.50%	\$ 13,598,605	6.50%	\$ 3,073,797	6.50%	\$ 709,447
Current Discount Rate	7.50%	8,485,059	7.50%	1,542,185	7.50%	114,152
1% Higher	8.50%	4,266,793	8.50%	275,045	8.50%	(362,471)

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

H. 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.

I. Pension Allocation

The County allocation includes pension amounts related to Community Corrections, a separately audited Custodial fund. Therefore, the deferred outflows of resources, the net pension liability, and the deferred inflows of resources that are associated with accounting for pensions, are not applicable to the Community Corrections of the County and are not presented on the face of the financial statements. Below is the allocation of the pension related amounts to various funds:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Liability	Pension Expense	State's Proportionate Share of the NPL	Special Funding
Governmental Activities	\$ 1,852,157	\$ 1,749,642	\$ 9,839,033	\$ 385,743	\$ 252,388	\$ 21,837
Business-Type Activities - Solid Waste	30,318	15,341	302,362	14,253	9,326	807
Community Corrections Custodial Fund	96,636	48,898	963,782	45,434	29,727	2,572

J. Summary

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the County's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employees costs are associated. The table below includes the County's portion of each plan, and does not include the amount allocated to the Community Corrections custodial fund.

	General Employees Plan	Police and Fire Plan	Correctional Plan	Total
Net Pension Liability	\$ 8,485,059	\$ 1,542,185	\$ 114,152	\$ 10,141,396
Deferred Outflows of Resources				
Related to Pensions	850,773	897,293	134,409	1,882,475
Deferred Inflows of Resources				
Related to Pensions	430,498	1,061,304	273,181	1,764,983
Pension Expense	399,996	215,051	156,388	771,435

**TODD COUNTY, MINNESOTA
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020**

NOTE 6 DEFINED CONTRIBUTION PLAN

Two Commissioners of the 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 IRC and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate.

An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. 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:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$1,519	\$1,519	5%	5%	5%

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by Minnesota Statutes §471.61 subdivision 2b. County policy determines the County's contributions to the plan. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees hired after are required to pay 100% of the total premium cost. Todd County contributed \$60,733 towards retiree health insurance. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Plan Participants Covered by Benefit Terms

At December 31, 2020, the following plan participants were covered by the benefit terms:

Active	207
Retirees receiving payments	14
Spouses receiving payments	1
Total	222

There were no inactive employees entitled to but not yet receiving benefits.

C. Funding Policy

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

D. Actuarial Methods and Assumptions

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

Inflation	2.5%
Salary	Service graded table
Health Care Trend Rates	6.5% grading to 5.0% over 6 years and then 4.0% over next 48 years

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2019.

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.

Since the most recent valuation, the following assumption changes have been made as of the January 1, 2020 measurement date:

- The health care trend rates were changed to better anticipate short term and long term medical increases.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub- 2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) 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 employee classification.
- The discount rate was changed from 3.80% to 2.90%.

E. Changes in Total OPEB Liability

	Total OPEB Liability
Balance as of December 31, 2019	\$ 3,083,880
Changes for the Year:	
Service Cost	108,684
Interest	117,998
Assumption Changes	99,976
Differences between Expected and Actual Experience	(344,786)
Benefit Payments	(176,344)
Net Change in Total OPEB Liability	(194,472)
Balance as of December 31, 2020	\$ 2,889,408

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

	1% Decrease (1.9%)	Discount Rate (2.9%)	1% Increase (3.9%)
Total OPEB Liability	\$ 3,036,417	\$ 2,889,408	\$ 2,745,209

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

	1% Decrease (5.5%) Decreasing to 4.0% then 3.0%)	Current Trend Rates (6.5%) Decreasing to 5.0% then 4.0%)	1% Increase (7.5%) Decreasing to 6.0% then 5.0%)
Medical Trend Rate			
Total OPEB Liability	\$ 2,676,501	\$ 2,889,408	\$ 3,130,624

For the year ended December 31, 2020, the County recognized OPEB expense of \$185,601. In addition, at December 31, 2020, the County reported deferred inflows of resources, and deferred outflows of resources from the following sources:

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

E. Changes in Total OPEB Liability (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes	\$ 85,693	\$ 57,991
Difference between Expected and Actual Liability		295,530
County Contributions Subsequent to the Measurement Date	163,792	-
Total	\$ 249,485	\$ 353,521

\$163,792 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be amortized over six years as follows:

Year Ending December 31:	Amount
2021	\$ (46,572)
2022	(46,572)
2023	(46,572)
2024	(46,572)
2025	(46,572)
Thereafter	(34,968)

NOTE 8 RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance Trust (MCIT). For other risks, the County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. 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. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 RISK MANAGEMENT (CONTINUED)

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

NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Contingent Liabilities

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

The County may be involved in various claims. Although the outcome of any claims 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.

During 2019, counties were notified by the Minnesota Department of Human Services (DHS) that DHS made errors in the calculation of Substance Use Disorder (SUD) for Institutes of Mental Disease (IMD) claims from January 2014 to June 2019. Based on these errors, DHS was originally requesting Minnesota counties repay \$8.8 million back to DHS. During 2020, this amount was revised to \$8.6 million. Todd County's share of the \$8.6 million is \$33,218. Minnesota counties have raised concerns over how the amount was calculated, the accuracy of the calculations and whether DHS has the legal/statutory authority to require the counties to repay the amounts. The Association of Minnesota Counties (AMC) has recommended counties to not repay this amount until these concerns have been addressed in hopes this matter is resolved by other means. Therefore, this amount has not been booked as a payable.

B. Construction Commitments

No significant construction commitments remain as of December 31, 2020.

C. Tax Abatements

Pursuant to Minn. Stat. § 469, the County is subject to tax abatements granted by cities within the County which meet the criteria for disclosure under GASB Statement No. 77, Tax Abatement Disclosures. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation, renewal, growth in low-to-moderate-income housing, and economic development within a city. TIF captures the increase in tax capacity and property taxes (of all taxing jurisdictions, including the County) from development or redevelopment to provide funding for the related project.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

C. Tax Abatements (Continued)

In the case of the County, TIF agreements of other local governments have resulted in reductions of the County property tax revenues for the year ended December 31, 2020, as shown below:

City	Captured Net Tax Capacity	Tax Increment	Adjoining County Values	Adjusted Tax Cap	County Tax Rate	Abated County Tax
City of Clarissa	\$ 240,685	\$ (8,619)	\$ -	\$ 232,066	78%	\$ 14,740
City of Long Prairie	1,688,923	(134,882)	-	1,554,041	57%	216,073
City of Eagle Bend	223,906	(10,553)	-	213,353	102%	20,699
City of Staples	1,181,435	(137,696)	Wadena 381,289	1,425,028	73%	215,526
City of Bertha	136,428	(8,329)	-	128,099	103%	15,656
Total						<u>\$ 482,694</u>

D. Joint Ventures

Todd-Wadena Community Corrections

The joint community corrections system was established in 1976 pursuant to Minnesota Laws of 1973, Chapter 401, between Todd and Wadena Counties. Todd-Wadena Community Corrections' primary programs and services are to assist member counties in the development, implementation, and operation of correctional programs, probation, and parole.

The management of Todd-Wadena Community Corrections is vested in a Joint Powers Board, which is composed of the five commissioners from each participating county. No single member county retains control over the operations or has oversight responsibility for the community corrections. The Joint Powers Board appoints an executive committee which has been delegated by the Joint Powers Board all powers and duties necessary for the day to day operations. Total annual appropriation to this entity in 2020 was \$508,386.

