

TODD COUNTY, MINNESOTA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2021



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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, 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 the County, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The supplementary information listed in the table of contents and 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information listed in the table of contents and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2022, on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
April 19, 2022

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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, 2021. 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, 2021, and the prior year, 2020, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- County-wide net position increased 6.9% in 2021 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 \$38,912,756 and were \$3,154,751 more than expenditures in 2021. The revenues decreased from 2020 revenues by \$2,990,322 primarily due to receiving approximately \$3.2 million in CARES Act grants in 2020.
- The General Fund's fund balance increased \$1,874,168 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 and transfers in exceeded total expenses by \$306,883 primarily due to an increase in sales and charges for services of approximately \$264,000.

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:

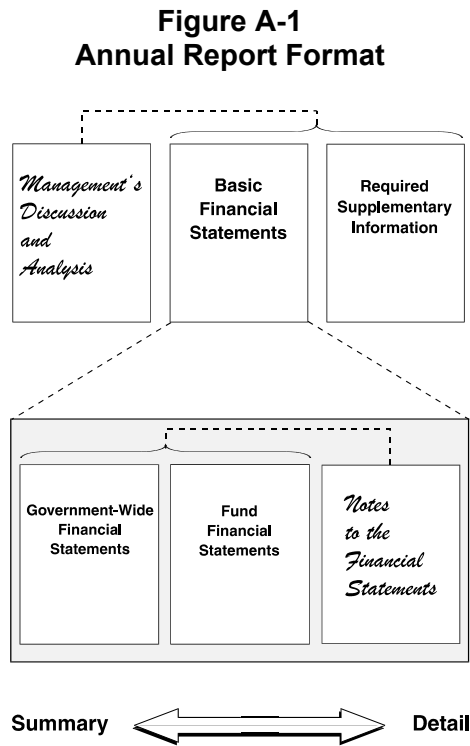
- The first two statements are County-wide financial statements which provide both short-term and long-term information about the County's overall financial status.
- The remaining statements are fund financial statements which focus on individual parts of the County, reporting the County's operations 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.
 - Proprietary 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.
 - 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, 2021**

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, 2021**

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, 2021**

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, 2021**

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 and a separate statement of changes in 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 \$112,768,120 on December 31, 2021, an increase of \$7,270,391 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	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 38,088,638	\$ 31,866,146	\$ 2,375,053	\$ 2,119,367	\$ 40,463,691	\$ 33,985,513
Capital Assets	92,673,451	90,228,654	690,456	624,674	93,363,907	90,853,328
Total Assets	130,762,089	122,094,800	3,065,509	2,744,041	133,827,598	124,838,841
Deferred Outflows of Resources	7,498,694	2,156,956	170,844	37,693	7,669,538	2,194,649
Current Liabilities	5,261,638	2,465,905	147,000	96,269	5,408,638	2,562,174
Long-Term Liabilities	13,770,685	16,428,275	332,184	414,968	14,102,869	16,843,243
Total Liabilities	19,032,323	18,894,180	479,184	511,237	19,511,507	19,405,417
Deferred Inflows of Resources	9,011,928	2,104,552	205,581	25,792	9,217,509	2,130,344
Net Position:						
Net Investment in						
Capital Assets	90,457,149	87,652,599	690,456	624,675	91,147,605	88,277,274
Restricted	5,982,389	5,968,338	-	-	5,982,389	5,968,338
Unrestricted	13,776,994	9,632,087	1,861,132	1,620,030	15,638,126	11,252,117
Total Net Position	<u>\$ 110,216,532</u>	<u>\$ 103,253,024</u>	<u>\$ 2,551,588</u>	<u>\$ 2,244,705</u>	<u>\$ 112,768,120</u>	<u>\$ 105,497,729</u>

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

CHANGE IN NET POSITION

The County-wide total revenues were \$41,646,213 for the year ended December 31, 2021 (a decrease of \$2,917,670). This decrease is primarily attributable to decreases in federal funding related to the pandemic which were slightly offset by increases in the tax levy. Property taxes and intergovernmental revenues accounted for 81% of total revenue for the year (see Table A-2).

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

	Governmental Activities			Percent Change	Business-Type Activities			Percent Change	Total		
	2021	2020			2021	2020			2021	2020	
REVENUES											
Program Revenues:											
Charges for Services	\$ 3,818,904	\$ 3,459,470	10.4 %	\$ 2,897,762	\$ 2,557,162	13.3 %	\$ 6,716,666	\$ 6,016,632	11.6 %		
Operating Grants and Contributions	9,708,597	13,322,374	(27.1)	35,553	71,112	(50.0)	9,744,150	13,393,486	(27.2)		
Capital Grants and Contributions	4,337,736	4,782,138	(9.3)	-	-	-	4,337,736	4,782,138	(9.3)		
General Revenues:											
Property Taxes	16,254,975	15,812,585	2.8	-	-	-	16,254,975	15,812,585	2.8		
Unrestricted State Aid	2,320,354	2,411,261	(3.8)	-	-	-	2,320,354	2,411,261	(3.8)		
Investment Earnings	239,096	352,772	(32.2)	-	-	-	239,096	352,772	(32.2)		
Other	2,019,559	1,787,117	13.0	13,677	7,892	73.3	2,033,236	1,795,009	13.3		
Total Revenues	<u>38,699,221</u>	<u>41,927,717</u>	(7.7)	<u>2,946,992</u>	<u>2,636,166</u>	11.8	<u>41,646,213</u>	<u>44,563,883</u>	(6.5)		
EXPENSES											
General Government	6,683,264	6,324,755	5.7	-	-	-	6,683,264	6,324,755	5.7		
Public Safety	4,802,394	4,538,175	5.8	-	-	-	4,802,394	4,538,175	5.8		
Highways and Streets	7,063,367	7,338,239	(3.7)	-	-	-	7,063,367	7,338,239	(3.7)		
Sanitation	-	-	-	2,684,817	2,503,963	7.2	2,684,817	2,503,963	7.2		
Human Services	8,162,444	7,963,057	2.5	-	-	-	8,162,444	7,963,057	2.5		
Health	2,741,085	3,211,914	(14.7)	-	-	-	2,741,085	3,211,914	(14.7)		
Culture and Recreation	396,336	370,368	7.0	-	-	-	396,336	370,368	7.0		
Conservation of Natural Resources	1,183,528	1,300,073	(9.0)	-	-	-	1,183,528	1,300,073	(9.0)		
Economic Development	590,411	1,427,047	(58.6)	-	-	-	590,411	1,427,047	(58.6)		
Interest	68,176	73,949	(7.8)	-	-	-	68,176	73,949	(7.8)		
Total Expenses	<u>31,691,005</u>	<u>32,547,577</u>	(2.6)	<u>2,684,817</u>	<u>2,503,963</u>	7.2	<u>34,375,822</u>	<u>35,051,540</u>	(1.9)		
CHANGE IN NET POSITION BEFORE TRANSFERS	7,008,216	9,380,140	(25.3)	262,175	132,203	98.3	7,270,391	9,512,343	(23.6)		
TRANSFERS IN (OUT)	<u>(44,708)</u>	<u>(18,504)</u>	141.6	<u>44,708</u>	<u>18,504</u>	141.6	<u>-</u>	<u>-</u>	-		
CHANGE IN NET POSITION	6,963,508	9,361,636	(25.6)	306,883	150,707	103.6	7,270,391	9,512,343	(23.6)		
Net Position - Beginning 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		
NET POSITION - END OF YEAR	<u>\$ 110,216,532</u>	<u>\$ 103,253,024</u>	6.7	<u>\$ 2,551,588</u>	<u>\$ 2,244,705</u>	13.7	<u>\$ 112,768,120</u>	<u>\$ 105,497,729</u>	6.89		

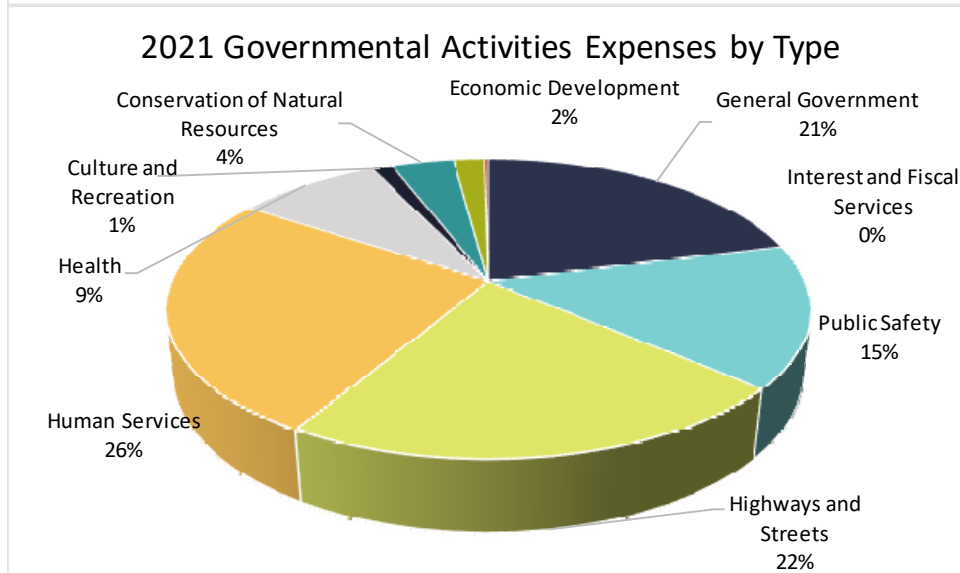
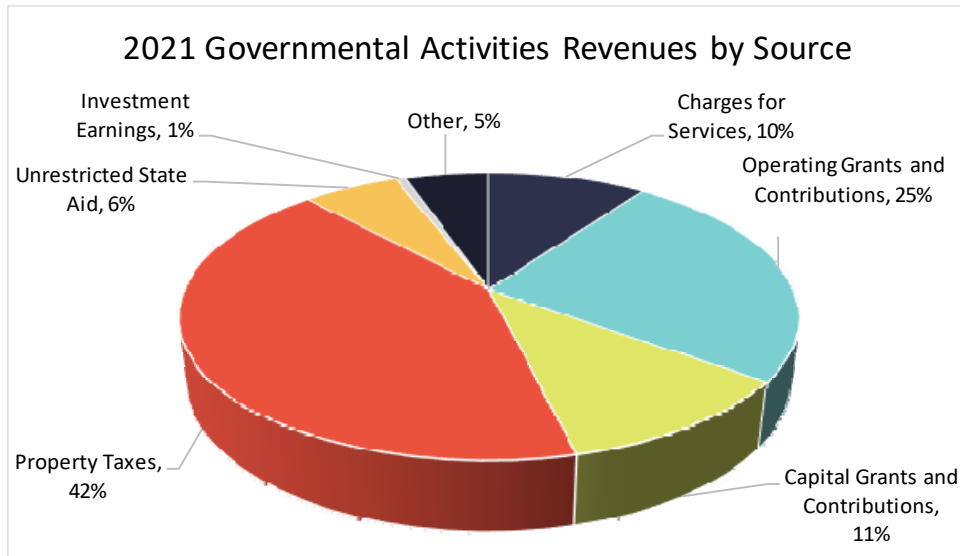
Total revenues surpassed expenses, increasing net position approximately \$7,270,391 over last year.

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

CHANGE IN NET POSITION (CONTINUED)

The County-wide cost of all governmental activities this year was approximately \$31,691,005.

- Some of the cost was paid by the users of the County's programs (\$3,818,904).
- The federal and state governments subsidized certain programs with grants and contributions (\$14,046,333).
- The remainder of the County's governmental activities costs of \$13,825,768, 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 \$16,254,975 in property taxes, \$2,320,354 of state aid, \$1,122,056 in transit sales and use tax, and with investment earnings and other general revenues.



