LAC QUI PARLE COUNTY, MINNESOTA
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

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INTRODUCTORY SECTION

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

ORGANIZATION SCHEDULE
LAC QUI PARLE COUNTY

2021

Office	Name	Term Expires
Commissioners		
1st District	Todd Patzer	January 2025
2nd District	DeRon Brehmer**	January 2023
3rd District	John Maatz*	January 2025
4th District	Benjamin Bothun	January 2023
5th District	Stacy Tufto	January 2025
Officers		
Elected		
Attorney	Richard Stulz	January 2023
Sheriff	Allen Anderson	January 2023
Appointed		
Administrator	Jacob Sieg	Indefinite
Auditor-Treasurer	Angela Djonne	Indefinite
Land Records Director	Lori Schwendemann	Indefinite
Coroner	Ralph Gerbig, M.D.	January 2022
Environmental Officer	Marg Berg	Indefinite
Highway Engineer	Sam Muntean	Indefinite
Veterans' Service Officer	Josh Beninga	Indefinite
Welfare Board		
Commissioner	Todd Patzer	January 2025
Commissioner	DeRon Brehmer	January 2023
Commissioner	John Maatz	January 2025
Commissioner	Benjamin Bothun	January 2023
Commissioner	Stacy Tufto	January 2025
Member	Ann Jenson	June 2021
Member	Theresa Bly	June 2022
Director	Kirsten Gloege	Indefinite

*Chair 2022
**Chair 2021

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

ORGANIZATION SCHEDULE
LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT

2021

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

FINANCIAL SECTION

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lac qui Parle County (the County), as of and for the year ended December 31, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, and the respective changes in financial position 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.

Emphasis of Matter

As described in Note 5.E. and 6.D. to the financial statement, the County and the Watershed restated beginning balances to correct accounting errors in the previously issued financial statements. Our opinions are not modified with respect to the restatements.

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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- 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 schedules, schedule of changes in the County's total OPEB liability and related ratios, schedule of proportionate share of net pension liability (asset) and schedule of pension contributions 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 GAAS, 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 combining statement of fiduciary net position, combining statement of changes in fiduciary net position, schedule of intergovernmental revenue, Lac qui Parle – Yellow Bank Watershed District statements and schedules and 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 combining statement of fiduciary net position, combining statement of changes in fiduciary net position, schedule of intergovernmental revenue, Lac qui Parle – Yellow Bank Watershed District statements and schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 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

Alexandria, Minnesota
August 11, 2022

MANAGEMENT’S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(Unaudited)

The Management's Discussion and Analysis (MD&A) provides an overview and analysis of the County's financial activities for the fiscal year ended December 31, 2021. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the financial statements. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- Governmental activities' total net position is $83,384,423 of which $56,676,810 represents net investment in capital assets, and $6,927,750 is restricted to specific purposes. The $19,779,863 remaining may be used to meet the County's ongoing obligations to citizens and creditors.

- The County's net position increased by $4,443,591 before restatement for the year ended December 31, 2021. The increase is attributable to an increase in special assessments.

- The total cost of governmental activities for the current fiscal year was $15,672,272. Program expenses exceeded revenues by $3,436,834 due to an increase in contract costs.

- The fund balances of the governmental funds increased by $10,402,114 due mostly to bonds issued during 2021 and proceeds not expended.

- For the year ended December 31, 2021, the unassigned, assigned, and committed fund balance of the General Fund was $3,777,353, or 70.5% of the total General Fund expenditures for the year.

- The assigned and committed fund balance of the Road and Bridge Special Revenue Fund was $10,893,935 or 125.6% of the total Road and Bridge Special Revenue Fund expenditures for the year.

- The assigned and committed fund balance of the Family Services Special Revenue Fund was $2,406,563, or 84.4% of the total Family Services Special Revenue Fund expenditures for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

Fund financial statements provide detailed information about the significant funds--not the County as a whole. Some funds are required to be established by state law or by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

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

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

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

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

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

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

Notes to the Financial Statements

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 through 84 of this report.

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $83,384,423 at the close of 2021. The largest portion of Lac qui Parle County's net position (68.1%) reflects the County's investment in capital assets (land, buildings, equipment, and infrastructure such as roads and bridges). However, it should be noted that these assets are not available for future spending. Comparative data with 2020 is presented.

Governmental Activities
Net Position

	2021	2020
Assets		
Current and Other Assets	$ 44,560,830	$ 32,334,235
Capital Assets	57,383,698	53,971,011
Total Assets	101,944,528	86,305,246
Deferred Outflows of Resources	2,416,996	590,344
Liabilities		
Long-term Liabilities	14,967,106	5,724,942
Other Liabilities	2,997,613	1,383,117
Total Liabilities	17,964,719	7,108,059
Deferred Inflows of Resources	3,012,382	782,825
Net Position		
Net Investment in Capital Assets	56,676,810	53,763,280
Restricted	6,927,750	7,559,318
Unrestricted	19,779,863	17,682,108
Total Net Position	$ 83,384,423	$ 79,004,706

Unrestricted net position in the amount of $19,779,863--the part of net position that may be used to meet the County’s ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements--was 23.9% of the net position.

Governmental Activities

The County's governmental activities increased net position by $4,443,591, ($78,940,832 for 2020 after restatement, compared to $83,384,423 for 2021). Key elements in this increase in net position are as follows for 2021, with comparative data for 2020.

Governmental Activities
Changes in Net Position

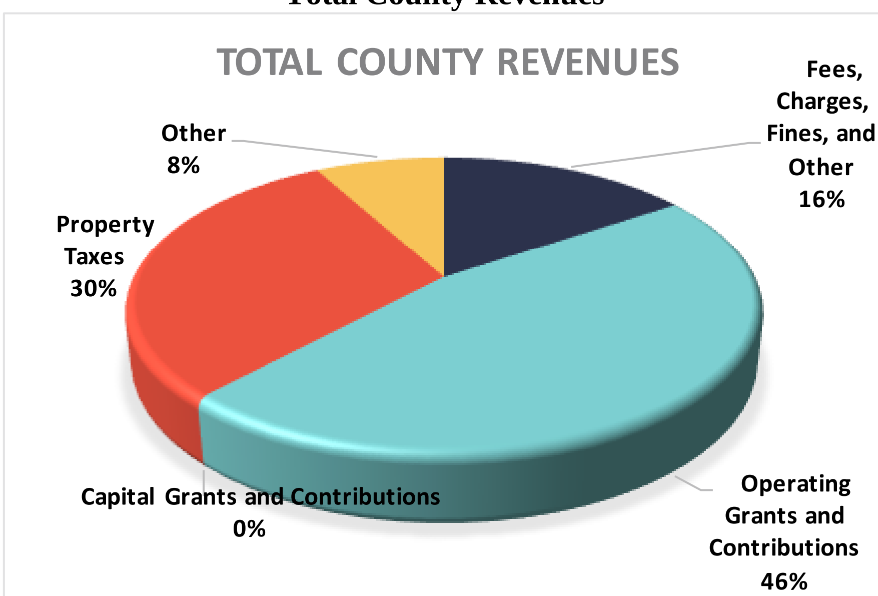
	2021	2020
Revenues		
Program Revenues		
Fees, Charges, Fines, and Other	$ 3,112,839	$ 1,341,486
Operating Grants and Contributions	9,341,429	10,020,279
Capital Grants and Contributions	-	449,023
General Revenues		
Property Taxes	6,063,488	5,937,528
Other	1,598,107	2,008,146
Total Revenues	20,115,863	19,756,462
Expenses		
General Government	2,643,047	2,622,934
Public Safety	1,620,910	2,473,418
Highways and Streets	5,310,917	5,922,761
Sanitation	228,361	200,638
Human Services	2,873,702	2,671,785
Culture and Recreation	168,696	167,346
Conservation of Natural Resources	2,314,088	1,851,351
Economic Development	431,157	152,882
Interest	81,394	53,585
Total Expenses	15,672,272	16,116,700
Increase in Net Position	4,443,591	3,639,762
Net Position - January 1, as Originally Stated	79,004,706	75,730,419
Restatement	(63,874)	(365,475)
Net Position - January 1, as Restated	78,940,832	75,364,944
Net Position - December 31	$ 83,384,423	$ 79,004,706

The County-wide cost of all governmental activities this year was $15,672,272.

- Some of the cost was paid by the users of the County's programs ($3,112,839).
- The federal and state governments subsidized certain programs with grants and contributions ($9,341,429).
- The remainder of the County's governmental activities costs of $3,218,004, 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 $6,464,861 in taxes, $820,334 in state aid, and with investment earnings and other general revenues.

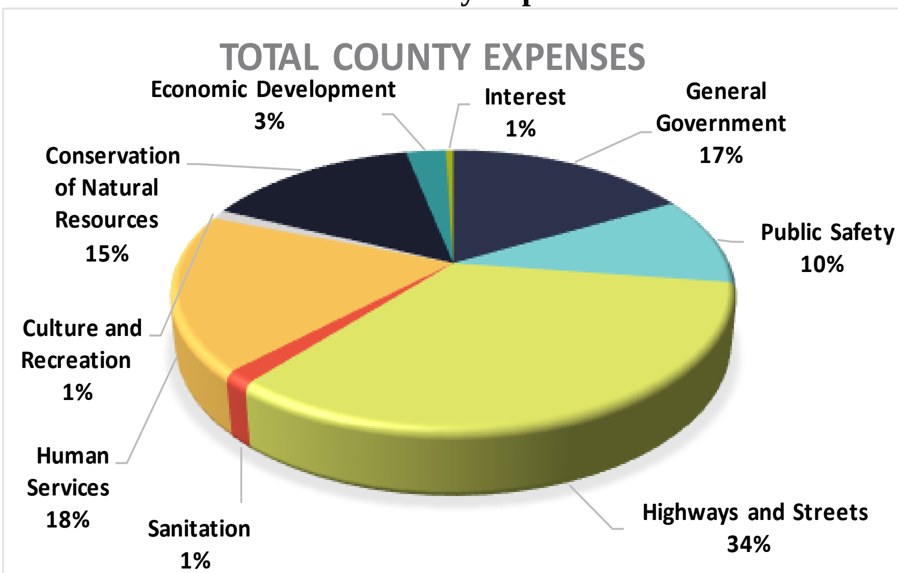
The County's total revenues were $20,115,863. Table 1 presents the percent of total County revenues by source for the year ended December 31, 2021. Fees, charges, fines and other revenues increased $1,771,353 over the prior year primarily due to the recognition of special assessments on ditch improvements. This increase was offset by a decrease in operating and capital grants totaling $1,127,873 primarily due to the receipt of federal coronavirus relief funds in 2020.

Table 1
Total County Revenues



Total expenses were $15,672,272 while total revenues were $20,115,863. This reflects a $4,443,591 increase in net position for the year ended December 31, 2021. Table 2 presents the county costs by function.

Table 2
Total County Expenses



Expenses decreased $444,428 from the previous year primarily due to costs incurred to administer the coronavirus relief grants in 2020. In 2021, the county issued small business grants through state funding resulting in an increase in economic development expenses of $278,275.

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

Table 3
Governmental Activities

	2021	
	Total Cost of Services	Net Cost of Services
General Government	$ 2,643,047	$ (2,044,201)
Public Safety	1,620,910	(701,711)
Highways and Streets	5,310,917	878,682
Human Services	2,873,702	(989,312)
All others	3,223,696	(361,462)
Totals	$ 15,672,272	$ (3,218,004)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

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

At the end of the current fiscal year, governmental funds reported combined ending fund balances of $34,860,844 an increase of $10,402,114 in comparison with the prior year restated amount. Of the combined ending fund balances, $22,551,956 represents unrestricted (committed, assigned, and unassigned) fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is classified as either nonspendable or restricted to indicate that it is not available for new spending because it has already been restricted for various reasons either by state law, grant agreements, bond covenants, or is not in spendable form.

The General Fund is the main operating fund for the County. At the end of the current fiscal year, it had an unrestricted fund balance of $3,777,353. As a measure of the General Fund's liquidity, it may be useful to compare unrestricted fund balance to total expenditures. The General Fund's unrestricted fund balance represents 70.5% of total General Fund expenditures. During 2021, the ending fund balance decreased by $163,579 due primarily to a transfer to the capital projects fund, which was offset by a decrease in public safety expenditures with minimal change in revenues for that department.

The Road and Bridge Special Revenue Fund had an unrestricted fund balance of $10,893,935 at fiscal year-end, representing 125.6% of its annual expenditures. The ending fund balance decreased $2,202,116 during 2021. The primary reason for the decrease was due to a transfer to the capital projects fund.

The Family Services Special Revenue Fund had an unrestricted fund balance of $2,406,563 at fiscal year-end, representing 84.4% of its annual expenditures. The ending fund balance decreased $3,038,166 during 2021, primarily due to a transfer to the capital projects fund.

The Ditch Special Revenue Fund had an unrestricted fund balance of ($2,085,584) and restricted fund balance of $1,022,969 at fiscal year-end. Beginning fund balance in the ditch fund was restated by $63,874. The ending fund balance decreased $1,306,930 during 2021, primarily due to additional payments for improvement projects.

The Opioid Settlement fund was established in 2021 to account for the county's share of the national opioid settlement agreements. The amounts due to the county total $218,830.

The Capital Project fund was established in 2021 to account for proceeds from bonds issued for construction. The ending fund balances after transfers from other funds is $17,105,555.

General Fund Budgetary Highlights

Resources available for appropriation were $741,321 above the final budgeted amount mostly due to the COVID County Relief received from the state of Minnesota that was not budgeted for.

CAPITAL ASSETS

The County's capital assets at December 31, 2021, totaled $57,383,698 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure.