Complete financial information can be obtained from:

Todd-Wadena Community Corrections Office
221 1st Avenue S. #200
Long Prairie, Minnesota 56347

Family Service Collaborative

The Todd County Family Service Collaborative was established in 1998 under the authority of the Joint Powers Act, pursuant to Minnesota Statutes §§ 471.59 and 124D.23. The Collaborative includes Todd County; Independent School District Nos. 786, 787, 2170, 2753, 2759, 6004; Tri-County Community Action Program; Rural Minnesota CEP; and Northern Pines Mental Health Center. The purpose of the Collaborative is to provide coordinated family services and to commit resources to an integrated fund.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

D. Joint Ventures (Continued)

Family Service Collaborative (Continued)

Control of the Todd County Family Services Collaborative is vested in a board of directors. Todd County, Minnesota has two members on the board.

In the event of withdrawal from the Todd County Family Service Collaborative, the withdrawing party shall give 90 day advance notice. The withdrawing party shall not be entitled to any compensation as long as the Collaborative continues its existence. Should the Collaborative cease to exist, all property, real and personal, held by the Joint Powers Board at the time of termination shall be distributed by resolution of the board in accordance with law and in a manner to best accomplish the continuing purpose of the Collaborative. The County did not make any payments to this entity in 2020.

Financing is provided by state grants and appropriations from its members. Separate financial information can be obtained from The Freshwater Education District, 1100 5th Street NE Staples, Minnesota, 56479 (the fiscal agent for the Collaborative).

Central Minnesota Violent Offender Task Force

Todd, Morrison, Benton, Sherburne and Stearns Counties and the Cities of Sartell, Sauk Rapids, Waite Park, St. Joseph, St. Cloud, and Little Falls have entered into a joint powers agreement to investigate, identify, and disrupt illegal drug and gang activity through multi-jurisdictional investigations in Central Minnesota.

The Stearns County Sheriff's Office is the fiscal agent for the Central Minnesota Violent Offender Task Force. Members provide officers to the Task Force in lieu of appropriations; Todd County provided no cash funding to this organization during 2020. Control of the Task Force is vested in a board of directors. The members of the board comprise the Sheriff of each member county, a County Attorney from a member party as the legal advisor to the Task Force, the Chief of Police for the Little Falls Police Department, the Chief of Police for the City of St. Cloud, and one representative from among the Chiefs of Police of Sartell, Sauk Rapids, St. Joseph, and Waite Park, selected annually by a majority vote of the Chiefs of Police.

Complete financial information can be obtained from The City of St. Cloud Police Department, 101 11th Avenue North, P.O. Box 1616, St. Cloud, Minnesota 55303.

South Country Health Alliance

South Country Health Alliance (SCHA) was created by a joint powers agreement between Brown, Dodge, Freeborn, Goodhue, Kanabec, Mower, Sibley, Steele, Wabasha, and Waseca Counties on July 24, 1998, under Minnesota Statutes §471.59. In 2007, Cass, Crow Wing, Morrison, Todd, and Wadena Counties became members. Mower County has since withdrawn. The agreement was in accordance with Minnesota Statutes §256B.692, which allows the formation of a board of directors to operate, control, and manage all matters concerning the participating member counties' health care functions, referred to as county-based purchasing.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

D. Joint Ventures (Continued)

South Country Health Alliance (Continued)

The purpose of SCHA is to improve the social and health outcomes of its clients and all citizens of its member counties by better coordinating social service, public health and medical services, and promoting the achievement of public health goals. The SCHA is authorized to provide prepaid comprehensive health maintenance services to persons enrolled under Medicaid and General Assistance Medical Care in each of the member counties.

Each member county has an explicit and measurable right to its share of the total capital surplus of the SCHA. Gains and losses are allocated annually to all members based on the percentage of their utilization. Todd County withdrew on January 1, 2020, and its equity interest in the SCHA at December 31, 2019 became payable over 5 years to the County, which is presented as a receivable to the County.

Complete financial statements for the SCHA may be obtained directly from SCHA.

Prairie Lakes Municipal Solid Waste Authority

Prairie Lakes Municipal Solid Waste Authority (PLMSWA) was created by a joint powers agreement between Becker, Otter Tail, Todd, and Wadena Counties in May 2010, under Minnesota Statutes §471.59. Clay County joined the joint powers in 2014. The agreement was in accordance with Minnesota Statutes §115A and Chapter 400, which provides that a County may conduct a solid waste management program which may include activities authorized by Chapter 115A and Chapter 400 and such other activities as are necessary and convenient to effectively carry out the purposes of Chapters 115A and Chapter 400.

The purpose of PLMSWA is to establish a mechanism whereby they may jointly exercise powers common to each participating party on issues including; ownership and operation of the Perham Resource Recovery Facility; cooperation with efforts in other Solid Waste Management activities that affect the operations of the Perham Resource Recovery Facility; establish procedures to add qualifying parties to the agreement; and establish a mechanism whereby additional parties and/or alternative programs and services may be developed for the benefit of the parties and in furtherance of the objectives of the parties.

Each charter member county's annual contribution is determined as part of the annual operating budget. The County was not required to contribute during 2020. If a situation arises in which the annual operating expenses are not offset by annual operating revenue the difference will be apportioned based on the percentages of obligations. Todd County's percentage of the obligation is 14.0%.

Complete financial statements for the PLMSWA may be obtained from its fiscal agent at 510 Fir Ave W, Fergus Falls, MN 56537.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

D. Joint Ventures (Continued)

Rainbow Rider Transit Board

The West Central Multi-County Joint Powers Transit Board (Rainbow Rider) was established December 1, 1994 by a joint powers agreement among Douglas, Pope, Stevens, and Traverse Counties. In January 2000, the board changed its name to Rainbow Rider Transit Board. Grant County became a member effective January 1, 2011 and effective January 1, 2012, Todd County became a member. The agreement was established to provide a coordinated service delivery and funding source for public transportation for the mutual benefit of each of the joint participants. The joint powers agreement remains in force until any single county notifies the other parties of its intentions to withdraw at least 90 days before the termination takes effect. The remaining counties may agree to continue the agreement with the remaining counties as members.

Control is vested in the Rainbow Rider Transit Board. The board consists of two members from each county. Each member of the board is appointed by the County Commissioners of the county he or she represents. Members of the board serve an annual term and may be reappointed by their respective County boards. In 2020, the County contributed \$15,913 to Rainbow Rider.

Complete financial statements for the Rainbow Rider Transit Board may be obtained from Rainbow Rider, P.O. Box 136, Lowry, Minnesota 56349.

Central Minnesota Emergency Services Board

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

The purpose of the Central Minnesota Emergency Services Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the state of Minnesota. The board is composed of one Commissioner of each county appointed by the respective County Board and one City Council member from each city appointed by the respective City Council, as provided in the Central Minnesota Emergency Services Board's by-laws.

In the event of dissolution of the Central Minnesota Emergency Services Board, all property, assets, and funds of the board shall be distributed to the parties of the agreement upon termination in direct proportion to their participation and contribution. Any city or county that has withdrawn from the agreement prior to termination of the board shall share in the distribution of property, assets, and funds of the board only to the extent they shared in the original expense. The board has no long-term debt. Financing is provided by the appropriations of member parties and by state and federal grants.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

D. Joint Ventures (Continued)

Central Minnesota Emergency Services Board (Continued)

In 2020, the County contributed \$5,508 to the Central Minnesota Emergency Services Board. Complete financial information can be obtained from Central Minnesota Emergency Services Board, City of St. Cloud, Office of the Mayor, 400 Second Street South, St. Cloud, Minnesota 56303.

Counties Providing Technology

In 2018, 23 counties created a joint powers organization named Counties Providing Technology (CPT) for the purpose of purchasing their former software vendor, Computer Professionals unlimited, Inc. (CPU) and then provide for the development, operation and maintenance of technology applications and systems, and the support and management of such systems for the use and benefit of the members and other governmental units.

In 2020, the County did not contribute funding to the Counties Providing Technology. Complete financial information can be obtained from Counties Providing Technology office at 400 Colorado Avenue, Suite 303, Morris, MN 56267.

Mid-State Computer Collaborative

In 2018, 29 counties created a joint powers organization named Mid-State Computer Collaborative (MSCC) for the purpose of providing an organization through which the counties may jointly provide for the following: 1. the sharing of costs of computer software and hardware and other information technology, 2. jointly negotiate contracts with vendors of products and services and 3. create an entity capable of owning technology and software licenses on behalf of all the parties.