**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

CHANGE IN NET POSITION (CONTINUED)

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

	Total Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Percentage Change	Net Revenue (Cost) of Services <u>2021</u>	Net Revenue (Cost) of Services <u>2020</u>	Percentage Change
GOVERNMENTAL ACTIVITIES						
General Government	\$ 6,683,264	\$ 6,324,755	5.7 %	\$ (5,318,401)	\$ (4,643,414)	(14.5)%
Public Safety	4,802,394	4,538,175	5.8	(3,796,973)	(3,508,801)	(8.2)
Highways and Streets	7,063,367	7,338,239	(3.7)	352,235	527,451	(33.2)
Human Services	8,162,444	7,963,057	2.5	(3,031,327)	(3,075,901)	1.4
Health	2,741,085	3,211,914	(14.7)	(338,654)	487,212	(169.5)
Culture and Recreation	396,336	370,368	7.0	(387,336)	(361,368)	(7.2)
Conservation of Natural Resources	1,183,528	1,300,073	(9.0)	(786,509)	(736,332)	(6.8)
Economic Development	590,411	1,427,047	(58.6)	(450,627)	399,507	(212.8)
Interest	68,176	73,949	(7.8)	(68,176)	(73,949)	7.8
Total	<u>\$ 31,691,005</u>	<u>\$ 32,547,577</u>	(2.6)	<u>\$ (13,825,768)</u>	<u>\$ (10,985,595)</u>	(25.9)
BUSINESS-TYPE ACTIVITIES						
Solid Waste	<u>\$ 2,684,817</u>	<u>\$ 2,503,963</u>	7.2 %	<u>\$ 248,498</u>	<u>\$ 124,311</u>	99.9 %

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 \$28,369,967. Revenues for the County's governmental funds were \$38,912,756, while total expenditures were \$35,758,005.

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects. Fund balance increased \$1,874,168 during 2021. This increase in fund balance is a result of an increase in property tax revenue and decreases in capital outlay expenditures.

The Public Works Fund has a total fund balance of \$5,522,104, representing a total increase of \$699,059 (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 \$4,480,580, representing a total increase of \$550,958 primarily as a result of expenditures being under budget by approximately \$690,000.

The Community Health Fund increased its fund balance by \$287,393 from 2020, which is due primarily to intergovernmental revenues exceeding budgeted revenues by \$169,053.

The Ditch Fund increased its fund balance by \$10,336 from 2020, 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.

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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

The Solid Waste Enterprise Fund showed operating income of \$211,923. 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, 2021	December 31, 2020	Increase (Decrease)	Percent
Taxes	\$ 9,144,623	\$ 8,441,749	\$ 702,874	8.3 %
Intergovernmental	3,316,927	7,002,131	(3,685,204)	(52.6)
Charges for Services	867,387	737,270	130,117	17.6
Interest	134,143	254,543	(120,400)	(47.3)
Miscellaneous and Other	1,171,250	1,299,115	(127,865)	(9.8)
Total General Fund Revenues	<u>\$ 14,634,330</u>	<u>\$ 17,734,808</u>	<u>\$ (3,100,478)</u>	<u>(17.5)</u>

Total General Fund revenues decreased by \$3,100,478, or 17.5%, from the previous year due primarily due to a federal grant received as a result of the COVID-19 pandemic received in the prior year.

The following schedule presents a summary of General Fund expenditures:

**Table A-5
General Fund Expenditures**

	Year Ended		Change	
	December 31, 2021	December 31, 2020	Increase (Decrease)	Percent
General Government	\$ 5,846,724	\$ 5,855,434	\$ (8,710)	(0.1)%
Public Safety	5,229,230	4,744,102	485,128	10.2
Health	-	1,256,964	(1,256,964)	(100.0)
Culture and Recreation	348,424	358,319	(9,895)	(2.8)
Conservation	1,110,712	1,264,846	(154,134)	(12.2)
Community Development	484,240	1,322,450	(838,210)	(63.4)
Debt Service	57,330	57,331	(1)	-
Capital Outlay	494,799	647,609	(152,810)	(23.6)
Total Expenditures	<u>\$ 13,571,459</u>	<u>\$ 15,507,055</u>	<u>\$ (1,782,786)</u>	<u>(11.5)</u>

The decrease in General Fund expenditures is due to less expenditures needed in response to the COVID-19 pandemic. The larger costs in the prior year included grants to small business affected by the pandemic, public health related expenditures, and payroll.

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

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 \$1,093,120 more than expected; this is primarily due to the County receiving grants that were not known when the budget was approved.
- The actual expenditures were \$237,102 less than the budget, which is due to capital outlay expenditures being less than budgeted.

CAPITAL ASSETS

By the end of 2021, the County had invested about \$147,710,000 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 \$3,687,103 (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
	2021	2020		2021	2020		2021	2020	
Land	\$ 1,005,944	\$ 1,005,944	- %	\$ 37,316	\$ 37,316	- %	\$ 1,043,260	\$ 1,043,260	- %
Construction in Progress	1,590,612	159,813	895.3	-	-	-	1,590,612	159,813	895.3
Buildings	16,017,117	15,991,221	0.2	432,569	481,569	(10.2)	16,449,686	16,472,790	(0.1)
Improvements Other than Buildings	-	-	-	28,253	28,253	-	28,253	28,253	-
Machinery, Equipment, and Vehicles	10,416,380	10,110,086	3.0	1,682,088	1,513,251	11.2	12,098,468	11,623,337	4.1
Infrastructure	116,499,567	112,845,207	3.2	-	-	-	116,499,567	112,845,207	3.2
Less: Accumulated Depreciation	(52,856,169)	(49,883,617)	6.0	(1,489,770)	(1,435,715)	3.8	(54,345,939)	(51,319,332)	5.9
Total	<u>\$ 92,673,451</u>	<u>\$ 90,228,654</u>	2.7	<u>\$ 690,456</u>	<u>\$ 624,674</u>	10.5	<u>\$ 93,363,907</u>	<u>\$ 90,853,328</u>	2.8

**TODD COUNTY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

LONG-TERM LIABILITIES

At year-end, the County had \$15,251,347 in long-term liabilities outstanding, including the current portion of long-term debt.

- The County's governmental activities total long-term liabilities decreased \$2,677,468 largely due changes in actuarial assumptions and investment earning projects related to pensions.

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

	2021	2020	Percentage Change
GOVERNMENTAL ACTIVITIES			
G.O. Bonds	\$ 2,090,000	\$ 2,415,000	(13.5)%
Loans Payable	228,433	95,869	138.3
Capital Lease Obligations	-	55,456	(100.0)
Compensated Absences Payable	2,460,329	2,340,952	5.1
Net Pension Liability	7,131,201	9,839,033	(27.5)
Other Postemployment Benefits Liability	2,978,258	2,819,379	5.6
Total	<u>\$ 14,888,221</u>	<u>\$ 17,565,689</u>	(15.2)
BUSINESS-TYPE ACTIVITIES			
Compensated Absences Payable	\$ 75,208	\$ 70,695	6.4
Net Pension Liability	213,309	302,363	(29.5)
Other Postemployment Benefits Liability	74,609	70,029	6.5
Total	<u>\$ 363,126</u>	<u>\$ 443,087</u>	(18.0)

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 \$4,790,693 in additional aid from the American Rescue Plan Act of 2021. For the year ended December 31, 2021 \$2,276,262 of this funding had been received but not spent and is reported as unearned revenue.

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, 2021**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and Cash Equivalents	\$ 29,523,349	\$ 2,153,838	\$ 31,677,187
Petty Cash and Change Funds	4,975	400	5,375
Taxes Receivable:			
Delinquent	418,345	-	418,345
Special Assessments Receivable:			
Delinquent	4,049	53,400	57,449
Noncurrent	131,087	-	131,087
Accounts Receivable - Net			
Due Within One Year	790,634	123,929	914,563
Due in More than One Year	1,162,630	-	1,162,630
Accrued Interest Receivable	47,022	-	47,022
Loans Receivable	90,000	-	90,000
Internal Balances	(3,086)	3,086	-
Due from Other Governments	4,591,498	-	4,591,498
Inventory	994,754	-	994,754
Prepays	260,424	40,400	300,824
Net Pension Asset	72,957	-	72,957
Nondepreciable Capital Assets:			
Land	1,005,944	37,316	1,043,260
Construction-in-Progress	1,590,612	-	1,590,612
Depreciable Capital Assets:			
Building (Net)	10,251,078	30,883	10,281,961
Machinery, Vehicles, Furniture, and Equipment (Net)	2,700,770	622,257	3,323,027
Infrastructure (Net)	77,125,047	-	77,125,047
Total Assets	<u>130,762,089</u>	<u>3,065,509</u>	<u>133,827,598</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	49,719	-	49,719
Pension Related	7,116,948	161,273	7,278,221
OPEB Related	332,027	9,571	341,598
Total Deferred Outflows of Resources	<u>7,498,694</u>	<u>170,844</u>	<u>7,669,538</u>
LIABILITIES			
Accounts Payable	630,689	38,860	669,549
Salaries Payable	603,641	16,139	619,780
Contracts Payable	61,083	-	61,083
Due to Other Governments	430,157	23,161	453,318
Accrued Interest Payable	26,054	-	26,054
Unearned Revenue	2,327,259	37,898	2,365,157
Compensated Absences Payable - Due Within One Year	674,814	22,640	697,454
General Obligation Bonds Payable - Due Within One Year	335,000	-	335,000
Other Postemployment Benefits Liability - Due Within One Year	172,941	8,302	181,243
Compensated Absences Payable - Due in More than One Year	1,785,515	52,568	1,838,083
Loans Payable - Due in More than One Year	228,433	-	228,433
General Obligation Bonds Payable - Due in More than One Year	1,820,219	-	1,820,219
Other Postemployment Benefits Liability - Due in More than One Year	2,805,317	66,307	2,871,624
Net Pension Liability - Due in More than One Year	7,131,201	213,309	7,344,510
Total Liabilities	<u>19,032,323</u>	<u>479,184</u>	<u>19,511,507</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related	8,714,311	197,381	8,911,692
Property Taxes Collected for Subsequent Period	13,151	-	13,151
OPEB Related	284,466	8,200	292,666
Total Deferred Inflows of Resources	<u>9,011,928</u>	<u>205,581</u>	<u>9,217,509</u>
NET POSITION			
Net Investment in Capital Assets	90,457,149	690,456	91,147,605
Restricted For:			
Veterans Services Purchases	181,854	-	181,854
Law Library Purchases	105,258	-	105,258
Recorder's Technology/Compliance Purchases	787,135	-	787,135
Planning and Zoning Grants	111,638	-	111,638
E-911 and Sheriff Programs	557,570	-	557,570
Debt Service	739,853	-	739,853
Revolving Loans	90,000	-	90,000
Development	12,613	-	12,613
Soil and Water Conservation Expenses	273,354	-	273,354
Other Purposes	9,402	-	9,402
Transportation	3,113,712	-	3,113,712
Unrestricted	13,776,994	1,861,132	15,638,126
Total Net Position	<u>\$ 110,216,532</u>	<u>\$ 2,551,588</u>	<u>\$ 112,768,120</u>

See accompanying Notes to Basic Financial Statements.