Table 4
Capital Assets at Year-End

	2021	2020
Land	$ 164,903	$ 164,903
Right-of-Way	470,198	470,198
Construction in Progress	2,121,182	492,792
Buildings	2,483,887	2,465,407
Improvements Other than Building	72,278	74,996
Machinery, Furniture and Equipment	2,434,308	2,938,915
Infrastructure	49,636,942	47,363,800
Totals	$ 57,383,698	$ 53,971,011

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

LONG-TERM DEBT

At December 31, 2021, the County had total net outstanding bonds and notes payable of $11,687,962 and a capital lease payable of $72,627. The total outstanding long-term debt of $11,760,589 is backed by the full faith and credit of the government.

Minnesota statutes limit the amount of debt a county may levy to 3% of its total market value. At the end of 2021, the County's outstanding debt was less than 0.01% of its total estimated market value.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The County's elected and appointed officials considered many factors when setting the 2022 budget, tax rates, and fees that will be charged for the year.

- The unemployment rate for Lac qui Parle County at the end of 2021 was 2.3%. This is comparable with the state unemployment rate of 2.6% and shows a decrease from the County's 4.5% rate of one year ago. The low unemployment rates, combined with a workforce that is aging and shrinking, has increased pressure on the County and other local employers to remain competitive in the job market. These factors did not have a tangible effect on the 2021 budget but the impact may be felt in future years.

- In 2021 the County made its first interest-only bond payment on the Capital Facilities Plan. It is apparent that several of the County's major building assets are at or nearing replacement age, and the Plan provides a structured approach to address these needs. The Plan has been adopted by the County Board, and the implementation of the Plan calls for construction of a Highway Operations Center and a Government Center over the course of the next 2-3 years at a projected cost of $18 million. $10 million will be financed through bond issuance, and the remainder will be financed by spending down the County's cash reserves. This financing plan will allow for the necessary investments while keeping fund reserves at acceptable levels and also minimizing the impact on the County's annual property tax levy.

- Agriculture is the singularly dominant local industry, and tillable ag land makes up the biggest portion of the County's tax base. Land values had increased significantly from 2005 - 2014 following a temporary surge in grain commodity prices, but have stabilized or trended slightly downward overall since 2015. For assessment years 2015-2019, land values decreased. The following chart shows ag land value changes for selected years:

Year	Change
2020	+0.09%
2021	+0.70%
2022	+9.30%

  The lack of diversification in the local economy, along with the historical volatility of commodity prices, adds an additional dimension of economic risk to the County's financial health.

- Investment returns for the County reached nearly 5% in the years leading up to 2007, but the Great Recession in the late 2000's and early 2010's resulted in rates bottoming out to near 0% for nearly a decade. Historically Lac qui Parle County's surplus fund balances have generated investment revenues which offset reliance on other revenue streams, most notably the County's annual property tax levy. After a period of recovery in 2018 and 2019, interest rates went to near 0% again during the Covid-19 pandemic. 2022 rates have been rising sharply. As investment rates increase, the County will be able to use these investment returns as a valuable funding tool.

- The 2022 property tax levy for the County increased 5.21% from 2021, which is higher than the average increase of 3.11% for the preceding 5 years. Over the long term, the County expects to follow a trend of stable and manageable levy increases that the tax base can reasonably absorb, and the levies will continue to be based on structurally sound and balanced budgets. Barring additional unfunded mandates, cost shifts, and aid reductions from the state, the County's budget and financial health appear to be stabilized. However, this optimism should be tempered by the risk factors outside of County management control, most notably state intergovernmental revenues and other political actions.

County Tax Rate and Levy History

Year	Tax Rate	Tax Levy	Levy Increase
2022	33.5%	$6,476,612	5.21%
2021	32.1%	$6,155,803	1.75%
2020	32.3%	$6,049,929	2.25%
2019	31.1%	$5,916,814	2.93%
2018	32.3%	$5,748,230	1.83%
2017	30.4%	$5,645,179	6.77%
2016	27.8%	$5,442,677	2.94%
2015	24.2%	$5,287,221	3.99%
2014	27.1%	$5,084,355	4.14%
2013	37.1%	$4,882,431	8.76%
2012	38.7%	$4,489,222	9.80%
2011	33.8%	$4,088,544	12.80%
2010	31.3%	$3,624,596	0.0%

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT 1

STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government	Discretely Presented Component Unit
	Governmental Activities	Lac qui Parle-Yellow Bank Watershed District
ASSETS		
Cash and Investments	$ 37,160,707	$ 1,435,653
Accounts Receivable, Net	7,007,763	896,428
Due from Primary Government	-	1,287,903
Note Receivable	111,798	-
Inventories	262,851	-
Prepaid Items	2,563	-
Net Pension Asset	15,148	-
Capital Assets		
Non-Depreciable	2,756,283	628,458
Depreciable - Net of Accumulated Depreciation	54,627,415	4,256,237
Total Assets	101,944,528	8,504,679
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	2,369,487	92,778
OPEB Related	47,509	-
Total Deferred Outflows of Resources	2,416,996	92,778
LIABILITIES		
Accounts Payable and Other Current Liabilities	948,229	150,286
Due to Component Unit	1,287,903	-
Unearned Revenue	717,684	121,323
Deposits from Landowners	-	35,000
Interest Payable	43,797	-
Long Term Liabilities:		
Due Within One Year	96,168	104,298
Due in More Than One Year	12,099,492	1,136,167
Net Pension Liability	2,326,173	123,843
Current Other Postemployment Benefits Liability	31,387	-
Other Postemployment Benefits Liability	413,886	-
Total Liabilities	17,964,719	1,670,917
DEFERRED INFLOWS OF RESOURCES		
Pension Related	2,922,546	113,783
OPEB Related	57,042	-
Taxes Collected for Subsequent Period	32,794	-
Total Deferred Inflows of Resources	3,012,382	113,783
NET POSITION		
Net Investment in Capital Assets	56,676,810	4,884,695
Restricted For:		
General Government	295,642	-
Public Safety	565,980	-
Highways and Streets	4,112,585	-
Conservation of Natural Resources	1,487,403	1,369,215
Economic Development	199,934	-
Opioid Epidemic Response	218,830	-
Pension Benefits	15,148	-
Other Purposes	32,228	25,263
Unrestricted	19,779,863	533,584
Total Net Position	$ 83,384,423	$ 6,812,757

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

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT 2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

		Program Revenues	
FUNCTIONS/PROGRAMS	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES			
General Government	$ 2,643,047	$ 231,504	$ 367,342
Public Safety	1,620,910	347,568	571,631
Highways and Streets	5,310,917	70,231	6,119,368
Sanitation	228,361	147,874	95,297
Human Services	2,873,702	197,502	1,686,888
Culture and Recreation	168,696	3,000	215,921
Conservation of Natural Resources	2,314,088	2,115,160	258,481
Economic Development	431,157	-	26,501
Interest	81,394	-	-
Total Governmental Activities	$ 15,672,272	$ 3,112,839	$ 9,341,429
COMPONENT UNIT			
Lac qui Parle-Yellow Bank Watershed District	$ 1,525,909	$ 348,198	$ 1,064,265

GENERAL REVENUES
Property Taxes
Mortgage Registry and Deed Tax
Wheelage Tax
Payments in Lieu of Tax
Grants and Contributions not Restricted for a Particular Purpose
Investment Earnings
Miscellaneous

Total General Revenues

CHANGE IN NET POSITION

Net Position - Beginning of Year, as Originally Stated
Restatement
Net Position - Beginning of Year, As Restated

NET POSITION - END OF YEAR

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

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT 2
(Continued)

	Net (Expense) Revenue and Changes in Net Position	
	Primary Government	Discretely Presented Component Unit
Capital Grants and Contributions	Governmental Activities	Lac qui Parle-Yellow Bank Watershed District
$ -	$ (2,044,201)	
-	(701,711)	
-	878,682	
-	14,810	
-	(989,312)	
-	50,225	
-	59,553	
-	(404,656)	
-	(81,394)	
$ -	(3,218,004)	
$ -		$ (113,446)
	6,063,488	263,000
	9,803	-
	91,219	-
	300,351	2,764
	820,334	9,106
	57,607	2,641
	318,793	108,293
	7,661,595	385,804
	4,443,591	272,358
	79,004,706	6,476,525
	(63,874)	63,874
	78,940,832	6,540,399
	$ 83,384,423	$ 6,812,757

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

FUND FINANCIAL STATEMENTS

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT 3

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General	Road and Bridge	Family Services	Ditch	EDA	Opioid Settlement	Capital Projects	Total Governmental Funds
ASSETS								
Cash and Investments	$ 4,830,367	$ 11,686,554	$ 2,325,997	$ 1,012,196	$ 160,248	$ -	$ 17,143,495	$ 37,158,857
Petty Cash and Change Funds	1,650	-	200	-	-	-	-	1,850
Taxes Receivable - Delinquent	17,525	8,874	5,190	-	-	-	-	31,589
Special Assessments Receivable								
Delinquent	8,190	-	-	1,996	-	-	-	10,186
Noncurrent	-	-	-	2,195,499	-	-	-	2,195,499
Accounts Receivable	2,826	7,528	23,505	-	-	-	-	33,859
Notes Receivable	-	-	-	-	111,798	-	-	111,798
Interest Receivable	495	1,167	432	69	137	-	100	2,400
Due from Other Governments	194,155	3,923,745	234,100	162,900	500	218,830	-	4,734,230
Due From Other Funds	639,382	-	-	-	-	-	-	639,382
Inventory	-	262,851	-	-	-	-	-	262,851
Prepaid Items	2,176	-	387	-	-	-	-	2,563
Total Assets	$ 5,696,766	$ 15,890,719	$ 2,589,811	$ 3,372,660	$ 272,683	$ 218,830	$ 17,143,595	$ 45,185,064
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	$ 76,814	$ 87,532	$ 80,145	$ 31,615	$ 174	$ -	$ -	$ 276,280
Salaries Payable	76,019	37,165	47,918	-	725	-	-	161,827
Contracts Payable	-	279,839	-	-	-	-	35,297	315,136
Due to Other Funds	-	-	-	639,382	-	-	-	639,382
Due to Other Governments	45,528	9,898	23,470	115,980	110	-	-	194,986
Due to Component Unit	-	-	-	1,287,903	-	-	-	1,287,903
Unearned Revenue	717,684	-	-	-	-	-	-	717,684
Total Liabilities	916,045	414,434	151,533	2,074,880	1,009	-	35,297	3,593,198
DEFERRED INFLOWS OF RESOURCES								
Taxes Collected for Subsequent Period	16,200	7,702	5,187	-	962	-	2,743	32,794
Unavailable Revenue	52,277	3,932,120	26,141	2,360,395	108,465	218,830	-	6,698,228
Total Deferred Inflows of Resources	68,477	3,939,822	31,328	2,360,395	109,427	218,830	2,743	6,731,022

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

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT 3
(Continued)

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General	Road and Bridge	Family Services	Ditch	EDA	Opioid Settlement	Capital Projects	Total Governmental Funds
FUND BALANCES								
Nonspendable								
Inventory	$ -	$ 262,851	$ -	$ -	$ -	$ -	$ -	$ 262,851
Prepaid Items	2,176	-	387	-	-	-	-	2,563
Restricted								
Highway Allotments	-	379,677	-	-	-	-	-	379,677
Recorder's Compliance Fund	81,060	-	-	-	-	-	-	81,060
Recorder's Technology Fund	53,835	-	-	-	-	-	-	53,835
E-911	565,980	-	-	-	-	-	-	565,980
Forfeitures	10,744	-	-	-	-	-	-	10,744
EDA Loans	38,865	-	-	-	-	-	-	38,865
County Park Betty Johnson Estate	150,003	-	-	-	-	-	-	150,003
Building Bond Proceeds	-	-	-	-	-	-	9,655,509	9,655,509
Small Cities Development Program	32,228	-	-	-	-	-	-	32,228
EDA Revolving Loans	-	-	-	-	38,825	-	-	38,825
Computer Commuter	-	-	-	-	13,779	-	-	13,779
Ditch Maintenance and Construction	-	-	-	1,022,969	-	-	-	1,022,969
Committed						-		
Solid Waste Assessments	352,299	-	-	-	-	-	-	352,299
Sheriff Squad Purchases	232,452	-	-	-	-	-	-	232,452
Land Records Office Renovation	10,820	-	-	-	-	-	-	10,820
Capital Equipment	-	1,123,953	-	-	-	-	-	1,123,953
Future Road Construction	-	7,034,377	-	-	-	-	-	7,034,377
Capital Facilities Project	-	-	-	-	-	-	7,450,046	7,450,046
Madison Broadband	-	-	-	-	101,636	-	-	101,636
Assigned						-		
Out of Home Placements	-	-	150,000	-	-	-	-	150,000
Rule 20	-	-	120,000	-	-	-	-	120,000
PrimeWest Health CBP	-	-	750,000	-	-	-	-	750,000
Future Capital Purchases	-	1,290,239	-	-	-	-	-	1,290,239
Sheriff's Forfeiture	34,739	-	-	-	-	-	-	34,739
Sheriff's Contingency	3,265	-	-	-	-	-	-	3,265
County Park Board	24,524	-	-	-	-	-	-	24,524
Buffer Law	289,543	-	-	-	-	-	-	289,543
IT Capital Purchases	20,000	-	-	-	-	-	-	20,000
Sheriff Fundraising	2,535	-	-	-	-	-	-	2,535
Road and Bridge	-	1,445,366	-	-	-	-	-	1,445,366
Human Services	-	-	1,386,563	-	-	-	-	1,386,563
Economic Development	-	-	-	-	8,007	-	-	8,007
Unassigned	2,807,176	-	-	(2,085,584)	-	-	-	721,592
Total Fund Balances (Deficit)	4,712,244	11,536,463	2,406,950	(1,062,615)	162,247	-	17,105,555	34,860,844
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	$ 5,696,766	$ 15,890,719	$ 2,589,811	$ 3,372,660	$ 272,683	$ 218,830	$ 17,143,595	$ 45,185,064