In 2020, the County had no contributions to Mid-State Computer Collaborative. Complete financial information is not available for Mid-State Computer Collaborative. Treasurer's reports can be obtained from the Mid-State Computer Collaborative office at 325 N Sibley Avenue, Litchfield, MN 55355.

Region V+ Adult Mental Health Initiative

Aitkin, Cass, Crow Wing, Morrison, Todd, and Wadena Counties entered into a joint powers agreement creating and operating Region V+ Adult Mental Health Initiative (AMHI) pursuant to Minnesota Statutes §§ 471.59 and 245.4661, to enhance services to vulnerable populations and implement a pilot project design, plan, and improve the mental health delivery system for adults with serious and persistent mental illnesses.

Control of the AMHI is vested in a Governing Board, which consists of each participating county's Director of Social Services, an additional representative of each county social services agency, three nonvoting consumer representatives, and one ex-officio nonvoting representative each from the Leech Lake Band of Ojibwe and the Mille Lacs Band of Ojibwe.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

D. Joint Ventures (Continued)

Region V+ Adult Mental Health Initiative (Continued)

Any county may withdraw by providing twelve months written notice in advance of the annual meeting to the board and each of the other remaining parties. During the year of withdrawal, the withdrawing party may attend all meetings but will have no official representation on the board. Withdrawal does not act to discharge any liability incurred or chargeable to any county before the effective date of the withdrawal.

Dissolution of the AMHI will occur by unanimous vote of the counties. Upon dissolution of the AMHI, all unused funds and surplus property held by AMHI shall be distributed in accordance with law or applicable contract.

Financing is predominantly provided by contributions, grants, donations, and gifts. Crow Wing County is the fiscal host.

Complete financial information can be obtained from:

Crow Wing County Community Services
204 Laurel Street
Brainerd, MN 56401

Central Minnesota Emergency Medical Services Region (CMEMS)

The Central Minnesota Emergency Medical Services Region (CMEMS) was established by a joint powers agreement among Benton, Cass, Crow Wing, Kanabec, Mille Lacs, Morrison, Pine, Stearns, Todd, Wadena, and Wright Counties. The purpose of establishing a joint powers board is to govern a regional emergency medical services system. The joint powers agreement remains in force until it is terminated by the mutual consent of the parties to the agreement, suspended by a subsequent agreement between the members, or terminated by operation of law.

The board consists of one member from each county. Each member of the board is appointed by the County Commissioners of the county he or she represents. Members of the board serve a two year term and may be reappointed by their respective County Boards. In 2020, the County had no contributions to the CMEMS.

Stearns County is the fiscal host and complete financial information can be obtained from the fiscal host.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

E. Jointly-Governed Organizations

Hubbard, Otter Tail, Todd, and Wadena Counties, along with Quadrant, Inc., a Minnesota corporation, entered into a joint powers agreements which allows for the incineration of solid waste generated in these counties presently deposited in landfills and results in the recovery of energy that otherwise would be lost. The Joint Powers Board consists of one representative from each county, with Otter Tail County having two representatives. The activities relating to this agreement are reported as an enterprise fund in Otter Tail County's financial statements.

Minnesota Counties Computer Consortium

The Minnesota Counties Computer Consortium was formed in 1979 pursuant to Minnesota Statutes §471.59 and includes over 20 counties. Control of the Consortium is vested in the Joint Data Processing Board which is composed of one representative and one alternate by each member county. The County's responsibility does not extend beyond making this appointment.

F. Related Organization – Todd County Housing and Redevelopment Authority

The County Board is responsible for appointing two nonvoting members of the Todd County Housing and Redevelopment Authority's governing body, but the County's responsibility does not extend beyond making the appointments.

NOTE 10 SUBSEQUENT EVENTS

On March 11, 2021, Todd County was allocated \$4,783,731 in additional aid from the American Rescue Plan Act of 2021.

REQUIRED SUPPLEMENTARY INFORMATION

TODD COUNTY, MINNESOTA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY, RELATED RATIOS, AND NOTES
LAST TEN FISCAL YEARS

	Measurement Date <u>January 1, 2020</u>	Measurement Date <u>January 1, 2019</u>	Measurement Date <u>January 1, 2018</u>
Total OPEB Liability			
Service Cost	\$ 108,684	\$ 93,471	\$ 99,836
Interest	117,998	103,729	102,782
Assumption Changes	99,976	(81,189)	-
Differences between Expected and Actual			
Experience	(344,786)	-	-
Benefit Payments	<u>(176,344)</u>	<u>(162,587)</u>	<u>(172,473)</u>
Net Change in Total OPEB Liability	(194,472)	(46,576)	30,145
Total OPEB Liability - Beginning	<u>3,083,880</u>	<u>3,130,456</u>	<u>3,100,311</u>
Total OPEB Liability - Ending	<u><u>\$ 2,889,408</u></u>	<u><u>\$ 3,083,880</u></u>	<u><u>\$ 3,130,456</u></u>
Covered Employee Payroll	\$ 12,044,937	\$ 10,971,464	\$ 10,651,907
County's OPEB Liability as a Percentage of Covered Employee Payroll	24%	28%	29%

NOTE 1: The County implement GASB Statement No. 75 in 2018, and the above table will be expanded to ten years of information as the information becomes available.

NOTE 2: No assets are accumulated in a trust.

TODD COUNTY, MINNESOTA
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

	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
General Employees Plan						
County's Proportion of the Net Pension Liability	0.158%	0.154%	0.157%	0.154%	0.153%	0.163%
County's Proportionate Share of the Net Pension Liability	\$ 8,485,059	\$ 7,642,980	\$ 7,853,523	\$ 9,824,874	\$ 12,439,080	\$ 8,447,506
State's Proportionate Share of the Net Pension Liability Associated with the County	261,714	237,440	257,551	123,569	162,458	-
County's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability	\$ 8,746,773	\$ 7,880,420	\$ 8,111,074	\$ 9,948,443	\$ 12,601,538	\$ 8,447,506
County's Covered Payroll	\$ 11,203,961	\$ 10,858,016	\$ 10,513,048	\$ 9,880,737	\$ 9,505,400	\$ 9,584,963
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	75.73%	70.39%	74.70%	99.43%	130.86%	88.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.10%	80.20%	75.90%	75.90%	68.90%	78.20%
Police and Fire Plan						
County's Proportion of the Net Pension Liability	0.117%	0.114%	0.111%	0.105%	0.108%	0.112%
County's Proportionate Share of the Net Pension Liability	\$ 1,542,185	\$ 1,212,581	\$ 1,181,014	\$ 1,417,625	\$ 4,334,228	\$ 1,272,582
State's Proportionate Share of the Net Pension Liability Associated with the County	36,344	-	-	-	-	-
County's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability	\$ 1,578,529	\$ 1,212,581	\$ 1,181,014	\$ 1,417,625	\$ 4,334,228	\$ 1,272,582
County's Covered Payroll	\$ 1,377,214	\$ 1,194,888	\$ 1,167,996	\$ 1,073,205	\$ 1,043,220	\$ 1,029,224
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	111.98%	101.48%	101.11%	132.09%	415.47%	123.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.20%	89.30%	88.80%	85.40%	63.90%	86.60%
Correctional Plan						
County's Proportion of the Net Pension Liability	0.421%	0.417%	0.357%	0.320%	0.310%	0.330%
County's Proportionate Share of the Net Pension Liability	\$ 114,152	\$ 57,734	\$ 58,666	\$ 912,003	\$ 1,132,473	\$ 51,018
County's Covered Payroll	\$ 879,510	\$ 867,246	\$ 728,499	\$ 613,675	\$ 580,326	\$ 594,879
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	12.98%	6.66%	8.05%	148.61%	195.14%	8.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.70%	98.20%	97.60%	67.90%	58.20%	96.90%

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

See accompanying Notes to Required Supplementary Information.