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

Functions/Programs	Expenses	Program Revenues		
		Fees, Charges Fines and Other	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 6,683,264	\$ 864,365	\$ 497,254	\$ 3,244
Public Safety	4,802,394	597,614	258,745	149,062
Highways and Streets	7,063,367	272,200	3,079,697	4,063,705
Human Services	8,162,444	1,090,156	4,040,961	-
Health	2,741,085	884,766	1,517,665	-
Culture and Recreation	396,336	9,000	-	-
Conservation of Natural Resources	1,183,528	100,803	174,491	121,725
Economic Development	590,411	-	139,784	-
Interest	68,176	-	-	-
Total Governmental Activities	31,691,005	3,818,904	9,708,597	4,337,736
BUSINESS-TYPE ACTIVITIES				
Solid Waste	2,684,817	2,897,762	35,553	-
Total Primary Government	\$ 34,375,822	\$ 6,716,666	\$ 9,744,150	\$ 4,337,736

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

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (5,318,401)	\$ -	\$ (5,318,401)
(3,796,973)	-	(3,796,973)
352,235	-	352,235
(3,031,327)	-	(3,031,327)
(338,654)	-	(338,654)
(387,336)	-	(387,336)
(786,509)	-	(786,509)
(450,627)	-	(450,627)
(68,176)	-	(68,176)
(13,825,768)	-	(13,825,768)
-	248,498	248,498
(13,825,768)	248,498	(13,577,270)
16,254,975	-	16,254,975
29,530	-	29,530
117,596	-	117,596
1,122,056	-	1,122,056
112,445	9,926	122,371
2,320,354	-	2,320,354
239,096	-	239,096
637,932	-	637,932
-	3,751	3,751
(44,708)	44,708	-
20,789,276	58,385	20,847,661
6,963,508	306,883	7,270,391
103,253,024	2,244,705	105,497,729
\$ 110,216,532	\$ 2,551,588	\$ 112,768,120

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

ASSETS	Major Funds		
	General	Public Works	Social Services
Cash and Cash Equivalents	\$ 17,915,104	\$ 4,484,993	\$ 4,481,388
Petty Cash and Change Funds	4,330	475	100
Taxes Receivable:			
Delinquent	235,573	65,897	89,963
Special Assessments Receivable:			
Delinquent	-	-	-
Noncurrent	-	-	-
Accounts Receivable			
Due Within One Year	613,937	1,617	75,803
Due in More than One Year	1,162,630	-	-
Accrued Interest Receivable	47,022	-	-
Loans Receivable	-	-	-
Due from Other Funds	53,739	-	43,769
Due from Other Governments	152,826	3,525,043	521,305
Prepaid Assets	168,377	-	80,532
Inventories	-	994,754	-
Advances to Other Funds	175,603	-	-
	<u>\$ 20,529,141</u>	<u>\$ 9,072,779</u>	<u>\$ 5,292,860</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 145,021	\$ 201,859	\$ 255,836
Salaries Payable	289,612	72,405	152,760
Contracts Payable	-	61,083	-
Due to Other Funds	-	-	50,720
Due to Other Governments	11,435	6,134	208,464
Unearned Revenue	2,279,995	-	1,500
Advance from Other Funds	-	-	-
Total Liabilities	<u>2,726,063</u>	<u>341,481</u>	<u>669,280</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes	155,684	47,963	66,072
Unavailable Special Assessments	-	-	-
Unavailable Grants and Accounts Receivable	1,743,944	3,159,089	74,147
Property Taxes Collected for Subsequent Period	7,408	2,142	2,781
Total Deferred Inflows of Resources	<u>1,907,036</u>	<u>3,209,194</u>	<u>143,000</u>
FUND BALANCES			
Nonspendable:			
Advances to Other Funds	175,603	-	-
Prepaid Assets	168,377	-	80,532
Inventories	-	994,754	-
Restricted:			
Veterans Services Purchases	181,854	-	-
Law Library Purchases	105,258	-	-
Recorder Technology/Compliance Purchases	787,135	-	-
Planning and Zoning Department Grants	111,638	-	-
E-911 Equipment	305,322	-	-
Sheriff Contingency	3,027	-	-
Sheriff Canteen	5,515	-	-
Sheriff Forfeiture	15,330	-	-
Sheriff Canine and Drone	17,098	-	-
Gun Permits	211,278	-	-
Debt Service	-	-	-
Revolving Loans	-	-	-
Development	-	-	-
Soil and Conservation District	273,354	-	-
Child Protection	2,725	-	-
CWP Loan	6,677	-	-
Committed:			
Future Public Works Building	1,372,000	-	-
Equipment	-	37,683	-
Road Projects	-	4,456,767	-
Social Services Operations	-	-	4,400,048
Community Health Operations	-	-	-
Buildings and Grounds	829,659	-	-
Capital Improvements	-	-	-
Parks and Trails Operations	-	-	-
Elections	15,000	-	-
Retiree Severance	63,790	32,900	-
Assigned:			
Disaster Contingency	12,000	-	-
Unassigned	11,233,402	-	-
Total Fund Balances	<u>15,896,042</u>	<u>5,522,104</u>	<u>4,480,580</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,529,141</u>	<u>\$ 9,072,779</u>	<u>\$ 5,292,860</u>

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

Major Funds (Continued)			Other Governmental Funds	Total Governmental Funds
Community Health	County Ditch	Capital Projects		
\$ 1,545,497	\$ 62,061	\$ 5,905	\$ 1,028,401	\$ 29,523,349
70	-	-	-	4,975
14,610	-	-	12,302	418,345
-	4,049	-	-	4,049
-	131,087	-	-	131,087
99,277	-	-	-	790,634
-	-	-	-	1,162,630
-	-	-	-	47,022
-	-	-	90,000	90,000
50,720	-	-	-	148,228
348,555	-	-	43,769	4,591,498
11,515	-	-	-	260,424
-	-	-	-	994,754
-	-	-	-	175,603
<u>\$ 2,070,244</u>	<u>\$ 197,197</u>	<u>\$ 5,905</u>	<u>\$ 1,174,472</u>	<u>\$ 38,342,598</u>
\$ 27,073	\$ -	\$ -	\$ 900	\$ 630,689
85,598	-	-	3,266	603,641
-	-	-	-	61,083
-	-	-	100,594	151,314
2,644	197	-	201,283	430,157
45,764	-	-	-	2,327,259
-	175,603	-	-	175,603
<u>161,079</u>	<u>175,800</u>	<u>-</u>	<u>306,043</u>	<u>4,379,746</u>
10,559	-	-	9,258	289,536
-	135,072	-	-	135,072
177,946	-	-	-	5,155,126
495	-	-	325	13,151
<u>189,000</u>	<u>135,072</u>	<u>-</u>	<u>9,583</u>	<u>5,592,885</u>
-	-	-	-	175,603
11,515	-	-	-	260,424
-	-	-	-	994,754
-	-	-	-	181,854
-	-	-	-	105,258
-	-	-	-	787,135
-	-	-	-	111,638
-	-	-	-	305,322
-	-	-	-	3,027
-	-	-	-	5,515
-	-	-	-	15,330
-	-	-	-	17,098
-	-	-	-	211,278
-	-	-	757,000	757,000
-	-	-	90,000	90,000
-	-	-	12,613	12,613
-	-	-	-	273,354
-	-	-	-	2,725
-	-	-	-	6,677
-	-	-	-	1,372,000
-	-	-	-	37,683
-	-	-	-	4,456,767
-	-	-	-	4,400,048
1,708,650	-	-	-	1,708,650
-	-	-	-	829,659
-	-	5,905	-	5,905
-	-	-	66,710	66,710
-	-	-	-	15,000
-	-	-	-	96,690
-	-	-	-	12,000
-	(113,675)	-	(67,477)	11,052,250
<u>1,720,165</u>	<u>(113,675)</u>	<u>5,905</u>	<u>858,846</u>	<u>28,369,967</u>
<u>\$ 2,070,244</u>	<u>\$ 197,197</u>	<u>\$ 5,905</u>	<u>\$ 1,174,472</u>	<u>\$ 38,342,598</u>

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, 2021**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 28,369,967

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. 92,673,451

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

Net Pension Liability	\$ (7,131,201)	
Net Pension Asset	72,957	
Deferred Inflows of Resources - Pension Related	(8,714,311)	
Deferred Outflows of Resources - Pension Related	<u>7,116,948</u>	(8,655,607)

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	(2,978,258)	
Deferred Inflows of Resources - OPEB Related	(284,466)	
Deferred Outflows of Resources - OPEB Related	<u>332,027</u>	(2,930,697)

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. 5,579,734

The loss on refunding is reported as a deferred outflow on the statement of net and amortized over the life of the bonds. 49,719

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

General Obligation Bonds, Net	(2,155,219)	
Loans Payable	(228,433)	
Compensated Absences	(2,460,329)	
Accrued Interest Payable	<u>(26,054)</u>	<u>(4,870,035)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 110,216,532

TODD COUNTY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	Major Funds		
	General	Public Works	Social Services
REVENUES			
Taxes	\$ 9,144,623	\$ 2,598,039	\$ 3,378,114
Transit Sales and Use Tax	-	1,122,056	-
Special Assessments	10,919	-	-
Licenses and Permits	222,770	-	-
Intergovernmental	3,316,927	6,961,126	4,320,699
Charges for Services	867,387	260,736	610,688
Fines and Forfeits	21,562	-	-
Gifts and Contributions	1,328	-	-
Interest on Investments	134,143	275	58,933
Insurance Dividend	52,550	39,437	5,531
Miscellaneous	862,121	23,145	709,663
Total Revenues	<u>14,634,330</u>	<u>11,004,814</u>	<u>9,083,628</u>
EXPENDITURES			
Current:			
General Government	5,846,724	-	-
Public Safety	5,229,230	-	-
Highways and Streets	-	9,256,072	-
Human Services	-	-	8,148,563
Health	-	-	-
Culture and Recreation	348,424	-	-
Conservation of Natural Resources	1,110,712	-	-
Economic Development	484,240	-	-
Intergovernmental	-	648,199	-
Debt Service			
Principal	55,456	-	-
Interest	1,874	-	-
Administrative (Fiscal) Charges	-	-	-
Capital Outlay			
General Government	275,320	-	-
Public Safety	219,479	-	-
Highways and Streets	-	401,484	-
Total Expenditures	<u>13,571,459</u>	<u>10,305,755</u>	<u>8,148,563</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,062,871	699,059	935,065
OTHER FINANCING SOURCES (USES)			
Transfers In	691,260	-	-
Transfers Out	(139,238)	-	(384,107)
Proceeds from Sale of Assets	39,246	-	-
Proceeds from Insurance	87,465	-	-
Proceeds from Clean Water Partnership Loans	132,564	-	-
Total Other Financing Sources (Uses)	<u>811,297</u>	<u>-</u>	<u>(384,107)</u>
NET CHANGE IN FUND BALANCES	1,874,168	699,059	550,958
Fund Balances - Beginning of Year	14,021,874	4,585,722	3,929,622
INCREASE IN INVENTORY	<u>-</u>	<u>237,323</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 15,896,042</u>	<u>\$ 5,522,104</u>	<u>\$ 4,480,580</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, 2021

Major Funds (Continued)			Other	Total
Community Health	County Ditch	Capital Projects	Governmental Funds	Governmental Funds
\$ 599,993	\$ -	\$ -	\$ 576,940	\$ 16,297,709
-	-	-	-	1,122,056
-	85,408	-	-	96,327
-	-	-	-	222,770
1,194,441	-	-	145,762	15,938,955
1,182,942	-	-	-	2,921,753
-	-	-	-	21,562
-	-	-	-	1,328
46,020	-	-	-	239,371
14,652	-	-	-	112,170
286,615	-	-	57,211	1,938,755
<u>3,324,663</u>	<u>85,408</u>	<u>-</u>	<u>779,913</u>	<u>38,912,756</u>
-	-	-	232,325	6,079,049
-	-	-	-	5,229,230
-	-	-	-	9,256,072
-	-	-	124,888	8,273,451
2,758,184	-	-	-	2,758,184
-	-	-	47,912	396,336
-	69,717	-	-	1,180,429
-	-	-	106,171	590,411
-	-	-	-	648,199
-	-	-	325,000	380,456
-	-	-	65,780	67,654
-	-	-	2,251	2,251
-	-	-	-	275,320
-	-	-	-	219,479
-	-	-	-	401,484
<u>2,758,184</u>	<u>69,717</u>	<u>-</u>	<u>904,327</u>	<u>35,758,005</u>
566,479	15,691	-	(124,414)	3,154,751
22,712	-	-	71,818	785,790
(301,798)	(5,355)	-	-	(830,498)
-	-	-	-	39,246
-	-	-	-	87,465
-	-	-	-	132,564
<u>(279,086)</u>	<u>(5,355)</u>	<u>-</u>	<u>71,818</u>	<u>214,567</u>
287,393	10,336	-	(52,596)	3,369,318
1,432,772	(124,011)	5,905	911,442	24,763,326
-	-	-	-	237,323
<u>\$ 1,720,165</u>	<u>\$ (113,675)</u>	<u>\$ 5,905</u>	<u>\$ 858,846</u>	<u>\$ 28,369,967</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, 2021**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 3,369,318