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

EXHIBIT 4

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS		$ 34,860,844
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.		57,383,698
Other long-term assets (deferred inflows of resources) are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.		6,698,228
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions		2,369,487
Deferred Inflows of Resources Related to Pensions		(2,922,546)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to OPEB		47,509
Deferred Inflows of Resources Related to OPEB		(57,042)
Long-term liabilities, including bonds payable and net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General Obligation Bonds and Notes	$ (11,253,328)	
Bond Premiums	(434,634)	
Accrued Interest	(43,797)	
Capital Lease	(72,627)	
Compensated Absences	(435,071)	
Net Pension Liability	(2,326,173)	
Net Pension Asset	15,148	
Total Other Postemployment Benefits	(445,273)	(14,995,755)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 83,384,423

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

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General	Road and Bridge	Family Services	Ditch	EDA	Opioid Settlement	Capital Projects	Total Governmental Funds
REVENUES								
Taxes	$ 3,308,000	$ 1,674,091	$ 952,629	$ -	$ 107,141	$ -	$ -	$ 6,041,861
Other Taxes	9,803	91,219	-	-	-	-	-	101,022
Special Assessments	127,113	-	-	520,865	-	-	-	647,978
Licenses and Permits	23,925	-	-	-	-	-	-	23,925
Intergovernmental	1,743,208	7,620,142	1,631,013	-	24,636	-	-	11,018,999
Charges for Services	523,563	61,353	332,558	-	-	-	-	917,474
Fines and Forfeits	1,045	-	-	-	-	-	-	1,045
Gifts and Contributions	168,669	-	-	-	6,500	-	-	175,169
Interest on Investments	20,596	18,065	6,565	1,336	9,592	-	1,453	57,607
Miscellaneous	268,234	173,035	89,641	10,021	23,069	-	-	564,000
Total Revenues	6,194,156	9,637,905	3,012,406	532,222	170,938	-	1,453	19,549,080
EXPENDITURES								
CURRENT								
General Government	2,121,039	-	-	-	-	-	-	2,121,039
Public Safety	1,678,248	-	-	-	-	-	-	1,678,248
Highways and Streets	-	8,105,616	-	-	-	-	-	8,105,616
Sanitation	221,563	-	-	-	-	-	-	221,563
Human Services	-	-	2,850,572	-	-	-	-	2,850,572
Culture and Recreation	167,520	-	-	-	-	-	-	167,520
Conservation of Natural Resources	552,296	-	-	1,734,268	-	-	-	2,286,564
Economic Development	264,111	-	-	-	163,588	-	-	427,699
INTERGOVERNMENTAL	343,585	569,405	-	11,984	-	-	-	924,974
CAPITAL OUTLAY	-	-	-	-	-	-	240,624	240,624
DEBT SERVICE								
Principal	9,079	-	-	44,979	-	-	-	54,058
Interest and Fiscal Charges	-	-	-	37,921	-	-	121,908	159,829
Total Expenditures	5,357,441	8,675,021	2,850,572	1,829,152	163,588	-	362,532	19,238,306
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	836,715	962,884	161,834	(1,296,930)	7,350	-	(361,079)	310,774
OTHER FINANCING SOURCES (USES)								
Transfers In	10,000	-	-	-	-	-	7,492,000	7,502,000
Transfers Out	(1,092,000)	(3,200,000)	(3,200,000)	(10,000)	-	-	-	(7,502,000)
Proceeds from Sale of Capital Assets	-	35,000	-	-	-	-	-	35,000
Issuance of Capital Lease	81,706	-	-	-	-	-	-	81,706
Issuance of Bonds	-	-	-	-	-	-	9,540,000	9,540,000
Premiums on Bonds Issued	-	-	-	-	-	-	434,634	434,634
Total Other Financing Sources (Uses)	(1,000,294)	(3,165,000)	(3,200,000)	(10,000)	-	-	17,466,634	10,091,340
NET CHANGE IN FUND BALANCES	(163,579)	(2,202,116)	(3,038,166)	(1,306,930)	7,350	-	17,105,555	10,402,114
Fund Balances - Beginning of Year	4,875,823	13,954,274	5,445,116	308,189	154,897	-	-	24,738,299
Restatement	-	-	-	(63,874)	-	-	-	(63,874)
Fund Balances - Beginning of Year, As Restated	4,875,823	13,954,274	5,445,116	244,315	154,897	-	-	24,674,425
DECREASE IN INVENTORY	-	(215,695)	-	-	-	-	-	(215,695)
FUND BALANCES - END OF YEAR	$ 4,712,244	$ 11,536,463	$ 2,406,950	$ (1,062,615)	$ 162,247	$ -	$ 17,105,555	$ 34,860,844

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

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT 6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 10,402,114
Amounts reported for governmental activities in the statement of activities are different because:		
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	$ 5,569,561	
Net Book Value of Capital Asset Disposals	(13,411)	
Current Year Depreciation	(2,143,463)	3,412,687
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		515,602
Governmental funds report expenditures as pension contributions are made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and the investment experience.		418,377
Other postemployment benefit expenditures on the governmental funds are measured by current year employer contributions. Other postemployment benefit expenses in the Statement of Activities are measured by the change in other postemployment benefit obligation and the related outflows of resources.		(28,489)
The issuance of long-term debt (e.g., bonds payable, loans payable) provides current financial resources to governmental funds.		
Issuance of Capital Leases		(81,706)
Issuance of General Obligation Bonds		(9,540,000)
Premium on Bonds Issued		(434,634)
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		
Capital Leases		9,079
General Obligation Bonds and Notes		44,979
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	(30,920)	
Change in Compensated Absences	(27,803)	
Change in Inventory	(215,695)	(274,418)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 4,443,591

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

FIDUCIARY FUNDS

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT 7

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2021

	Social Welfare Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Cash Equivalents	$ 19,297	$ 519,636
Taxes Receivable - Delinquent	-	44,786
Due From Other Governments	-	13,302
Accrued Interest Receivable	-	11
Total Assets	$ 19,297	$ 577,735
LIABILITIES		
Due to Others	$ 4,441	$ 374
Due to Other Governments	-	307,472
Total Liabilities	$ 4,441	$ 307,846
DEFERRED INFLOWS OF RESOURCES		
Taxes Collected for Subsequent Period	$ -	$ 78,322
NET POSITION		
Restricted For:		
Individuals, Organizations and Other Governments	$ 14,856	$ 191,567

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

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT 8

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	Social Welfare Private Purpose Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Individuals	$ 98,612	$ 221,659
Property Tax Collections for Other Governments	-	7,919,817
License and Fees Collected for State	-	1,353,840
Grants for Other Entities	-	56,703
Miscellaneous	-	160
Total Additions	98,612	9,552,179
DEDUCTIONS		
Beneficiary Payments to Individuals	103,171	-
Payments of Property Taxes to Other Governments	-	7,972,620
Payments to State	-	1,575,499
Payments to Other Entities	-	62,028
Total Deductions	103,171	9,610,147
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(4,559)	(57,968)
Fiduciary Net Position, Beginning of Year	19,415	249,535
FIDUCIARY NET POSITION - END OF YEAR	$ 14,856	$ 191,567

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

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as of and for the year ended December 31, 2021. The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in U.S. GAAP and used by the County are discussed below.

A. Financial Reporting Entity

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

The County has considered all potential units for which it is financially accountable and other organizations for which the nature and significant of the relationship with the County are such that the exclusion would cause the County's financial statements to be misleading or incomplete. The Lac qui Parle County Economic Development Authority (the EDA) is considered to be part of the primary government and is presented as a blended component unit. At December 31, 2021 the County Board of Commissioners are members of the EDA board. Separate financial statements are not issued for the EDA.

Discretely Presented Component Unit

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

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

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

1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Joint Ventures

The County participates in several joint ventures which are described in Note 5.C.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately.

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

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

2. Fund Financial Statements

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

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

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

- The Road and Bridge Special Revenue Fund accounts for restricted revenues from the federal and state government, as well as committed property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

- The Family Services Special Revenue Fund accounts for restricted revenue resources from the federal, state, and other oversight agencies, as well as committed property tax revenues used for economic assistance and community social services programs.

- The Ditch Special Revenue Fund accounts for special assessment revenues levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.

- The EDA Special Revenue Fund accounts for restricted revenue resources from the federal, state, and other oversight agencies, as well as property tax revenues used for economic development programs.

- The Opioid Settlement Special Revenue Fund is designated for the receipt and expenditure of the county's portion the Opioid Settlement Funds which are restricted revenues.

- The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the County reports the following fiduciary fund type:

- Social Welfare Private Purpose Trust Fund – The Private Purpose Trust Fund is used to report all fiduciary activities that are held in a trust for social welfare accounts.

- Custodial Funds – are custodial in nature. The funds are used for a variety of purposes: to account for the collection and disbursement of taxes on behalf of other local governments within the County, as an agent for the local collaborative, estate recoveries and other state revenues.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

Property taxes are recognized as revenues in the year for which they are levied provided they are also available. Shared revenues are generally recognized in the period the appropriation goes into effect and the revenues are available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and are available. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2021 were $57,607.

1. Summary of Significant Accounting Policies (Continued)

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

1. Deposits and Investments (Continued)

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

2. Receivables and Payables

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

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due May 15 and the second half payment due October 15 or November 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

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

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

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

1. Summary of Significant Accounting Policies (Continued)

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

3. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are recorded as expenses when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

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

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

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

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

Assets	Years
Buildings	25 - 40
Land Improvements	20 - 35
Public Domain Infrastructure	15 - 70
Furniture, Equipment, and Vehicles	3 - 15

1. Summary of Significant Accounting Policies (Continued)

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

5. Compensated Absences

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

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

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, if material, are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

1. Summary of Significant Accounting Policies (Continued)

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

7. Pension Plan

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

8. Deferred Outflows/Inflows of Resources

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

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

1. Summary of Significant Accounting Policies (Continued)

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

8. Deferred Outflows/Inflows of Resources (Continued)

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

9. Unearned Revenue

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

10. Classification of Net Position

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

- Net investment in capital assets - the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets. At December 31, 2021, the Lac qui Parle-Yellow Bank Watershed District reported no debt other than accounts payable related to acquisition, construction, or improvement of capital assets.

- Restricted net position - the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net position - the amount of net position that does not meet the definition of restricted or net investment in capital assets.

1. Summary of Significant Accounting Policies (Continued)

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

      11. Classification of Fund Balances

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

- Nonspendable - amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

- Restricted - amounts for which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

- Committed - amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board for the County or Board of Managers for the Lac qui Parle-Yellow Bank Watershed District. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

- Assigned - amounts the County or the Lac qui Parle-Yellow Bank Watershed District intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Administrator, who has been delegated that authority by Board resolution. The Lac qui Parle-Yellow Bank Watershed District Administrator has been delegated this authority for the District.

- Unassigned - the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

1. Summary of Significant Accounting Policies (Continued)

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

11. Classification of Fund Balances (Continued)

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

12. Minimum Fund Balance

Lac qui Parle County has adopted a minimum fund balance policy for the General Fund. The General Fund is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined it needs to maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) of no less than five months of operating expenditures. At December 31, 2021, unrestricted fund balance for the General Fund exceeded the minimum fund balance level.

13. Use of Estimates

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

2. Stewardship, Compliance, and Accountability

A. Excess of Expenditures Over Budget

The following fund had expenditures in excess of budget:

Fund	Expenditures	Budget	Excess
Major Governmental Funds:			
Ditch Fund	$ 1,829,152	$ 241,300	$ 1,587,852

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

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

Government-wide Statement of Net Position		
Governmental Activities		
Cash and Investments	$	37,160,707
Statement of Fiduciary Net Position		
Cash and Cash Equivalents		538,933
Total Cash and Investments	$	37,699,640
Petty Cash and Change Funds	$	1,850
Checking		4,531,026
Money Market Savings		32,413,845
Certificates of Deposit		250,000
Invested in MAGIC		502,919
Total Deposits and Investments	$	37,699,640

a. Deposits

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

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

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

a. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County’s deposits may not be returned to it. It is the County’s policy to minimize deposit custodial credit risk by obtaining collateral or bond for all uninsured amounts on deposit and obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. As December 31, 2021, the County’s deposits were not exposed to custodial credit risk.

b. Investments

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

(1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;

(2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

(3) general obligations of the state of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

(4) bankers’ acceptances of United States banks;

(5) commercial paper issued by United States corporations or their Canadian subsidiaries rated in the highest quality category by two nationally recognized rating agencies and maturing in 270 days or less; and

(6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Interest Rate Risk

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

Credit Risk

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

The County's exposure to credit risk as of December 31, 2021 is as follows:

	S&P/Moody Rating	Value
Investment Pool/MAGIC Fund	Not Rated	$ 502,919

Custodial Credit Risk

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

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Concentration of Credit Risk

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

Fair Value Measurements

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

2. Receivables

Receivables as of December 31, 2021, for the County's governmental activities follow:

	Total Receivables
Governmental Activities	
Taxes Receivable - Delinquent	$ 31,589
Special Assessments	2,205,685
Accounts Receivable	33,859
Interest Receivable	2,400
Due from Other Governments	4,734,230
Total Governmental Activities	$ 7,007,763

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated				
Land	$ 164,903	$ -	$ -	$ 164,903
Right-of-Way	470,198	-	-	470,198
Construction-in-Process	492,792	5,436,486	3,808,096	2,121,182
Total Capital Assets, Not Being Depreciated	1,127,893	5,436,486	3,808,096	2,756,283
Capital Assets, Being Depreciated				
Buildings	3,668,727	111,360	-	3,780,087
Improvements Other than Buildings	100,993	-	-	100,993
Machinery, Furniture, and Equipment	7,953,500	20,090	217,305	7,756,285
Infrastructure	73,019,142	3,809,721	-	76,828,863
Total Capital Assets, Being Depreciated	84,742,362	3,941,171	217,305	88,466,228
Less Accumulated Depreciation for				
Buildings	$ 1,203,320	$ 92,880	$ -	$ 1,296,200
Improvements Other than Buildings	25,997	2,718	-	28,715
Machinery, Furniture, and Equipment	5,014,585	511,286	203,894	5,321,977
Infrastructure	25,655,342	1,536,579	-	27,191,921
Total Accumulated Depreciation	31,899,244	2,143,463	203,894	33,838,813
Total Capital Assets, Being Depreciated, Net	52,843,118	1,797,708	13,411	54,627,415
Governmental Activities Capital Assets, Net	$ 53,971,011	$ 7,234,194	$ 3,821,507	$ 57,383,698

Construction in progress consists of road projects and construction of a new Justice Center and Family Services Building that are scheduled to be completed in 2022.