**TODD COUNTY, MINNESOTA
SCHEDULE OF COUNTY CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014
General Employees Plan							
Contractually Required Contribution	\$ 886,129	\$ 827,957	\$ 804,319	\$ 766,203	\$ 722,477	\$ 685,477	\$ 658,386
Contributions in Relation to the Contractually Required Contribution	(886,129)	(827,957)	(804,319)	(766,203)	(722,477)	(685,477)	(658,386)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 11,815,053	\$ 11,039,427	\$ 10,724,253	\$ 10,216,040	\$ 9,633,025	\$ 9,139,678	\$ 9,081,175
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.25%
Police and Fire Plan							
Contractually Required Contribution	\$ 252,574	\$ 210,892	\$ 193,471	\$ 182,691	\$ 169,600	\$ 161,104	\$ 145,374
Contributions in Relation to the Contractually Required Contribution	(252,574)	(210,892)	(193,471)	(182,691)	(169,600)	(161,104)	(145,374)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 1,490,112	\$ 1,244,201	\$ 1,194,265	\$ 1,127,722	\$ 1,046,910	\$ 994,470	\$ 950,157
Contributions as a Percentage of Covered Payroll	16.95%	16.95%	16.20%	16.20%	16.20%	16.20%	15.30%
Correctional Plan							
Contractually Required Contribution	\$ 84,264	\$ 78,112	\$ 72,460	\$ 57,710	\$ 51,454	\$ 49,389	\$ 52,824
Contributions in Relation to the Contractually Required Contribution	(84,264)	(78,112)	(72,460)	(57,710)	(51,454)	(49,389)	(52,824)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 963,017	\$ 892,709	\$ 828,114	\$ 659,543	\$ 588,060	\$ 564,442	\$ 603,706
Contributions as a Percentage of Covered Payroll	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%

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

See accompanying Notes to Required Supplementary Information.

**TODD COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 8,611,801	\$ 8,611,801	\$ 8,441,749	\$ (170,052)
Special Assessments	-	-	4,606	4,606
Licenses and Permits	171,665	171,665	216,692	45,027
Intergovernmental	2,633,903	2,633,903	7,002,131	4,368,228
Charges for Services	589,869	589,869	737,270	147,401
Fines and Forfeits	-	-	37,422	37,422
Gifts and Contributions	2,500	2,500	1,079	(1,421)
Investment Earnings	120,000	120,000	254,543	134,543
Insurance Dividend	100,000	100,000	42,676	(57,324)
Miscellaneous	685,804	685,804	996,640	310,836
Total Revenues	12,915,542	12,915,542	17,734,808	4,819,266
EXPENDITURES				
Current:				
General Government:				
Administrator	440,042	440,042	419,650	20,392
Commissioners	312,474	312,474	329,070	(16,596)
Courts	165,000	165,000	154,691	10,309
Law Library	-	-	16,304	(16,304)
County Auditor-Treasurer	691,859	691,859	645,717	46,142
County Assessor	516,706	516,706	526,565	(9,859)
Elections	104,200	129,700	341,542	(211,842)
Data Processing	469,069	469,069	381,189	87,880
Attorney	779,788	779,788	751,419	28,369
Recorder	385,941	385,941	369,015	16,926
GIS/Surveyor	200,510	200,510	184,360	16,150
Planning and Zoning	541,157	702,086	553,191	148,895
Buildings and Plant	1,253,367	1,253,367	788,868	464,499
Veterans Service Officer	259,608	259,608	252,471	7,137
Central Services/Motor Pool	152,000	207,000	111,597	95,403
Other General Government	339,710	339,710	304,250	35,460
Clean Water Partnership	-	-	98,369	(98,369)
Total General Government	6,611,431	6,852,860	6,228,268	624,592
Public Safety:				
Sheriff	3,262,583	3,262,583	3,229,772	32,811
Boat and Water Safety	9,500	9,500	19,846	(10,346)
Emergency Services	58,929	58,929	59,100	(171)
E-911	90,000	90,000	106,219	(16,219)
Coroner	59,977	59,977	60,197	(220)
County Jail	1,114,960	1,114,960	1,002,217	112,743
Community Corrections	508,386	508,386	508,386	-
Total Public Safety	5,104,335	5,104,335	4,985,737	118,598

See accompanying Notes to Required Supplementary Information.

**TODD COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Current (Continued):				
Culture and Recreation:				
Regional Library	\$ 333,406	\$ 333,406	\$ 333,406	\$ -
Culture and Recreation	250	250	-	250
Rainbow Rider	47,077	47,077	15,913	31,164
Parks and Trails	9,000	9,000	9,000	-
Total Culture and Recreation	<u>389,733</u>	<u>389,733</u>	<u>358,319</u>	<u>31,414</u>
Conservation of Natural Resources:				
County Extension	184,411	184,411	182,068	2,343
Soil and Water Conservation	259,071	259,071	366,052	(106,981)
Agricultural Society/County Fair	40,036	40,036	40,271	(235)
Land Use	544,999	544,999	513,310	31,689
Wetland Challenge	43,282	43,282	43,282	-
Aquatic Invasive Species Grant	153,563	153,563	153,003	560
Total Conservation of Natural Resources	<u>1,225,362</u>	<u>1,225,362</u>	<u>1,297,986</u>	<u>(72,624)</u>
Economic Development:				
Community Development	<u>3,800</u>	<u>3,800</u>	<u>1,322,450</u>	<u>(1,318,650)</u>
Heath				
	<u>-</u>	<u>-</u>	<u>1,256,964</u>	<u>(1,256,964)</u>
Debt Service:				
Principal	53,643	53,643	53,643	-
Interest	3,688	3,688	3,688	-
Total Debt Service	<u>57,331</u>	<u>57,331</u>	<u>57,331</u>	<u>-</u>
Total Expenditures	<u>13,391,992</u>	<u>13,633,421</u>	<u>15,507,055</u>	<u>(1,873,634)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(476,450)	(717,879)	2,227,753	2,945,632
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	684,139	684,139
Transfers Out	(67,000)	(67,000)	(1,073,449)	(1,006,449)
Proceeds from Sale of Assets	6,000	6,000	12,474	6,474
Proceeds from Clean Water Partnership Loans	-	-	95,869	95,869
Proceeds from Insurance	6,200	6,200	26,968	20,768
Total Other Financing Sources (Uses)	<u>(54,800)</u>	<u>(54,800)</u>	<u>(253,999)</u>	<u>(199,199)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (531,250)</u>	<u>\$ (772,679)</u>	1,973,754	<u>\$ 2,746,433</u>
Fund Balance - Beginning of Year			<u>12,048,120</u>	
FUND BALANCE - END OF YEAR			<u>\$ 14,021,874</u>	

See accompanying Notes to Required Supplementary Information.

**TODD COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
PUBLIC WORKS SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,617,380	\$ 2,617,380	\$ 2,515,693	\$ (101,687)
Transit Sales and Use Tax	840,000	840,000	1,076,532	236,532
Intergovernmental	6,418,707	6,418,707	7,019,704	600,997
Charges for Services	200,000	200,000	258,459	58,459
Interest on Investments	-	-	382	382
Insurance Dividend	-	-	30,521	30,521
Miscellaneous	-	-	19,980	19,980
Total Revenues	<u>10,076,087</u>	<u>10,076,087</u>	<u>10,921,271</u>	<u>845,184</u>
EXPENDITURES				
Current:				
Highway and Streets:				
Administration	447,540	447,540	396,080	51,460
Construction and Engineering	5,761,597	5,761,597	4,889,137	872,460
Maintenance	2,130,040	2,130,040	2,149,537	(19,497)
Equipment and Maintenance Shops	1,405,010	1,512,572	1,403,321	109,251
Other	26,800	26,800	46,702	(19,902)
Total Highways and Streets	<u>9,770,987</u>	<u>9,878,549</u>	<u>8,884,777</u>	<u>993,772</u>
Total Expenditures	<u>9,770,987</u>	<u>9,878,549</u>	<u>9,589,751</u>	<u>288,798</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	305,100	197,538	1,331,520	1,133,982
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	875	875
Proceeds from Sale of Assets	-	-	90,000	90,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>90,875</u>	<u>90,875</u>
NET CHANGE IN FUND BALANCE	<u>\$ 305,100</u>	<u>\$ 197,538</u>	1,422,395	<u>\$ 1,224,857</u>
Fund Balance - Beginning of Year			3,050,996	
Increase for Inventory			<u>112,331</u>	
FUND BALANCE - END OF YEAR			<u>\$ 4,585,722</u>	

See accompanying Notes to Required Supplementary Information.