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 (581,314)

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	\$ 6,080,256	
Current Year Depreciation	<u>(3,570,289)</u>	2,509,967

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. 1,080,911

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. (10,358)

In the statement of activities, only the gain or loss on the disposal of capital assets are reported whereas in the governmental funds, the proceeds from the disposal increase financial resources. Therefore, the change in net position differs from the change in fund balance by the cost of the capital assets disposed of. (65,170)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 292,587

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	325,000	
Capital Lease	<u>55,456</u>	380,456

Proceeds from the issuance of loans are reported as liabilities on the statement of net assets. (132,564)

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	3,021	
Change in Unamortized Refunding Loss on Bonds	(12,970)	
Change in Unamortized Bond Premium	11,678	
Change in Compensated Absences	(119,377)	
Change in Inventories	<u>237,323</u>	<u>119,675</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 6,963,508**

**TODD COUNTY, MINNESOTA
STATEMENT OF NET POSITION
SOLID WASTE ENTERPRISE FUND
DECEMBER 31, 2021**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 2,153,838
Petty Cash and Change Funds	400
Special Assessments Receivable Delinquent	53,400
Accounts Receivable (Net)	123,929
Due from Other Funds	3,086
Prepays	40,400
Total Current Assets	2,375,053

Noncurrent Assets:

Capital Assets:

Land	37,316
Building (Net)	30,883
Machinery, Vehicles, Furniture and Equipment (Net)	622,257
Total Noncurrent Assets	690,456

Total Assets	3,065,509
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DEFERRED OUTFLOWS OF RESOURCES

Pension Related	161,273
OPEB Related	9,571
Total Deferred Outflows of Resources	170,844

LIABILITIES

Current Liabilities:

Accounts Payable	38,860
Salaries Payable	16,139
Due to Other Governments	23,161
Unearned Revenue	37,898
Compensated Absences Payable - Due Within One Year	22,640
Other Postemployment Benefits Liability - Due Within One Year	8,302
Total Current Liabilities	147,000

NONCURRENT LIABILITIES

Net Pension Liability	213,309
Compensated Absences - Due in More than One Year	52,568
Other Postemployment Benefits Liability - Due in More than One Year	66,307
Total Noncurrent Liabilities	332,184

Total Liabilities	479,184
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DEFERRED INFLOWS OF RESOURCES

Pension Related	197,381
OPEB Related	8,200
Total Deferred Inflows of Resources	205,581

NET POSITION

Net Investment in Capital Assets	690,456
Unrestricted	1,861,132
Total Net Position	\$ 2,551,588

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, 2021**

OPERATING REVENUES	
Sales and Charges for Services	\$ 1,957,723
Operating Special Assessments	939,017
Total Operating Revenues	2,896,740
OPERATING EXPENSES	
Sanitation	2,568,003
Depreciation	116,814
Total Operating Expenses	2,684,817
OPERATING INCOME	211,923
NONOPERATING REVENUES	
Intergovernmental	35,553
Forfeit Land Sale Proceeds	1,022
Insurance Dividend	9,926
Gain on Sale of Capital Assets	3,751
Total Nonoperating Revenues (Expenses)	50,252
CHANGE IN NET POSITION BEFORE TRANSFERS	262,175
Transfers In	44,708
CHANGE IN NET POSITION	306,883
Net Position - Beginning of Year	2,244,705
NET POSITION - END OF YEAR	\$ 2,551,588

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
STATEMENT OF CASH FLOWS
SOLID WASTE ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 2,015,871
Receipts from Operating Special Assessments	931,714
Payments to Suppliers	(2,088,203)
Payments to Employees	(502,224)
Net Cash Provided by Operating Activities	<u>357,158</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Intergovernmental Receipts	35,553
Insurance Dividend	9,926
Transfers In	44,708
Net Cash Provided by Noncapital Financing Activities	<u>90,187</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	(203,595)
Proceeds from Sale of Capital Assets	24,751
Net Cash Used by Capital and Related Financing Activities	<u>(178,844)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	268,501
Cash and Cash Equivalents - Beginning of Year	<u>1,885,337</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,153,838</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 211,923
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	116,814
(Increase) Decrease in Assets:	
Accounts Receivable	(8,521)
Due from Other Governments	70,300
Special Assessments Receivable	(7,303)
Prepaid Assets	(40,400)
Deferred Outflows of Resources - Pension Related	(130,955)
Deferred Outflows of Resources - OPEB Related	(2,196)
Increase (Decrease) in Liabilities:	
Accounts Payable	(13,405)
Salaries Payable	1,143
Due to Other Governments	23,161
Unearned Revenue	37,008
Compensated Absences Payable	4,513
Net Pension Liability	(89,054)
Other Postemployment Benefits Liability	4,580
Deferred Inflows of Resources - Pension Related	182,040
Deferred Inflows of Resources - OPEB Related	(2,250)
Net Cash Provided by Operating Activities	<u><u>\$ 357,398</u></u>

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2021**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 50,112	\$ 2,504,066
Taxes for Other Governments	-	534,226
Accounts Receivable	-	25,025
Total Assets	50,112	3,063,317
LIABILITIES		
Due to Others	-	196,261
Salaries Payable	-	52,427
Due to Other Governments	-	576,189
Total Liabilities	-	824,877
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Collected for Subsequent Period	-	13,151
NET POSITION		
Restricted for:		
Individuals, Organizations, and Other Governments	\$ 50,112	\$ 2,225,289

See accompanying Notes to Basic Financial Statements.

**TODD COUNTY, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2021**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Individuals	\$ 623,723	\$ 763,979
Property Tax Collections for Other Governments	-	16,847,373
License and Fees Collected for State	-	1,060,505
Miscellaneous	-	2,932,435
Total Additions	623,723	21,604,292
DEDUCTIONS		
Beneficiary Payments to Individuals	645,978	174,080
Payments to State	-	570,418
Miscellaneous	-	20,772,379
Total Deductions	645,978	21,516,877
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(22,255)	87,415
Fiduciary Net Position - Beginning of Year	72,367	2,137,874
FIDUCIARY NET POSITION - END OF YEAR	\$ 50,112	\$ 2,225,289

See accompanying Notes to Basic Financial Statements.

TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 five-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, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

In the government-wide statement of net position, 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 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, 2021**

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, 2021**

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 receive 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 included in year-end cash and offset with deferred inflows of resources.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or 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 \$4,656 at December 31, 2021. 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, 2021**

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 Statement No. 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, 2021**

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. The deferred amount on refunding bonds results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is amortized over the remaining life of the refunding bond as part of interest expense.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Deferred Inflows of Resources

The County's government-wide, proprietary, and fiduciary fund statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The County has the following items, which reflect only under an accrual basis of accounting that qualify for reporting in this category. The items are pension related deferred inflows, OPEB related deferred inflows and taxes collected for subsequent year. The pension related deferred inflows consist of differences between expected and actual pension plan economic experience, changes in actuarial assumptions and pension plan changes in proportionate share. The OPEB related deferred inflows consist of changes in actuarial assumptions and the difference between the expected and actual liability. The taxes collected for subsequent year consists of property tax receipts received prior to the year they were levied for.

The County's governmental fund financial statements also have a separate section for deferred inflows of resources. The County is reporting the following items which occur relating to revenue recognition: The taxes collected for subsequent year consists of property tax receipts received prior to the year they were levied for and the deferred inflow of resources for unavailable taxes, special assessments, grants and accounts receivable occur because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's year) under the modified accrual basis of accounting.

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.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 \$2,885,824 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.

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, 2021:

Special Revenue Funds

County Ditch Fund	\$ (113,675)
Forfeited Tax Sale	(67,477)

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

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits

As of December 31, 2021, Todd County had the following deposits:

Statement of Net Position	
Cash and Cash Equivalents	\$ 31,677,187
Petty Cash	5,375
Statement of Fiduciary Net Position	
Social Welfare Private Purpose Trust Fund	50,112
Other Custodial Funds	2,504,066
Total Deposits	<u>\$ 34,236,740</u>

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, 2021, the County's deposits are fully collateralized and insured.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Short Term Receivables

Receivables as of December 31, 2021, for the County governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes	\$ 418,345	\$ -
Special Assessments	135,136	109,239
Accounts	1,953,264	1,162,630
Interest	47,022	-
Loans	90,000	90,000
Due from Other Governments	4,591,498	-
Total Governmental Activities	\$ 7,235,265	\$ 1,361,869
Business-Type Activities		
Special Assessments	\$ 53,400	\$ -
Accounts	123,929	-
Total Business-Type Activities	\$ 177,329	\$ -

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 five years, with the last payment being received in 2024. Payments received during the year ended December 31, 2021 totaled \$581,314. The ending balance of the receivable at December 31, 2021 totaled \$1,743,944, of which \$1,162,630 is considered long term. Scheduled payments from this receivable are as follows:

Year Ending December 31	Amount
2022	\$ 581,314
2023	581,314
2024	581,316
Total	\$ 1,743,944

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
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**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

5. Capital Assets

Capital asset activity for the year ended December 31, 2021, 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	159,813	5,085,159	3,654,360	1,590,612
Total Capital Assets, Not Being Depreciated	1,165,757	5,085,159	3,654,360	2,596,556
Capital Assets, Being Depreciated:				
Buildings	15,991,221	25,896	-	16,017,117
Machinery, Vehicles, Furniture, and Equipment	10,110,086	969,201	662,907	10,416,380
Infrastructure	112,845,207	3,654,360	-	116,499,567
Total Capital Assets, Being Depreciated	138,946,514	4,649,457	662,907	142,933,064
Less: Accumulated Depreciation For:				
Buildings	5,382,370	383,669	-	5,766,039
Machinery, Vehicles, Furniture, and Equipment	7,391,819	921,528	597,737	7,715,610
Infrastructure	37,109,428	2,265,092	-	39,374,520
Total Accumulated Depreciation	49,883,617	3,570,289	597,737	52,856,169
Total Capital Assets, Being Depreciated, Net	89,062,897	1,079,168	65,170	90,076,895
Governmental Activities Capital Assets, Net	<u>\$ 90,228,654</u>	<u>\$ 6,164,327</u>	<u>\$ 3,719,530</u>	<u>\$ 92,673,451</u>
BUSINESS-TYPE ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 37,316	\$ -	\$ -	\$ 37,316
Capital Assets, Being Depreciated:				
Buildings	481,569	-	49,000	432,569
Improvements Other than Buildings	28,253	-	-	28,253
Machinery and Vehicles	1,513,251	203,595	34,758	1,682,088
Total Capital Assets, Being Depreciated	2,023,073	203,595	83,758	2,142,910
Less: Accumulated Depreciation For:				
Buildings	450,686	-	49,000	401,686
Improvements Other than Buildings	28,253	-	-	28,253
Machinery and Vehicles	956,776	116,814	13,759	1,059,831
Total Accumulated Depreciation	1,435,715	116,814	62,759	1,489,770
Total Capital Assets, Being Depreciated, Net	587,358	86,781	20,999	653,140
Business-Type Activities Capital Assets, Net	<u>\$ 624,674</u>	<u>\$ 86,781</u>	<u>\$ 20,999</u>	<u>\$ 690,456</u>

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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	\$ 570,237
Public Safety	292,410
Highways and Streets, Including Depreciation of Infrastructure Assets	2,683,910
Conservation of Natural Resources	17,920
Human Services	5,812
Total Depreciation Expense - Governmental Activities	<u>\$ 3,570,289</u>

Business-Type Activities:

Solid Waste	<u>\$ 116,814</u>
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B. Interfund Receivables, Payables, and Transfers

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

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
Major Funds:			
General Fund	Forfeited Tax Sale Fund	\$ 53,739	Forfeited Land Settlement
Solid Waste Fund	Forfeited Tax Sale Fund	3,086	Forfeited Land Settlement
Social Services Fund	Energy Assistance Fund	43,769	Quarterly payroll and supplies
Community Health Fund	Social Services Fund	50,720	Special Needs Basic Care Fees
Total Due To/From Other Funds		<u>\$ 151,314</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 Fund	County Ditch Fund	<u>\$ 175,603</u>	Negative Cash
Total Advances From/To Other Funds		<u>\$ 175,603</u>	