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

3. Capital Assets (Continued)

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

Governmental Activities	
General Government	$ 72,319
Public Safety	155,090
Highways and Streets, Including Depreciation of	1,881,542
Infrastructure Assets	26,284
Sanitation	5,992
Conservation of Natural Resources	1,060
Culture and Recreation	1,176
Total Depreciation Expense	$ 2,143,463

B. Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

Due to General Fund from Ditch Special Revenue Fund	$ 639,382	Provide cash flow for various drainage systems.

The balance is expected to be liquidated within one year.

Interfund Transfers

Fund Transferred To	Fund Transferred From	Amount	Purpose
General Fund	Ditch Fund	$ 10,000	Ditch administrative and accounting services provided
Capital Projects Fund	General Fund	1,092,000	To transfer fund balances for new capital facilities project
Capital Projects Fund	Road and Bridge	3,200,000	To transfer fund balances for new capital facilities project
Capital Projects Fund	Family Services	3,200,000	To transfer fund balances for new capital facilities project

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources

1. Payables

Payables at December 31, 2021, were as follows:

	Governmental Activities
Accounts Payable	$ 276,280
Salaries Payable	161,827
Contracts Payable	315,136
Due to Other Governments	194,986
Total Payables	$ 948,229

2. Unearned Revenues/Deferred Inflows of Resources

Unearned revenues and deferred inflows of resources consist of special assessments, taxes, taxes levied for the subsequent period collected prior to year-end, and state grants not collected soon enough after year-end to pay liabilities of the current period, and state grants received but not yet earned. The fiduciary funds reported unavailable revenue of $78,322 for taxes collected as prepayments for taxes levied for the subsequent year. Unearned revenues and unavailable revenues at December 31, 2021, are summarized below by fund:

	Special Assessments	Taxes	Taxes Collected for Subsequent Period	Grants and Reimbursements	Loans and Interest	Total
Major Governmental Funds						
General	$ 8,190	$ 17,525	$ 16,200	$ 744,246	$ -	$ 786,161
Road and Bridge	-	8,874	7,702	3,923,246	-	3,939,822
Family Services	-	5,190	5,187	20,951	-	31,328
Ditch	2,197,495	-	-	162,900	-	2,360,395
EDA	-	-	962	-	108,465	109,427
Opioid Settlement	-	-	-	218,830	-	218,830
Capital Projects	-	-	2,743	-	-	2,743
Total	$ 2,205,685	$ 31,589	$ 32,794	$ 5,070,173	$ 108,465	$ 7,448,706
Liability						
Unearned Revenue	$ -	$ -	$ -	$ 717,684	$ -	$ 717,684
Deferred Inflows of Resources						
Unavailable Revenue	2,205,685	31,589	-	4,352,489	108,465	6,698,228
Taxes Collected for Subsequent Period	-	-	32,794	-	-	32,794
Total	$ 2,205,685	$ 31,589	$ 32,794	$ 5,070,173	$ 108,465	$ 7,448,706

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Bonds and Notes Payable

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2021
General Obligation Drainage Bonds, Series 2015A	2031	$3,000 - $10,000	3.5	$308,000	$60,328
General Obligation Drainage Notes, Series 2016A	2032	$26,000 - $35,000	2.75	$465,000	$340,000
General Obligation Drainage Notes, Series 2018A	2034	$14,000 - $29,000	3.95	$328,000	$297,000
General Obligation Drainage Notes, Series 2020A	2037	$59,000 - $77,000	1.9	$1,061,000	$1,016,000
General Obligation Capital Improvement Plan Bonds, Series 2021A	2042	$330,000 - $585,000	3	$9,540,000	$9,540,000
Capital Lease	2029	$9,079	0	$90,784	$72,627

4. Debt Service Requirements

Payments on the Series 2015A through Series 2020A general obligation bonds and notes are made by the Ditch Special Revenue Fund. Payments on the Series 2021A G.O. bonds will be made from a Debt Service Fund starting in 2023 when the first payment becomes due. Debt service requirements at December 31, 2021, were as follows:

Year Ending	General Obligation Bonds		General Obligation Notes		Capital Leases	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 4,000	$ 158,401	$ 45,000	$ 39,658	$ 9,079	$ -
2023	334,000	219,439	105,000	37,624	9,079	-
2024	389,000	208,574	107,000	34,989	9,079	-
2025	400,000	196,716	111,000	32,276	9,079	-
2026	411,000	184,524	114,000	29,467	9,079	-
2027 - 2031	2,262,328	734,857	614,000	102,252	27,232	-
2032 - 2036	2,475,000	476,188	480,000	30,305	-	-
2037 - 2041	2,740,000	213,975	77,000	732	-	-
2042	585,000	6,581	-	-	-	-
Total	$ 9,600,328	$ 2,399,255	$ 1,653,000	$ 307,303	$ 72,627	$ -

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

5. Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds/Notes Payable					
General Obligation Bonds	$ 63,328	$ 9,540,000	$ (3,000)	$ 9,600,328	$ 4,000
General Obligation Notes	1,694,979	-	(41,979)	1,653,000	45,000
Premium	-	434,634	-	434,634	-
Total Bonds/Notes Payable	1,758,307	9,974,634	(44,979)	11,687,962	49,000
Capital Leases	-	81,706	(9,079)	72,627	9,079
Compensated Absences	407,268	219,487	(191,684)	435,071	38,089
Governmental Activities Long-Term Liabilities	$ 2,165,575	$ 10,275,827	$ (245,742)	$ 12,195,660	$ 96,168

The County entered into a lease agreement with the Lac qui Parle Agricultural Society for space in a storage shed. At December 31, 2021 the County's asset under capital lease was $90,784 with related depreciation of $18,157 which equaled the depreciation expense during the year. The future minimum lease payments for the lease obligation as of December 31, 2021 was as follows:

Year Ending December 31	Amount
2022	$ 9,079
2023	9,078
2024	9,078
2025	9,078
2026	9,078
2027-2029	27,236
Total minimum lease payments	$ 72,627

4. Pension Plans and Other Postemployment Benefits

A. Defined Benefit Pension Plans

1. Plan Description

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

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

1. Plan Description (Continued)

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.

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.

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

2. Benefits Provided

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

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

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

2. Benefits Provided (Continued)

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.

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

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

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

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

2. Benefits Provided (Continued)

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.

3. Contributions

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

General Employees Fund Contributions
Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 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 $245,259. The County's contributions were equal to the required contributions as set by state statute.

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 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 $112,537. The County's contributions were equal to the required contributions as set by state statute.

Correctional Fund Contributions
Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2021 and the County was required to contribute 8.75% for Correctional Plan members. The County's contributions to the Correctional Fund for the year ended December 31, 2021, were $19,883. The County's contributions were equal to the required contributions as set by state statute.

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs

General Employees Fund Pension Costs

At December 31, 2021, the County reported a liability of $1,921,702 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the County totaled $58,591. 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 0.045% at the end of the measurement period and 0.0415% for the beginning of the period.

County's Proportionate Share of the Net Pension Liability	$	1,921,702
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County		58,591
Total	$	1,980,293

For the year ended December 31, 2021, the County recognized pension expense of $51,007 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional $4,727 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.

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

General Employees Retirement Fund (Continued)

At December 31, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	$ 11,806	$ 58,809
Changes in Actuarial Assumptions	1,173,351	42,509
Net Difference between Projected and Actual Investment Earnings	-	1,664,275
Changes in Proportion	162,842	1,556
Contributions paid to PERA Subsequent to the Measurement Date	132,787	-
Total	$ 1,480,786	$ 1,767,149

The $132,787 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:

Year Ending December 31,	Pension Expense Amount
2022	$ (29,418)
2023	25,954
2024	38,250
2025	(453,936)

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Public Employees Police and Fire Fund

At December 31, 2021, the County reported a liability of $404,471 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 0.0524% at the end of the measurement period and 0.0505% 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.

The state of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the $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 June 30, 2021, the County recognized pension expense of ($30,962) for its proportionate share of the Police and Fire Plan's pension expense. The County recognized $3,308 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.

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Public Employees Police and Fire Fund (Continued)
The state of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $9 million in supplemental state aid. The County recognized $18,165 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	$	404,471
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County		18,165
Total	$	422,636

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	$ 77,684	$ -
Changes in Actuarial Assumptions	594,469	222,233
Net Difference between Projected and Actual Investment Earnings	-	772,844
Changes in Proportion	46,405	17,876
Contributions paid to PERA Subsequent to the Measurement Date	61,769	-
Total	$ 780,327	$ 1,012,953

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Public Employees Police and Fire Fund (Continued)
The $61,769 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:

Year Ending December 31	Pension Expense Amount
2022	$ (270,306)
2023	(37,635)
2024	(45,483)
2025	(76,379)
2026	135,408

Public Employees Correctional Fund
At December 31, 2021, the County reported an asset of $15,148 for its proportionate share of the Correctional Plan's net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability (asset) 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 0.092% at the end of the measurement period and 0.089% for the beginning of the period.

For the year ended December 31, 2020, the County recognized pension expense (revenue) of ($39,007) for its proportionate share of the Correctional Plan's pension expense (revenue).

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Public Employees Correctional Fund (Continued)
At December 31, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	$ -	$ 8,638
Changes in Actuarial Assumptions	94,813	1,418
Net Difference between Projected and Actual Investment Earnings	-	121,602
Changes in Proportion	2,401	10,786
Contributions paid to PERA Subsequent to the Measurement Date	11,160	-
Total	$ 108,374	$ 142,444

The $11,160 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an addition of the net pension asset 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:

Year Ending December 31	Pension Expense Amount
2022	$ (10,379)
2023	(4,784)
2024	2,983
2025	(33,050)

Total Pension Expense
The total pension expense (revenue) for all plans recognized by the County for the year ended December 31, 2021, was ($10,927).

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

5. Long-Term Expected Return on Investment

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	33.5%	5.10%
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100%	

6. Actuarial Methods and 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.

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

6. Actuarial Assumptions (Continued)

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.

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 MP-2020.

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

6. Actuarial Assumptions (Continued)

Police and Fire Fund (Continued)
Changes in Actuarial Assumptions: (Continued)

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

Correctional Fund

- 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.

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

6. Actuarial Assumptions (Continued)

Correctional Fund (Continued)

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

7. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. Pension Liability Sensitivity

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

	Proportionate Share of the					
	General Employees Retirement Plan		Public Employees Police and Fire Plan		Public Employees Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% Decrease	5.50%	$ 3,919,290	5.50%	$ 1,284,132	5.50%	$ 157,635
Current	6.5	1,921,702	6.5	404,471	6.5	(15,148)
1% Increase	7.5	282,558	7.5	(316,630)	7.5	(152,267)

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

9. 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.

B. Defined Contribution Plan

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

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

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

	Employee	Employer
Contribution Amount	$ 5,364	$ 5,364
Percentage of Covered Payroll	5%	5%

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB)

Plan Description

Employees retiring from County service with at least ten years of service and meeting the established requirements to receive a pension from the Public Employees Retirement Association may have their severance pay transferred to an individual health insurance account to pay their monthly health insurance premiums until this balance is exhausted or they reach age 65. The County finances the plan on a pay-as-you-go basis and made no payments in 2021.

The County pays the health insurance for qualified former elected officials. This is a single-employer defined benefit health care plan. To be eligible, elected officials must have been serving on or after the date of November 2, 2004, and must have served a minimum of eight years and one day as an elected official in Lac qui Parle County. Elected officials eligible for this benefit are limited to the County Attorney, County Sheriff, and County Commissioners. Those eligible are entitled to one year of individual health insurance coverage for each four-year term in an elected position, with additional coverage provided on a pro rata basis for partial terms served. If the former elected official becomes eligible for Medicare benefits, then that official is no longer eligible for this benefit. The County has three current elected officials eligible, and zero former elected officials receiving this benefit in 2021. The County finances the program on a pay-as-you-go basis.

The County also provides health insurance benefits for eligible retired employees and their dependents as required by Minnesota Statute §471.61 subd 2b. Retirees are required to pay the premium. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of December 31, 2021, the County had no inactive plan members entitled to but not receiving benefits.

Active Plan Members with Coverage	77
Inactive Plan Members with Coverage	2
Total	79

Funding Policy

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

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

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

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions

The County's total OPEB liability was measured as of January 1, 2021 and was determined by an actuarial valuation as of January 1, 2020. The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement unless otherwise specified:

Discount Rate	2.0%
Payroll Growth Rate	Service graded table
Healthcare Cost Trend Rates	6.25% in 2021 grading down to 5.00% over 5 years and then to 4.00% over the next 48 years

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

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

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

The discount rate used to measure the total OPEB liability was 2.0%. The discount rate is equal to the 20-year municipal bond yield.