**TODD COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,844,228	\$ 3,844,228	\$ 3,695,747	\$ (148,481)
Intergovernmental	4,488,817	4,488,817	4,261,766	(227,051)
Charges for Services	335,800	335,800	350,785	14,985
Investment Earnings	-	-	55,481	55,481
Insurance Dividend	-	-	4,499	4,499
Miscellaneous	284,600	284,600	663,470	378,870
Total Revenues	<u>8,953,445</u>	<u>8,953,445</u>	<u>9,031,748</u>	<u>78,303</u>
EXPENDITURES				
Current:				
Human Services:				
Income Maintenance	3,349,977	3,349,977	3,163,488	186,489
Social Services	5,603,468	5,603,468	4,644,479	958,989
Total Human Services	<u>8,953,445</u>	<u>8,953,445</u>	<u>7,807,967</u>	<u>1,145,478</u>
Total Expenditures	<u>8,953,445</u>	<u>8,953,445</u>	<u>7,807,967</u>	<u>1,145,478</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1,223,781	1,223,781
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(379,943)	(379,943)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	843,838	<u>\$ 843,838</u>
Fund Balance - Beginning of Year			<u>3,085,784</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,929,622</u>	

See accompanying Notes to Required Supplementary Information.

**TODD COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY HEALTH SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 603,373	\$ 603,373	\$ 578,229	\$ (25,144)
Intergovernmental	1,160,081	1,160,081	1,200,376	40,295
Charges for Services	1,173,340	1,173,340	1,075,041	(98,299)
Investment Earnings	-	-	42,748	42,748
Insurance Dividend	-	-	12,204	12,204
Miscellaneous	4,000	4,000	300,226	296,226
Total Revenues	<u>2,940,794</u>	<u>2,940,794</u>	<u>3,208,824</u>	<u>268,030</u>
EXPENDITURES				
Current:				
Health:				
Nursing Service	<u>2,940,794</u>	<u>2,940,794</u>	<u>2,707,911</u>	<u>232,883</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	500,913	500,913
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	181,476	181,476
Transfers Out	-	-	(298,526)	(298,526)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(117,050)</u>	<u>(117,050)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	383,863	<u>\$ 383,863</u>
Fund Balance - Beginning of Year			<u>1,048,909</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,432,772</u>	

See accompanying Notes to Required Supplementary Information.

**TODD COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

I. BUDGETARY INFORMATION

The County Board adopts an annual budget for the following major funds: The General Fund, Public Works Special Revenue Fund, Social Services Special Revenue Fund, Community Health Special Revenue Fund, and the Debt Service Fund. These budgets are prepared on the modified accrual basis of accounting. Annual budgets are not adopted for the Ditch, Energy Assistance, Minnesota Housing Finance, Forfeited Tax Sale, Parks and Trails, and Revolving Loan Special Revenue Funds, or Capital Projects Fund.

Based on a process established by the County Board, all departments of the County submit requests for appropriations to the County Auditor-Treasurer each year. After review, analysis, and discussions with the departments, the County Auditor-Treasurer's proposed budget is presented to the County Board for review. The County Board holds public hearings and a final budget must be prepared and adopted no later than December 31.

The overall budget is prepared by fund, function, and department. The legal level of budgetary control – the level at which expenditures may not legally exceed appropriations – is the fund level. Budgets may be amended during the year with proper approval.

II. EXCESS OF EXPENDITURES OVER BUDGET

The following funds had expenditures in excess of budget at the fund level for the year ended December 31, 2020:

	Expenditures	Final Budget	Excess
General Fund	\$ 15,507,055	\$ 13,633,421	\$ 1,873,634

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

III. DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

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

A. General Employees Fund

2020

- 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.

**TODD COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

III. DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (Continued)

A. General Employees Fund

2020 (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.
- 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

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

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

**TODD COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

III. DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (Continued)

A. General Employees Fund

2017

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

2016

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

B. Police and Fire Fund

2020

- The mortality projection scale was changed from MP-2018 to MP-2019.
- There have been no changes since the prior valuation.

2019

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

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064 and 2.5% per year, thereafter, to 1.0% for all years, with no trigger.

2017

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.

TODD COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

III. DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (Continued)

B. Police and Fire Fund (Continued)

2017 (Continued)

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

C. Correctional Fund

2020

- The mortality projection scale was changed from MP-2018 to MP-2019.
- There have been no changes since the prior valuation.

2019

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

**TODD COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

III. DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (Continued)

C. Correctional Fund (Continued)

2018

- The Single Discount Rate was changed from 5.96% per annum to 7.50% per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50% per year to 2.00% per year.

2017

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

2016

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

IV. OTHER POSTEMPLOYMENT BENEFITS

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

Measurement Date January 1, 2020:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub- 2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) 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 employee classification.
- The discount rate was changed from 3.80% to 2.90%.

**TODD COUNTY, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

IV. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Measurement Date January 1, 2019:

- The discount rate was changed from 3.30% to 3.80%.
- Measurement Date January 1, 2018:
- 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 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (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 tables for all employees were updated.
- The discount rate was changed from 3.50% to 3.30%.

SUPPLEMENTARY INFORMATION

**TODD COUNTY, MINNESOTA
DESCRIPTION OF FUNDS
DECEMBER 31, 2020**

NONMAJOR SPECIAL REVENUE FUNDS

The Energy Assistance Fund is used to account for the revenues and expenditures related to the operation of the energy assistance program.

The Forfeited Tax Sale Fund is used to account for the revenues and expenditures related to forfeited tax sales.

The Parks and Trails Fund is used to account for the revenues and expenditures related to the operations and maintenance of the County's parks and trails systems.

The Revolving Loan Fund is used to account for the collection and disbursement of County funds for the purpose of fostering business growth by extending loans for small business development projects.

The Todd County Development Fund is used to account for collection and disbursement of the Todd County Development Commission.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

CUSTODIAL FUNDS

The Todd-Wadena Community Corrections Fund is used to account for the receipt and disbursements of the Todd-Wadena Community Corrections which is a legally separate entity.

The Prepaid Taxes Fund is used to account for the collection and payment of prepaid taxes in the various taxing districts.

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

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

The Jail Inmate Fund is used to account for the receipts and disbursements of the County's inmates.

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.

The Trails Association is used to account for the receipts and disbursements of the Trails Association grants received by Todd County on behalf of the Association.

The Todd Soil and Water Conservation District Fund is used to account for receipts and disbursements of the Todd County Soil and Water Conservation District.