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021, consisted of the following:

Funds	Amount	Purpose
Transfer to General Fund from:		
Social Services Fund	\$ 384,107	To allocate funds from the South Country Health Alliance return of capital to General Fund
Community Health Fund	301,798	To allocate funds from the South Country Health Alliance return of capital to General Fund
County Ditch Fund	5,355	Payment for ditch inspector services
Transfer to Community Health from:		
General Fund	22,712	Federal American Rescue Plan expenses
Transfer to Solid Waste Fund from:		
General Fund	44,708	Federal American Rescue Plan expenses
Transfers to Nonmajor Special Revenue Fund from:		
General Fund	67,000	Forfeited settlement and appropriations
General Fund	4,818	Funds for Todd County Development Corporation Program
Total Transfers In/Out	<u>\$ 830,498</u>	

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021
Types of Indebtedness:					
2010 GO Courthouse Bonds	2027	\$180,000- 345,000	5.85 - 6.00%	\$ 525,000	\$ 525,000
2016 GO Refunding bonds	2026	185,000- 355,000	2.00	<u>3,140,000</u>	<u>1,565,000</u>
Total General Obligation Bonds				<u>\$ 3,665,000</u>	2,090,000
Add: Unamortized Premium					65,219
Total Bonds					<u>\$ 2,155,219</u>
Clean Water Partnership Loans Payable	Not Finalized	Not Finalized	Not Finalized	<u>\$ 450,000</u>	<u>\$ 228,433</u>

2. Debt Service Requirements

Debt service requirements at December 31, 2021, 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
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	-	25,965	185,000	1,850	45,000	-
2027-2031	525,000	10,350	-	-	225,000	-
2032-2033	-	-	-	-	67,500	-
Total	<u>\$ 525,000</u>	<u>\$ 161,235</u>	<u>\$ 1,565,000</u>	<u>\$ 72,550</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, 2021, and the loan is not finalized. As of December 31, 2021 the County had drawn down \$228,433 of the \$450,000 maximum amount.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
2010 GO Courthouse Bonds	\$ 525,000	\$ -	\$ -	\$ 525,000	\$ -
2016 GO Refunding Bonds	1,890,000	-	325,000	1,565,000	335,000
Unamortized Premiums	76,897	-	11,678	65,219	-
Clean Water Partnership Loans Payable - Loans from Direct Borrowings	95,869	132,564	-	228,433	-
Capital Lease Obligation	55,456	-	55,456	-	-
Compensated Absences	2,340,952	1,814,410	1,695,033	2,460,329	674,814
	<u>\$ 4,984,174</u>	<u>\$ 1,946,974</u>	<u>\$ 2,087,167</u>	<u>\$ 4,843,981</u>	<u>\$ 1,009,814</u>
BUSINESS-TYPE ACTIVITIES					
Compensated Absences	\$ 70,695	\$ 62,318	\$ 57,805	\$ 75,208	\$ 22,640
	<u>\$ 70,695</u>	<u>\$ 62,318</u>	<u>\$ 57,805</u>	<u>\$ 75,208</u>	<u>\$ 22,640</u>

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 \$228,433 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, 2021**

NOTE 4 LEASES

A. Capital Leases

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

At December 31, 2021, the County had total assets under capital lease of \$401,312 that were fully depreciated. Details about the capital lease at December 31, 2021 are as follows:

<u>Lease</u>	<u>Maturity</u>	<u>Installment</u>	<u>Payment Amount</u>	<u>Original Issue</u>	<u>12/31/21 Balance</u>
Motorola Microwave Radios	11/1/2021	Annual	\$ 55,456	\$ 352,124	\$ -

The lease was paid off as of November 1, 2021.

B. Operating Leases

The County entered into lease agreements for copier leases for various departments within the County. The 2021 expenditures (including maintenance and supplies) under this lease agreement totaled \$15,563. Minimum lease payments over the term of these leases are as follows:

<u>Year Ending December 31</u>	<u>Minimum Amount</u>
2022	<u><u>\$ 5,716</u></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, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

1. General Employees Retirement Plan

All full-time and certain part-time employees of the County are covered by the General Employees Plan. 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, 2021**

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

2. Police and Fire 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 twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is 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, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

3. Correctional Plan Benefits (Continued)

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

C. Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021 and the County was required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2021, were \$893,755. The County's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the County was required to contribute 17.70% for Police and Fire Plan members. The County's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$259,441. 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 2021. The County's contributions to the Correctional Fund for the year ended December 31, 2021, were \$69,243. 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, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2021, the County reported a liability of \$6,385,046 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the County totaled \$194,890. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1665% at the end of the measurement period and 0.1576% for the beginning of the period.

County's Proportionate Share of the Net Pension Liability	\$ 6,385,046
State's Proportionate Share of the Net Pension Liability	194,890
Total	\$ 6,579,936

There were no provision changes during the measurement period.

For the year ended December 31, 2021, the County recognized pension expense of \$203,990 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$15,725 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 39,229	\$ 195,401
Changes in Actuarial Assumptions	3,898,577	141,242
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	5,529,720
Changes in Proportion	478,990	41,909
County Contributions Subsequent to the Measurement Date	410,633	-
Total	\$ 4,827,429	\$ 5,908,272

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

The \$410,633 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, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2022	\$ (137,872)
2023	82,849
2024	71,789
2025	(1,508,242)

2. Police and Fire Pension Costs

At December 31, 2021, the County reported a liability of \$959,464 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportionate share of the net pension liability was based on the County’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA’s participating employers. The County’s proportionate share was 0.1243% at the end of the measurement period and 0.1170% for the beginning of the period.

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

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Pension Costs (Continued)

The state of Minnesota is included as a nonemployer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the County recognized pension expense of \$(30,814) for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$7,856 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$11,587 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

County's Proportionate Share of the Net Pension Liability	\$ 959,464
State's Proportionate Share of the Net Pension Liability	43,139
Total	\$ 1,002,603

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 184,275	\$ -
Changes in Actuarial Assumptions	1,410,162	527,167
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,833,293
Changes in Proportion County Contributions Subsequent to the Measurement Date	198,399	8,780
Total	\$ 1,925,497	\$ 2,369,240

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Pension Costs (Continued)

The \$132,661 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2022	\$ (598,747)
2023	(64,170)
2024	(81,915)
2025	(160,513)
2026	328,941

3. Correctional Plan Pension Costs

At December 31, 2021, the County reported a liability (asset) of \$(72,957) for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The county's proportionate share was 0.444% at the end of the measurement period and 0.421% for the beginning of the period.

There were no provision changes during the measurement period.

For the year ended December 31, 2021 the County recognized pension expense of \$(147,675) for its proportionate share of the Correctional Plan's pension expense.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Correctional Plan Pension Costs (Continued)

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ -	\$ 41,609
Changes in Actuarial Assumptions	456,689	6,840
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	585,731
Changes in Proportion	40,501	-
County Contributions Subsequent to the Measurement Date	28,105	-
Total	<u>\$ 525,295</u>	<u>\$ 634,180</u>

The \$28,105 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	Pension Expense Amount
2022	\$ 4,624
2023	2,014
2024	15,583
2025	(159,211)

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

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

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

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

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

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

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

General Employees Fund

Changes in Actuarial Assumptions:

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

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

General Employees Fund (Continued)

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

Correctional Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability lowered.
- Assumed percent married for active members was lowered from 85% to 75%.
- Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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	33.50 %	5.10 %
Alternative Assets (Private Markets)	25.00	5.90
Bonds (Fixed Income)	25.00	0.75
International Stocks	16.50	5.30
Totals	100.00 %	

F. Discount Rate

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

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	5.50 %	\$ 13,022,234	5.50 %	\$ 3,046,137	5.50 %	\$ 759,282
Current Discount Rate	6.50	6,385,046	6.50	959,464	6.50	(72,957)
1% Higher	7.50	938,828	7.50	(751,090)	7.50	(733,427)

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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	Net Pension (Asset)	Pension Expense	State's Proportionate Share of the NPL	Special Funding
Governmental Activities	\$ 7,116,948	\$ 8,714,311	\$ 7,131,201	\$ (72,957)	\$ 42,267	\$ 231,518	\$ 34,311
Business-Type Activities - Solid Waste	161,273	197,381	213,309	-	6,815	6,511	799
Community Corrections Custodial Fund	548,327	671,095	725,250	-	23,170	22,137	1,786

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 (Asset)	\$ 6,385,046	\$ 959,464	\$ (72,957)	\$ 7,271,553
Deferred Outflows of Resources				
Related to Pensions	4,827,429	1,925,497	525,295	7,278,221
Deferred Inflows of Resources				
Related to Pensions	5,908,272	2,369,240	634,180	8,911,692
Pension Expense	219,715	(22,958)	(147,675)	49,082

**TODD COUNTY, MINNESOTA
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2021**

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 0.25% of the assets in each member's account annually.

Total contributions made by the County during fiscal year 2021 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$1,673	\$1,673	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. Todd County contributed \$59,443 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, 2021**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Plan Participants Covered by Benefit Terms

At December 31, 2021, 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, 2021, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2020 (updated procedures were used to roll forward the total OPEB liability to the measurement date), 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	6.25% grading to 5.0% over 5 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 four-year experience study for the Public Employees Retirement Association of Minnesota Police and Fire Plan completed in 2016, the six-year experience study completed in 2015 and a review of the inflation assumption dated September 11, 2017.

The discount rate used to measure the total OPEB liability was 2.0%. The discount rate is equal to the 20-Year Municipal Bond Yield.

Since the most recent OPEB valuation, there have been no plan changes.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

Since the most recent OPEB valuation, the only assumption change was the discount rate was changed from 2.90% to 2.00%.

E. Changes in Total OPEB Liability

	Total OPEB Liability
Balance as of December 31, 2020	\$ 2,889,408
Changes for the Year:	
Service Cost	131,397
Interest	85,277
Assumption Changes	108,401
Benefit Payments	(161,616)
Net Change in Total OPEB Liability	163,459
Balance as of December 31, 2021	\$ 3,052,867

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

	1% Decrease (1.0%)	Discount Rate (2.0%)	1% Increase (3.0%)
Total OPEB Liability	\$ 3,196,553	\$ 3,052,867	\$ 2,910,612

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 (5.25% Decreasing to 4.0% then 3.0%)	Current Trend Rates (6.25% Decreasing to 5.0% then 4.0%)	1% Increase (7.25% Decreasing to 6.0% then 5.0%)
Medical Trend Rate			
Total OPEB Liability	\$ 2,803,799	\$ 3,052,867	\$ 3,336,915

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

E. Changes in Total OPEB Liability (Continued)

For the year ended December 31, 2021, the County recognized OPEB expense of \$185,588. In addition, at December 31, 2021, the County reported deferred inflows of resources, and deferred outflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes	\$ 164,325	\$ 46,392
Difference between Expected and Actual Liability		246,274
County Contributions Subsequent to the Measurement Date	177,273	-
Total	\$ 341,598	\$ 292,666

\$177,273 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, 2022. 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
2022	\$ (31,086)
2023	(31,086)
2024	(31,086)
2025	(31,082)
2026	(19,486)
Thereafter	15,485

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

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

B. Construction Commitments

No significant construction commitments remain as of December 31, 2021.

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, 2021**

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, 2021, 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	\$ 242,335	\$ (8,634)	\$ -	\$ 233,701	79%	\$ 14,542
City of Long Prairie	1,807,825	(167,503)	-	1,640,322	60%	246,717
City of Eagle Bend	247,606	(11,927)	-	235,679	95%	21,249
City of Staples	1,198,670	(143,117)	Wadena 393,367	1,448,920	73%	170,373
City of Bertha	158,982	(10,296)	-	148,686	90%	18,056
Total						<u>\$ 470,937</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 2021 was \$548,848. There is no accumulation of significant financial resources or fiscal stress for this entity.

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, 2021**

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 Collaborative in 2021. There is no accumulation of significant financial resources or fiscal stress for this entity.