Summary of Changes in Actuarial Assumptions

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

- The discount rate was changed from 2.9% to 2.0%.

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

Total OPEB Liability

	Total OPEB Liability
Balances - December 31, 2020	$ 381,595
Changes for the Year:	
Service Cost	52,840
Interest	12,321
Changes in Assumptions	17,832
Benefit Payments	(19,315)
Net Changes	63,678
Balances - December 31, 2021	$ 445,273

Discount Rate Sensitivity

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB Plan Discount Rate	1.0%	2.0%	3.0%
Total OPEB Liability	$ 473,222	$ 445,273	$ 418,715

Healthcare Trend Rate Sensitivity

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

Description	1% Decrease in Healthcare Cost Trend Rates	Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Medical Trend Rate	5.25%	6.25%	7.25%
Total OPEB Liability	$ 397,610	$ 445,273	$ 501,783

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefits Paid Subsequent to the Measurement Date	$ 28,991	$ -
Changes in Actuarial Assumptions	18,518	6,592
Differences between Actual and Expected Experience	-	50,450
Total	$ 47,509	$ 57,042

For the year ended December 31, 2021, the County recognized OPEB expense of $56,616.

At December 31, 2021, the County reported $28,991 in deferred outflows of resources resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the OPEB liability in the year ending December 31, 2022.

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

Year Ending December 31,	OPEB Expense Amount
2022	$ (8,545)
2023	(8,545)
2024	(8,545)
2025	(8,541)
2026	(6,892)
Thereafter	2,544

5. Summary of Significant Contingencies and Other Items

A. Risk Management

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

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

A. Risk Management (Continued)

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

For all other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims, liabilities, and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at $500,000 per claim in 2021. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County and the District in a method and amount to be determined by MCIT.

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

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

B. Contingent Liabilities

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

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

B. Contingent Liabilities (Continued)

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

Lincoln-Pipestone Rural Water System

At December 31, 2021, the most recent information available, the Lincoln-Pipestone Rural Water System had $33,107,000 of general obligation bonds and other loans outstanding through 2056. The bonds were issued by some of the participating counties in the Rural Water System to finance the construction of water system expansions and improvements.

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

C. Joint Ventures

Countryside Public Health Service

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

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

C. Joint Ventures (Continued)

Countryside Public Health Service (Continued)

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

Financing is provided by state and federal grants, appropriations from member counties, and charges for services. Lac qui Parle County's contribution for 2021 was $102,574.

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

Region 6W Community Corrections

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

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

Lac qui Parle County's contribution for 2021 was $240,875.

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

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

The County entered into a joint powers agreement to create and operate the Kandiyohi - Region 6W Community Corrections Agencies Detention Center (commonly referred to as the Prairie Lakes Youth Programs (PLYP)), pursuant to Minn. Stat. § 471.59. The PLYP provides detention services to juveniles under the jurisdiction of the counties which are parties to the agreement (Chippewa, Lac qui Parle, Swift, and Yellow Medicine--which are served by Region 6W Community Corrections) and Kandiyohi County.

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

C. Joint Ventures (Continued)

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

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

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

Lincoln-Pipestone Rural Water System

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

Bonds were issued by Lincoln, Nobles, and Yellow Medicine Counties to finance the construction of the Rural Water System. Costs assessed to municipalities and special assessments levied against benefitted properties pay approximately 85% of the amount necessary to retire principal and interest on the bonds. The remainder of the funds necessary to retire the outstanding bonds and interest will be provided by appropriations from the Lincoln-Pipestone Rural Water System. Outstanding obligations at December 31, 2021, (the latest information available) were $33,107,000.

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

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

C. Joint Ventures (Continued)

Southwest Minnesota Regional Emergency Communications Board

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

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

Financing is provided by the appropriations from member parties and by state and federal grants. During 2021, Lac qui Parle County contributed $1,977 to the Joint Powers Board.

Minnesota Counties Information Systems (MCIS)

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

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

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

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

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

C. Joint Ventures (Continued)

Pioneerland Library System

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

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

Southwestern Minnesota Adult Mental Health Consortium Board

The County entered into a joint powers agreement with Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, McLeod, Meeker, Pipestone, Redwood, Renville, Rock, Swift, and Yellow Medicine Counties; and Lincoln, Lyon, and Murray Counties, represented by the Lincoln, Lyon, & Murray Human Services Board, creating and operating the Southwestern Minnesota Adult Mental Health Consortium Board (the Board) under the authority of Minnesota Statutes §471.59. The Board is headquartered in Windom, Minnesota, where Cottonwood County acts as fiscal host.

The Board takes actions and enters into such agreements as necessary to plan and develop, within the Board's geographic jurisdiction, a system of care that will serve the needs of adults with serious and persistent mental illness. The governing board is composed of one Board member from each of the participating counties. Financing is provided by state proceeds or appropriations for the development of the system of care.

The following is a summary of the Consortium Board's annual financial report for the year ended December 31, 2021 (the most recently issued financial statement):

Total Assets	$	1,525,869
Total Liabilities		184,107
Total Net Position		1,341,762
Total Revenues		2,031,026
Total Expenses		2,003,145
Net Change in Net Position		27,881

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

C. Joint Ventures (Continued)

Area II Minnesota River Basin Project

The Area II Minnesota River Basin Project was established pursuant to Minn. Stat. §§ 471.59 and a joint powers agreement. The counties in the agreement are Brown, Cottonwood, Lac qui Parle, Lincoln, Lyon, Murray, Pipestone, Redwood and Yellow Medicine. The purpose of the project is to provide cost-share and technical assistance for the implementation of flood reduction measures to the drainage area outletting into the south side of the Minnesota River between the cities of Ortonville and Mankato. During the year, Lac qui Parle County did not make any payments to the project.

Supporting Hands Nurse Family Partnership Board

The Supporting Hands Nurse Family Partnership Board was established pursuant to Minn. Stat. §§ 145A.17 and 471.59 and a joint powers agreement, effective May 31, 2007. The Board is comprised of one representative from each county to the agreement. The counties in the agreement are Big Stone, Chippewa, Douglas, Grant, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Pipestone, Pope, Redwood, Renville, Rock, Stevens, Swift, Traverse, and Yellow Medicine. Southwest Health and Human Services represents Lincoln, Lyon, Murray, Pipestone, Redwood, and Rock County in this agreement. Horizon Public Health represents Douglas, Grant, Pope, Stevens, and Traverse Counties in this agreement. Countryside Public Health represents Big Stone, Chippewa, Lac qui Parle, Swift, and Yellow Medicine Counties in this agreement. The purpose of this agreement is to organize, govern, plan, and administer a multi-county based nurse family partnership program specifically within the jurisdictional boundaries of the counties involved. The governing board is composed of one Board member from each of the participating counties. Each participating county will contribute to the budget of the Supporting Hands Nurse Family Partnership. In 2021, Lac qui Parle County contributed $0 to the partnership. Renville County acts as fiscal agent for Supporting Hands Nurse Family Partnership Board.

A complete financial report of the Supporting Hands Nurse Family Partnership Board can be obtained from Renville County at Renville County Public Health, Renville County Government Services Center, 105 South 5th Street, Suite 1194, Olivia, Minnesota 56277.

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

D. Tax Abatement

The County has entered into a tax abatement agreement with Puris Proteins LLC, under Minnesota Statutes §469.1812 through 469.1815. The abatement agreement shall be for 20 years and shall apply to the property taxes payable in the years 2022 through 2041. The abatement shall be for 100% of the County's share of the increase in ad valorem property taxes generated by the Property resulting from development on the parcels which are attributable to the Project. The County will recapture the abated taxes through continued operations of local business and increased employment. As of December 31, 2021, the County had not abated any taxes related to this program. The County has not made any commitments as part of the agreement other than to reduce taxes.

E. Restatement

During the current year, it was determined that certain County ditch repairs payable to the Lac qui Parle-Yellow Bank Watershed District as of December 31, 2020 were not recognized as expenditures in the prior year. Beginning fund balance of the ditch fund and beginning net position of governmental activities were each restated by $63,874 for the year ended December 31, 2021.

F. Construction Commitments

The County entered into construction contracts for various construction projects started during the year. The following contracts had been entered into and were at various stages of completion at December 31, 2021:

Project	Work Performed to Date	Construction Commitment
Road Projects 037-602-021 / 037-624-013 / 037-630-011 / 037-634-014	$ 4,351,800	$ 783,310
Road Project 000-002-102	290,075	10,342
Road Projects 037-599-113 / 037-599-114	797,885	16,968
Road Projects 037-599-112 / 037-613-005	1,249,458	72,318
FS LEC Facilities Project	192,518	458,482
Total	$ 6,881,736	$ 1,341,420

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

G. Subsequent Events

On January 5, 2022, the County Board authorized issuance of $772,000 in General Obligation Drainage Notes, Series 2022A. General Obligation Notes were issued to finance the improvement project for County Ditch 42 in Lac qui Parle County (the "Project"). The interest rate on this note is fixed at 2.20% and it is set to mature in 2037.

On March 11, 2021, the President of the United State signed an amended version of the COVID Relief Package, the American Rescue Plan, which includes $65.1 billion in direct, flexible aid for counties in America. The U.S. Department of the Treasury will oversee and administer payments of the State and Local Coronavirus Recovery Funds to state and local governments, for which every county is eligible to receive a direct allocation from the Treasury. Counties will receive funds in two tranches – 50% in calendar year 2021 and the remaining 50% no earlier than 12 months from the first payment. The U.S. Treasury is required to pay the first tranche to counties no later than 60-days after enactment. The County's projected allocation of the State and Local Coronavirus Recovery Funds is $1,284,490 of which $643,220 was received in May 2021. The $643,220 was not spent as of December 31, 2021, and is reported as unearned revenue at December 31, 2021. As of December 31, 2021 the County has not received the 2nd tranche of funds.

During 2022, final settlement agreements were reached with pharmaceutical companies and distributors as part of the National Prescription Opiate Litigation. For the County, the amount to be received as a result of this litigation is $218,830, to be received over 18 years, which has been recorded as due from other governments in the current year.

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

A. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

A. Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

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

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

- The Ditch Special Revenue Fund is used to account for the cost of constructing and maintaining an agricultural drainage ditch system. Financing is provided by special assessments levied against benefitted property.

B. Detailed Notes on All Funds

1. Assets and Deferred Outflows of Resources

Deposits

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

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

Cash and Cash Equivalents	$ 1,435,653
Checking	$ 744,423
Money Market Savings	519,991
Non-Negotiable Certificates of Deposit	171,239
Total Deposits	$ 1,435,653

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

B. Detailed Notes on All Funds (Continued)

1. Assets and Deferred Outflows of Resources (Continued)

Deposits

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

The District had no investments at December 31, 2021.

Receivables

Receivables as of December 31, 2021, for the Lac qui Parle-Yellow Bank Watershed District follow:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	$ 20,721	$ -
Special Assessments	847,100	714,209
Accounts, Net	28,607	-
Due from Primary Government	1,287,903	-
Total Governmental Activities	$ 2,184,331	$ 714,209

All receivables are reported net of an allowance for uncollectible accounts which is calculated on a case-by-case basis. As of December 31, 2021 the allowance for doubtful accounts is $3,179.

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

B. Detailed Notes on All Funds (Continued)

1. Assets and Deferred Outflows of Resources (Continued)

Capital Assets

The Lac qui Parle-Yellow Bank Watershed District capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets, Not Being Depreciated				
Land	$ 628,458	$ -	$ -	$ 628,458
Capital Assets, Being Depreciated				
Buildings	201,731	65,000	-	266,731
Machinery, Furniture and Equipment	107,996	32,630	-	140,626
Land Improvements	309,442	230,131	-	539,573
Infrastructure	5,334,207	-	-	5,334,207
Total Capital Assets, Being Depreciated	5,953,376	327,761	-	6,281,137
Less Accumulated Depreciation For				
Buildings	60,462	9,242	-	69,704
Machinery, Furniture and Equipment	55,435	13,419	-	68,854
Land Improvements	193,600	14,066	-	207,666
Infrastructure	1,625,334	53,342	-	1,678,676
Total Accumulated Depreciation	1,934,831	90,069	-	2,024,900
Total Capital Assets, Being Depreciated, Net	4,018,545	237,692	-	4,256,237
Capital Assets, Net	$ 4,647,003	$ 237,692	$ -	$ 4,884,695

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

Conservation of Natural Resources	$ 69,097
Culture and Recreation	20,972
Total Depreciation Expense	$ 90,069

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

B. Detailed Notes on All Funds (Continued)

2. Liabilities and Deferred Inflows of Resources

Payables

Payables at December 31, 2021, were as follows:

Accounts Payable	$	26,397
Contracts Payable		105,830
Due to Other Governments		823
Salaries Payable		17,236
Total Payables	$	150,286

Construction Commitments

The Lac qui Parle-Yellow Bank Watershed District had the following in outstanding construction commitments as of December 31, 2021:

Project Description		Original Contract Amount		Remaining Balance
County Ditch #54	$	691,049	$	4,375
County Ditch #42		574,700		69,302
Sediment Ponds		206,777		10,339

Long-Term Debt - Loans Payable- Direct Borrowing

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

Long-term debt outstanding at December 31, 2021, for the Lac qui Parle-Yellow Bank Watershed District consists of the following:

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

B. Detailed Notes on All Funds (Continued)

2. Liabilities and Deferred Inflows of Resources (Continued)

Long-Term Debt - Loans Payable – Direct Borrowing (Continued)

Types of Indebtedness	Final Maturity	Semi Annual Installment Amounts	Interest Rate (%)	Original Issues Amount	Outstanding Balance December 31, 2021
Direct Borrowing:					
SRF 0200 - Lac qui Parle River Water Mainstem Quality Enhancement Project	2022	$ 8,304	2.00%	$ 149,859	$ 16,363
SRF 0250 - North and South Fork Yellow Bank Rivers	2026	24,840	2.00%	448,248	235,265
SRF 0302 - Clean Water Partnership Project - Direct Borrowing	2029	23,274	2.00%	419,997	322,699
SRF 0315 - CWP Project - Direct Borrowing	Not Finalized	Not Finalized	Not Finalized	900,000	654,462
Total Loans Payable - Direct Borrowing				$ 1,918,104	$ 1,228,789

Debt service requirements at December 31, 2021, were as follows:

Year Ending December 31,	Loans Payable - Direct Borrowing Principal	Loans Payable - Direct Borrowing Interest
2022	$ 101,857	$ 10,980
2023	87,213	9,016
2024	88,965	7,262
2025	90,754	5,475
2026	92,577	3,650
2027-2029	112,961	3,412
Total	$ 574,327	$ 39,795

Loans of $654,462 for the Clean Water Partnership Project were not included in the debt service requirements because fixed repayment schedules are not available. In the event of default all loans will become due and payable.