**TODD COUNTY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	Nonmajor Special Revenue Funds		
	Energy Assistance	Forfeited Tax Sale	Parks and Trails
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 89,729	\$ 84,905
Taxes Receivable - Delinquent	-	-	428
Loans Receivable	-	-	-
Due from Other Governments	39,176	-	-
Total Assets	<u>\$ 39,176</u>	<u>\$ 89,729</u>	<u>\$ 85,333</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)			
LIABILITIES			
Salaries Payable	\$ -	\$ -	\$ -
Due to Other Funds	41,116	32,364	-
Due to Other Governments	-	57,390	-
Total Liabilities	<u>41,116</u>	<u>89,754</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes	-	-	321
Property Taxes Collected for Subsequent Period	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>321</u>
FUND BALANCES (DEFICIT)			
Restricted:			
Revolving Loans	-	-	-
Debt Service	-	-	-
Development	-	-	-
Committed:			
Parks and Trails	-	-	85,012
Unassigned	(1,940)	(25)	-
Total Fund Balances (Deficit)	<u>(1,940)</u>	<u>(25)</u>	<u>85,012</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 39,176</u>	<u>\$ 89,729</u>	<u>\$ 85,333</u>

**TODD COUNTY, MINNESOTA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

<u>Nonmajor Special Revenue Funds (Continued)</u>				
<u>Revolving Loan</u>	<u>Todd County Development</u>	<u>Total Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>
\$ -	\$ 21,925	\$ 196,559	\$ 716,437	\$ 912,996
-	-	428	13,506	13,934
90,000	-	90,000	-	90,000
-	-	39,176	-	39,176
<u>\$ 90,000</u>	<u>\$ 21,925</u>	<u>\$ 326,163</u>	<u>\$ 729,943</u>	<u>\$ 1,056,106</u>
\$ -	\$ 2,684	\$ 2,684	\$ -	\$ 2,684
-	-	73,480	-	73,480
-	-	57,390	-	57,390
-	2,684	133,554	-	133,554
-	-	321	10,411	10,732
-	-	-	378	378
-	-	321	10,789	11,110
90,000	-	90,000	-	90,000
-	-	-	719,154	719,154
-	19,241	19,241	-	19,241
-	-	85,012	-	85,012
-	-	(1,965)	-	(1,965)
<u>90,000</u>	<u>19,241</u>	<u>192,288</u>	<u>719,154</u>	<u>911,442</u>
<u>\$ 90,000</u>	<u>\$ 21,925</u>	<u>\$ 326,163</u>	<u>\$ 729,943</u>	<u>\$ 1,056,106</u>

**TODD COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	Nonmajor Special Revenue Funds		
	Energy Assistance	Forfeited Tax Sale	Parks and Trails
REVENUES			
Taxes	\$ -	\$ 98,544	\$ 19,216
Intergovernmental	183,589	-	1,331
Miscellaneous	-	1,900	9,000
Total Revenues	<u>183,589</u>	<u>100,444</u>	<u>29,547</u>
EXPENDITURES			
Current:			
General Government	-	100,493	-
Human Services	185,529	-	-
Culture and Recreation	-	-	12,049
Economic Development	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Administrative (Fiscal) Charges	-	-	-
Total Expenditures	<u>185,529</u>	<u>100,493</u>	<u>12,049</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,940)	(49)	17,498
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,940)	(49)	17,498
Fund Balance (Deficit) - Beginning of Year	<u>-</u>	<u>24</u>	<u>67,514</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ (1,940)</u></u>	<u><u>\$ (25)</u></u>	<u><u>\$ 85,012</u></u>

**TODD COUNTY, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES (COMBINED)
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2020**

Nonmajor Special Revenue Funds (Continued)				
Revolving Loan	Todd County Development	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Funds
\$ -	\$ -	\$ 117,760	\$ 549,020	\$ 666,780
-	-	184,920	26,432	211,352
-	47,922	58,822	13,322	72,144
-	47,922	361,502	588,774	950,276
-	-	100,493	-	100,493
-	-	185,529	-	185,529
-	-	12,049	-	12,049
-	104,597	104,597	-	104,597
-	-	-	500,000	500,000
-	-	-	73,310	73,310
-	-	-	1,350	1,350
-	104,597	402,668	574,660	977,328
-	(56,675)	(41,166)	14,114	(27,052)
-	67,000	67,000	-	67,000
-	10,325	25,834	14,114	39,948
90,000	8,916	166,454	705,040	871,494
<u>\$ 90,000</u>	<u>\$ 19,241</u>	<u>\$ 192,288</u>	<u>\$ 719,154</u>	<u>\$ 911,442</u>

**TODD COUNTY, MINNESOTA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS – CUSTODIAL FUNDS
 DECEMBER 31, 2020**

	Custodial Funds		
	Todd-Wadena Community Corrections	Prepaid Taxes	State Revenue
ASSETS			
Cash and Cash Equivalents	\$ 603,852	\$ 11,839	\$ 87,375
Due from Other Governments	-	-	-
Taxes For Other Governments	-	-	-
Accounts Receivable	700	-	-
Total Assets	604,552	11,839	87,375
LIABILITIES			
Due to Others	-	-	-
Salaries Payable	45,333	-	-
Due to Other Governments	4,324	-	87,375
Total Liabilities	49,657	-	87,375
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Collected for Subsequent Period	-	11,839	-
Total	-	11,839	-
NET POSITION			
Restricted for:			
Individuals, Organizations, and Other Governments	\$ 554,895	\$ -	\$ -

**TODD COUNTY, MINNESOTA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
 FIDUCIARY FUNDS – CUSTODIAL FUNDS
 DECEMBER 31, 2020**

Custodial Funds (Continued)					
Taxes and Penalties	Jail Inmate	Estate Recoveries	Trails Association	Todd Soil and Water Conservation District	Total Custodial Funds
\$ 484,189	\$ 16,618	\$ 9,472	\$ -	\$ 980,698	\$ 2,194,043
-	-	-	-	87,410	87,410
498,249	-	-	-	-	498,249
-	-	-	-	-	700
<u>982,438</u>	<u>16,618</u>	<u>9,472</u>	<u>-</u>	<u>1,068,108</u>	<u>2,780,402</u>
-	-	9,472	-	-	9,472
-	-	-	-	-	45,333
484,185	-	-	-	-	575,884
<u>484,185</u>	<u>-</u>	<u>9,472</u>	<u>-</u>	<u>-</u>	<u>630,689</u>
-	-	-	-	-	11,839
<u>\$ 498,253</u>	<u>\$ 16,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,068,108</u>	<u>\$ 2,137,874</u>

**TODD COUNTY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2020**

	Custodial Funds		
	Todd-Wadena Community Corrections	Prepaid Taxes	State Revenue
ADDITIONS			
Contributions:			
Individuals	\$ -	\$ -	\$ -
Property Tax Collections for Other Governments	-	38,604	-
License and Fees Collected for State	-	-	919,704
Miscellaneous	2,040,153	-	-
Total Additions	<u>2,040,153</u>	<u>38,604</u>	<u>919,704</u>
DEDUCTIONS			
Beneficiary Payments to Individuals	-	-	-
Payments to State	-	-	-
Payments to Other Entities	1,770,925	38,604	919,704
Total Deductions	<u>1,770,925</u>	<u>38,604</u>	<u>919,704</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	269,228	-	-
Fiduciary Net Position - Beginning of Year	<u>285,667</u>	<u>-</u>	<u>-</u>
FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 554,895</u>	<u>\$ -</u>	<u>\$ -</u>

**TODD COUNTY, MINNESOTA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
 FIDUCIARY FUNDS – CUSTODIAL FUNDS
 DECEMBER 31, 2020**

Custodial Funds (Continued)					
Taxes and Penalties	Jail Inmate	Estate Recoveries	Trails Association	Todd Soil and Water Conservation District	Total Custodial Funds
\$ -	\$ 133,405	\$ 465,846	\$ -	\$ -	\$ 599,251
16,179,672	-	-	-	-	16,218,276
-	-	-	-	-	919,704
-	-	-	131,810	1,222,381	3,394,344
<u>16,179,672</u>	<u>133,405</u>	<u>465,846</u>	<u>131,810</u>	<u>1,222,381</u>	<u>21,131,575</u>
-	126,011	-	-	-	126,011
-	-	465,846	-	-	465,846
16,185,920	-	-	131,810	1,039,272	20,086,235
<u>16,185,920</u>	<u>126,011</u>	<u>465,846</u>	<u>131,810</u>	<u>1,039,272</u>	<u>20,678,092</u>
(6,248)	7,394	-	-	183,109	453,483
504,501	9,224	-	-	884,999	1,684,391
<u>\$ 498,253</u>	<u>\$ 16,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,068,108</u>	<u>\$ 2,137,874</u>