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).

West Central Drug and Violent Crimes 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 Task Force. Members provide officers to the Task Force in lieu of appropriations; Todd County provided no cash funding to this organization during 2021. 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. The county did not make any payments to the task force in 2021. There is no accumulation of significant financial resources or fiscal stress for this entity.

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.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

D. Joint Ventures (Continued)

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 2021. 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%. The county did not make any payments to PLMSWA in 2021. There is no accumulation of significant financial resources or fiscal stress for this entity.

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

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.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

D. Joint Ventures (Continued)

Rainbow Rider Transit Board (Continued)

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 2021, the County contributed \$8,583 to Rainbow Rider. There is no accumulation of significant financial resources or fiscal stress for this entity.

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.

In 2021, the County contributed \$5,508 to the Central Minnesota Emergency Services Board. There is no accumulation of significant financial resources or fiscal stress for this entity. 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.

**TODD COUNTY, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

D. Joint Ventures (Continued)

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 2021, the County did not contribute funding to the Counties Providing Technology. There is no accumulation of significant financial resources or fiscal stress for this entity. Complete financial information can be obtained from Counties Providing Technology office at 400 Colorado Avenue, Suite 303, Morris, Minnesota 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 2021, the County had no contributions to Mid-State Computer Collaborative. There is no accumulation of significant financial resources or fiscal stress for this entity. 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, Minnesota 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, 2021**

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 12 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. The county did not make any payments to Region V+ in 2021. There is no accumulation of significant financial resources or fiscal stress for this entity.

Complete financial information can be obtained from:

Crow Wing County Community Services
204 Laurel Street
Brainerd, Minnesota 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 2021, the County had no contributions to the CMEMS. There is no accumulation of significant financial resources or fiscal stress for this entity.

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, 2021**

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

E. Jointly-Governed Organizations

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. The county did not make any payments to the Consortium in 2021. There is no accumulation of significant financial resources or fiscal stress for this entity.

Minnesota Rural Counties Caucus

The Minnesota Rural Counties Caucus was established in 1997 and includes Aitkin, Becker, Big Stone, Clay, Cottonwood, Douglas, Grant, Kittson, Koochiching, Lake of the Woods, Mahnomen, Marshall, McLeod, Mille Lacs, Mower, Murray, Norman, Pennington, Pine, Pipestone, Polk, Pope, Red Lake, Redwood, Roseau, Stevens, Todd, Traverse, Wadena, Watonwan, Wilkin, and Wright Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee, which is composed of 12 appointees, each with an alternate, who are appointed annually by each respective County Board they represent. Each County also appoints a delegate and alternate to the Board of Directors. The County's responsibility does not extend beyond making these appointments. The county did not make any payments to the Minnesota Rural Counties Caucus in 2021. There is no accumulation of significant financial resources or fiscal stress for this entity.

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.

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, 2021</u>	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	\$ 131,397	\$ 108,684	\$ 93,471	\$ 99,836
Interest	85,277	117,998	103,729	102,782
Assumption Changes	108,401	99,976	(81,189)	-
Differences between Expected and Actual Experience	-	(344,786)	-	-
Benefit Payments	<u>(161,616)</u>	<u>(176,344)</u>	<u>(162,587)</u>	<u>(172,473)</u>
Net Change in Total OPEB Liability	163,459	(194,472)	(46,576)	30,145
Total OPEB Liability - Beginning	<u>2,889,408</u>	<u>3,083,880</u>	<u>3,130,456</u>	<u>3,100,311</u>
Total OPEB Liability - Ending	<u>\$ 3,052,867</u>	<u>\$ 2,889,408</u>	<u>\$ 3,083,880</u>	<u>\$ 3,130,456</u>
Covered Employee Payroll	\$ 12,436,397	\$ 12,044,937	\$ 10,971,464	\$ 10,651,907
County's OPEB Liability as a Percentage of Covered Employee Payroll	25%	24%	28%	29%

NOTE 1: The County implement GASB Statement No. 75 in 2018, and the above table will be expanded to 10 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 (ASSET)
LAST TEN FISCAL YEARS**

	Measurement Date June 30, 2021	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	0.167%	0.158%	0.154%	0.157%	0.154%	0.153%	0.163%
County's Proportionate Share of the Net Pension Liability	\$ 6,385,046	\$ 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	194,890	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 County's Covered Payroll	\$ 6,579,936	\$ 8,746,773	\$ 7,880,420	\$ 8,111,074	\$ 9,948,443	\$ 12,601,538	\$ 8,447,506
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	53.34%	75.73%	70.39%	74.70%	99.43%	130.86%	88.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00%	79.10%	80.20%	75.90%	75.90%	68.90%	78.20%
Police and Fire Plan							
County's Proportion of the Net Pension Liability	0.124%	0.117%	0.114%	0.111%	0.105%	0.108%	0.112%
County's Proportionate Share of the Net Pension Liability	\$ 959,464	\$ 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	43,139	36,344	-	-	-	-	-
County's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability County's Covered Payroll	\$ 1,002,603	\$ 1,578,529	\$ 1,212,581	\$ 1,181,014	\$ 1,417,625	\$ 4,334,228	\$ 1,272,582
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	65.41%	111.98%	101.48%	101.11%	132.09%	415.47%	123.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.70%	87.20%	89.30%	88.80%	85.40%	63.90%	86.60%
Correctional Plan							
County's Proportion of the Net Pension Asset	0.444%	0.421%	0.417%	0.357%	0.320%	0.310%	0.330%
County's Proportionate Share of the Net Pension Asset	\$ (72,957)	\$ 114,152	\$ 57,734	\$ 58,666	\$ 912,003	\$ 1,132,473	\$ 51,018
County's Covered Payroll	\$ 956,551	\$ 879,510	\$ 867,246	\$ 728,499	\$ 613,675	\$ 580,326	\$ 594,879
County's Proportionate Share of the Net Pension Asset as a Percentage of Its Covered Payroll	-7.63%	12.98%	6.66%	8.05%	148.61%	195.14%	8.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	101.60%	96.70%	98.20%	97.60%	67.90%	58.20%	96.90%

NOTE: This schedule is intended to show information for 10 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**

	2021	2020	2019	2018	2017	2016	2015	2014
General Employees Plan								
Contractually Required Contribution	\$ 893,755	\$ 886,129	\$ 827,957	\$ 804,319	\$ 766,203	\$ 722,477	\$ 685,477	\$ 658,386
Contributions in Relation to the Contractually Required Contribution	(893,755)	(886,129)	(827,957)	(804,319)	(766,203)	(722,477)	(685,477)	(658,386)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's Covered Payroll	\$ 11,916,733	\$ 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%	7.50%	7.25%
Police and Fire Plan								
Contractually Required Contribution	\$ 259,441	\$ 252,574	\$ 210,892	\$ 193,471	\$ 182,691	\$ 169,600	\$ 161,104	\$ 145,374
Contributions in Relation to the Contractually Required Contribution	(259,441)	(252,574)	(210,892)	(193,471)	(182,691)	(169,600)	(161,104)	(145,374)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's Covered Payroll	\$ 1,465,768	\$ 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	17.70%	16.95%	16.95%	16.20%	16.20%	16.20%	16.20%	15.30%
Correctional Plan								
Contractually Required Contribution	\$ 69,243	\$ 84,264	\$ 78,112	\$ 72,460	\$ 57,710	\$ 51,454	\$ 49,389	\$ 52,824
Contributions in Relation to the Contractually Required Contribution	(69,243)	(84,264)	(78,112)	(72,460)	(57,710)	(51,454)	(49,389)	(52,824)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's Covered Payroll	\$ 791,349	\$ 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%	8.75%

NOTE: This schedule is intended to show information for 10 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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 9,360,446	\$ 9,360,446	\$ 9,144,623	\$ (215,823)
Special Assessments	-	-	10,919	10,919
Licenses and Permits	163,665	163,665	222,770	59,105
Intergovernmental	2,675,096	2,675,096	3,316,927	641,831
Charges for Services	563,623	563,623	867,387	303,764
Fines and Forfeits	-	-	21,562	21,562
Gifts and Contributions	2,000	2,000	1,328	(672)
Investment Earnings	90,000	90,000	134,143	44,143
Insurance Dividend	38,000	38,000	52,550	14,550
Miscellaneous	648,380	648,380	862,121	213,741
Total Revenues	<u>13,541,210</u>	<u>13,541,210</u>	<u>14,634,330</u>	<u>1,093,120</u>
EXPENDITURES				
Current:				
General Government:				
Administrator	437,005	437,005	434,064	2,941
Commissioners	307,381	307,381	344,857	(37,476)
Courts	165,000	165,000	133,405	31,595
Law Library	-	-	15,354	(15,354)
County Auditor-Treasurer	684,526	684,526	619,590	64,936
County Assessor	503,192	539,402	504,901	34,501
Elections	47,668	47,668	38,403	9,265
Data Processing	423,593	430,593	421,196	9,397
Attorney	781,431	781,431	800,348	(18,917)
Recorder	291,221	291,221	319,507	(28,286)
GIS/Surveyor	194,080	194,080	193,278	802
Planning and Zoning	518,719	596,260	493,779	102,481
Buildings and Plant	678,479	678,479	774,287	(95,808)
Veterans Service Officer	255,884	255,884	261,138	(5,254)
Central Services/Motor Pool	88,800	88,800	63,092	25,708
Other General Government	332,450	296,240	296,961	(721)
Clean Water Partnership	-	-	132,564	(132,564)
Total General Government	<u>5,709,429</u>	<u>5,793,970</u>	<u>5,846,724</u>	<u>(52,754)</u>
Public Safety:				
Sheriff	3,318,692	3,350,795	3,337,992	12,803
Boat and Water Safety	9,500	9,500	7,393	2,107
Emergency Services	59,761	59,761	55,674	4,087
E-911	90,000	90,000	141,892	(51,892)
Coroner	34,000	34,000	33,500	500
County Jail	1,258,934	1,267,210	1,103,931	163,279
Community Corrections	548,848	548,848	548,848	-
Total Public Safety	<u>5,319,735</u>	<u>5,360,114</u>	<u>5,229,230</u>	<u>130,884</u>

See accompanying Notes to Required Supplementary Information.

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

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Current (Continued):				
Culture and Recreation:				
Regional Library	\$ 330,841	\$ 330,841	\$ 330,841	\$ -
Culture and Recreation	250	250	-	250
Rainbow Rider	35,656	35,656	8,583	27,073
Parks and Trails	9,000	9,000	9,000	-
Total Culture and Recreation	375,747	375,747	348,424	27,323
Conservation of Natural Resources:				
County Extension	185,052	185,052	185,867	(815)
Soil and Water Conservation	260,048	260,048	184,757	75,291
Agricultural Society/County Fair	40,036	40,036	40,400	(364)
Land Use	546,438	546,438	503,690	42,748
Wetland Challenge	43,282	43,282	43,282	-
Aquatic Invasive Species Grant	153,563	153,563	152,716	847
Total Conservation of Natural Resources	1,228,419	1,228,419	1,110,712	117,707
Economic Development:				
Community Development	3,800	3,800	484,240	(480,440)
Capital Outlay				
General Government	741,000	799,181	275,320	523,861
Public Safety	169,000	169,000	219,479	(50,479)
Conservation of Natural Resources	-	21,000	-	21,000
Total Capital Outlay	910,000	989,181	494,799	494,382
Debt Service:				
Principal	55,456	55,456	55,456	-
Interest	1,874	1,874	1,874	-
Total Debt Service	57,330	57,330	57,330	-
Total Expenditures	13,604,460	13,808,561	13,571,459	237,102
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(63,250)	(267,351)	1,062,871	1,330,222
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	691,260	691,260
Transfers Out	(67,000)	(67,000)	(139,238)	(72,238)
Proceeds from Sale of Assets	5,000	5,000	39,246	34,246
Proceeds from Clean Water Partnership				
Loans	-	-	132,564	132,564
Proceeds from Insurance	5,000	5,000	87,465	82,465
Total Other Financing Sources (Uses)	(57,000)	(57,000)	811,297	868,297
NET CHANGE IN FUND BALANCE	\$ (120,250)	\$ (324,351)	1,874,168	\$ 2,198,519
Fund Balance - Beginning of Year			14,021,874	
FUND BALANCE - END OF YEAR			\$ 15,896,042	

See accompanying Notes to Required Supplementary Information.