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

B. Detailed Notes on All Funds (Continued)

2. Liabilities and Deferred Inflows of Resources (Continued)

Changes in Long-Term Liabilities

Changes in long-term liabilities of the Lac qui Parle-Yellow Bank Watershed District for the year ended December 31, 2021, were:

	Balance January 1	Additions	Deductions	Balance December 31	Amount Due Within One Year
Loans Payable - Direct Borrowing	$ 1,194,184	$ 134,456	$ 99,851	$ 1,228,789	$ 101,857
Compensated Balances	11,538	24,182	24,044	11,676	2,441
Total	$ 1,205,722	$ 158,638	$ 123,895	$ 1,240,465	$ 104,298

C. Defined Benefit Pension Plans

1. Plan Description

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

2. Contributions

The District's contributions for the General Employees Retirement Plan for the year ended December 31, 2021, were $16,465. The contributions are equal to the contractually required contributions as set by state statute.

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

C. Defined Benefit Pension Plans (Continued)

3. Pension Costs

At December 31, 2021, the District reported a liability of $123,843 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled $3,796. 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 District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0029% at the end of the measurement period and 0.0029% for the beginning of the period.

District's Proportionate Share of the Net Pension Liability	$	123,843
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the District		3,796
Total	$	127,639

For the year ended December 31, 2021, the District recognized pension expense of $8,336 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional $306 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.

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

C. Defined Benefit Pension Plans (Continued)

3. Pension Costs (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	$ 761	$ 3,790
Changes in Actuarial Assumptions	75,616	2,739
Difference between Projected and Actual Investment Earnings	-	-
Changes in Proportion	7,852	107,254
Contributions paid to PERA Subsequent to the Measurement Date	8,549	-
Total	$ 92,778	$ 113,783

The $8,549 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2022	$ 932
2023	(267)
2024	(965)
2025	(29,254)

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

C. Defined Benefit Pension Plan (Continued)

4. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
Proportionate share of the General Employees Retirement Fund Net Pension Liability	$ 252,576	$ 123,843	$ 18,209

D. Restatement

During the current year, it was determined that certain County ditch repairs paid for by the County and reimbursable to the Lac qui Parle-Yellow Bank Watershed District as of December 31, 2020 were not recognized as revenues on the Watershed's Statement of Activities in the prior period. Beginning net position was restated by $63,874 for the year ended December 31, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT A-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 3,461,889	$ 3,461,889	$ 3,308,000	$ (153,889)
Other Taxes	7,000	7,000	9,803	2,803
Special Assessments	141,000	141,000	127,113	(13,887)
Licenses and Permits	12,260	12,260	23,925	11,665
Intergovernmental	1,232,496	1,232,496	1,743,208	510,712
Charges for Services	442,154	442,154	523,563	81,409
Fines and Forfeits	-	-	1,045	1,045
Gifts and Contributions	3,000	3,000	168,669	165,669
Interest on Investments	25,234	25,234	20,596	(4,638)
Miscellaneous	127,802	127,802	268,234	140,432
Total Revenues	5,452,835	5,452,835	6,194,156	741,321
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	232,962	232,962	239,063	(6,101)
Courts	5,000	5,000	5,431	(431)
Jury Manager	-	-	4,202	(4,202)
Auditor-Treasurer	721,106	721,106	576,878	144,228
Administrator	-	-	157,493	(157,493)
Data Processing	118,743	118,743	109,904	8,839
Elections	29,000	29,000	20,103	8,897
County Car	674	674	474	200
Attorney	266,338	266,338	271,683	(5,345)
Recorder	185,569	185,569	81,455	104,114
Assessor	261,184	261,184	291,660	(30,476)
GIS	9,000	9,000	-	9,000
Planning and Zoning	49,062	49,062	40,627	8,435
Building and Plant	170,274	170,274	165,921	4,353
Veterans Service Officer	98,109	98,109	86,786	11,323
Employee Wellness	-	-	4,200	(4,200)
Other General Government	365,559	365,559	65,159	300,400
Total General Government	2,512,580	2,512,580	2,121,039	391,541
PUBLIC SAFETY				
Sheriff	970,300	970,300	995,360	(25,060)
Safety/AWAIR	8,500	8,500	6,232	2,268
Boat and Water Safety	861	861	1,134	(273)
Snowmobile Safety	3,987	3,987	2,382	1,605

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

EXHIBIT A-1
(Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
EXPENDITURES				
CURRENT				
PUBLIC SAFETY (CONTINUED)				
Coroner	$ 11,600	$ 11,600	$ 9,121	$ 2,479
Federal Safe and Sober	-	-	1,102	(1,102)
Crisis Transportation	-	-	7,991	(7,991)
Community Corrections	-	-	328	(328)
E-911 System	85,404	85,404	57,738	27,666
County Jail	535,594	535,594	530,495	5,099
Civil Defense	36,109	36,109	57,279	(21,170)
Ambulance	6,000	6,000	6,000	-
Other	4,234	4,234	3,086	1,148
Total Public Safety	1,662,589	1,662,589	1,678,248	(15,659)
SANITATION				
Solid Waste	67,292	67,292	68,497	(1,205)
Recycling	144,692	144,692	153,066	(8,374)
Total Sanitation	211,984	211,984	221,563	(9,579)
CULTURE AND RECREATION				
Historical Society	23,000	23,000	23,000	-
Parks	21,883	21,883	14,164	7,719
Senior Citizens	1,000	1,000	1,000	-
County/Regional Library	75,697	75,697	75,697	-
Other	50,000	50,000	53,659	(3,659)
Total Culture and Recreation	171,580	171,580	167,520	4,060
CONSERVATION OF NATURAL RESOURCES				
Extension	98,442	98,442	93,174	5,268
Riparian Project	140,151	140,151	168,075	(27,924)
Soil and Water Conservation	148,781	148,781	148,691	90
Water Quality	24,231	24,231	24,529	(298)
Agricultural Society/County Fair	19,550	19,550	21,050	(1,500)
Environmental Officer	39,462	39,462	31,616	7,846
Planning and Zoning	27,363	27,363	15,555	11,808
Feedlot Administration	34,762	34,762	37,773	(3,011)
Minnesota River Basin	11,833	11,833	11,833	-
Total Conservation of Natural Resources	544,575	544,575	552,296	(7,721)

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

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT A-1

(Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
EXPENDITURES				
CURRENT				
ECONOMIC DEVELOPMENT				
Airport	$ 7,000	$ 7,000	$ 7,000	$ -
Economic Development	-	-	257,111	(257,111)
Total Economic Development	7,000	7,000	264,111	(257,111)
INTERGOVERNMENTAL				
Public Safety	240,875	240,875	240,875	-
Health	102,574	102,574	102,710	(136)
Total Intergovernmental	343,449	343,449	343,585	(136)
DEBT SERVICE				
Principal	9,078	9,078	9,079	(1)
Total Expenditures	5,462,835	5,462,835	5,357,441	105,395
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,000)	(10,000)	836,715	846,716
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	10,000	10,000	-
Transfers Out	-	-	(1,092,000)	(1,092,000)
Issuance of Capital Lease	-	-	81,706	81,706
Total Other Financing Sources (Uses)	10,000	10,000	(1,000,294)	(1,010,294)
NET CHANGE IN FUND BALANCE	$ -	$ -	(163,579)	$ (163,579)
Fund Balance - Beginning of Year			4,875,823	
FUND BALANCE - END OF YEAR			$ 4,712,244	

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

EXHIBIT A-2

BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 1,900,208	$ 1,900,208	$ 1,674,091	$ (226,117)
Other Taxes	85,000	85,000	91,219	6,219
Intergovernmental	8,992,059	8,992,059	7,620,142	(1,371,917)
Charges for Services	67,000	67,000	61,353	(5,647)
Interest on Investments	10,000	10,000	18,065	8,065
Miscellaneous	128,500	128,500	173,035	44,535
Total Revenues	11,182,767	11,182,767	9,637,905	(1,544,862)
EXPENDITURES				
CURRENT				
HIGHWAY AND STREETS				
Administration	267,943	267,943	258,388	9,555
Construction	7,122,830	7,122,830	5,493,880	1,628,950
Maintenance	2,669,132	2,669,132	1,895,273	773,859
Equipment and Maintenance Shops	439,121	439,121	458,075	(18,954)
Total Highways and Streets	10,499,026	10,499,026	8,105,616	2,393,410
INTERGOVERNMENTAL				
Highways and Streets	527,000	527,000	569,405	(42,405)
Total Expenditures	11,026,026	11,026,026	8,675,021	2,351,005
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	156,741	156,741	962,884	806,143
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(3,200,000)	(3,200,000)
Proceeds from Sale of Capital Assets	-	-	35,000	35,000
Total Other Financing Sources (Uses)	-	-	(3,165,000)	(3,165,000)
NET CHANGE IN FUND BALANCE	$ 156,741	$ 156,741	(2,202,116)	$ (2,358,857)
Fund Balance - Beginning of Year			13,954,274	
Decrease in Inventory			(215,695)	
FUND BALANCE - END OF YEAR			$ 11,536,463	

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

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT A-3

BUDGETARY COMPARISON SCHEDULE
FAMILY SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 1,081,229	$ 1,081,229	$ 952,629	$ (128,600)
Intergovernmental	1,643,611	1,643,611	1,631,013	(12,598)
Charges for Services	279,401	279,401	332,558	53,157
Interest on Investments	8,000	8,000	6,565	(1,435)
Miscellaneous	33,100	33,100	89,641	56,541
Total Revenues	3,045,341	3,045,341	3,012,406	(32,935)
EXPENDITURES				
CURRENT				
HUMAN SERVICES				
Income Maintenance	883,326	883,326	852,238	31,088
Social Services	2,162,015	2,162,015	1,998,334	163,681
Total Expenditures	3,045,341	3,045,341	2,850,572	194,769
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	161,834	161,834
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(3,200,000)	(3,200,000)
NET CHANGE IN FUND BALANCE	$ -	$ -	(3,038,166)	$ (3,038,166)
Fund Balance - Beginning of Year			5,445,116	
FUND BALANCE - END OF YEAR			$ 2,406,950	

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

EXHIBIT A-4

BUDGETARY COMPARISON SCHEDULE
DITCH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Special Assessments	$ 250,000	$ 250,000	$ 520,865	$ 270,865
Interest on Investments	1,300	1,300	1,336	36
Miscellaneous	-	-	10,021	10,021
Total Revenues	251,300	251,300	532,222	280,922
EXPENDITURES				
CURRENT				
CONSERVATION OF NATURAL RESOURCES				
Other	241,300	241,300	1,734,268	(1,492,968)
INTERGOVERNMENTAL				
Conservation	-	-	11,984	(11,984)
DEBT SERVICE				
Principal	-	-	44,979	(44,979)
Interest and Fiscal Charges	-	-	37,921	(37,921)
Total Debt Service	-	-	82,900	(82,900)
Total Expenditures	241,300	241,300	1,829,152	(1,587,852)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,000	10,000	(1,296,930)	(1,306,930)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(10,000)	(10,000)	(10,000)	-
NET CHANGE IN FUND BALANCE	$ -	$ -	(1,306,930)	$ (1,306,930)
Fund Balance - Beginning of Year			308,189	
Restatement			(63,874)	
Fund Balances - Beginning of Year, As Restated			244,315	
FUND BALANCE (DEFICIT) - END OF YEAR			$ (1,062,615)	

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

EXHIBIT A-5

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

Plan Reporting Period Ended	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Employer Measurement Date	1/1/2021	1/1/2020	1/1/2019	1/1/2018
Total OPEB Liability				
Service Cost	$ 52,840	$ 45,512	$ 42,682	$ 44,428
Interest	12,321	16,967	14,107	13,737
Difference Between Expected and Actual Experience	-	(70,632)	-	-
Changes of Assumptions	17,832	4,528	(11,539)	-
Benefit Payments	(19,315)	(31,228)	(26,985)	(63,142)
Net Change in Total OPEB Liability	63,678	(34,853)	18,265	(4,977)
Total OPEB Liability - Beginning	381,595	416,448	398,183	403,160
Total OPEB Liability - Ending	$ 445,273	$ 381,595	$ 416,448	$ 398,183
Covered Employee Payroll	$ 3,969,382	$ 3,853,769	$ 3,267,157	$ 3,171,997
Total OPEB Liability as a Percentage of the Covered Employee Payroll	11.2%	9.9%	12.7%	12.6%