**TODD COUNTY, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2020**

	Total Governmental Funds	Total Enterprise Funds	Total Government
SHARED REVENUE			
State:			
Highway Users Tax	\$ 6,604,382	\$ -	\$ 6,604,382
Market Value Credit - Agriculture	618,294	-	618,294
PERA Rate Reimbursement	21,060	812	21,872
PERA Rate Indirect Aid	21,837	-	21,837
Disparity Reduction Aid	72,752	-	72,752
Police Aid	149,641	-	149,641
Out of Home Placement	1,661	-	1,661
County Program Aid	1,627,611	-	1,627,611
Aquatic Invasive Species	153,003	-	153,003
Riparian Protection Aid	112,056	-	112,056
Enhanced 911	100,387	-	100,387
Total Shared Revenue	9,482,684	812	9,483,496
REIMBURSEMENT FOR SERVICES			
State:			
Minnesota Department of Human Services	1,593,713	-	1,593,713
PAYMENTS			
Local:			
Payments in Lieu of Taxes	117,118	-	117,118
GRANTS			
Local			
	44,322	-	44,322
State:			
Minnesota Department/Board of			
Agriculture	9,972	-	9,972
Natural Resources	1,519	-	1,519
Health	285,030	-	285,030
Human Services	999,610	-	999,610
Veterans Affairs	10,000	-	10,000
Soil and Water Resources	120,480	-	120,480
Peace Officers	19,759	-	19,759
Pollution Control Agency	189,174	70,300	259,474
Public Safety	438	-	438
Secretary of State	34,039	-	34,039
Historical Society	22,800	-	22,800
Finance	486,777	-	486,777
Total State	2,179,598	70,300	2,249,898
Federal:			
Department of Agriculture	470,065	-	470,065
Interior	1,388	-	1,388
Labor	55	-	55
Education	3,074	-	3,074
Election Assistance Commission	23,555	-	23,555
Health and Human Services	2,295,006	-	2,295,006
Homeland Security	26,723	-	26,723
Treasury	3,151,393	-	3,151,393
Transportation	306,635	-	306,635
Total Federal	6,277,894	-	6,277,894
Total Grants	8,457,492	70,300	8,527,792
Total Intergovernmental Revenue	\$ 19,695,329	\$ 71,112	\$ 19,766,441

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



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

Board of County Commissioners
Todd County, Minnesota
Long Prairie, 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 business-type activities, each major fund, and the aggregate remaining fund information of Todd County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Todd County's basic financial statements, and have issued our report thereon dated April 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Todd 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 Todd County's internal control. Accordingly, we do not express an opinion on the effectiveness of Todd County, Minnesota's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses as items 2020-001 to 2020-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Todd County’s financial statements are free of 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*.

Todd County’s Responses to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Brainerd, Minnesota
April 27, 2021



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

Board of County Commissioners
Todd County, Minnesota
Long Prairie, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Todd County's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. The 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 the 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 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 the 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 the County's compliance.

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-004 through 2020-006. Our opinion on each major federal program is not modified with respect to these matters.

Todd County's Responses to Findings

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

Report on Internal Control Over Compliance

Management of the 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 the 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 the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-004 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-005 through 2020-006 to be significant deficiencies.

Todd County's Responses to Findings

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Brainerd, Minnesota
April 27, 2021

**TODD COUNTY, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020**

Section I – Summary of the Auditors' Results

Basic Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to basic financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? x yes no

Identification of Major Federal Programs

CFDA Numbers

20.019
93.778

Name of Federal Program or Cluster

COVID-19 Coronavirus Relief Fund
Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes x no

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

Section II – Financial Statement Findings

2020-001 Segregation of Duties

Type of Finding Material Weakness (Financial Reporting)

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

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

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

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

Repeat Finding: Prior year finding identified as Finding 2019-001.

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

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

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

Section II – Financial Statement Findings (Continued)

2020-002 Audit Adjustments

Type of Finding Material Weakness (Financial Reporting)

Criteria: County management is responsible for establishing and maintaining internal controls for the proper recording of all County's receipts and disbursements, including reclassifications between funds and activity of all investing and savings accounts.

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

Cause: The County has a limited number of personnel.

Possible Effect: The design of the internal controls over recording revenues and expenditures, including reclassifications, could affect the ability of the County to detect or prevent errors, a misappropriation of assets, or fraudulent activity.

Repeat Finding: Prior year finding identified as Finding 2019-002.

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

Views of Responsible Officials and Planned Corrective Actions: There is no disagreement with the audit finding. Management will continue to work at eliminating the need for audit adjustments through learning about new GASB standards and reviewing work performed by department personnel.

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

Section II – Financial Statement Findings (Continued)

2020-003 Financial Reporting Process

Type of Finding Material Weakness (Financial Reporting)

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

Condition and Context: As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. The County does not have an internal control policy in place over preparation or review of the annual financial statements that would enable management to prepare the financial statements and related note disclosures in accordance with applicable accounting and reporting standards. It was also noted that there are lack of controls over several areas of the County, including over cutoff of receivables and payables, completeness and existence of payroll liabilities, and accuracy and classification of payroll. Management reviews and accepts responsibility for the financial statements.

Cause: The County has a limited number of personnel.

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

Repeat Finding: Prior year finding identified as Finding 2019-003.

Recommendation: We recommend the County continue to evaluate their internal staff capacity to determine if an internal control policy over the preparation of the financial statements and other areas is beneficial.

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

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

Section III – Major Program Findings and Compliance

2020-004 **Timely Reporting**

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

Federal Agency: U.S. Department of Treasury

Federal Program Title: Coronavirus Relief Fund

CFDA Number: 20.019

Pass-Through Agency: Minnesota Department of Management and Budget

Pass-Through Number: STL0016

Compliance Requirement Affected: Reporting

Award Period: Year-Ended December 31, 2020

Criteria: Per the October 22, 2020 FAQs for Local Governments receiving Coronavirus Relief Funds (CRF) guidance from the state of Minnesota, "Report must be filed by the 7th business day of the month."

Condition and Context: During statistically valid sample testing, three of the five monthly reports tested were submitted after the reporting deadline.

Questioned Costs: Not applicable.

Cause: Complex program new to County.

Possible Effect: A report not submitted timely could be refused or disqualified.

Repeat Finding: Not Applicable.

Recommendation: We recommend the County put policies in place to ensure timely reporting.

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

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

Section III – Major Program Findings and Compliance (Continued)

2020-005 **Allowable Cost Allowable Activity**

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

Federal Agency: U.S. Department of Treasury

Federal Program Title: Coronavirus Relief Fund

CFDA Number: 20.019

Pass-Through Agency: Minnesota Department of Management and Budget

Pass-Through Number: STL0016

Compliance Requirement Affected: Allowable Cost Allowable Activity

Award Period: Year-Ended December 31, 2020

Criteria: Per the October 19, 2020 FAQ issued by the Minnesota Department of Management and Budget, "The expenses of acquiring equipment (e.g., vehicles) may be covered with payments from the Fund in certain cases: A government must (i) determine that it is not able to meet the need arising from the public health emergency in a cost-effective manner by leasing property or equipment or by improving property already owned and (ii) maintain documentation to support this determination."

Condition and Context: During statistically valid sample testing of allowable costs and allowable activities, two of twenty-five disbursements tested were for vehicles, for which the County did not have supporting documents readily available, and consideration for leasing a vehicle, was not maintained. In the population of allowable costs and allowable activities, a total of three vehicle purchases were noted.

Questioned Costs: \$80,307

Cause: Complex program new to County.

Possible Effect: Compliance requirements which are not met could result in the money being due back to the grantor.

Repeat Finding: Not Applicable.

Recommendation: We recommend the County maintain procedures to ensure grant compliance requirements are being met.