**TODD COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
PUBLIC WORKS SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,705,630	\$ 2,705,630	\$ 2,598,039	\$ (107,591)
Transit Sales and Use Tax	907,000	907,000	1,122,056	215,056
Intergovernmental	7,769,110	7,769,110	6,961,126	(807,984)
Charges for Services	200,000	200,000	260,736	60,736
Interest on Investments	-	-	275	275
Insurance Dividend	-	-	39,437	39,437
Miscellaneous	-	-	23,145	23,145
Total Revenues	<u>11,581,740</u>	<u>11,581,740</u>	<u>11,004,814</u>	<u>(576,926)</u>
EXPENDITURES				
Current:				
Highway and Streets:				
Administration	445,690	476,490	404,925	71,565
Construction and Engineering	7,635,750	7,635,750	5,603,067	2,032,683
Maintenance	2,199,290	2,199,290	2,405,825	(206,535)
Equipment and Maintenance Shops	936,210	936,210	794,331	141,879
Other	25,800	25,800	47,924	(22,124)
Total Highways and Streets	<u>11,242,740</u>	<u>11,273,540</u>	<u>9,256,072</u>	<u>2,017,468</u>
Capital Outlay	<u>453,000</u>	<u>453,000</u>	<u>401,484</u>	<u>51,516</u>
Intergovernmental	<u>-</u>	<u>-</u>	<u>648,199</u>	<u>(648,199)</u>
Total Expenditures	<u>11,695,740</u>	<u>11,726,540</u>	<u>10,305,755</u>	<u>1,420,785</u>
NET CHANGE IN FUND BALANCE	<u>\$ (114,000)</u>	<u>\$ (144,800)</u>	699,059	<u>\$ 843,859</u>
Fund Balance - Beginning of Year			4,585,722	
Increase for Inventory			<u>237,323</u>	
FUND BALANCE - END OF YEAR			<u>\$ 5,522,104</u>	

See accompanying Notes to Required Supplementary Information.

**TODD COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,513,654	\$ 3,513,654	\$ 3,378,114	\$ (135,540)
Intergovernmental	4,647,935	4,647,935	4,320,699	(327,236)
Charges for Services	339,700	339,700	610,688	270,988
Investment Earnings	500	500	58,933	58,433
Insurance Dividend	-	-	5,531	5,531
Miscellaneous	337,000	337,000	709,663	372,663
Total Revenues	8,838,789	8,838,789	9,083,628	244,839
EXPENDITURES				
Current:				
Human Services:				
Income Maintenance	3,491,494	3,496,494	3,457,775	38,719
Social Services	5,347,295	5,342,295	4,690,788	651,507
Total Human Services	8,838,789	8,838,789	8,148,563	690,226
Total Expenditures	8,838,789	8,838,789	8,148,563	690,226
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	935,065	935,065
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(384,107)	(384,107)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	550,958	\$ 550,958
Fund Balance - Beginning of Year			3,929,622	
FUND BALANCE - END OF YEAR			\$ 4,480,580	

See accompanying Notes to Required Supplementary Information.

**TODD COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY HEALTH SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 625,400	\$ 625,400	\$ 599,993	\$ (25,407)
Intergovernmental	1,025,388	1,025,388	1,194,441	169,053
Charges for Services	1,114,250	1,114,250	1,182,942	68,692
Investment Earnings	-	-	46,020	46,020
Insurance Dividend	-	-	14,652	14,652
Miscellaneous	3,750	3,750	286,615	282,865
Total Revenues	<u>2,768,788</u>	<u>2,768,788</u>	<u>3,324,663</u>	<u>555,875</u>
EXPENDITURES				
Current:				
Health:				
Nursing Service	<u>2,768,788</u>	<u>2,768,788</u>	<u>2,758,184</u>	<u>10,604</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	-	-	566,479	566,479
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	22,712	22,712
Transfers Out	-	-	<u>(301,798)</u>	<u>(301,798)</u>
Total Other Financing Sources (Uses)	-	-	<u>(279,086)</u>	<u>(279,086)</u>
NET CHANGE IN FUND BALANCE				
	<u>\$ -</u>	<u>\$ -</u>	287,393	<u>\$ 287,393</u>
Fund Balance - Beginning of Year			<u>1,432,772</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,720,165</u>	

See accompanying Notes to Required Supplementary Information.

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

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 County Ditch, Energy Assistance, Forfeited Tax Sale, Parks and Trails, Revolving Loan, and Todd County Development 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. 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:

General Employees Fund

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

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

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

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

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% 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, 2021**

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

General Employees Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.

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

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

General Employees Fund (Continued)

2016 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Police and Fire Fund

2021 Changes

Changes in Actuarial Assumptions

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

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

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

Police and Fire Fund (Continued)

2021 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.

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

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

Police and Fire Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00% for vested and nonvested, deferred members. The CSA has been changed to 33.00% for vested members and 2.00% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00% to 60.00%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.60% per annum to 7.50% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

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

Police and Fire Fund (Continued)

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Correctional Fund

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability lowered.
- Assumed percent married for active members was lowered from 85% to 75%.
- Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

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

Correctional Fund (Continued)

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016, and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).

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

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

Correctional Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The combined service annuity (CSA) load was 30.00% for vested and nonvested, deferred members. The CSA has been changed to 35.00% for vested members and 1.00% for nonvested members.
- The single discount rate was changed from 5.31% per annum to 5.96% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

III. OTHER POSTEMPLOYMENT BENEFITS

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

Measurement Date January 1, 2021:

- The discount rate was changed from 2.90% to 2.00%.

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, 2021**

III. 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, 2021**

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, 2021**

	Nonmajor Special Revenue Funds		
	Energy Assistance	Forfeited Tax Sale	Parks and Trails
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 190,631	\$ 66,579
Taxes Receivable - Delinquent	-	-	482
Loans Receivable	-	-	-
Due from Other Governments	43,769	-	-
	<u>43,769</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 43,769</u>	<u>\$ 190,631</u>	<u>\$ 67,061</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Salaries Payable	-	-	-
Due to Other Funds	43,769	56,825	-
Due to Other Governments	-	201,283	-
Total Liabilities	<u>43,769</u>	<u>258,108</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes	-	-	351
Property Taxes Collected for Subsequent Period	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>351</u>
FUND BALANCES (DEFICIT)			
Restricted:			
Revolving Loans	-	-	-
Debt Service	-	-	-
Development	-	-	-
Committed:			
Parks and Trails	-	-	66,710
Unassigned	-	(67,477)	-
Total Fund Balances (Deficit)	<u>-</u>	<u>(67,477)</u>	<u>66,710</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 43,769</u>	<u>\$ 190,631</u>	<u>\$ 67,061</u>

**TODD COUNTY, MINNESOTA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

Nonmajor Special Revenue Funds (Continued)				
Revolving Loan	Todd County Development	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Funds
\$ -	\$ 15,879	\$ 273,089	\$ 755,312	\$ 1,028,401
-	-	482	11,820	12,302
90,000	-	90,000	-	90,000
-	-	43,769	-	43,769
<u>\$ 90,000</u>	<u>\$ 15,879</u>	<u>\$ 407,340</u>	<u>\$ 767,132</u>	<u>\$ 1,174,472</u>
\$ -	\$ -	\$ -	\$ 900	\$ 900
-	3,266	3,266	-	3,266
-	-	100,594	-	100,594
-	-	201,283	-	201,283
-	3,266	305,143	900	306,043
-	-	351	8,907	9,258
-	-	-	325	325
-	-	351	9,232	9,583
90,000	-	90,000	-	90,000
-	-	-	757,000	757,000
-	12,613	12,613	-	12,613
-	-	66,710	-	66,710
-	-	(67,477)	-	(67,477)
<u>90,000</u>	<u>12,613</u>	<u>101,846</u>	<u>757,000</u>	<u>858,846</u>
<u>\$ 90,000</u>	<u>\$ 15,879</u>	<u>\$ 407,340</u>	<u>\$ 767,132</u>	<u>\$ 1,174,472</u>

**TODD COUNTY, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2021**

	Nonmajor Special Revenue Funds		
	Energy Assistance	Forfeited Tax Sale	Parks and Trails
REVENUES			
Taxes	\$ -	\$ 161,973	\$ 19,342
Intergovernmental	126,828	-	1,268
Miscellaneous	-	2,900	9,000
Total Revenues	<u>126,828</u>	<u>164,873</u>	<u>29,610</u>
EXPENDITURES			
Current:			
General Government	-	232,325	-
Human Services	124,888	-	-
Culture and Recreation	-	-	47,912
Economic Development	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Administrative (Fiscal) Charges	-	-	-
Total Expenditures	<u>124,888</u>	<u>232,325</u>	<u>47,912</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,940	(67,452)	(18,302)
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,940	(67,452)	(18,302)
Fund Balance (Deficit) - Beginning of Year	<u>(1,940)</u>	<u>(25)</u>	<u>85,012</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ (67,477)</u>	<u>\$ 66,710</u>

**TODD COUNTY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (COMBINED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

Nonmajor Special Revenue Funds (Continued)				
Revolving Loan	Todd County Development	Total Special Revenue Funds	Debt Service Fund	Total Nonmajor Funds
\$ -	\$ -	\$ 181,315	\$ 395,625	\$ 576,940
-	-	128,096	17,666	145,762
-	27,725	39,625	17,586	57,211
-	27,725	349,036	430,877	779,913
-	-	232,325	-	232,325
-	-	124,888	-	124,888
-	-	47,912	-	47,912
-	106,171	106,171	-	106,171
-	-	-	325,000	325,000
-	-	-	65,780	65,780
-	-	-	2,251	2,251
-	106,171	511,296	393,031	904,327
-	(78,446)	(162,260)	37,846	(124,414)
-	71,818	71,818	-	71,818
-	(6,628)	(90,442)	37,846	(52,596)
90,000	19,241	192,288	719,154	911,442
<u>\$ 90,000</u>	<u>\$ 12,613</u>	<u>\$ 101,846</u>	<u>\$ 757,000</u>	<u>\$ 858,846</u>

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

	Custodial Funds		
	Todd-Wadena Community Corrections	Prepaid Taxes	State Revenue
ASSETS			
Cash and Cash Equivalents	\$ 826,100	\$ 13,151	\$ 86,767
Taxes For Other Governments	-	-	-
Accounts Receivable	25,025	-	-
Total Assets	851,125	13,151	86,767
LIABILITIES			
Due to Others	6,049	-	-
Salaries Payable	52,427	-	-
Due to Other Governments	-	-	86,767
Total Liabilities	58,476	-	86,767
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Collected for Subsequent Period	-	13,151	-
NET POSITION			
Restricted for:			
Individuals, Organizations, and			
Other Governments	\$ 792,649	\$ -	\$ -

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

Custodial Funds (Continued)

Taxes and Penalties	Jail Inmate	Estate Recoveries	Trails Association	Todd Soil and Water Conservation District	Total Custodial Funds
\$ 489,462	\$ 36,099	\$ 190,212	\$ -	\$ 862,275	\$ 2,504,066
534,226	-	-	-	-	534,226
-	-	-	-	-	25,025
<u>1,023,688</u>	<u>36,099</u>	<u>190,212</u>	<u>-</u>	<u>862,275</u>	<u>3,063,317</u>
-	-	190,212	-	-	196,261
-	-	-	-	-	52,427
489,422	-	-	-	-	576,189
<u>489,422</u>	<u>-</u>	<u>190,212</u>	<u>-</u>	<u>-</u>	<u>824,877</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,151</u>
<u>\$ 534,266</u>	<u>\$ 36,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 862,275</u>	<u>\$ 2,225,289</u>