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

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

EXHIBIT A-6

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAC QUI PARLE COUNTY
LAST TEN MEASUREMENT PERIODS

	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
PERA - General Employees Retirement Plan							
County's Proportion of the Net Pension Liability	0.0450%	0.0415%	0.0414%	0.0415%	0.0422%	0.0424%	0.0407%
County's Proportionate Share of the Net Pension Liability	$ 1,921,702	$ 2,488,115	$ 2,288,913	$ 2,302,250	$ 2,694,020	$ 3,442,670	$ 2,109,285
State's Proportionate Share of the Net Pension Liability	$ 58,591	$ 76,582	$ 71,164	$ 78,581	$ 33,843	$ 45,011	$ -
Total Proportionate Share of the Net Pension Liability	$ 1,980,293	$ 2,564,697	$ 2,360,077	$ 2,380,831	$ 2,727,863	$ 3,487,681	$ 2,109,285
County's Covered Payroll	$ 3,233,308	$ 2,958,198	$ 2,929,563	$ 2,792,289	$ 2,716,091	$ 2,631,796	$ 2,394,275
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	59.43%	84.11%	78.13%	82.45%	99.19%	130.81%	88.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00%	79.10%	80.20%	79.50%	75.90%	68.90%	78.20%
PERA - Public Employees Police and Fire Plan							
County's Proportion of the Net Pension Liability	0.0524%	0.0505%	0.0511%	0.0506%	0.0480%	0.0520%	0.0540%
County's Proportionate Share of the Net Pension Liability	$ 404,471	$ 665,644	$ 544,011	$ 539,344	$ 648,057	$ 2,086,850	$ 613,566
State's Proportionate Share of the Net Pension Liability	$ 18,165	$ 15,685	$ -	$ -	$ -	$ -	$ -
Total Proportionate Share of the Net Pension Liability	$ 422,636	$ 681,329	$ 544,011	$ 539,344	$ 648,057	$ 2,086,850	$ 613,566
County's Covered Payroll	$ 618,846	$ 570,127	$ 538,809	$ 504,975	$ 495,557	$ 499,799	$ 492,919
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	65.36%	116.75%	100.97%	106.81%	130.77%	417.54%	124.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.70%	87.20%	89.30%	88.80%	85.43%	63.90%	82.30%
PERA - Local Government Correctional Plan							
County's Proportion of the Net Pension Liability (Asset)	0.0920%	0.0885%	0.1004%	0.1044%	0.0900%	0.0900%	0.0900%
County's Proportionate Share of the Net Pension Liability (Asset)	$ (15,148)	$ 24,013	$ 13,899	$ 17,172	$ 256,501	$ 328,783	$ 13,914
County's Covered Payroll	$ 203,812	$ 192,558	$ 214,153	$ 212,544	$ 180,906	$ 164,570	$ 161,567
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-7.43%	12.47%	6.49%	8.08%	141.79%	199.78%	8.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	101.60%	96.70%	98.20%	97.60%	67.89%	58.20%	96.90%

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

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

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT A-7

SCHEDULE OF PENSION CONTRIBUTIONS
LAC QUI PARLE COUNTY
LAST TEN YEARS

	2021	2020	2019	2018	2017	2016	2015
PERA - General Employees Retirement Plan							
Contractually Required Contribution	$ 245,259	$ 238,576	$ 232,204	$ 215,615	$ 204,271	$ 202,193	$ 186,855
Contributions in Relation to the Contractually Required Contribution	(245,259)	(238,576)	(232,204)	(215,615)	(204,271)	(202,193)	(186,855)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
County's Covered Payroll	$ 3,270,120	$ 3,181,013	$ 3,096,053	$ 2,874,867	$ 2,723,613	$ 2,695,883	$ 2,491,400
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
PERA - Public Employees Police and Fire Plan							
Contractually Required Contribution	$ 112,537	$ 107,942	$ 100,043	$ 82,719	$ 86,276	$ 80,604	$ 80,893
Contributions in Relation to the Contractually Required Contribution	(112,537)	(107,942)	(100,043)	(82,719)	(86,276)	(80,604)	(80,893)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
County's Covered Payroll	$ 635,802	$ 609,842	$ 590,224	$ 510,611	$ 532,568	$ 497,554	$ 499,343
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	16.95%	16.20%	16.20%	16.20%	16.20%
PERA - Local Government Correctional Plan							
Contractually Required Contribution	$ 19,883	$ 16,232	$ 19,601	$ 18,993	$ 17,472	$ 14,664	$ 14,134
Contributions in Relation to the Contractually Required Contribution	(19,883)	(16,232)	(19,601)	(18,993)	(17,472)	(14,664)	(14,134)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
County's Covered Payroll	$ 227,234	$ 185,509	$ 224,011	$ 217,063	$ 199,680	$ 167,592	$ 161,527
Contributions as a Percentage of Covered Payroll	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%

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

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

EXHIBIT A-8

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

	Measurement Date June 30, 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
PERA - General Employees Retirement Plan							
District's Proportion of the Net Pension Liability	0.0029%	0.0029%	0.0028%	0.0025%	0.0024%	0.0023%	0.0022%
District's Proportionate Share of the Net Pension Liability	$ 123,843	$ 173,868	$ 154,806	$ 138,690	$ 153,214	$ 186,749	$ 114,015
State's Proportionate Share of the Net Pension Liability	$ 3,796	$ 5,380	$ 4,666	$ 4,581	$ 1,910	$ 2,408	$ -
Total Proportionate Share of the Net Pension Liability	$ 127,639	$ 179,248	$ 159,472	$ 143,271	$ 155,124	$ 189,157	$ 114,015
District's Covered Payroll	$ 208,100	$ 205,105	$ 199,550	$ 150,487	$ 148,867	$ 137,077	$ 133,986
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	59.51%	84.77%	77.58%	92.16%	102.92%	136.24%	85.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00%	79.10%	80.20%	79.50%	75.90%	68.90%	78.20%

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

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

EXHIBIT A-9

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

	2021	2020	2019	2018	2017	2016	2015
PERA - General Employees Retirement Plan							
Contractually Required Contribution	$ 16,465	$ 15,654	$ 14,779	$ 14,354	$ 10,312	$ 11,016	$ 10,077
Contributions in Relation to the Contractually Required Contribution	(16,465)	(15,654)	(14,779)	(14,354)	(10,312)	(11,016)	(10,077)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 219,533	$ 208,720	$ 197,053	$ 191,387	$ 137,493	$ 146,883	$ 134,353
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

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

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

1. General Budget Policies

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

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

2. Budget Basis of Accounting

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

3. Budget Amendments

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

4. Excess of Expenditures Over Budget

Expenditures exceeded final budgets in the following funds:

Fund	Expenditures	Budget	Excess
Major Governmental Funds:			
Ditch Fund	$ 1,829,152	$ 241,300	$ 1,587,852

5. Defined Benefit Pension Plans

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

General Employees Fund

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 MP-2020.

General Employees Fund (Continued)
2021 Changes (Continued)
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.
- 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 morality 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.

General Employees Fund (Continued)

2018 Changes
Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes
Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

General Employees Fund (Continued)

2016 Changes
Changes in Actuarial Assumptions
- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2015 Changes
Changes in Actuarial Assumptions
- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

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

Police and Fire Fund

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 change 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 MP-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).

2021 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- 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 assumption were applied.

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing $9.0 million state contribution.
- New annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.

Police and Fire Fund (Continued)

2018 Changes (Continued)
Changes in Actuarial Assumptions (Continued)

- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes
Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and nonvested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

Police and Fire Fund (Continued)

2016 Changes
Changes in Actuarial Assumptions
- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2015 Changes
Changes in Actuarial Assumptions
- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

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

Correctional Fund

2021 Changes
Changes in Actuarial Assumptions
- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- 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.

Correctional Fund (Continued)

2021 Changes (Continued)
Changes in Actuarial Assumptions (Continued)
- 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 percent to 75 percent.
- Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2020 Changes
Changes in Actuarial Assumptions
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2019 Changes
Changes in Actuarial Assumptions
- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2018 Changes
Changes in Actuarial Assumptions
- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The morality projection scale was changed from MP-2016 to MP-2017.
- The assumed postretirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

Changes in Plan Provisions
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Correctional Fund (Continued)

2018 Changes (Continued)
Changes in Plan Provisions (Continued)

- Postretirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85.00 percent for two consecutive years or 80.00 percent for one year, the maximum increase will be lowered to 1.50 percent.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes
Changes in Actuarial Assumptions

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016, and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The combined service annuity (CSA) load was 30.00 percent for vested and nonvested, deferred members. The CSA has been changed to 35.00 percent for vested members and 1.00 percent for nonvested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes
Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

Correctional Fund (Continued)

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.

5. Other Postemployment Benefit Plans

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

2021

- The discount rate was changed from 2.9% to 2.0%.

2020

- The discount rate was changed from 3.8% to 2.9%.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contact group.

2019

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

2018
Benefit Changes

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

Assumption Changes

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

SUPPLEMENTARY INFORMATION

FIDUCIARY FUNDS

DESCRIPTION OF THE FUNDS
CUSTODIAL FUNDS

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

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

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

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

EXHIBIT B-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2021

	Custodial Funds				
	Collaborative	State Revenue	Taxes and Penalties	Estate Recoveries	Total Custodial Funds
ASSETS					
Cash and Cash Equivalents	$ 139,333	$ 73,329	$ 306,600	374	$ 519,636
Taxes Receivable - Delinquent	-	-	44,786	-	44,786
Due From Other Governments	13,127	175	-	-	13,302
Accrued Interest Receivable	11	-	-	-	11
Total Assets	$ 152,471	$ 73,504	$ 351,386	$ 374	$ 577,735
LIABILITIES					
Due to Others	$ -	$ -	$ -	$ 374	$ 374
Due to Other Governments	5,690	73,504	228,278	-	307,472
Total Liabilities	$ 5,690	$ 73,504	$ 228,278	$ 374	$ 307,846
DEFERRED INFLOWS OF RESOURCES					
Taxes Collected for Subsequent Period	$ -	$ -	$ 78,322	$ -	$ 78,322
NET POSITION					
Restricted For:					
Individuals, Organizations and Other Governments	$ 146,781	$ -	$ 44,786	$ -	$ 191,567

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT B-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Custodial Funds				
	Collaborative	State Revenue	Taxes and Penalties	Estate Recoveries	Total Custodial Funds
ADDITIONS					
Contributions:					
Individuals	$ -	$ -	$ -	$ 221,659	$ 221,659
Property Tax Collections for Other Governments	-	-	7,919,817	-	7,919,817
License and Fees Collected for State	-	1,353,840	-	-	1,353,840
Grants for Other Entities	56,703	-	-	-	56,703
Miscellaneous	160	-	-	-	160
Total Additions	56,863	1,353,840	7,919,817	221,659	9,552,179
DEDUCTIONS					
Payments of Property Taxes to Other Governments	$ -	$ -	$ 7,972,620	$ -	$ 7,972,620
Payments to State	-	1,353,840	-	221,659	1,575,499
Payments to Other Entities	62,028	-	-	-	62,028
Total Deductions	62,028	1,353,840	7,972,620	221,659	9,610,147
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	$ (5,165)	$ -	$ (52,803)	$ -	$ (57,968)
Fiduciary Net Position, Beginning of Year	151,946	-	97,589	-	249,535
FIDUCIARY NET POSITION - END OF YEAR	$ 146,781	$ -	$ 44,786	$ -	$ 191,567

OTHER SCHEDULES

EXHIBIT C-1

SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021

	Primary Government	Discretely Presented Component Unit Lac qui Parle-Yellow Bank Watershed District
Appropriations and Shared Revenue		
State		
Highway Users Tax	$ 7,029,644	$ -
Market Value Credit	201,940	9,106
PERA Indirect Aid	11,916	-
Disparity Reduction Aid	51,195	-
County Program Aid	543,367	-
County Aquatic Inspection Aid	41,346	-
Police Aid	75,839	-
E-911	115,417	-
Riparian Protection Aid	142,467	-
SCORE	71,066	-
Total Appropriations and Shared Revenue	**$ 8,284,197**	**$ 9,106**
Reimbursement for Services		
State		
Minnesota Department of Human Services	$ 260,441	$ -
Minnesota Department of Public Safety	7,213	-
Local		
Lac qui Parle County	-	3,472
Total Reimbursements for Services	**$ 267,654**	**$ 3,472**
Payments		
Local		
Payments in Lieu of Taxes	$ 300,351	$ -
Grants		
State		
Minnesota Department/Board of		
Education	$ 4,200	$ -
Human Services	590,705	-
Natural Resources	66,887	-
Public Safety	35,833	-
Veterans Affairs	7,500	-
Water and Soil Resources	61,015	274,907
Office of Management and Budget	256,250	-
Pollution Control Agency	21,977	-
Total State	**$ 1,044,367**	**$ 274,907**
Federal		
Department of		
Agriculture	$ 96,371	$ -
Justice	24,559	-
Transportation	172,186	-
Health and Human Services	611,238	-
Homeland Security	218,076	-
Total Federal	**$ 1,122,430**	**$ -**
Total State and Federal Grants	**$ 2,166,797**	**$ 274,907**
Total Intergovernmental Revenue	**$ 11,018,999**	**$ 287,485**

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

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

EXHIBIT C-2

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	20MN101S2514	$ 96,371	$ -
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety				
Crime Victim Assistance	16.575	F-CVS-2020-LACCAO-6684	18,947	-
U.S. Department of Transportation				
Passed Through Minnesota Department of Public Safety				
Highway Planning and Construction Cluster				
COVID-19 Highway Planning and Construction	20.205	SAP 037-070-007	172,186	-
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	2101MNFPSS	1,844	-
Temporary Assistance for Needy Families	93.558	2101MNTANF	21,794	-
Child Support Enforcement	93.563	2001MNCEST	32,887	-
Child Support Enforcement	93.563	2101MNCSES	74,146	-
(Total Child Support Enforcement 93.563 $107,033)				
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2101MNRCMA	207	-
Child Care and Development Block Cluster				
Child Care and Development Block Grant	93.575	2101MNCCDF	670	-
Parental Support Outreach Program - Children's Trust Fund	93.590	1901MNBCAP	1,219	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	864	-
Foster Care Title IV-E	93.658	2101MNFOST	38,855	-
Social Services Block Grant	93.667	2101MNSOSR	65,114	-

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

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

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

EXHIBIT C-2
(Continued)

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Children Health Insurance Program	93.767	2005MN5021	$ 128	$ -
Medicaid Cluster				
Medical Assistance Program	93.778	2005MN5ADM	344,873	-
Medical Assistance Program	93.778	2005MN5MAP	5,250	-
(Total Medical Assistance Program 93.778 $350,123)				
Passed Through Minnesota River Area Agency on Aging				
Aging Cluster				
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	316-10-CARE-073	20,001	-
Total U.S. Department of Health and Human Services			607,852	-
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	FBE-090820	811	-
Passed Through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	EMGP-2020-3834	77,449	-
Emergency Management Performance Grants	97.042	A-EMPG-2020-LACQUICO-039	16,170	-
Passed Through Emergency Food and Shelter National Board				
Emergency Food and Shelter	97.024	4859-19	3,243	-
Total U.S. Department of Homeland Security			97,673	-
Total Expenditures of Federal Awards			$ 993,029	$ -

Totals by Cluster	
Total Expenditures for SNAP Cluster	$ 96,371
Total Expenditures for Highway Planning and Construction Cluster	172,186
Total Expenditures for Child Care and Development Block Cluster	670
Total Expenditures for Medicaid Cluster	350,123
Total Expenditures for Aging Cluster	20,001

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

1. Reporting Entity

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

2. Basis of Presentation

   The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lac qui Parle County under programs of the federal government for the year ended December 31, 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). Because the schedule presents only a selected portion of the operations of Lac qui Parle County, it is not intended to and does not present the financial position or changes in net position of Lac qui Parle County.