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

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

Section III – Major Program Findings and Compliance (Continued)

2020-006 Eligibility Documentation

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

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

Federal Program Title: Medical Assistance Program (Medicaid Cluster)

CFDA Number: 93.778

Pass-Through Agency: Minnesota Department of Human Services

Pass-Through Numbers: 2005MNADM, 2005MN5MAP

Compliance Requirement Affected: Eligibility

Award Period: Year-Ended December 31, 2020

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

Condition and Context: During statistically valid sample testing of eligibility, it was noted that one out of sixty transactions did not have the updated information entered into the state system MAXIS at the time of renewal. The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Questioned Costs: Not applicable. The County administers the program, but benefits to participants in this program are paid by the state of Minnesota.

Cause: Limited resources to implemented significant policy changes in a very short time that were brought upon by the COVID-19 pandemic, in addition to a typical workload within the department.

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

Repeat Finding: Prior year finding identified as Finding 2019-004.

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

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

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

Section IV – Other Items for Consideration – Minnesota Legal Compliance

DITCH SPECIAL REVENUE FUND - CASH DEFICITS (2020-007)

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

Condition and Context: The County reported 12 of the 43 active ditch systems as having deficit cash balances as of December 31, 2020.

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

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

Repeat Finding: Prior year finding identified as Finding 2019-005.

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

CLIENT'S RESPONSE:

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

PUBLISHING OF DISBURSEMENTS (2020-008)

Criteria: Minnesota Statute §375.17 requires actual vendors providing goods and services to the County to be identified and not just the credit card company.

Condition and Context: When publishing it's disbursements in the newspaper, the County is not publishing the individual vendors, but instead the credit card company.

Cause: Unknown.

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

Repeat Finding: Prior year finding identified as Finding 2019-007.

Recommendation: We recommend the County publish the vendors from their credit card statements in the newspaper, instead of just the credit card company disbursements.

CLIENT'S RESPONSE:

The County will review statutes and break out the credit card statement detail in the future.

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

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

PREVIOUSLY REPORTED ITEM RESOLVED

MINNESOTA LEGAL COMPLIANCE – PROMPT PAYMENT OF CLAIMS (2019-006)

Resolution: Per inquiry of the County, and audit testing performed, all claims have been paid within the guidelines required by Minnesota Statutes §471.425.

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

Federal Grantor Pass Through Agency Grant Program Title or Cluster Name	Federal CFDA Number	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health and Morrison County: Special Supplemental Nutrition Program for Women, Infants and Children	10.557	202MN004W1003	\$ 131,849	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	202MN101S2514	<u>316,424</u>	<u>-</u>
Total Department of Agriculture			448,273	-
U.S. Department of Interior				
Direct National Wildlife Refuge Fund	15.659	Not Applicable	1,388	-
U.S. Department of Labor				
Direct Occupational Safety and Health State Program	17.503	Not Applicable	55	-
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction (Part of Highway Planning and Construction Cluster)	20.205	077-070-009 / 077-070-012	294,106	-
Passed Through Minnesota Department of Public Safety and Wadena County State and Community Highway Safety (Part of Highway Safety Cluster) (Total Highway Safety Cluster \$11,192)	20.600	A-ENFRC21-2021-WADENASD-074	5,913	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC21-2021-WADENASD-074	1,337	-
National Priority Safety Programs (Part of Highway Safety Cluster) (Total Highway Cluster \$11,192)	20.616	A-ENFRC21-2021-WADENASD-074	<u>5,279</u>	<u>-</u>
Total Department of Transportation			306,635	-
U.S. Department of Treasury				
Passed Through Minnesota Department of Management and Budget COVID-19 Coronavirus Relief Fund	21.019	STL0016	3,151,393	26,182
U.S. Department of Education				
Passed Through Minnesota Department of Education and Morrison County Special Education - Grants for Infants and Families	84.181	H181A180029	2,062	-
U.S. Federal Election Assistance Commission				
Passed Through Minnesota Department of Management and Budget COVID-19 2018 HAVA Election Security Grants	90.404	EAC201908MNCOVID	23,555	-
U.S. Department of Health and Human Services				
Direct Drug-Free Communities Support Program Grants	93.276	H79SP021051	86,499	-
COVID-19 Provider Relief Fund	93.498	PRF20200001	60,051	-
Passed Through Minnesota Department of Commerce Low Income Home Energy Assistance	93.568	2002MNLIEA	183,589	-
Passed Through Minnesota Department of Health and Morrison County Public Health Emergency Preparedness	93.069	NU90TP922026	27,506	-
Universal Newborn Hearing Screening	93.251	H61MC00035	1,300	-
Temporary Assistance for Needy Families (Total Temporary Assistance of Needy Families 93.558 \$229,713)	93.558	2001MNTANF	34,100	-
Maternal and Child Health Services Block Grant to the States	93.994	B0433847	34,612	-

The Notes to the Schedule of Expenditures of Federal Awards are an integrated part of this schedule.

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

Federal Grantor Pass Through Agency Grant Program Title	Federal CFDA Number	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Passed Through Minnesota Department of Human Services and Morrison County				
Medical Assistance Program (Part of Medicaid Cluster) (Total Medical Assistance \$1,074,126)	93.778	2005MN5MAP	\$ 61,519	\$ -
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	2001MNFPS	5,167	-
Temporary Assistance for Needy Families (Total Temporary Assistance of Needy Families 93.558 \$229,713)	93.558	2001MNTANF	195,613	-
Child Support Enforcement	93.563	2001MNCSES	\$ 104,025	-
	93.563	2001MNCES	281,394	-
Refugee and Entrant Assistance State Administered Programs	93.566	2001MNRCA	407	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP	5,966	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Part of CCDF Cluster)	93.575	2001MNCDF	3,106	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	3,744	-
Foster Care Title IV-E	93.658	2001MNFOS	46,637	-
Social Services Block Grant	93.667	2001MNSOSR	171,770	-
Chafee Foster Care Independence Program	93.674	2001MNCILP	1,000	-
Children's Health Insurance Program	93.767	2005MN5021	786	-
Medical Assistance Program (Part of Medicaid Cluster) (Total Medical Assistance \$1,074,126)	93.778	2005MN5ADM 2005MN5MAP	992,952 19,655	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B08TI010027 / B08TI083047	2,050	-
Total Department of Health and Human Services			2,323,448	-
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	3320FAS200127	6,589	-
Total Cash Type Federal Awards			<u>\$ 6,263,398</u>	<u>\$ 26,182</u>

Notes to the Schedule of Expenditures of Federal Awards

- The schedule of expenditures of federal awards presents the federal award programs expended by Todd County (County). The County's reporting entity is defined in Note 1 to the financial statements. 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 the County, it is not intended to and does not present the financial position or changes in net position of the County.
- Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Todd County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
- The amount included on the SEFA for the Provider Relief Fund CFDA #93.498 is based upon the December 31, 2020 Provider Relief Fund report.
- Clusters of programs are groupings of closely related programs that share common compliance requirements. Total expenditures by cluster are:

SNAP Cluster	\$ 316,424
Highway Planning and Construction Cluster	294,106
Highway Safety Cluster	11,192
CCDF Cluster	3,106
Medicaid Cluster	1,074,126
- Reconciliation to the Schedule of Intergovernmental Revenue:

Federal Grant Revenue per Schedule of Intergovernmental Revenue:	\$ 6,277,894
Expenditures above, not included as revenues on the Schedule of Intergovernmental Revenues	110,639
Revenues included on the Schedule of Intergovernmental Revenue that are not considered Federal Grant Expenditures	<u>(125,135)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 6,263,398</u>

The Notes to the Schedule of Expenditures of Federal Awards are an integrated part of this schedule.



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Todd County, Minnesota
Long Prairie, 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 business-type activities, each major fund, and the aggregate remaining fund information of Todd County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's financial statements as listed in the table of contents and have issued our report thereon dated April 27, 2021.

In connection with our audit, we noted that Todd County, Minnesota failed to comply with provisions of the miscellaneous provisions and claims and disbursements sections 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 2020-007 through 2020-008. Also, in connection with our audit, nothing came to our attention that caused us to believe that Todd County, Minnesota failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, and public indebtedness sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
April 27, 2021