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

	Custodial Funds		
	Todd-Wadena Community Corrections	Prepaid Taxes	State Revenue
ADDITIONS			
Contributions:			
Individuals	\$ -	\$ -	\$ -
Property Tax Collections for Other Governments	-	39,546	-
License and Fees Collected for State	-	-	1,060,505
Miscellaneous	2,142,265	-	-
Total Additions	<u>2,142,265</u>	<u>39,546</u>	<u>1,060,505</u>
DEDUCTIONS			
Beneficiary Payments to Individuals	-	-	-
Payments to State	-	-	-
Payments to Other Entities	1,904,511	39,546	1,060,505
Total Deductions	<u>1,904,511</u>	<u>39,546</u>	<u>1,060,505</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	237,754	-	-
Fiduciary Net Position - Beginning of Year	<u>554,895</u>	<u>-</u>	<u>-</u>
FIDUCIARY NET POSITION - END OF YEAR	<u><u>\$ 792,649</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Custodial Funds (Continued)					
Taxes and Penalties	Jail Inmate	Estate Recoveries	Trails Association	Todd Soil and Water Conservation District	Total Custodial Funds
\$ -	\$ 193,561	\$ 570,418	\$ -	\$ -	\$ 763,979
16,807,827	-	-	-	-	16,847,373
-	-	-	-	-	1,060,505
-	-	-	146,900	643,270	2,932,435
<u>16,807,827</u>	<u>193,561</u>	<u>570,418</u>	<u>146,900</u>	<u>643,270</u>	<u>21,604,292</u>
-	174,080	-	-	-	174,080
-	-	570,418	-	-	570,418
16,771,814	-	-	146,900	849,103	20,772,379
<u>16,771,814</u>	<u>174,080</u>	<u>570,418</u>	<u>146,900</u>	<u>849,103</u>	<u>21,516,877</u>
36,013	19,481	-	-	(205,833)	87,415
498,253	16,618	-	-	1,068,108	2,137,874
<u>\$ 534,266</u>	<u>\$ 36,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 862,275</u>	<u>\$ 2,225,289</u>

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

	Total Governmental Funds	Total Enterprise Funds	Total Government
SHARED REVENUE			
State:			
Highway Users Tax	\$ 5,720,186	\$ -	\$ 5,720,186
Market Value Credit - Agriculture	581,914	-	581,914
PERA Rate Reimbursement	22,374	525	22,899
PERA Rate Indirect Aid	23,124	-	23,124
Disparity Reduction Aid	72,752	-	72,752
Police Aid	165,826	-	165,826
County Program Aid	1,616,571	-	1,616,571
Aquatic Invasive Species	152,716	-	152,716
Riparian Protection Aid	111,328	-	111,328
Enhanced 911	149,062	-	149,062
Total Shared Revenue	<u>8,615,853</u>	<u>525</u>	<u>8,616,378</u>
REIMBURSEMENT FOR SERVICES			
State:			
Minnesota Department of Human Services	1,561,300	-	1,561,300
PAYMENTS			
Local:			
Payments in Lieu of Taxes	117,596	-	117,596
GRANTS			
State:			
Minnesota Department/Board of Health	338,651	-	338,651
Human Services	999,058	-	999,058
Veterans Affairs	10,000	-	10,000
Soil and Water Resources	127,031	-	127,031
Peace Officers	21,638	-	21,638
Pollution Control Agency	14,100	35,028	49,128
Historical Society	38,000	-	38,000
Total State	<u>1,548,478</u>	<u>35,028</u>	<u>1,583,506</u>
Federal:			
Department of Agriculture	483,353	-	483,353
Education	1,050	-	1,050
Health and Human Services	2,325,706	-	2,325,706
Homeland Security	27,590	-	27,590
Treasury	119,084	-	119,084
Transportation	1,138,945	-	1,138,945
Total Federal	<u>4,095,728</u>	<u>-</u>	<u>4,095,728</u>
Total Grants	<u>5,644,206</u>	<u>35,028</u>	<u>5,679,234</u>
Total Intergovernmental Revenue	<u>\$ 15,938,955</u>	<u>\$ 35,553</u>	<u>\$ 15,974,508</u>

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



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

Board of County Commissioners
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, 2021, 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 19, 2022.

Report on 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 2021-001 to 2021-003.

Report on 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

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

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 19, 2022



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

Opinion on Each Major Federal Program

We have audited Todd County, Minnesota's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Todd County, Minnesota's major federal programs for the year ended December 31, 2021. Todd County, Minnesota's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Todd County, Minnesota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Todd County, Minnesota and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Todd County, Minnesota's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Todd County, Minnesota's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Todd County, Minnesota's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Todd County, Minnesota's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Todd County, Minnesota's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Todd County, Minnesota's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Todd County, Minnesota's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

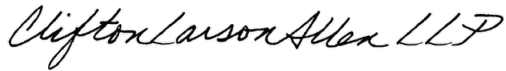
Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



CliftonLarsonAllen LLP

Brainerd, Minnesota
April 19, 2022

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

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? yes x no
 - Significant deficiency(ies) identified? yes x 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 2 CFR 200.516(a)? yes x no

Identification of Major Federal Programs

Assistance Listing Numbers

20.205
93.778

Name of Federal Program or Cluster

Highway Planning and Construction Cluster
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, 2021

Section II – Financial Statement Findings

2021-001 **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: Yes, 2020-001.

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

Views of Responsible Officials and Planned Corrective Actions: There is no disagreement with the audit finding.

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

Section II – Financial Statement Findings (Continued)

2021-002 Audit Adjustments

Type of Finding Material Weakness (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 to properly state accruals, net pension liability and related deferred inflows and outflows of resources, and unearned revenues. Material adjustments were also made to gross up, or net revenues and expenses, where appropriate, reclassify revenues and expenses between funds and for reclasses of fund balances or net position between categories.

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: Yes, 2020-002.

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

Views of Responsible Officials and Planned Corrective Actions: There is no disagreement with the audit finding.

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

Section II – Financial Statement Findings (Continued)

2021-003 **Financial Reporting Process**

Type of Finding **Material Weakness (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 completeness, presentation and valuation of both net pension liability and other postemployment benefits. 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: Yes, 2020-003.

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.

Section III – Major Program Findings and Compliance

NONE

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

Section IV – Other Items for Consideration – Minnesota Legal Compliance

DITCH SPECIAL REVENUE FUND - CASH DEFICITS (2021-004)

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

Condition and Context: The County reported 15 of the 47 active ditch systems as having deficit cash balances as of December 31, 2021.

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: Yes, 2020-007.

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:

There is no disagreement with the audit finding.

PUBLISHING OF DISBURSEMENTS (2021-005)

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 its 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: Yes, 2020-008.

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:

There is no disagreement with the audit finding.

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

Section V – Previously Reported Items Resolved

Timely Reporting (2020-004)

Resolution: No expenditures reported on the schedule of expenditures of federal awards for client assistance listing number 21.019 in 2021, thus finding is not applicable for 2021.

Allowable Cost Allowable Activity (2020-005)

Resolution: No expenditures reported on the schedule of expenditures of federal awards for client assistance listing number 21.019 in 2021, thus finding is not applicable for 2021.

Eligibility Documentation (2020-006)

Resolution: No errors in current year eligibility testing were noted.

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

Federal Grantor Pass Through Agency Grant Program Title or Cluster Name	Assistance Listing 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	\$ 139,586	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	212MN101S2514	<u>330,810</u>	<u>-</u>
Total Department of Agriculture			470,396	-
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction (Total Highway Planning and Construction Cluster \$1,124,460)	20.205	077-612-011	\$ 921,542	-
COVID- 19 Highway Planning and Construction (Total Highway Planning and Construction Cluster \$1,124,460)	20.205	077-901-001	<u>202,918</u>	<u>1,124,460</u>
Passed Through Minnesota Department of Public Safety and Wadena County State and Community Highway Safety (Part of Highway Safety Cluster)				
(Total Highway Safety Cluster \$8,119)	20.600	A-ENFR21-2021-WADENASD-074	3,072	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFR21-2021-WADENASD-074	6,366	-
National Priority Safety Programs (Part of Highway Safety Cluster) (Total Highway Safety Cluster \$8,119)	20.616	A-ENFR21-2021-WADENASD-074	<u>5,047</u>	<u>-</u>
Total Department of Transportation			1,138,945	-
U.S. Department of the Treasury				
Direct COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>119,084</u>	<u>-</u>
U.S. Department of Education				
Passed Through Minnesota Department of Education and Morrison County Special Education - Grants for Infants and Families	84.181	H181A180029	<u>1,050</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health and Morrison County Public Health Emergency Preparedness	93.069	NU90TP922026	21,582	-
Universal Newborn Hearing Screening	93.251	H61MC00035	900	-
COVID-19 Immunization Cooperative Agreements	93.268	Not Provided	161,372	-
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Not Provided	499	-
Temporary Assistance for Needy Families (Total Temporary Assistance of Needy Families 93.558 \$263,509)	93.558	2101MNTANF	34,010	-
Maternal and Child Health Services Block Grant to the States	93.994	B0433847	34,753	-
Passed Through Minnesota Department of Human Services and Morrison County Medical Assistance Program (Part of Medicaid Cluster) (Total Medicaid Cluster and 93.778 \$1,036,278)	93.778	2105MN5MAP	96,179	-
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	2101MNFPS	6,269	-
Temporary Assistance for Needy Families (Total Temporary Assistance of Needy Families 93.558 \$263,509)	93.558	2101MNTANF	229,499	-

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

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

Federal Grantor Pass Through Agency Grant Program Title or Cluster Name	Assistance Listing Number	Pass-through Grant Numbers	Expenditures		Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)					
Child Support Enforcement	93.563	2101MNCSES	\$ 105,191		\$ -
	93.563	2101MNCES	<u>374,493</u>	\$ 479,684	-
Refugee and Entrant Assistance State Administered Programs	93.566	2101MNRMA		748	-
Low-Income Home Energy Assistance	93.568	Not Provided		126,828	-
Child Care and Development Block Grant (Part of CCDF Cluster)	93.575	2101MNCDF		2,424	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP		2,588	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	1,371		-
COVID-19 Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	<u>1,955</u>	3,326	-
Foster Care Title IV-E	93.658	2101MNFST		45,257	-
Social Services Block Grant	93.667	2101MNSOSR		181,929	-
Child Abuse and Neglect State Grants	93.669	2101MNNCAN		1,439	-
Chafee Foster Care Independence Program	93.674	2101MNCILP		750	-
Children's Health Insurance Program	93.767	2105MN5021		1,473	-
Medical Assistance Program (Part of Medicaid Cluster)	93.778	2105MN5ADM	925,334		-
(Total Medicaid Cluster and 93.778 \$1,036,278)		2105MN5MAP	<u>14,765</u>	<u>940,099</u>	-
Total Department of Health and Human Services				<u>2,371,608</u>	-
U.S. Department of Homeland Security					
Passed Through Minnesota Department of Natural Resources					
Boating Safety Financial Assistance	97.012	TODD SBG-072221		7,501	-
Passed Through Minnesota Department of Public Safety					
Emergency Management Performance Grant	97.042	F-EMPG-2020-TODDCO-3419		<u>20,089</u>	-
Total Department of Homeland Security				<u>27,590</u>	-
Total Cash Type Federal Awards				<u>\$ 4,128,673</u>	<u>\$ -</u>

Notes to the Schedule of Expenditures of Federal Awards

1. 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.

2. The accompanying schedule of expenditures of federal awards includes the federal grant activity of Todd County under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) from the Office of Management and Budget (OMB). Because the schedule presents only a selected portion of the operations of Todd County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Todd County.

3. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Todd County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation to the Schedule of Intergovernmental Revenue:

Federal Grant Revenue per Schedule of Intergovernmental Revenue:	\$ 4,095,728
Expenditures above, not included as revenues on the Schedule of Intergovernmental Revenues	143,624
Revenues included on the Schedule of Intergovernmental Revenue that are not considered Federal Grant Expenditures	<u>(110,679)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 4,128,673</u>

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



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, 2021, 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 19, 2022.

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 2021-004 through 2021-005. 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 – bid laws, depositories of public funds and public 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.

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

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 19, 2022



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