3. Summary of Significant Accounting Policies

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

4. Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation of SEFA to Schedule of Intergovernmental Revenue		
Total Federal Revenue per Schedule of Intergovernmental Revenue	$	1,122,430
Grants Unavailable in 2020, Recognized as Revenue in 2021		
Victim Crime Assistance		(5,612)
Disaster Grants - Public Assistance		(107,498)
Emergency Management Performance Grants		(16,148)
Stephanie Tubbs Jones Child Welfare Services Program		(143)
Total Federal Awards per Schedule of Expenditures of Federal Awards	**$**	**993,029**

LAC QUI PARLE – YELLOW BANK
WATERSHED DISTRICT

EXHIBIT D-1

LAC QUI PARLE – YELLOW BANK WATERSHED DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 1,435,653
Taxes Receivable	20,721
Special Assessments Receivable	847,100
Accounts Receivable - Net	28,607
Due from Primary Government	1,287,903
Capital Assets	
Non-depreciable	628,458
Depreciable (Net)	4,256,237
Total Assets	$ 8,504,679
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	$ 92,778
LIABILITIES	
Accounts Payable	$ 26,397
Contracts Payable	105,830
Salaries Payable	17,236
Due to Other Governments	823
Unearned Revenue	121,323
Deposits from Landowners	35,000
ISTS Loans	
Due Within One Year	101,857
Due in More than One Year	1,126,932
Compensated Absences Payable	
Due Within One Year	2,441
Due in More than One Year	9,235
Net Pension Liability	123,843
Total Liabilities	$ 1,670,917
DEFERRED INFLOWS OF RESOURCES	
Pension Related	$ 113,783
NET POSITION	
Investment in Capital Assets	$ 4,884,695
Restricted For:	
Conservation of Natural Resources	1,369,215
Playground Equipment	25,263
Unrestricted	533,584
Total Net Position	$ 6,812,757

EXHIBIT D-2

LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

		Program Revenues			Net (Expense)
FUNCTIONS/PROGRAMS	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES					
Culture and Recreation	$ 138,454	$ 114,792	$ -	$ -	$ (23,662)
Conservation of Natural Resources	1,374,469	233,406	1,064,265	-	(76,798)
Interest	12,986	-	-	-	(12,986)
Total Governmental Activities	$ 1,525,909	$ 348,198	$ 1,064,265	$ -	$ (113,446)

GENERAL REVENUES	
Property Taxes	$ 263,000
Payments in Lieu of Tax	2,764
Grants and Contributions not Restricted for a Particular Purpose	9,106
Investment Earnings	2,641
Miscellaneous	108,293
Total General Revenues	385,804
CHANGE IN NET POSITION	272,358
Net Position - Beginning of Year, as Originally Stated	6,476,525
Restatement	63,874
Net Position - Beginning of Year, As Restated	6,540,399
NET POSITION - END OF YEAR	$ 6,812,757

EXHIBIT D-3

LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
GOVERNMENTAL FUNDS – BALANCE SHEET
DECEMBER 31, 2021

	General	Ditch Special Revenue	Total
ASSETS			
Cash and Cash Equivalents	$ 1,355,154	$ 80,499	$ 1,435,653
Taxes Receivable	20,721	-	20,721
Special Assessments Receivable	847,100	-	847,100
Accounts Receivable, Net	28,607	-	28,607
Due from Primary Government	1,287,903	-	1,287,903
Total Assets	$ 3,539,485	$ 80,499	$ 3,619,984
LIABILITIES			
Accounts Payable	$ 26,186	$ 211	$ 26,397
Contracts Payable	105,830	-	105,830
Salaries Payable	17,236	-	17,236
Due to Other Governments	823	-	823
Unearned Revenue	121,323	-	121,323
Deposits from Landowners	35,000	-	35,000
Total Liabilities	306,398	211	306,609
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	2,173,753	-	2,173,753
FUND BALANCES			
Restricted			
Septic/Sewer Loans	441,827	-	441,827
Ditch Repairs and Maintenance	-	80,288	80,288
Playground Equipment	25,363	-	25,363
Assigned			
Flood Control	78,164	-	78,164
Unassigned	513,980	-	513,980
Total Fund Balances	1,059,334	80,288	1,139,622
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,539,485	$ 80,499	$ 3,619,984

EXHIBIT D-4

LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS		$ 1,139,622
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		4,884,695
The Watershed's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Pension Liability	$ (123,843)	
Deferred Inflows of Resources - Pension Related	(113,783)	
Deferred Outflows of Resources - Pension Related	92,778	(144,848)
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.		2,173,753
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Loans Payable	(1,228,789)	
Compensated Absences	(11,676)	(1,240,465)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 6,812,757

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT D-5

LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021

	General	Ditch Special Revenue	Total
REVENUES			
Taxes	$ 263,574	$ -	$ 263,574
Special Assessments	170,641	-	170,641
Intergovernmental	287,485	-	287,485
Charges for Services	210,117	-	210,117
Gifts and Contributions	25,263	-	25,263
Interest on Investments	2,633	8	2,641
Miscellaneous	82,361	-	82,361
Total Revenues	1,042,074	8	1,042,082
EXPENDITURES			
CURRENT			
Culture and Recreation	117,482	-	117,482
Conservation of Natural Resources	1,314,163	934	1,315,097
CAPITAL OUTLAY			
Conservation of Natural Resources	326,098	-	326,098
DEBT SERVICE			
Principal	99,851	-	99,851
Interest	12,986	-	12,986
Total Expenditures	1,870,580	934	1,871,514
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(828,506)	(926)	(829,432)
OTHER FINANCING SOURCES (USES)			
Loans Issued	134,456	-	134,456
NET CHANGE IN FUND BALANCES	(694,050)	(926)	(694,976)
Fund Balances - Beginning of Year	1,753,384	81,214	1,834,598
FUND BALANCES - END OF YEAR	$ 1,059,334	$ 80,288	$ 1,139,622

EXHIBIT D-6

LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		$ (694,976)
Amounts reported for governmental activities in the statement of activities are different because:		
In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease as unavailable.		
Unavailable Revenue - December 31	$ 2,173,753	
Unavailable Revenue - January 1, as Restated	(1,417,568)	756,185
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		327,761
Current Year Depreciation		(90,069)
Governmental funds report loans issued as other financing sources. However, in the statement of activities, the loans are reported as a liability.		(134,456)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		99,851
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in Compensated Absences	(138)	
Change in Net Pension Liability	50,025	
Change in Deferred Pension Outflows	64,854	
Change in Deferred Pension Inflows	(106,679)	8,062
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 272,358

EXHIBIT D-7

LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 290,000	$ 290,000	$ 263,574	$ (26,426)
Special Assessments	-	-	170,641	170,641
Intergovernmental	170,828	170,828	287,485	116,657
Charges for Services	191,000	191,000	210,117	19,117
Gifts and Contributions	-	-	25,263	25,263
Interest on Investments	6,950	6,950	2,633	(4,317)
Miscellaneous	50,400	50,400	82,361	31,961
Total Revenues	709,178	709,178	1,042,074	332,896
EXPENDITURES				
CURRENT				
CULTURE AND RECREATION				
Parks	137,706	137,706	117,482	20,224
CONSERVATION OF NATURAL RESOURCES				
Watershed	380,662	380,662	1,314,163	(933,501)
CAPITAL OUTLAY	-	-	326,098	(326,098)
DEBT SERVICE				
Principal	-	-	99,851	(99,851)
Interest	-	-	12,986	(12,986)
Total Debt Service	-	-	112,837	(112,837)
Total Expenditures	518,368	518,368	1,870,580	(1,352,212)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	190,810	190,810	(828,506)	(1,019,316)
OTHER FINANCING SOURCES (USES)				
Loans Issued	150,000	150,000	134,456	(15,544)
Total Other Financing Sources (Uses)	150,000	150,000	134,456	(15,544)
NET CHANGE IN FUND BALANCE	$ 340,810	$ 340,810	(694,050)	$ (1,034,860)
Fund Balance - Beginning of Year			1,753,384	
FUND BALANCE - END OF YEAR			$ 1,059,334	

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lac qui Parle County (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, and have issued our report thereon dated August 11, 2022.

Report on Internal Control Over Financial Reporting

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

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

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 County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-003 to be a significant deficiency.

Report on Compliance and Other Matters

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

County's Response to Findings

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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Alexandria, Minnesota
August 11, 2022

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

Board of County Commissioners
Lac qui Parle County
Madison, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lac qui Parle County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Lac qui Parle County's major federal program for the year ended December 31, 2021. Lac qui Parle County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lac qui Parle 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 Lac qui Parle County 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 Lac qui Parle County'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 Lac qui Parle County'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 Lac qui Parle County'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 Lac qui Parle County'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 Lac qui Parle County'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 Lac qui Parle County'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 Lac qui Parle County'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

CliftonLarsonAllen LLP

Alexandria, Minnesota
August 11, 2022

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	*Unmodified*			
Internal control over financial reporting:				
• Material weakness(es) identified?	X	yes		no
• Significant deficiency(ies) identified?	X	yes		none reported
Noncompliance material to financial statements noted?		yes	X	no

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified?		yes	X	no
• Significant deficiency(ies) identified?		yes	X	none reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*			
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?		yes	X	no

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
20.205	COVID-19 Highway Planning & Construction
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000			
Auditee qualified as low-risk auditee?		yes	X	No

SECTION II – FINANCIAL STATEMENT FINDINGS

2021-001 – MATERIAL AUDIT ADJUSTMENTS AND RESTATEMENT– COUNTY AND THE WATERSHED DISTRICT

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

Condition: There were material audit adjustments to record fiduciary fund activity. Material audit adjustments were made to create a special revenue fund and record the fund's activities on the government wide statement of activities. There was also a restatement in the ditch fund for the amount due to component unit but not recorded at 12/31/20. In the Watershed District, there were material audit adjustments to record additional retainage payable and to record additional receivables and unavailable revenue. In the Watershed District, beginning net position was restated for the amount due from primary government that was incurred in prior years and not recorded as revenue in the statement of activities.

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

Cause: The County did not have a process in place to track costs accruing by the watershed on behalf of the County.

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

Repeat Finding: Yes, reported originally as 2017-001

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2021-002 – LACK OF SEGREGATION OF DUTIES – WATERSHED DISTRICT

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

Condition: The Lac qui Parle-Yellow Bank Watershed District lacks proper segregation of duties. Throughout 2021, one person was primarily responsible for billing, collecting, recoding, and reconciling the financial transactions.

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

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

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

Repeat Finding: Yes, reported originally as 2007-001

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

Views of Responsible Officials and Planned Corrective Actions: Management agrees and will look for ways to further segregate duties in 2022.

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2021-003 – ACCOUNTING POLICIES AND PROCEDURES – WATERSHED DISTRICT

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

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

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

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

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

Repeat Finding: Yes, reported originally as 2016-001

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

SECTION III – MAJOR PROGRAM FINDINGS AND COMPLIANCE

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

SECTION IV – MINNESOTA LEGAL COMPLIANCE

2021-004 – PUBLISHED COUNTY BOARD MEETING MINUTES - COUNTY

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

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

Cause: Lack of personnel resources.

Effect: Noncompliance with Minnesota Statutes.

Repeat Finding: Yes, reported originally as 2018-005

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

PREVIOUSLY REPORTED ITEMS RESOLVED

- 2020-005 Travel Policy - Watershed District
- 2020-007 Insufficient Collateral – Watershed District

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Lac qui Parle County, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lac qui Parle County (the County) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 11, 2022.

In connection with our audit, we noted that Lac qui Parle County failed to comply with provisions of the miscellaneous provisions of 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 as described in the schedule of findings and questioned costs as item 2021-004. Also, in connection with our audit, nothing came to our attention that caused us to believe that Lac qui Parle County failed to comply with the provisions of the depositories of public funds and public investments, contracting – bid laws, conflicts of interest, public indebtedness, and claims and disbursements sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. §6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Alexandria, Minnesota
August 11, 2022